

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 591

Session of  
1987

INTRODUCED BY VAN HORNE, TRELLO, IRVIS, MOWERY, FOSTER,  
DOMBROWSKI, 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 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 payments into certain pension funds.

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

7 Section 1. Section 4301 of the act of June 23, 1931  
8 (P.L.932, No.317), known as The Third Class City Code, reenacted  
9 and amended June 28, 1951 (P.L.662, No.164) and amended October  
10 4, 1978 (P.L.950, No.188), is amended to read:

11 Section 4301. Police Pension Fund; Direction of.--[Cities]

12 (a) Each city shall establish, by ordinance, a police pension  
13 fund[, to].

14 (b) The police pension fund shall be maintained by an equal  
15 and proportionate monthly charge against each member of the  
16 police force, which, except to the extent that subsection (c) of  
17 section 607 of the act of December 18, 1984 (P.L.1005, No.205),  
18 known as the "Municipal Pension Plan Funding Standard and

1 Recovery Act," applies, shall not exceed annually four per  
2 centum of the pay of such member and an additional amount not to  
3 exceed one per centum of the pay of such member to be paid by  
4 such member or the municipal corporation to provide sufficient  
5 funds for payments required by subsection (d) of section 4303 to  
6 surviving spouses or if no spouse survives or if such person  
7 survives and subsequently dies or remarries, then to the child  
8 or children under the age of eighteen years, of members of the  
9 police force or of members retired on pension or who die in  
10 service[; which]\_.

11 (c) The police pension fund shall at all times be under the  
12 direction and control of council but may be committed to the  
13 custody and management of such officers of the city or citizens  
14 thereof, or corporations located therein, as may be designated  
15 by council, and applied, under such regulations as council may,  
16 by ordinance, prescribe, for the benefit of such members of the  
17 police force as shall receive honorable discharge therefrom by  
18 reason of age or disability, surviving spouses or if no spouse  
19 survives or if such person survives and subsequently dies or  
20 remarries, then to the child or children under the age of  
21 eighteen years, of members of the police force or of members  
22 retired on pension[; but such]\_.

23 (d) All allowances as shall be made to those who are retired  
24 by reason of the disabilities of age shall be in conformity with  
25 a uniform scale, together with service increments as hereinafter  
26 provided.

27 (e) Any compensation paid to a corporate custodian of the  
28 police pension fund shall be paid from the general fund of the  
29 city.

30 Section 2. Section 4303(b)(2) of the act, amended January

1 18, 1952 (1951 P.L.2105, No.596), is amended to read:

2 Section 4303. Allowances and Service Increments.--\* \* \*

3 (b) In addition to the retirement allowance which is  
4 authorized to be paid from the police pension fund by this act,  
5 and notwithstanding the limitations therein placed upon such  
6 retirement allowances and upon contributions, every contributor  
7 who shall become entitled to the retirement allowance shall also  
8 be entitled to the payment of a "service increment" in  
9 accordance with and subject to the conditions hereinafter set  
10 forth.

11 \* \* \*

12 (2) [Each] Except to the extent that subsection (c) of  
13 section 607 of the act of December 18, 1984 (P.L.1005, No.205),  
14 known as the "Municipal Pension Plan Funding Standard and  
15 Recovery Act," applies, each contributor, from and after the  
16 effective date of this amendment, shall pay into the retirement  
17 fund a monthly sum in addition to his or her retirement  
18 contribution, which shall be equal to one-half of one per centum  
19 of his or her salary: Provided, That such payment shall not  
20 exceed the sum of one dollar (\$1.00) per month: And provided,  
21 That such service increment contribution shall not be paid after  
22 a contributor has reached the age of sixty-five years.

