

THE GENERAL ASSEMBLY OF PENNSYLVANIA

**HOUSE BILL**  
**No. 1594** Session of  
1983

INTRODUCED BY CESSAR, TRELLO, COSLETT, SEVENTY, BELARDI, OLASZ,  
STEVENS, MISCEVICH, MARMION, DeLUCA, DALEY, PRESTON, GAMBLE,  
PETRONE, BROUJOS, VAN HORNE, MICHLOVIC, MACKOWSKI, SERAFINI,  
MAYERNIK, WARGO, BATTISTO, BURD, MADIGAN, W. W. FOSTER,  
SEMMELE AND BOOK, OCTOBER 17, 1983

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, OCTOBER 17, 1983

AN ACT

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

13 The General Assembly of the Commonwealth of Pennsylvania  
14 hereby enacts as follows:

15 Section 1. Section 5 of the act of May 29, 1956 (1955  
16 P.L.1804, No.600), referred to as the Municipal Police Pension  
17 Law, amended December 7, 1979 (P.L.475, No.99), is amended to  
18 read:

19 Section 5. Payments made under the provisions of this act  
20 shall not be a charge on any other fund in the treasury of any  
21 borough, town or township, or under its control, save the police

1 pension fund herein provided for. The basis for determining any  
2 pension payable under this act, following retirement of any  
3 member of the force meeting the service and age qualifications  
4 of the ordinance or resolution establishing a police pension  
5 fund, shall be as follows:

6 Monthly pension or retirement benefits other than length of  
7 service increments shall be computed at one-half the monthly  
8 average salary of such member during not more than the last  
9 sixty nor less than the last thirty-six months of employment.

10 Such pension or retirement benefits for any month shall be  
11 computed as the sum of (i) any pension benefits from pension  
12 plans heretofore established by a private organization or  
13 association for the members of the police force but only to the  
14 extent that this Commonwealth or any of its municipalities shall  
15 have contributed to such pension plan moneys raised by taxation,  
16 (ii) if positions covered by the fund are included in an  
17 agreement under the Federal Social Security Act, up to seventy-  
18 five per centum of his full social security old-age insurance  
19 benefit calculated in accordance with the provisions of the  
20 Federal Social Security Act in effect on the date of his  
21 termination of employment, except that such amount shall be  
22 included only upon attainment of the age at which the officer  
23 would be eligible to receive full social security old-age  
24 insurance benefits and in determining such eligibility and such  
25 amount only compensation for services actually rendered by the  
26 officer and covered by the police pension fund shall be  
27 included, and (iii) benefits from the police pension fund  
28 established pursuant to this act to the extent necessary to  
29 bring the total benefits in any month up to one-half the  
30 aforesaid monthly average salary: Provided, however, That any

1 officer who receives pension or retirement benefits from any  
2 plan established at any time pursuant to this act and who is  
3 also entitled to receive social security old-age insurance  
4 benefits shall not regardless of when the officer retired from  
5 active service have his pension or retirement benefits offset or  
6 reduced by more than seventy-five per centum of the social  
7 security old-age insurance benefits which he receives. If this  
8 Commonwealth or one of its municipalities shall have contributed  
9 moneys raised by taxation to a pension plan established by a  
10 private organization or association for the members of the  
11 police force, the pension benefits to be taken into account  
12 under clause (i) of this paragraph shall be that proportion of  
13 the total pension benefits payable under clause (i) as the  
14 assets attributable to contributions of moneys raised by  
15 taxation bear to the total assets of the pension plan. In the  
16 case of the payment of pensions for permanent injuries incurred  
17 in service and to families of members killed in service, the  
18 amount and commencement of the payments shall be fixed by  
19 regulations of the governing body of the borough, town or  
20 township. Any borough, town or township may establish and pay  
21 length of service increments for years of service beyond twenty-  
22 five years for each completed year of service in excess of  
23 twenty-five years, not to exceed one hundred dollars (\$100).  
24 Such length of service increments may be paid in addition to  
25 other monthly pension or retirement allowances.

26 The ordinance or resolution establishing the police pension  
27 fund may provide for a cost of living increase for members of  
28 the police force receiving retirement benefits: Provided,  
29 however, That such cost of living increase shall not exceed the  
30 percentage increase in the average annual results of the

1 Consumer Price Index for all items nationally for urban  
2 consumers as reported by the Bureau of Labor Statistics of the  
3 Federal Department of Labor from the year in which the police  
4 member [last worked] retired or last received a cost of living  
5 increase, whichever is later: Provided further, That in no case  
6 shall the total police pension benefits or total police vested  
7 benefits, including in either case any length of service  
8 increments and any amount of social security old-age insurance  
9 benefits to which an offset pursuant to clause (ii) of the  
10 preceding paragraph applies, but excluding in either case the  
11 amount of any special one time cost of living adjustment granted  
12 pursuant to section 5.1, exceed seventy-five per centum of the  
13 salary for computing retirement benefits: And provided further,  
14 That [the total cost of living increase shall not exceed thirty  
15 per centum. No] no cost of living increase shall be granted  
16 which would impair the actuarial soundness of the pension fund.

