

TO: Lester K. Fryer, Chairman, Local Government Committee

FROM: John H. Broujos, Counsel

SUBJECT: House Bill 667, Printer's No. 725 - General Police Pension Funds--Interest Upon Death

REF: 53 PS 767, 775

MUNICIPALITY AND LAWS AFFECTED: Boroughs, Towns, and Townships - General Municipal Law

SIMILAR LEGISLATION: Other Municipal Employee Pension Programs provide interest upon withdrawal under certain conditions.

PROVISIONS:

Purpose: To provide for interest to be paid in the event discontinuance of employment of member of police force is a result of death.

Section 1 (Section 2): Amends present law to provide that in the event discontinuance of employment of a member of the police force is a result of death, monies withdrawn to be paid to designated beneficiary shall include interest earned by such monies while in the police pension fund.

5 - 25 - 71

UPDATE: 6 - 2 - 71

This bill was reported out June 2, 1971, as amended to provide that interest be paid to any member withdrawing his funds for any reason from the police pension fund. Presently, any member who for any reason whatsoever is ineligible to receive a pension shall be entitled to a refund of moneys paid by him into the fund. The bill without amendment provides that if discontinuance is due to death such moneys shall be paid plus all interest earned while in the fund. The bill as amended provides that any member who for any reason whatsoever is entitled to a refund of his money shall be paid all interest earned.

The amendment further provides that such interest shall be as determined by regulations of the governing body. The 1956 Act proposed to be amended is rudimentary compared to the more elaborate Municipal Police Retirement Law, 53 PS 790.1, Municipal Employees Retirement Law, 53 PS 672, and other retirement laws. These other laws are very detailed and precise, defining the accumulated deductions to include regular interest and providing for the credit toward each account of annual regular interest. The phrase "as determined by regulations of the governing body" is intended to modify interest to need or encourage the governing bodies to provide a specific procedure for computing and crediting interest to each separate account. Some problems may arise in administration of the 1956 Act with regard to interest, since it is general in its provisions and not as detailed as the subsequent Municipal Police Retirement Law of 1968.

Analogous laws providing for payment of interest for any reason are as discussed above in the Police Retirement, Municipal Employees Retirement, and Counties of the Third Class, Fourth Class, and other classes.

*Tabled*