

No. 1988-147

## AN ACT

SB 941

Requiring municipal retirement systems to pay special ad hoc postretirement adjustments to certain retired police officers and firefighters; providing for the financing of these adjustments; providing for the administration of the Commonwealth's reimbursements for these adjustments; and making repeals.

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

## CHAPTER 1 GENERAL PROVISIONS

### Section 101. Short title.

This act shall be known and may be cited as the Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act.

### Section 102. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

“Active employment.” The situation of an individual, other than an independent contractor, who performs for compensation regular services for a municipality and who is regularly entered on the payroll of the municipality.

“Chief administrative officer.” The person who has the primary responsibility for the execution of the administrative or management affairs of a municipal retirement system or the designee of that person.

“Firefighter.” A municipal employee who holds a full-time position in the firefighting service of a municipality and has retirement coverage provided by a retirement system.

“Municipality.” A borough, city, county of the second class, incorporated town or township, however constituted, whether operating under a legislative charter; a municipal code; an optional charter adopted under the act of July 15, 1957 (P.L.901, No.399), known as the Optional Third Class City Charter Law; a home rule charter or an optional plan adopted under the act of April 13, 1972 (P.L.184, No.62), known as the Home Rule Charter and Optional Plans Law; or other arrangement; or an association of these municipalities cooperating under the act of July 12, 1972 (P.L.762, No.180), referred to as the Intergovernmental Cooperation Law.

“Police officer.” A municipal employee who holds a full-time position in the police service of a municipality and has retirement coverage provided by a retirement system.

“Postretirement adjustment.” An increase in or change in the amount of a retirement annuity, retirement benefit, service pension or disability pension benefit granted or effective after active employment ceases.

“Public employee retirement system.” An entity, whether a separate entity or part of a governmental entity, that collects retirement and other employee benefit contributions from government employees and employers; holds and manages the resulting assets as reserves for present and future retirement annuity, retirement benefit, service pension, or disability pension benefit payments; and makes provision for these payments to qualified retirees and beneficiaries.

“Retirement system.” A public employee retirement system.

“Special ad hoc adjustment.” A special ad hoc municipal police and firefighter postretirement adjustment.

“Special ad hoc municipal police and firefighter postretirement adjustment.” An increase in or change in the amount of a retirement annuity,

retirement benefit, service pension or disability pension benefit granted or effective after active employment ceases, as provided for on a one-time basis under this statute.

CHAPTER 3  
SPECIAL AD HOC MUNICIPAL POLICE AND  
FIREFIGHTER POSTRETIREMENT ADJUSTMENT

Section 301. Entitlement to special ad hoc adjustment.

A municipal retirement system shall pay a retired police officer or firefighter a special ad hoc municipal police and firefighter postretirement adjustment under this chapter if all of the following apply:

- (1) The retiree has terminated active employment with the municipality as a police officer or firefighter.
- (2) The retiree is receiving a retirement annuity, retirement benefit, service pension or disability pension benefit from a municipal retirement system on the basis of active employment with a municipality as a police officer or firefighter.
- (3) The retiree began receiving the retirement annuity, retirement benefit, service pension or disability pension benefit before January 1, 1985.

Section 302. Amount of special ad hoc adjustment.

(a) General rule.—Except as provided in subsections (b) and (c), a municipal retirement system shall pay a retired police officer or firefighter a special ad hoc municipal police and firefighter postretirement adjustment under section 301, as follows:

- (1) The sum of \$25 a month, if on January 1, 1989, the retiree has been retired at least five years but less than ten years.
- (2) The sum of \$50 a month, if on January 1, 1989, the retiree is totally disabled and has been retired less than ten years.
- (3) The sum of \$75 a month, if on January 1, 1989, the retiree has been retired at least ten years but less than 20 years.
- (4) The sum of \$150 a month, if on January 1, 1989, the retiree has been retired at least 20 years.

(b) Limitation.—If, under section 301, a retiree is entitled to be paid a special ad hoc municipal police and firefighter postretirement adjustment by more than one municipal retirement system, the amount of the special ad hoc adjustment under subsection (a) shall be reduced so that the total of all these adjustments paid to the retiree does not exceed the amount specified in subsection (a).

(c) Modification in amount of postretirement adjustment.—If a retiree entitled to receive a special ad hoc municipal police and firefighters postretirement adjustment will receive a postretirement adjustment from the applicable municipal police or paid firefighters pension plan after the effective date of this act, the amount of the special ad hoc postretirement adjustment under subsection (a) shall be reduced by the total amount of any municipal postretirement adjustment.

(d) Construction.—Subsections (b) and (c) shall not be construed to reduce the amount of any retirement annuity, retirement benefit, service pension or disability pension benefit payable to a retiree immediately prior to the effective date of this act.

Section 303. Payment of special ad hoc adjustment.

