

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

Pennsylvania Municipal Retirement Board Policy Statement 10 – 3 (Con't.) Adopted March 17, 2010	Calculation of Withdrawing Plan's Portion of Retired Member's Reserve
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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.

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James B. Allen, Secretary