

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 601

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 20, 1915 (P.L.566, No.242), entitled "An
2 act requiring cities of the first class to establish a
3 pension fund for employes of said cities, and all county or
4 other public employes, if any, paid by appropriation of the
5 city councils thereof, and out of the treasury of said
6 cities; and regulating the administration and the payment of
7 such pensions," further providing for payments by the city
8 and public employees to the board of pensions.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. Section 5 of the act of May 20, 1915 (P.L.566,
12 No.242), entitled "An act requiring cities of the first class to
13 establish a pension fund for employes of said cities, and all
14 county or other public employes, if any, paid by appropriation
15 of the city councils thereof, and out of the treasury of said
16 cities; and regulating the administration and the payment of
17 such pensions," amended May 31, 1947 (P.L.383, No.176), is
18 amended to read:

19 Section 5. [The] Except to the extent that subsection (c) of
20 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, the city, county, or other public
3 employes, if any, herein mentioned, shall, after the passage of
4 this act, pay unto the board of pensions, monthly, an amount
5 equal to two per centum of their monthly salaries or wages,--in
6 no event, however, except as herein provided, shall such employe
7 be required to pay at a rate greater than four dollars a
8 month,--which shall be applied to the purposes of this act.

9 Whenever two per centum of the monthly salary or wages of any
10 such employe shall exceed the sum of four dollars a month, then
11 such employe, shall pay unto the board of pensions four per
12 centum of the portion of his or her salary, or other
13 compensation, which is over and above the amount of salary, or
14 other compensation, which is sufficient to require the monthly
15 payment of four dollars a month at the rate of two per centum of
16 such salary, or other compensation, and he or she shall
17 thereafter be required to pay such increased monthly rate
18 without regard to the limit of four dollars a month: Provided,
19 That such additional monthly payments shall not exceed eight
20 dollars a month and the total monthly payment shall not exceed
21 twelve dollars a month. Payment of the monthly amount or
22 contribution herein mentioned shall cease and be discontinued at
23 the time the beneficiary receives the pension herein provided,
24 if such beneficiary has so contributed to the pension fund
25 during a period of twenty years. If, at the time the beneficiary
26 receives the pension herein provided, he or she shall not have
27 been a contributor to the pension fund during a period of twenty
28 years, such persons shall be required to pay unto the board of
29 pensions an amount equal to four per centum of his or her
30 monthly pension until such time as his or her contribution shall

1 have extended during a period of twenty years. If, for any
2 cause, an employe contributing to the pension fund shall cease
3 to be an employe of any such cities of the first class, or other
4 county or public employes paid out of the treasury of such
5 cities, before said employe becomes entitled to the pension
6 conferred by this act, the total amount of the contributions
7 paid into the pension fund by such employe shall be refunded to
8 him in full, without interest: Provided, however, If any such
9 employe shall have returned to him or her the amount
10 contributed, as aforesaid, and shall afterward re-enter such
11 public employment, said employe shall not be entitled to the
12 pension designated until twenty years after the said
13 reemployment, unless he or she shall return to the pension fund
14 the amount withdrawn; in which event the period of twenty years
15 shall be computed from the time said employe first entered the
16 such public service. In the event of the death of any employe
17 before the said employe becomes entitled to the pension
18 aforesaid, the said total amount of contributions aforesaid
19 shall be paid over to the estate of said deceased employe.

20 Section 2. Section 9 of the act is amended to read:

21 Section 9. The public authorities of every city of the first
22 class, charged with the disbursements, expenditures, and
23 appropriations, shall annually set aside, apportion, and
24 appropriate, out of all taxes and income of the said cities,
25 unto the board of pensions, a sum sufficient to [maintain the
26 pensions or compensations due under this act.] meet the minimum
27 obligation of the municipality with respect to the pension plan
28 pursuant to the act of December 18, 1984 (P.L.1005, No.205),
29 known as the "Municipal Pension Plan Funding Standard and
30 Recovery Act."

1 Section 3. Section 14 of the act, added or amended May 2,
2 1949 (P.L.852, No.227) and January 21, 1952 (1951 P.L.2184,
3 No.625), is amended to read:

4 Section 14. In addition to the pension which is authorized
5 by this act and notwithstanding the limitations therein placed
6 upon pensions and upon contributions, every contributor who
7 shall become entitled to the payment of a pension and who has
8 been employed by the said city or county for at least twenty-one
9 years shall also be entitled to the payment, in addition to the
10 said pension, of a "service increment" in accordance with and
11 subject to the condition hereinafter set forth.

12 (1) Service increment shall be the sum obtained by computing
13 the number of whole years in excess of twenty years during which
14 a contributor has been employed by such city or county and paid
15 out of the city treasury and multiplying the said number of
16 years so computed by an amount equal to one-fortieth of the
17 pension which has become payable to such contributor in
18 accordance with the provisions of this act: Provided, That no
19 service increment may be paid for employment of more than twenty
20 such excess years nor for any excess years which shall accrue
21 after a contributor has reached the age of seventy years and no
22 service increment shall be paid in excess of one hundred dollars
23 (\$100.00) per month.

24 (2) [Each] Except to the extent that subsection (c) of
25 section 607 of the act of December 18, 1984 (P.L.1005, No.205),
26 known as the "Municipal Pension Plan Funding Standard and
27 Recovery Act," applies, each contributor, from and after the
28 effective date of this amendment, shall pay into the board of
29 pensions a monthly sum, in addition to his or her pension
30 contribution, which shall be equal to one-half of one per centum

1 of his or her salary: Provided, That such payment shall not
2 exceed the sum of one dollar (\$1.00) per month nor shall the
3 total payment for pension contribution and service increment
4 contribution exceed thirteen dollars (\$13.00) per month: And
5 Provided, That such service increment contribution shall not be
6 paid after a contributor has reached the age of sixty-five
7 years.

8 (3) Persons who are pension fund contributors on the
9 effective date of this amendment who have already reached the
10 age of sixty-five years shall have his or her service increment
11 computed on the years of employment prior to the date of
12 reaching his or her sixty-fifth birthday.

13 (4) Any pension fund contributor who shall, after the
14 effective date of this act, leave the service of such city or
15 county after having completed at least twenty years' service but
16 before reaching the age of sixty years and who shall continue to
17 pay pension contributions into the pension fund, shall not pay
18 service increment contributions after the date of leaving the
19 service of such city or county and shall have his or her service
20 increment limited to the actual years spent in the service of
21 such city or county.

22 (5) Service increment contributions shall be paid at the
23 same time and in the same manner as pension contributions and
24 may be withdrawn in full, without interest, by persons who leave
25 the employment of such city or county, subject to the same
26 conditions by which pension contributions may be withdrawn.
27 When any person is re-employed by the city or county after
28 withdrawal of pension contributions, his or her prior service
29 shall not be used in the computation of service increment unless
30 the amount of such contributions be repaid into the pension

1 fund, subject to the same conditions by which pension fund
2 withdrawals are permitted to be repaid.

3 (6) All employes of such city or county who are now
4 contributors to the pension fund, and all persons who are
5 employed by such city and county after the effective date of
6 this amendment who are required to become contributors to the
7 pension fund, shall be subject to the provisions of this
8 amendment.

9 Section 4. This act shall take effect immediately.