

MUNICIPAL PENSION LEGISLATION ENACTED SINCE 2001

LEGISLATIVE SESSION 2013 – 2014

Act 2014 – 58 (House Bill Number 128, Printer's Number 126).

Signed into law on June 18, 2014, Act 58 amended the Second Class City A Employee Pension Law (City of Scranton), removing the statutory three-year time limit within which a member must commence employment with the city following military service in order to be eligible to purchase service credit for nonintervening military service and mandating that the City permit eligible active members to purchase up to five years of nonintervening military service credit.

Act 2014 – 64 (Senate Bill Number 703, Printer's Number 708).

Signed into law on June 18, 2014, Act 64 amended the act of July 3, 1947 (P. L. 1242, No. 507), the statute establishing the pension plans for police officers and firefighters in the City of Scranton, by removing the statutory three-year time limit within which a member must commence employment with the City following military service in order to be eligible to purchase service credit for nonintervening military service and mandating that the City permit eligible active members to purchase up to five years of nonintervening military service credit.

Act 2013 – 125 (House Bill Number 546, Printer's Number 2595).

Signed into law on December 23, 2013, Act 125 amended the Second Class County Code (Act 230 of 1953) to establish a new mandatory benefit tier applicable to county employees hired on or after the effective date of the bill. The bill also amended Section 1703 of the Code by altering the membership composition of the Allegheny County Retirement Board, and made technical amendments to the plan intended to ensure that the Allegheny County Employees' Retirement System is maintained as tax qualified under the Internal Revenue Code of 1986.

LEGISLATIVE SESSION 2011 – 2012

Act 2012 – 43 (House Bill Number 1702, Printer's Number 3331).

Signed into law on May 17, 2012, Act 43 reenacted and amended the Borough Code (Act 581 of 1966), including a provision to permit certain employees of a municipal authority who were formerly employees of the borough that established the authority, to elect to retain membership in the borough retirement system.

Act 2012 – 133 (Senate Bill Number 1321, Printer's Number 2237).

Signed into law on July 5, 2012, Act 133 amended the Municipalities Financial Recovery Act (Act 47 of 1987) to ensure a collective bargaining contract or a collective bargaining arbitration award rendered after the adoption of a plan shall not in any manner violate, expand or diminish the recovery plan's provisions, except under specific conditions for arbitration settlements rendered under Act 111 of 1968. A collective bargaining agreement, contract or settlement in existence in a municipality or an arbitration award in effect in a municipality prior to a

consolidation or merger shall remain effective after consolidation or merger until it expires.

LEGISLATIVE SESSION 2009 – 2010

Act 2009 – 44 (House Bill Number 1828, Printer’s Number 2638).

Signed into law on September 18, 2009, Act 44 amended the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984) to: 1) make available a number of actuarial tools intended to provide short-term fiscal relief to local governments operating public pension plans; 2) establish a new municipal distress determination method using the pension plan ratio of assets to liabilities, with corresponding remedies dependent upon the severity of distress; 3) effective September 18, 2009, regulate all newly established Deferred Retirement Option Plans (DROPs) and prohibit future DROP participation by elected officials; 4) establish new conduct and disclosure standards for professional service contracts applicable to municipal pension systems; and 5) provide special remedies applicable to the cities of Philadelphia and Pittsburgh, including special taxing provisions.

Act 2009 – 51 (Senate Bill Number 369, Printer’s Number 1478).

Signed into law on October 9, 2009, Act 51 amended the Emergency and Law Enforcement Personnel Death Benefits Act (Act 101 of 1976) to: 1) mandate payment of a killed-in-service death benefit to the surviving spouse or, if there is no surviving spouse, the minor child of a paid firefighter, ambulance service or rescue squad member, or law enforcement officer in an amount equal to the decedent’s monthly salary (adjusted annually by an amount equal to the increase in the Consumer Price Index), less the amount of any workers’ compensation or pension benefit payable to an eligible beneficiary; 2) repeal Section 5(e)(2) of the Municipal Police Pension Law (Act 600 of 1955) which currently provides the killed-in-service death benefit applicable only to members of Act 600 pension plans; and 3) repeal Sections 202(b)(3)(vi) and (4)(vi) of the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984) which provides for a special extended amortization period applicable to the funding of liabilities resulting from the payment of the Act 600 killed-in-service benefit.

