

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 595 Session of
1997

INTRODUCED BY STEIL, SCHULER, BELARDI, COLAIZZO, LAUGHLIN,
COLAFELLA, READSHAW, CLARK, MILLER, PETRARCA, CAWLEY,
GORDNER, DALEY, SATHER, DERMODY, CASORIO, NICKOL, MICOZZIE,
SERAFINI, SURRA, BENNINGHOFF, D. W. SNYDER, VAN HORNE,
SHANER, BOSCOLA, STERN, HENNESSEY, STABACK, BARD,
E. Z. TAYLOR, ROBERTS, MCCALL, TRELLO, SAYLOR AND ITKIN,
FEBRUARY 13, 1997

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, FEBRUARY 13, 1997

AN ACT

1 Amending the act of May 29, 1956 (1955 P.L.1804, No.600),
2 entitled, as amended, "An act providing for the establishment
3 of police pension funds or pension annuities in certain
4 boroughs, towns and townships; authorizing the establishment
5 of police pension funds or pension annuities by regional
6 police departments; providing for the regulation and
7 maintenance of police pension funds or pension annuities;
8 providing for an actuary; continuance of existing funds or
9 transfer thereof to funds herein established; prescribing
10 rights of beneficiaries; contributions by members; providing
11 for expenses of administration; continuation of existing
12 authority to provide annuity contracts; credit for military
13 service; refunds; exempting allowances from judicial process;
14 and repealing certain acts," providing for early retirement.

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. Section 5 of the act of May 29, 1956 (1955
18 P.L.1804, No.600), referred to as the Municipal Police Pension
19 Law, amended May 10, 1996 (P.L.162, No.33), is amended to read:

20 Section 5. (a) Payments made under the provisions of this
21 act shall not be a charge on any other fund in the treasury of

1 any borough, town, township or regional police department, or
2 under its control, save the police pension fund herein provided
3 for.

4 (b) The basis for determining any pension payable under this
5 act, following retirement of any member of the force meeting the
6 service and age qualifications of the ordinance or resolution
7 establishing a police pension fund, shall be as provided in
8 subsections (c) [and], (d) and (i).

9 (c) Monthly pension or retirement benefits other than length
10 of service increments shall be computed at one-half the monthly
11 average salary of such member during not more than the last
12 sixty nor less than the last thirty-six months of employment.
13 Such pension or retirement benefits for any month shall be
14 computed as the sum of (1) any pension benefits from pension
15 plans heretofore established by a private organization or
16 association for the members of the police force but only to the
17 extent that this Commonwealth or any of its municipalities shall
18 have contributed to such pension plan moneys raised by taxation;
19 (2) if positions covered by the fund are included in an
20 agreement under the Federal Social Security Act, up to seventy-
21 five per centum of his full social security old-age insurance
22 benefit calculated in accordance with the provisions of the
23 Federal Social Security Act in effect on the date of his
24 termination of employment, except that such amount shall be
25 included only upon attainment of the age at which the officer
26 would be eligible to receive full social security old-age
27 insurance benefits and in determining such eligibility and such
28 amount only compensation for services actually rendered by the
29 officer and covered by the police pension fund shall be
30 included; and (3) benefits from the police pension fund

1 established pursuant to this act to the extent necessary to
2 bring the total benefits in any month up to one-half the
3 aforesaid monthly average salary except that any officer who
4 receives pension or retirement benefits from any plan
5 established at any time pursuant to this act and who is also
6 entitled to receive social security old-age insurance benefits
7 shall not regardless of when the officer retired from active
8 service have his pension or retirement benefits offset or
9 reduced by more than seventy-five per centum of the social
10 security old-age insurance benefits which he receives.

11 (d) If this Commonwealth or one of its municipalities shall
12 have contributed moneys raised by taxation to a pension plan
13 established by a private organization or association for the
14 members of the police force, the pension benefits to be taken
15 into account under clause (1) of subsection (c) shall be that
16 proportion of the total pension benefits payable under clause
17 (1) as the assets attributable to contributions of moneys raised
18 by taxation bear to the total assets of the pension plan.

19 (e) In the case of the payment of pensions for permanent
20 injuries incurred in service and to families of members killed
21 in service, the amount and commencement of the payments shall be
22 fixed by regulations of the governing body of the borough, town,
23 township or regional police department.