23 \* \* \*

24 Section 3. Sections 4305, 4320, 4322(b), 4324 and 4344 of  
25 the act, amended October 4, 1978 (P.L.950, No.188), are amended  
26 to read:

27 Section 4305. Payments to Pension Funds by City.--There  
28 shall be paid by the city annually to the organization or  
29 association, constituting and having in charge the distribution  
30 of police pension funds in every city, a sum of money sufficient

1 to meet the [requirements of and to maintain such police pension  
2 fund which sum in no year shall be less than one-half of one per  
3 centum nor more than three per centum of all city taxes levied  
4 by the city, other than taxes levied to pay interest on or  
5 extinguish the debt of the city or any part thereof. Council may  
6 exceed the limitations imposed by this section if an additional  
7 amount is deemed necessary to provide sufficient funds for  
8 payments to surviving spouses of members retired on pension or  
9 killed or who die in the service: Provided, however, That the  
10 city may annually pay into said fund not less than one-half of  
11 one per centum of all city taxes levied by the city, other than  
12 taxes levied to pay interest on or extinguish the debt of the  
13 city or any part thereof.] minimum obligation of the  
14 municipality with respect to the pension plan pursuant to the  
15 act of December 18, 1984 (P.L.1005, No.205), known as the  
16 "Municipal Pension Plan Funding Standard and Recovery Act."

17 Section 4320. Firemen's Pension Fund; Management; Annuity  
18 Contracts.--(a) Except as hereinafter provided, cities shall  
19 provide annuity contracts or establish, by ordinance, a  
20 firemen's pension fund[, to].

21 (b) The firemen's pension fund shall be maintained in part  
22 by an equal and proportionate monthly charge against each member  
23 of the fire department, which, except to the extent that  
24 subsection (c) of section 607 of the act of December 18, 1984  
25 (P.L.1005, No.205), known as the "Municipal Pension Plan Funding  
26 Standard and Recovery Act," applies, shall not exceed annually  
27 four per centum of the pay of such member, and an additional  
28 amount not to exceed one per centum if deemed necessary by the  
29 council to provide sufficient funds for payments to surviving  
30 spouses of members retired on pension or killed or who die in

1 the service.

2     (c) In any case where there is an existing organization or  
3 association for the benefit of fully paid firemen, constituting  
4 and having in charge the distribution of firemen's pension  
5 funds, no annuity contract shall be provided, nor shall any  
6 firemen's pension funds be established under the provisions of  
7 this section unless and until the members of such organization  
8 or association, by a two-thirds vote, elect to transfer said  
9 existing fund into the pension fund required to be established  
10 by this section.

11     [All pension funds] (d) Any firemen's pension fund  
12 established under the provisions of this section shall be under  
13 the direction and control of a board of managers consisting of  
14 the mayor, the director of accounts and finance, the director of  
15 the department having charge of the fire department, or in  
16 cities where the mayor is also the director of the department  
17 having charge, of the fire department, then the director of  
18 public safety, the city controller and the chief of the bureau  
19 of fire, ex officio, and two members of the fire department to  
20 be chosen by the members of the fire department. Of the first  
21 managers so chosen by the members of the fire department one  
22 shall be chosen for a term of two years and one for a term of  
23 four years. Biennially thereafter one manager shall be chosen  
24 for a term of four years to take the place of the one whose term  
25 expires. In case of vacancy among the managers chosen by the  
26 fire department, a successor shall be chosen for the unexpired  
27 term. The fund shall be applied, under such regulations as the  
28 board of managers shall prescribe, for the benefit of such  
29 members of the fire department as shall receive honorable  
30 discharge therefrom by reason of service or age or disability,

1 surviving spouses of retired members and the families of such as  
2 may be killed or who die in the service.

3 (e) All such pensions as shall be allowed to those who are  
4 retired by reason of the disabilities or of service or age shall  
5 be in conformity with a uniform scale, together with service  
6 increments as hereinafter provided. Benefits allowed from such  
7 fund to families of such as are killed or who die in service  
8 shall take into consideration the member's surviving spouse and  
9 his minor children under eighteen years of age, if any survive.

