

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1474 Session of 2014

INTRODUCED BY TEPLITZ, FONTANA AND COSTA, SEPTEMBER 15, 2014

REFERRED TO FINANCE, SEPTEMBER 15, 2014

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," providing for rights of  
 24 municipal employees' spouses; and further providing for  
 25 options on superannuation or early retirement.

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

28 Section 1. The act of February 1, 1974 (P.L.34, No.15),  
 29 known as the Pennsylvania Municipal Retirement Law, is amended  
 30 by adding a section to read:

1 Section 209.1. Rights of Municipal Employees' Spouses.--(a)

2 A retirement system or retirement plan of a municipality shall  
3 provide that a designation by an employe, service provider or  
4 retiree of a beneficiary or survivor annuitant to receive  
5 payments under the retirement plan shall not be valid without  
6 the express written consent of the spouse of the member if:

7 (1) the member is married at the time of the member's  
8 selection of a beneficiary or survivor annuitant;

9 (2) the member is married at the time of the member's  
10 selection of a form of benefit payment or distribution unless  
11 the spouse has previously consented to an alternative  
12 designation; or

13 (3) the member becomes married following a selection of a  
14 beneficiary or survivor annuitant but prior to becoming entitled  
15 to or selecting a form of benefit payment or distribution.

16 (b) A retirement system or retirement plan of a municipality  
17 shall provide that retirement benefits, other than benefits  
18 payable pursuant to a defined contribution or account balance  
19 plan, shall be payable in the form of a joint and survivor  
20 annuity, with at least a 50% survivor annuity to a member's  
21 surviving spouse, unless:

22 (1) All of the following are satisfied:

23 (i) the spouse of the member consents in writing to another  
24 form of benefit;

25 (ii) the election designates a beneficiary or form of  
26 benefits that may not be changed without spousal consent or the  
27 consent of the spouse expressly permits designations by the  
28 member without any requirement of further consent by the spouse;

29 and

30 (iii) the spouse's consent acknowledges the effect of the

1 election and is witnessed by a member of the board or a notary  
2 public.

3 (2) It is established to the satisfaction of the plan  
4 administrator that the consent required under paragraph (1) may  
5 not be obtained because there is no spouse or because the spouse  
6 cannot be located.

7 (c) Any consent by a spouse or establishment that the  
8 consent of a spouse cannot be obtained shall be effective only  
9 with respect to that spouse.

10 Section 2. Sections 211, 312 and 409 of the act, amended  
11 July 9, 2010 (P.L.434, No.56), are amended to read:

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

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

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

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

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

15 (b) A member or beneficiary shall not be entitled to a form  
16 of benefit which commences or is payable over a period which  
17 fails to satisfy the required distributions of section 401(a)(9)  
18 of the Internal Revenue Code.

19 (c) (1) Notwithstanding any provision of this act to the  
20 contrary, except as provided in paragraph (2), a member,  
21 including a contributor, may not select a beneficiary or  
22 survivor annuitant other than the member's spouse if the member:

23 (i) is married at the time of the member's selection of a  
24 beneficiary or survivor annuitant;

25 (ii) is married at the time of the member's selection of a  
26 form of benefit payment; or

27 (iii) becomes married prior to becoming entitled to or  
28 selecting a form of payment or distribution.

29 (2) A member may select a beneficiary or survivor annuitant  
30 other than the member's spouse if:

1 (i) all of the following are satisfied:

2 (A) the spouse of the eligible member consents in writing to  
3 the election;

4 (B) the election designates a beneficiary, or form of  
5 benefit, that may not be changed without spousal consent or the  
6 consent of the spouse expressly permits designations by the  
7 member without any requirement of further consent by the spouse;  
8 and

9 (C) the spouse's consent acknowledges the effect of the  
10 election and is witnessed by a member of the board or a notary  
11 public; or

12 (ii) it is established to the satisfaction of the board that  
13 the consent required under paragraph (1) cannot be obtained  
14 because there is no spouse or because the spouse cannot be  
15 located.

16 (3) Any consent by a spouse or establishment that the  
17 consent of a spouse cannot be obtained shall be effective only  
18 with respect to that spouse.

