
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 32 Session of
2015

INTRODUCED BY GRELL, CALTAGIRONE, GODSHALL, MILLARD, DIAMOND,
GINGRICH, GOODMAN, PICKETT, COHEN, GILLEN AND DELOZIER,
APRIL 14, 2015

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 14, 2015

AN ACT

1 Amending the act of February 1, 1974 (P.L.34, No.15), entitled
2 "An act creating a Pennsylvania Municipal Retirement System
3 for the payment of retirement allowances to officers,
4 employes, firemen and police of political subdivisions and
5 municipal authorities and of institutions supported and
6 maintained by political subdivisions and municipal government
7 associations and providing for the administration of the same
8 by a board composed of the State Treasurer and others
9 appointed by the Governor; imposing certain duties on the
10 Pennsylvania Municipal Retirement Board and the actuary
11 thereof; providing the procedure whereby political
12 subdivisions and municipal authorities may join such system,
13 and imposing certain liabilities and obligations on such
14 political subdivisions and municipal authorities in
15 connection therewith, and as to certain existing retirement
16 and pension systems, and upon officers, employes, firemen and
17 police of such political subdivisions, institutions supported
18 and maintained by political subdivisions, and upon municipal
19 authorities; providing for the continuation of certain
20 municipal retirement systems now administered by the
21 Commonwealth; providing certain exemptions from taxation,
22 execution, attachment, levy and sale and providing for the
23 repeal of certain related acts," in general provisions,
24 further providing for definitions, for general powers of
25 board, for retirement funds and accounts and for management
26 and investment of fund and interest credits; and providing
27 for Statewide Municipal Police Officers Pension Plan.

28 The General Assembly of the Commonwealth of Pennsylvania
29 hereby enacts as follows:

30 Section 1. The definitions of "compensation," "final

1 salary," "municipal account," "Municipal Pension Funding
2 Standard and Recovery Act" and "superannuation retirement age"
3 in section 102 of the act of February 1, 1974 (P.L.34, No.15),
4 known as the Pennsylvania Municipal Retirement Law, amended
5 December 19, 1975 (P.L.520, No.153) and July 9, 2010 (P.L.434,
6 No.56), are amended and the section is amended by adding
7 definitions to read:

8 Section 102. Definitions.--As used in this act:

9 * * *

10 "Article IV-A annuitant" means an annuitant under Article
11 IV-A of this act.

12 "Article IV-A member" means a member under Article IV-A of
13 this act.

14 * * *

15 "Compensation" means remuneration actually received for
16 services rendered as a municipal employee, municipal fire
17 fighter or municipal police officer, excluding reimbursement for
18 expenses incidental to employment. For Article IV-A members, the
19 term shall also exclude lump sum accrued leave payments and
20 overtime pay in excess of thirty percent of base salary, but
21 shall include all payments made under the act of June 28, 1935
22 (P.L.477, No.193), referred to as the Enforcement Officer
23 Disability Benefits Law. The following apply:

24 (1) Compensation shall be adjusted as appropriate to comply
25 with the terms of any contract entered into between the board
26 and the applicable municipality under Article IV.

27 (2) For members who are enrolled in a plan that has adopted
28 the provisions of section 414(h) of the Internal Revenue Code
29 (26 U.S.C. § 414(h)), the term includes a contribution
30 designated as a pickup contribution.

1 (3) Notwithstanding any provision of this act to the
2 contrary, a member's compensation shall not exceed the
3 limitations under section 401(a)(17) of the Internal Revenue
4 Code (26 U.S.C. § 401(a)(17)), as adjusted in accordance with
5 section 401(a)(17)(B) of the Internal Revenue Code (26 U.S.C. §
6 401(a)(17)(B)).

7 (i) The adjustment in effect for a calendar year applies to
8 a period:

9 (A) which begins in the calendar year;

10 (B) which does not exceed twelve months; and

11 (C) over which compensation is determined.

12 (ii) If a determination period consists of fewer than twelve
13 months, the compensation limit shall be multiplied by a
14 fraction:

15 (A) the numerator of which is the number of months in the
16 determination period; and

17 (B) the denominator of which is twelve.

18 * * *

19 "Employers' account" means the account to which are credited
20 all contributions made by municipalities required under Article
21 IV-A of this act.

