

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2122 Session of
1986

INTRODUCED BY MOWERY AND A. C. FOSTER, JR., FEBRUARY 11, 1986

REFERRED TO COMMITTEE ON URBAN AFFAIRS, FEBRUARY 11, 1986

AN ACT

1 Amending the act of June 23, 1931 (P.L.932, No.317), entitled
2 "An act relating to cities of the third class; and amending,
3 revising, and consolidating the law relating thereto,"
4 further providing for payments into certain pension funds.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Section 4301 of the act of June 23, 1931
8 (P.L.932, No.317), known as The Third Class City Code, reenacted
9 and amended June 28, 1951 (P.L.662, No.164) and amended October
10 4, 1978 (P.L.950, No.188), is amended to read:

11 Section 4301. Police Pension Fund; Direction of.--[Cities]

12 (a) Each city shall establish, by ordinance, a police pension
13 fund[, to].

14 (b) The police pension fund shall be maintained by an equal
15 and proportionate monthly charge against each member of the
16 police force, which, except to the extent that subsection (c) of
17 section 607 of the act of December 18, 1984 (P.L.1005, No.205),
18 known as the "Municipal Pension Plan Funding Standard and
19 Recovery Act," applies, shall not exceed annually four per

1 centum of the pay of such member and an additional amount not to
2 exceed one per centum of the pay of such member to be paid by
3 such member or the municipal corporation to provide sufficient
4 funds for payments required by subsection (d) of section 4303 to
5 surviving spouses or if no spouse survives or if such person
6 survives and subsequently dies or remarries, then to the child
7 or children under the age of eighteen years, of members of the
8 police force or of members retired on pension or who die in
9 service[; which].

10 (c) The police pension fund shall at all times be under the
11 direction and control of council but may be committed to the
12 custody and management of such officers of the city or citizens
13 thereof, or corporations located therein, as may be designated
14 by council, and applied, under such regulations as council may,
15 by ordinance, prescribe, for the benefit of such members of the
16 police force as shall receive honorable discharge therefrom by
17 reason of age or disability, surviving spouses or if no spouse
18 survives or if such person survives and subsequently dies or
19 remarries, then to the child or children under the age of
20 eighteen years, of members of the police force or of members
21 retired on pension[; but such].

22 (d) All allowances as shall be made to those who are retired
23 by reason of the disabilities of age shall be in conformity with
24 a uniform scale, together with service increments as hereinafter
25 provided.

26 (e) Any compensation paid to a corporate custodian of the
27 police pension fund shall be paid from the general fund of the
28 city.

29 Section 2. Section 4303(b)(2) of the act, added January 18,
30 1952 (1951 P.L.2105, No.596), is amended to read:

1 Section 4303. Allowances and Service Increments.--* * *

2 (b) In addition to the retirement allowance which is
3 authorized to be paid from the police pension fund by this act,
4 and notwithstanding the limitations therein placed upon such
5 retirement allowances and upon contributions, every contributor
6 who shall become entitled to the retirement allowance shall also
7 be entitled to the payment of a "service increment" in
8 accordance with and subject to the conditions hereinafter set
9 forth.

10 * * *

11 (2) [Each] Except to the extent that subsection (c) of
12 section 607 of the act of December 18, 1984 (P.L.1005, No.205),
13 known as the "Municipal Pension Plan Funding Standard and
14 Recovery Act," applies, each contributor, from and after the
15 effective date of this amendment, shall pay into the retirement
16 fund a monthly sum in addition to his or her retirement
17 contribution, which shall be equal to one-half of one per centum
18 of his or her salary: Provided, That such payment shall not
19 exceed the sum of one dollar (\$1.00) per month: And provided,
20 That such service increment contribution shall not be paid after
21 a contributor has reached the age of sixty-five years.

