

TOWNSHIP OF WASHINGTON
COUNTY OF NORTHAMPTON
COMMONWEALTH OF PENNSYLVANIA

ORDINANCE NO. 293

AN ORDINANCE OF THE TOWNSHIP OF WASHINGTON, NORTHAMPTON COUNTY, COMMONWEALTH OF PENNSYLVANIA, ELECTING TO REPEAL ORDINANCE 234 AND ORDINANCE 237, TO AMEND ITS MUNICIPAL PENSION PLAN ADMINISTERED BY THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM PURSUANT TO ARTICLE IV OF THE PENNSYLVANIA MUNICIPAL RETIREMENT LAW; AGREEING TO BE BOUND BY ALL PROVISIONS OF THE PENNSYLVANIA MUNICIPAL RETIREMENT LAW AS AMENDED AND AS APPLICABLE TO MEMBER MUNICIPALITIES. IT IS HEREBY ORDAINED BY THE TOWNSHIP OF WASHINGTON, NORTHAMPTON COUNTY, AS FOLLOWS:

SECTION I. The Township of Washington (the Township), being a member municipality of the Pennsylvania Municipal Retirement System (the System), hereby elects to amend its Municipal Pension Plan administered by the System in accordance with Article IV of the Pennsylvania Municipal Retirement Law, 53 P.S. §881.101 et seq. (Retirement Law), and does hereby agree to be bound by all the requirements and provisions of the Retirement Law and the Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. §895.101 et seq., and to assume all obligations, financial and otherwise, placed upon member municipalities.

SECTION II. As part of this Ordinance, the Township agrees that the System shall administer and provide the benefits set forth in the amended Municipal Pension Plan Contract entered into between the Pennsylvania Municipal Retirement Board and the Township effective January 1, 2017 (the Contract).

SECTION III. The Township acknowledges that by passage and adoption of this Ordinance, officially accept the Contract and the financial obligations resulting from the administration of the Contract.

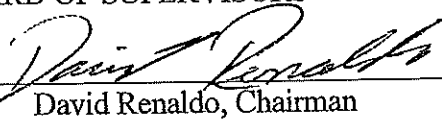
SECTION IV. Payment for any obligation established by the adoption of this Ordinance and the Contract shall be made by the Township in accordance with the Retirement Law and the Municipal Pension Plan Funding Standard and Recovery Act. The Township hereby assumes all liability for any unfundedness created due to the benefit structure set forth in the Contract.

SECTION V. The Township intends this Ordinance to be the complete authorization of the Contract and it shall become effective and specifically repeal Ordinances Number 234 and 237 - either immediately or on January 1, 2017, which is the effective date of the Contract, whichever is later.


SECTION VI. A duly certified copy of this Ordinance and an executed Contract shall be filed with the System.

ORDAINED AND ENACTED by the Supervisors of the Township of Washington,
County of Northampton and Commonwealth of Pennsylvania, into an Ordinance, this 13th day
of September, 2017.

WASHINGTON TOWNSHIP
BOARD OF SUPERVISORS

By: 
David Renaldo, Chairman

By: 
David Hess, Vice Chairman

By: 
Robert Smith, Supervisor

ATTEST:

By: 
Gail Putvinski, Secretary

**PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
Adoption Agreement 001**

The undersigned, Washington Township, Pennsylvania ("Municipality"), by executing this Adoption Agreement 001, elects to establish its own single employer plan within the meaning of Code Section 401(a) in the Pennsylvania Municipal Retirement System (the "System") and hereby adopts the accompanying Base Plan Document and Trust documents in full as if the Municipality were a signatory to those agreements. The Municipality makes the following elections granted under the provisions of the Base Plan Document..

TYPE OF PLAN ADOPTION

- ☐ **New Plan Effective Date:** _____
(Effective date of newly-adopted Plan. Date cannot be earlier than the first day of the initial Plan Year)
- ☒ **Restatement Effective Date:** **January 1, 2017**
(Effective date of this Plan document which restates and supersedes previous PMRS Plan document or Original Plan document. Date cannot be earlier than (1) the first day of the 2008 Plan Year; or (2) the first day of the first Plan Year of the PMRS Plan or Original Plan as applicable.)
- ☒ **PMRS Plan Effective Date:** **January 1, 1995**
(Effective date of Plan initially administered by PMRS and restated under this document.)
- ☒ **Original Plan Effective Date:** **January 1, 1995**
(Effective date of Plan initially administered by Municipality or third party administrator or PMRS and restated under this document.)

ARTICLE I: DEFINITIONS

Any capitalized terms used in this Adoption Agreement but not defined herein shall be given the meaning set forth in the Base Plan Document and Trust.

1.22 COMPENSATION.

The total amount of all payments, direct or indirect, made by the Municipality to an Member for services rendered to the Municipality, for a calendar year which ends within a Plan Year, as defined in Code Section 3401(a) for purposes of tax withholding at the source (as reported to the Employee on Form W-2 for such year). Compensation shall include before-tax or salary deferral contributions made to this Plan or any other plan of the Municipality, under a Code Section 132(f)(4) qualified transportation plan or under Code Sections 125, 402(g)(3), 457 or 414(h), on behalf of a Member for such Plan Year. The term Compensation shall exclude the following (select all exclusions):

- ☐ Overtime (as defined under the Fair Labor Standards Act)
- ☒ Bonus Payments (Regular)
- ☒ Bonus Payments (Special)
- ☐ Unused Accrued Leave Payments
(if unused accrued leave is included for purposes of Compensation, it should be excluded for purposes of calculation of Credited Service under Section 1.23)
- ☐ Unused Sick Leave Payments
(if unused sick leave is included for purposes of Compensation, it should be excluded for purposes of calculation of Credited Service under Section 1.23)
- ☒ Payments under the "The Pennsylvania Workmen's Compensation Act"

- ☒ Incentive Payments
☒ Education Incentive Payments
☐ Longevity Payments
☒ Payments in Lieu of Offered Benefits
☒ Allowance for Meals
☒ Allowance for Clothing and/or Equipment
☒ All other Compensation except regular salary not otherwise enumerated in the Base Plan Document or in this Adoption Agreement
☐ Other (Specify Short Name) : _____
 Definition: _____

1.23 CREDITED SERVICE.

Method of Measurement (Select One)

- ☐ Hours of Service Method
☒ Elapsed Time Method

Adjustments to Credited Service

Maximum years of Credited Service

Include Exclude

☐ ☒

Maximum Years: _____

Unused sick leave

☐ ☒

(converted to Credited Service under the following formula:

_____)

(if included for purposes of Credited Service, should be excluded for purposes of Compensation under Section 1.22

Unused annual leave

☐ ☒

(converted to Credited Service under the following formula:

_____)

(if included for purposes of Credited Service, should be excluded for purposes of Compensation under Section 1.22

Worker's Compensation Leave

☐ ☒

Service as Employee before the Municipality's PMRS Plan Enrollment Date

☐ ☒

Service as Employee before the Original Plan Effective Date

☐ ☒

Service as Employee under the non-PMRS Original Plan

☐ ☒

Service as Employee before the terminated Prior Plan of Municipality

☐ ☒

Service as Employee under the terminated Prior Plan of Municipality

☐ ☒

Service as Employee after the terminated Prior Plan of Municipality

☐ ☒

Name of terminated Prior Plan: _____

Service as Employee before the merged Prior Plan of Municipality

☐ ☒

Service as Employee under the merged Prior Plan of Municipality

☐ ☒

Service as Employee after the merged Prior Plan of Municipality

☐ ☒

Name of merged Prior Plan: _____

1.33 ELIGIBILITY SERVICE.

Method of Measurement (Select One)

- ☐ Hours of Service Method
☒ Elapsed Time Method

1.34 EMPLOYEE.

Eligible Employees for Mandatory Membership (Select all that apply)

Plan Type

- ☐ Municipal Police Officers
☐ Municipal Firefighters
☒ Non-Uniform Municipal Employees (Select all that apply)
☒ Full-time Employees not subject to a collective bargaining agreement with a bargaining unit authorized with the Municipality
Defined as regularly scheduled to perform at least forty (40.0) Hours of Service per week
☒ Full-time Employees subject to a collective bargaining agreement with one of the specified bargaining units below authorized with the Municipality:
Defined as regularly scheduled to perform at least forty (40.0) Hours of Service per week

Teamsters Local #773

- ☐ Elected Officials (Employee employed exclusively by virtue of election and employed concurrent with a term of office)
☐ Temporary Employees (Employee expressly hired for a definite period less than _____ () months (must be less than twelve (12))
☐ Seasonal Employees (Employee expressly hired for a specific task for a duration of less than twelve (12) months)
☒ Part-time Employees regularly scheduled for twenty (20.0) or more hours per week

Eligible Employees for Optional Membership/Employee Election

- ☒ No Eligible Employees
☐ Elected Officials (Employees employed exclusively by virtue of election and employed concurrent with a term of office)
☐ Temporary Employees (Employee expressly hired for a definite period less than _____ () months (must be less than twelve (12))
☐ Seasonal Employees (Employee expressly hired for a specific task for a duration of less than twelve (12) months)
☐ Part-time Employees regularly scheduled for _____ () or more hours per week

Ineligible Employees

- ☒ All individuals not otherwise identified as Eligible Employees in this Section
- ☒ Individuals specified as follows: Employees with an Employment or Reemployment Commencement Date on or after January 1, 2017
- (Category cannot be age or service-based and cannot name specific individuals or a finite group)

1.37 FINAL AVERAGE SALARY. (Select One)

The average annual annualized Compensation earned and paid during the:

- ☐ Average Monthly Compensation
- _____ (____) consecutive calendar months of the most recent _____
(____) consecutive calendar months of Credited Service which produces the highest Final Average Salary
- ☐ Average Annual Compensation
- _____ (____) consecutive calendar years of the most recent _____ (____)
consecutive calendar years of Credited Service which produces the highest Final Average Salary
- ☒ Final Monthly Compensation
- Sixty (60) most recent consecutive calendar months of Credited Service which determines the Final Average Salary

1.40 HOURS OF SERVICE.

- ☐ An Employee shall be awarded a Year of Service upon completion of _____ (____) Hours of Service. (The number of Hours of Service cannot exceed 2,000.)

1.59 NORMAL RETIREMENT AGE (Applicable to In-Service Distributions)

- ☐ In-Service Distributions Not Allowed
- ☐ In-Service Distributions Allowed in Accordance with Section 10.05 (Continuing Employment after Normal Retirement Age)
- ☒ In-Service Distributions Allowed in Accordance with Section 10.06 (Re-employment after Benefit Commencement Date)

Normal Retirement Age for Allowable In-Service Distributions

- ☒ Municipal Employees other than qualified public safety employees as defined under Code Section 72(t)(10) (Select all that apply below)
- ☐ Member attains age sixty-five (65)
- ☒ Member attains age sixty-two (62)
- ☐ Member attains age sixty (60) and completes twenty (20) Years of Vesting Service
- ☐ Member attains age fifty-five (55) and completes ten (10) Years of Vesting Service
- ☐ Member attains age plus Years of Vesting Service equals or exceeds eighty (80)
- ☐ Any age with twenty-five (25) Years of Vesting Service (Must be combined with one of the other options)

1.59 NORMAL RETIREMENT AGE (Applicable to In-Service Distributions) (Continued)

- ☐ Age ____ (____):
(Retirement age cannot exceed age 65 and may not in any event be less than the representative typical retirement age for such Member's occupation and may in no event be less than age 55)
- ☐ Age ____ (____) with ____ (____) Years of Vesting Service:
(Retirement age cannot exceed age 65 and may not in any event be less than the representative typical retirement age for such member's occupation and may in no event be less than age 55)
- ☐ Other: _____
(Retirement age cannot exceed age 65 and may not in any event be less than the representative typical retirement age for such member's occupation and may in no event be less than age 55)
- ☐ Police Officers, Firefighters and other qualified public safety employees as defined under Code Section 72(5)(10) (Select all that apply below)
- ☐ Age fifty (50)
- ☐ Any age with twenty (20) Years of Vesting Service
- ☐ Age plus Years of Vesting Service equals or exceeds seventy (70)
- ☐ Age ____ (____):
(Retirement Age cannot exceed age 65 and may not be less than the representative type of retirement age for such Member's occupation and may in no event be less than age 50)
- ☐ Age ____ (____) with ____ (____) Years of Vesting Service:
(Retirement Age cannot exceed age 65 and may not be less than the representative type of retirement age for such Member's occupation and may in no event be less than age 50)
- ☐ Other: _____
(Retirement Age cannot exceed age 65 and may not be less than the representative type of retirement age for such Member's occupation and may in no event be less than age 50)

1.67 PLAN.

Plan name as adopted by the Municipality:

Washington Township Defined Benefit Plan

1.68 PLAN ENTRY DATE.

- ☒ Employee's Employment Commencement Date
- ☐ After Completion of Eligibility Criteria under Section 2.01
- ☐ First day
- ☐ First day of the following month
- ☐ First day of the following calendar year quarter
- ☐ First day of following calendar year
- ☐ Other: _____

(Option must be completed in a manner that results in Member entering Plan on the earlier of: (i) the first day of the plan year beginning after the date on which the employee has met the minimum age and service requirements; or (ii) six month after the date the requirements are met.)

1.69 PLAN YEAR

The Plan Year shall be the:

- ☒ Calendar Year
☐ Twelve month period beginning _____ and ending _____

1.94 VESTING SERVICE

Method of Measurement (Select One)

- ☐ Hours of Service Method
☒ Elapsed Time Method

Adjustments to Vesting Service

	<u>Include</u>	<u>Exclude</u>
Service as Employee before the Municipality's PMRS Plan Enrollment Date	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee before the Original Plan Effective Date	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee under the non-PMRS Original Plan	<input type="checkbox"/>	
Service as Employee before the terminated Prior Plan	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee under the terminated Prior Plan	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee after the terminated Prior Plan Name of terminated Prior Plan: _____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee before the merged Prior Plan	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee under the merged Prior Plan	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service as Employee after the merged Prior Plan Name of merged Prior Plan: _____	<input type="checkbox"/>	<input checked="" type="checkbox"/>

ARTICLE II: MEMBERSHIP

2.01 MEMBERSHIP ELIGIBILITY

Eligibility Date (Select One)

- ☒ Employee's Employment Commencement Date
☐ Date on which the Employee completes _____ (____) months of Eligibility Service
☐ Date on which the Employee completes _____ (____) days of Eligibility Service
☐ Other date (specify): _____
 (Service requirements cannot exceed twelve (12) months.)

