

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2735 Session of
1998

INTRODUCED BY STETLER, WOJNAROSKI, BELARDI, MUNDY, ROBINSON,
ARMSTRONG, SAYLOR, VAN HORNE, EVANS, RAMOS, PLATTS, BELFANTI,
JAMES, M. COHEN, SHANER, BENNINGHOFF, TRELLO, HARHAI,
YOUNGBLOOD, MICHLOVIC AND ITKIN, JUNE 15, 1998

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, JUNE 15, 1998

AN ACT

1 Amending the act of December 18, 1984 (P.L.1005, No.205),
2 entitled "An act mandating actuarial funding standards for
3 all municipal pension systems; establishing a recovery
4 program for municipal pension systems determined to be
5 financially distressed; providing for the distribution of the
6 tax on the premiums of foreign fire insurance companies; and
7 making repeals," further providing for the calculation of the
8 value of the participation of pension plan to be done at
9 least annually.

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

12 Section 1. Section 607(b)(1) of the act of December 18, 1984
13 (P.L.1005, No.205), known as the Municipal Pension Plan Funding
14 Standard and Recovery Act, is amended to read:

15 Section 607. Remedies applicable to various recovery program
16 levels.

17 * * *

18 (b) Aggregation of trust funds.--If the municipality has
19 established and maintained more than one pension plan for its
20 employees and there are pension funds associated with those

1 pension plans, the municipality may aggregate the assets to the
2 credit of the various pension funds into a single pension trust
3 fund. Subsequent to the aggregation, the pension trust fund
4 shall be the funding mechanism for all pension plans connected
5 with the aggregation.

6 (1) Each pension plan subject to the aggregation shall
7 have an undivided participation in the assets of the combined
8 pension trust fund. For accounting purposes, the value of the
9 participation by each plan shall be calculated at least
10 annually. The value for the initial year following
11 aggregation shall be that portion of the total value of the
12 pension trust fund which bears the same relationship that the
13 value of the assets of the pension plan, as of the date of
14 the aggregation plus the contributions received by the
15 pension trust fund with respect to that pension plan since
16 the date of aggregation and reduced by the amount of
17 retirement annuities and benefits paid from the pension trust
18 fund for annuitants and benefit recipients of that pension
19 plan since the date of aggregation, bears to the total value
20 of all assets transferred to the pension trust fund as of the
21 date of aggregation plus the total contributions received by
22 the pension trust fund since the date of aggregation and
23 reduced by the total amount of retirement annuities and
24 benefits paid for all annuitants and benefit recipients since
25 the date of aggregation. The value of the participation for
26 each year subsequent to the initial year following
27 aggregation shall be that portion of the total value of the
28 pension trust fund which bears the same relationship that the
29 value of the participation of the pension plan, as of the
30 close of the preceding year plus the contributions received

1 by the pension trust fund with respect to that pension plan
2 during the year and reduced by the amount of retirement
3 annuities and benefits paid from the pension trust fund for
4 annuitants and benefit recipients of that pension plan during
5 the year, bears to the total value of all participation in
6 the pension trust fund as of the close of the preceding year
7 plus the total contributions received by the pension trust
8 fund during the year and reduced by the total amount of
9 retirement annuities and benefits paid for all annuitants and
10 benefit recipients during the year.

11 * * *

12 Section 2. This act shall take effect in 60 days.