17       The ordinance or resolution establishing the police pension  
18 fund may provide for a vested benefit provided that such would  
19 not impair the actuarial soundness of the pension fund. Under  
20 the provisions of such benefit, should a police officer, before  
21 completing superannuation retirement age and service  
22 requirements but after having completed twelve years of total  
23 service, for any reason cease to be employed as a full-time  
24 police officer by the municipality in whose pension fund he has  
25 been a member, he shall be entitled to vest his retirement  
26 benefits by filing with the governing body within ninety days of  
27 the date he ceases to be a full-time police officer a written  
28 notice of his intention to vest. Upon reaching the date which  
29 would have been his superannuation retirement date if he had  
30 continued to be employed as a full-time police officer he shall

1 be paid a partial superannuation retirement allowance determined  
2 by applying the percentage his years of service bears to the  
3 years of service which he would have rendered had he continued  
4 to work until his superannuation retirement date to the gross  
5 pension, using however the monthly average salary during the  
6 appropriate period prior to his termination of employment. Such  
7 pension or retirement benefits for any month shall be the sum of  
8 clauses (i), (ii) and (iii) of such benefits from the police  
9 pension fund established pursuant to this act to the extent  
10 necessary to bring the total benefits in any month up to his  
11 partial superannuation retirement allowance outlined above.

12 Section 2. The act is amended by adding a section to read:

13 Section 5.1. (a) Notwithstanding any limitation contained  
14 in section 5, if the governing body of the municipality  
15 determines that the amounts of the monthly pension or retirement  
16 allowances paid to former police officers who retired from the  
17 municipal police pension plan are inadequate, the municipality  
18 may amend the ordinance or resolution establishing the police  
19 pension plan to provide one special one time cost of living  
20 adjustment to those retired police officers.

21 (b) The amount of the special cost of living adjustment  
22 shall be the amount calculated pursuant to clause (1) or the  
23 amount calculated pursuant to clause (2), whichever is less, as  
24 follows:

25 (1) The amount of the one special one time cost of living  
26 adjustment pursuant to this clause shall be determined by  
27 multiplying the amount of the monthly pension or retirement  
28 allowance by the percentage specified in the amendment to the  
29 ordinance or resolution as applicable to the number of full  
30 years which have elapsed since the police officer terminated

active service and commenced receipt of the monthly pension or retirement allowance, not to exceed:

Number of full

years elapsed

Percentage factor

5

5.0%

6

7.5%

7

10.0%

8

12.5%

9

15.0%

10

17.5%

11

20.0%

12

22.5%

13

25.0%

14

27.5%

15 or more

30.0%

(2) The amount of the special one time cost of living adjustment pursuant to this clause shall be that amount which, when added to the amount of the monthly pension or retirement allowance, causes the total to equal the amount specified in the amendment to the ordinance or resolution, which specified amount shall not exceed the amount of five hundred dollars (\$500) per month.

(c) The special one time cost of living adjustment shall be payable as of the first date for payment of the monthly pension or retirement allowance occurring after the effective date of amendment to the ordinance or resolution and shall be included in that and all subsequent allowance payments.

(d) Unless a shorter amortization period is specified by Commonwealth law or municipal charter, ordinance or resolution, any unfunded actuarial liability attributable to this special

1 one time cost of living adjustment shall be amortized on a level  
2 dollar basis by the municipality from any available revenue  
3 sources over a period not to exceed the average remaining  
4 expected retired lifetime of the recipients of the adjustment or  
5 ten years, whichever is shorter.

6       Section 3. Prior to the adoption by the borough,  
7 incorporated town or township of an amendment to the police  
8 pension fund ordinance or resolution implementing the benefit  
9 changes authorized pursuant to this act, the governing body of  
10 the borough, incorporated town or township shall engage an  
11 actuary who is qualified to perform actuarial valuations  
12 pursuant to the act of December 6, 1972 (P.L.1383, No.293),  
13 entitled "An act requiring municipal pension systems to have an  
14 actuarial investigation of the fund made by an actuary who shall  
15 report his findings to the Department of Community Affairs," to  
16 prepare an actuarial estimate statement which shall indicate the  
17 best estimate of the actuary of the actuarial cost of the  
18 benefit change and the impact of the benefit change on the  
19 funded condition of the pension plan. The actuarial estimate  
20 statement shall be based on the most recent actuarial valuation  
21 of the pension plan required pursuant to law. The actuarial  
22 estimate statement shall be presented to the governing body of  
23 the borough, incorporated town or township prior to the adoption  
24 of the amendment to the police pension fund ordinance or  
25 resolution implementing the benefit change and shall include the  
26 current normal costs, the current unfunded accrued liabilities  
27 and the current aggregate annual required contributions to the  
28 police pension fund or the current insurance premiums payable  
29 from the police pension fund where the fund has been determined  
30 by the actuary to be fully insured. It shall also include the

1 incremental normal costs, the incremental unfunded accrued  
2 liability and the increase in the aggregate annual contributions  
3 attributable to the proposed benefit liberalization and payable  
4 to the police pension fund under the minimum funding  
5 requirements herein provided or the increased insurance premiums  
6 attributable to the proposed benefits liberalization to be  
7 payable from the police pension fund where the fund is  
8 determined to be fully insured.

9       Section 4. This act shall take effect January 1 of the year  
10 succeeding the year of enactment.