

of this amendment by attaching such record or a copy thereof to the book of record as hereinabove provided, the city seal shall be impressed upon each page to which such record is attached, each impression thereof covering both a portion of the attached record and a portion of the page of the book of record to which such record is attached.

Section 2. All records heretofore recorded or transcribed as authorized under section 2402.2 are validated.

Section 3. This act shall take effect immediately.

APPROVED—The 31st day of July, A. D. 1968.

RAYMOND P. SHAFER.

No. 291

AN ACT

HB 2435

Creating a Municipal Police Retirement System for the payment of retirement allowances to police of certain political subdivisions, providing for the administration of the same by the Municipal Employees' Retirement Board, imposing certain duties on the Municipal Employees' Retirement Board, providing the procedure whereby political subdivisions may join the system, imposing certain liabilities and obligations on such political subdivisions in connection therewith and upon officers and employes of such political subdivisions, providing certain exemptions from taxation, execution, levy, attachment and sale.

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

Section 1. Short Title.—This act shall be known and may be cited as the "Municipal Police Retirement Law."

Section 2. Definitions.—The following words and phrases, unless a different meaning is plainly required by the context, shall have the following meanings:

"Accumulated deductions," the total amount deducted from the salary or compensation of the contributor and paid over by the municipality or paid by the municipal policeman or from any existing pension or retirement system directly into the retirement fund and credited to the member's account, together with regular interest thereon.

"Annuitant," a former contributor in receipt of a superannuation retirement allowance or other benefit provided by this act.

"Beneficiary," a person designated by a contributor or an annuitant to receive benefits after the death of such contributor or annuitant.

"Board," the Municipal Employees' Retirement Board created by the act of June 4, 1943 (P. L. 886).

"Contributor," a municipal policeman who has accumulated deductions standing to his credit in the member's account of the fund created by this act.

"Final salary," the average annual salary or compensation earned by a municipal policeman and paid by the municipality during the last five years immediately preceding retirement, or if not so long employed, then the average annual salary or compensation paid during the whole period of such employment.

"Fund," the Municipal Police Retirement Fund created by this act.

"Joint coverage member," shall be a member who shall have become a member of the retirement system subsequent to the last date permitted by the municipality employing him for statement of preference concerning social security coverage, or who, having become a member on or before such date, shall have filed with the municipality a written statement that he elects social security coverage under an agreement with the Federal Secretary of Health, Education and Welfare entered into by the Commonwealth.

"Member," a municipal policeman who has become a member of the Municipal Police Retirement System created by this act.

"Member's account," the account to which shall be credited the payroll deductions and other contributions of municipal policemen.

"Member's annuity," that portion or component of the retirement allowance derived from the accumulated deductions of the member.

"Municipal account," the account to which shall be credited the contributions made by municipalities toward the superannuation retirement of municipal policemen.

"Municipal annuity," that portion or component of the retirement allowance derived from contributions made by the municipality.

"Municipality," a borough, town or township.

"Municipal policeman," a person holding a full-time position in the police department of a municipality and who works not less than forty hours per week for a stated salary or compensation.

"New member," a municipal policeman who first becomes a municipal policeman after the date the municipality by which he is employed joined the retirement system created by this act.

"Original member," a municipal policeman who was a policeman on the date the municipality by which he is employed joined the retirement system created by this act.

"Prior salary," the annual salary or compensation earned by a municipal policeman and paid by the municipality during the year immediately preceding the date the municipality by which he is employed joined the retirement system created by this act.

"Prior service," all service as a municipal policeman completed at the time the municipality by which a member is employed elected to join the retirement system created by this act or the same municipality under a prior name or classification.

"Regular interest," shall be the rate fixed by the board, from time to time, on the basis of earnings of investments.

"Retired member's reserve account," the account from which all retirement allowances shall be paid whether for superannuation, voluntary or involuntary withdrawal or total disability retirement.

"Retirement allowance," the municipal annuity plus the member's annuity.

"Service-connected disability," total and permanent disability of a member prior to eligibility for superannuation retirement resulting from a condition arising out of and incurred in the course of his employment, and which is compensable under the applicable provisions of the act of June 2, 1915 (P. L. 736), known as "The Pennsylvania Workmen's Compensation Act," or the act of June 21, 1939 (P. L. 566), known as "The Pennsylvania Occupational Disease Act."