22 * * *

23 "Final salary" means the average annual salary or
24 compensation earned by a member and paid by the municipality
25 during the highest three, four, or five non-overlapping periods
26 of twelve consecutive months as stipulated by the municipality,
27 or if not so long employed, then the average annual salary or
28 compensation earned and paid during the whole period of such
29 employment; or, if applicable, the amount or formula stipulated
30 between the municipality and the board in a contract for an

1 optional retirement plan entered into under the provisions of
2 clause (11) of section 104 of this act. Notwithstanding any
3 other provisions of this act to the contrary, "final salary"
4 under Article IV-A shall mean the average annual compensation
5 earned by an Article IV-A member and paid by the municipality
6 during the final three consecutive non-overlapping years of
7 credited service or, if not so long enrolled with credited
8 service, the average annual compensation earned and paid during
9 the whole period of such credited service.

10 * * *

11 "Municipal account" means the account maintained for each
12 municipality that establishes a retirement plan under Article
13 II, III or IV of this act, to which shall be credited the
14 contributions made by it toward the superannuation retirement
15 and death benefits of members.

16 * * *

17 "Municipal Pension Plan Funding Standard and Recovery Act"
18 means the act of December 18, 1984 (P.L.1005, No.205), known as
19 the Municipal Pension Plan Funding Standard and Recovery Act.

20 * * *

21 "Superannuation retirement age" means sixty-five years of age
22 for municipal employes, fifty-five years of age for municipal
23 firemen and municipal police or such other age as may be
24 stipulated between the municipality and the board in a contract
25 for an optional retirement plan entered into under the
26 provisions of clause (11) of section 104 of this act and for
27 Article IV-A members, fifty years of age.

28 * * *

29 Section 2. Sections 104(12.1) and (12.2), 108 and 110 of the
30 act, amended July 9, 2010 (P.L.434, No.56), are amended to read:

1 Section 104. General Powers of the Board.--The board shall:

2 * * *

3 (12.1) In accordance with the plan contract, provide cost-
4 of-living increases from a plan's share of excess investment
5 earnings to those members of such municipalities who have
6 already retired under the provisions of Article II, III or IV of
7 this act. Such allocations shall be made, with the advice of the
8 actuary, on a fully funded basis employing actuarial assumptions
9 which reflect the nature of the liability. An award of excess
10 interest shall not be made under this paragraph if the plan is
11 less than 95% funded as of the plan's most recent filing of the
12 actuarial report required under the Municipal Pension Funding
13 Standard and Recovery Act.

14 (12.2) In accordance with the plan contract, the board shall
15 allocate excess investment earnings for active members [of such
16 municipalities] enrolled under the provisions of Article II, III
17 or IV of this act by applying such allocation to [member] the
18 members' contributions. To the extent that additional
19 liabilities may accrue as a result of such allocation, the
20 actuary shall employ actuarial assumptions, on a fully funded
21 basis, to accurately reflect the nature of the liability
22 generated therefrom. An award of excess interest shall not be
23 made under this paragraph if the plan is less than 95% funded as
24 of the plan's most recent filing of the actuarial report
25 required under the Municipal Pension Funding Standard and
26 Recovery Act.

27 * * *

28 Section 108. Retirement Funds and Accounts.--(a) The
29 Pennsylvania Municipal Retirement Fund shall consist of the
30 money received from municipalities arising from contributions by

1 municipalities, from payroll deductions from salary or
2 compensation of members, and other contributions made by members
3 through the municipality to the system, from DROP participants
4 and from transfers made from municipal retirement or pension
5 systems and credited as provided in this act, and investment
6 earnings thereon.

7 (b) The fund shall be a trust and the assets of the system
8 shall be held in trust. No part of the assets of the system
9 shall be used for or diverted to purposes other than for the
10 exclusive benefit of the members, their spouses or the members'
11 beneficiaries prior to the satisfaction of all liabilities of
12 the system with respect to them. The assets of the fund shall
13 only be used to pay:

14 (1) Benefits to members in accordance with this act.

15 (2) Necessary expenses of the system as established in this
16 act.

