

## MEIT...Your Solution to the Act 30 Killed-in-Service Death Benefit Potential Pension Plan Liability Issue



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### Killed-in-Service Provision of Act 30 of 2002

*Earlier this year, the state enacted Act 30 and created a potentially devastating funding situation for your Act 600 Police Pension plans. If one of your police officers is Killed-in-Service, the benefit is 100 percent of salary payable to the family of the deceased officer for the remainder of his/her life. The increased pension plan liability could be in the hundreds of thousands of dollars. The MEIT has created an insurance policy, whose premium is payable from the pension plan assets, which will insure the plan from such a catastrophic risk.*

*I suggest that you take a moment and read more about this solution. It could save you a lot in the future.*

With last April's amendment of [Act 600 of 1956](#), commonly known as the [Municipal Police Pension Law](#), the effects on your police pension plan, and ultimately your municipal general fund, could be devastating. The amended Act mandated a death benefit of 100 percent of the deceased individual's salary payable should a police officer be Killed-in-Service. The probability of a police officer being Killed-in-Service is, thankfully, low. However, if it does happen in your municipality, potential liabilities to your pension plan could reach one million dollars. What can you do to protect the pension plan?

Here's where the [Municipal Employers Insurance Trust \(MEIT\)](#) can help. The MEIT has created a group insurance policy designed to protect the pension plan by being payable in the event a police officer participating in the pension plan is Killed-in-Service.

The policy is designed to cover a police officer when he/she is on duty. It matches the exposure of the pension plan in providing this benefit to the spouse of the police officer. Because of this design, the Department of the Auditor General has determined that policy premiums may be paid out of pension plan assets. Other types of life insurance, like term, universal life and whole life, cover the police officer 24 hours a day, 7 days a week. Although this coverage may be beneficial, it exceeds the coverage needed to protect the plan from this catastrophic event and therefore, based on the Auditor General's opinion, may not be payable from pension plan assets. The pension plan will be amended to properly offset liabilities by insurance

proceeds. This would be unlike the purchase of insurance from a company that doesn't regularly work with pension plans and, most likely, would probably not properly offset the benefits.

With the MEIT's help, you now have an effective method of protecting your police pension plan, or any pension plan that provides for Killed-in-Service benefits. Since the coverage is limited to the time the police officer is on duty, the premium is very low. Best of all, premiums can be paid out of pension plan assets. Now there is no reason to continue to expose the pension plan, and ultimately the general fund, to this potentially devastating risk. [For more information on this innovative program, or to get started today, contact Tammy Cappo at 412-394-6307 or email her at \[meit@ebds.com\]\(mailto:meit@ebds.com\).](#)

### REMINDER

**2002 Minimum Municipal Obligation (MMO) payments must be deposited to pension plans by Dec. 31, 2002**

### LEGISLATIVE UPDATE

**The DROP legislation, House Bill No. 2655, died in Appropriations at the end of the 2002 legislative session. Look for it, or a similar bill to resurface next session.**

## WEBSITE NEWS

### Announcing Our New Website...

[www.mockenhauptbenefits.com](http://www.mockenhauptbenefits.com)

Here's what you'll find:

- *The latest news and information on local government pensions in PA*
- *Status of pending state legislation*
- *Past issues of PEBR, our newsletter for public employee plan sponsors*
- *Listing of our services*
- *Company directory, including staff direct dial phone numbers and e-mail addresses*
- *Links to other relevant web sites*

Join our e-mail distribution list to receive important notices and updates of legislative action, court decisions, deadline reminders and other current information that may pertain to your pension plans. To join, go to [www.mockenhauptbenefits.com](http://www.mockenhauptbenefits.com) and click on **Contact Us**, or call 1 (800) 405-3620 and ask for any Mockenhaupt Benefits Group representative.

New website features that will soon be available to Mockenhaupt Benefits Group clients include:

- *Electronic data submission for actuarial valuation reporting, employee statement preparation and other purposes, featuring our new "error prevention" program*
- *Access to your municipality's pension information and reports*
- *Downloadable administration forms*

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