"Single coverage member," shall be a member who shall become a member of the retirement system on or before the last date permitted by the municipality employing him for statement of preference concerning social security coverage and who either shall have filed with the municipality a written statement that he does not elect social security coverage under any agreement with the Federal Secretary of Health, Education and Welfare entered into by the Commonwealth, or shall not have filed with the municipality any written statement.

"Superannuation retirement age," fifty-five years of age.

"Total disability reserve account," the account to which shall be credited the contributions made by municipalities toward the disability retirement of municipal policemen.

Section 3. Administration; Powers of the Board.—(a) The administration of the retirement system created by this act is hereby vested in the Municipal Employees' Retirement Board created by the act of June 4, 1943 (P. L. 886).

(b) The board shall:

(1) Keep in convenient form such data as shall be necessary for actuarial valuation purposes;

(2) From time to time, through its actuary, make an actuarial investigation into the mortality and service experience of the contributors and annuitants and of the various accounts created by this act;

(3) Adopt for the retirement system one or more mortality tables and such other tables as shall be deemed necessary;

(4) Certify the rates of deduction from salary necessary to pay the member's annuities: Provided, That such rates of deduction shall not exceed eight percent of salary;

(5) Certify annually the amount of appropriation which each municipality shall pay into the fund, which amounts shall be based on estimates furnished by the actuary, and shall be credited to the municipal account of the fund.

(6) Prepare and publish annually a financial statement showing the condition of the fund and the various accounts thereof, and setting forth such other facts, recommendations and data as may be of use in the advancement of knowledge concerning the Municipal

Police Retirement System, and furnish a copy thereof to each municipality which has joined the system and to such persons as may request copies thereof;

(7) Keep a record of its proceedings which shall be open to the public;

(8) From time to time, adopt such rules and regulations not inconsistent with this act, for the administration of the provisions of this act, for the administration of the fund created by this act and the several accounts thereof, and for the administration of the business of the board;

(9) Perform such other functions as are required for the execution of the provisions of this act.

Section 4. Preliminary Actuarial Investigation; Table and Rates.—As soon as may be after the passage of this act, the actuary of the Municipal Employes' Retirement Board shall make an investigation of the mortality, service and salary experience of municipal policemen as he shall deem necessary, for the purpose of determining upon tentative tables and municipal contributions, in order that the retirement system contemplated by this act may be established. On the basis of such investigation and recommendation, the Municipal Employes' Retirement Board shall adopt tentative tables and certify such tentative rates for the purpose of giving municipalites and municipal policemen estimates of the costs involved in electing to join the retirement system created by this act. Such tables may thereafter be changed by the board as experience may require.

Section 5. Information to Municipalities.—The Municipal Employes' Retirement Board shall, with the aid of its actuary, prepare a circular of information relative to the retirement system established by this act, showing estimates of the costs thereof to municipalities and municipal policemen, including costs of administration, the benefits to be derived therefrom, the methods of administration by the board and the municipality, and such other information as may be deemed appropriate. Such circular shall be furnished to municipalities upon request.

Section 6. Election by Municipalities to Join the System.—Any municipality may elect, by ordinance or resolution, to join the retirement system created by this act: Provided, however, That when a municipality is maintaining an existing pension or retirement system for its police, the ordinance or resolution shall not affect membership in the retirement system created by this act unless and until approval is voted by seventy-five percent of the membership of the existing pension or retirement system as provided for in section 15 of this act. In case of townships of the second class, no resolution shall be adopted except by unanimous vote of all supervisors.

Municipal membership in the retirement system created by this act shall be construed as compliance with the provisions of the act of May 29, 1956 (P. L. 1804), or any other statute requiring the creation of a police pension or retirement system.

A duly certified copy of any ordinance or resolution electing to join the Municipal Police Retirement System shall be filed with the Municipal Employees' Retirement Board.

