

No. 659

AN ACT

Amending the act of June twenty-three, one thousand nine hundred thirty-one (Pamphlet Laws 932), entitled "An act relating to cities of the third class; and amending, revising, and consolidating the law relating thereto," imposing duties on pension boards, changing contributions and changing and clarifying certain allowances and benefits when employes are placed under social security.

The Third Class
City Code.

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

Section 4343, act of June 23, 1931, P. L. 932, reenacted, revised and amended June 28, 1951, P. L. 662, amended by adding a new paragraph.

Section 1. Section 4343, act of June twenty-three, one thousand nine hundred thirty-one (Pamphlet Laws 932), known as "The Third Class City Code," reenacted, revised and amended June twenty-eight, one thousand nine hundred fifty-one (Pamphlet Laws 662), is amended by adding, at the end thereof, a new paragraph to read:

Section 4343. Retirement Allowance Proof of Disability.—

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Where a city has entered into an agreement with the Commonwealth to place its employes under the Federal Social Security Act, the pension to be paid according to the provisions of this section payable after the age and upon that portion of annual compensation on which social security benefits are payable, shall be reduced by an amount equal to forty per centum of the primary insurance amount of social security paid or payable to the member, such reduction shall be subject to the following provisions:

(1) Upon attainment of the age at which social security benefits are payable by a beneficiary receiving a retirement allowance for superannuation or upon retirement of a contributor after attaining that age, his eligibility to the old age insurance benefit and the primary insurance amount of social security upon which the reduction in the retirement allowance shall be based, shall be computed by the board in the manner specified in the Federal Social Security Act, except that in determining such amount only wages or compensation for services performed in the employ of the city shall be included.

(2) Whenever the amount of the reduction from the retirement allowance shall have been once determined,

it shall remain fixed for the duration of the allowance, except that any decrease in the primary insurance amount under the social security act shall result in a corresponding decrease in the amount of the reduction from the allowance.

(3) The total sum, including social security benefits, to be received upon retirement by an employe who is a member of the system at the time of the agreement shall not be less than the allowance that would be paid by the retirement system in the absence of the agreement.

Section 2. The act is amended by adding, after section 4344, a new section to read:

Act of June 23, 1931, P. L. 932, reenacted, revised and amended June 28, 1951, P. L. 662, amended by adding a new section 4344.1.

Section 4344.1. Determination of Liability Upon Extension of Social Security.—Where a city has entered into an agreement with the Commonwealth to place its employes under the Federal Social Security Act, the pension board shall appoint an actuary, and may fix his compensation. The actuary shall determine the present value of the liability on account of pensions payable under the provisions of section 4343 of this act to employes who are members of the system on the effective date of the agreement, and shall offset the value of any assets in the pension fund to determine the unfunded liability. The actuary shall further determine the amount of such unfunded liability which shall be contributed by the city, each year, over a period not to exceed twenty-five years from the effective date of the agreement, until the accumulated reserve equals the present value of the liability. The actuary shall also determine the amount which shall be contributed, annually, into the fund on account of service of all new and original members subsequent to the effective date of the agreement.

Employes shall pay into the board of pensions, monthly, an amount equal to three and one-half per centum of that portion of monthly compensation on which social security allowances are payable and five per centum of any monthly compensation in excess of that on which social security allowances are payable. The remainder of the needed annual contribution, as determined by the actuary, shall become the obligation of the city, and shall be paid by it to the board of pensions by annual appropriations. The provisions of this section shall, in all applicable cases, supersede the provisions relating to contributions in section 4344 and section 4348 of this act.

APPROVED—The 1st day of June, A. D. 1956.

GEORGE M. LEADER