

Purpose: To formalize the procedure used by the Pennsylvania Municipal Retirement Board (the “Board”) to provide redress to any Member who is improperly excluded from membership in or contributing to a cash balance plan within the Pennsylvania Municipal Retirement System (the “System”). This policy replaces Policy Statement 21-2, “Correcting Missed Contributions in Cash Balance Plans”.

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

The Board recognizes that there may be instances in which a Member is improperly excluded from membership in or contributing to municipality’s cash balance plan despite being eligible to participate in or contribute to such plan. By adopting this policy, the Board is creating a standardized procedure for municipalities to provide permissible redress to such Members.

Policy Upon determining that a Member was improperly excluded from participation in or contributing to such cash balance plan, the municipality in which the Member is actively employed shall make the following contributions on the Participant’s behalf:

1. The full amount of any required employee contributions, plus applicable interest, that would have been made had the Member’s deferral election been correctly applied upon first attaining eligibility,
2. The full amount of the required employer contributions, plus applicable interest, that would have been made on behalf of the Member had the Member’s deferral election been correctly applied upon first attaining eligibility, and
3. An amount equal to 50% of the maximum optional contribution as defined in the Municipality’s/Employer’s Adoption Agreement, plus applicable interest, the Member would have been permitted to make had the Member’s deferral election been correctly applied upon first attaining eligibility.

Whereas the intent of this policy is to ensure the Member’s benefit is made whole at retirement, the aforementioned contributions shall be made to a Municipal contribution account for the benefit of the Member and refunded back to the employer if membership is terminated before retirement without transfer to another PMRS plan.

Such contributions must be made as soon as administratively practicable.

Effective Date: This policy is to be effective immediately.
December 18, 2025

Adoption Date: Adopted at the December 18, 2025 meeting of the Pennsylvania Municipal Retirement Board.

Timothy R. Reese, Secretary