24 (f) Any borough, town, township or regional police
25 department may establish and pay length of service increments
26 for years of service beyond twenty-five years for each completed
27 year of service in excess of twenty-five years, not to exceed
28 one hundred dollars (\$100). Such length of service increments
29 may be paid in addition to other monthly pension or retirement
30 allowances.

1 (g) (1) The ordinance or resolution establishing the police
2 pension fund may provide for a cost of living increase for
3 members of the police force receiving retirement benefits. The
4 cost of living increase shall not exceed the percentage increase
5 in the Consumer Price Index from the year in which the police
6 member last worked, shall not cause the total police pension
7 benefits to exceed seventy-five per centum of the salary for
8 computing retirement benefits and shall not cause the total cost
9 of living increase to exceed thirty per centum. No cost of
10 living increase shall be granted which would impair the
11 actuarial soundness of the pension fund.

12 (2) (i) Subject to the limitations in clause (ii), if the
13 assets of the police pension fund exceed the present value of
14 future benefits as reported in the last actuarial valuation
15 report filed with the Public Employee Retirement Commission
16 under the act of December 18, 1984 (P.L.1005, No.205), known as
17 the "Municipal Pension Plan Funding Standard and Recovery Act,"
18 a cost of living increase for members of the police force
19 receiving retirement benefits for twenty or more years may be
20 provided in excess of the limits herein prescribed.

21 (ii) If the total benefits to be paid to a retired member
22 from the police pension fund exceed ten thousand dollars
23 (\$10,000) a year, then the police pension fund shall not pay
24 benefits to a retired member in excess of one hundred per centum
25 of the retired member's average compensation as defined in
26 section 415 of the Internal Revenue Code of 1986 (Public Law 99-
27 514, 26 U.S.C. § 415) or in any successor statute.

28 (h) The ordinance or resolution establishing the police
29 pension fund may provide for a vested benefit provided that such
30 would not impair the actuarial soundness of the pension fund.

1 Under the provisions of such benefit, should a police officer,
2 before completing superannuation retirement age and service
3 requirements but after having completed twelve years of total
4 service, for any reason cease to be employed as a full-time
5 police officer by the municipality or regional police department
6 in whose pension fund he has been a member, he shall be entitled
7 to vest his retirement benefits by filing with the governing
8 body within ninety days of the date he ceases to be a full-time
9 police officer a written notice of his intention to vest. Upon
10 reaching the date which would have been his superannuation
11 retirement date if he had continued to be employed as a full-
12 time police officer he shall be paid a partial superannuation
13 retirement allowance determined by applying the percentage his
14 years of service bears to the years of service which he would
15 have rendered had he continued to work until his superannuation
16 retirement date to the gross pension, using however the monthly
17 average salary during the appropriate period prior to his
18 termination of employment. Such pension or retirement benefits
19 for any month shall be the sum of clauses (1), (2) and (3) of
20 subsection (c) of such benefits from the police pension fund
21 established pursuant to this act to the extent necessary to
22 bring the total benefits in any month up to his partial
23 superannuation retirement allowance outlined above.

24 (i) The ordinance or resolution establishing the police
25 pension fund shall provide for an early retirement benefit. The
26 early retirement benefit shall be provided to a member of the
27 police force with twenty or more years of service who terminates
28 employment prior to the completion of superannuation retirement
29 age and service requirements and who files a written application
30 for an early retirement benefit with the governing body of the

1 municipality or regional police department. The early retirement
2 benefit shall become effective as of the date the application is
3 filed with the governing body or the date designated on the
4 application, whichever is later, and shall be the actuarial
5 equivalent of a partial superannuation retirement benefit
6 calculated as follows:

7 (1) A partial superannuation retirement benefit shall be
8 determined by applying the percentage that the member's years of
9 service bear to the years of service that the member would have
10 rendered had the member continued to be employed until his
11 superannuation retirement date to the gross pension amount
12 calculated using the monthly average salary during the
13 appropriate period prior to his termination of employment.

14 (2) The actuarial equivalent of the partial superannuation
15 retirement benefit shall be determined by actuarially reducing
16 the partial superannuation retirement benefit to reflect that it
17 will commence on the effective date of the early retirement
18 rather than on the date on which the member would have completed
19 superannuation age and service requirements. The actuarial
20 reduction shall be calculated using the actuarial assumptions
21 reported in the last actuarial valuation report filed with the
22 Public Employee Retirement Commission under the act of December
23 18, 1984 (P.L.1005, No.205), known as the "Municipal Pension
24 Plan Funding Standard and Recovery Act."

25 Section 2. This act shall take effect in 60 days.