

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1261 Session of  
1989

INTRODUCED BY VAN HORNE AND MOWERY, APRIL 24, 1989

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 24, 1989

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.