22 * * *

23 Section 3. Sections 4305, 4320, 4322(b), 4324 and 4344 of
24 the act, amended October 4, 1978 (P.L.950, No.188), are amended
25 to read:

26 Section 4305. Payments to Pension Funds by City.--There
27 shall be paid by the city annually to the organization or
28 association, constituting and having in charge the distribution
29 of police pension funds in every city, a sum of money sufficient
30 to meet the [requirements of and to maintain such police pension

1 fund which sum in no year shall be less than one-half of one per
2 centum nor more than three per centum of all city taxes levied
3 by the city, other than taxes levied to pay interest on or
4 extinguish the debt of the city or any part thereof. Council may
5 exceed the limitations imposed by this section if an additional
6 amount is deemed necessary to provide sufficient funds for
7 payments to surviving spouses of members retired on pension or
8 killed or who die in the service: Provided, however, That the
9 city may annually pay into said fund not less than one-half of
10 one per centum of all city taxes levied by the city, other than
11 taxes levied to pay interest on or extinguish the debt of the
12 city or any part thereof.] minimum obligation of the
13 municipality with respect to the pension plan pursuant to the
14 act of December 18, 1984 (P.L.1005, No.205), known as the
15 "Municipal Pension Plan Funding Standard and Recovery Act."

16 Section 4320. Firemen's Pension Fund; Management; Annuity
17 Contracts.--(a) Except as hereinafter provided, cities shall
18 provide annuity contracts or establish, by ordinance, a
19 firemen's pension fund[, to].

20 (b) The firemen's pension fund shall be maintained in part
21 by an equal and proportionate monthly charge against each member
22 of the fire department, which, except to the extent that
23 subsection (c) of section 607 of the act of December 18, 1984
24 (P.L.1005, No.205), known as the "Municipal Pension Plan Funding
25 Standard and Recovery Act," applies, shall not exceed annually
26 four per centum of the pay of such member, and an additional
27 amount not to exceed one per centum if deemed necessary by the
28 council to provide sufficient funds for payments to surviving
29 spouses of members retired on pension or killed or who die in
30 the service.

1 (c) In any case where there is an existing organization or
2 association for the benefit of fully paid firemen, constituting
3 and having in charge the distribution of firemen's pension
4 funds, no annuity contract shall be provided, nor shall any
5 firemen's pension funds be established under the provisions of
6 this section unless and until the members of such organization
7 or association, by a two-thirds vote, elect to transfer said
8 existing fund into the pension fund required to be established
9 by this section.

10 [All pension funds] (d) Any firemen's pension fund
11 established under the provisions of this section shall be under
12 the direction and control of a board of managers consisting of
13 the mayor, the director of accounts and finance, the director of
14 the department having charge of the fire department, or in
15 cities where the mayor is also the director of the department
16 having charge, of the fire department, then the director of
17 public safety, the city controller and the chief of the bureau
18 of fire, ex officio, and two members of the fire department to
19 be chosen by the members of the fire department. Of the first
20 managers so chosen by the members of the fire department one
21 shall be chosen for a term of two years and one for a term of
22 four years. Biennially thereafter one manager shall be chosen
23 for a term of four years to take the place of the one whose term
24 expires. In case of vacancy among the managers chosen by the
25 fire department, a successor shall be chosen for the unexpired
26 term. The fund shall be applied, under such regulations as the
27 board of managers shall prescribe, for the benefit of such
28 members of the fire department as shall receive honorable
29 discharge therefrom by reason of service or age or disability,
30 surviving spouses of retired members and the families of such as

1 may be killed or who die in the service.

2 (e) All such pensions as shall be allowed to those who are
3 retired by reason of the disabilities or of service or age shall
4 be in conformity with a uniform scale, together with service
5 increments as hereinafter provided. Benefits allowed from such
6 fund to families of such as are killed or who die in service
7 shall take into consideration the member's surviving spouse and
8 his minor children under eighteen years of age, if any survive.

