

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1268 Session of  
2017

INTRODUCED BY CALTAGIRONE, DELOZIER, O'NEILL, PASHINSKI,  
MILLARD, SOLOMON, RYAN, GILLEN AND GOODMAN, APRIL 24, 2017

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 24, 2017

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, are amended  
5 and the section is amended by adding definitions to read:

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

7 \* \* \*

8 "Article IV-A annuitant" means an annuitant under Article  
9 IV-A of this act.

10 "Article IV-A member" means a member under Article IV-A of  
11 this act.

12 \* \* \*

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

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

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

29 (3) Notwithstanding any provision of this act to the  
30 contrary, a member's compensation shall not exceed the

1 limitations under section 401(a) (17) of the Internal Revenue  
2 Code (26 U.S.C. § 401(a) (17)), as adjusted in accordance with  
3 section 401(a) (17) (B) of the Internal Revenue Code (26 U.S.C. §  
4 401(a) (17) (B)).

5 (i) The adjustment in effect for a calendar year applies to  
6 a period:

7 (A) which begins in the calender year;

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

9 (C) over which compensation is determined.

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

13 (A) the numerator of which is the number of months in the  
14 determination period; and

15 (B) the denominator of which is twelve.

16 \* \* \*

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

20 \* \* \*

21 "Final salary" means the average annual salary or  
22 compensation earned by a member and paid by the municipality  
23 during the highest three, four, or five non-overlapping periods  
24 of twelve consecutive months as stipulated by the municipality,  
25 or if not so long employed, then the average annual salary or  
26 compensation earned and paid during the whole period of such  
27 employment; or, if applicable, the amount or formula stipulated  
28 between the municipality and the board in a contract for an  
29 optional retirement plan entered into under the provisions of  
30 clause (11) of section 104 of this act. Notwithstanding any

1 other provisions of this act to the contrary, "final salary"  
2 under Article IV-A shall mean the average annual compensation  
3 earned by an Article IV-A member and paid by the municipality  
4 during the final three consecutive non-overlapping years of  
5 credited service or, if not so long enrolled with credited  
6 service, the average annual compensation earned and paid during  
7 the whole period of such credited service.

8 \* \* \*

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

14 \* \* \*

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

18 \* \* \*

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

26 \* \* \*

27 Section 2. Sections 104(12.1) and (12.2), 108 and 110 of the  
28 act are amended to read:

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

30 \* \* \*

1 (12.1) In accordance with the plan contract, provide cost-  
2 of-living increases from a plan's share of excess investment  
3 earnings to those members of such municipalities who have  
4 already retired under the provisions of Article II, III or IV of  
5 this act. Such allocations shall be made, with the advice of the  
6 actuary, on a fully funded basis employing actuarial assumptions  
7 which reflect the nature of the liability. An award of excess  
8 interest shall not be made under this paragraph if the plan is  
9 less than 95% funded as of the plan's most recent filing of the  
10 actuarial report required under the Municipal Pension Funding  
11 Standard and Recovery Act.

12 (12.2) In accordance with the plan contract, the board shall  
13 allocate excess investment earnings for active members [of such  
14 municipalities] enrolled under the provisions of Article II, III  
15 or IV of this act by applying such allocation to [member] the  
16 members' contributions. To the extent that additional  
17 liabilities may accrue as a result of such allocation, the  
18 actuary shall employ actuarial assumptions, on a fully funded  
19 basis, to accurately reflect the nature of the liability  
20 generated therefrom. An award of excess interest shall not be  
21 made under this paragraph if the plan is less than 95% funded as  
22 of the plan's most recent filing of the actuarial report  
23 required under the Municipal Pension Funding Standard and  
24 Recovery Act.

25 \* \* \*

26 Section 108. Retirement Funds and Accounts.--(a) The  
27 Pennsylvania Municipal Retirement Fund shall consist of the  
28 money received from municipalities arising from contributions by  
29 municipalities, from payroll deductions from salary or  
30 compensation of members, and other contributions made by members

1 through the municipality to the system, from DROP participants  
2 and from transfers made from municipal retirement or pension  
3 systems and credited as provided in this act, and investment  
4 earnings thereon.