ARTICLE III: MUNICIPALITY CONTRIBUTIONS

3.03 TIME OF PAYMENT OF CONTRIBUTION.

Contribution Remittance (Select One)

- ☒ On an annual basis (not later than December 31)
- ☐ At the same time and frequency of Member's contributions as specified in Section 4.01 or Section 402

ARTICLE IV: MEMBER CONTRIBUTIONS

4.01 MEMBER PRE-TAX PICK-UP CONTRIBUTIONS.

Contribution Requirement (Select One)

- ☒ Not Required
- ☐ Required in an amount equal to _____ percent (____%) of Compensation

Contribution Requirement (Select One)

- ☐ On a payroll basis
 - ☐ Per Weekly Period
 - ☐ Per Bi-Weekly Period
 - ☐ Per Semi-Monthly Period
 - ☐ Per Monthly Period
 - ☐ Per Other Period: _____
- ☐ On a monthly basis
- ☐ On a quarterly basis

4.02 MEMBER AFTER-TAX CONTRIBUTIONS.

Contribution Requirement (Select all that apply)

- ☐ Not Permitted
- ☐ Required in an amount equal to _____ percent (____%) of Compensation (Section 4.02(a))
- ☒ Optional After Tax Contributions in an amount not to exceed twenty percent (20.0%) of Compensation (Section 4.02(b))
(Contributions not utilized to purchase Permissive Service Credit must be made to the Cash Balance Plan of the Municipality)

Contribution Requirement (Select One)

- ☒ On a payroll basis
 - ☐ Per Weekly Period
 - ☒ Per Bi-Weekly Period
 - ☐ Per Semi-Monthly Period
 - ☐ Per Monthly Period
 - ☐ Per Other Period: _____

- ☐ On a monthly basis
☐ On a quarterly basis

4.03 OTHER MEMBER CONTRIBUTIONS.

Service Purchase Contributions (Select one)

- ☒ Not Permitted
☐ Permitted

Prior Plan Transfer Contributions (Select one)

- ☒ Not Permitted
☐ Permitted

Prior Plan Termination Contributions (Select one)

- ☒ Not Permitted
☐ Permitted

4.08 REPAYMENT OF MEMBER ACCOUNT.

Minimum Repayment Amount (Select one)

- ☒ An amount not less than one-hundred percent (100%) of the previously refunded amount including interest
☐ An amount equal to the lesser of (a): the repayment for one (1) year of Credited Service or (b): 100% of the previously refunded amount including interest

Repayment Time Period (Select one)

- ☐ At any time between the Member's Reemployment Commencement Date and the Member's subsequent Termination of Employment
☒ Repayment (not to exceed five (5) years) must be made within (complete only one):
_____ () days of the Member's Reemployment Commencement Date
Twelve (12) months of the Member's Reemployment Commencement Date
_____ () years of the Member's Reemployment Commencement Date

ARTICLE V: SUPERANNUATION RETIREMENT PENSION

5.01 OFFERING OF SUPERANNUATION RETIREMENT PENSION.

- ☒ Date the Member attains sixty-two (62) years of age
☐ The later of the date:
Member attains _____ () years of age
Member completes _____ () years of Vesting Service
☐ The earlier of the date:
Member attains _____ () years of age
Member completes _____ () years of Vesting Service

5.02 AMOUNT OF SUPERANNUATION RETIREMENT PENSION.

Shall be calculated using the following Pension Benefit Formula(s):

For Basic Benefit (Select all that apply)

☐ Maximum Annual Benefit Amount

_____ percent (____%) of Member Final Average Salary

☒ Single Tiered Formula (Unit Credit Plan)

Member Final Average Salary multiplied by one percent (1.00%) multiplied by the Member Years of Credited Service

Fixed amount of _____ dollars (\$) multiplied by the Member Years of Credited Service

☐ Multi-Tiered Formula (Unit Credit Plan)

Member Final Average Salary multiplied by _____ percent (____%) multiplied by the Member Years of Credited Service during the period _____ to _____

Member Final Average Salary multiplied by _____ percent (____%) multiplied by the Member Years of Credited Service during the period _____ to _____

Member Final Average Salary multiplied by _____ percent (____%) multiplied by the Member Years of Credited Service during the period _____ to _____

For Service Increment Benefit (Select one)

☒ Not Permitted

☐ Two and one half percent (2.5%) of the Basic Benefit multiplied by completed Years of Credited Service in excess of twenty-five (25) subject to a maximum Service Increment Benefit of one-thousand two hundred dollars (\$1,200) annually

☐ Two and one half percent (2.5%) of the Basic Benefit multiplied by completed Years of Credited Service in excess of twenty-five (25) subject to a maximum Service Increment Benefit of one-thousand two hundred dollars (\$1,200) annually for each year of applicable Credited Service up to a maximum five (5) additional years of such Credited Service

☐ Fixed dollar amount of one-thousand two hundred dollars (\$1,200) annually after completion of one (1) Year of Credited Service in excess of twenty-five (25)

(Benefit accrual rate must be no less than 0.5% of Final Average Salary per year of Credited Service inclusive of Service Increment Benefit, if any)

5.04 INVOLUNTARY LUMP SUM PAYMENT OF SUPERANNUATION RETIREMENT PENSION.

Involuntary Lump Sum Payment (Amounts less than \$5,000)

☒ Required

☐ Not Required

ARTICLE VI: EARLY RETIREMENT PENSION

6.01 OFFERING OF EARLY RETIREMENT PENSIONS.

The Plan offers: (Select all that apply)

- ☐ No Early Retirement Pension
- ☐ An Unreduced Early Retirement Pension
- ☒ A Reduced Early Retirement Pension

6.02 ELIGIBILITY FOR EARLY RETIREMENT PENSION.

For Unreduced Early Retirement Pension (Select all that apply)

- ☐ Date the Member attains _____ () years of age
- ☐ Date the Member completes _____ () years of Vesting Service
- ☐ Date the Member age plus the Member Years of Vesting Service equals or exceeds _____ ()
- ☐ The later of the date:
 - Member attains _____ () years of age
 - Member completes _____ () years of Vesting Service
- ☐ Date the Member is involuntarily terminated
(provided that the Member has at least eight (8) years of Vesting Service)

For Reduced Early Retirement Pension (Select all that apply)

- ☐ Date the Member attains _____ () years of age
- ☐ Date the Member completes _____ () years of Vesting Service
- ☐ Date the Member age plus the Member Years of Vesting Service equals or exceeds _____ ()
- ☒ The later of the date:
 - Member attains **fifty-five (55)** years of age
 - Member completes **five (5)** years of Vesting Service
- ☐ Date the Member is involuntarily terminated
(provided that the Member has at least eight (8) years of Vesting Service)

6.03 AMOUNT OF EARLY RETIREMENT PENSION.

For Reduced Early Retirement Pension/Pension Benefit Reduction Factors (Select one)

Pension benefit reduction for each month between the Benefit Commencement Date and the Member Superannuation Retirement Date

- ☒ Actuarial Reduction using Actuarial Equivalence as defined in Section 1.04 of the Base Plan Document
- ☐ Annual rate of _____ percent (%)
- ☐ Other reductive factor or schedule (must be uniform to all Members) (specify):

ARTICLE VII: DISABILITY PENSION

7.01 OFFERING OF DISABILITY PENSION.

The Plan offers: (Select all that apply)

- ☐ No Disability Pension
- ☒ Disability Pension
- ☒ Service-Connected Disability Pension

7.02 ELIGIBILITY FOR DISABILITY PENSION.

For Disability Pension: (Select all that apply)

- ☐ Member's Plan Entry Date
- ☐ Date the Member attains _____ () years of age
- ☒ Date the Member completes ten (10) years of Vesting Service
- ☐ The later of the date:
 - Member attains _____ () years of age
 - Member completes _____ () years of Vesting Service

For Service Connected Disability Pension: (Select all that apply)

- ☒ Member's Plan Entry Date
- ☐ Date the Member attains _____ () years of age
- ☐ Date the Member completes _____ () years of Vesting Service
- ☐ The later of the date:
 - Member attains _____ () years of age
 - Member completes _____ () years of Vesting Service

7.03 AMOUNT OF DISABILITY PENSION.

For Disability Pension (Select all that apply)

Benefit Formula:

- ☒ **Thirty percent (30%) of Final Average Salary**
☐ _____ percent (____%) of Superannuation Retirement Pension calculated to reflect the Member's Final Average Salary and Credited Service as of the date of Disability.

Adjustments/Reductions to the Benefit Payments:

- ☒ **No adjustments or reductions**
☐ **Payments under the "The Pennsylvania Workmen's Compensation Act"**
☐ **Payments under the "The Pennsylvania Occupational Disease Act"**
☐ **Payments under the Social Security Disability Insurance (SSDI) Program**

For Service Connected Disability Pension (Select all that apply)

Benefit Formula:

- ☒ **Fifty percent (50%) of Final Average Salary**
☐ _____ percent (____%) of Superannuation Retirement Pension calculated to reflect the Member's Final Average Salary and Credited Service as of the date of Disability.

Adjustments/Reductions to the Benefit Payments:

- ☐ **No adjustments or reductions**
☒ **Payments under the "The Pennsylvania Workmen's Compensation Act"**
☒ **Payments under the "The Pennsylvania Occupational Disease Act"**
☐ **Payments under the Social Security Disability Insurance (SSDI) Program**

ARTICLE VIII: DEFERRED VESTED PENSION

8.04 COMPUTATION AND PAYMENT OF DEFERRED VESTED PENSION.

Involuntary Lump Sum Payment (Amounts less than \$5,000)

- ☒ **Permitted**
☐ **Not Permitted**

Voluntary Lump Sum Payment (Amounts less than \$5,000)

- ☒ **Permitted**
☐ **Not Permitted**

8.05 VESTING SCHEDULE.

- | | | |
|---------------------------------------|--|-----------------|
| <input type="checkbox"/> - | 100% Vested upon Plan Entry Date | |
| <input checked="" type="checkbox"/> X | 100% Vested upon Specified Years of Vesting Service | % Vested |
| | Less than five (5) years of Vesting Service | 0% |
| | Equal to or greater than five (5) years of Vesting Service | 100% |
| | (Not to exceed fifteen (15) years of Vesting Service) | |
| <input type="checkbox"/> - | Percent Vested upon Completed Years of Vesting Service | % Vested |
| | _____ () years | _____ % |
| | _____ () years | _____ % |
| | _____ () years | _____ % |
| | _____ () years | _____ % |
| | _____ () years | _____ % |
| | _____ () years | _____ % |
| | (Not to exceed fifteen (20) years of Vesting Service) | |

ARTICLE IX: DEATH BENEFITS

9.01 PRE-RETIREMENT DEATH BENEFIT.

Offering of Pre-Retirement Death Benefit

- ☐ - Not Offered (Distribution of Minimum Death Benefit only)
- ☒ X Offered to a Member who has met the requirements: (Select all that apply)
- ☒ X To receive a Superannuation Retirement Pension under Section 5.01
- ☒ X To receive an Early Retirement Pension under Section 6.02
- ☒ X Of minimum Vesting Service under Section 8.05
- ☐ - Completion of _____ () Years of Vesting Service under Section 8.05

ARTICLE X: PAYMENT OF RETIREMENT BENEFIT – NORMAL & OPTIONAL FORMS OF DISTRIBUTION

10.01 NORMAL FORM OF BENEFIT.

- ☒ X Single Life Annuity for the life of the Member
- ☐ - Single Life Annuity with 50% Spouse/Minor Children Survivor
- Payable for the life of the Member, and one-half the monthly amount payable for the life of the Spouse or Minor Children as applicable following the death of the Member.
- ☐ - Single Life Annuity with 100% Spouse/Minor Children Survivor
- Payable for the life of the Member, and the same monthly amount payable for the life of the Spouse or Minor Children as applicable following the death of the Member.
- (All Normal Form payments shall be adjusted as appropriate to comply with Code Section 415(b))

10.02 OPTIONAL FORMS OF BENEFIT.

The optional forms of benefit offered to the Member.

- [X] Single Life Annuity with Minimum Net Present Value.**
Single life annuity with guaranteed total payment equal to the Actuarial Equivalence of straight life annuity determining as Benefit Commencement Date
- [X] Single Life Annuity with Ten (10) Years of Certain Payments**
Payable for the life of the Member, with a minimum 120 monthly payments if the Member death occurs prior to 120 monthly payments being paid to the Member
- [X] Single Life Annuity with Twenty (20) Years of Certain Payments**
Payable for the life of the Member, with a minimum 240 monthly payments if the Member death occurs prior to 240 monthly payments being paid to the Member
- [X] Joint Life Annuity with 50% Survivor Annuitant Benefit**
Payable for both the life of the Member and the Survivor Annuitant, with the Survivor Annuitant receiving 50% of the monthly benefit that had been received by the Member
- [X] Joint Life Annuity with 100% Survivor Annuitant Benefit**
Payable for both the life of the Member and the Survivor Annuitant, with the Survivor Annuitant receiving 100% of the monthly benefit that had been received by the Member
- [X] Lump Sum Payment of Employee Contributions and Excess Interest Investment Account with a Normal or Optional Form of Annuity Benefit**
The Normal or Optional Form of Benefit will be actuarially reduced in an amount equal to the lump sum payment.

10.03 COST OF LIVING ADJUSTMENT.

Offering of Cost of Living Adjustment ("COLA")

- ☒ Not Offered
- ☐ Offered at the Discretion of the Municipality
- An ad hoc, one-time adjustment elected by the Municipality and implemented with a Plan amendment or addendum specifying the COLA amount, the eligible payees and the beginning adjustment date.
- ☐ Offered upon allocation of Excess Interest under Section 15.10
- ☐ Proportionately by Monthly Retirement Benefit (equal percentage)
- ☐ In Equal Dollar Amounts per Eligible Payee
- ☐ Offered on a Continuing Basis and Applied Every _____ (____) Year(s)
- ☐ Fixed applied rate in the amount of _____ percent (____%)
- ☐ Adjustable rate in an amount equal to the most recent calendar year annual change in the Consumer Price Index ("CPI COLA")

Maximum and Minimum Limits on CPI COLA

- ☐ No Maximum and Minimum Limits
- Maximum and Minimum Annual Limits Follows: (Select all that apply)
- ☐ Maximum limit of _____ percent (____%)
- ☐ Minimum limit of _____ percent (____%)
- Maximum Cumulative Limits Based on: (Select all that apply)
- ☐ _____ percent (____%) of Final Average Salary
- ☐ _____ percent (____%) of Initial Monthly Retirement Benefit
- ☐ _____ percent (____%) of Simple Addition of COLA Percentage Rates

Payees Eligible for COLA (Select all that apply)

- ☐ All Retired Members
- ☐ Retired Members having Retired on or before: _____ (insert date)
- ☐ Retired Members having Retired on or after: _____ (insert date)
- ☐ Other Eligibility for Retired Members:

10.05 CONTINUATION OF EMPLOYMENT AFTER NORMAL RETIREMENT AGE.

A Member continuing as an Employee (as defined in Section 1.34 of this Adoption Agreement) after Normal Retirement Age:

- ☐ May elect to Retire and commence payment of Superannuation Retirement Benefit without a Severance from Credited Service or a Termination of Employment
- ☒ Shall not be able to commence Superannuation Retirement Benefit without a Termination of Employment or Retirement

10.06 REEMPLOYMENT OF RETIRED MEMBER.

After Reemployment Commencement Date as an Employee (as defined in Section 1.34), the Retired Member:

- ☒ [X] Shall elect to continue or cease receiving his Accrued Benefit
- ☐ [-] Shall cease receiving his Accrued Benefit

**ARTICLE XI: MISCELLANEOUS PROVISIONS AFFECTING
THE CREDITING OF SERVICE**

11.01 SERVICE UPON REEMPLOYMENT. (Select one)

- ☐ [-] Not Applicable; Plan has Member Contributions
- ☒ [X] Credited Service shall be restored regardless of Breaks in Service
- ☐ [-] Credited Service shall be restored if the Member has incurred less than _____ () consecutive Breaks in Service (must be equal to or greater than five (5))

11.02 SERVICE PRIOR TO ORIGINAL PLAN EFFECTIVE DATE.

Inclusion of Credited Service Prior to the Original Plan

- ☒ Not Included
- ☐ Included subject to the following limits: (Select all that apply)
- ☐ No limit on Credited Service Prior to Original Plan
 - ☐ A maximum _____ percent (____%) of such Credited Service
 - ☐ A maximum _____ (____) years of such Credited Service
 - ☐ Excluding such Prior Credited Service as follows:

Member Purchase of Credited Service Prior to Original Plan

- ☒ Not permitted to purchase such Credited Service
- ☐ Member is permitted to purchase such Credited Service as follows: (Select one)
- ☐ _____ percent (____%) of the Actuarial Equivalence of the Service to be purchased.
 - ☐ Other method or formula as follows:

Member Payment Time Period for Purchase of Credited Service Prior to Original Plan
(Select all that apply)

- ☐ Member payment must be made in whole within _____ (____) days of payment notification amount by the Municipality
- ☐ Member may elect to make the required payment by payroll deduction for a period not to exceed _____ (____) years (maximum five (5) years).
- The payment will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment
- ☐ Other time period as follows:

Payments over multiple periods will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment

11.03 QUALIFIED MILITARY SERVICE.

<u>Return to Employment</u>	Yes	No
Repayment of Mandatory Employee Contributions required to receive Credited Service	[-]	[X]
<u>Death During Military Service</u>		
Credited Service granted to Members who die during Qualified Credited Military Service	[X]	[-]
<u>Disability During Military Service</u>		
Credited Service granted to Members who become Disabled during Qualified Credited Military Service	[X]	[-]
Vesting Service granted to Members who become Disabled during Qualified Credited Military Service	[X]	[-]

11.04 TRANSFER OF SERVICE AND ASSETS FROM ANOTHER SYSTEM PLAN.

- [X] Plan will allow the transfer of Member Credited Service, Vesting Service and Contribution Account assets from other System Plans
- [-] Plan will not allow the transfer of Member Credited Service, Vesting Service and Contribution Account assets from other System Plans

11.05 PRIOR PLAN SERVICE CREDIT.

Transfer Contributions

- ☐ [-] Credited Service Purchase allowed (Subject to the limits of Section 11.02)
- ☒ [X] Credited Service Purchase not allowed

Termination Contributions

- ☐ [-] Credited Service Conversion allowed (Subject to the limits of Section 11.02)
- ☒ [X] Credited Service Conversion not allowed

Inclusion of Prior Plan Credited Service

- ☒ [X] Not Included
- ☐ [-] Included subject to the following limits: (Select all that apply)
 - ☐ [-] Limited to Credited Service Before the Prior Plan
 - ☐ [-] Limited to Credited Service During the Prior Plan
 - ☐ [-] Limited to Credited Service After the Prior Plan
 - ☐ [-] A maximum _____ percent (____%) of such Limited Credited Service
 - ☐ [-] A maximum _____ (____) years of such Limited Credited Service
 - ☐ [-] Excluding such Limited Credited Service as follows:

Member Purchase of such Prior Plan Credited Service

- ☒ [X] Not permitted to purchase such Credited Service
- ☐ [-] Member is permitted to purchase such Credited Service as follows: (Select one)
 - ☐ [-] _____ percent (____%) of the Actuarial Equivalence of the Service to be purchased.
 - ☐ [-] Other method or formula as follows:

Member Payment Time Period for Purchase of Prior Plan Credited Service
(Select all that apply)

- ☐ [-] Member payment must be made in whole within _____ (____) days of payment notification amount by the Municipality
- ☐ [-] Member may elect to make the required payment by payroll deduction for a period not to exceed _____ (____) years (maximum five (5) years).