The special ad hoc adjustment is effective on the date of the first payment of the retiree's retirement annuity, retirement benefit, service pension or disability pension benefit due after December 31, 1988. The municipal retirement system shall pay this as soon as practicable after that and shall include in the first payment any omitted amount payable between the effective date of the adjustment and the date of the first payment.

## CHAPTER 5 FINANCING OF SPECIAL AD HOC ADJUSTMENT

Section 501. Actuarial funding by municipality.

A municipality shall fund the actuarial liability attributable to a special ad hoc adjustment under the provisions of the act of December 18, 1984 (P.L.1005, No.205), known as the Municipal Pension Plan Funding Standard and Recovery Act, and shall include that actuarial liability in the actuarial valuation report under that act or under the act of December 6, 1972 (P.L.1383, No.293), entitled "An act requiring municipal pension systems to have an actuarial investigation of the fund made by an actuary who shall report his findings to the Department of Community Affairs."

Section 502. Reimbursement by Commonwealth.

(a) General rule.—Except as provided in subsection (b), beginning January 1, 1990, the Commonwealth shall reimburse a municipality, from the special account established under section 701, for the actual special ad hoc adjustment paid during the previous calendar year.

(b) Limitation.—The Commonwealth shall not reimburse any municipality if the information required under section 901 either was not certified to the Auditor General or was certified after April 1 of the year the certification was due.

## CHAPTER 7 SPECIAL ACCOUNT

Section 701. Special account created.

There is hereby created in the Municipal Pension Aid Fund a Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Account. This account shall be established as soon as practicable following the effective date of this act.

Section 702. Deposits into special account.

Notwithstanding any applicable provision of the act of May 12, 1943 (P.L.259, No.120), referred to as the Foreign Casualty Insurance Premium Tax Allocation Law, or any applicable provisions of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, or the provisions of sections 402(b) and 803(c) of the act of December 18, 1984 (P.L.1005, No.205), known as the Municipal Pension Plan Funding Standard and

Recovery Act, beginning on January 1, 1990, prior to the deposit of the proceeds of the insurance premium tax on foreign casualty insurance premiums into the General Municipal Pension System State Aid Program revenue account, an amount sufficient to provide for the Commonwealth's reimbursement payments to municipalities for special ad hoc adjustments under this act shall be deposited in the separate account created under section 701.

## CHAPTER 9 ADMINISTRATIVE PROVISIONS

**Section 901.** Municipal retirement system certification of adjustments paid.

(a) **Certification.**—Beginning January 1, 1989, the chief administrative officer of a municipal retirement system that pays a special ad hoc adjustment in that year shall certify the total of all adjustments paid during that year to the Auditor General not later than April 1 of the following year.

(b) **Form.**—Not later than February 1 of the year in which the form is due, the Auditor General shall send the retirement system the proper form on which to make the certification under subsection (a).

**Section 902.** Commonwealth disbursement of reimbursement payment.

(a) **Payment to account.**—Not later than June 1 of the year in which the form is due, the Auditor General shall certify to the State Treasurer the amount to be deposited into the special account created in section 701 and shall draw a warrant, payable to the treasurer of the municipality, on the State Treasurer from the special account created in section 701 for the amount certified under section 901(a).

(b) **Disbursement.**—Not later than September 1 of the year in which the form is due, the State Treasurer shall disburse the reimbursement payment out of the special account created in section 701.

**Section 903.** Municipal receipt of reimbursement payment.

Upon receipt of the reimbursement payment from the Commonwealth, the treasurer of the municipality shall deposit the reimbursement payment into the municipality's general fund.

**Section 904.** Administration by Auditor General.

The Auditor General shall administer the special ad hoc municipal police and firefighter postretirement adjustment reimbursement payments. Under the act of July 31, 1968 (P.L. 769, No. 240), referred to as the Commonwealth Documents Law, and 2 Pa.C.S. (relating to administrative law and procedure), the Auditor General shall promulgate regulations necessary for the efficient administration of these reimbursement payments and shall specify the form and content of any forms applicable to the reimbursement payments. The Auditor General, as deemed necessary, shall make an audit in accordance with generally accepted governmental auditing standards of every municipality that receives a reimbursement payment under this act and of every municipal retirement system that pays a special ad hoc adjustment under this act.

CHAPTER 11  
MISCELLANEOUS PROVISIONS

Section 1101. Limitation of prior act.

The provisions of section 7 of the act of July 9, 1981 (P.L.208, No.66), known as the Public Employee Retirement Study Commission Act, shall not be applied to this act.

Section 1102. Repeals.

All acts and parts of acts are repealed insofar as they are inconsistent with this act.

Section 1103. Effective date.

This act shall take effect in 60 days.

APPROVED—The 14th day of December, A. D. 1988.

ROBERT P. CASEY