10 Section 4322. Pensions and Service Increments.--\* \* \*

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

18 (1) Service increment shall be the sum obtained by computing  
19 the number of whole years after having served the minimum  
20 required by this act during which a contributor has been  
21 employed by such city and paid out of the city treasury,  
22 including credit for military service as provided in section  
23 4321, and multiplying the said number of years so computed by an  
24 amount equal to one-fortieth of the retirement allowance which  
25 has become payable to such contributor in accordance with the  
26 provisions of this act. In computing the service increment, no  
27 employment after the contributor has reached the age of sixty-  
28 five years shall be included, and no service increment shall be  
29 paid in excess of one hundred dollars (\$100) per month.

30 (2) [Each] Except to the extent that subsection (c) of

1 section 607 of the act of December 18, 1984 (P.L.1005, No.205),  
2 known as the "Municipal Pension Plan Funding Standard and  
3 Recovery Act," applies, each contributor, from and after the  
4 effective date of this amendment, shall pay into the pension  
5 fund a monthly sum in addition to his pension contribution,  
6 which shall not exceed the sum of one dollar (\$1) per month: And  
7 provided, That such service increment contribution shall not be  
8 paid after a contributor has reached the age of sixty-five  
9 years.

10 (3) Any person who is a member of the department on the  
11 effective date of this amendment who has already reached the age  
12 of sixty-five years shall have his service increment computed on  
13 the years of employment prior to the date of reaching his sixty-  
14 fifth birthday.

15 (4) Service increment contributions shall be paid at the  
16 same time and in the same manner as pensions, and may be  
17 withdrawn in full, without interest, by persons who leave the  
18 employment of such city, subject to the same conditions by which  
19 retirement contributions may be withdrawn, or by persons who  
20 retire before becoming entitled to any service increment.

21 (5) All members of the fire department who are now  
22 contributors to the pension fund and all those employed by the  
23 city after the effective date of this amendment, if required to  
24 become contributors to the pension fund, shall be subject to the  
25 provisions of this act.

26 Section 4324. Payments to Firemen's Pension Funds by City.--  
27 There shall be paid to the firemen's pension funds by every city  
28 annually [the sum of money not less than one-half of one per  
29 centum nor more than three per centum of all city taxes levied  
30 by the city, other than taxes levied to pay interest on or

1   extinguish the debt of the city or any part thereof. Council may  
2   exceed the limitations imposed by this section if an additional  
3   amount is deemed necessary to provide sufficient funds for  
4   payments to surviving spouses of members retired on pension or  
5   killed or who die in the service: Provided, however, That the  
6   city shall annually pay into said fund not less than one-half of  
7   one per centum of all city taxes levied by the city, other than  
8   taxes levied to pay interest on or extinguish the debt of the  
9   city or any part thereof.] an amount sufficient to meet the  
10 minimum obligation of the municipality with respect to the  
11 pension plan pursuant to the act of December 18, 1984 (P.L.1005,  
12 No.205), known as the "Municipal Pension Plan Funding Standard  
13 and Recovery Act."

14       Section 4344. Amount of Payments into Fund; Repayment before  
15 Retirement.--The employes of any city, creating such pension  
16 fund and pension board, except to the extent that subsection (c)  
17 of section 607 of the act of December 18, 1984 (P.L.1005,  
18 No.205), known as the "Municipal Pension Plan Funding Standard  
19 and Recovery Act," applies, shall pay into the board of pensions  
20 monthly an amount equal to two per centum of their monthly  
21 salaries or wages, and if council elects, by ordinance, to make  
22 such payments, an additional amount not to exceed one per centum  
23 if deemed necessary by council to provide sufficient funds for  
24 payments to the surviving spouses of members who were retired on  
25 pension or killed in the service, which shall be applied to the  
26 purposes of the fund. Payment of the monthly amount or  
27 contribution herein mentioned shall cease and be discontinued at  
28 the time the beneficiary receives the pension herein provided.  
29 If for any cause any employe contributing to the pension fund  
30 shall cease to be an employe of the city before the said employe