No municipality, after it has joined the retirement system, shall be permitted to withdraw therefrom, except as hereinafter provided, and in any case of failure to make payments as required by this act, the board may recover any sums due to the fund by suit at law or other appropriate remedy. Any municipality may withdraw from the retirement system if (i) the police department is abolished, or (ii) if the municipality is completely annexed by or consolidated with another municipality, or (iii) if an ordinance signifying an intention to withdraw is approved by an affirmative vote of seventy-five percent of the entire membership of the municipal legislative body: Provided, That where the legislative body consists of only three persons, the ordinance or resolution shall be approved by a unanimous vote: And provided further, That in the case of (iii) the withdrawal ordinance shall not become effective without the affirmative vote of seventy-five percent of the municipal policemen affected by the ordinance.

In any such withdrawal, the election to withdraw shall be deemed to have been made at the time the municipality elected to withdraw or the members approved the withdrawal, as the case may be, and the liabilities of the municipality and the rights and privileges of the members shall be fixed accordingly. No member who becomes entitled to a benefit or who is receiving a benefit under the provisions of this act shall be deprived of or lose such benefit as a result of such withdrawal.

When a municipality elects to withdraw from the retirement system created by this act by an ordinance approved by seventy-five percent or all of its entire membership, as the case may be, and such withdrawal is approved by an affirmative vote of seventy-five percent of the municipal policemen of such municipality, the municipality shall, at the time of its election to withdraw, again be subject to any act of the General Assembly of this Commonwealth which requires the creation of a police pension or retirement system. In any such withdrawal, provision shall be made to credit to the accumulated deductions of each member at least the amount he has paid into the member's account of the retirement fund created by this act, which moneys shall be transferred to and credited to his account in a retirement or pension fund established by the municipality after its withdrawal from the retirement system created by this act.

No liability, on account of retirement or disability allowances being paid from the retirement fund created by this act, shall attach against the retirement fund created by this act unless the retirement board specifically agrees to accept such liability, in which case adequate reserves, as determined by the board, shall be retained in the retirement fund created by this act to continue such payments. If the board does not agree to accept liability to continue the payment of

such allowances, the liability shall attach against the municipality and be paid from funds transferred to a retirement system established subsequent to its withdrawal from the retirement system created by this act or from moneys appropriated annually from tax revenues sufficient to pay the same.

Section 7. Compulsory Membership.—If a municipality elects to join the retirement system created by this act, then each municipal policeman shall be required to become a member of the retirement system.

Section 8. Service Allowance; Military Service; Transfer.—In computing the length of service of a contributor for retirement purposes, full credit shall be given to each original member for each year of service rendered to the municipality prior to the time the municipality joined the retirement system.

Any municipal policeman employed by a municipality who has been a regularly appointed policeman for a period of at least six months and who thereafter, heretofore or hereafter, shall be inducted into the military service of the United States in times of war, armed conflict, or national emergency, so proclaimed by the President of the United States, shall have credited to his employment record, for pension or retirement benefits, all of the time spent by him in such military service during the continuance of such war, armed conflict, or national emergency if such person returns or has heretofore returned to his employment within six months after his separation from the service.

As soon as practicable, the board shall issue to each original member a certificate certifying the aggregate length of service rendered to the municipality prior to the time it joined the retirement system. Such certificate shall be final and conclusive as to his prior service unless thereafter modified by the board, upon application of the member.

The time during which a member was absent from service without pay, except for military service, shall not be counted in computing the service of a contributor in his certificate, or upon retirement unless specially allowed by the municipality, with the approval of the board.

When the contributor leaves the employ of a municipality which is a member of the system, and enters into the employ of another municipality which is also a member of the system, his service credits shall remain unimpaired, but in such cases the unpaid municipal liability for prior service shall be prorated by the board between the municipalities on an equitable basis.

Section 9. Retirement Fund and Accounts.—The Municipal Police Retirement Fund shall consist of the money received from municipalities arising from contributions by municipalities, and from payroll deductions from the salary or compensation of members, and other contributions made by members through the municipality to the retirement system, from transfers made from existing retirement or

pension systems and credited as provided by this act, and interest earnings thereon.

