

No. 1978-1

AN ACT

SB 334

Amending the act of February 1, 1974 (P.L.34, No.15), entitled "An act creating a Pennsylvania Municipal Retirement System for the payment of retirement allowances to officers, employes, firemen and police of political subdivisions and municipal authorities and of institutions supported and maintained by political subdivisions and municipal government associations and providing for the administration of the same by a board composed of the State Treasurer and others appointed by the Governor; imposing certain duties on the Pennsylvania Municipal Retirement Board and the actuary thereof; providing the procedure whereby political subdivisions and municipal authorities may join such system, and imposing certain liabilities and obligations on such political subdivisions and municipal authorities in connection therewith, and as to certain existing retirement and pension systems, and upon officers, employes, firemen and police of such political subdivisions, institutions supported and maintained by political subdivisions, and upon municipal authorities; providing for the continuation of certain municipal retirement systems now administered by the Commonwealth; providing certain exemptions from taxation, execution, attachment, levy and sale and providing for the repeal of certain related acts," further providing for selection of the chairman and vice chairman of the board, for audits for the credit of excess interest and surplus allocations for administrative expenses and for interest paid while vesting, and changing the date of the itemized estimate to municipalities.

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

Section 1. Section 103, act of February 1, 1974 (P.L.34, No.15), known as the "Pennsylvania Municipal Retirement Law," is amended to read:

Section 103. Pennsylvania Municipal Retirement Board.—A Pennsylvania Municipal Retirement Board is hereby created, which shall consist of the State Treasurer, Secretary of the Commonwealth, six municipal elected officials or employes of different classes of municipalities which have joined the system, one municipal fireman employed by a municipality which has joined the system and one municipal policeman employed by a municipality which has joined the system. The eight latter members shall be appointed by the Governor from among nominations made by the County Commissioners Association, the Pennsylvania League of Cities, the Pennsylvania Association of Township Commissioners, the Pennsylvania State Association of Township Supervisors, the Pennsylvania State Association of Boroughs and the Pennsylvania Municipal Authorities Association, and associations representing municipal firemen and municipal police, to serve for a term of four years each and until their successors are appointed and qualified. Appointments of members made by the Governor shall not require the advice and consent of the Senate. The two municipal employe members of the Municipal

Employes' Retirement Board, appointed by the Governor from among nominations made by various associations of county and municipal officers, who are serving on the effective date of this act, shall continue to serve as members of the Pennsylvania Municipal Retirement Board until the expiration of their respective terms.

A chairman and vice chairman of the board shall be elected by the board **[every four years]** *every year at the January meeting of the board and the chairman and vice-chairman may succeed themselves for the appointed term of four years.*

Vacancies happening from among members appointed from among the nominations made by the associations shall be filled by the appointment of a successor for a full term of four years.

No appointed member shall serve more than two consecutive full terms.

Each member of the board shall take an oath of office that he will diligently and honestly administer the affairs of the board, and that he will not knowingly violate or wilfully permit to be violated any of the provisions of this act.

A quorum of the board shall consist of six members.

Section 2. Section 112 of the act, amended December 19, 1975 (P.L.520, No.153), is amended to read:

Section 112. Annual Estimates to Municipalities; Administrative Expenses.—The board shall prepare and submit to each municipality, on or before the first day of the **[fourth]** *third* month preceding the commencing of each municipality's fiscal year, an itemized estimate of the amounts necessary to be appropriated by the municipality to complete the payments of the obligations of the municipality to the fund during its next fiscal year.

The board shall annually prepare and approve a budget covering the administrative expenses of this act. Such expenses as approved by the board shall be paid from receipts from assessments made against each municipality for administrative expenses. This assessment shall be based on the number of members in each municipality and shall not exceed the sum of twenty dollars (\$20) per member per year. If, in the calendar years 1974, 1975, 1976, **[and]** 1977, *1978 and 1979*, the amount received from such assessments, when imposed at the maximum rate, is not sufficient to cover the administrative expenses, then the balance of such expenses shall be paid from interest earnings on the fund in excess of the regular interest credited to the municipal and member's accounts and shall not, in any year, exceed **[one-half of one per cent]** *three-quarters of one per cent* of the total asset value of the fund as of the beginning of the calendar year. *The administration of the Pennsylvania Municipal Retirement System shall be audited annually and a report of this audit shall be made annually to the General Assembly.*