9 Section 4322. Pensions and Service Increments.--* * *

10 (b) In addition to the pension which is authorized to be
11 paid from the firemen's pension fund by this act and
12 notwithstanding the limitations therein placed upon such
13 pensions and upon contributions, every contributor who shall
14 become entitled to the pension shall also be entitled to the
15 payment of a "service increment" in accordance with and subject
16 to the conditions hereinafter set forth.

17 (1) Service increment shall be the sum obtained by computing
18 the number of whole years after having served the minimum
19 required by this act during which a contributor has been
20 employed by such city and paid out of the city treasury,
21 including credit for military service as provided in section
22 4321, and multiplying the said number of years so computed by an
23 amount equal to one-fortieth of the retirement allowance which
24 has become payable to such contributor in accordance with the
25 provisions of this act. In computing the service increment, no
26 employment after the contributor has reached the age of sixty-
27 five years shall be included, and no service increment shall be
28 paid in excess of one hundred dollars (\$100) per month.

29 (2) [Each] Except to the extent that subsection (c) of
30 section 607 of the act of December 18, 1984 (P.L.1005, No.205),

1 known as the "Municipal Pension Plan Funding Standard and
2 Recovery Act," applies, each contributor, from and after the
3 effective date of this amendment, shall pay into the pension
4 fund a monthly sum in addition to his pension contribution,
5 which shall not exceed the sum of one dollar (\$1) per month: And
6 provided, That such service increment contribution shall not be
7 paid after a contributor has reached the age of sixty-five
8 years.

9 (3) Any person who is a member of the department on the
10 effective date of this amendment who has already reached the age
11 of sixty-five years shall have his service increment computed on
12 the years of employment prior to the date of reaching his sixty-
13 fifth birthday.

14 (4) Service increment contributions shall be paid at the
15 same time and in the same manner as pensions, and may be
16 withdrawn in full, without interest, by persons who leave the
17 employment of such city, subject to the same conditions by which
18 retirement contributions may be withdrawn, or by persons who
19 retire before becoming entitled to any service increment.

20 (5) All members of the fire department who are now
21 contributors to the pension fund and all those employed by the
22 city after the effective date of this amendment, if required to
23 become contributors to the pension fund, shall be subject to the
24 provisions of this act.

25 Section 4324. Payments to Firemen's Pension Funds by City.--
26 There shall be paid to the firemen's pension funds by every city
27 annually [the sum of money not less than one-half of one per
28 centum nor more than three per centum of all city taxes levied
29 by the city, other than taxes levied to pay interest on or
30 extinguish the debt of the city or any part thereof. Council may

1 exceed the limitations imposed by this section if an additional
2 amount is deemed necessary to provide sufficient funds for
3 payments to surviving spouses of members retired on pension or
4 killed or who die in the service: Provided, however, That the
5 city shall annually pay into said fund not less than one-half of
6 one per centum of all city taxes levied by the city, other than
7 taxes levied to pay interest on or extinguish the debt of the
8 city or any part thereof.] an amount sufficient to meet the
9 minimum obligation of the municipality with respect to the
10 pension plan pursuant to the act of December 18, 1984 (P.L.1005,
11 No.205), known as the "Municipal Pension Plan Funding Standard
12 and Recovery Act."

13 Section 4344. Amount of Payments into Fund; Repayment before
14 Retirement.--The employes of any city, creating such pension
15 fund and pension board, except to the extent that subsection (c)
16 of section 607 of the act of December 18, 1984 (P.L.1005,
17 No.205), known as the "Municipal Pension Plan Funding Standard
18 and Recovery Act," applies, shall pay into the board of pensions
19 monthly an amount equal to two per centum of their monthly
20 salaries or wages, and if council elects, by ordinance, to make
21 such payments, an additional amount not to exceed one per centum
22 if deemed necessary by council to provide sufficient funds for
23 payments to the surviving spouses of members who were retired on
24 pension or killed in the service, which shall be applied to the
25 purposes of the fund. Payment of the monthly amount or
26 contribution herein mentioned shall cease and be discontinued at
27 the time the beneficiary receives the pension herein provided.
28 If for any cause any employe contributing to the pension fund
29 shall cease to be an employe of the city before the said employe
30 becomes entitled to a pension, the total amount of the

