

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 605

Session of  
1987

INTRODUCED BY VAN HORNE, TRELLO, IRVIS, MOWERY, FOSTER, NOYE,  
KUKOVICH, VEON, GODSHALL, HECKLER, PRESTON, BURD, HALUSKA,  
OLASZ, FARGO, SEVENTY, COLAFELLA AND WOZNIAK, MARCH 3, 1987

REFERRED TO COMMITTEE ON FINANCE, MARCH 3, 1987

AN ACT

1 Amending the act of May 28, 1915 (P.L.596, No.259), entitled "An  
2 act requiring cities of the second class to establish a  
3 pension fund for employes of said cities, and regulating the  
4 administration and the payment of such pensions," further  
5 providing for payments by contributors and the city to the  
6 board of pensions.

7 The General Assembly of the Commonwealth of Pennsylvania  
8 hereby enacts as follows:

9 Section 1. Section 4.1 of the act of May 28, 1915 (P.L.596,  
10 No.259), referred to as the Second Class City Employee Pension  
11 Law, amended May 2, 1961 (P.L.171, No.83) and August 24, 1961  
12 (P.L.1131, No.505), is amended to read:

13 Section 4.1. In every city of the second class, in addition  
14 to the pension which is authorized by law and notwithstanding  
15 the limitations therein placed upon pensions and upon  
16 contributions, every contributor who shall have otherwise become  
17 entitled to the pension and who has reached the age of fifty  
18 years shall also be entitled to the payment of a service  
19 increment in accordance with and subject to the conditions

1 hereinafter set forth:

2 (1) Service increment shall be the sum obtained by computing  
3 the number of whole years after the completion of twenty years  
4 service during which a contributor has been employed by the city  
5 and paid out of the city treasury and multiplying the number of  
6 years so computed by an amount equal to five dollars (\$5) for  
7 each month of service beyond twenty years of service. This sum  
8 shall be divided by twelve to arrive at the monthly increment  
9 payment. In computing the service increment, no employment after  
10 the contributor has reached the age of sixty-five years shall be  
11 included, and no service increment shall be paid in excess of  
12 one hundred dollars (\$100) per month.

13 (2) [Each] Except to the extent that section 607(c) of 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 applies, each contributor, from and after the effective date of  
17 this amendment, shall pay into the retirement fund as the  
18 contribution to the increment fund a monthly sum in addition to  
19 his or her retirement contribution, which shall be equal to one-  
20 half of one per centum of his or her salary. Such payment shall  
21 not exceed the sum of one dollar per month. The service  
22 increment contribution shall not be paid after a contributor has  
23 reached the age of sixty-five years.

24 (3) Persons, who are contributors on the effective date of  
25 this amendment, who have already reached the age of sixty-five  
26 years, shall have his or her service increment computed on the  
27 years of employment prior to the date of reaching his or her  
28 sixty-fifth birthday. Such person, however, shall be entitled to  
29 the increment only by paying in the one dollar (\$1) per month  
30 contribution for the number of months his or her service exceeds

1 twenty years, but such contribution shall not exceed a total of  
2 one hundred dollars (\$100).

3 (4) Service increment contributions shall be paid at the  
4 same time and in the same manner as pension contributions, and  
5 may be withdrawn in full, without interest, by persons who leave  
6 the employment of the city, subject to the same conditions by  
7 which pension contributions may be withdrawn or by persons who  
8 retire before becoming entitled to any service increment. When  
9 any person is reemployed by the city after withdrawal of pension  
10 contributions, his or her prior service shall not be used in the  
11 computation of service increment unless the amount of such  
12 contributions be repaid into the pension fund, subject to the  
13 same conditions by which pension fund withdrawals are permitted  
14 to be repaid.

15 (5) All employes of the city who are now contributors to the  
16 pension fund and all persons who are employed by the city after  
17 the effective date of this amendment, who are required to become  
18 contributors to the pension fund, shall be subject to the  
19 provisions of this section.

20 Section 2. Section 5 of the act, amended January 14, 1970  
21 (1969 P.L.516, No.194), is amended to read:

22 Section 5. [The] Except to the extent that section 607(c) of  
23 the act of December 18, 1984 (P.L.1005, No.205), known as the  
24 "Municipal Pension Plan Funding Standard and Recovery Act,"  
25 applies, the city employes shall, after the passage of this act,  
26 pay unto the board of pensions monthly an amount equal to not  
27 less than two nor more than five per centum of their monthly  
28 salaries or wages, as fixed by the board of pensions; in no  
29 event, however, paying at a rate greater than thirty-two dollars  
30 and fifty cents per month, which shall be applied to the

1 purposes of this act. Payment of the monthly amount or  
2 contribution herein mentioned shall cease and be discontinued at  
3 the time the beneficiary received the pension herein provided if  
4 such beneficiary has so contributed to the pension fund during a  
5 period of twenty years. If at the time the beneficiary received  
6 the pension herein provided he or she shall not have been a  
7 contributor to the pension fund during a period of twenty years,  
8 such person shall be required to pay unto the board of pensions  
9 an amount equal to such amount as he or she would have been  
10 required to contribute had he or she contributed during such  
11 period as required by this act, until such time as his or her  
12 contributions shall have extended during a period of twenty  
13 years. If, for any cause, an employe contributing to the pension  
14 fund shall cease to be an employe of any such cities of the  
15 second class before said employe becomes entitled to the pension  
16 conferred by this act, the total amount of the contributions  
17 paid unto the pension fund by such employe shall be refunded to  
18 him or her in full without interest unless he or she has less  
19 than full pension rights under the provisions of section four of  
20 this act, and elects at once to exercise such rights by keeping  
21 such contributions in the fund and making such further payments  
22 as may be required: Provided, however, If any such employe shall  
23 have returned to him or her the amount contributed, as  
24 aforesaid, and shall afterwards reenter the employ of such city,  
25 said employe shall not be entitled to the pension designated  
26 until twenty years after said reemployment, unless he or she  
27 shall return to the pension fund the amount withdrawn; in which  
28 event the period of twenty years shall be computed from the time  
29 the said employe first entered the service of said city. In the  
30 event of the death of any such employe before the said employe

1 becomes entitled to the pension aforesaid, the said total amount  
2 of contributions aforesaid shall be paid over to such person or  
3 persons as he or she shall have designated in writing and filed  
4 with the board of pensions as his or her beneficiary or to his  
5 or her estate.

6 Section 3. Section 9 of the act, amended May 14, 1925  
7 (P.L.742, No.404), is amended to read:

8 Section 9. The public authorities of every city of the  
9 second class, charged with the disbursements, expenditures, and  
10 appropriations, shall annually set aside, apportion, and  
11 appropriate, out of all taxes and income of the said cities,  
12 unto the board of pensions, a sum sufficient to [maintain the  
13 pensions or compensations due under this act. If the total  
14 disbursements from the pension fund for the payment of pensions,  
15 refund of contributions of employes, and administration expenses  
16 shall exceed in any year the total revenues of the pension fund  
17 from the contributions of employes and the interest and premiums  
18 earned on investments and bank deposits, then the amount to be  
19 set aside, apportioned, and appropriated by the public  
20 authorities of such city of the second class to the pension fund  
21 shall not be less than the difference between the total  
22 disbursements and receipts of the pension fund, as aforesaid.]  
23 meet the minimum obligation of the municipality with respect to  
24 the pension plan pursuant to the act of December 18, 1984  
25 (P.L.1005, No.205), known as the "Municipal Pension Plan Funding  
26 Standard and Recovery Act."

27 Section 4. This act shall take effect immediately.