17 (c) Contributions made by municipalities for plans
18 established under the provisions of Article II, III or IV of
19 this act toward superannuation retirement and death benefits of
20 members shall be credited to the municipal account of [said] the
21 fund, contributions made by the same municipalities toward
22 disability retirement of Article II, III or IV members shall be
23 credited to the total disability reserve account of [said fund,
24 retirement] the fund. Contributions made by municipalities for
25 Article IV-A members shall be billed by the board on a quarterly
26 calendar basis, expressed as a percentage of the compensation
27 paid to the municipalities' plan members during the quarter and
28 credited to the employers' account. Actuarial gains and losses
29 associated with Article IV-A members shall be calculated in
30 accordance with the Municipal Pension Plan Funding Standard and

1 Recovery Act but shall be expressed as a percentage of
2 compensation and shall be incorporated in the plan's employer
3 cost percentage. Retirement benefits paid to DROP participants
4 shall be credited to the subsidiary DROP reserve account and
5 payroll deductions and other contributions of members shall be
6 credited to the member's account of [said] the fund. Transfers
7 made from existing municipal retirement or pension systems shall
8 be credited as provided in this act.

9 (d) The board shall keep separate accounts of each
10 municipality and for each separate class of employees enrolled by
11 that municipality under [the several articles] Articles II, III
12 and IV of this act, except the total disability reserve account
13 [and], the retired member's reserve account and the employers'
14 account which shall be maintained as pooled accounts. Each
15 municipality and the members thereof shall be liable to the
16 board for the amount of contributions required to cover the cost
17 of the retirement allowance and other benefits payable to such
18 members.

19 (e) Upon the granting of a superannuation or voluntary or
20 involuntary withdrawal retirement allowance to any contributor,
21 the amount of such contributor's accumulated deductions in the
22 member's account shall lose their status as accumulated
23 deductions and shall be transferred to the retired member's
24 reserve account and the actuarial equivalent of the municipal
25 annuity shall be similarly transferred from the municipal
26 account or the employers' account as applicable to the retired
27 member's reserve account.

28 (f) Upon the granting of a superannuation retirement
29 allowance to any DROP participant, the full amount of the DROP
30 participant's monthly retirement benefit shall be deposited

1 monthly to a subsidiary DROP participant account in the
2 subsidiary DROP participant reserve account until the DROP
3 participant terminates employment.

4 (g) Upon the granting of a disability retirement allowance
5 to any contributor under Article II, III or IV of this act,
6 there shall be transferred to the retired member's reserve
7 account the amount of the contributor's accumulated deductions
8 in the member's account, the amount of the equivalent actuarial
9 value to the municipal annuity, and such additional amount from
10 the total disability reserve account as is needed in addition
11 thereto to provide the actuarial equivalent of the total
12 disability allowance to which the contributor is entitled.

13 (h) Upon the granting of a disability retirement allowance
14 to an Article IV-A member, there shall be transferred to the
15 retired member's reserve account the amount of the member's
16 accumulated deductions in the member's account and such
17 additional amount from the employers' account as is needed to
18 provide the actuarial equivalent of the total disability
19 allowance to which the Article IV-A member is entitled.

20 Section 110. Management and Investment of Fund; Interest
21 Credits.--(a) The members of the board shall be trustees of the
22 fund, and shall have the exclusive management of said fund, with
23 full power to invest the moneys therein, subject to the terms,
24 conditions, limitations and restrictions imposed by law upon
25 fiduciaries. The said trustees shall have power to hold,
26 purchase, sell, assign, transfer and dispose of any securities
27 and investments in said fund, as well as the proceeds of such
28 investments, and of the money belonging to such fund.

29 (b) The board shall annually allow regular interest to the
30 credit on each [contributor's] member's account, municipal

1 account, employers' account, the retired members reserve account
2 and the total disability reserve account. The board shall
3 monthly credit DROP interest to the subsidiary DROP participant
4 accounts in accordance with established procedures.

5 (c) The board shall, after deducting money to pay for the
6 appropriate expenses, allow excess interest as each contract
7 provides to the credit of the municipal accounts, member's
8 accounts for members enrolled under Article II, III or IV of
9 this act, the member's excess investment accounts and retired
10 members reserve accounts. Except as provided in a contract, the
11 board shall credit the excess interest to the [plan's] municipal
12 account[.] for plans established under the provisions of Article
13 II, III or IV of this act. Excess interest attributable to
14 Article IV-A accounts shall be credited to the employers'
15 account.

16 Section 3. The act is amended by adding an article to read:

17 ARTICLE IV-A

18 STATEWIDE MUNICIPAL POLICE OFFICERS PENSION PLAN

19 Section 401-A. Statewide Municipal Police Officers Pension
20 Plan.

21 (a) Establishment.--The Statewide Municipal Police Officers
22 Pension Plan is established to provide for the mandatory
23 enrollment of municipal policemen at the contribution rates and
24 benefit rates outlined in this article.