Payments over multiple periods will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment.
- ☐ [-] Other time period as follows:

Payments over multiple periods will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment

11.06 TRANSFER OF LOANS.

Transferred from Prior Plan

- ☐ [-] Shall be permitted
☒ [X] Shall not be permitted

11.07 PERMISSIVE SERVICE CREDIT.

- ☒ [X] The Plan will not allow the purchase of Permissive Service Credit
☐ [-] The Plan will allow the purchase of Permissive Service Credit

Maximum Amount of Allowable Permissive Service Credit

- ☐ [-] No limit on allowable years of service
☐ [-] Years of service allowed to be purchased shall not exceed _____ () years

Applicable Service Types (Select all that apply)

- ☐ [-] Federal government service
☐ [-] Commonwealth of Pennsylvania government service (including school district service)
☐ [-] Government service with Municipalities located within the Commonwealth of Pennsylvania
☐ [-] Government service with states other than the Commonwealth of Pennsylvania:
☐ [-] Government service with other municipalities located outside the Commonwealth of Pennsylvania:

11.08 NON-QUALIFYING SERVICE CREDIT.

- ☒ [X] The Plan will not allow the purchase of Nonqualified Service Credit
☐ [-] The Plan will allow the purchase of Nonqualified Service Credit

Maximum Amount of Allowable Nonqualified Service Credit

- ☐ [-] Years of Nonqualified Service Credit allowed to be purchased shall not exceed _____ () years (maximum of five (5))

ARTICLE XIII: ADMINISTRATION

13.04 NOTICE TO MUNICIPALITY.

Municipality: Washington Township, Pennsylvania
Address 1: 1021 Washington Boulevard
Address 2: _____
City, ST Zip: Bangor, PA 18013
Contact: Secretary
Phone Number: (610) 588-1524
Email Address: wtbs@epix.net

ARTICLE XV: PENNSYLVANIA MUNICIPAL RETIREMENT FUND

15.10 ALLOCATION OF EXCESS INTEREST.

Municipality Allocation

Between three account types: Municipal Account, Active and Deferred Vested Member Accounts and Payee Accounts (Select one)

- ☐ Proportionately by Aggregate Account Balances (equal percentage)
- ☐ In Equal Dollar Amounts per Account Type
- ☒ Specified Percentage by Account Type
 - One hundred (100%) to the Municipal Account
 - Zero (0%) to the Active and Deferred Vested Member Accounts
 - Zero (0%) to the Payee Accounts (See Section 10.03 for Payee Allocation)

Active and Deferred Vested Member Allocation

If allocated an amount of Excess Interest (Select one)

- ☐ Proportionately by Account Balance (equal percentage)
- ☐ In Equal Dollar Amounts per Member
- ☐ Proportionately by Credited Service

[Signatures on the following page]

The Municipality hereby agrees to the provisions of this Adoption Agreement, Base Plan Document and Trust, and in witness of its agreement, the Municipality by its duly authorized officers has executed this Adoption Agreement, on the date specified below.

IN WITNESS WHEREOF, we have hereunto set our hands and seal the day, month and year above written.

ATTEST:

WASHINGTON TOWNSHIP

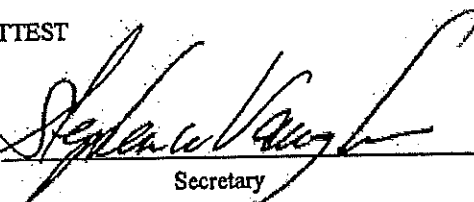
BY 

BY 
Head of Governing Authority

DATE: 9/13/17

ATTEST

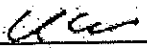
PENNSYLVANIA MUNICIPAL
RETIREMENT BOARD

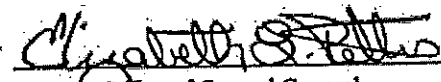
BY 
Secretary

BY 
Board Chair

DATE: 9-21-17

Approved as to form and legality:

BY: 
Chief Counsel, PMRS

BY 
Office of General Counsel

BY: 
Office of Attorney General

This Plan is an important legal document. Failure to properly fill out this Adoption Agreement may result in disqualification of this Plan. PMRS will inform you of any amendments made to the Base Plan Document. The address of PMRS is Suite 301, Eastgate Center, 1010 N. 7th Street, Harrisburg, PA 17102.

You may rely on an opinion letter issued by the Internal Revenue Service as evidence that this Plan is qualified under Code Section 401 only to the extent provided in Revenue Procedure 2015-36.

You may not rely on the opinion letter in certain other circumstances or with respect to certain qualification requirements, which are specified in the opinion letter issued with respect to the Plan and in Revenue Procedure 2015-36. In order to have reliance in such cases, an individual application for a determination letter must be made to Employee Plans Determinations of the Internal Revenue Service.

2017-48



**PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM
CASH BLANCE PLAN
Adoption Agreement 002**

The undersigned, Washington Township, Pennsylvania ("Municipality"), by executing this Adoption Agreement 002, elects to establish its own single employer plan within the meaning of Code Section 401(a) in the Pennsylvania Municipal Retirement System (the "System") and hereby adopts the accompanying Base Plan Document and Trust documents in full as if the Municipality were a signatory to those agreements. The Municipality makes the following elections granted under the provisions of the Base Plan Document..

TYPE OF PLAN ADOPTION

- ☐ **New Plan Effective Date:** _____
(Effective date of newly-adopted Plan. Date cannot be earlier than the first day of the initial Plan Year)
- ☒ **Restatement Effective Date:** **January 1, 2017**
(Effective date of this Plan document which restates and supersedes previous PMRS Plan document or Original Plan document. Date cannot be earlier than (1) the first day of the 2008 Plan Year; or (2) the first day of the first Plan Year of the PMRS Plan or Original Plan as applicable.)
- ☒ **PMRS Plan Effective Date:** **January 1, 1995**
(Effective date of Plan initially administered by PMRS and restated under this document.)
- ☒ **Original Plan Effective Date:** **January 1, 1995**
(Effective date of Plan initially administered by Municipality or third party administrator or PMRS and restated under this document.)

ARTICLE I: DEFINITIONS

Any capitalized terms used in this Adoption Agreement but not defined herein shall be given the meaning set forth in the Base Plan Document and Trust.

1.22 COMPENSATION.

The total amount of all payments, direct or indirect, made by the Municipality to an Member for services rendered to the Municipality, for a calendar year which ends within a Plan Year, as defined in Code Section 3401(a) for purposes of tax withholding at the source (as reported to the Employee on Form W-2 for such year). Compensation shall include before-tax or salary deferral contributions made to this Plan or any other plan of the Municipality, under a Code Section 132(f)(4) qualified transportation plan or under Code Sections 125, 402(g)(3), 457 or 414(h), on behalf of a Member for such Plan Year. The term Compensation shall exclude the following (select all exclusions):

- ☐ Overtime (as defined under the Fair Labor Standards Act)
- ☒ Bonus Payments (Regular)
- ☒ Bonus Payments (Special)
- ☐ Unused Accrued Leave Payments
(if unused accrued leave is included for purposes of Compensation, it should be excluded for purposes of calculation of Credited Service under Section 1.23)
- ☐ Unused Sick Leave Payments
(if unused sick leave is included for purposes of Compensation, it should be excluded for purposes of calculation of Credited Service under Section 1.23)
- ☒ Payments under the "The Pennsylvania Workmen's Compensation Act"

- ☒ Incentive Payments
☒ Education Incentive Payments
☐ Longevity Payments
☒ Payments in Lieu of Offered Benefits
☒ Allowance for Meals
☒ Allowance for Clothing and/or Equipment
☒ All other Compensation except regular salary not otherwise enumerated in the Base Plan Document or in this Adoption Agreement
☐ Other (Specify Short Name) : _____
 Definition: _____

1.23 CREDITED SERVICE.

Method of Measurement (Select One)

- ☐ Hours of Service Method
☒ Elapsed Time Method

Adjustments to Credited Service

Maximum years of Credited Service

Include Exclude

☐ ☒

Maximum Years: _____

Unused sick leave

☐ ☒

(converted to Credited Service under the following formula:

(if included for purposes of Credited Service, should be excluded for purposes of Compensation under Section 1.22

Unused annual leave

☐ ☒

(converted to Credited Service under the following formula:

(if included for purposes of Credited Service, should be excluded for purposes of Compensation under Section 1.22

Worker's Compensation Leave

☐ ☒

Service as Employee before the Municipality's PMRS Plan Enrollment Date

☐ ☒

Service as Employee before the Original Plan Effective Date

☐ ☒

Service as Employee under the non-PMRS Original Plan

☐ ☒

Service as Employee before the terminated Prior Plan of Municipality

☐ ☒

Service as Employee under the terminated Prior Plan of Municipality

☐ ☒

Service as Employee after the terminated Prior Plan of Municipality

☐ ☒

Name of terminated Prior Plan: _____

Service as Employee before the merged Prior Plan of Municipality

☐ ☒

Service as Employee under the merged Prior Plan of Municipality

☐ ☒

Service as Employee after the merged Prior Plan of Municipality

☐ ☒

Name of merged Prior Plan: _____

1.33 **ELIGIBILITY SERVICE.**

Method of Measurement (Select One)

- ☐ Hours of Service Method
- ☒ Elapsed Time Method

1.34 **EMPLOYEE.**

Eligible Employees for Mandatory Membership (Select all that apply)

Plan Type

- ☐ Municipal Police Officers
- ☐ Municipal Firefighters
- ☒ Non-Uniform Municipal Employees (Select all that apply)
 - ☒ Full-time Employees not subject to a collective bargaining agreement with a bargaining unit authorized with the Municipality

Defined as regularly scheduled to perform at least forty (40.0) Hours of Service per week

- ☒ Full-time Employees subject to a collective bargaining agreement with one of the specified bargaining units authorized with the Municipality:

Defined as regularly scheduled to perform at least forty (40.0) Hours of Service per week

Teamsters Local #773

- ☐ Elected Officials (Employee employed exclusively by virtue of election and employed concurrent with a term of office)
- ☐ Temporary Employees (Employee expressly hired for a definite period less than _____ () months (must be less than twelve (12))
- ☐ Seasonal Employees (Employee expressly hired for a specific task for a duration of less than twelve (12) months)
- ☐ Part-time Employees regularly scheduled for _____ () or more hours per week

Eligible Employees for Optional Membership/Employee Election

- ☒ No Eligible Employees
- ☐ Elected Officials (Employees employed exclusively by virtue of election and employed concurrent with a term of office)
- ☐ Temporary Employees (Employee expressly hired for a definite period less than _____ () months (must be less than twelve (12))
- ☐ Seasonal Employees (Employee expressly hired for a specific task for a duration of less than twelve (12) months)
- ☐ Part-time Employees regularly scheduled for _____ () or more hours per week

Ineligible Employees

- ☒ All individuals not otherwise identified as Eligible Employees in this Section
- ☒ Individuals specified as follows: **Employees with an Employment or Reemployment Commencement Date on or before December 31, 2016**
(Category cannot be age or service-based and cannot name specific individuals or a finite group)

1.40 HOURS OF SERVICE.

- ☐ An Employee shall be awarded a Year of Service upon completion of _____ (____) Hours of Service. (The number of Hours of Service cannot exceed 2,000.)

1.59 NORMAL RETIREMENT AGE (Applicable to In-Service Distributions)

- ☐ In-Service Distributions Not Allowed
- ☐ In-Service Distributions Allowed in Accordance with Section 10.05 (Continuing Employment after Normal Retirement Age)
- ☒ In-Service Distributions Allowed in Accordance with Section 10.06 (Re-employment after Benefit Commencement Date)

Normal Retirement Age for Allowable In-Service Distributions

- ☒ Municipal Employees other than qualified public safety employees as defined under Code Section 72(t)(10) (Select all that apply below)
 - ☐ Member attains age sixty-five (65)
 - ☒ Member attains age sixty-two (62)
 - ☐ Member attains age sixty (60) and completes twenty (20) Years of Vesting Service
 - ☐ Member attains age fifty-five (55) and completes ten (10) Years of Vesting Service
 - ☐ Member attains age plus Years of Vesting Service equals or exceeds eighty (80)
 - ☐ Any age with twenty-five (25) Years of Vesting Service (Must be combined with one of the other options)
 - ☐ Age _____ (____):
(Retirement age cannot exceed age 65 and may not in any event be less than the representative typical retirement age for such Member's occupation and may in no event be less than age 55)
 - ☐ Age _____ (____) with _____ (____) Years of Vesting Service:
(Retirement age cannot exceed age 65 and may not in any event be less than the representative typical retirement age for such member's occupation and may in no event be less than age 55)
 - ☐ Other: _____
(Retirement age cannot exceed age 65 and may not in any event be less than the representative typical retirement age for such member's occupation and may in no event be less than age 55)

1.59 NORMAL RETIREMENT AGE (Applicable to In-Service Distributions) (Continued)

- ☐ Police Officers, Firefighters and other qualified public safety employees as defined under Code Section 72(5)(10) (Select all that apply below)
- ☐ Age fifty (50)
- ☐ Any age with twenty (20) Years of Vesting Service
- ☐ Age plus Years of Vesting Service equals or exceeds seventy (70)
- ☐ Age _____ (____):
(Retirement Age cannot exceed age 65 and may not be less than the representative type of retirement age for such Member's occupation and may in no event be less than age 50)
- ☐ Age _____ (____) with _____ (____) Years of Vesting Service:
(Retirement Age cannot exceed age 65 and may not be less than the representative type of retirement age for such Member's occupation and may in no event be less than age 50)
- ☐ Other: _____
(Retirement Age cannot exceed age 65 and may not be less than the representative type of retirement age for such Member's occupation and may in no event be less than age 50)

1.67 PLAN.

Plan name as adopted by the Municipality:.

Washington Township Cash Balance Plan

1.68 PLAN ENTRY DATE.

- ☒ Employee's Employment Commencement Date
- ☐ After Completion of Eligibility Criteria under Section 2.01
- ☐ First day
- ☐ First day of the following month
- ☐ First day of the following calendar year quarter
- ☐ First day of following calendar year
- ☐ Other: _____

(Option must be completed in a manner that results in Member entering Plan on the earlier of: (i) the first day of the plan year beginning after the date on which the employee has met the minimum age and service requirements; or (ii) six month after the date the requirements are met.)

1.69 PLAN YEAR

The Plan Year shall be the:

- ☒ Calendar Year
- ☐ Twelve month period beginning _____ and ending _____

1.94 VESTING SERVICE.

Method of Measurement (Select One)

☐ Hours of Service Method

☒ Elapsed Time Method

Adjustments to Vesting Service

Include Exclude

Service as Employee before the Municipality's PMRS
Plan Enrollment Date

☐ ☒

Service as Employee before the Original Plan Effective Date

☐ ☒

Service as Employee under the non-PMRS Original Plan

☐

Service as Employee before the terminated Prior Plan

☐ ☒

Service as Employee under the terminated Prior Plan

☐ ☒

Service as Employee after the terminated Prior Plan

☐ ☒

Name of terminated Prior Plan: _____

Service as Employee before the merged Prior Plan

☐ ☒

Service as Employee under the merged Prior Plan

☐ ☒

Service as Employee after the merged Prior Plan

☐ ☒

Name of merged Prior Plan: _____

ARTICLE II: MEMBERSHIP

2.01 MEMBERSHIP ELIGIBILITY.

Eligibility Date (Select One)

☒ Employee's Employment Commencement Date

☐ Date on which the Employee completes _____ () months of Eligibility Service

☐ Date on which the Employee completes _____ () days of Eligibility Service

☐ Other date (specify): _____

(Service requirements cannot exceed twelve (12) months.)

