

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1379 Session of 2023

INTRODUCED BY MALAGARI, MADDEN, KULIK, VENKAT, SOLOMON, WEBSTER, HILL-EVANS, DELLOSO, McNEILL, GUENST, KAZEEM, SANCHEZ, KHAN, DEASY, GALLOWAY, MARSHALL, WARREN, HARKINS, STEELE, RIGBY, PISCIOTTANO, M. MACKENZIE, R. MACKENZIE, EMRICK, D. WILLIAMS, MATZIE, CERRATO, SHUSTERMAN, GALLAGHER, O'MARA, MIHALEK, CONKLIN, CIRESI, MULLINS, GREEN, OTTEN, JOZWIAK, DALEY, BOROWSKI, PASHINSKI, BOYD, SCOTT, GIRAL, HANBIDGE AND MADSEN, JUNE 12, 2023

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, AS AMENDED, OCTOBER 21, 2024

AN ACT

1 Amending Titles 24 (Education), 53 (Municipalities Generally)
2 and 71 (State Government) of the Pennsylvania Consolidated
3 Statutes, in membership, contributions and benefits,
4 providing for supplemental annuity commencing 2025; in
5 municipal pensions, providing for 2025 special ad hoc
6 municipal police and firefighter postretirement adjustment;
7 and, in benefits, providing for supplemental annuity
8 commencing 2025.

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

11 Section 1. Title 24 of the Pennsylvania Consolidated
12 Statutes is amended by adding a section to read:

13 § 8348.8. Supplemental annuity commencing 2025.

14 (a) Benefits.--Commencing with the first monthly annuity
15 payment after July 1, 2025, an eligible benefit recipient shall
16 be entitled to receive an additional monthly supplemental
17 annuity from the system. The additional monthly supplemental

1 annuity under this section shall be in addition to the
2 supplemental annuities provided for under sections 8348
3 (relating to supplemental annuities), 8348.1 (relating to
4 additional supplemental annuities), 8348.2 (relating to further
5 additional supplemental annuities), 8348.3 (relating to
6 supplemental annuities commencing 1994), 8348.4 (relating to
7 special supplemental postretirement adjustment), 8348.5
8 (relating to supplemental annuities commencing 1998), 8348.6
9 (relating to supplemental annuities commencing 2002) and 8348.7
10 (relating to supplemental annuities commencing 2003).

11 (b) Amount of additional supplemental annuity.--The amount
12 of the supplemental annuity payable under this section shall be
13 a percentage of the amount of the monthly annuity payment on
14 July 1, 2025, determined on the basis of the most recent
15 effective date of retirement as follows:

<u>Most recent effective date</u>	<u>Percentage factor</u>
<u>of retirement</u>	
<u>July 2, 2000, through July 1, 2001</u>	<u>15%</u>
<u>July 2, 1999, through July 1, 2000</u>	<u>15.5%</u>
<u>July 2, 1998, through July 1, 1999</u>	<u>16%</u>
<u>July 2, 1997, through July 1, 1998</u>	<u>16.5%</u>
<u>July 2, 1996, through July 1, 1997</u>	<u>17%</u>
<u>July 2, 1995, through July 1, 1996</u>	<u>17.5%</u>
<u>July 2, 1994, through July 1, 1995</u>	<u>18%</u>
<u>July 2, 1993, through July 1, 1994</u>	<u>18.5%</u>
<u>July 2, 1992, through July 1, 1993</u>	<u>19%</u>
<u>July 2, 1991, through July 1, 1992</u>	<u>19.5%</u>
<u>July 2, 1990, through July 1, 1991</u>	<u>20%</u>
<u>July 2, 1989, through July 1, 1990</u>	<u>20.5%</u>
<u>July 2, 1988, through July 1, 1989</u>	<u>21%</u>

1	<u>July 2, 1987, through July 1, 1988</u>	<u>21.5%</u>
2	<u>July 2, 1986, through July 1, 1987</u>	<u>22%</u>
3	<u>July 2, 1985, through July 1, 1986</u>	<u>22.5%</u>
4	<u>July 2, 1984, through July 1, 1985</u>	<u>23%</u>
5	<u>July 2, 1983, through July 1, 1984</u>	<u>23.5%</u>
6	<u>July 2, 1982, through July 1, 1983</u>	<u>24%</u>
7	<u>Prior to July 2, 1982</u>	<u>24.5%</u>

8 (c) Payment.--The supplemental annuity provided under this
9 section shall be paid automatically unless the annuitant files a
10 written notice with the board requesting that the additional
11 monthly supplemental annuity not be paid.

12 (d) Conditions.--The supplemental annuity provided under
13 this section shall be payable under the same terms and
14 conditions as provided under the option plan in effect as of
15 July 1, 2025, and shall be subject to any subsequent
16 modification of that option plan.

17 (e) Benefits to beneficiaries or survivors.--No supplemental
18 annuity provided under this section shall be payable to the
19 beneficiary or survivor annuitant of a member who dies before
20 July 1, 2025.

21 (f) Funding.--Notwithstanding any other provision of law to
22 the contrary, the additional liability for the increase in
23 benefits provided under this section shall be funded in equal
24 dollar annual installments over a period of 10 years beginning
25 July 1, 2025.

26 (g) Eligible benefit recipient.--

27 (1) An eligible benefit recipient is an individual:

28 (i) who is receiving a superannuation, withdrawal or
29 disability annuity on July 1, 2025;

30 (ii) whose most recent effective date of retirement

1 is prior to July 2, 2001; and

2 (iii) whose credited service does not include any
3 service credited as either Class T-D, Class D-4 or Class
4 AA service.