25 (b) Pension rights.--Regardless of any other provision of
26 law, pension rights of Article IV-A members shall be determined
27 solely by this article and no collective bargaining agreement
28 nor any arbitration award between the municipality and its
29 employees or their collective bargaining representatives shall
30 be construed to change any of the provisions of this article, to

1 require the board to administer pension benefits not set forth
2 in this article or otherwise require action by any other
3 government body pertaining to pension benefits or rights of
4 Article IV-A members.

5 Section 402-A. Mandatory and optional membership.

6 (a) Mandatory membership.--Membership under this article
7 shall be mandatory as of the effective date of employment for
8 any municipal policeman hired on or after January 1, 2016,
9 provided the municipal policeman is scheduled to work an average
10 of at least 35 hours per week during a period of at least six
11 consecutive months and is not employed by a city of the first or
12 second class. Municipalities shall comply with the enrolling
13 procedures established by the board.

14 (b) Optional membership.--Membership under this article
15 shall be optional for municipal policemen hired on or prior to
16 December 31, 2015, and who are scheduled to work an average of
17 at least 35 hours per week during a period of at least six
18 consecutive months and who are not employed by a city of the
19 first or second class subject to the following:

20 (1) Municipal policemen eligible for optional membership
21 under this section may be enrolled under this article
22 provided an affirmative vote electing to be enrolled under
23 this article is obtained from 100% of all the municipal
24 policemen eligible for optional membership.

25 (2) Upon the satisfaction of paragraph (1), the
26 employing municipality shall pass an ordinance or resolution,
27 as appropriate, enrolling all of its municipal policemen
28 eligible for optional membership under the provisions of this
29 article.

30 (3) Provisions shall be made between the board and the

1 municipality for the transfer of moneys and securities from
2 any preexisting pension fund being maintained by the
3 municipality covering such municipal policemen, in whole or
4 in part, to fund the accrued benefits of all the municipal
5 policemen being enrolled under this article. Securities to be
6 transferred shall be only those acceptable to the board.
7 Securities not acceptable shall be converted into cash and
8 the cash shall be transferred to the fund. In any transfer,
9 provision shall be made to credit the accumulated deductions
10 of each Article IV-A member at least the amount the member
11 has paid into the preexisting retirement or pension system of
12 the municipality.

13 (4) Enrollment shall be approved by the board only if
14 the municipality transfers assets in an amount sufficient to
15 completely satisfy the municipality's liability, as
16 determined by the board's actuary, for the prior service
17 credits of the municipal policemen to be enrolled.

18 (5) No liability, on account of retirement allowances or
19 pensions being paid from any existing retirement or pension
20 fund of a municipality enrolling under this section, shall
21 attach against the fund, except as may be agreed upon by the
22 municipality and the board making a transfer of an existing
23 system. The liability to continue payment of pensions not
24 transferred shall attach against the municipality.

25 (6) In cases where municipal policemen eligible for
26 optional membership under this section elect to join the
27 system created by this article in accordance with paragraph
28 (1) and the employing municipality complies with paragraph
29 (2), the election to join shall be irrevocable.

30 Section 403-A. Service credit.

1 (a) Credited service.--In computing the length of service of
2 an Article IV-A member, full credit shall be given to each
3 Article IV-A member for each full or partial year of service
4 rendered to the municipality as a municipal policeman for which
5 the required member contributions have been made or for which
6 contributions otherwise required for such service were not made
7 solely by reason of any provision of this act relating to the
8 limitations under sections 401(a)(17) or 415(b) of the Internal
9 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §§ 401(a)(17)
10 and 415(b)). Except as otherwise required by applicable law, in
11 no event shall an Article IV-A member receive service credit for
12 any period during which the Article IV-A member is on leave of
13 absence without pay.

14 (b) Purchase of service.--

15 (1) If a former Article IV-A member returns to service
16 and becomes an active Article IV-A member, the member may
17 restore to the fund any amounts refunded under section 407-A
18 that represent that member's previous service and continue
19 accruing credited service for service rendered subsequent to
20 the return to service.

21 (2) The Article IV-A member's annuity rights shall be
22 restored as they existed at the time of separation from
23 service provided the member pays the amount due plus regular
24 interest up to the date of purchase in a lump sum within 30
25 days after billing or through salary deductions amortized
26 with regular interest through a repayment period of not more
27 than five years.

