

THE GENERAL ASSEMBLY OF PENNSYLVANIA

# HOUSE BILL

## No. 1342

Session of  
1983

INTRODUCED BY FRYER, IRVIS, A. C. FOSTER, JR., GAMBLE, DUFFY,  
LEVI, RUDY, MARMION, BROUJOS, GALLEN, FEE, MOWERY AND  
JAROLIN, JULY 13, 1983

SENATOR CORMAN, LOCAL GOVERNMENT, IN SENATE, AS AMENDED,  
NOVEMBER 30, 1983

AN ACT

1 Amending the act of August 31, 1971 (P.L.398, No.96), entitled  
2 "An act providing for the creation, maintenance and operation  
3 of a county employees' retirement system, and imposing certain  
4 charges on counties and providing penalties," FURTHER  
5 DEFINING "COUNTY EMPLOYEE"; AND providing that counties may  
6 make pickup contributions to the county employees' retirement  
7 system on behalf of county employees. <—

8 The General Assembly of the Commonwealth of Pennsylvania  
9 hereby enacts as follows:

10 Section 1. Section 2 of the act of August 31, 1971 (P.L.398,  
11 No.96), known as the County Pension Law, amended June 22, 1978  
12 (P.L.495, No.74), is amended to read:

13 Section 2. Definitions.--As used in this act:

14 (1) "Board" means the County Retirement Board created by  
15 this act.

16 (2) "County employee" means any person, whether elected or  
17 appointed, who is employed by the county, the county institution  
18 district, in the county prison or in any other institution  
19 maintained by the county from county moneys, or who is employed

1 by any county or State official and paid by such official from  
2 moneys appropriated by the county for such purpose, whose salary  
3 or compensation is paid in regular periodic installments or from  
4 fees collected by his office, but shall not, except as hereafter  
5 provided, include any person paid on a per diem basis, nor shall  
6 it include any person to the extent that the total of the salary  
7 and fees exceed the highest salary paid to any elected county  
8 official: PROVIDED, HOWEVER, THAT AFTER JANUARY 1, 1984, THE  
9 RESTRICTION LIMITING THE PENSIONS OF EMPLOYES INDEXED TO THE  
10 HIGHEST SALARY PAID TO ANY ELECTED COUNTY OFFICIAL SHALL BE  
11 APPLICABLE ONLY TO ANY EMPLOYMENT OCCURRING AND SALARY EARNED  
12 PRIOR TO JANUARY 1, 1984 AND SHALL NOT APPLY TO ANY EMPLOYMENT  
13 WHICH OCCURRED AND SALARY EARNED AFTER JANUARY 1, 1984.

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14 (3) "Fund" means the County Employees' Retirement Fund  
15 created by this act.

16 (4) "Accumulated deductions" means the total of pickup  
17 contributions and, the amounts deducted from the salary of a  
18 contributor and paid into the fund and standing to the credit of  
19 the members' annuity reserve account, together with the regular  
20 interest thereon.

21 (4.1) "Compensation" means pickup contributions plus  
22 remuneration received as a county employe excluding refunds for  
23 expenses, contingency and accountable expense allowances and  
24 excluding severance payments or payments for unused vacation or  
25 sick leave.

26 (5) "Contributor" means any person who has accumulated  
27 deductions in the fund standing to the credit of the members'  
28 annuity reserve account.

29 (6) "Retiree" means any person in receipt of a retirement  
30 allowance under this act.

1 (7) "Prior service" means all service as a county employe  
2 served not later than December thirty-first, preceding the year  
3 the retirement system shall be established in any county.

4 (8) "Original member" means a member who was a county  
5 employe on the date of establishment of the retirement system in  
6 the county.

7 (9) "New member" means a member who shall have become a  
8 member of the retirement system after the establishment of the  
9 retirement system in said county.

10 (10) "Superannuation retirement age" means sixty years of  
11 age or upwards, except as applied to a contributor who has  
12 completed twenty years of total service, in which case  
13 superannuation retirement age means fifty-five years of age or  
14 upwards.