LEGISLATIVE SESSION 2007 – 2008

Act 2008 – 92 (Senate Bill Number 1093, Printer’s Number 2038).

Signed into law on October 8, 2008, Act 92 amended the Municipal Police Pension Law (Act 600 of 1956), as amended by Act 30 of 2002, further clarifying eligibility and applicability of survivor benefit provisions for certain beneficiaries. Act 92 closed an unintentional gap in the survivor benefit coverage provided in Act 30 of 2002 for a small number of surviving spouses of police officers who retired before the effective date of Act 30 of 2002, and died after the act's effective date.

Act 92 declared that survivor benefits were payable to the surviving spouse or dependent child, as applicable, provided that the surviving spouse was not remarried

on April 17, 2002. The surviving spouse is entitled to receive a pension of no less than 50% of the pension the member was receiving at the time of death, provided the spouse was a member of the police force or a former member of the police force who: 1) prior to April 18, 2002, retired on pension and dies subsequent to retirement; or 2) after April 16, 2002, retires on pension and dies subsequent to retirement. This act applies retroactively to April 17, 2002.

LEGISLATIVE SESSION 2005 – 2006

Act 2006 – 130 (Senate Bill Number 1148, Printer’s Number 1894).

Signed into law on October 27, 2006, Act 130 amended the Second Class City Policemen Relief Law by removing the current requirement in the Law that pension payments to a surviving spouse of a police officer cease upon remarriage of the surviving spouse. The Act also removes language in the Law requiring termination of a surviving child’s benefit in the case of the surviving child’s marriage and mandates, rather than permits, the payment of a surviving child benefit in the case of a police officer who dies on retirement.

Act 2006 – 174 (Senate Bill Number 811, Printer’s Number 1814).

Signed into law on November 29, 2006, Act 174 amended the County Pension Law (Act 96 of 1971) by extending to June 30, 2007, the previous one-year window created by Act 43 of 2003. Act 43 established a twelve-month period, or “window,” following enactment of the legislation during which a county retirement board subject to the provisions of the County Pension Law was permitted to provide enhanced benefits through adopting, by rule, a 1/40th or 1/50th membership class. Act 43 also permitted the county retirement boards to authorize, by rule, the retroactive application of the enhanced membership class to the prior service credit of members. The original one-year window expired December 16, 2004. Act 174 also permits (until June 30, 2007) a county retirement board to authorize the retroactive application of enhanced benefits for current active members of a county retirement plan who were members of a county retirement plan during the period beginning after December 31, 1971, and ending before January 1, 1997, and who transferred from the 1/80th class to the 1/60th class on January 1, 1997. An affected member’s county annuity would then be calculated at the more generous 1/60th class for all, or any portion of, the member’s county service.

Act 2005 – 16 (House Bill Number 279, Printer’s Number 2430).

Signed into law on July 5, 2005, Act 16 amended section 112 of the Pennsylvania Municipal Retirement Law (Law), by extending through calendar year 2005 the authority of the Pennsylvania Municipal Retirement System (PMRS) to use interest earnings in excess of regular interest to pay administrative expenses not covered by the \$20 a member per year assessments.

Act 2005 – 28 (Senate Bill Number 457, Printer’s Number 900).

Signed into law on July 5, 2005, Act 28 amended the Third Class City Code (Code) to permit a benefit recipient of a pension plan subject to the Code to return to service with a third class city as an elected official without cessation of the benefit

recipient's benefit payments, provided that the member does not receive any salary for serving as an elected official.

Act 2005 – 89 (Senate Bill Number 394, Printer's Number 1400).

Signed into law December 22, 2005, Act 89 amended the Municipal Police Pension Law (Act 600 of 1955) to: 1) increase the permissible length-of-service increment that may be paid to a member in addition to the normal retirement benefit from the current maximum of \$100 per month for members who have completed in excess of 25 years of service to \$100 per month for each completed year of service in excess of 25 years, up to a maximum service increment of \$500 per month for members who have completed 30 or more years of service; and 2) limit the provision of pension benefits by affected municipalities that are in excess of the retirement benefit limits mandated by the Municipal Police Pension Law to those municipalities which had such benefits in effect prior to January 24, 2001.

