

**MUNICIPAL PENSION PLAN FUNDING STANDARD AND RECOVERY ACT - AUTHORIZATION  
FOR ALTERNATE AMORTIZATION SCHEDULES TO ACCOMMODATE EXTRAORDINARY EVENTS**

Act of Nov. 30, 2004, P.L. 1577, No. 200

Cl. 72

Session of 2004

No. 2004-200

HB 2865

AN ACT

Amending the act of December 18, 1984 (P.L.1005, No.205), entitled "An act mandating actuarial funding standards for all municipal pension systems; establishing a recovery program for municipal pension systems determined to be financially distressed; providing for the distribution of the tax on the premiums of foreign fire insurance companies; and making repeals," providing authorization for alternate amortization schedules to accommodate extraordinary events.

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

Section 1. The act of December 18, 1984 (P.L.1005, No.205), known as the Municipal Pension Plan Funding Standard and Recovery Act, is amended by adding a section to read:

**Section 209. Authorization for alternate amortization  
schedules to accommodate extraordinary events.**

In the preparation of an actuarial valuation report as of the beginning of the plan year occurring in 2005 or thereafter, a municipality may adopt an alternate amortization schedule rather than the amortization schedule specified in section 202(b)(4) for any increment of unfunded actuarial accrued liability that exceeds \$9,000,000, causes at least a 30% increase in the aggregate actuarial accrued liability of the pension plan and is attributable to a single benefit enhancement granted prior to January 1, 2004, and being newly recognized in the actuarial valuation report. The alternate amortization schedule shall be formally adopted by the governing body of the municipality and shall provide for an amortization target date that results in an amortization period of 30 years, level percentage amortization payments increasing by no more than 5% annually if adopted in an actuarial valuation report with a valuation date in 2005 and level dollar amortization payments if adopted in an actuarial valuation report with a valuation date occurring after December 31, 2005. The initial and all subsequent actuarial valuation reports filed with the commission during the operation of the alternate amortization schedule shall separately disclose the initial amount of the increment of unfunded actuarial accrued liability, the date that the alternate amortization schedule was established, the amortization target date, the original amortization period, the remaining balance of the increment of unfunded actuarial accrued liability and the amortization payment for the year following the valuation date of the

**actuarial valuation report.**

Section 2. This act shall take effect immediately.

APPROVED--The 30th day of November, A. D. 2004.

EDWARD G. RENDELL