

IMPORTANT: This form is to be used to grant approval to the Pennsylvania Municipal Retirement System (PMRS) to transfer all assets and liabilities associated with an employee's previous employer's PMRS administered pension plan to the employee's new PMRS administered pension plan. The authorization to allow the PMRS enrolled member to exercise this option is found in Act 15 of 1974 (as amended) and the designated sections of the pension plan agreements covering the affected plans and employee. This form must be completed by the PMRS member seeking to institute portability and an appropriate official from the new or gaining plan's municipality. Before completing this form the PMRS' Policy Statement on portability, designated as Rule Number 97-2, should be read. A copy of the rule is attached.

Please contact the Membership Services Division of the Pennsylvania Municipal Retirement System at 1-800-622-7968 (if calling from a location within Pennsylvania) or 717-787-2065 for determination of eligibility for benefits or if there are any questions concerning the completion of this form. All information must be typed or printed in ink.

PART A: To be completed by the plan member. Completion of Part B is also required for PMRS to process this request.

<p>1. Member's Name</p> <p>_____</p> <p>First M.I. Last</p>	<p>2. Name of Previous Pension Plan (Municipality)</p> <p>_____</p>
<p>3. Social Security Number</p> <p>____ - ____ - _____</p>	<p>4. Municipal Code of Previous Pension Plan</p> <p>____ - ____ - ____ - ____</p>
<p>5. Effective Date of Separation from Previous Plan</p> <p>____/____/____</p> <p>MM D D Y Y Y Y</p>	<p>6. Name of New Pension Plan (Municipality)</p> <p>_____</p>
<p>7. Effective Date of Hire by New Municipality</p> <p>____/____/____</p> <p>MM D D Y Y Y Y</p>	<p>8. Municipal Code New Pension Plan</p> <p>____ - ____ - ____ - ____</p>

Approval is hereby given for the Pennsylvania Municipal Retirement System to institute portability on my behalf. I understand that any assets and or liabilities associated with my membership in the Pennsylvania Municipal Retirement System through my previous employer's PMRS administered pension plan will now be transferred to my new employer's PMRS administered pension plan.

Employee Signature

Date

PART B: To be completed by the administrative officer of the new plan to which the member seeks to have his pension benefits transferred.

It is acknowledged that the above named individual is an employee of our municipality and is eligible for membership in the designated Pennsylvania Municipal Retirement System administered pension plan.

Signature of Plan's Administrative Officer

Date

Pennsylvania Municipal Retirement Board Policy Statement Number 23-4	Pension Portability
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Purpose: This policy replaces PMRB Policy Statements 97-2 and 98-1, and it expands on section 11.04 of the Base Plan Document. The Pennsylvania Municipal Retirement Law provides that a member with a pension plan administered by the Pennsylvania Municipal Retirement System (PMRS Member) may transfer accrued pension benefits when changing employment to another employer which also has a PMRS-administered plan. This benefit is called portability.

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

Policy: **STATEMENT 1:** Portability is the transfer of pension benefits from one employer to another within a specified period of time.

A member 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 elect portability benefit authorized in the law. Employment in an eligible position (but not necessarily enrollment in Municipality B's plan) must occur within one year of separation from eligibility in Municipality A's plan. The member must serve any eligibility period required by Plan B. Portability is also available to Members who were not vested in Municipality A's plan and thus received a refund of their Contributions. Municipality B's plan enrollment effective date as a member municipality in PMRS must be on or before the date the member is hired. The member exercising Portability must complete any applicable form(s) within one year of separation from Municipality A. If however, the member's Employment date with Municipality B is within ninety (90) days prior to the expiration of such one (1) year period, the member will have ninety (90) days from the Employment date with Municipality B to provide the affirmative election to transfer service.

STATEMENT 2: Portability is an optional provision of plans administered by PMRS.

Municipalities with pension plans administered by PMRS have the option, but not the obligation, to select portability as part of their plan provisions. For a member to exercise portability, both Municipality A and Municipality B must allow for Portability in their respective plan documents. However, if Municipality A offered portability when a

member was hired, Municipality A must allow that member to exercise portability even if Municipality A later disallows it.

STATEMENT 3: The member's benefit will be determined under the plan provisions in effect in Municipality B including Final Average Salary earned.

In determining the benefit to be received by the member who exercises portability, the plan benefit structure of Municipality B shall be controlling in determining the benefit under which the member will be allowed to retire or receive a benefit. Only salary earned in Municipality B shall be included in the benefit calculation. However, if the present value of the accrued benefit from Municipality B from the transferred service, to be determined at the time of transfer, has a present value less than the present value of the accrued benefit in Municipality A as of the time of separation from Municipality A, any excess shall be allocated to the cash balance optional member contribution account in Municipality B. If Municipality B does not provide for a cash balance optional member contribution account, the excess present value from Municipality A shall be refunded to the Member. The member may elect to receive such refund in cash made payable directly to the member, less 20% Federal Withholding Tax on any taxable portion of the payment, or as a rollover to an IRA or other qualified retirement plan.

STATEMENT 4: Service credits are combined.

For a member electing portability, the years of Vesting Service and Credited Service shall be based on all years of Vesting Service and Credited Service earned by the member (service in both Municipality A and Municipality B).

STATEMENT 5: The transfer amount is the present value of the accrued benefit in Municipality A's plan as of the date of separation from Municipality A.

In a defined benefit plan, transfer amount is the Member Contribution Account (and Regular Interest and Excess Interest thereon) and an amount from the municipal account to make up the difference between the Member Contribution Account and the present value of the accrued benefit.

In a cash balance plan, the transfer amount is the Member Contribution Account (and Regular Interest and Excess Interest thereon) and any Contributions made by Municipality A on behalf of the Member.

STATEMENT 6: Plan spin-offs create an additional consideration for portability.

A spin-off occurs when a PMRS Employer (Employer A) relinquishes authority of a subsidiary entity in order to create a new, stand-alone PMRS Employer (Employer B). This most often happens in the creation of an Authority.

When such a separation occurs, PMRS considers this to be a partial termination of the Employer A pension plan. As such, the affected members will be considered fully vested in the Employer A pension at the time of the partial plan termination. The affected members will then have three options for the disbursement of the accrued benefit.

LUMP SUM DISBURSEMENT TO THE MEMBER. The member may elect to forgo any future pension benefits by requesting a lump sum distribution in cash of the present value of the accrued benefit from Municipality A. In this case, the distribution will be made payable directly to the member, less 20% Federal Withholding Tax on any taxable portion of the payment.

ROLLOVER TO AN IRA OR OTHER QUALIFIED RETIREMENT PLAN. The member may elect to forgo any future pension benefits by requesting to transfer the present value of the accrued benefit from Municipality A to a Traditional IRA, Roth IRA, or other qualified retirement plan, depending on the taxability of the funds. In this case, the distribution will be made payable directly to the receiving financial institution. There is no Federal Withholding Tax for a rollover.

PORTABILITY TO THE NEW PMRS-ADMINISTERED PLAN. This option will be possible under the provisions of portability previously mentioned in this policy statement.

Effective
Date:

This rule is to be implemented effective immediately.

Adoption
Date:

Adopted at the September 21, 2023 meeting of the Pennsylvania Municipal Retirement Board.