ARTICLE III: MUNICIPALITY CONTRIBUTIONS

3.01 CONTRIBUTION AMOUNT.

Required Municipal Contribution (Select One)

- ☐ Not Required
- ☒ Required in an amount equal to: (Select One)
- ☒ Six percent (6.00%) of each Member's Compensation
- ☐ _____ dollars (\$_____) per period
- ☐ Per Weekly Period
- ☐ Per Bi-Weekly Period
- ☐ Per Semi-Monthly Period
- ☐ Per Calendar Monthly Period
- ☐ Per Calendar Year Period
- ☐ Per Other Period (Please Specify): _____
- ☐ _____ dollars (\$_____) per hour of Service

3.03 TIME OF PAYMENT OF CONTRIBUTION.

Contribution Remittance (Select One)

- ☐ On an annual basis (not later than December 31)
- ☐ On a quarterly basis
- ☐ On a monthly basis
- ☒ On a payroll period basis
- ☐ Per Weekly Period
- ☒ Per Bi-Weekly Period
- ☐ Per Semi-Monthly Period
- ☐ Per Calendar Monthly Period
- ☐ Per Calendar Year Period
- ☐ Per Other Period (Specify): _____
- ☐ At the same time and frequency of Member's contributions as specified in Section 4.01 or Section 4.02

ARTICLE IV: MEMBER CONTRIBUTIONS

4.01 MEMBER PRE-TAX PICK-UP CONTRIBUTIONS.

Contribution Requirement (Select One)

- ☒ Not Required
- ☐ Required in an amount equal to _____ percent (____%) of Compensation

Contribution Requirement (Select One)

- ☐ On a payroll basis
- ☐ Per Weekly Period
 - ☐ Per Bi-Weekly Period
 - ☐ Per Semi-Monthly Period
 - ☐ Per Monthly Period
 - ☐ Per Other Period: _____
- ☐ On a monthly basis
- ☐ On a quarterly basis

4.02 MEMBER AFTER-TAX CONTRIBUTIONS.

Contribution Requirement (Select all that apply)

- ☐ Not Permitted
- ☐ Required in an amount equal to _____ percent (____%) of Compensation (Section 4.02(a))
- ☒ Optional After Tax Contributions in an amount not to exceed twenty percent (20.00%) of Compensation (Section 4.02(b))

Contribution Payment Frequency (Select One)

- ☒ On a payroll period basis
- ☐ Per Weekly Period
 - ☒ Per Bi-Weekly Period
 - ☐ Per Semi-Monthly Period
 - ☐ Per Monthly Period
 - ☐ Per Other Period: _____
- ☐ On a monthly basis
- ☐ On a quarterly basis

4.03 OTHER MEMBER CONTRIBUTIONS.

Service Purchase Contributions (Select one)

- ☒ Not Permitted
- ☐ Permitted

Prior Plan Transfer Contributions (Select one)

- ☒ Not Permitted
- ☐ Permitted

Prior Plan Termination Contributions (Select one)

- ☒ Not Permitted
- ☐ Permitted

4.08 REPAYMENT OF MEMBER ACCOUNT.

Minimum Repayment Amount (Select one)

- ☒ [X] An amount not less than one-hundred percent (100%) of the previously refunded amount including interest
- ☐ [-] An amount equal to the lesser of (a): the repayment for one (1) year of Credited Service or (b): 100% of the previously refunded amount including interest

Repayment Time Period (Select one)

- ☐ [-] At any time between the Member's Reemployment Commencement Date and the Member's subsequent Termination of Employment
- ☒ [X] Repayment (not to exceed five (5) years) must be made within (complete only one) :
_____ () days of the Member's Reemployment Commencement Date
Twelve (12) months of the Member's Reemployment Commencement Date
_____ () years of the Member's Reemployment Commencement Date

ARTICLE V: SUPERANNUATION RETIREMENT PENSION

5.01 OFFERING OF SUPERANNUATION RETIREMENT PENSION.

- ☒ [X] Date the Member attains sixty-two (62) years of age
- ☐ [-] The later of the date:
Member attains _____ () years of age
Member completes _____ () years of Vesting Service
- ☐ [-] The earlier of the date:
Member attains _____ () years of age
Member completes _____ () years of Vesting Service

5.04 INVOLUNTARY LUMP SUM PAYMENT OF SUPERANNUATION RETIREMENT PENSION.

Involuntary Lump Sum Payment (Amounts less than \$5,000)

- ☒ [X] Required
- ☐ [-] Not Required

5.06 CASH BALANCE ACCRUED BENEFIT CALCULATION RULES.

Cash Balance Contribution Credit Period (Select One)

- ☐ [-] The twelve month period ending on the last day of the Plan Year
- ☒ [X] The period corresponding with Municipality Contribution Frequency under Section 3.03 of this Adoption Agreement

Cash Balance Contribution Credit Amount (Select One)

Total contributions under Sections 3.01 and 4.01 must be no less than one half of one percent (0.5%) of Compensation for each year of Credited Service

- ☒ [X] Six percent (6.00%) of the Compensation earned by the Member during each Cash Balance Contribution Credit Period
- ☐ [-] _____ dollars (\$) per each Cash Balance Contribution Credit Period
- ☐ [-] _____ dollars (\$) per each Hour of Service credited to the Member per Cash Balance Contribution Credit Period
- ☒ [X] Member Optional After-Tax Contributions

ARTICLE VI: EARLY RETIREMENT PENSION

6.01 OFFERING OF EARLY RETIREMENT PENSIONS.

The Plan offers: (Select one)

- ☐ [-] No Early Retirement Pension
- ☒ [X] An Early Retirement Pension

6.02 ELIGIBILITY FOR EARLY RETIREMENT PENSION.

For An Early Retirement Pension (Select all that apply)

- ☐ [-] Date the Member attains _____ () years of age
- ☐ [-] Date the Member completes _____ () years of Vesting Service
- ☐ [-] Date the Member age plus the Member Years of Vesting Service equals or exceeds _____ ()
- ☒ [X] The later of the date:
 - Member attains fifty-five (55) years of age
 - Member completes five (5) years of Vesting Service
- ☐ [-] Date the Member is involuntarily terminated (provided that the Member has at least eight (8) years of Vesting Service)

6.03 AMOUNT OF EARLY RETIREMENT PENSION.

For Reduced Early Retirement Pension/Pension Benefit Reduction Factors (Select one)

Pension benefit reduction for each month between the Benefit Commencement Date and the Member Superannuation Retirement Date

- ☒ [X] Actuarial Reduction using Actuarial Equivalence as defined in Section 1.04 of the Base Plan Document
- ☐ [-] Annual rate of _____ percent (____%)
- ☐ [-] Other reductive factor or schedule (must be uniform to all Members) (specify):

ARTICLE VII: DISABILITY PENSION

7.01 OFFERING OF DISABILITY PENSION.

The Plan offers: (Select all that apply)

- ☐ [-] No Disability Pension
- ☒ [X] Disability Pension

7.02 ELIGIBILITY FOR DISABILITY PENSION.

For Disability Pension: (Select all that apply)

- ☒ [X] Member's Plan Entry Date
- ☐ [-] Date the Member attains _____ (____) years of age
- ☐ [-] Date the Member completes _____ (____) years of Vesting Service
- ☐ [-] The later of the date:
Member attains _____ (____) years of age
Member completes _____ (____) years of Vesting Service

7.03 AMOUNT OF DISABILITY PENSION.

For Disability Pension (Select all that apply)

Benefit Formula:

- ☒ [X] One hundred percent (100%) of Superannuation Retirement Pension calculated to reflect the Member's Hypothetical Account Balance as of the date of Disability
- ☐ [-] _____ percent (____%) of Superannuation Retirement Pension calculated to reflect the Member's Final Average Salary and Credited Service as of the date of Disability.

Adjustments/Reductions to the Benefit Payments:

- ☒ [X] No adjustments or reductions
- ☐ [-] Payments under the "The Pennsylvania Workmen's Compensation Act"
- ☐ [-] Payments under the "The Pennsylvania Occupational Disease Act"
- ☐ [-] Payments under the Social Security Disability Insurance (SSDI) Program

ARTICLE VIII: DEFERRED VESTED PENSION

8.04 COMPUTATION AND PAYMENT OF DEFERRED VESTED PENSION.

Involuntary Lump Sum Payment (Amounts less than \$5,000)

- ☒ Permitted
☐ Not Permitted

Voluntary Lump Sum Payment (Amounts less than \$5,000)

- ☒ Permitted
☐ Not Permitted

8.05 VESTING SCHEDULE.

- ☐ 100% Vested upon Plan Entry Date
- ☒ 100% Vested upon Specified Years of Vesting Service
- | | % Vested |
|---|----------|
| Less than five (5) years of Vesting Service | 0% |
| Equal to or greater than five (5) years of Vesting Service
(Not to exceed fifteen (15) years of Vesting Service) | 100% |
- ☐ Percent Vested upon Completed Years of Vesting Service
- | | % Vested |
|---|----------|
| _____ (____) years | _____ % |
| _____ (____) years | _____ % |
| _____ (____) years | _____ % |
| _____ (____) years | _____ % |
| _____ (____) years | _____ % |
| _____ (____) years | _____ % |
| _____ (____) years | _____ % |
| (Not to exceed fifteen (20) years of Vesting Service) | |

ARTICLE IX: DEATH BENEFITS

9.01 PRE-RETIREMENT DEATH BENEFIT.

Offering of Pre-Retirement Death Benefit

- ☐ Not Offered (Distribution of Minimum Death Benefit only)
- ☒ Offered to a Member who has met the requirements: (Select all that apply)
- ☒ To receive a Superannuation Retirement Pension under Section 5.01
- ☒ To receive an Early Retirement Pension under Section 6.02
- ☒ Of minimum Vesting Service under Section 8.05
- ☐ Completion of _____ (____) Years of Vesting Service under Section 8.05

ARTICLE X: PAYMENT OF RETIREMENT BENEFIT – NORMAL & OPTIONAL FORMS OF DISTRIBUTION

10.01 NORMAL FORM OF BENEFIT.

- [X]** Single Life Annuity for the life of the Member
 - [–]** Single Life Annuity with 50% Spouse/Minor Children Survivor
Payable for the life of the Member, and one-half the monthly amount payable for the life of the Spouse or Minor Children as applicable following the death of the Member.
 - [–]** Single Life Annuity with 100% Spouse/Minor Children Survivor
Payable for the life of the Member, and the same monthly amount payable for the life of the Spouse or Minor Children as applicable following the death of the Member.
- (All Normal Form payments shall be adjusted as appropriate to comply with Code Section 415(b))

10.02 OPTIONAL FORMS OF BENEFIT.

The optional forms of benefit offered to the Member.

- [X]** Single Life Annuity with Minimum Net Present Value.
Single life annuity with guaranteed total payment equal to the Actuarial Equivalence of straight life annuity determining as Benefit Commencement Date
- [X]** Single Life Annuity with Ten (10) Years of Certain Payments
Payable for the life of the Member, with a minimum 120 monthly payments if the Member death occurs prior to 120 monthly payments being paid to the Member
- [X]** Single Life Annuity with Twenty (20) Years of Certain Payments
Payable for the life of the Member, with a minimum 240 monthly payments if the Member death occurs prior to 240 monthly payments being paid to the Member
- [X]** Joint Life Annuity with 50% Survivor Annuitant Benefit
Payable for both the life of the Member and the Survivor Annuitant, with the Survivor Annuitant receiving 50% of the monthly benefit that had been received by the Member
- [X]** Joint Life Annuity with 100% Survivor Annuitant Benefit
Payable for both the life of the Member and the Survivor Annuitant, with the Survivor Annuitant receiving 100% of the monthly benefit that had been received by the Member
- [X]** Lump Sum Payment of Employee Contributions and Excess Interest Investment Account with a Normal or Optional Form of Annuity Benefit
The Normal or Optional Form of Benefit will be actuarially reduced in an amount equal to the lump sum payment.

10.03 COST OF LIVING ADJUSTMENT.

Offering of Cost of Living Adjustment ("COLA")

- ☒ Not Offered
- ☐ Offered at the Discretion of the Municipality
- An ad hoc, one-time adjustment elected by the Municipality and implemented with a Plan amendment or addendum specifying the COLA amount, the eligible payees and the beginning adjustment date.
- ☐ Offered upon allocation of Excess Interest under Section 15.10
- ☐ Proportionately by Monthly Retirement Benefit (equal percentage)
- ☐ In Equal Dollar Amounts per Eligible Payee
- ☐ Offered on a Continuing Basis and Applied Every _____ (____) Year(s)
- ☐ Fixed applied rate in the amount of _____ percent (____%)
- ☐ Adjustable rate in an amount equal to the most recent calendar year annual change in the Consumer Price Index ("CPI COLA")

Maximum and Minimum Limits on CPI COLA

- ☐ No Maximum and Minimum Limits
- Maximum and Minimum Annual Limits Follows: (Select all that apply)
- ☐ Maximum limit of _____ percent (____%)
- ☐ Minimum limit of _____ percent (____%)
- Maximum Cumulative Limits Based on: (Select all that apply)
- ☐ _____ percent (____%) of Final Average Salary
- ☐ _____ percent (____%) of Initial Monthly Retirement Benefit
- ☐ _____ percent (____%) of Simple Addition of COLA Percentage Rates

Payees Eligible for COLA (Select all that apply)

- ☐ All Retired Members
- ☐ Retired Members having Retired on or before: _____ (insert date)
- ☐ Retired Members having Retired on or after: _____ (insert date)
- ☐ Other Eligibility for Payees:

10.05 CONTINUATION OF EMPLOYMENT AFTER NORMAL RETIREMENT AGE.

A Member continuing as an Employee (as defined in Section 1.34) after Normal Retirement Age:

- ☐ May elect to Retire and commence payment of Superannuation Retirement Benefit without a Severance from Credited Service or a Termination of Employment
- ☒ Shall not be able to commence Superannuation Retirement Benefit without a Termination of Employment or Retirement

10.06 REEMPLOYMENT OF RETIRED MEMBER.

After Reemployment Commencement Date as an Employee (as defined in Section 1.34), the Retired Member:

- ☒ Shall elect to continue or cease receiving his Accrued Benefit
- ☐ Shall cease receiving his Accrued Benefit

**ARTICLE XI: MISCELLANEOUS PROVISIONS AFFECTING
THE CREDITING OF SERVICE**

11.01 SERVICE UPON REEMPLOYMENT. (Select one)

- ☐ Not Applicable; Plan has Member Contributions
- ☒ Credited Service shall be restored regardless of Breaks in Service
- ☐ Credited Service shall be restored if the Member has incurred less than _____ () consecutive Breaks in Service (must be equal to or greater than five (5))

11.02 SERVICE PRIOR TO ORIGINAL PLAN EFFECTIVE DATE.

Inclusion of Credited Service Prior to the Original Plan

- ☒ [X] Not Included
- ☐ [-] Included subject to the following limits: (Select all that apply)
 - ☐ [-] No limit on Credited Service Prior to Original Plan
 - ☐ [-] A maximum _____ percent (____%) of such Credited Service
 - ☐ [-] A maximum _____ (____) years of such Credited Service
 - ☐ [-] Excluding such Prior Credited Service as follows:

Member Purchase of Credited Service Prior to Original Plan

- ☒ [X] Not permitted to purchase such Credited Service
- ☐ [-] Member is permitted to purchase such Credited Service as follows: (Select one)
 - ☐ [-] _____ percent (____%) of the Actuarial Equivalence of the Service to be purchased.
 - ☐ [-] Other method or formula as follows:

Member Payment Time Period for Purchase of Credited Service Prior to Original Plan
(Select all that apply)

- ☐ [-] Member payment must be made in whole within _____ (____) days of payment notification amount by the Municipality
- ☐ [-] Member may elect to make the required payment by payroll deduction for a period not to exceed _____ (____) years (maximum five (5) years).