28 (c) Military service.--

29 (1) An active Article IV-A member who enters the
30 uniformed services as defined by 38 U.S.C. § 4303 (relating

1 to definitions) and returns to the municipality as an Article
2 IV-A member within the time period prescribed by law shall
3 have the time spent in uniformed service credited to the
4 Article IV-A member's account for retirement purposes if the
5 Article IV-A member makes the required employee
6 contributions.

7 (2) An active Article IV-A member may also purchase
8 credit for nonintervening military service for a period not
9 to exceed five years. The member may file an application with
10 the board to purchase credit for periods of nonintervening
11 military service upon completion of five years of credited
12 service. The amount due from the member shall be computed by
13 applying the applicable member and municipal contribution
14 rate which was in effect on the date of the member's
15 enrollment under this article times the member's average
16 annual rate of compensation over the first five years of the
17 member's subsequent employment and multiplying the result by
18 the number of years and fractional part of a year of
19 creditable nonintervening military service being purchased,
20 plus regular interest from the date of enrollment under this
21 article to date of purchase.

22 (3) The amount due from the member for the purchase of
23 military service credit shall be certified by the board in
24 accordance with methods approved by the actuary and may be
25 paid in a lump sum within 30 days or may be amortized with
26 additional interest through deductions in amounts agreed upon
27 by the member and the board. The rate of interest to be
28 charged to the member on account of the purchase of credit
29 for nonintervening military service shall be the regular
30 interest rate.

1 (4) An Article IV-A member may purchase credit for
2 intervening or nonintervening military service only if the
3 member's discharge or separation from the service was granted
4 under other than dishonorable conditions. An Article IV-A
5 member may not purchase credit for any military service for
6 which the member is entitled to receive, eligible to receive
7 now or in the future or is receiving retirement benefits for
8 the service under a retirement system administered and wholly
9 or partially paid for by another governmental agency or
10 private employer. Applications to purchase credit for
11 military service must be accompanied by proof of the nature
12 of discharge or separation from military service.

13 Section 404-A. Determination of municipal liability.

14 (a) Municipal contribution rate.--

15 (1) The municipal contribution rate shall be computed by
16 the actuary for each municipality as a percentage of the
17 municipality's payroll attributable to active Article IV-A
18 members during the period for which the amount is determined
19 and shall be certified by the board.

20 (2) The municipal contributions shall be equal to the
21 amount necessary to fund the liability for any benefit
22 payable to Article IV-A members, provided that the municipal
23 contribution rate shall be no less than 7.5%.

24 (b) Eligibility for general State aid.--

25 (1) A municipality shall be immediately eligible for
26 participation in the General Municipal Pension System State
27 Aid Program established under the act of December 18, 1984
28 (P.L.1005, No.205), known as the Municipal Pension Plan
29 Funding Standard and Recovery Act, if the municipality
30 employs an active Article IV-A member.

1 (2) The three-year waiting period for eligibility for
2 State aid for new plans stated in section 402(d) of the
3 Municipal Pension Plan Funding Standard and Recovery Act
4 shall not be applicable to municipalities that employ active
5 Article IV-A members.

6 Section 405-A. Contributions by members.

7 (a) Required contributions.--

8 (1) Article IV-A members shall contribute 7.5% of
9 compensation. The contributions shall be deemed "pickup"
10 contributions and shall be treated as contributions made by
11 the municipality for purposes of section 414(h) of the
12 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §
13 414(h)) relating to pickup contributions.

14 (2) Each municipality shall certify and deduct from
15 payroll the required contributions and shall send all
16 contributions to the system in a manner and at a time that
17 the board determines.

18 (b) Limits.--The municipality shall immediately notify the
19 board of the compensation of any Article IV-A member to whom the
20 limitation under section 401(a)(17) of the Internal Revenue Code
21 of 1986 either applies or is expected to apply and shall cause
22 the Article IV-A member's contributions deducted from payroll to
23 cease upon reaching the limitation under section 401(a)(17) of
24 the Internal Revenue Code of 1986.

25 Section 406-A. Superannuation retirement.

26 (a) Eligibility for superannuation retirement.--An active
27 Article IV-A member who attains superannuation retirement age
28 shall be entitled to receive a superannuation retirement benefit
29 upon termination of service and filing of a proper application
30 under subsection (c) provided the Article IV-A member has

1 completed 20 years of credited service.