19 Section 312. Options on Superannuation or Early  
20 Retirement.--(a) At the time of his superannuation or early  
21 retirement, a contributor may elect to receive his benefits in a  
22 retirement allowance payable throughout his life, which shall be  
23 known as a single life annuity. In the event of the death of an  
24 annuitant who has elected to receive the maximum single life  
25 annuity before he has received in annuity payments the full  
26 amount of the total accumulated deductions standing to his  
27 credit on the effective date of retirement, the balance shall be  
28 paid to his designated beneficiary, or instead, he may elect, to  
29 receive the actuarial equivalent value at that time of his  
30 retirement allowance in a lesser allowance, payable throughout

1 life with provisions that:

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

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

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

21 (b) A member or beneficiary shall not be entitled to a form  
22 of benefit which commences or is payable over a period which  
23 fails to satisfy the required distributions of section 401(a)(9)  
24 of the Internal Revenue Code.

25 (c) (1) Notwithstanding any provision of this act to the  
26 contrary, except as provided in paragraph (2), a member,  
27 including a contributor, may not select a beneficiary or  
28 survivor annuitant other than the member's spouse if the member:

29 (i) is married at the time of the member's selection of a  
30 beneficiary or survivor annuitant;

1 (ii) is married at the time of the member's selection of a  
2 form of benefit payment; or

3 (iii) becomes married prior to becoming entitled to or  
4 selecting a form of payment or distribution.

5 (2) A member may select a beneficiary or survivor annuitant  
6 other than the member's spouse if:

7 (i) All of the following are satisfied:

8 (A) the spouse of the eligible member consents in writing to  
9 the election;

10 (B) the election designates a beneficiary, or form of  
11 benefit, that may not be changed without spousal consent or the  
12 consent of the spouse expressly permits designations by the  
13 member without any requirement of further consent by the spouse;  
14 and

15 (C) the spouse's consent acknowledges the effect of the  
16 election and is witnessed by a member of the board or a notary  
17 public.

18 (ii) It is established to the satisfaction of the board that  
19 the consent required under paragraph (1) cannot be obtained  
20 because there is no spouse or because the spouse cannot be  
21 located.

22 (3) Any consent by a spouse or establishment that the  
23 consent of a spouse cannot be obtained shall be effective only  
24 with respect to that spouse.

25 Section 409. Options on Superannuation or Early  
26 Retirement.--(a) At the time of his superannuation or early  
27 retirement, a contributor may elect to receive his benefits in a  
28 retirement allowance payable throughout his life, which shall be  
29 known as a single life annuity. In the event of the death of an  
30 annuitant who has elected to receive the maximum single life

1 annuity before he has received in annuity payments the full  
2 amount of the total accumulated deductions standing to his  
3 credit on the effective date of retirement, the balance shall be  
4 paid to his designated beneficiary, or instead, he may elect to  
5 receive the actuarial equivalent at that time of his retirement  
6 allowance in a lesser allowance, payable throughout life with  
7 provisions that:

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

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

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

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

30 (b) A member or beneficiary shall not be entitled to a form



1 of benefit which commences or is payable over a period which  
2 fails to satisfy the required distribution provisions of section  
3 401(a) (9) of the Internal Revenue Code, including the incidental  
4 benefit distribution requirements.

5 (c) (1) Notwithstanding any provision of this act to the  
6 contrary, except as provided in paragraph (2), a member,  
7 including a contributor, may not select a beneficiary or  
8 survivor annuitant other than the member's spouse if the member:

9 (i) is married at the time of the member's selection of a  
10 beneficiary or survivor annuitant;

11 (ii) is married at the time of the member's selection of a  
12 form of benefit payment; or

13 (iii) becomes married prior to becoming entitled to or  
14 selecting a form of payment or distribution.

15 (2) A member may select a beneficiary or survivor annuitant  
16 other than the member's spouse if:

17 (i) All of the following are satisfied:

18 (A) the spouse of the eligible member consents in writing to  
19 the election;

20 (B) the election designates a beneficiary, or form of  
21 benefit, that may not be changed without spousal consent or the  
22 consent of the spouse expressly permits designations by the  
23 member without any requirement of further consent by the spouse;  
24 and

25 (C) the spouse's consent acknowledges the effect of the  
26 election and is witnessed by a member of the board or a notary  
27 public.

28 (ii) It is established to the satisfaction of the board that  
29 the consent required under paragraph (1) cannot be obtained  
30 because there is no spouse or because the spouse cannot be

1 located.

2 (3) Any consent by a spouse or establishment that the  
3 consent of a spouse cannot be obtained shall be effective only  
4 with respect to that spouse.

5 Section 3. This act shall take effect in 60 days.