

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1236 Session of
1991

INTRODUCED BY VAN HORNE AND HECKLER, APRIL 22, 1991

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 22, 1991

AN ACT

1 Amending the act of September 23, 1959 (P.L.970, No.400),
2 entitled "An act providing for the creation, maintenance and
3 operation of an employees' retirement system in cities of the
4 second class A, and imposing certain charges on cities of the
5 second class A and school districts in cities of the second
6 class A," further providing for administration of the fund,
7 for member contributions and for appropriations by the city
8 to the fund.

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

11 Section 1. Sections 3, 4, 5 and 10 of the act of September
12 23, 1959 (P.L.970, No.400), referred to as the Second Class A
13 City Employee Pension Law, are amended to read:

14 Section 3. Personnel Administrative Expenses.--The board may
15 appoint [and] an approved actuary, as that term is defined in
16 section 102 of the act of December 18, 1984 (P.L.1005, No.205),
17 known as the "Municipal Pension Plan Funding Standard and
18 Recovery Act," and may fix the compensation of [an] that
19 actuary. The treasurer, or his appointee approved by the board,
20 shall be the secretary of the board and shall receive such

1 compensation for his services as may be fixed by the city. The
2 secretary shall keep a record of all of the proceedings of the
3 board, which shall be open to inspection by the public. [The]
4 Except as otherwise provided pursuant to the "Municipal Pension
5 Plan Funding Standard and Recovery Act," the expense of the
6 administration of this act, exclusive of the payment of
7 retirement allowances, shall be paid by the city by
8 appropriations made on the basis of estimates submitted by the
9 board.

10 Section 4. Rules and Regulations; Actuarial Data.--The board
11 shall, from time to time, establish such rules and regulations
12 for meetings of the board and for the administration of the city
13 employees' retirement fund created by this act, and the various
14 accounts thereof, as may be deemed necessary. It shall keep such
15 data as shall be necessary for actuarial valuation purposes. The
16 actuary of the board shall assist the chief administrative
17 officer of the pension plan and of the city in the preparation
18 of actuarial valuation reports pursuant to the act of December
19 18, 1984 (P.L.1005, No.205), known as the "Municipal Pension
20 Plan Funding Standard and Recovery Act." The actuary of the
21 board shall periodically make an actuarial investigation into
22 the mortality and service experience of the contributors to, and
23 beneficiaries of, the fund, and shall [adopt] recommend for
24 adoption by the board for the retirement system one or more
25 mortality tables, and [certify to the board annually] shall
26 assist the chief administrative officer of the pension plan in
27 determining the amount of appropriation to be made by the city
28 to the fund to [build up and maintain adequate reserves for the
29 payment of the city's share of the retirement allowances
30 provided by this act.] meet the minimum obligation of the

municipality with respect to the pension plan pursuant to the
"Municipal Pension Plan Funding Standard and Recovery Act."

Section 5. City Employees' Retirement Fund; Transfer of
Member from One Class to Another.--(a) There is hereby created
in each city of the second class A, in which a retirement system
has been established under this act, a city employees' retirement
fund which shall consist of all moneys arising from
appropriations made by the city and from contributions made by
the members of the city employees' retirement system and all
interest earned by the investments or moneys of the fund created
by this act. The moneys contributed by the city shall be
credited to a city annuity reserve account and those contributed
by the members shall be credited to a member's annuity reserve
account. Upon the granting of a retirement allowance to any
contributor, whether as a superannuation retirement allowance,
an involuntary retirement allowance or a total disability
retirement allowance, as hereinafter provided, the amount of
such contributor's accumulated deductions in the members'
annuity reserve account shall lose their status as accumulated
contributions and shall be transferred to a retired members'
reserve account, and the actuarial equivalent of the city
annuity shall be similarly transferred from the city annuity
reserve account to the retired members' reserve account. The
interest earnings shall be apportioned to the members' annuity
and city annuity and retired members' reserve accounts. [The
actuary shall determine the present value of the liability on
account of all city annuities payable to original members and
the percentage of such liability which shall be contributed by
the city each year over a period of fifteen years from the time
the system is established until the accumulated reserve equals

1 the present value of said liability. All such] Any amortization
2 contributions by the city shall be credited to the city annuity
3 reserve account. [The actuary shall also determine the amount
4 which shall be contributed by the city into the fund
5 periodically for credit to the city annuity reserve account on
6 account of service of all new and original members subsequent to
7 the time the retirement system is established.]

8 [Each] (b) Except to the extent that subsection (c) of
9 section 607 of the act of December 18, 1984 (P.L.1005, No.205),
10 known as the "Municipal Pension Plan Funding Standard and
11 Recovery Act," applies, each member of the retirement system
12 shall be required to contribute to the fund such per centum of
13 his salary, as shall be computed by the actuary, to be
14 sufficient, with regular interest, to procure for him on
15 superannuation retirement one one-hundred-twentieth of his final
16 salary for each year of service after December thirty-first
17 preceding the year the retirement system is established, or
18 greater proportion of final salary in the event that a class
19 transfer pursuant to subsection (c) has been authorized, which
20 contributions shall be paid into the fund through payroll
21 deductions in such manner as the board may require. All
22 contributions by members shall be credited to the member's
23 annuity reserve account.

24 (c) The board may, at any time, by rule, authorize members
25 of the retirement system, whether original or new members, to
26 transfer from the one one-hundred-twentieth class or from the
27 one one-hundredth class to the one-eightieth class, and whenever
28 such transfer shall be authorized, salary deductions applicable
29 to such transferred members shall be based upon the same age of
30 the contributor as was used in determining the per centum of

1 salary deduction applicable while in the one one-hundred-
2 twentieth class or the one one-hundredth class, as the case may
3 be.

4 Section 10. City Guarantee; Annual Budgets.--The regular
5 interest charges payable and the creation and maintenance of the
6 necessary reserves for the payment of the city and members'
7 annuities in accordance with this act, are hereby made
8 obligations of the city. The city shall pay to the retirement
9 fund annually an amount sufficient to meet the minimum
10 obligation of the municipality with respect to the pension plan
11 pursuant to the act of December 18, 1984 (P.L.1005, No.205),
12 known as the "Municipal Pension Plan Funding Standard and
13 Recovery Act." The board shall prepare and the chief
14 administrative officer shall submit to the city council, on or
15 before the first day of [November] October of each year, an
16 itemized estimate of the amounts necessary to be appropriated by
17 the city to [complete the payment of the obligations] meet that
18 minimum obligation of the city during the next fiscal year.

19 Section 2. This act shall take effect immediately.