

THE GENERAL ASSEMBLY OF PENNSYLVANIA

**HOUSE BILL**

**No. 1366** Session of  
1991

INTRODUCED BY WAMBACH, DEMPSEY, CALTAGIRONE, RITTER, HARPER,  
ULIANA, DENT, CAPPABIANCA AND STURLA, MAY 8, 1991

REFERRED TO COMMITTEE ON URBAN AFFAIRS, MAY 8, 1991

AN ACT

1 Amending the act of May 23, 1945 (P.L.903, No.362), entitled "An  
2 act authorizing cities of the third class to establish an  
3 optional retirement system for officers and employes  
4 independently of any pension system or systems existing in  
5 such cities," providing for a limited vested benefit.

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

8 Section 1. The act of May 23, 1945 (P.L.903, No.362),  
9 entitled "An act authorizing cities of the third class to  
10 establish an optional retirement system for officers and  
11 employes independently of any pension system or systems existing  
12 in such cities," is amended by adding sections to read:

13 Section 4.1. (a) Any pension ordinance may provide for a  
14 limited vested benefit if it would conform to section 305 of 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 Under the provisions of the benefit, a member who has completed  
18 twelve (12) years of full-time service but has not completed the  
19 minimum age and minimum period of continuous service shall be

1 entitled to vest his retirement benefits subject to the  
2 following conditions:

3 (1) the member must file with the management board of the  
4 fund a written notice of his intention to vest;

5 (2) the member must include in the notice the date the  
6 member intends to terminate his service;

7 (3) the termination date shall be at least thirty (30) days  
8 later than the date of notice to vest;

9 (4) the member must be in good standing with the city on the  
10 date of notice to vest; and

11 (5) the board shall indicate on the notice to vest the rate  
12 of the monthly pay of the member as of the date of the notice to  
13 vest or the highest average annual salary which the member  
14 received during any five (5) years of service preceding that  
15 date, whichever is higher.

16 (b) Upon reaching the date which would have been the  
17 member's retirement date had the member continued his employment  
18 with the city, the member shall notify the board in writing that  
19 the member desires to collect his pension. The amount of  
20 retirement benefits the member is entitled to receive under this  
21 section shall be computed as follows:

22 (1) the initial determination of the member's base  
23 retirement benefits shall be computed on the salary indicated on  
24 the notice to vest; and

25 (2) the portion of the base retirement due the member shall  
26 be determined by applying to the base amounts the percentage  
27 that his years of service actually rendered bears to the years  
28 of service which would have been rendered had the member  
29 continued to be employed by the city until his minimum  
30 retirement date. As used in this section, the term "salary"

1 means the fixed amount of compensation paid at regular, periodic  
2 intervals, by the city to the member and from which pension  
3 contributions have been deducted.

4 Section 4.2. (a) The board may, subject to the approval  
5 required under subsection (b), increase the compensation of  
6 persons receiving compensation of any kind from the fund by  
7 reason of and after the termination of the services of any  
8 member of the fund. Such increases shall be in conformity with a  
9 uniform scale, which shall be based on the Consumer Price Index  
10 for all urban consumers calculated by the Bureau of Labor  
11 Statistics of the United States Department of Labor, but the  
12 total of any such allowance shall not at any time exceed one-  
13 half (1/2) of the current salary being paid to nonuniformed  
14 employees of the highest pay grade. No cost-of-living increase  
15 shall be granted which would impair the actuarial soundness of  
16 the fund.

17 (b) The board may recommend the increase described in  
18 subsection (a) to the city council at any time. If the  
19 provisions of sections 305 of the act of December 18, 1984  
20 (P.L.1005, No.205), known as the "Municipal Pension Plan Funding  
21 Standard and Recovery Act," have been satisfied, the council  
22 may, by ordinance, approve this increase, subject, however, to  
23 the approval of the mayor.

24 Section 2. This act shall take effect immediately.