

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 566 Session of 2009

INTRODUCED BY M. SMITH, TURZAI, FRANKEL, GERGELY, HARRIS, MAHER,  
MUSTIO, SIPTROTH, WAGNER, WALKO AND ROAE, FEBRUARY 26, 2009

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 26, 2009

AN ACT

1 Amending the act of July 28, 1953 (P.L.723, No.230), entitled,  
2 as amended, "An act relating to counties of the second class  
3 and second class A; amending, revising, consolidating and  
4 changing the laws relating thereto," in employees' retirement  
5 system, further defining "compensation"; and further  
6 providing for retirement board and for amount of retirement  
7 allowances.

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

10 Section 1. The definition of "compensation" in section 1701  
11 of the act of July 28, 1953 (P.L.723, No.230), known as the  
12 Second Class County Code, amended July 6, 1984 (P.L.638, No.  
13 131), is amended to read:

14 Section 1701. Definitions.--The following words and phrases  
15 as used in this article shall be construed to have the following  
16 meaning:

17 \* \* \*

18 "Compensation," [pickup] (1) Pickup contributions plus  
19 salary or wages received per day, weekly, bi-weekly, semi-  
20 monthly, monthly, annually, or during an official term year.

1     (2) For employes hired or reemployed on or after the  
2 effective date of this clause, the term shall not include  
3 overtime pay.

4     \* \* \*

5     Section 2. Section 1703 of the act is amended to read:

6     Section 1703. Retirement Board.--The retirement system shall  
7 be under the sole direction of a board, which shall consist of  
8 the county [commissioners, the treasurer, the controller,] chief  
9 executive; one member, who shall be a member of the retirement  
10 system, appointed by the chief executive with the consent of  
11 county council; one member, who shall be a member of the  
12 retirement system, appointed by county council; the controller;  
13 the treasurer; and two persons elected by ballot from among the  
14 members of the retirement system[, one to serve for two years  
15 and one for four years. Following the completion of the initial  
16 terms, the stated]. The terms of such members shall be four  
17 years. Ballots shall be mailed to each member of the retirement  
18 system at least twenty (20) days prior to the date of the  
19 election. A vacancy occurring during the term of any member of  
20 the board shall be filled for the unexpired term by the  
21 appointment or election of a successor in the same manner as his  
22 predecessor. A majority of the members of the board shall  
23 constitute a quorum for the transaction of any business.

24     Section 3. Section 1712(a) of the act, amended October 30,  
25 2000 (P.L.616, No.85), is amended to read:

26     Section 1712. Amount of Retirement Allowances.--(a) (1)  
27 The retirement allowance paid under the provisions of this  
28 article shall equal fifty per centum of the amount which would  
29 constitute the average monthly compensation as received by the  
30 county employe during the highest twenty-four months of the last

1 four (4) years of his employment or two years on a bi-weekly pay  
2 basis in which period of time the said county employe made  
3 monthly or bi-weekly contributions into the retirement fund  
4 prior to his or her retirement.

5 (2) For employes hired after the effective date of this  
6 clause, the retirement allowance paid under the provisions of  
7 this article shall be equal to fifty per centum of the amount  
8 which would constitute the average monthly compensation as  
9 received by the county employe during the highest forty-eight  
10 months of the last eight (8) years of his employment or four (4)  
11 years on a bi-weekly pay basis in which period of time the  
12 county employe made monthly or bi-weekly contributions into the  
13 retirement fund prior to his or her retirement.

14 (3) Such average monthly compensation shall include the  
15 compensation which any county employe would have been entitled  
16 to and would have received except for deduction from  
17 compensation due to time spent in serving as an elected State  
18 official: Provided, That the county and the employe shall make  
19 monthly contributions based on the last compensation equal to  
20 the amount the county and he or she would have paid into the  
21 retirement fund had such compensation been paid by the county.  
22 In the event an employe, on the effective date of employment  
23 termination, shall have less than a full year of service for the  
24 purpose of computing the employe's service time, then the amount  
25 of the retirement allowance, which would have been computed had  
26 the employe completed a full twelve-month period for the year of  
27 the termination of employment, shall be prorated upon a full  
28 completed month basis for said last year of service. No  
29 retirement allowance shall be computed on a monthly compensation  
30 in excess of four thousand three hundred thirty-three dollars

1 and thirty-three cents (\$4,333.33) (referred to in this  
2 subsection as "excess compensation") unless the employe and the  
3 county have made contributions on all excess compensation  
4 received by the employe during the five-year period preceding  
5 the employe's retirement: Provided, That the required  
6 contribution is paid into the retirement system within ninety  
7 (90) days of the date of retirement. An employe who retires  
8 within five (5) years of the effective date of the compensation  
9 cap removal may elect to satisfy the contribution requirement by  
10 making a lump sum contribution that is calculated by applying  
11 the applicable contribution percentage rate to all excess  
12 compensation received by the employe during the prior five-year  
13 period on which contributions were not made. Within ninety (90)  
14 days of such contribution by an employe, contributions shall  
15 also be made by the county in an amount equal to the amount  
16 contributed by the employe. The effective date of the cap  
17 removal is December 31, 1999.

18 (4) After the effective date of this amendment, certain  
19 former county employes who are now receiving a retirement  
20 allowance shall receive an increase of a certain per centum of  
21 such retirement allowance, which sum shall be computed on the  
22 average monthly retirement allowance as heretofore authorized by  
23 the board.

24 (5) The per centum of increase in said monthly retirement  
25 allowance shall be a flat 10 per centum increase with the  
26 maximum amount not to exceed forty-five dollars (\$45.00) per  
27 month.

28 (6) Any employe who earns in excess of ten thousand eight  
29 hundred dollars (\$10,800) per annum and shall retire during the  
30 period from January 1, 1973 to December 31, 1981 shall pay, as a

1 condition to the payment of any benefits hereunder a lump sum  
2 contribution into the retirement fund, which contribution shall  
3 be computed as follows:

4 (i) The difference between ten thousand eight hundred  
5 dollars (\$10,800) and the annual salary of the employe  
6 multiplied by the number of years during which he was not an  
7 employe of the county for the period aforesaid and upon that  
8 amount the sum of two per centum which shall be the lump sum  
9 contribution as required herein.

10 (ii) No person who is reemployed as a county employe shall  
11 be eligible to receive the benefit of a retirement allowance  
12 plus a service increment, if any, until he or she shall have  
13 made at least twenty-four monthly or fifty-two bi-weekly  
14 contributions into the retirement fund subsequent to his or her  
15 reemployment. The foregoing provisions shall not have a  
16 retroactive application and shall apply only to present and  
17 future county employes. The rate required to be paid in  
18 accordance with this provision shall apply to present county  
19 employes notwithstanding the rate of contribution that the  
20 present county employe has made into the retirement fund.

21 \* \* \*

22 Section 4. This act shall take effect in 60 days.