Section 3. Sections 213, 314 and 410 of the act are amended to read:

Section 213. Vesting.—(a) Should a contributor, before reaching

superannuation retirement age and after having completed twelve years of total service, for any reason cease to be a municipal employe, he shall be entitled to vest his retirement benefits until he attains superannuation retirement age, by filing with the board a written notice of his intentions to vest, within ninety days of the date of his termination *of employment*. *Accumulated deductions will include interest from date of termination until the earlier of the date of the commencement of the annuity or the date of payment of member contributions.*

(b) A contributor, who was terminated *by the municipality* not voluntarily, may elect, after he has vested, to be paid as follows:

(1) The full amount of the accumulated deductions, including interest **[to the date of termination, standing to his credit in the member's account of the fund]**; or

(2) An early retirement allowance as computed under the provisions of clause (2) of section 210; or

(3) Upon reaching superannuation retirement age, a superannuation retirement allowance as computed under the provisions of section 208.

(c) A contributor, who voluntarily terminated his **[service]** *employment*, may elect, after he has vested, to be paid as follows:

(1) The full amount of the accumulated deductions, including interest **[to the date of termination, standing to his credit in the member's account of the fund]**; or

(2) If the contributor has completed twenty-four years or more of total service, a voluntary withdrawal allowance computed in accordance with the provisions of section 210; or

(3) Upon reaching superannuation retirement age, a superannuation retirement allowance as computed under the provisions of section 208.

(d) Should a contributor, who has vested, die before he becomes eligible for a retirement allowance, the full amount of the accumulated deductions, including interest to the date of his **[termination]** *death*, standing to his credit in the member's account of the fund shall be paid to his estate or to his named beneficiary in accordance with the provisions of subsection (d) of section 207.

Section 314. Vesting.—(a) Should a contributor, before reaching superannuation retirement age and after having completed twelve years of total service, for any reason cease to be a municipal fireman or a municipal policeman, he shall be entitled to vest his retirement benefits until he attains superannuation retirement age, by filing with the board a written notice of his intentions to vest, within ninety days of the date of his termination *of employment*. *Accumulated deductions will include interest from date of termination until the earlier of the date of the commencement of the annuity or the date of payment of member contributions.*

(b) A contributor, who was terminated *by the municipality* not voluntarily, may elect, after he has vested, to be paid as follows:

(1) The full amount of the accumulated deductions, including interest

[to the date of termination, standing to his credit in the member's account of the fund]; or

(2) An early retirement allowance as computed under the provisions of clause (2) of section 311; or

(3) Upon reaching superannuation retirement age, a superannuation retirement allowance as computed under the provisions of section 309.

(c) A contributor, who voluntarily terminated his **[service] employment**, may elect, after he has vested, to be paid as follows:

(1) The full amount of the accumulated deductions, including interest **[to the date of termination, standing to his credit in the member's account of the fund]; or**

(2) If the contributor has completed twenty-four years or more of total service, a voluntary withdrawal allowance computed in accordance with the provisions of section 311; or

(3) Upon reaching superannuation retirement age, a superannuation retirement allowance as computed under the provisions of section 309.

(d) Should a contributor, who has vested, die before he becomes eligible for a retirement allowance, the full amount of the accumulated deductions, including interest to the date of his **[termination] death**, standing to his credit in the member's account of the fund shall be paid to his estate or to his named beneficiary in accordance with the provisions of subsection (d) of section 308.

Section 410. Vesting.—Provisions for vesting may be included in the contract between the municipality and the board. When such provision is made it shall mean that a contributor who terminates his employment with the municipality after a stipulated age or length of service, or both, may, if he so elects in writing, leave his contributions, *plus interest*, as credited to his account, in the fund, and, upon reaching superannuation retirement age, receive a superannuation retirement allowance *and accumulated deductions would include interest from date of termination until the earlier of the date of commencement of the annuity or the date of payment of member contributions*.

Section 4. This act shall take effect immediately.

APPROVED—The 4th day of January, A. D. 1978.

MILTON J. SHAPP