

Purpose: To establish provisions under which the Pennsylvania Municipal Retirement System (“PMRS”) will compensate members, or former members, for lost interest income resulting from delayed lump sum payment processing by PMRS staff.

Authority: 53 P.S. § 881.102 and 881.108

Background: The Calculation Date is the effective date of an employment event, such as retirement or termination. It is as of the Calculation Date that a member’s pension benefit is calculated.

When a lump sum distribution is a part of the calculation, members are not credited interest to the lump sum after the calculation date, and it is expected that distribution of the lump sum will occur within ninety (90) days after PMRS receives the application for distribution in good order (“date of receipt”).

Due to circumstances beyond the member’s control, however, the processing time to complete payment of a lump sum distribution may exceed ninety (90) days from the date of receipt.

PMRS recognizes that in the unlikely event lump sum payment processing exceeds ninety (90) days from the date of receipt, the member may experience undue financial hardship as a result of lost interest opportunities.

Policy: When the payment of a member’s lump sum distribution exceeds ninety (90) days from the date of receipt due to delayed PMRS processing, PMRS shall credit the distribution with interest at the current, regular rate for the period from the Calculation Date through the date the payment calculation was processed.

In cases where the date of receipt is more than ninety (90) days after the calculation date, and lump sum payment processing took more than ninety (90) days from the date of receipt, interest will be paid from the date of receipt through the date of payment processing.

Effective Date: November 19, 2020

Adoption Date: November 19, 2020

Douglas E Baker, Acting Secretary

DEB:act sec
11/19/2020