Contributions made by municipalities toward the superannuation retirement of members shall be credited to the municipal account of said fund, contributions made by municipalities toward disability retirement of members shall be credited to the total disability reserve account of said fund, and payroll deductions and other contributions of members shall be credited to the member's account of said fund. Transfers made from other retirement or pension systems shall be credited as provided in this act.

The board shall keep separate accounts for each municipality and its municipal policemen, except the total disability reserve account which shall be maintained as a single account. Each municipality and the municipal policemen thereof shall be liable to the board for the amount of contributions required to cover the cost of the retirement allowances and other benefits payable to such employes. Upon the granting of a superannuation retirement allowance or a voluntary withdrawal allowance or an involuntary withdrawal allowance to any contributor, the amount of such contributor's accumulated deductions in the member's account shall lose their status as accumulated deductions and shall be transferred to the retired member's reserve account and the actuarial equivalent of the municipal annuity shall be similarly transferred from the municipal account to the retired member's reserve account. Upon the granting of a disability retirement allowance to any contributor, there shall be transferred to the retired member's reserve account the amount of the contributor's accumulated deductions in the member's account, the amount of the accumulated municipal contributions standing to the credit of the contributor in the municipal account, and such additional amount from the total disability reserve account as is needed in addition to the municipal and member contributions to provide the actuarial equivalent of the total disability allowance to which the contributor is entitled.

Section 10. Custody and Payment from Fund.—All moneys and securities in the fund created by this act shall be placed in the custody of the State Treasurer for safekeeping, and all payments on account of retirement allowances shall be made on requisition signed by the chairman and the secretary of the board.

Section 11. Management and Investment of Fund; Interest Credits.—The members of the board shall be trustees of the fund created by this act, and shall have the exclusive management of said fund, with full power to invest the moneys therein, subject to the terms, conditions, limitations and restrictions imposed by law upon investments made by the State Employes' Retirement Board. The said trustee shall have power to hold, purchase, sell, assign, transfer and dispose of any securities and investments in said fund, as well as the proceeds from such investments, and of moneys belonging to such fund.

The board shall annually allow regular interest to the credit of each account, including each contributor's account.

Section 12. *Determination of Municipal Liability.*—The actuary shall, as soon as may be, determine the present value of the liability of each municipality for the prior service credits to its original members, and shall establish an amount payable annually over a period not exceeding thirty years, through which payments such prior service liability may be funded. Each municipality shall have the option to spread the payment of such prior service liability over such period of years, or in lieu thereof, to make payments on account of such liability annually, in amounts sufficient to pay the prior service liability of each annuitant payable during the year.

The municipal liability to be determined by the actuary shall be based upon credit for all years of prior service toward the municipal annuity and the member's annuity of each original member.

The actuary shall also determine, from time to time, the amount which shall be contributed annually by each municipality, for service credits of original and new members subsequent to the time the municipality joined the retirement system, and the additional amount which shall be contributed annually by each municipality toward a reserve account for disability allowances payable to original and new members, in order that all future service liability may be funded on an actuarial basis.

The amounts so determined by the actuary may be expressed in a percentage of payroll of the municipality covering its contributing members.

The cost of making the valuations required by this section, and in the transfer of any existing pension system of any municipality, shall be part of the costs of the administration of this act.

Section 13. *Municipal Guarantee.*—The regular interest charges payable, and the creation and maintenance of the necessary reserves for the payment of the municipal and member's annuities, as to any municipality in accordance with this act, are hereby made the obligation of that municipality.

Section 14. *Annual Estimates to Municipalities; Administrative Expenses.*—The board shall prepare and submit to each municipality, on or before the first day of the fourth month preceding the commencing of each municipality's fiscal year, an itemized estimate of the amounts necessary to be appropriated by the municipality to the fund during its next fiscal year. It shall also include, in each such estimate, the amount required to be paid by the municipality to pay the costs of administering this act, including the additional compensation of the actuary and the secretary, the salary and compensation of additional employes required, postage, supplies, telephone, telegraph, printing, and traveling and incidental expenses. The amounts so paid by municipalities, on account of administrative expenses, shall be apportioned by the board on an equitable basis but shall not exceed the sum of ten dollars (\$10) per member per year.