2 (b) Superannuation retirement benefit.--Upon termination of
3 service, an Article IV-A member who is eligible for a
4 superannuation retirement shall be entitled to receive an annual
5 retirement allowance throughout the member's life, which shall
6 be calculated by multiplying the member's years of credited
7 service times the member's final salary times 2.5% not to exceed
8 65% of the member's final salary.

9 (c) Application.--

10 (1) Each active Article IV-A member who terminates
11 service and who is not then a disability annuitant shall
12 execute and file with the board a written statement, duly
13 attested by the member or his legally constituted
14 representative, electing to receive an immediate annuity and
15 stating on what date the member desires to be retired.

16 (2) The application shall make the superannuation
17 retirement benefit effective on the date so specified if the
18 application was filed in the office of the board or deposited
19 in the United States mail addressed to the board before the
20 date specified in the application and before the death of the
21 member, but the date stated in the application shall not be
22 more than 90 days after the date of filing or the date the
23 application was deposited in the mail.

24 (d) Initial payment.--The board shall make the first payment
25 to an Article IV-A member who is eligible for an annuity within
26 60 days of the filing of an application for an annuity or within
27 60 days of the effective date of retirement, whichever is later,
28 and receipt of the required data from the employer.

29 Section 407-A. Refund.

30 (a) Eligibility.--Upon termination of service, an Article

1 IV-A member, regardless of eligibility for benefits, may elect
2 to receive his accumulated deductions in lieu of any benefit to
3 which he is entitled.

4 (b) Required refund.--Upon termination of service, an
5 Article IV-A member who is not eligible for any benefits under
6 this article shall be paid the full amount of the accumulated
7 deduction standing to the member's credit in the member's
8 account.

9 Section 408-A. Vesting.

10 (a) Eligibility.--An Article IV-A member who terminates
11 service with 12 or more years of credited service shall be
12 entitled to vest his retirement benefits until the date upon
13 which the Article IV-A member would have become eligible for a
14 superannuation retirement benefit under section 406-A(a) if such
15 Article IV-A member had continued to be employed and eligible
16 for membership under section 402-A.

17 (b) Notification following termination of service.--

18 (1) The municipality shall immediately notify the board
19 in a manner prescribed by the board of the date of
20 termination of service for any Article IV-A member.

21 (2) As soon as practicable after receiving notice from a
22 municipality that an Article IV-A member who is eligible to
23 vest is terminating service, the board shall notify the
24 Article IV-A member in writing that the member must file with
25 the board an application to vest within 90 days of the date
26 of notice to vest. If the Article IV-A member fails to file
27 an application to vest within 90 days of the date of notice
28 to vest, the member shall be deemed to have elected to
29 receive the accumulated deductions in lieu of any benefit to
30 which the member may be entitled.

1 (c) Failure to elect.--In the event that an Article IV-A
2 member fails to file an application to vest within 90 days of
3 the date of notice to vest, he shall be ineligible to vest and
4 shall be deemed to have elected to receive his accumulated
5 deductions in lieu of any benefit to which he may be entitled.
6 The amount payable to the member shall be determined in
7 accordance with section 407-A.

8 (d) Interest.--Regular interest will continue to be credited
9 on a vested Article IV-A member's accumulated deductions from
10 date of termination of service until the earlier of the date of
11 the commencement of the annuity or the date of payment of member
12 contributions.

13 (e) Application for benefits.--

14 (1) A vested Article IV-A member may submit an
15 application in accordance with section 406-A within 90 days
16 of the date upon which the member would have become eligible
17 for a superannuation retirement benefit under section
18 406-A(a) if the member had continued to be employed and
19 eligible for membership under section 402-A.

20 (2) If a vested Article IV-A member applies for an
21 annuity within 90 days of the date, the effective date of
22 retirement will be the date the member would have attained
23 eligibility for a superannuation retirement benefit.

24 (3) If an Article IV-A member does not apply within 90
25 days, the effective date of retirement will be the date the
26 application was filed or the date specified on the
27 application, whichever is later.