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

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

13 (2) Necessary expenses of the system as established in this  
14 act.

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

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

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

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

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

1 participant terminates employment.

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

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

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

27 (b) The board shall annually allow regular interest to the  
28 credit on each [contributor's] member's account, municipal  
29 account, employers' account, the retired members reserve account  
30 and the total disability reserve account. The board shall



1 monthly credit DROP interest to the subsidiary DROP participant  
2 accounts in accordance with established procedures.

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

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

15 ARTICLE IV-A

16 STATEWIDE MUNICIPAL POLICE OFFICERS PENSION PLAN

17 Section 401-A. Statewide Municipal Police Officers Pension  
18 Plan.

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

23 (b) Pension rights.--Regardless of any other provision of  
24 law, pension rights of Article IV-A members shall be determined  
25 solely by this article and no collective bargaining agreement  
26 nor any arbitration award between the municipality and its  
27 employees or their collective bargaining representatives shall  
28 be construed to change any of the provisions of this article, to  
29 require the board to administer pension benefits not specified  
30 in this article or otherwise require action by another

1 government body pertaining to pension benefits or rights of  
2 Article IV-A members.

3 Section 402-A. Mandatory and optional membership.

4 (a) Mandatory membership.--Membership under this article  
5 shall be mandatory as of the effective date of employment for a  
6 municipal policeman hired on or after January 1, 2018, provided  
7 the municipal policeman is scheduled to work an average of at  
8 least 35 hours per week during a period of at least six  
9 consecutive months and is not employed by a city of the first or  
10 second class. Municipalities shall comply with the enrolling  
11 procedures established by the board.

12 (b) Optional membership.--Membership under this article  
13 shall be optional for municipal policemen hired on or prior to  
14 December 31, 2017, and who are scheduled to work an average of  
15 at least 35 hours per week during a period of at least six  
16 consecutive months and who are not employed by a city of the  
17 first or second class subject to the following:

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

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

28 (3) Provisions shall be made between the board and the  
29 municipality for the transfer of money and securities from  
30 any preexisting pension fund being maintained by the

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

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

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

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

28 Section 403-A. Service credit.

29 (a) Credited service.--

30 (1) In computing the length of service of an Article IV-

1 A member, full credit shall be given to the Article IV-A  
2 member for each full or partial year of service rendered to  
3 the municipality as a municipal policeman for which the  
4 required member contributions have been made or for which  
5 contributions otherwise required for such service were not  
6 made solely by reason of any provision of this act relating  
7 to the limitations under sections 401(a)(17) or 415(b) of the  
8 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C.  
9 §§ 401(a)(17) and 415(b)).

10 (2) Except as otherwise required by applicable law, in  
11 no event shall an Article IV-A member receive service credit  
12 for any period during which the Article IV-A member is on  
13 leave of 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 multiplied by the member's  
16 average annual rate of compensation over the first five years  
17 of the member's subsequent employment and multiplying the  
18 result by the number of years and fractional part of a year  
19 of creditable nonintervening military service being  
20 purchased, plus regular interest from the date of enrollment  
21 under this 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) A municipality shall certify and deduct from payroll  
15           the required contributions and shall send all contributions  
16           to the system in a manner and at a time that the board  
17           determines.

18           (b) Limits.--A municipality shall immediately notify the  
19           board of the compensation of an Article IV-A member to whom the  
20           limitation under section 401(a)(17) of the Internal Revenue Code  
21           of 1986 (26 U.S.C. § 401(a)(17)) either applies or is expected  
22           to apply and shall cause the Article IV-A member's contributions  
23           deducted from payroll to cease upon reaching the limitation  
24           under section 401(a)(17) of 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 be  
6 calculated by multiplying the member's years of credited service  
7 by the member's final salary and multiplying the result by 2.5%  
8 not to exceed 65% of the member's final salary.