The amounts paid by municipalities, on account of administrative expenses, shall be paid into the State Treasury and shall be credited to the current appropriation of the Municipal Employes' Retirement Board, for use by the board in administering the provisions of this act. Any balance of such municipal contributions, on account of administrative expenses remaining unexpended at the end of a fiscal year, shall be credited to the appropriation to the Municipal Employes' Retirement Board for the next fiscal year, and none of said municipal contributions shall be deemed to have lapsed.

The amounts required to be paid by municipalities under the provisions of this act shall be paid out of moneys raised annually by taxation, or in the case of townships of the second class out of taxes levied for road, bridge and general township purposes.

The payments made by the State Treasurer to the treasurer of the municipality from the moneys received from taxes paid upon premiums by foreign casualty insurance companies for purposes of pension, retirement or disability benefits for policemen shall be used as follows: (i) to reduce the unfunded liability or, after such liability has been funded, (ii) to apply against the annual obligation of the municipality for future service and disability reserve costs. It shall be the duty of the governing body to apply such payments in accordance with the provisions of this act.

Section 15. Existing Local Retirement System.—Where a municipality elects to join the retirement system created by this act, and is then maintaining a retirement or pension system or systems covering its municipal policemen in whole or in part, those policemen so covered, and employes thereafter eligible to join such pension system, shall not become members of the retirement system created by this act, unless at the time the municipality elects to join the system, the members of the existing retirement or pension system shall, by an affirmative vote of seventy-five percent of all the members thereof, elect to be covered by the retirement system created by this act. At any time thereafter, within a period of three years after the municipality has elected to join the system, but not thereafter, the members of the existing system may, in like manner, elect to join the system created by this act. In any such case, provision may be made for the transfer of the moneys and securities in the existing retirement or pension fund, in whole or in part, to the fund created by this act. Securities so transferred shall be only those acceptable to the board. Securities not so acceptable shall be converted into cash, and said cash transferred to the fund created by this act. In any such transfer, provision shall be made to credit to the accumulated deductions of each member, at least the amount he has paid into the retirement or pension system of the municipality, which moneys shall be credited against the prior service contributions of such member, or a municipality may turn over to the retirement system created by this act any existing local pension or retirement system on a completely funded basis, as to pensioners and pension credits of members related to prior service to the date of transfer, or

on a partially funded basis if the municipality either pays currently into the retirement system sufficient payments to cover its current share of unfunded pensions, or shall agree to make such payments directly to annuitants or beneficiaries as payments fall due.

No liability, on account of retirement allowances or pensions being paid from any retirement or pension fund of the municipality, shall attach against the retirement fund created by this act, except as provided in the agreement, making a transfer of an existing system in accordance with this section. The liability to continue payment of pensions not so transferred shall attach against the municipality, which shall annually make appropriations from its tax revenues sufficient to pay the same. In cases where policemen covered by an existing retirement or pension system elect to join the system created by this act, the election to join shall be deemed to have been made at the time the municipality elected to join the system, and the liabilities of the municipality shall be fixed accordingly.

Section 16. Contributions by Members.—Each single coverage member of the retirement system shall be required to contribute to the fund such percent of his actual salary or compensation as shall be computed by the actuary to be approximately sufficient to procure for him on superannuation retirement, a member's annuity of approximately one one-hundredth of his final salary for each year of service after the time the municipality by which he is employed joined the retirement system. The member shall not be required to contribute more than eight percent of his salary or compensation to the fund.

The amount of contribution by each joint coverage member shall be computed in the manner described above for a single coverage member, except that the amount of such deduction from salary or compensation shall be reduced with respect to wages (as defined in the Federal Insurance Contributions Act) by forty percent of the tax on employes prescribed by the Federal Insurance Contributions Act exclusive of that portion of such tax attributable to disability coverage. Such reduction in the rate of contribution for a joint coverage member shall be effective on the date the municipality joins the retirement system or later date of qualification as a joint coverage member.

Members' contributions shall be paid into the fund by the municipality through payroll deductions in such manner and at such times as the board may by rule and regulation determine.