1 contributions paid into the pension fund by such employee shall
2 be refunded to him or her in full, without interest. If any such
3 employee shall have returned to him or her the amount contributed
4 as aforesaid, and shall afterward reenter the employ of the
5 city, said employee shall not be entitled to the pension
6 designated until twenty years after said reemployment, unless he
7 or she shall return to the pension fund the amount withdrawn, in
8 which event that period of twenty years shall be computed from
9 the time said employee first enters the service of the city. In
10 the event of the death of any such employee, before the said
11 employee becomes entitled to the pension aforesaid, the said
12 total amount of contributions paid into the pension fund by said
13 employee shall be paid over to the estate of said deceased
14 employee.

15 Section 4. Section 4344.1 of the act, amended July 21, 1959
16 (P.L.553, No.169), is amended to read:

17 Section 4344.1. Determination of Liability Upon Extension of
18 Social Security.--Where a city has entered into an agreement
19 with the Commonwealth to place its employees under the Federal
20 Social Security Act, the pension board shall appoint an actuary,
21 and may fix his compensation. The actuary shall [determine the
22 present value of the liability on account of pensions payable
23 under the provisions of section 4343 of this act to employees who
24 are members of the system on the effective date of the
25 agreement, and shall offset the value of any assets in the
26 pension fund to determine the unfunded liability. The city may
27 make such payments as it desires toward the unfunded liability
28 until the accumulated reserve equals the present value of the
29 liability. The actuary shall also determine the amount which
30 shall be contributed, annually, into the fund on account of

1 service of all new and original members subsequent to the
2 effective date of the agreement.] assist the chief
3 administrative officer of the city in the preparation of the
4 periodic actuarial valuation reports pursuant to Chapter 2 of
5 the act of December 18, 1984 (P.L.1005, No.205), known as the
6 "Municipal Pension Plan Funding Standard and Recovery Act."

7 [Employees] Except to the extent that subsection (c) of
8 section 607 of the "Municipal Pension Plan Funding Standard and
9 Recovery Act," applies, employes shall pay into the board of
10 pensions, monthly, an amount equal to three and one-half per
11 centum of that portion of monthly compensation on which social
12 security allowances are payable and five per centum of any
13 monthly compensation in excess of that on which social security
14 allowances are payable. The remainder of the needed annual
15 contribution for service subsequent to the date of the
16 agreement, as determined by the actuary, shall become the
17 obligation of the city, and shall be paid by it to the board of
18 pensions by annual appropriations. The provisions of this
19 section shall, in all applicable cases, supersede the provisions
20 relating to contributions in section 4344 and section 4348 of
21 this act.

22 Section 5. Section 4348 of the act, amended August 17, 1951
23 (P.L.1251, No.292), is amended to read:

24 Section 4348. Appropriations and Contributions to Fund.--The
25 council [may] shall annually set aside, apportion, and
26 appropriate, out of all taxes and income of such city, unto the
27 board of pensions, a sum sufficient to [maintain the pensions or
28 compensations due hereunder on account of the city
29 contributions] meet the minimum obligation of the municipality
30 with respect to the pension plan pursuant to the act of December

1 18, 1984 (P.L.1005, No.205), known as the "Municipal Pension
2 Plan Funding Standard and Recovery Act," for all employes except
3 volunteer firemen. On account of volunteer firemen who become
4 members of the pension fund, the board of trustees of the
5 volunteer fire company employing and paying them shall annually
6 contribute to the board of pensions a sum equal to the same
7 percentage of its participating payroll as the amount
8 contributed by the city for the same year bears to its
9 participating payroll.

10 Section 6. This act shall take effect immediately.