9 (c) Application.--

10 (1) An active Article IV-A member who terminates service  
11 and who is not then a disability annuitant shall execute and  
12 file with the board a written statement, duly attested by the  
13 member or the member's legal representative, electing to  
14 receive an immediate annuity and stating on what date the  
15 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 the Article IV-A member's accumulated deductions in  
3 lieu of any benefit to which the member 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 the member's retirement benefits until the date  
13 upon which the member would have become eligible for a  
14 superannuation retirement benefit under section 406-A(a) if the  
15 member had continued to be employed and eligible for membership  
16 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, the member shall be ineligible to  
4 vest and shall be deemed to have elected to receive the member's  
5 accumulated deductions in lieu of any benefit to which the  
6 member may be entitled. The amount payable to the member shall  
7 be determined in 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, the Article IV-A  
8 annuitant retirement allowance shall continue to be paid through  
9 the period of reemployment, provided the Article IV-A annuitant  
10 is otherwise eligible to receive an in-service distribution of  
11 the Article IV-A annuitant retirement benefit by attainment of  
12 normal retirement age as defined in section 411(a)(8) of the  
13 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §  
14 411(a)(8)), operation of section 401(a)(36) of the Internal  
15 Revenue Code of 1986 (26 U.S.C. § 401(a)(36)) or operation of  
16 any other provision as may be adopted by the board and  
17 consistent with the tax qualification provisions of the Internal  
18 Revenue Code of 1986.

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

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

28 Section 411-A. Death benefits.

29 (a) Options.--The current spouse or eligible dependent of a  
30 vested Article IV-A member who has terminated service and dies

1 before filing an application for benefits under section 408-A(e)  
2 may elect to receive payment according to one of the following  
3 options:

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

12 (2) All of the money credited to the member's account as  
13 of the date of the member's death.

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

19 (c) Survivor annuity.--

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

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

1 have received had the member retired the day before the  
2 member's death.

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

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

13 (e) Duration of survivor annuity.--

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

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

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

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

28 (f) Default provision.--In the event there is no current  
29 spouse or eligible dependent, the member's accumulated  
30 deductions, less any money paid out as a benefit, shall be paid

1 to the beneficiary or, if one is not designated, the estate or  
2 next of kin under 20 Pa.C.S. § 3101 (relating to payments to  
3 family and funeral directors).

4 Section 412-A. Disability retirement.

5 (a) Eligibility.--

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

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

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

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

1 as The Pennsylvania Occupational Disease Act; or

2 (ii) an injury in the performance of the member's  
3 duties under the applicable provisions of the act of June  
4 28, 1935 (P.L.477, No.193), referred to as the  
5 Enforcement Officer Disability Benefits Law, which has  
6 been determined to be permanent.

7 (b) Offset not authorized.--A disability benefit may not be  
8 offset by the amount of a payment made to an Article IV-A member  
9 under the provisions of the Workers' Compensation Act, The  
10 Pennsylvania Occupational Disease Act or the Social Security Act  
11 (49 Stat. 620, 42 U.S.C. § 301 et seq.).

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

15 (1) the granting of a disability retirement by the  
16 board; or

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

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

22 (e) Return to service.--

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

28 (2) If an annuitant is receiving a disability under  
29 subsection (a) (2) and is subsequently employed by a  
30 municipality that has enrolled its employees under Article

1 II, III or IV and is otherwise subject to mandatory  
2 enrollment under the plan, the disability annuity shall cease  
3 effective upon the date of return to service.

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

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

17 (ii) The remainder shall be credited to the  
18 employers' account.

19 Section 413-A. Portability.

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

27 Section 414-A. Municipal guarantee.

28 Regular interest charges payable, the maintenance of reserves  
29 in the fund on account of benefits under this article and the  
30 payment of all annuities and other benefits granted under this



1 article shall be obligations of municipalities employing Article  
2 IV-A members. All income, interest and dividends derived from  
3 deposits and investments attributable under this article shall  
4 be used for the payment of the obligations of the  
5 municipalities.

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