

No. 1982-131

AN ACT

HB 349

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," providing for the payment of administration funds from excess interest earnings; authorizing increased earnings on a temporary or seasonal basis and eliminating certain offset payments.

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

Section 1. Section 112 and subsection (c) of section 207, act of February 1, 1974 (P.L.34, No.15), known as the "Pennsylvania Municipal Retirement Law," amended May 17, 1980 (P.L.135, No.50), are 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 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 [1980 and 1981] 1982 and 1983 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 **[three-quarters] one-half** 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 207. Withdrawal; Return to Service; Death in Service.—* * *

(c) Should a person who has been retired on a retirement allowance under this act, return to employment on a regular full-time basis in the same municipality, his retirement allowance shall cease, and in the case of an annuity, other than a disability annuity, the present value of such annuity shall be frozen as of the date such annuity ceases. Upon subsequent discontinuance of service, such member, other than a former disability annuitant, shall be entitled to an annuity which is actuarially equivalent to the sum of the present value of the annuity previously being paid and the present value of the annuity earned by further service and further deductions added upon reemployment. For the purposes of this section if a person is reemployed on a temporary or seasonal basis and his gross post-retirement earnings from such reemployment during the calendar year are less than **[two thousand five hundred twenty dollars (\$2,520)] five thousand dollars (\$5,000)** or such other maximum as the board may establish, he shall not be deemed reemployed, but if and when his gross post-retirement earnings exceed **[two thousand five hundred twenty dollars (\$2,520)] five thousand dollars (\$5,000)** or such other maximum as the board may establish in any calendar year he shall not be entitled to receive his retirement allowance for that month or any subsequent month in the calendar year in which he continues in service. The municipality is required to notify the board immediately of the reemployment status of any retired former employe and file separate monthly reports of his gross earnings as prescribed by the board.

* * *

Section 2. Section 211 of the act is amended to read:

Section 211. Options on Superannuation or Early Retirement.—At the time of his superannuation or early retirement, a contributor may elect to receive his benefits in a retirement allowance payable throughout his life, which shall be known as a single life annuity. *In the event of the death of an annuitant who has elected to receive the maximum single life annuity before he has received in annuity payments the full amount of the total accumulated deductions standing to his credit on the effective date of retirement, the balance shall be paid to his designated beneficiary, or instead, he may elect to receive the equivalent actuarial value at that time of his retirement allowance in a lesser allowance, payable throughout life with provisions that:*

(1) Option 1. If he shall die before receiving in payments the present value of his retirement allowance as it was at the time of his retirement, the balance, if less than five thousand dollars (\$5,000), shall be paid in a lump sum to his legal representative, or to or in trust for his beneficiary. If the balance is five thousand dollars (\$5,000) or more, the

beneficiary may elect by application duly acknowledged and filed with the board to receive payment of such balance according to any one of the following provisions: (i) a lump sum payment; (ii) an annuity having a present value equal to the balance payable; (iii) a lump sum payment and an annuity. Such annuity shall be of equivalent actuarial value to the balance payable less the amount of the lump sum payment specified by the beneficiary.

(2) Option 2. Upon his death, his retirement allowance shall be continued throughout the life of and paid to his survivor annuitant, if then living.

(3) Option 3. Upon his death, one-half of his retirement allowance shall be continued throughout the life of and paid to his survivor annuitant, if then living.

Section 3. Clause (3) of subsection (b) of section 212 and subsection (c) of section 308 of the act, amended May 17, 1980 (P.L.135, No.50), are amended to read:

Section 212. Disability Retirement.—* * *

(b) On retirement for disability a member shall receive a retirement allowance which shall consist of:

* * *

(3) A disability annuity payable from the total disability reserve account which, together with the member's annuity and the municipal annuity, shall be sufficient to produce a retirement allowance of thirty per cent of the final salary. Where the disability of the member is determined to be service-connected, as defined in this act, the retirement allowance shall equal fifty per cent of his final salary. The disability annuity shall be reduced by the amount of any payments for which the member shall be eligible under the act of June 2, 1915 (P.L.736, No.338), known as "The Pennsylvania Workmen's Compensation Act," or the act of June 21, 1939 (P.L.566, No.284), known as "The Pennsylvania Occupational Disease Act."

* * *

Section 308. Withdrawal; Return to Service; Death in Service.—* * *

(c) Should a person who has been retired on a retirement allowance under this act, return to employment on a regular full-time basis in the same municipality, his retirement allowance shall cease, and in the case of an annuity, other than a disability annuity, the present value of such annuity shall be frozen as of the date such annuity ceases. Upon subsequent discontinuance of service, such member, other than a former disability annuitant, shall be entitled to an annuity which is actuarially equivalent to the sum of the present value of the annuity previously being paid and the present value of the annuity earned by further service and further deductions added upon reemployment. For the purposes of this section if a person is reemployed on a temporary or seasonal basis and his gross post-retirement earnings from such reemployment during the calendar year are less than **[two thousand five hundred twenty dollars (\$2,520)]** *five thousand dollars (\$5,000)* or such other maximum as the board may

establish, he shall not be deemed reemployed, but if and when his gross post-retirement earnings exceed **[two thousand five hundred twenty dollars (\$2,520)]** *five thousand dollars (\$5,000)* or such other maximum as the board may establish in any calendar year he shall not be entitled to receive his retirement allowance for that month or any subsequent month in the calendar year in which he continues in service. The municipality is required to notify the board immediately of the reemployment status of any retired former employe and file separate monthly reports of his gross earnings as prescribed by the board.