The payment will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment
- ☐ [-] Other time period as follows:

Payments over multiple periods will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment

11.03 QUALIFIED MILITARY SERVICE.

	Yes	No
<u>Return to Employment</u>		
Repayment of Mandatory Employee Contributions required to receive Credited Service	[-]	[X]
<u>Death During Military Service</u>		
Credited Service granted to Members who die during Qualified Credited Military Service	[X]	[-]
<u>Disability During Military Service</u>		
Credited Service granted to Members who become Disabled during Qualified Credited Military Service	[X]	[-]
Vesting Service granted to Members who become Disabled during Qualified Credited Military Service	[X]	[-]

11.04 TRANSFER OF SERVICE AND ASSETS FROM ANOTHER SYSTEM PLAN.

- [X] Plan will allow the transfer of Member Credited Service, Vesting Service and Contribution Account assets from other System Plans
- [-] Plan will not allow the transfer of Member Credited Service, Vesting Service and Contribution Account assets from other System Plans

11.05 PRIOR PLAN SERVICE CREDIT.

Transfer Contributions

- ☐ Credited Service Purchase allowed
- ☒ Credited Service Purchase not allowed

Termination Contributions

- ☐ Credited Service Conversion allowed
- ☒ Credited Service Conversion not allowed

Inclusion of Prior Plan Credited Service

- ☒ Not Included
- ☐ Included subject to the following limits: (Select all that apply)
 - ☐ Limited to Credited Service Before the Prior Plan
 - ☐ Limited to Credited Service During the Prior Plan
 - ☐ Limited to Credited Service After the Prior Plan
 - ☐ A maximum _____ percent (____%) of such Limited Credited Service
 - ☐ A maximum _____ (____) years of such Limited Credited Service
 - ☐ Excluding such Limited Credited Service as follows:

Member Purchase of such Prior Plan Credited Service

- ☒ Not permitted to purchase such Credited Service
- ☐ Member is permitted to purchase such Credited Service as follows: (Select one)
 - ☐ _____ percent (____%) of the Actuarial Equivalence of the Service to be purchased.
 - ☐ Other method or formula as follows:

Member Payment Time Period for Purchase of Prior Plan Credited Service
(Select all that apply)

- ☐ Member payment must be made in whole within _____ (____) days of payment notification amount by the Municipality
- ☐ Member may elect to make the required payment by payroll deduction for a period not to exceed _____ (____) years (maximum five (5) years).

Payments over multiple periods will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment.
- ☐ Other time period as follows:

Payments over multiple periods will be adjusted to include interest at the rate established by the Board compounded annually. Interest shall begin on the first day of the month following the month of notification of the payment amount by the Municipality shall end on the last day of the month preceding the final payment

11.06 TRANSFER OF LOANS.

Transferred from Prior Plan

- ☐ [-] Shall be permitted
☒ [X] Shall not be permitted

11.07 PERMISSIVE SERVICE CREDIT.

- ☒ [X] The Plan will not allow the purchase of Permissive Service Credit
☐ [-] The Plan will allow the purchase of Permissive Service Credit

Maximum Amount of Allowable Permissive Service Credit

- ☐ [-] No limit on allowable years of service
☐ [-] Years of service allowed to be purchased shall not exceed _____ () years

Applicable Service Types (Select all that apply)

- ☐ [-] Federal government service
☐ [-] Commonwealth of Pennsylvania government service (including school district service)
☐ [-] Government service with Municipalities located within the Commonwealth of Pennsylvania
☐ [-] Government service with states other than the Commonwealth of Pennsylvania:
☐ [-] Government service with other municipalities located outside the Commonwealth of Pennsylvania:

11.08 NON-QUALIFYING SERVICE CREDIT.

- ☒ [X] The Plan will not allow the purchase of Nonqualified Service Credit
☐ [-] The Plan will allow the purchase of Nonqualified Service Credit

Maximum Amount of Allowable Nonqualified Service Credit

- ☐ [-] Years of Nonqualified Service Credit allowed to be purchased shall not exceed _____ () years (maximum of five (5))

ARTICLE XIII: ADMINISTRATION

13.04 NOTICE TO MUNICIPALITY.

Municipality: Washington Township, Pennsylvania

Address 1: 1021 Washington Boulevard

Address 2: _____

City, ST Zip: Bangor, PA 18013

Contact: Secretary

Phone Number: (610) 588-1524

Email Address wtbs@epix.net

ARTICLE XV: PENNSYLVANIA MUNICIPAL RETIREMENT FUND

15.10 ALLOCATION OF EXCESS INTEREST.

Municipality Allocation

Between three account types: Municipal Account, Active and Deferred Vested Member Accounts and Payee Accounts (Select one)

- ☐ Proportionately by Aggregate Account Balances (equal percentage)
- ☐ In Equal Dollar Amounts per Account Type
- ☒ Specified Percentage by Account Type
 - Zero (0%) to the Municipal Account
 - One hundred (100%) to the Active and Deferred Vested Member Accounts
 - Zero (0%) to the Payee Accounts (See Section 10.03 for Payee Allocation)

Active and Deferred Vested Member Allocation

If allocated an amount of Excess Interest (Select one)

- ☒ Proportionately by Account Balance (equal percentage)
- ☐ In Equal Dollar Amounts per Member
- ☐ Proportionately by Credited Service

[Signatures on the following page]

The Municipality hereby agrees to the provisions of this Adoption Agreement, Base Plan Document and Trust, and in witness of its agreement, the Municipality by its duly authorized officers has executed this Adoption Agreement, on the date specified below.

IN WITNESS WHEREOF, we have hereunto set our hands and seal the day, month and year above written.

ATTEST:

WASHINGTON TOWNSHIP

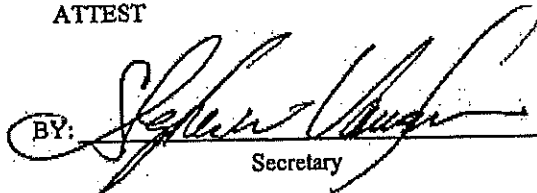
BY 

BY 
Head of Governing Authority

DATE: 9/13/17

ATTEST

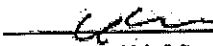
PENNSYLVANIA MUNICIPAL
RETIREMENT BOARD

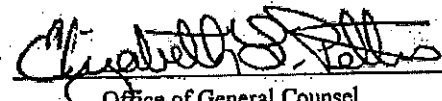
BY: 
Secretary

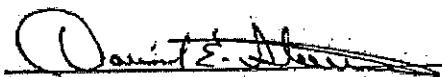
BY 
Board Chair

DATE: _____

Approved as to form and legality:

BY: 
Chief Counsel, PMRS

BY 
Office of General Counsel

BY: 
Office of Attorney General

This Plan is an important legal document. Failure to properly fill out this Adoption Agreement may result in disqualification of this Plan. PMRS will inform you of any amendments made to the Base Plan Document. The address of PMRS is Suite 301, Eastgate Center, 1010 N. 7th Street, Harrisburg, PA 17102.

You may rely on an opinion letter issued by the Internal Revenue Service as evidence that this Plan is qualified under Code Section 401 only to the extent provided in Revenue Procedure 2015-36.

You may not rely on the opinion letter in certain other circumstances or with respect to certain qualification requirements, which are specified in the opinion letter issued with respect to the Plan and in Revenue Procedure 2015-36. In order to have reliance in such cases, an individual application for a determination letter must be made to Employee Plans Determinations of the Internal Revenue Service.

RECEIVED
Office of Attorney General

OCT 12 2017

Legal Review Section

PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM
BASE PLAN DOCUMENT

ADDENDUM A: REFERENCED STATE LAWS

1 of 8 DOCUMENTS

Pennsylvania Statutes, Annotated by LexisNexis(R)
Copyright © 2016
All rights reserved.

** Pa.C.S. documents are current through 2016 Regular Session Acts 1-101 **
** P.S. documents are current through 2016 Regular Session Acts 1-81 **

Pennsylvania Statutes
Title 53. Municipal and Quasi-Municipal Corporations
Part I. General Municipal Law
Chapter 8A. Pennsylvania Municipal Retirement Law
Article I. General Provisions

[Go to the Pennsylvania Code Archive Directory](#)

53 P.S. § 881.101 (2016)

NOTICE: As to repeal of this section where it relates to townships of the first class, see § 3501 of act 1931, June 24, P.L. 1206, art. XXXV. As to repeal of this section where it relates to townships of the second class, see § 2101 of act 1933, May 1, P.L. 103, art. XXI (renumbered § 2201, art. XXII) and § 49 of act 1947, July 10, P.L. 1481. As to repeal of this section where it relates to boroughs, see § 1 of act 1915, May 14, P.L. 312, ch. XIII, art. 1. As to repeal of this section where it relates to third class cities, see § 4701 of act 1931, June 23, P.L. 932, art. XLVII.

§ 881.101. Short title

This act shall be known and may be cited as the "Pennsylvania Municipal Retirement Law."

2 of 8 DOCUMENTS

Pennsylvania Statutes, Annotated by LexisNexis(R)
Copyright © 2016
All rights reserved.

** Pa.C.S. documents are current through 2016 Regular Session Acts 1-101 **
** P.S. documents are current through 2016 Regular Session Acts 1-81 **

Pennsylvania Statutes
Title 53. Municipal and Quasi-Municipal Corporations
Part I. General Municipal Law
Chapter 8A. Pennsylvania Municipal Retirement Law
Article I. General Provisions

[Go to the Pennsylvania Code Archive Directory](#)

53 P.S. § 881.103 (2016)

NOTICE: As to repeal of this section where it relates to the conferrance of powers or the imposition of any duties on

53 P.S. § 881.103

townships, see § 1500 of act 1917, July 14, P.L. 840. As to repeal of this section where it relates to the conferrance of powers or the imposition of any duties on boroughs, see § 1 of act 1915, May 14, P.L. 312, ch. XIII, art. I. As to repeal of this section as it relates to third class cities, see § 4701 of act 1931, June 23, P.L. 932, art. XLVII.

§ 881.103. Pennsylvania Municipal Retirement Board

% A Pennsylvania Municipal Retirement Board is hereby created, which shall consist of the State Treasurer, Secretary of the Commonwealth, six municipal elected officials or employes of different classes of municipalities which have joined the system, one retired member of the system who is receiving a retirement allowance, one municipal fireman employed by a municipality which has joined the system and one municipal policeman employed by a municipality which has joined the system. The nine latter members shall be appointed by the Governor from among nominations made by the County Commissioners Association, the Pennsylvania League of Cities, the Pennsylvania Association of Township Commissioners, the Pennsylvania State Association of Township Supervisors, the Pennsylvania State Association of Boroughs and the Pennsylvania Municipal Authorities Association, and associations representing municipal firemen and municipal police, to serve for a term of four years each and until their successors are appointed and qualified. Appointments of members made by the Governor shall not require the advice and consent of the Senate. The two municipal employe members of the Municipal Employes' Retirement Board, appointed by the Governor from among nominations made by various associations of county and municipal officers, who are serving on the effective date of this act, shall continue to serve as members of the Pennsylvania Municipal Retirement Board until the expiration of their respective terms.

A chairman and vice chairman of the board shall be elected by the board every year at the January meeting of the board and the chairman and vice-chairman may succeed themselves for the appointed term of four years.

Vacancies happening from among members appointed from among the nominations made by the associations shall be filled by the appointment of a successor for a full term of four years.

No appointed member shall serve more than two consecutive full terms.

Each member of the board shall take an oath of office that he will diligently and honestly administer the affairs of the board, and that he will not knowingly violate or wilfully permit to be violated any of the provisions of this act.

A quorum of the board shall consist of six members.

3 of 8 DOCUMENTS

Pennsylvania Statutes, Annotated by LexisNexis(R)
Copyright © 2016
All rights reserved.

** Pa.C.S. documents are current through 2016 Regular Session Acts 1-101 **
** P.S. documents are current through 2016 Regular Session Acts 1-81 **

Pennsylvania Statutes
Title 53. Municipal and Quasi-Municipal Corporations
Part I. General Municipal Law
Chapter 8A. Pennsylvania Municipal Retirement Law
Article I. General Provisions

Go to the Pennsylvania Code Archive Directory

53 P.S. § 881.104 (2016)

NOTICE: As to repeal of this section where it relates to the conferrance of powers or the imposition of any duties on

53 P.S. § 881.104

townships, see § 1500 of act 1917, July 14, P.L. 840. As to repeal of this section where it relates to the conferrance of powers or the imposition of any duties on boroughs, see § 1 of act 1915, May 14, P.L. 312, ch. XIII, art. I. As to repeal of this section as it relates to third class cities, see § 4701 of act 1931, June 23, P.L. 932, art. XLVII.

§ 881.104. General powers of the Board

The board shall:

- (1) Appoint a secretary and an assistant secretary. The secretary, with the prior approval of the board, shall appoint the clerical and other employees of the board, whose positions, excluding the secretary's and assistant secretary's, shall be under the classified service provisions of the act of August 5, 1941 (P.L. 752, No. 286), as amended and the secretary shall fill future vacancies in accordance with such provisions. The compensation of all persons so appointed shall be fixed by the board and shall be consistent with the standards established by the Executive Board of this Commonwealth;
- (2) Contract for professional services, including but not limited to actuarial, investment and medical as it deems advisable;
- (3) Keep in convenient form such data as shall be deemed necessary for actuarial valuation purposes;
- (4) 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;
- (5) Adopt for the system one or more mortality tables and such other tables as shall be deemed necessary;
- (6) Deleted by 1980, May 17, P.L. 135, No. 50, § 3, eff. in 60 days.
- (7) Certify annually the amount of appropriation which each municipality shall pay into the retirement fund, which amounts shall be based on estimates furnished by the actuary, and shall be credited to the municipal account of the fund;
- (8) 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 Pennsylvania Municipal Retirement System, and furnish a copy thereof to each municipality which has joined the system, and to such persons as may request copies thereof;
- (9) Keep a record of all its proceedings, which will be open to inspection by the public;
- (10) From time to time, with the advice of the Attorney General and the actuary, to adopt and promulgate such rules and regulations as may be required for the proper administration of the fund created by this act and the several accounts thereof; to establish procedures which would permit an eligible retired public safety officer to pay qualified accident, health or long-term care insurance premiums as permitted under *section 402(l) of the Internal Revenue Code*; and to provide for the transaction of the business of the board;
- (11) Be authorized to approve any optional retirement plan for municipal employees, municipal firemen or municipal police, with any municipality as long as it is actuarially sound and benefits under the plan are not in excess of or member's minimum contribution rates are not less than those provided in other existing retirement laws pertaining to that class of municipality; except to the extent that excess investment earnings are allocated to provide for additional pension benefits or member accruals as otherwise provided in this law;
- (12) Prepare and distribute annual statements of accounts to each of the active members of the system, showing the contributions made during the year, the interest earned and the total balance standing in the member's account at the

53 P.S. § 881.104

end of the year;

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

(12.2) In accordance with the plan contract, the board shall allocate excess investment earnings for active members of such municipalities by applying such allocation to member contributions. To the extent that additional liabilities may accrue as a result of such allocation, the actuary shall employ actuarial assumptions, on a fully funded basis, to accurately reflect the nature of the liability generated therefrom. An award of excess interest shall not be made under this paragraph if the plan is less than 95% funded as of the plan's most recent filing of the actuarial report required under the Municipal Pension Funding Standard and Recovery Act.

(12.3) Promulgate regulations required for the proper administration of the DROP.

(12.4) Establish a subsidiary DROP participant account for each DROP participant, provide for the separate investment and funding of each account and establish a monthly rate of interest to credit the money deposited in each account.

(13) Perform such other functions as are required for the execution of the provisions of this act and of other Federal and State law and administer and interpret this act to ensure that the system is maintained as tax qualified under the Internal Revenue Code.

4 of 8 DOCUMENTS

Pennsylvania Statutes, Annotated by LexisNexis(R)
Copyright © 2016
All rights reserved.

** Pa.C.S. documents are current through 2016 Regular Session Acts 1-101 **
** P.S. documents are current through 2016 Regular Session Acts 1-81 **

Pennsylvania Statutes
Title 53. Municipal and Quasi-Municipal Corporations
Part I. General Municipal Law
Chapter 8A. Pennsylvania Municipal Retirement Law
Article I. General Provisions

Go to the Pennsylvania Code Archive Directory

53 P.S. § 881.107 (2016)

NOTICE: As to repeal of this section where it relates to boroughs, see § 3301 of act 1927, May 4, P.L. 519, art. XXXIII. As to repeal of this section where it relates to third class cities, see § 4701 of act 1931, June 23, P.L. 932, art. XLVII.

