

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1363

Session of
2001

INTRODUCED BY S. H. SMITH, STABACK, NICKOL, SCHULER, McILHATTAN,
FICHTER, GEORGE, CAPPELLI, ARMSTRONG, PERZEL, LAUGHLIN, WILT,
CREIGHTON, SOLOBAY, DALEY, GEIST, CALTAGIRONE, YOUNGBLOOD,
BASTIAN, WOJNAROSKI, C. WILLIAMS, THOMAS, LEWIS, PETRARCA,
GRUCELA, BUNT, CURRY, JAMES, TRELLO, HUTCHINSON, GABIG,
COLAFELLA, STEELMAN AND BELFANTI, APRIL 25, 2001

SENATOR EARLL, FINANCE, AS AMENDED, DECEMBER 11, 2001

AN ACT

1 Amending the act of June 23, 1931 (P.L.932, No.317), entitled
2 "An act relating to cities of the third class; and amending,
3 revising, and consolidating the law relating thereto,"
4 further providing for service increments to pensions of
5 police and firefighters.

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

8 ~~Section 1. Sections 4303(b) and 4322(b) of the act of June~~ <—
9 ~~23, 1931 (P.L.932, No.317), known as The Third Class City Code,~~
10 ~~reenacted and amended June 28, 1951 (P.L.662, No.164), are~~
11 ~~amended by adding clauses to read:~~

12 ~~Section 4303. Allowances and Service Increments. * * *~~

13 SECTION 1. SECTION 4303(A) OF THE ACT OF JUNE 23, 1931 <—
14 (P.L.932, NO.317), KNOWN AS THE THIRD CLASS CITY CODE, REENACTED
15 AND AMENDED JUNE 28, 1951 (P.L.662, NO.164) AND AMENDED DECEMBER
16 17, 1990 (P.L.715, NO.178) IS AMENDED AND SUBSECTION (B) IS

1 AMENDED BY ADDING A CLAUSE TO READ:

2 SECTION 4303. ALLOWANCES AND SERVICE INCREMENTS.--(A)

3 PAYMENTS FOR ALLOWANCES SHALL NOT BE A CHARGE ON ANY OTHER FUND
4 IN THE TREASURY OF THE CITY OR UNDER ITS CONTROL SAVE THE POLICE
5 PENSION FUND HEREIN PROVIDED FOR. THE BASIS OF THE APPORTIONMENT
6 OF THE PENSION SHALL BE DETERMINED BY THE RATE OF THE MONTHLY
7 PAY OF THE MEMBER AT THE DATE OF INJURY, DEATH, HONORABLE
8 DISCHARGE, VESTING UNDER SECTION 4302.1 OR RETIREMENT, OR THE
9 HIGHEST AVERAGE ANNUAL SALARY WHICH THE MEMBER RECEIVED DURING
10 ANY FIVE YEARS OF SERVICE PRECEDING INJURY, DEATH, HONORABLE
11 DISCHARGE, VESTING UNDER SECTION 4302.1 OR RETIREMENT, WHICHEVER
12 IS THE HIGHER, AND EXCEPT AS TO SERVICE INCREMENTS PROVIDED FOR
13 IN SUBSECTION (B) OF THIS SECTION, SHALL [NOT IN ANY CASE EXCEED
14 IN ANY YEAR] BE NO LESS THAN ONE-HALF THE ANNUAL PAY OF SUCH
15 MEMBER COMPUTED AT SUCH MONTHLY OR AVERAGE ANNUAL RATE,
16 WHICHEVER IS THE HIGHER.

17 (b) In addition to the retirement allowance which is
18 authorized to be paid from the police pension fund by this act,
19 and notwithstanding the limitations therein placed upon such
20 retirement allowances and upon contributions, every contributor
21 who shall become entitled to the retirement allowance shall also
22 be entitled to the payment of a "service increment" in
23 accordance with and subject to the conditions hereinafter set
24 forth.

25 * * *

26 (6) After the effective date of this clause, a city may
27 agree to make service increment payments in excess of one
28 hundred dollars (\$100) per month, as long as such payments do
29 not exceed five hundred dollars (\$500) per month, and in
30 computing such service increments no employment after the

1 contributor has reached the age of sixty-five years shall be
2 included: Provided, That any agreement to provide an increase in
3 service increment payments shall include a proportionate
4 increase in the amount each contributor shall pay into the
5 retirement fund under clause (2), not to exceed five dollars
6 (\$5) per month.

7 * * *

8 ~~Section 4322. Pensions and Service Increments. * * *~~ <—

9 SECTION 2. SECTION 4322(A) OF THE ACT, AMENDED JUNE 16, 1993 <—
10 (P.L.97, NO.21), IS AMENDED AND SUBSECTION (B) IS AMENDED BY
11 ADDING A CLAUSE TO READ:

12 SECTION 4322. PENSIONS AND SERVICE INCREMENTS.--(A)
13 PAYMENTS OF PENSIONS SHALL NOT BE A CHARGE ON ANY FUND IN THE
14 TREASURY OF THE CITY OR UNDER ITS CONTROL SAVE THE FIREMEN'S
15 PENSION FUND HEREIN PROVIDED FOR. THE BASIS OF THE PENSION OF A
16 MEMBER SHALL BE DETERMINED BY THE MONTHLY SALARY OF THE MEMBER
17 AT THE DATE OF VESTING UNDER SECTION 4320.1 OR RETIREMENT, OR
18 THE HIGHEST AVERAGE ANNUAL SALARY WHICH HE RECEIVED DURING ANY
19 FIVE YEARS OF SERVICE PRECEDING RETIREMENT, WHICHEVER IS THE
20 HIGHER, WHETHER FOR DISABILITY, OR BY REASON OF AGE OR SERVICE,
21 AND EXCEPT AS TO SERVICE INCREMENTS PROVIDED FOR IN SUBSECTION
22 (B) OF THIS SECTION, SHALL BE NO LESS THAN ONE-HALF THE ANNUAL
23 SALARY OF SUCH MEMBER AT THE TIME OF VESTING UNDER SECTION
24 4320.1 OR RETIREMENT COMPUTED AT SUCH MONTHLY OR AVERAGE ANNUAL
25 RATE, WHICHEVER IS THE HIGHER. IN THE CASE OF THE PAYMENT OF
26 PENSIONS TO MEMBERS FOR PERMANENT INJURY INCURRED IN SERVICE,
27 AND TO FAMILIES OF MEMBERS KILLED OR WHO DIE IN SERVICE, THE
28 AMOUNT AND COMMENCEMENT OF THE PAYMENT OF PENSIONS SHALL BE
29 FIXED BY REGULATIONS OF THE BOARD. SUCH REGULATIONS SHALL NOT
30 TAKE INTO CONSIDERATION THE AMOUNT AND DURATION OF WORKMEN'S

1 COMPENSATION ALLOWED BY LAW. PAYMENTS TO SURVIVING SPOUSES OF
2 MEMBERS RETIRED ON PENSION OR KILLED IN THE SERVICE ON OR AFTER
3 JANUARY 1, 1960, OR WHO DIE IN THE SERVICE ON OR AFTER JANUARY
4 1, 1968, SHALL BE THE AMOUNT PAYABLE TO THE MEMBER OR WHICH
5 WOULD HAVE BEEN PAYABLE HAD HE BEEN RETIRED AT THE TIME OF HIS
6 DEATH.

7 (b) In addition to the pension which is authorized to be
8 paid from the firemen's pension fund by this act and
9 notwithstanding the limitations therein placed upon such
10 pensions and upon contributions, every contributor who shall
11 become entitled to the pension shall also be entitled to the
12 payment of a "service increment" in accordance with and subject
13 to the conditions hereinafter set forth.

14 * * *

15 (6) After the effective date of this clause, a city may
16 agree to make service increment payments in excess of one
17 hundred dollars (\$100) per month, as long as such payments do
18 not exceed five hundred dollars (\$500) per month, and in
19 computing such service increments no employment after the
20 contributor has reached the age of sixty-five years shall be
21 included: Provided, That any agreement to provide an increase in
22 service increment payments shall include a proportionate
23 increase in the amount each contributor shall pay into the
24 retirement fund under clause (2), not to exceed five dollars
25 (\$5) per month.

26 ~~Section 2. This act shall take effect in 60 days.~~ <—

27 SECTION 3. INCREASES IN THE RETIREMENT ALLOWANCES OF MEMBERS <—
28 RESULTING FROM THE AMENDMENT OF SECTIONS 4303(A) AND 4322(A) OF
29 THE ACT, WHICH EXCEED IN ANY YEAR ONE-HALF THE ANNUAL PAY OF THE
30 MEMBER COMPUTED AT THE MONTHLY OR AVERAGE ANNUAL RATE, WHICHEVER

1 IS THE HIGHER, AND THE USE OF ASSETS OF THE POLICE PENSION FUND
2 OR FIREMAN'S PENSION FUND TO PROVIDE, IN WHOLE OR IN PART, TO
3 RETIRED POLICE OFFICERS, FIREMAN OR THEIR DEPENDENTS, MAY NOT BE
4 IMPLEMENTED EXCEPT UPON THE DETERMINATION BY THE PENSION FUND
5 ACTUARY THAT CURRENT ASSETS OF THE PENSION FUND ARE, PURSUANT TO
6 THE ACT OF DECEMBER 18, 1984 (P.L.1005, NO.205), KNOWN AS THE
7 MUNICIPAL PENSION PLAN FUNDING STANDARD AND RECOVERY ACT,
8 SUFFICIENT TO PROVIDE THE INCREASE IN THE RETIREMENT ALLOWANCE
9 OF MEMBERS, WITHOUT CREATING A CURRENT OR FUTURE UNFUNDED
10 LIABILITY; AND THE FURTHER DETERMINATION OF THE PENSION FUND
11 ACTUARY THAT, BASED UPON THE APPLICATION OF STANDARDS WIDELY
12 ACCEPTED WITHIN THE ACTUARIAL INDUSTRY, THERE IS A DE MINIMIS
13 RISK THAT THE PROPOSED INCREASES IN THE RETIREMENT ALLOWANCES OF
14 MEMBERS WILL RESULT IN A FUTURE REQUIREMENT THAT THE CITY
15 INCREASE PAYMENTS TO THE PENSION FUND IN ORDER TO MEET THE
16 FUNDING REQUIREMENTS OF THE MUNICIPAL PENSION PLAN FUNDING
17 STANDARD AND RECOVERY ACT.

18 SECTION 4. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.