28 Section 409-A. Deferred Retirement Option Program.

29 An Article IV-A member may elect to receive a retirement
30 benefit under the terms of the Deferred Retirement Option

1 Program as adopted by the board.

2 Section 410-A. Return to service.

3 (a) General rule.--Should an Article IV-A annuitant, other
4 than a disability annuitant, be reemployed in a position that is
5 subject to mandatory enrollment as an Article IV-A member or be
6 subsequently employed with a municipality that has enrolled its
7 employees under Article II, III or IV, his retirement allowance
8 shall continue to be paid through the period of reemployment,
9 provided the Article IV-A annuitant is otherwise eligible to
10 receive an in-service distribution of his retirement benefit by
11 attainment of normal retirement age as defined in section 411(a)
12 (8) of the Internal Revenue Code of 1986 (Public Law 99-514, 26
13 U.S.C. § 411(a)(8)), operation of section 401(a)(36) of the
14 Internal Revenue Code of 1986 or operation of any other
15 provision as may be adopted by the board and consistent with the
16 tax qualification provisions of the Internal Revenue Code of
17 1986.

18 (b) Credited service during in-service distribution.--An
19 Article IV-A annuitant who is eligible for an in-service
20 distribution shall not be entitled to earn any credited service
21 during the period of reemployment and no contribution may be
22 made by the Article IV-A annuitant or the municipality on
23 account of such employment.

24 (c) Notification by municipality.--The municipality shall
25 immediately notify the board of the reemployment status of any
26 Article IV-A annuitant.

27 Section 411-A. Death benefits.

28 (a) Options.--The current spouse or eligible dependent of a
29 vested Article IV-A member who has terminated service and dies
30 before filing an application for benefits under section 408-A(a)

1 may elect to receive payment according to one of the following
2 options:

3 (1) A monthly benefit equal to 50% of the benefit the
4 vested Article IV-A member would have received had he
5 submitted an application under section 408-A(e). The monthly
6 benefit will begin on the date upon which the vested Article
7 IV-A member would have become eligible for a superannuation
8 retirement benefit under section 406-A(a) if the Article IV-A
9 member had continued to be employed and eligible for
10 membership under section 402-A.

11 (2) All of the moneys credited to the member's account
12 as of the date of his death.

13 (b) Withdrawal of moneys by survivor.--The current spouse or
14 eligible dependent of an active Article IV-A member who dies and
15 has less than 12 years of credited service at the time of death
16 shall receive all of the money credited to the member's account
17 as of the date of death.

18 (c) Survivor annuity.--

19 (1) The current spouse or eligible dependent of an
20 active Article IV-A member who dies and has at least 12 years
21 of credited service at the time of death but less than 20
22 years of credited service shall receive a monthly benefit
23 equal to 50% of the benefit the active Article IV-A member
24 would have received had he retired the day before his death
25 actuarially reduced from the member's superannuation date.

26 (2) The current spouse or eligible dependent of an
27 active Article IV-A member who dies and has at least 20 years
28 of credited service at the time of death shall receive a
29 monthly benefit equal to 50% of the benefit the active
30 Article IV-A member would have received had he retired the

1 day before his death.

2 (3) The current spouse or eligible dependent of an
3 Article IV-A annuitant shall receive a monthly benefit equal
4 to 50% of the benefit the Article IV-A annuitant was
5 receiving at the time of his death.

6 (d) Determination of current spouse.--For purposes of this
7 article, the "current spouse" shall be determined as of the date
8 of death of the member. In the event there is no current spouse,
9 an "eligible dependent" shall be the child or children of the
10 deceased Article IV-A member, provided the dependent is under 18
11 years of age or, if attending college, under 23 years of age.

12 (e) Duration of survivor annuity.--

13 (1) If the current spouse is entitled to receive a
14 benefit, the benefit shall be paid for the life of the
15 spouse.

16 (2) If an eligible dependent is receiving a benefit, the
17 benefit shall be paid until the child attains 18 years of age
18 or, if attending college, 23 years of age.

19 (3) If there is more than one eligible dependent, the
20 benefit shall be equally divided among the dependents.

21 (4) If the current spouse is receiving a benefit under
22 the provisions of this section and the current spouse dies
23 and there is a surviving eligible dependent of the Article
24 IV-A member, the eligible dependent shall receive the benefit
25 as long as the eligible dependent is entitled.

26 (f) Default provision.--In the event there is no current
27 spouse or eligible dependent, the member's accumulated
28 deductions, less any moneys paid out as a benefit, shall be paid
29 to the beneficiary or, if one is not designated, the estate or
30 next of kin under 20 Pa.C.S. § 3101 (relating to payments to

1 family and funeral directors).