§ 881.107. Election by municipalities to join retirement system

53 P.S. § 881.107

% Any municipality may elect, by ordinance or resolution adopted by the tax levying body, or in the case of municipal authorities by the board of such municipal authority to join the system: Provided, however, That any municipality electing coverage under the provisions of Article II of this act must have first placed its municipal employees in so far as they are eligible under the Federal Social Security Act.

Any municipality, by action of its tax levying body, may and upon petition of electors equal to at least five per cent of the registered electors of the municipality, shall, submit the question of joining such system to the voters of the municipality at any municipal or general election, in the same manner as other questions are submitted to the electors under the election code of the Commonwealth. If the majority of the electors voting on the question vote in favor thereof, the tax levying body shall adopt an ordinance or resolution electing to join such system. If the electors vote against joining the system, then no further action shall be taken in the municipality for a period of two years.

A duly certified copy of any such ordinance or resolution electing to join the system shall be filed with the board.

5 of 8 DOCUMENTS

Pennsylvania Statutes, Annotated by LexisNexis(R)
Copyright © 2016
All rights reserved.

** Pa.C.S. documents are current through 2016 Regular Session Acts 1-101 **
** P.S. documents are current through 2016 Regular Session Acts 1-81 **

Pennsylvania Statutes
Title 53. Municipal and Quasi-Municipal Corporations
Part I. General Municipal Law
Chapter 8A. Pennsylvania Municipal Retirement Law
Article I. General Provisions

[Go to the Pennsylvania Code Archive Directory](#)

53 P.S. § 881.109 (2016)

NOTICE: As to repeal of this section where it relates to boroughs, see § 3301 of act 1927, May 4, P.L. 519, art. XXXIII. As to repeal of this section where it relates to third class cities, see § 4701 of act 1931, June 23, P.L. 932, art. XLVII.

§ 881.109. Custody of and payments from fund

All moneys and securities in the fund 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 secretary of the board.

6 of 8 DOCUMENTS

Pennsylvania Statutes, Annotated by LexisNexis(R)
Copyright © 2016
All rights reserved.

** Pa.C.S. documents are current through 2016 Regular Session Acts 1-101 **

53 P.S. § 881.111

**** P.S. documents are current through 2016 Regular Session Acts 1-81 ****

Pennsylvania Statutes
Title 53. Municipal and Quasi-Municipal Corporations
Part I. General Municipal Law
Chapter 8A. Pennsylvania Municipal Retirement Law
Article I. General Provisions

Go to the Pennsylvania Code Archive Directory

53 P.S. § 881.111 (2016)

NOTICE: As to repeal of this section where it relates to third class cities, see § 4701 of act 1931, June 23, P.L. 932, art. XLVII.

§ 881.111. Municipal guarantee

% The regular interest charges payable, the DROP 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.

In the case of the failure of a municipality to make payments as required by this act, the Commonwealth shall withhold payment to the municipality of any funds to which the municipality may be entitled for pension purposes. The board may recover any sums due to the fund by suit at law, or other appropriate remedy.

7 of 8 DOCUMENTS

Pennsylvania Statutes, Annotated by LexisNexis(R)
Copyright © 2016
All rights reserved.

**** Pa.C.S. documents are current through 2016 Regular Session Acts 1-101 ****

**** P.S. documents are current through 2016 Regular Session Acts 1-81 ****

Pennsylvania Statutes
Title 53. Municipal and Quasi-Municipal Corporations
Part I. General Municipal Law
Chapter 8A. Pennsylvania Municipal Retirement Law
Article IV. Optional Retirement Plans

Go to the Pennsylvania Code Archive Directory

53 P.S. § 881.401 (2016)

NOTICE: As to repeal of this section where it relates to boroughs, see § 1 of act 1915, May 14, P.L. 312, ch. XIII, art. I. As to repeal of this section where it relates to third class cities, see § 4701 of act 1931, June 23, P.L. 932, art. XLVII. See also act 1899, April 28, P.L. 74 and § 42 of act 1901, June 4, P.L. 364.

§ 881.401. Purpose

53 P.S. § 881.401

This article shall provide for the enrollment of those municipalities in the Pennsylvania Municipal Retirement System which want to offer retirement benefits to their employees different from those available under Article II and Article III of this act. It shall also provide for increasing member benefits for municipalities formerly enrolled under the provisions of Article II and Article III of this act.

8 of 8 DOCUMENTS

Pennsylvania Statutes, Annotated by LexisNexis(R)
Copyright © 2016
All rights reserved.

** Pa.C.S. documents are current through 2016 Regular Session Acts 1-101 **
** P.S. documents are current through 2016 Regular Session Acts 1-81 **

Pennsylvania Statutes
Title 53. Municipal and Quasi-Municipal Corporations
Part I. General Municipal Law
Chapter 8A. Pennsylvania Municipal Retirement Law
Article IV. Optional Retirement Plans

[Go to the Pennsylvania Code Archive Directory](#)

53 P.S. § 881.402 (2016)

NOTICE: As to repeal of this section where it relates to boroughs, see § 1 of act 1915, May 14, P.L. 312, ch. XIII, art. I. As to repeal of this section where it relates to third class cities, see § 4701 of act 1931, June 23, P.L. 932, art. XLVII. See also act 1899, April 28, P.L. 74 and § 42 of act 1901, June 4, P.L. 364.

§ 881.402. Existing local retirement systems and compulsory and optional membership

% Where a municipality elects to join the system established by this act, and is then maintaining a retirement or pension system or systems covering its employees in whole or in part, those employees so covered, and employees thereafter eligible to join such pension system, shall not become members of the retirement system established by this act, unless at the time the municipality elects to join the system, the members of each such existing retirement or pension system shall, by the affirmative vote of seventy-five per cent of all the members of each pension system, elect to be covered by the retirement system established 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 an existing retirement or pension system may, in like manner, elect to join the system established by this act. In any such case, provisions may be made for the transfer of moneys and securities in its retirement or pension fund or funds, in whole or in part, to the fund established 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 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 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 pays annually into the retirement system amounts sufficient to completely liquidate the municipality's liability for prior service within a period not to exceed thirty years.

No liability, on account of retirement allowances or pensions being paid from any retirement or pension fund of the municipality, shall attach against the fund, 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 workers 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.

If a municipality elects to join the system under the provisions of this Article IV, it shall first negotiate a contract with the board, acceptable to both the municipality and the board, which shall set forth all the specific details of municipal and member contribution rates and benefits. The municipality shall then pass an ordinance or resolution electing to join the system, and confirming the terms of the contract by reference thereto. Separate contracts and separate resolutions shall be executed for each class of employees, namely municipal employees, municipal firemen and municipal police in those cases where the municipality elects to bring more than one class of its employees into the system.

When a municipality elects to enroll its municipal employees into the system, then each officer other than elected officers, and each municipal employee thereof, employed on a full-time basis, shall be required to become a member of the system. Each municipality shall determine whether membership in said system for elected officials and employees hired on a temporary, seasonal or part-time basis shall be compulsory, optional or prohibited. Where membership may be optional with an elected officer or an employee hired on a temporary, seasonal or part-time basis, an election to join the system must be made within one year after the municipality elected to join the system or within one year after the officer or temporary, seasonal or part-time employee first entered the service of the municipality. Officers and employees paid only on a fee basis shall not be eligible to join the system.

When a municipality elects to enroll its municipal firemen or its municipal police into the system, then each municipal fireman or each municipal policeman, as defined in section 102 of this act, shall be required to become a member of the system.

When a municipality has established a policy of placing new employees on a probationary status it may elect to refrain from enrolling such employees into the system for a period of up to one year from the date the probationary employee first entered the service of the municipality. In such cases service credits shall not be earned by the employee for probationary time served prior to enrollment. Notwithstanding any other provision herein, the board may, in its discretion, entertain a request from a municipality to join the system established by this act for those employees who are excluded from local pension plan coverage by virtue of the collective bargaining process or otherwise. The request to join the system must be accompanied by an affirmative vote of no less than three-fourths of those employees not covered by the local pension plan. The benefits to be established may be in accordance with the provisions of this article or any other relevant pension law covering that class of municipality. The other requirements of this section for joining this system shall be observed.

PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM BASE PLAN DOCUMENT
ADDENDUM B – REFERENCED PMRS POLICY STATEMENTS

Pennsylvania Municipal Retirement Board Policy Statement 14 – 3 Adopted June 11, 2014	Utilization of Actuarial Tables
---	------------------------------------

Purpose: The Pennsylvania Municipal Retirement Board is required to adopt all necessary actuarial assumptions essential for the calculation of retirement benefits. This policy sets forth the adopted tables and assumptions the System uses to determine actuarial equivalence for optional benefit forms of retirement and the early retirement actuarial equivalence.

Authority: Pennsylvania Municipal Retirement Law, Act of February 1, 1947, P.L. 34, No. 15, § 104(5), 53 P.S. § 881.104(5).

Policy: The Pennsylvania Municipal Retirement Board adopts the following actuarial assumptions to be used for optional benefit forms of retirement and early retirement actuarial equivalence being made effective on or after January 1, 2011:

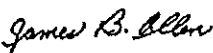
1. Mortality Assumption: The Society of Actuaries RP 2000 table. Rates will be blended 70% male and 30% female to provide unisex factors for calculating actuarial equivalent benefits.
2. Interest assumption: 6.0% compounded annually for calculations effective on or after January 1, 2011 through December 31, 2012; 5.5% compounded annually for calculations effective on or after January 1, 2013.

The following actuarial assumption shall be used for optional benefit form of retirement and early retirement actuarial equivalence being made on or after December 31, 2002 through December 31, 2010:

1. Mortality Assumption: The 1994 Group Annuity Mortality Table without adjustment or projection will be used. Rates will be blended 70% male and 30% female to provide unisex factors for calculating actuarial equivalent benefits.
2. Interest assumption: 6.0% compounded annually.

Effective Date This policy is effective immediately and shall be applied retroactively to distributions with annuity starting dates on or after December 31, 2002. It replaces Policy Statement 10-7 adopted at the November 18, 2010 meeting of the Pennsylvania Municipal Retirement Board.

Adoption Date: Adopted at the June 11, 2014 meeting of the Pennsylvania Municipal Retirement Board.


James B. Allen, Secretary

JBA:jba
06/11/2014

Pennsylvania Municipal Retirement Board Policy Statement Rule Number 97-1	Allocation of Excess Interest to Municipal Account, Members' Accounts, and Retired Members' Reserve Account
---	---

- Purpose: To formalize the procedure used by the Pennsylvania Municipal Retirement System (the System) to allocate excess interest "... as each municipality deems appropriate to the credit of the Municipal accounts, member's accounts, the member's excess investment accounts, retired members reserve accounts and total disability reserve accounts." ("Pennsylvania Municipal Retirement Law": Section 110)
- Authority: Act 15 of 1974, "Pennsylvania Municipal Retirement Law": Section 110. Management and Investment of Fund; Interest Credits.
- Specific Cites: Act 15 of 1974, "Pennsylvania Municipal Retirement Law": Section 104. General Powers of the Board. (12.1) and (12.2); Section 110. Management and Investment of Fund; Interest Credits.
- Policy: The Board has been directed to credit any excess investment monies, hereafter referred to as excess interest, earned by the System to the Municipal Account, Members' Accounts, and Retired Members' Reserve Account as directed by each member municipality. It is noted that the law speaks also to the crediting of excess interest to the member's excess investment account and to the total disability reserve.

Whereas the member's excess investment account is a sub-account of each member's account maintained as part of the Members' Reserve Account, the Board has determined that it does fulfill the obligation of allocating monies to the member's excess investment account when a municipality directs that excess interest is to be allocated to the members' accounts. The Board satisfies the obligation by crediting the directed excess interest to each member's excess interest account maintained as a part of the Members' Reserve Account.

The Board further declares that the total Disability Reserve Account is a pooled account of the System. This reserve account is used to fund a portion of a disability pension when a disability benefit is not fully funded by a member's accrued benefit as of the date of disability. This account does not benefit a plan unless that plan has a member who seeks a disability pension in a given year. The Board declares that allocating excess interest to the Disability Reserve Account would not directly benefit a municipality in a subsequent year, nor would it benefit a municipality's members (active or retired) in a subsequent year. Given these facts, the Board deems it illogical to have a municipality allocate excess interest to this account and therefore directs that the municipalities

Pennsylvania Municipal Retirement Board Policy Statement Rule Number 97-1 (Continued)	Allocation of Excess Interest to Municipal Account, Members' Accounts, and Retired Members' Reserve Account
---	---

Policy: not be given the option of allocating excess interest to the total Disability
 (Cont'd.) Reserve Account.

The Board directs that the Secretary of the System or the Secretary's designee inform the municipalities of the excess interest award value to the municipalities' plan(s) within two weeks of the Board's adoption of the excess interest award. The written announcement shall be mailed to each plan's designated contact person and shall contain the specific dollar amount awarded as excess interest. This amount shall be calculated by multiplying each plan's assets by the percentage of the adopted excess interest award. Assets refer to monies held in the Members' Reserve, the Municipal Reserve, and the Retired Members' Reserve (the assets held in the name of a retired member – the present value as determined by the System's actuary) as of December 31 of the previous year. The announcement shall show not only the value of the total excess interest awarded to the plan but also the dollar amount of the award generated from the previous year-end balances of the reserve accounts (Municipal, Members, and Retired Members).

The plan's governing body shall notify the System in writing of the manner in which the governing board wants the excess interest allocated among the three reserves. In addition, if any excess interest is allocated to either active or retired members, it must be done in a non-discriminatory, systematic manner, and the process shall be uniformly applied to all members. The Board directs that staff monitor the allocation process and contact the municipality should a questionable or unusual allocation decision be presented to the System.

If the plan's allocation decision is not returned to the System by November 30, the System shall allocate all awarded excess interest to the plan's municipal account. The System will implement the municipalities' allocation decisions effective December 31 of the year the Board declared the excess interest award. Once the allocation has been made (December 31), the decision is irrevocable.

Active members who terminate membership in the System after December 31 of the previous year shall not be entitled to any excess interest award. Any award that would have been allocated to the member's account shall be deposited instead to the municipal account of the plan.

Pennsylvania Municipal Retirement Board Policy Statement Rule Number 97-1 (Continued)	Allocation of Excess Interest to Municipal Account, Members' Accounts, and Retired Members' Reserve Account
---	---

Policy:
(Cont'd) Retired members who terminate membership in the System after December 31 of the previous year shall not be entitled to any excess interest award. Instead, any award that would have been allocated to the retired member's benefit shall be deposited to the municipal account of the plan.

Members who would have been allocated excess interest money as an active member but who retired on or after December 31 of the previous year shall have said allocation annuitized and added to the monthly benefit said member is getting as a retired member of the plan.

Municipalities that withdraw their plan(s) from the System on or after December 31 of the previous year shall be entitled to any excess interest declared by the Board in the current year which is based upon the plan's assets as of December 31 of the previous year. The System shall award said excess interest to the governing board of the withdrawn plan on December 31 of the current year. A plan must be a member of the System on December 31 to participate in any allocation of excess interest in the following year.

Any former member who has lost rights to membership in the System due to termination of employment in a member plan but has not withdrawn the accumulated member deductions by December 31 of the year in which membership rights ended shall not be eligible for allocated excess interest.

Effective
Date: This rule is to be implemented effective immediately and applicable only on a prospective basis.

Adoption
Date: Adopted at the September 18, 1997, meeting of the Pennsylvania Municipal Retirement Board.

Pennsylvania Municipal Retirement Board Policy Statement 07 - 5	Disability Reserve
--	--------------------

Purpose: The Pennsylvania Municipal Retirement Law establishes a separate reserve fund, Total Disability Reserve Account (Disability Reserve), to assist plans in providing disability benefits through a pooled risk vehicle. This statement sets out the funding and utilization policy of the Disability Reserve.

Background: Municipalities may elect to provide disability retirement benefits. When a municipality has elected to provide disability benefits, a common design is to provide 30% income replacement for non-service or standard disability and 50% income replacement for an in-service disability. The law requires the Pennsylvania Municipal Retirement System (PMRS) to include in the plan's annual obligation a charged term cost for the value of these benefits.

When a participant of a plan with disability benefits applies and is approved by the Pennsylvania Municipal Retirement Board for a disability retirement benefit, all or a portion of the funding of the benefit is transferred from the Disability Reserve to the Retired Member's Reserve Account (Retiree Reserve). When determining the amount of the transfer from the Disability Reserve a value of the disability benefit is determined using the applicable actuarial factors consistent with the member's demographics and the plan's benefit formula.