Section 17. Withdrawal; Return to Service; Death in Service.—

(a) Should a contributor, before reaching superannuation retirement age, for any reason cease to be a municipal policeman, he shall be paid by the board the full amount of the accumulated deductions standing to his credit in the member's account. Should such former contributor thereafter return to the service of the same municipality and restore to the fund in such manner as may be agreed upon by such person and the board, his withdrawn accumulated deductions

as they were at the time of his separation from service, shall be restored and his obligations as a member shall begin again. The rate of contribution of such returning member shall be the same as it was at the time he separated from service.

(b) Should a person who has been retired on a superannuation retirement allowance under this act return to service in the same municipality, or another municipality which has joined the retirement system created by this act, his retirement allowance shall cease, and all his rights as they existed at the time of retirement shall be restored, and such person may by further service and further payroll deductions add to such rights on account of future retirement.

(c) Should a contributor die while in service, his accumulated deductions shall be paid to his estate, or to such person, if living, as he shall have designated, in writing, filed with the board as his beneficiary. In case any contributor has failed to designate a beneficiary, or if the named beneficiary has predeceased the member and no successor beneficiary has been named, and upon the death in service shall have less than one hundred dollars (\$100) in accumulated deductions standing to his credit, the board may, if letters testamentary or of administration have not been taken out on his estate within six months after his death, pay such accumulated deductions on the claim of the undertaker, or to such person or municipality which shall have paid the claim of the undertaker.

Section 18. Retirement for Superannuation.—Retirement for superannuation shall be as follows:

(1) Any contributor who has reached superannuation retirement age may retire for superannuation by filing with the board a written statement, duly attested, setting forth on what date he desires to be retired. Said application shall make the superannuation retirement allowance effective on the date so specified, if such application was filed in the offices of the board or deposited in the United States mail, addressed to the board, before the date specified in the application and before the death of the contributor, but the date so specified in the application shall not be more than ninety days from the date of filing, or the date the application was deposited in the mail.

(2) On retirement for superannuation, a contributor shall be entitled to a retirement allowance throughout his life, which shall consist of: (i) a member's annuity which shall be the actuarial equivalent of his accumulated deductions; and (ii) a municipal annuity which shall be equal to (a) for current service, one one-hundredth of his final salary for each year of service while a member, and in addition thereto, (b) for prior service in the case of an original member, one one-hundredth of his prior salary for each year of prior service.

(3) The superannuation retirement allowance provided in this section or the withdrawal allowance provided in section 20, as the case may be, payable to a joint coverage member after the age at which social security old age insurance benefits become payable shall be reduced by an amount equal to forty percent of the primary insurance

amount of social security paid or payable to him. Such reduction shall be subject to the following provisions: (i) the reduction in benefits in accordance with this clause (3) shall not be applied in the case of an annuitant until age sixty-five unless such annuitant shall have elected to receive social security benefits prior to age sixty-five, (ii) the eligibility of such member for the old age insurance benefit (primary insurance amount) and the amount of such old age insurance benefit upon which the reduction in his allowance shall be based, shall be determined by the retirement board in accordance with the provisions of the Federal Social Security Act, in effect on the effective date of superannuation retirement, or withdrawal, of the member, except that in determining such eligibility and such amount only wages or compensation for services covered by the retirement system shall be included, (iii) the reduction in benefits in accordance with this clause (3) shall apply only to that portion of benefits based on wages as defined in the Federal Insurance Contribution Act, (iv) the reduction of benefits in accordance with this clause (3) shall be limited to the municipal annuity calculated in accordance with clause (2) of this section, (v) the total sum including social security old age insurance benefits to be received upon superannuation retirement or withdrawal by a joint coverage member shall not be less than the allowance that he would be paid as a single coverage member, (vi) whenever the amount of the reduction from the superannuation retirement allowance or the withdrawal allowance shall have been once determined, it shall remain fixed for the duration of the allowance, except that any decrease in the old age insurance benefit under the Federal Social Security Act shall result in a corresponding decrease in the amount of the reduction in the allowance, (vii) the reduction provided for in this clause (3) shall not apply to disability allowances payable under section 21 of this act.

(4) In no event shall the municipal annuity exceed fifty percent of the contributor's final salary.