LEGISLATIVE SESSION 2003 - 2004

Act 2004 – 79 (House Bill Number 2351, Printer's Number 3279).

Signed into law on July 15, 2004, Act 79 amended the Borough Code by adding a section (Section 1105.1) that would: 1) permit certain employees of a wastewater authority established pursuant to 53 Pa. C. S. Ch. 56 (relating to municipal authorities) and that commenced operation after December 1, 2001, who were formerly employees of the borough or township that established the wastewater authority, to elect to retain membership in the borough retirement system, and 2) permit a borough to treat all eligible employees of the wastewater authority who elect to retain membership in the borough retirement system as borough employees for the purpose of determining the annual allocation of General Municipal Pension System State Aid according to the distribution formula set forth in the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984).

Act 2004 – 81 (House Bill Number 2467, Printer's Number 3519).

Signed into law on July 15, 2004, Act 81 amended the Municipal Pension Plan Funding Standard and Recovery Act to: 1) permit a municipality to change the amortization period for the outstanding balance of the increment of unfunded actuarial accrued liability attributable to the net investment losses incurred in calendar years 2001 and 2002 from 15 years to 30 years; 2) require that, in addition to the regular actuarial valuation report required to be filed with the Public Employee Retirement Commission on or before March 31, 2004, a municipality electing to extend the amortization period must file a revised actuarial valuation report reflecting the amortization period extension with the Commission no later than September 30, 2004; 3) require that the revised report be used solely for the purposes of recalculating a municipality's 2004 Minimum Municipal Obligation and for calculating a municipality's 2005 Minimum Municipal Obligation to reflect the extended amortization period; and 4) preclude the revised actuarial valuation report from affecting the distribution of General Municipal Pension System State Aid under Chapter 4 of the Act.

The Act also amended Act 205 to permit a municipality to amortize the increment of unfunded actuarial accrued liability attributable to the provision of survivor benefits payable under Section 5(e)(2) of the Municipal Police Pension Law (Act 600 of 1955) over a period of 40 years beginning with the end of the plan year in which the survivor benefits were first payable.

Act 2004 – 169 (House Bill Number 2748, Printer’s Number 4663).

Signed into law on November 29, 2004, Act 169 amended the Pennsylvania Municipal Retirement Law to: 1) permit a municipality subject to the Pennsylvania Municipal Retirement Law to change the pension plan eligibility requirements to prohibit a part-time employee from participating in the pension plan; 2) mandate that a currently employed part-time employee of a municipality subject to the Pennsylvania Municipal Retirement Law who is not now a member of the pension plan be permitted to become a member of the pension plan by filing a written election to participate with the employing municipality prior to July 1, 2005; 3) require that an affected part-time employee electing to become a member of the pension plan make all required member contributions, plus applicable interest, to the plan and that failure of an affected part-time employee to make the required contributions to the plan shall result in the employee being denied membership in the system; 4) preserve the membership rights of a current part-time employee who is currently a member of the pension plan; 5) permit a part-time employee who is a member of the pension plan to irrevocably withdraw from the plan by filing a written election to withdraw from the plan prior to July 1, 2005; 6) clarify that the provisions of the bill shall be applicable to only active employees; and 7) make certain other technical or editorial changes.

Act 2004 – 184 (House Bill Number 798, Printer’s Number 930).

Signed into law on November 30, 2004, Act 184 prohibits the City of Philadelphia Municipal Retirement System from denying any benefit, including pension payments, service-connected death benefits, or service-connected health care benefits to a surviving spouse of a police officer or police employee, including a police pensioner and employee of the police division, as a result of the remarriage or subsequent marriage of the surviving spouse.

Act 2004 – 200 (House Bill Number 2865, Printer’s Number 4716).

Signed into law on November 30, 2004, Act 200 amended the Municipal Pension Plan Funding Standard and Recovery Act to authorize affected municipalities to adopt alternative amortization periods that differ from the amortization periods currently authorized under Act 205 in order to accommodate certain extraordinary events. To qualify as an “extraordinary event,” an affected municipality’s actuarial valuation report must show an increment in actuarial accrued liabilities that: 1) produces an increment of unfunded actuarial accrued liability (UAL) that exceeds \$9 million; 2) causes at least a 30% increase in the aggregate actuarial accrued liability of the municipal pension plan; and 3) is attributable to a single benefit enhancement granted prior to January 1, 2004. Under these circumstances, an affected municipality may adopt one of two alternate amortization schedules, depending upon when the alternate amortization period is adopted. For actuarial valuation reports prepared with a valuation date of 2005, a municipality may choose to adopt an alternative amortization schedule with an amortization period of 30 years and with amortization payments increasing by no more than 5% annually. For actuarial

valuation reports prepared with a valuation date occurring after December 31, 2005, a 30-year level dollar amortization schedule is required.