* * *

Section 4. Section 312 of the act is amended to read:

Section 312. Options on Superannuation or Early Retirement.—At the time of his superannuation or early retirement, a contributor may elect to receive his benefits in a retirement allowance payable throughout his life, which shall be known as a single life annuity. *In the event of the death of an annuitant who has elected to receive the maximum single life annuity before he has received in annuity payments the full amount of the total accumulated deductions standing to his credit on the effective date of retirement, the balance shall be paid to his designated beneficiary*, or instead, he may elect, to receive the actuarial equivalent value at that time of his retirement allowance in a lesser allowance, payable throughout life with provisions that:

(1) Option 1. If he shall die before receiving in payments the present value of his retirement allowance as it was at the time of his retirement, the balance, if less than five thousand dollars (\$5,000) shall be paid in a lump sum to his legal representative, or to or in trust for his beneficiary. If the balance is five thousand dollars (\$5,000) or more, the beneficiary may elect by application duly acknowledged and filed with the board to receive payment of such balance according to any of the following provisions: (i) a lump sum payment, (ii) an annuity having a present value equal to the balance payable, (iii) a lump sum payment and an annuity. Such annuity shall be of equivalent actuarial value to the balance payable less the amount of the lump sum payment specified by the beneficiary.

(2) Option 2. Upon his death his retirement allowance shall be continued throughout the life of and paid to his survivor annuitant, if then living.

(3) Option 3. Upon his death, one-half of his retirement allowance shall be continued throughout the life of and paid to his survivor annuitant, if then living.

Section 5. Clause (3) of subsection (b) of section 313 and subsection (c) of section 406 of the act, amended May 17, 1980 (P.L.135, No.50), are amended to read:

Section 313. Disability Retirement.—***

(b) On retirement for disability, a member shall receive a retirement allowance which shall consist of:

* * *

(3) A disability annuity payable from the total disability reserve account which, together with the member's annuity and the municipal annuity, shall be sufficient to produce a retirement allowance of thirty per cent of the contributor's final salary. Where the disability of the member is determined to be service-connected, as defined in this act, the retirement allowance shall equal fifty per cent of his final salary. The disability annuity shall be reduced by the amount of any payments for which the member shall be eligible under the act of June 2, 1915 (P.L.736, No.338), known as "The Pennsylvania Workmen's Compensation Act," or the act of June 21, 1939 (P.L.566, No.284), known as "The Pennsylvania Occupational Disease Act."

* * *

Section 406. Withdrawal; Return to Service; Death in Service.—* * *

(c) Should a person who has been retired on a retirement allowance under this act, return to employment on a regular full-time basis in the same municipality, his retirement allowance shall cease, and in the case of an annuity, other than a disability annuity, the present value of such annuity shall be frozen as of the date such annuity ceases. Upon subsequent discontinuance of service, such member, other than a former disability annuitant, shall be entitled to an annuity which is actuarially equivalent to the sum of the present value of the annuity previously being paid and the present value of the annuity earned by further service and further deductions added upon reemployment. For the purposes of this section if a person is reemployed on a temporary or seasonal basis and his gross post-retirement earnings from such reemployment during the calendar year are less than **[two thousand five hundred twenty dollars (\$2,520)] five thousand dollars (\$5,000)** or such other maximum as the board may establish, he shall not be deemed reemployed, but if and when his gross post-retirement earnings exceed **[two thousand five hundred twenty dollars (\$2,520)] five thousand dollars (\$5,000)** or such other maximum as the board may establish in any calendar year he shall not be entitled to receive his retirement allowance for that month or any subsequent month in the calendar year in which he continues in service. The municipality is required to notify the board immediately of the reemployment status of any retired former employe and file separate monthly reports of his gross earnings as prescribed by the board.

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Section 6. Section 409 of the act is amended to read:

Section 409. Options on Superannuation or Early Retirement.—At the time of his superannuation or early retirement, a contributor may elect to receive his benefits in a retirement allowance payable throughout his life, which shall be known as a single life annuity. *In the event of the death of an annuitant who has elected to receive the maximum single life annuity before he has received in annuity payments the full amount of the total accumulated deductions standing to his credit on the effective date of retirement, the balance shall be paid to his designated beneficiary, or instead, he may elect to receive the actuarial equivalent at that*

time of his retirement allowance in a lesser allowance, payable throughout life with provisions that:

(1) Option 1. If he shall die before receiving in payments the present value of his retirement allowance as it was at the time of his retirement, the balance, if less than five thousand dollars (\$5,000), shall be paid in a lump sum to his legal representative, or to or in trust for his beneficiary. If the balance is five thousand dollars (\$5,000) or more, the beneficiary may elect by application duly acknowledged and filed with the board to receive payment of such balance according to any one of the following provisions: (i) a lump sum payment, (ii) an annuity having a present value equal to the balance payable, (iii) a lump sum payment and an annuity. Such annuity shall be of equivalent actuarial value to the balance payable less the amount of the lump sum payment specified by the beneficiary.

(2) Option 2. Upon his death, his retirement allowance shall be continued throughout the life of and paid to his survivor annuitant, if then living.

(3) Option 3. Upon his death, one-half of his retirement allowance shall be continued throughout the life of and paid to his survivor annuitant, if then living.

(4) Option 4. Any other optional form of payment contained in the contract.

Section 7. This act shall take effect immediately.

APPROVED—The 10th day of June, A. D. 1982.

DICK THORNBURGH