(5) Any member of a police force who, on the effective date of this act, was a member of a pension fund created under the provisions of the act of May 29, 1956 (P. L. 1804), and who was entitled to retire at the age of fifty-five or sixty years after twenty years total service, and to receive the pension provided by that act, shall have the same entitlement under the system created pursuant to this act, other provisions of this act notwithstanding. The municipal annuity shall be increased as needed, in addition to the member's contributions, in order to pay the premium.

Section 19. Additional Death Benefits.—(a) A contributor to the retirement system who is entitled to a superannuation retirement allowance by reason of having reached superannuation retirement age or who is entitled to a withdrawal allowance by reason of having completed twenty-five years of total service, may file with the retirement board a written application for retirement, in the form required

for such application, but requesting that such retirement shall become effective as of the time of his death, electing one of the options provided in section 22 of this act and nominating a person having an insurable interest in his life under said option as required in said section. In all such cases, the application shall be held by the retirement board until the contributor shall file a later application in the usual manner for a superannuation retirement allowance or until the death of the contributor occurring while in the municipal service, at which time his retirement shall become effective with the same benefits to the person designated as if the contributor had retired on the day immediately preceding his death.

(b) A contributor to the retirement system who is entitled to a superannuation retirement allowance by reason of having reached superannuation retirement age or who is entitled to a withdrawal allowance by reason of having completed twenty-five years of service and who has died in municipal service before filing with the retirement board a written application for a superannuation retirement allowance as provided in subsection (a) of this section shall be considered as having elected Option 1 as provided in section 22 as of the date of his death. In such event, payment under Option 1 shall be made to the beneficiary designated in the nomination of beneficiary form on file with the board, or if said beneficiary has predeceased the contributor, to the legal representative of said contributor.

Section 20. Retirement not Voluntary.—Should a member be discontinued from service not voluntarily after having completed ten years of total service, or voluntarily after having completed twenty-five years of total service, but in either event before reaching superannuation retirement age, he shall be paid as he may elect, as follows:

(1) The full amount of his accumulated deductions standing to his credit in the member's account of the fund, or

(2) A member's annuity of equivalent actuarial value to his accumulated deductions, and in addition, a municipal annuity having a value equal to the present value of a municipal annuity, beginning at superannuation retirement age, calculated in accordance with the tables adopted by the board for such purpose, and with the privileges of the same options provided for in this act with respect to retirement allowances for superannuation retirement. Payment of the withdrawal allowance herein provided for shall commence on the effective date of the member's application for such withdrawal allowance.

Section 21. Disability Retirement.—(a) After a contributor has had ten or more years of service as a member, he may, upon application or on application of one acting in his behalf, or upon application of a head of the department of the municipality by which he is employed, be retired by the board on a disability allowance if he is under superannuation retirement age, and on a superannuation retirement allowance if he has attained or passed such age, if the

physician designated by the board, after medical examination of the contributor made at the place of residence of the contributor or at a place mutually agreed upon, shall certify to the board that the contributor is physically or mentally incapacitated for the performance of duty and that said contributor ought to be retired. When the disability of a contributor is determined to be service-connected, as defined in this act, no minimum period of service shall be required for eligibility.

(b) Once every year the board may require any disability annuitant, while still under superannuation retirement age, to undergo medical examination by a physician designated by the board, and such examination shall be made at the place of residence of the annuitant or other place mutually agreed upon. Should the physician report and certify to the board that such disabled annuitant is no longer physically or mentally incapacitated for the performance of duty and is able to engage in a gainful occupation, then his municipal annuity shall be discontinued, and in lieu thereof a municipal annuity shall at that time be granted as if such person had been retired not voluntarily, if such person shall have ten or more years of service as a member.

(c) Should a disability annuitant, while under superannuation retirement age, refuse to submit to at least one medical examination in any year by a physician designated by the board, his municipal annuity for disability shall be discontinued until withdrawal of such refusal, and should such refusal continue for one year, then all his rights in and to any municipal annuity for disability or for retirement not voluntary provided for by this act shall be forfeited.

