

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 893 Session of 2011

INTRODUCED BY FARNESE, WAUGH, FONTANA, BROWNE, ORIE, DINNIMAN,  
HUGHES AND WASHINGTON, MARCH 23, 2011

REFERRED TO FINANCE, MARCH 23, 2011

AN ACT

1 Amending the act of December 18, 1984 (P.L.1005, No.205),  
2 entitled, as amended, "An act mandating actuarial funding  
3 standards for all municipal pension systems; establishing a  
4 recovery program for municipal pension systems determined to  
5 be financially distressed; providing for the distribution of  
6 the tax on the premiums of foreign fire insurance companies;  
7 providing for the establishment and administration of  
8 deferred retirement option plans in local governments and for  
9 local tax; and making repeals," in provisions relating to  
10 cities of the first class, providing for purchase of credit  
11 for previous government service.

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

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

17 Section 1004. Purchase of credit for previous government  
18 service.

19 (a) General rule.--A member of a retirement system of a city  
20 of the first class may purchase credited service for previous  
21 government employment, which was full-time or its prorated  
22 equivalent and which occurred prior to the member's current term

1 of employment with the city of the first class, as follows:

2 (1) service with the military, under a branch of the  
3 armed forces of the United States; or

4 (2) service as an employee of the Federal Government,  
5 State or political subdivision within the Commonwealth or any  
6 agency or instrumentality thereof or any association of  
7 employees thereof; or of an educational organization which is  
8 a public school within this Commonwealth which provides  
9 elementary or secondary education, as determined by State  
10 law.

11 (b) Limitation.--

12 (1) Credited service which may be purchased, only if the  
13 member has vested in the current retirement system, for  
14 allowable other government employment is limited to a maximum  
15 of ten years and shall be permitted only with respect to  
16 service for which the member is not or will not be entitled  
17 to a vested pension from another employer.

18 (2) Notwithstanding the provisions of paragraph (1), a  
19 member may purchase credit for prior military service for  
20 which the member is or will be entitled to a military  
21 pension, if that member's entitlement to a military pension  
22 is based on whole or in part upon service in the military  
23 reserves.

24 (c) Amount payable and payments.--The amount payable shall  
25 be certified in each case by the pension board in accordance  
26 with methods approved by the actuary and shall be paid in a lump  
27 sum within 30 days or amortized with statutory interest through  
28 salary deductions in amounts agreed upon by the member and the  
29 pension board.

30 (d) Applications.--Applications for purchase of credited

1 service under this section shall be made on forms provided by  
2 the pension board and, in the case of an application for  
3 allowable military service, shall be accompanied by a certified  
4 copy of the applicant's military record plus proof of a  
5 discharge from the armed forces of the United States that is  
6 characterized as "honorable" or "under honorable conditions."  
7 Such discharge shall be a condition precedent to being entitled  
8 to the purchase of credited service with respect to military  
9 service.

10 (e) Compliance by city of the first class.--A city of the  
11 first class that has an established procedure for members of its  
12 retirement system to purchase previous government service which  
13 procedure does not conform to the provisions of subsection (b)  
14 shall amend its plan:

15 (1) within 180 days of the effective date of this  
16 section; or

17 (2) when the current labor-management contract creating  
18 the plan expires, whichever is later, to conform with the  
19 provisions of this section with respect to future retirement  
20 system participants.

21 (f) Applicability.--The provisions of subsection (b) shall  
22 not apply to a member of the retirement system who:

23 (1) has civil service status;

24 (2) is entitled to be represented by a union; and

25 (3) has five or more years of credited service with the  
26 retirement system.

27 (g) Construction.--A change of position in employment within  
28 an administrative department of a city of the first class or  
29 between administrative departments of a city of the first class  
30 shall not be deemed as establishing a new current term of

1 employment for purposes of this section.

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