

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 304 Session of 2015

INTRODUCED BY TEPLITZ, SCHWANK, COSTA, FONTANA AND WILLIAMS,
JANUARY 26, 2015

REFERRED TO FINANCE, JANUARY 26, 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 provisions relating to
 24 municipal employees, providing for rights of municipal
 25 employees' spouses and further providing for options on
 26 superannuation or early retirement; in provisions relating to
 27 municipal firemen and municipal police, further providing for
 28 options on superannuation or early retirement; and, in
 29 optional retirement plans, further providing for options on
 30 superannuation or early retirement.

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

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

4 Section 209.1. Rights of Municipal Employees' Spouses.--(a)
5 A retirement system or retirement plan of a municipality shall
6 provide that a designation by an employe, service provider or
7 retiree of a beneficiary or survivor annuitant to receive
8 payments under the retirement plan shall not be valid without
9 the express written consent of the spouse of the member if:

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

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

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

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

25 (1) All of the following are satisfied:

26 (i) the spouse of the member consents in writing to another
27 form of benefit;

28 (ii) the election designates a beneficiary or form of
29 benefits that may not be changed without spousal consent or the
30 consent of the spouse expressly permits designations by the

1 member without any requirement of further consent by the spouse;
2 and
3 (iii) the spouse's consent acknowledges the effect of the
4 election and is witnessed by a member of the board or a notary
5 public.

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

10 (c) Any consent by a spouse or establishment that the
11 consent of a spouse cannot be obtained shall be effective only
12 with respect to that spouse.

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

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

28 (1) Option 1. If he shall die before receiving in payments
29 the present value of his retirement allowance as it was at the
30 time of his retirement, the balance, if less than five thousand

1 dollars (\$5,000), shall be paid in a lump sum to his legal
2 representative, or to or in trust for his beneficiary. If the
3 balance is five thousand dollars (\$5,000) or more, the
4 beneficiary may elect by application duly acknowledged and filed
5 with the board to receive payment of such balance according to
6 any one of the following provisions: (i) a lump sum payment;
7 (ii) an annuity having a present value equal to the balance
8 payable; (iii) a lump sum payment and an annuity. Such annuity
9 shall be of equivalent actuarial value to the balance payable
10 less the amount of the lump sum payment specified by the
11 beneficiary.

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

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

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

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

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

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

30 (iii) becomes married prior to becoming entitled to or

1 selecting a form of payment or distribution.

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

4 (i) all of the following are satisfied:

5 (A) the spouse of the eligible member consents in writing to
6 the election;

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

12 (C) the spouse's consent acknowledges the effect of the
13 election and is witnessed by a member of the board or a notary
14 public; or

15 (ii) it is established to the satisfaction of the board that
16 the consent required under subparagraph (i) cannot be obtained
17 because there is no spouse or because the spouse cannot be
18 located.

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

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

1 paid to his designated beneficiary, or instead, he may elect, to
2 receive the actuarial equivalent value at that time of his
3 retirement allowance in a lesser allowance, payable throughout
4 life with provisions that:

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

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

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

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

28 (c) (1) Notwithstanding any provision of this act to the
29 contrary, except as provided in paragraph (2), a member,
30 including a contributor, may not select a beneficiary or

1 survivor annuitant other than the member's spouse if the member:

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

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

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

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

10 (i) All of the following are satisfied:

11 (A) the spouse of the eligible member consents in writing to
12 the election;

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

18 (C) the spouse's consent acknowledges the effect of the
19 election and is witnessed by a member of the board or a notary
20 public.

21 (ii) It is established to the satisfaction of the board that
22 the consent required under subparagraph (i) cannot be obtained
23 because there is no spouse or because the spouse cannot be
24 located.

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

28 Section 409. Options on Superannuation or Early
29 Retirement.--(a) At the time of his superannuation or early
30 retirement, a contributor may elect to receive his benefits in a

1 retirement allowance payable throughout his life, which shall be
2 known as a single life annuity. In the event of the death of an
3 annuitant who has elected to receive the maximum single life
4 annuity before he has received in annuity payments the full
5 amount of the total accumulated deductions standing to his
6 credit on the effective date of retirement, the balance shall be
7 paid to his designated beneficiary, or instead, he may elect to
8 receive the actuarial equivalent at that time of his retirement
9 allowance in a lesser allowance, payable throughout life with
10 provisions that:

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

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

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

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

3 (b) A member or beneficiary shall not be entitled to a form
4 of benefit which commences or is payable over a period which
5 fails to satisfy the required distribution provisions of section
6 401(a)(9) of the Internal Revenue Code, including the incidental
7 benefit distribution requirements.

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

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

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

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

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

20 (i) All of the following are satisfied:

21 (A) the spouse of the eligible member consents in writing to
22 the election;

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

28 (C) the spouse's consent acknowledges the effect of the
29 election and is witnessed by a member of the board or a notary
30 public.

1 (ii) It is established to the satisfaction of the board that
2 the consent required under subparagraph (i) cannot be obtained
3 because there is no spouse or because the spouse cannot be
4 located.

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

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