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

(1) A member's annuity which shall be the actuarial equivalent of his accumulated deductions;

(2) A municipal annuity which shall be the actuarial equivalent of the municipal contributions to the credit of the member; and

(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 percent 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 percent 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), known as "The Pennsylvania Workmen's Compensation Act," or the act of June 21, 1939 (P. L. 566), known as "The Pennsylvania Occupational Disease Act."

(e) Any contributor entitled to retire for disability may, in lieu of such retirement, if he has ten or more years of total service, elect to retire not voluntarily under the provisions of this act.

(f) Should a disability annuitant die before the total disability re-

tirement allowance received shall be at least equal to the amount of his accumulated deductions at the time of disability retirement, then the board shall pay to the named beneficiary, if living, or if the named beneficiary has predeceased the annuitant, or no beneficiary was named, then to the annuitant's estate, an amount equal to the difference between such total retirement allowance received and the annuitant's accumulated deductions, and if such difference is less than one hundred dollars (\$100) and no letters have been taken out on the estate within six months after death, then such difference may be paid to the undertaker or to any person or municipality who or which shall have paid the claim of the undertaker.

Section 22. Options on Superannuation Retirement.—At the time of his superannuation retirement, any contributor may elect to receive his benefits in a retirement allowance payable throughout his life, which shall be known as a single life annuity, or instead, he may elect, to receive the actuarial equivalent at that time of his member's annuity and municipal annuity or retirement allowance in a lesser sum, payable throughout life with provisions that:

(1) Option 1. If he shall die before receiving in payments the present value of his member's annuity, municipal annuity or retirement allowance as it was at the time of his retirement, the balance, if less than five thousand dollars (\$5000) shall be paid in a lump sum to his legal representative, or to or in trust for such person having an insurable interest in his life, as he shall nominate by written designation, duly acknowledged, and filed with the retirement board at the time of his retirement. If the balance is five thousand dollars (\$5000) 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 have a present value equal to the balance payable less the amount of the lump sum payment specified by the beneficiary.

(2) Option 2. Upon his death his member's annuity, municipal annuity or retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall nominate by written designation, duly acknowledged, and have filed with the board at the time of his retirement.

(3) Option 3. Upon his death, one-half of his member's annuity, municipal annuity or retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in his life as he shall have nominated by written designation, duly acknowledged, and have filed with the board at the time of his retirement.

Section 23. Monthly Payment.—Any retirement allowance created under the provisions of this act shall be paid in equal monthly installments and shall not be increased, decreased, revoked or repealed, except where specifically otherwise provided by this act.

Section 24. Exemption of Retirement Allowance.—The retirement allowance and the contributions of the members to the fund, all contributions returned to contributors under the provisions of this act and the moneys in said fund created by this act, shall be exempt from any State or municipal tax, and from any levy, sale, garnishment, attachment or other process whatsoever, and shall be unassignable except to a beneficiary.

APPROVED—The 31st day of July, A. D. 1968.

RAYMOND P. SHAFER.

No. 292

AN ACT

HB 2441

Amending the act of July 28, 1953 (P. L. 723), entitled, as amended, "An act relating to counties of the second class and second class A; amending, revising, consolidating and changing the laws relating thereto," further regulating reinstatement and requirements for credit for previous service of certain reemployed persons.

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

Section 1. Section 1715, act of July 28, 1953 (P. L. 723), known as the "Second Class County Code," amended August 2, 1963 (P. L. 500), is amended to read:

Section 1715. Reinstatement and Requirements for Credit for Previous Service.—(a) No county employe shall be permitted to withdraw his or her contributions as paid into the retirement fund upon transfer from one office, department or agency to another. Any person who has ceased to be a county employe and whose contributions as paid into the retirement fund, have been refunded by the board, if such person has been reemployed by the county or county institution district prior to the first day of August, one thousand nine hundred fifty-three, and desires to be given credit for previous service as a county employe, he or she shall, on or prior to August 31, [1964] 1970, make payment in full of the amount refunded, with

interest at the legal rate, the said interest to be computed from the date of the refund to the date of repayment. Both principal and interest shall be paid into the retirement fund at one time and in one amount, or, upon approval of the board, both principal and interest shall be consolidated into one amount and paid in twelve or less equal monthly installments, plus interest payment on monthly balances. Full payment thereof shall be a condition precedent to the