15 (11) "Final salary" means the average annual [salary]  
16 compensation received by the contributor for the three highest  
17 years of service in the employment of the county, or in the  
18 event a member has not served five years, the total [salary]  
19 compensation received divided by the number of years served.

20 (12) "Regular interest" means interest at the rate of four  
21 per cent compounded annually, except as established by the board  
22 for member contributions.

23 (13) "County annuity" means payments for life or during  
24 disability derived from contributions made by the county.

25 (14) "Member's annuity" means payments for life or during  
26 disability derived from contributions made by the contributor  
27 and from pickup contributions.

28 (14.1) "Pickup contributions" means regular member  
29 contributions which are made by the county on behalf of county  
30 employees for current service in accordance with section 7(c).

1       (15) "Retirement allowance" means the county annuity plus  
2 the member's annuity.

3       (16) "Vesting" means the right of a contributor who  
4 separates from service after having completed eight or more  
5 years of credited service to leave accumulated deductions  
6 credited to his account in the fund and upon reaching  
7 superannuation retirement age receive a superannuation  
8 retirement allowance.

9       Section 2. Sections 7, 10, 12, 14 and 16 of the act are  
10 amended to read:

11       Section 7. County Employees' Retirement Fund; Transfers  
12 Between Classes.--(a) There is hereby created in each county of  
13 the second class A, third class, fourth class, fifth class,  
14 sixth class, seventh class, and eighth class, in which a  
15 retirement system has been established, a County Employees'  
16 Retirement Fund which shall consist of all moneys arising from  
17 appropriations made by the county [and], from contributions made  
18 by the members of the County Employees' Retirement System and  
19 from pickup contributions and all interest earned by the  
20 investments of moneys of the fund. The moneys contributed by the  
21 county shall be credited to a county annuity reserve account;  
22 and[, ] those contributed by the members and pickup contributions  
23 shall be credited to a member's annuity reserve account. Upon  
24 the granting of a retirement allowance to any contributor,  
25 whether as a superannuation retirement allowance, an involuntary  
26 retirement allowance or a total disability retirement allowance,  
27 the amount of the contributor's accumulated deductions in the  
28 members' annuity reserve account shall lose their status as  
29 accumulated contributions and shall be transferred to a retired  
30 members' reserve account. Regular interest shall be credited up

1 to the date of retirement, death or withdrawal, to the members'  
2 annuity and county annuity and retired members' reserve  
3 accounts. Where a contributor separates from county service with  
4 vesting, regular interest shall be credited to all accumulated  
5 deductions credited to his account in the fund to the date on  
6 which he attains his superannuation retirement age. The actuary  
7 shall determine the present value of the liability on account of  
8 all county annuities payable to original members and the  
9 percentage of such liability which shall be contributed by the  
10 county each year over a period of fifteen years from the time  
11 the system is established until the accumulated reserve equals  
12 the present value of said liability. All such contributions  
13 shall be credited to the county annuity reserve account. The  
14 actuary shall also determine the amount which shall be  
15 contributed by the county into the fund periodically for credit  
16 to the county annuity reserve account on account of service of  
17 all new and original members subsequent to the time the  
18 retirement system is established.

19 (b) Each member of the retirement system shall be required  
20 to contribute to the fund such per cent of his salary determined  
21 as follows:

22	(1) Class 1-120	5%
23	(2) Class 1-100	6%
24	(3) Class 1-80	7%
25	(4) Class 1-70	8%
26	(5) Class 1-60	9%

27 (c) The county may elect to contribute on behalf of each  
28 active member for current service the amount required by  
29 subsection (b) beginning the first Monday of January of the year  
30 succeeding the one in which the resolution to do so was adopted <—

1 by the commissioners or, in counties operating under a home rule  
2 charter or optional plan, by the governing authority.  
3 Contributions made in accordance with this subsection shall be  
4 deemed "pickup contributions" and shall be treated as the  
5 county's contribution in determining tax treatment under the act  
6 of August 16, 1954, 68A Stat. 5, known as the Internal Revenue  
7 Code of 1954, for Federal tax purposes. For all other purposes  
8 pickup contributions shall be treated as contributions made by a  
9 member in the same manner and to the same extent as  
10 contributions made prior to the implementation of this  
11 subsection. The county on or before January 31 of each year  
12 shall, at the time when the income and withholding information  
13 required by law is furnished to each county employe, also  
14 furnish the amount of the pickup contribution made on the  
15 employe's behalf. Upon the effective date of the implementation  
16 of this subsection, the county shall pick up the required  
17 contributions by an equal reduction in the compensation of the  
18 member.