2 Section 412-A. Disability retirement.

3 (a) Eligibility.--

4 (1) An active Article IV-A member who is permanently
5 unable to perform the full duties of a municipal policeman as
6 a result of a service-connected disability shall receive a
7 disability pension equal to 50% of the Article IV-A member's
8 final salary, regardless of age or credited service, provided
9 the physician designated by the board, after medical review,
10 certifies that the member is unable to perform the full
11 duties of a municipal policeman.

12 (2) An active Article IV-A member who is permanently
13 unable to perform substantial, gainful employment,
14 considering the member's age, education and work experience
15 as a result of a service-connected disability, shall receive
16 a disability pension equal to 75% of the member's final
17 salary, regardless of age or credited service, provided the
18 physician designated by the board, after medical review,
19 certifies that the member is unable to perform substantial,
20 gainful employment.

21 (3) For purposes of this section only, a "service-
22 connected disability" shall mean the disability of a member
23 resulting from:

24 (i) an injury arising out of and incurred in the
25 course of his employment as determined under the
26 applicable provisions of the act of June 2, 1915
27 (P.L.736, No.338), known as the Workers' Compensation
28 Act, or the act of June 21, 1939 (P.L.566, No.284), known
29 as The Pennsylvania Occupational Disease Act; or

30 (ii) an injury in the performance of his duties

1 under the applicable provisions of the act of June 28,
2 1935 (P.L.477, No.193), referred to as the Enforcement
3 Officer Disability Benefits Law, which has been
4 determined to be permanent.

5 (b) Offset not authorized.--A disability benefit shall not
6 be offset by the amount of any payment made to the Article IV-A
7 member under the provisions of the Workers' Compensation Act,
8 The Pennsylvania Occupational Disease Act or the Social Security
9 Act (49 Stat. 620, 42 U.S.C. § 301 et seq.).

10 (c) Effective date of disability retirement.--The effective
11 date of a disability retirement shall be the first day of the
12 month following the earlier of:

13 (1) the granting of a disability retirement by the
14 board; or

15 (2) the date following the termination of benefits under
16 the Enforcement Officer Disability Benefits Law.

17 (d) Permanency of disability benefits.--Once granted by the
18 board, the disability benefit shall be a permanent benefit and
19 shall not be subject to subsequent reviews by the board.

20 (e) Return to service.--

21 (1) Notwithstanding any other provision of this article
22 to the contrary, should a disability annuitant return to
23 employment and become eligible to enroll as an Article IV-A
24 member, any annuity payable to the annuitant shall cease
25 effective upon the date of return to service.

26 (2) If an annuitant is receiving a disability under
27 subsection (a)(2) and is subsequently employed by a
28 municipality that has enrolled its employees under Article
29 II, III or IV and is otherwise subject to mandatory
30 enrollment under the plan, the disability annuity shall cease

1 effective upon the date of return to service.

2 (3) Should a disability annuity cease in accordance with
3 paragraph (1) or (2), the disability annuitant shall be
4 restored to active service and the actuarial equivalent of
5 the total disability allowance calculated as of the date of
6 retirement less the amount of disability payments paid to the
7 disability annuitant shall be transferred from the retired
8 member's reserve account and credited to the member's account
9 and the employers' account as follows:

10 (i) The present value of the member's annuity to
11 which the disability annuitant was receiving less the
12 total payments received on account of the member's
13 annuity as of the time of reentry into Article IV-A shall
14 be credited to the member's account.

15 (ii) The remainder shall be credited to the
16 employers' account.

17 Section 413-A. Portability.

18 When a member terminates service, within one year of
19 separation becomes employed by a municipality and is enrolled as
20 a member under Article II, III or IV or this article and the
21 member's service credits shall remain unimpaired. In such a
22 case, the municipal liability for past service shall be prorated
23 by the system between the municipalities and the applicable plan
24 on an equitable basis.

25 Section 414-A. Municipal guarantee.

26 Regular interest charges payable, the maintenance of reserves
27 in the fund on account of benefits under this article and the
28 payment of all annuities and other benefits granted under this
29 article are hereby made obligations of each municipality
30 employing Article IV-A members. All income, interest and

1 dividends derived from deposits and investments attributable
2 under this article shall be used for the payment of the
3 obligations of the municipalities.

4 Section 4. This act shall take effect in 60 days.