Once the value of the disability benefit is determined, PMRS determines the accrued value of the member's normal retirement benefit. The value of the member's accrued normal retirement benefit is subtracted from the value of the member's approved disability benefit and the remainder is the amount of money that is transferred from the Disability Reserve to the Retiree Reserve to fully fund the approved disability benefit.

Any monies in the Member's Account (except those monies voluntarily contributed to fund an optional benefit and the regular interest credited to them) and any monies in the Member's Excess Interest Account are subtracted from the value of the accrued normal retirement benefit to determine the amount of monies charged to the member's employer's Municipal Account to fund the benefit not funded by monies from the Disability Reserve.

Authority: Pennsylvania Municipal Retirement Law, Act of February 1, 1974, P.L. 34, No. 15, § 104(5), 53 P.S. § 881.104(5).

Policy: The Pennsylvania Municipal Retirement Board adopts the following funding procedures to ensure adequate financial resources are available to provide for disability retirement liabilities for those participating municipalities that elect to provide disability benefits.

Pennsylvania Municipal Retirement Board Policy Statement 07 – 5 (Continued)	Disability Reserve
--	--------------------

1. Funding – An annual cost, expressed as a percentage of a plan's covered compensation, shall be determined by the system's actuary and included in the Minimum Municipal Obligation of each plan that provides disability benefits. This cost is to be used for the funding of the Disability Reserve. The annual cost shall be equal to the projected disability cost in excess of the projected accrued benefit cost factoring in the probability of a disability occurrence for the one year term covered by the Minimum Municipal Obligation. Such amounts charged shall be deposited to the Disability Reserve.
2. Distributions – On approval of a disability retirement by the Pennsylvania Municipal Retirement Board, the difference in the value of the disability benefit and the funds identified for transfer to the Retiree Reserve based upon the member's accrued normal retirement benefit as of the date of disability shall be determined and that amount shall be transferred from the Disability Reserve to the Retiree Reserve to fully fund the disabled retiree benefit.
3. Funding Limitation – The assets in the Disability Reserve shall be determined as of December 31 of each year. If the value exceeds 1.5 times the highest total of all required disability transfers to the Retiree Reserve in any one of the last three years, all assets in excess of 1.5 times the highest transfer value shall be transferred from the Disability Reserve and placed in the unallocated assets for distribution in the year of determination.
4. Shortfall Funding – To the extent that transfers from the Disability Reserve to the Retiree Reserve exceed the value of assets in the Disability Reserve and the balance in the Disability Reserve is determined to be a negative value as of December 31, assets from the unallocated earnings of PMRS shall be deposited in the Disability Reserve to bring the Disability Reserve balance to "0" at year end.

Effective This policy is to be effective immediately.
Date:

Adoption Adopted at the September 20, 2007 meeting of the Pennsylvania Municipal
Date: Retirement Board.

James B. Allen, Secretary

JBA:jba
09/07/07

Pennsylvania Municipal Retirement Board Policy Statement 05-2	Excess Interest Award Process
--	-------------------------------

Purpose: To document how the Pennsylvania Municipal Retirement Board determines whether and the extent to which Excess Interest is available to be distributed to the member plans.

Authority: The Pennsylvania Municipal Retirement Law, Act 15 of 1974 (referred to as "the Act"), Sections 104 (General Powers of the Board) and 110 (Management and Investment of Fund; Interest Credits).

Background: The Pennsylvania Municipal Retirement Board is required to determine annually the amount of investment earnings on the System assets in excess of that required for allocation to regular interest and expenses. This "excess" is defined in the law as "Excess Interest." The Board adopted a procedure to determine the excess interest in 1984. This Policy Statement is intended to memorialize the process and make it available to the public. The Board is adding one new stipulation to the process – the establishment of a minimum award threshold. This additional provision is to limit the administrative burden associated with the allocation process in years when the award would be considered "de minimis."

Policy: The Board requires the following calculations to be made as part of the excess interest determination process.

1. At the close of the year, staff with the confirmation of the independent auditing firm under contract to the Board, shall make all required allocations of regular interest to the System's accounts.
2. Staff and consulting actuary shall then determine the expected administrative expense for the following year that is not expected to be met from the \$20 per plan member administrative charge.
3. Staff with the confirmation of the independent auditing firm shall determine the *Market value* of the System's investment portfolio as of year end along with the audited balances of the *System's Reserve accounts* (Member, Municipal, Retired, Disability).
4. These numbers (See Steps 1, 2 & 3) will be provided to the consulting actuary who will be responsible for performing the next set of calculations.
5. The consulting actuary will add to the *System's Reserve accounts* the projected expenses from Step 2. This total will become the *Preliminary value*.

Pennsylvania Municipal Retirement Board Policy Statement 05-2 (Con't)	Excess Interest Award Process
--	-------------------------------

Policy:
(Con't.)

6. The consulting actuary will then subtract from the *Market value* of the System's investment portfolio the *Preliminary value*. This result will be the *Available surplus*.
7. The consulting actuary will then determine the *New surplus* by subtracting from the *Available surplus* last year's *Final surplus*. New surplus is limited to be no greater than Available surplus
8. Next the consulting actuary will calculate the ratio "m" of *Available surplus* (See Step 6) to *Market value*.
9. Next the consulting actuary will calculate the ratio "n" of *New surplus* (See Step 7) to *Market value*.
10. The percentage of *New surplus* to be used for the *Excess interest* (e) is derived from the following formula:

$$e = \frac{0.10 + 8m}{1.0 + 8n}$$

11. The consulting actuary then determines the *Trial excess interest allocation* by multiplying (e) (See Step 10) times *New surplus* (See Step 7).
12. The consulting actuary will also determine *Trial surplus* by subtracting *Trial excess interest allocation* (See Step 11) from *Available surplus* (See Step 6).
13. The consulting actuary will determine *Trial margin* by dividing *Trial surplus* (See Step 12) from *Market value* (See Step 3).
14. If *Trial margin* (See Step 13) is less than ten percent (10%), then trial figures become final figures and the *Actuarial value* is set as *Market value* less *Final surplus* (See Step 12).
15. If *Trial margin* (See Step 13) is equal to or greater than ten percent (10%), the *Final excess interest allocation* is *Available surplus* (See Step 6) less ten percent (10%) of *Market value* (See Step 3), *Final surplus* is ten percent (10%) of *Market value*, and *Actuarial value* is ninety percent (90%) of *Market value*.

Once the *Final excess interest allocation* is determined, the *Excess interest percentage* is calculated by the consulting actuary. This is derived by first adding the Member Reserve balance, the Municipal Reserve balance and the actuarially determined Present value of the Retired Reserve balance to determine *eligible reserves*. The *Excess interest percentage* is the *Final excess interest allocation* divided by the *eligible reserves*.

Pennsylvania Municipal Retirement Board Policy Statement 05-2 (Con't)	Excess Interest Award Process
--	-------------------------------

Policy:
(Con't.)

If the *Excess interest percentage* is less than five tenths of one percent (0.5%), there shall be NO *Excess interest* awarded, the *Actuarial value* shall be set to the *Preliminary value* and the *Final surplus* shall be set to the *Available surplus*. If the *Excess interest percentage* is five tenths of one percent (0.5%) or greater, the resulting *Excess interest percentage* shall be awarded and the plans notified as to their proportion of the total *Final excess interest allocation*.

The actual allocation of the year's *Excess interest* will be posted to the plans' accounts as of December 31 of the following year. To be eligible to receive a portion of the excess interest awarded for any year, a municipality's plan must have been in PMRS on December 31 of the year for which the allocation was made.

Effective
Date:

This policy is to be implemented effective immediately.

Adoption
Date:

Adopted at the July 21, 2005 meeting of the Pennsylvania Municipal Retirement Board.

James B. Allen, Secretary

Pennsylvania Municipal Retirement Board Policy Statement 08 – 4 Adopted November 20, 2008	Overpayment Policy
---	--------------------

Purpose: To provide direction to the Pennsylvania Municipal Retirement staff (Staff) on the collection, requests for compromise, and write-off of delinquent debts and accounts due the Pennsylvania Municipal Retirement System (the "System").

Authority The Pennsylvania Municipal Retirement Law, Act 15 of 1974, Section 104.

Background An overpayment occurs when a former member, annuitant, beneficiary or survivor annuitant ("Debtor") is paid a benefit exceeding his/her entitlement. The following represent the major causes of overpayments by the System:

1. Delayed notification of the death of a member or annuitant.
2. Inaccurate information reported by the member or municipality.
3. Administrative errors by Staff.
4. Misinterpretation of benefit provisions.

Procedures: A. Debtors who have been overpaid shall be notified in writing of the reason and the amount of the overpayment and offered the following repayment methods:

1. A lump-sum payment within 90 days of the receipt of notification.
2. Monthly installment payments in an amount agreed upon between the former member or beneficiary and the Secretary of the Pennsylvania Municipal Retirement System (Secretary). Installment periods extending beyond sixty months shall require the approval of the Pennsylvania Municipal Retirement Board (Board).
3. If applicable, an actuarial reduction spread over the life of the annuitant, survivor annuitant, or beneficiary may be applied to the monthly check. Reductions of more than 20% of the monthly check shall require the approval of the Board.

The debtor shall be given 15 days to respond to the first notice, which shall be sent via certified mail return receipt requested to the last known address on file for the debtor. If there is no response to the first notice, a second and third notice, if necessary, shall be sent by regular first-class mail at 15-day intervals.

If no response is received after the third notice and the amount of the overpayment is \$1,000 or less:

1. In the case of a former member or beneficiary, a write-off request will be completed and submitted to the Office of Attorney General, Financial Enforcement Section. If the write-off request is approved, the outstanding balance shall be written off, collection efforts shall stop, and the account shall be closed, but if the former member returns to service, the debt shall be recovered from future benefits that accrue to the re-enrolled member.

2. In the case of an annuitant, survivor annuitant or beneficiary, an actuarial reduction shall be applied to the ongoing annuity, when available. If a beneficiary is not receiving a monthly annuity from the System or if the annuity is not large enough to accommodate the actuarial reduction and there is still a balance remaining of less than \$1,000; after 2 documented attempts to receive the funds have been made, a write-off request will be completed and submitted to the Office of Attorney General, Financial Enforcement Section. If the write-off request is approved, the outstanding balance shall be written off, collection efforts shall stop, and the account shall be closed.

If no response is received after the third notice and the amount of the overpayment is more than \$1,000, the claim shall be referred to the Office of the Attorney General, Financial Enforcement Section for attempted collection of the debt. The System shall ask the Attorney General to return the claim to the System if the debt is not collectible. If the debt is returned as uncollectible:

1. In the case of a former member, the debt shall be written off to balance the member's account but if the former member returns to service, the debt shall be recovered from future benefits that accrue to the re-enrolled member.
2. In the case of an annuitant, survivor annuitant or beneficiary, the debt shall be permanently written off.

B. If payments are made by the System to a Debtor after the Debtor's date of death resulting in an overpayment, the legal representative for the estate of the Debtor shall be advised in writing of the reason and the amount of the overpayment and the following repayment methods:

1. A lump-sum payment within 90 days of the receipt of notification.
2. Monthly installment payments in an amount agreed upon between the legal representative and the Secretary. Installment periods extending beyond sixty months shall require the approval of the Board.

The legal representative shall be given 15 days to respond to the first notice, which shall be sent via certified mail return receipt requested to the last known address on file. If there is no response to the first notice, a second and third notice, if necessary, shall be sent by regular first-class mail at 15-day intervals.

If no response is received after the third notice and the amount of the overpayment is \$1,000 or less:

1. An actuarial reduction shall be applied to the annuity of the survivor annuitant or beneficiary, if available. Reductions of more than 20% of the monthly check shall require approval by the Board.

2. If a Debtor is not receiving a monthly annuity from the System or if there is no benefit payable or the annuity is not large enough to accommodate the actuarial reduction and there is still a balance remaining of less than \$1,000; a write-off request will be completed and submitted to the Office of Attorney General, Financial Enforcement Section. If the write-off request is approved, the outstanding balance shall be written off, collection efforts shall stop, and the account shall be closed.

If the amount is more than \$1,000, the claim shall be referred to the Office of the Attorney General, Financial Enforcement Section for attempted collection of the debt. The System shall ask the Attorney General to return the claim to the System if the debt is not collectible. It shall be written off on a permanent basis.

If there is no legal representative of the estate of the Debtor and the Secretary has reason to believe that the overpayment was received by a person without due authority ("Unauthorized Person"), then Staff shall make a reasonable effort to obtain the identity of the Unauthorized Person and follow the notice procedures to a legal representative stated above.

If after reasonable investigation, such Unauthorized Person cannot be identified and there is no death benefit payable from which to deduct the overpayment:

1. If the amount is \$1,000 or less, a write-off request will be completed and submitted to the Office of Attorney General, Financial Enforcement Section. If the write-off request is approved, the debt shall be written off, collection efforts shall stop, and the account shall be closed.
 2. If the amount is more than \$1,000, the claim shall be referred to the Office of the Attorney General, Financial Enforcement Section for attempted collection of the debt. The System shall ask the Attorney General to return the claim to the System if the debt is not collectible. It shall be permanently written off.
- C. If a write-off request or settlement is not approved by the Office of the Attorney General, the claim shall be referred to the Office of the Attorney General, Financial Enforcement Section for attempted collection of the debt.
- D. In all cases, the System reserves the right to confer with its Office of Chief Counsel to request delegation from the Office of the Attorney General to pursue collection of the debt in accordance with the Commonwealth Attorneys Act.
71 P.S. § 732-204(c).

Hardship: If the debtor wishes to appeal the collection of the overpayment on the basis of financial hardship, the following procedures shall be followed:

1. The Staff shall notify the debtor in writing that reasonable evidence must be provided within 30 days to support the appeal. Where health is the issue, some form of medical evidence from an informed source shall be required. For financial reasons, details of income and expenditure (bills) shall be required.
2. The Secretary, or his or her designee, shall review the information provided. If the Secretary determines that additional information is needed in order to make a recommendation to the Board, he or she may request a meeting with the Debtor. The Secretary may also request the Debtor to provide a notarized affidavit certifying the information provided.
3. If the Secretary, or his or her designee, feels that a hardship exists, he or she shall recommend to the Board forgiveness or settlement of the debt.
4. If the Board decides to write-off or settle the debt, the System shall complete and submit the appropriate STD forms including supporting documentation to the Office of the Attorney General, Financial Enforcement Section for approval.

Exceptions: Exceptions to this policy shall require Board action and the Board reserves its right to make such exceptions when it deems it appropriate.

Effective Date: This policy is to be effective immediately and apply to all current Debtors, regardless of the date on which the debt was incurred.

Adoption Date: Adopted at the November 20, 2008 meeting of the Pennsylvania Municipal Retirement Board.

James B. Allen, Secretary

JBA:jba
10/29/08

Pennsylvania Municipal Retirement Board Policy Statement Rule 03-1	Permanent Employment
--	----------------------

Purpose: To set forth guidance on the definition of permanent employment as used in Act 15 of 1974, the Pennsylvania Municipal Retirement Law (referred to as "the Act").

Authority: The Pennsylvania Municipal Retirement Law, Act 15 of 1974, Section 106.

Background: The Pennsylvania Municipal Retirement Board is authorized to prepare information to be distributed to members and municipalities showing "the methods of administration" the Board uses in managing the plans enrolled in the Pennsylvania Municipal Retirement System (PMRS). The Board has found it necessary to share with existing municipal members and potential members guidance on the term "employed on a permanent basis" as used in sections 203 and 402 of the Act. The reference is to those municipal employees who must be enrolled in the PMRS administered pension plan.

Policy: The Board confirms its understanding of the law that any individual hired with the expectation of being in an active, regularly scheduled paid position for more than one year is required to be considered employed on a permanent basis, regardless of whether the employment is part-time or full-time. The actual number of hours worked per week is not a consideration in the determination of permanent employment.

Implementation: The Board directs that all municipalities that have municipal plans in PMRS be provided with information advising of their responsibility to specifically agree to enroll all employees employed on a permanent basis. The municipality's agreement to do so shall be memorialized in all contracts for benefits entered into from the effective date of this policy forward. The municipality shall also be required to certify that this requirement is met via the certification process used on the System's Quarterly Report of Contributions (PMRB-21).

When there is a dispute over whether an individual is eligible to be enrolled in a PMRS administered municipal plan, PMRS shall address the question of the individual's status upon a request to review the matter from the individual or the municipality. The request shall be set forth in writing.