Act 2003 – 43 (House Bill Number 545, Printer’s Number 647).

Signed into law on December 16, 2003, Act 43 amended the County Pension Law (Act 96 of 1971) to: 1) reduce vesting from eight-year cliff vesting to five-year cliff vesting; 2) establish a twelve month period following enactment of the legislation during which the county retirement boards may provide enhanced benefits through adopting, by rule, a 1/40th or 1/50th membership class; and 3) permit the county retirement boards to authorize, by rule, the retroactive application of the enhanced membership class to the prior service credit of members.

LEGISLATIVE SESSION 2001 – 2002

Act 2002 – 30 (Senate Bill Number 16, Printer’s Number 1842).

Signed into law on April 17, 2002, Act 30 amended the Municipal Police Pension Law (Act 600) to: permit a surviving spouse to continue to receive a survivor spouse benefit for life even if the surviving spouse remarries; make surviving children above 18 years of age and below 24 years of age eligible to continue receiving a survivor benefit, if the child is attending college on or after the effective date of the bill; mandate a survivor benefit be calculated at no less than 50 percent of the pension a retired member was receiving or, in the case of an active member eligible for a pension, would have been receiving; mandate the return of member contributions, plus interest, to the surviving spouse or dependent children of a member who dies before the member’s pension has vested, unless the member specifically designates an alternate beneficiary; remove conditional language in the Law that limits the ability of the governing body of the municipality to annually set the rate of member contributions to the police pension fund; mandate a disability benefit for members permanently injured in service of at least 50 percent of the member’s salary at the time the disability was incurred on or after the effective date of the amended bill; and mandate an ongoing death benefit equal to 100 percent of the member’s salary at the time of death for the families of members killed in service on or after the effective date of the amended bill.

Act 2002 – 64 (House Bill Number 1360, Printer’s Number 4010).

Signed into law on June 19, 2002, Act 64 amended the Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act (Act 147 of 1988) to mandate that municipalities pay an additional postretirement adjustment beginning with annuity payments after June 30, 2002, to retired municipal firefighters and police officers who began receiving a retirement benefit before January 1, 1996, with the reimbursement amount payable by the Commonwealth to municipal pension systems based on the amortization contribution requirement attributable to the postretirement adjustment.

Act 2002 – 65 (House Bill Number 1363, Printer’s Number 3981).

Signed into law on June 19, 2002, Act 65 amended the Third Class City Code to permit certain pension plans of home rule municipalities and cities operating under an optional charter that provide police and firefighter pension benefits in excess of

50 percent of pay, to continue to do so if the plan was in effect before June 19, 2002; increase the maximum service increment payable to a retired public safety employee from \$100 to \$500; and increase the amount of the active member contribution for the service increment benefit from \$1 to an amount not to exceed \$5.

Act 2002 –185 (House Bill Number 2595, Printer’s Number 4633).

Signed into law on December 9, 2002, Act 185 amended the Second Class County Code to permit a member who became an employee of the county to receive service credit for prior service with the former Allegheny County Redevelopment Authority (ACRA); and permit an active member of the system to receive up to three years of service credit for prior military service without regard to the minimum age or service requirements currently mandated by the Second Class County Code, and to be exempted from paying statutory interest of 6% per annum for the service purchase provided the member pays the required sum in full within three years of the effective date of the legislation.

Act 2001 – 80 (House Bill Number 869, Printer’s Number 2598).

Signed into law on October 30, 2001, Act 80 amended the Second Class County Code by mandating formula-based retirement allowance increases for retired members; providing for the housing of juvenile offenders, and miscellaneous other non-pension provisions.

S:\Allshare\doc\1-
LEGISLATIVE_FILES\LEGISLATIVE_REPORTS\ENACTED_LEGISLATION\DOC_Mun_Pensio
n_Leg_Enacted_Since_2001.docx