1 becomes entitled to a pension, the total amount of the  
2 contributions paid into the pension fund by such employee shall  
3 be refunded to him or her in full, without interest. If any such  
4 employee shall have returned to him or her the amount contributed  
5 as aforesaid, and shall afterward reenter the employ of the  
6 city, said employee shall not be entitled to the pension  
7 designated until twenty years after said reemployment, unless he  
8 or she shall return to the pension fund the amount withdrawn, in  
9 which event that period of twenty years shall be computed from  
10 the time said employee first enters the service of the city. In  
11 the event of the death of any such employee, before the said  
12 employee becomes entitled to the pension aforesaid, the said  
13 total amount of contributions paid into the pension fund by said  
14 employee shall be paid over to the estate of said deceased  
15 employee.

16 Section 4. Section 4344.1 of the act, amended July 21, 1959  
17 (P.L.553, No.169), is amended to read:

18 Section 4344.1. Determination of Liability Upon Extension of  
19 Social Security.--Where a city has entered into an agreement  
20 with the Commonwealth to place its employees under the Federal  
21 Social Security Act, the pension board shall appoint an actuary,  
22 and may fix his compensation. The actuary shall [determine the  
23 present value of the liability on account of pensions payable  
24 under the provisions of section 4343 of this act to employees who  
25 are members of the system on the effective date of the  
26 agreement, and shall offset the value of any assets in the  
27 pension fund to determine the unfunded liability. The city may  
28 make such payments as it desires toward the unfunded liability  
29 until the accumulated reserve equals the present value of the  
30 liability. The actuary shall also determine the amount which

1 shall be contributed, annually, into the fund on account of  
2 service of all new and original members subsequent to the  
3 effective date of the agreement.] assist the chief  
4 administrative officer of the city in the preparation of the  
5 periodic actuarial valuation reports pursuant to Chapter 2 of  
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 [Employees] Except to the extent that subsection (c) of  
9 section 607 of the "Municipal Pension Plan Funding Standard and  
10 Recovery Act," applies, employees shall pay into the board of  
11 pensions, monthly, an amount equal to three and one-half per  
12 centum of that portion of monthly compensation on which social  
13 security allowances are payable and five per centum of any  
14 monthly compensation in excess of that on which social security  
15 allowances are payable. The remainder of the needed annual  
16 contribution for service subsequent to the date of the  
17 agreement, as determined by the actuary, shall become the  
18 obligation of the city, and shall be paid by it to the board of  
19 pensions by annual appropriations. The provisions of this  
20 section shall, in all applicable cases, supersede the provisions  
21 relating to contributions in section 4344 and section 4348 of  
22 this act.

23 Section 5. Section 4348 of the act, amended August 17, 1951  
24 (P.L.1251, No.292), is amended to read:

25 Section 4348. Appropriations and Contributions to Fund.--The  
26 council [may] shall annually set aside, apportion, and  
27 appropriate, out of all taxes and income of such city, unto the  
28 board of pensions, a sum sufficient to [maintain the pensions or  
29 compensations due hereunder on account of the city  
30 contributions] meet the minimum obligation of the municipality

1 with respect to the pension plan pursuant to the act of December  
2 18, 1984 (P.L.1005, No.205), known as the "Municipal Pension  
3 Plan Funding Standard and Recovery Act," for all employes except  
4 volunteer firemen. On account of volunteer firemen who become  
5 members of the pension fund, the board of trustees of the  
6 volunteer fire company employing and paying them shall annually  
7 contribute to the board of pensions a sum equal to the same  
8 percentage of its participating payroll as the amount  
9 contributed by the city for the same year bears to its  
10 participating payroll.

11 Section 6. This act shall take effect immediately.