Pennsylvania Municipal Retirement Board Policy Statement Rule 03-1 (Con't)	Permanent Employment
--	----------------------

Implementation: PMRS shall review the request and confirm the particulars of that individual's employment history with the enrolled municipal plan sponsor. Circumstances to be identified include, but are not limited to, the following:

(Con't)

1. The specific offer of employment, such as the letter offering employment, the resolution of the employer formally creating the position, or any public announcement of the position's vacancy.
2. The conditions set forth in the offer of employment including hours worked, obligations to report to work and expected term of employment.
3. The funding of the position, and whether the individual is being paid under the same federal Employer Identification Number as other individuals enrolled in the pension plan.
4. Any written personnel policy adopted by the municipality.
5. Actual employment and payment records for the individual in question.

During the review, PMRS' Secretary shall be empowered to issue an "Order to Show Cause" if deemed necessary to the determination of the status of the individual with the PMRS administered pension plan.

The Secretary shall notify the individual and the municipality in writing of the administrative decision of PMRS. The parties to the administrative decision shall have all rights of appeal granted to parties to PMRS administrative decisions, including a formal appeal to the Board.

If PMRS determines that an individual should have been enrolled in the plan, enrollment will be effective as of the date the individual became eligible for enrollment, absent extenuating circumstances. PMRS shall calculate the required member contributions that should have been made during the time period in question, if any are required by the plan.

If member contributions should have been made, the individual shall be required to pay into the System the required contributions and the regular interest that would have been credited had the individual been enrolled in the System. The individual may pay the obligation in a lump sum or over a period of up to five years through payroll deductions, so long as the individual remains an active member of the plan. If not paid in a lump sum, the amount due shall be assessed interest at the regular interest rate. The municipality's liability will also be determined and reflected as an obligation of the municipality.

Pennsylvania Municipal Retirement Board Policy Statement Rule 03-1 (Con't)	Permanent Employment
--	----------------------

Effective

Date: This policy is to be implemented effective immediately.

Adoption

Date: Adopted at the July 17, 2003 meeting of the Pennsylvania Municipal Retirement Board.

James B. Allen, Secretary

Pennsylvania Municipal Retirement Board Policy Statement 10 – 2 Adopted March 17, 2010	Plan Withdrawal Procedure
--	---------------------------

Purpose: To document how the Pennsylvania Municipal Retirement Board (Board) processes a plan's request to withdraw from the Pennsylvania Municipal Retirement System (System).

Authority: The Pennsylvania Municipal Retirement Law, Act 15 of 1974 (referred to as "the Act"), contains three articles (Articles II, III, and IV) that allow for municipalities to enroll their pension plan in the System. Each article contains a section that also allows a municipality to withdraw from the System. (See Sections 214, 316, and 412). Each of the previously cited sections also cites Section 104 (General Powers of the Board) which authorizes the Board to adopt rules and regulations for the proper administration of the System. The Board has adopted regulations to this end. (See 16 Pa. Code, 81.10 -Withdrawal Provisions.)

Background: The Pennsylvania Municipal Retirement Board is required to take action on the application of a plan that seeks permission to withdraw from the System. While the Act and the adopted regulations set forth the specific requirements that must be met, the Board wishes to specify how the application will be processed and the steps that will be followed once a plan's application to withdraw has been approved.

Policy: Requirements for Withdrawal - A municipality that files an application with the Board for permission to withdraw from the System must meet all of the following requirements:

1. the plan has been enrolled in the System for a period of at least five years;
2. the municipality has met all of the plan's financial obligations to the System;
3. the legislative body of the municipality has passed an ordinance or, if the legislative body does not possess the authority to adopt ordinances, a resolution, signifying its intention to withdraw from the System;
4. the municipality has certified to the Board that an affirmative vote approving withdrawal from the System had been obtained from at least seventy-five per cent of all of the municipal employees (the term "municipal employee" for the purpose of considering a plan's withdrawal has been defined by regulation to include a plan's active members, inactive members, vested members and retired members);
5. the municipality has acknowledged its responsibility to assume and provide for all future benefit payments to the existing active, inactive, vested and retired members and their beneficiaries effective upon the withdrawal; and,

Pennsylvania Municipal Retirement Board Policy Statement 10 – 2 (Con't) Adopted March 17, 2010	Plan Withdrawal Procedure
--	---------------------------

6. the application has specified a date for the plan withdrawal to become effective, provided if there are retired members in active pay status the effective date must be the first day of a month no earlier than the month after which the Board is scheduled to take action on the withdrawal application.

Board Consideration of Application - The Board shall take action within ninety (90) days of receipt of an application for permission to withdraw from the System. Should no regular Board meeting be scheduled to occur within ninety (90) days of receipt of an application, the Secretary shall arrange with the Board Chair to schedule a special meeting to take action on the application.

Concurrently with the scheduling of the application for action by the Board, the Secretary shall provide the Office of Chief Counsel with a copy of the application and any associated documents. The Office of Chief Counsel shall advise the Board as to whether or not the application meets the requirements of the law and Board adopted regulations. The Secretary shall also cause a review of the plan's accounts to be undertaken and a determination to be made as to whether the plan's financial obligations to the System have been met. The Secretary shall report the results of this review to the Board.

If the Board approves the municipality's application to withdraw its plan, the municipality shall be entitled to receive a refund of the assets of the plan calculated in accordance with the procedure set forth below. The Board may require the withdrawing municipality to enter into a written agreement with the Board terminating its contractual relationship with the Board and fixing the respective rights of the parties. Additionally, the withdrawing municipality may be required to obtain individual waivers or releases from affected members. If the board disapproves the application of the municipality to withdraw, the Secretary shall notify the municipality of the Board's decision and advise the municipality of the Board's reason or reasons for disapproval.

Calculation of Plan Assets to be Refunded – When the Board approves a municipality's application to withdraw a plan from the System, the Secretary shall cause to be determined as of the effective date of withdrawal, the total of all amounts then standing to the credit of the plan in the members' accounts, the members' excess investment accounts, the municipal account and the retired members' reserve accounts. When determining the amount then standing to the credit of the plan in the retired members' accounts, the Secretary shall utilize Policy Statement 10-3. This total shall be considered the plan's credited assets.

The Secretary shall also determine whether or not the actuarial value of the System's assets exceed the System's market value of its investments in the most current actuarial valuation accepted by the Board. If the actuarial value of assets exceeded the market value of investments, the ratio of market value to actuarial value shall be multiplied times the plan's credited assets. The resulting product shall be considered the plan's net refund. If the actuarial value of assets is less than the market value of investments, the plan's credited assets shall be the plan's net refund.

In the event that the withdrawal of the plan is due to the dissolution of the employing municipal entity and all of the assets and liabilities of the withdrawing plan are to be transferred and distributed to a PMRS member plan or plans; then, regardless of the ratio of the System's market value to actuarial value, the withdrawing plan's credited assets shall be the plan's net refund.

Specifics of the Plan's Net Refund – Once the determination of a withdrawing plan's net refund is made, the Secretary shall cause said amount to be made payable to the plan's withdrawing municipality. The net refund may be made in a single payment or in multiple payments depending on the municipality's certification of all plan payments into the System. If the withdrawing plan has retirees in an active payment status, the Secretary shall make every attempt to refund, at a minimum, that portion of the plan's net refund attributable to the retired members' accounts prior to the date the municipality must begin to make monthly benefit payments.

All payouts are to be considered a trustee-to-trustee payment. A complete accounting of the plan's net refund, as well as the System's financial statements for the plan for the year in which the plan withdraws shall be provided to the withdrawing municipality.

Effective Date: This policy is to be implemented effective immediately.

Adoption Date: Adopted at the March 17, 2010 meeting of the Pennsylvania Municipal Retirement Board.

James B. Allen, Secretary

Pennsylvania Municipal Retirement Board Policy Statement Rule Number 97-2	Portability: Individual Member
---	-----------------------------------

Purpose: The law provides that the Board transfers service credits when an employee leaves one Pennsylvania Municipal Retirement System (PMRS) member municipality and joins another. This benefit is called portability. The Board, in order to give policy guidance to staff, adopts the following statements on portability.

Authority: Act 15 of 1974, "Pennsylvania Municipal Retirement Law"; Section 405.

Policy: **STATEMENT 1:** Portability is optional.

An employee who leaves the employ of one PMRS member municipality (Municipality A) and joins the employ of another PMRS member municipality (Municipality B) shall have one year from the date of separation from Municipality A's plan to exercise the portability benefit authorized in the law. Employment (but not necessarily enrollment in Municipality B's plan) must occur within one year of separation from eligibility in Municipality A's plan. Municipality B's plan enrollment effective date as a member municipality in PMRS must be on or before the date the employee is hired. An employee shall have the rights to exercise his rights to portability but said rights have to be affirmatively selected by the eligible employee by completing the appropriate PMRS form relating to the instituting of portability within one year of separation from Municipality A.

STATEMENT 2: The member's benefit will be determined under the contract provisions in effect in Municipality B.

In determining the benefit to be received by the employee who exercises portability, the contract and plan benefit structure of Municipality B shall be the controlling document in determining the benefit under which the member will be allowed to retire or receive a benefit. However, in no event will the member receive an accrued benefit from Municipality B which has a present value less than that earned in Municipality A as of the time of separation from Municipality A.

STATEMENT 3: Service credits re combined.

For an employee electing to institute portability, the years of credited service shall be based on all years of credited service earned by the employee (credited service in both Municipality A and Municipality B).

Pennsylvania Municipal Retirement Board Policy Statement Rule Number 97-2 (Continued)	Portability: Individual Member
---	-----------------------------------

STATEMENT 4: The transfer amount is the present value of the accrued benefit in Municipality A's plan as of date of separation from Municipality A.

When an individual elects to implement the portability benefit, his accumulated contributions (member contributions and regular interest thereon) and any credited excess interest shall be transferred and credited to his new account in Municipality B. The difference between the accumulated contributions and the present value of the accrued benefit of the member at the time of separation from Municipality A shall be determined (or if the plan is a defined contribution plan – the employer contributions made to the member's account and credited interest thereon). This determined amount shall be transferred from Municipality A's municipal account (or if Municipality A's plan is a defined contribution plan – from the member's account) to Municipality B's municipal account (or if Municipality B's plan is a defined contribution plan – to the member's account).

It is recognized that the potential exists for the transfer to either overfund the accrued benefit under Municipality B's plan (if the member is leaving from a higher benefit plan to go to a lower benefit plan) or, conversely, the transfer may be insufficient to meet the accrued liability of the member under Municipality B's plan (if Plan B's benefit structure is better than Plan A's benefit structure). The actual consequences will depend upon the benefit structures in effect in the two municipalities. At time of benefit receipt, the employee shall have a present value of benefits at least equal to the amount that has been transferred from Municipality A's plan to Municipality B's plan.

Effective
Date:

This rule is to be implemented effective immediately and is intended as a continuation and restatement of the Board's policy adopted on November 20, 1986.

Adoption
Date:

Adopted at the November 20, 1997 meeting of the Pennsylvania Municipal Retirement Board.

Pennsylvania Municipal Retirement Board Policy Statement Rule Number 98-1	Portability: Plan Spin-offs
---	--------------------------------

Purpose: The law provides that the Board transfers service credits when an employee leaves one Pennsylvania Municipal Retirement System (PMRS) member municipality and joins another. This benefit is called portability. The Board, in rule Number 97-2, set policy to guide staff when an individual utilizes the portability benefit. The Board finds, however, that when a member municipality elects to spin off an employee or group of employees into a new, separate plan to be governed by a new municipality, there is a need to adopt additional guidelines. Rule Number 98-1 is intended to address the portability of individuals involved in a plan spin-off.

Authority: Act 15 of 1974, "Pennsylvania Municipal Retirement Law": Section 405.

Policy: When the employer (Employer A) of a PMRS administered plan seeks to spin off one or more employee members and transfer the employee(s) to an employer (Employer B) created by Employer A and Employer B seeks to have the Pennsylvania Municipal Retirement System administer a newly created pension plan, the System shall provide portability for the affected, transferred employee members. This situation is typically found in the creation of an authority by a municipality or in the creation of a regional government (Council of Government – COG).

The calculation of the asset value associated with an employee's portability benefit in a spin-off situation shall be determined based upon the relationship between the member's existing pension plan and the newly created plan.

STATEMENT 1: When Employer B establishes a plan that is identical or better in benefit design than the plan that existed for the employee(s) under Employer A, the assets equal to the actuarial accrued liability under Employer A's plan for the effected employees will be transferred from Employer A's plan to Employer B's plan. The employee(s) shall be entitled to the benefits in effect in the plan from which they finally separate from employment.

This calculation method shall be used so that the newly established pension plan is not created with an immediate unfunded liability. It is assumed that the spin-off in this circumstance is intended to start the new employer's pension plan with no unfunded liability for service credits earned with the previous employer.

Pennsylvania Municipal Retirement Board Policy Statement Rule Number 98-1 (Continued)	Portability: Plan Spin-offs
---	--------------------------------

Because the effect of the transfer of service credits for the affected employee(s) is such that no lesser benefit will be earned in the new plan, there is no need to guarantee that the employee will be unharmed in such a transfer.

STATEMENT 2: When Employer B establishes a plan with benefits less than those that existed for the employee(s) prior to the spin-off, the calculation of the assets and liabilities associated with the portability benefit shall be done in accordance with the Board's Rule Number 97-2 policy statement.

The Board believes that Employer A should not be forced to fund the new plan at a level higher than Employer B's actual obligation to the employee(s). Because the effect of the transfer of service credits for the affected employee(s) is such that a lesser benefit could be earned in the new plan, there is a need to guarantee that the employee will not receive a reduction in benefits as a result of such a transfer. That guarantee is provided in the Board's policy statement Rule Number 97-2.

Effective
Date:

This rule is to be implemented effective immediately.

Adoption
Date:

Adopted at the January 22, 1998 meeting of the Pennsylvania Municipal Retirement Board.

Pennsylvania Municipal Retirement Board Policy Statement 10-3 Adopted March 17, 2010	Calculation of Withdrawing Plan's Portion of Retired Member's Reserve
--	---

Purpose: To adopt a procedure to calculate the amount of money "... standing to the credit of the municipality ... in the retired member's reserve accounts of the system (.)" when a municipality is withdrawing a plan from the System's administration.

Authority: Act 15 of 1974, "The Pennsylvania Municipal Retirement Law" Section 104 General Powers of the Board, Paragraph (10).

Specific Cites: Act 15 of 1974, "The Pennsylvania Municipal Retirement Law"; Section 214 Withdrawal Provisions and Section 412 Withdrawal Provisions.

Policy: The calculation of the amount remaining to the credit of a withdrawing plan in the retired member's reserve account shall be made as of the effective date of the withdrawal utilizing the actuarial assumptions and tables in use by the System on the effective date of withdrawal.

The withdrawal payout shall be the "reverse" transfer value (actuarial present value) of each plan member in payment status as of the effective date of withdrawal provided the System's retired member's reserve account has as of the System's most recently completed actuarial valuation, assets in excess of the actuarial present value of future expected payments to retired pensioners and beneficiaries of all the plans of the System (Retiree Actuarial Value). This provision shall apply only to those benefits which had been fully funded through transfers from the members, municipal, and/or disability reserves as well as any allocation of excess interest. (The reverse transfer values for pay-as-you-go ad-hoc COLA benefits are not to be calculated.)

If the assets in the System's retired member's reserve are less than the System's Retiree Actuarial Value as of the most recently completed actuarial valuation, then the ratio of the assets to the Retiree Actuarial Value shall be applied to the calculated reverse transfer value and the product shall be deemed the amount then standing to the credit of the withdrawing municipality in the retired member's reserve account, and it will be the amount paid out to the withdrawing municipality.

In the event that the withdrawal of the plan is due to the dissolution of the employing municipal entity and all of the assets and liabilities of the withdrawing plan are to be transferred to a PMRS member plan or plans; then, regardless of the ratio of the assets in the System's retiree reserve to the System's Retiree Actuarial Value, the amount credited to the withdrawing plan in the retired members' reserve account shall be equal to the actuarial present value of each plan member in payment status as of the effective date of withdrawal.

The actuarial experience of the retired members and their beneficiaries that has developed prior to the effective date of the plan's withdrawal shall not be considered in the calculation of the Retired Member's Reserve Account payout. Only those retired members or their beneficiaries who have a benefit in pay status on the effective date of withdrawal shall be considered as a part of the municipal plan's retired member's reserve account balance.

Effective Date: This rule is to be implemented effective immediately and applicable only on a prospective basis.

Adoption Date: Adopted at the March 17, 2010 meeting of the Pennsylvania Municipal Retirement Board.

James B. Allen, Secretary