19     (d) Each member may elect to contribute an additional amount  
20 not exceeding ten per cent more than the percentage herein  
21 required. The contributions shall be paid into the fund through  
22 payroll deductions in such manner as the board may require. All  
23 contributions including optional additional payments by members  
24 shall be credited to the members' annuity reserve account. The  
25 board may at any time, by rule, authorize members of the  
26 retirement system, whether original or new members, to transfer  
27 from the one-one hundred twentieth class, or from the one-one  
28 hundredth class, to the one-eightieth class, to the one-  
29 seventieth class, or to the one-sixtieth class. Whenever such  
30 transfers are authorized, salary deductions or pickup

1 contributions applicable to the transferred members shall be  
2 based upon the per cent of salary deduction applicable while in  
3 each class.

4 Section 10. Compulsory Membership.--Each county officer may  
5 and all other county employes shall be required to become a  
6 member of the retirement system established by this act at the  
7 date specified in the resolution establishing the retirement  
8 system, and thereafter when first becoming a county employe.  
9 Those becoming members who have been at any time county employes  
10 prior to the first Monday of January of the year the retirement  
11 system is established shall be known as original members; and,  
12 those becoming members after that date as new members. Any  
13 person who becomes a county employe subsequent to the time the  
14 system was established, and who has been an employe of the  
15 county at any time theretofore, shall receive credit for the  
16 service prior to the time the system was established, and shall  
17 be known as an original member if he shall contribute to the  
18 fund the amount which [he] would have been contributed if the  
19 retirement system had been in effect during such previous  
20 employment; in which event, the county shall contribute for each  
21 employe the amount which it would have contributed if the  
22 retirement system had been in effect during such previous  
23 employment.

24 Section 12. Service Allowance.--In computing the length of  
25 service of a contributor for retirement purposes, full credit  
26 shall be given to each original member for each year of service  
27 rendered to the county prior to January first of the year the  
28 retirement system was established. This shall include the  
29 services of a county official whose compensation was in the form  
30 of fees collected by his office, and shall also include the

1 services of employes paid directly by such county official out  
2 of such fees. Full credit shall also be given for each year of  
3 service of a contributor who was a per diem employe of the  
4 county for a period of at least five years prior to the time the  
5 system became effective and who averaged at least two hundred  
6 days of employment in each of such years. As soon as  
7 practicable, the board shall issue to each original member a  
8 certificate certifying the aggregate length of his service prior  
9 to January first of the year the retirement system was  
10 established. Such certificate shall be final and conclusive as  
11 to his prior service, unless thereafter modified by the board  
12 upon application of the member. The board may also give credit  
13 to any person who was a county employe for each year that he was  
14 employed for at least two hundred days per year on a per diem  
15 basis for the purpose of the computation of his retirement  
16 credit upon payment by the employe of the amount which the board  
17 determines should have been [his] the applicable member  
18 contribution during such period. Such payment may be made in  
19 installments over a period fixed by the board. The time during  
20 which a member is absent from service without pay may be counted  
21 in computing the service of a contributor, if allowed by the  
22 county commissioners and approved by the board and if the  
23 employe pays [both his personal] the member contribution,  
24 including the pickup contribution, and the county's contribution  
25 into the fund based upon the contributions made the year  
26 immediately preceding the leave of absence.

27 Section 14. Superannuation Retirement Allowance.--(a) Any  
28 contributor who has reached superannuation retirement age may  
29 retire for superannuation by filing with the board a written  
30 statement duly signed by the contributor setting forth at what



1 time he desires to be retired. The application shall retire the  
2 contributor at the time so specified.

3 (b) On retirement for superannuation, a retiree shall  
4 receive a retirement allowance which shall consist of: (i) a  
5 member's annuity which shall be the actuarial equivalent of his  
6 accumulated deductions standing to his credits in the members'  
7 annuity reserve account, and (ii) a county annuity equal to one-  
8 one hundred twentieth of his final salary multiplied by each  
9 year of total service, and, in addition thereto in the case of  
10 an original member, one-one hundred twentieth of his final  
11 salary multiplied by each year of prior service. At any time the  
12 board by rule may, by increasing the county annuity, authorize  
13 the payment of a minimum retirement allowance of one hundred  
14 dollars (\$100) per month to every beneficiary who shall thereby  
15 retire for superannuation after twenty years service.

16 (c) Whenever the board has by rule authorized the members of  
17 the retirement system to transfer from the one-one hundred  
18 twentieth class to the one-one hundredth class, or whenever the  
19 board shall hereafter by rule authorize the transfer to the one-  
20 eightieth class, to the one-seventieth class or the one-sixtieth  
21 class, the county annuity shall be calculated as follows:

22 (1) For service prior to the time of transfer, at the one-  
23 one hundred twentieth rate, the one-one hundredth rate, the one-  
24 eightieth rate, the one-seventieth rate or the one-sixtieth rate  
25 as the case may be.

26 (2) For service subsequent to the time of transfer to the  
27 time of retirement, or to the time of a subsequent transfer, at  
28 the rate applicable during such period.

29 (3) For all service prior to the time of commencing  
30 contribution, as the time [he contributed] member contributions

1 were made at the one-one hundred twentieth rate bears to the  
2 total time of contribution and as the time [he contributed]  
3 member contributions were made at any other rate herein provided  
4 for bears to the total time of contribution.

5 Section 16. Involuntary Retirement Allowance; Voluntary  
6 Retirement Allowance after Twenty Years of Service.--(a) Should  
7 a contributor be discontinued from service not voluntarily, or  
8 an elected county officer complete his term of office and  
9 discontinue service after having completed eight years of total  
10 service, or voluntarily after having completed twenty years of  
11 total service but before reaching superannuation retirement age,  
12 except as herein provided for certain contributors who have  
13 completed twenty years of total service, he shall be paid as he  
14 may elect, as follows:

15 (1) The full amount of the accumulated deduction standing to  
16 his credit in the members' annuity reserve account; or

17 (2) A member's annuity of equivalent actuarial value to his  
18 accumulated deductions standing to his credit in the members'  
19 annuity reserve account, and, in addition, a county annuity  
20 which is the actuarial equivalent of a county annuity beginning  
21 at superannuation retirement age but based on the period of  
22 service up to the date of discontinuance from service and not on  
23 the period of service required to reach superannuation  
24 retirement age. The same options shall be available to retirees  
25 in case of involuntary retirement as provided herein in the case  
26 of superannuation retirement. In the event a contributor, after  
27 having completed eight or more years of total service,  
28 heretofore has or hereafter shall be discontinued from service  
29 because of appointment or election to a position incompatible  
30 with his service as a county employe or officer and such employe

1 or officer has not reached the superannuation retirement age,  
2 such withdrawal shall be considered involuntary [and]; the  
3 accumulated deductions and the contributions of [the contributor  
4 and] the county, at the option of the employe or officer, shall  
5 remain in the fund until superannuation age has been reached. In  
6 the event a refund of accumulated contributions has been made  
7 and the county's accumulated contributions have been withdrawn  
8 under the above circumstances, the employe or officer shall be  
9 permitted to repay into and the county shall be required to  
10 reimburse the fund the amounts paid out, with interest to the  
11 date of repayment, thereby reestablishing the rights of the  
12 contributor in said fund even though superannuation retirement  
13 age has been reached and benefits shall be paid as if the  
14 original severance had been involuntary.

15 (b) Any contributor who has completed twenty years of total  
16 service and who has reached the superannuation retirement age  
17 shall be entitled to the superannuation retirement allowance  
18 provided in section 14.

19 ~~Section 3. This act shall take effect in 60 days.~~ <—

20 SECTION 3. (A) THIS ACT SHALL BE RETROACTIVE TO JANUARY 1, <—  
21 1983.

22 (B) THIS ACT SHALL TAKE EFFECT IMMEDIATELY.