5 (2) A supplemental annuity provided under this section
6 shall not be payable to an annuitant receiving a withdrawal
7 annuity prior to the first day of July coincident with or
8 following the annuitant's attainment of superannuation age.

9 Section 2. Chapter 91 of Title 53 is amended by adding a
10 subchapter to read:

11 SUBCHAPTER D

12 2025 SPECIAL AD HOC MUNICIPAL POLICE

13 AND FIREFIGHTER POSTRETIREMENT ADJUSTMENT

14 Sec.

15 9131. Definitions.

16 9132. Entitlement to 2025 special ad hoc postretirement
17 adjustment.

18 9133. Amount of 2025 special ad hoc postretirement adjustment.

19 9134. Reimbursement by Commonwealth for 2025 special ad hoc
20 adjustment.

21 9135. Municipal retirement system certification of adjustments
22 paid and of reimbursable amounts.

23 9136. Municipal receipt of reimbursement payment.

24 § 9131. Definitions.

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

28 "Act 147." The act of December 14, 1988 (P.L.1192, No.147),
29 known as the Special Ad Hoc Municipal Police and Firefighter
30 Postretirement Adjustment Act.

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

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

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

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

22 "Postretirement adjustment." An increase in or change in the
23 amount of a retirement annuity, retirement benefit, service
24 pension or disability pension benefit granted or effective after
25 active employment ceases.

26 "Public employee retirement system." An entity, whether a
27 separate entity or part of a governmental entity, that collects
28 retirement and other employee benefit contributions from
29 government employees and employers; holds and manages the
30 resulting assets as reserves for present and future retirement

1 annuity, retirement benefit, service pension or disability
2 pension benefit payments; and makes provision for these payments
3 to qualified retirees and beneficiaries.

4 "Retirement benefit." The amount paid on a regular basis to
5 a retired or disabled police officer or firefighter by a
6 municipal retirement system established for police officers or
7 firefighters.

8 "Retirement system." A public employee retirement system.

9 "Special ad hoc adjustment" or "special ad hoc postretirement
10 adjustment." An increase in the amount of a retirement benefit
11 as provided for under Act 147 and this subchapter.

12 § 9132. Entitlement to 2025 special ad hoc postretirement
13 adjustment.

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

17 (1) The retiree has terminated active employment with
18 the municipality as a police officer or firefighter.

19 (2) The retiree is receiving a retirement benefit from a
20 municipal retirement system on the basis of active employment
21 with the municipality as a police officer or firefighter.

22 (3) The retiree began receiving the retirement benefit
23 before January 1, 2019 2020.

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24 § 9133. Amount of 2025 special ad hoc postretirement
25 adjustment.

26 (a) General rule.--Except as provided in subsections (b) and
27 (c), a municipal retirement system shall pay a retired police
28 officer or firefighter a monthly special ad hoc postretirement
29 adjustment under section 9132 (relating to entitlement to 2025
30 special ad hoc postretirement adjustment) as follows:

1 (1) The sum of \$75 per month if, on January 1, 2025, the
2 retiree has been retired for at least five years but less
3 than 10 years.

4 (2) The sum of \$150 per month if, on January 1, 2025,
5 the retiree has been retired for least 10 years but less than
6 20 years.

7 (3) The sum of \$300 per month if, on January 1, 2025,
8 the retiree has been retired for at least 20 years.

9 (b) Limitation.--If, under section 9132, a retiree is
10 entitled to be paid a special ad hoc postretirement adjustment
11 by more than one municipal retirement system, the amount of the
12 special ad hoc postretirement adjustment under subsection (a)
13 shall be reduced so that the total of all these adjustments paid
14 to the retiree does not exceed the amount specified in
15 subsection (a).

16 (c) Modification in amount of 2025 special ad hoc
17 postretirement adjustment.--The amount of the special ad hoc
18 postretirement adjustment calculated under subsection (a) shall
19 be reduced annually by 65% of the total amount of any
20 postretirement adjustments provided to the retiree under the
21 municipal retirement plan after January 1, 2002, and before
22 December 31, 2024, and paid in the immediately preceding year.
23 § 9134. Reimbursement by Commonwealth for 2025 special ad hoc
24 adjustment.

25 (a) General rule.--

26 (1) Except as provided in subsection (b), beginning in
27 the year following the year in which the amortization
28 contribution requirement attributable to a special ad hoc
29 postretirement adjustment under this subchapter is first
30 reflected in the financial requirements of the retirement

1 system determined under Chapter 3 of the act of December 18,
2 1984 (P.L.1005, No.205), known as the Municipal Pension Plan
3 Funding Standard and Recovery Act, the Auditor General shall
4 determine the Commonwealth reimbursement payable to the
5 municipality representing the amortization contribution
6 requirement attributable to the special ad hoc postretirement
7 adjustment under this subchapter that was paid with revenues
8 of the municipality other than general municipal pension
9 system State aid provided under the Municipal Pension Plan
10 Funding Standard and Recovery Act.

11 (2) The determination of the reimbursable amount of the
12 amortization contribution requirement attributable to the
13 special ad hoc postretirement adjustment under this
14 subchapter in any year shall be calculated as the
15 amortization contribution requirement attributable to the
16 special ad hoc postretirement adjustments under this
17 subchapter and reflected in the determination of the
18 financial requirements of the pension plan under Chapter 3 of
19 the Municipal Pension Plan Funding Standard and Recovery Act
20 for the immediate prior year less the product of that
21 amortization contribution requirement multiplied by the ratio
22 of the amount of general municipal pension system State aid
23 allocated to the retirement system in the immediate prior
24 year to the total amount of municipal contributions made to
25 the retirement system from all sources other than employee
26 contributions in the immediate prior year. Where a
27 municipality has issued bonds or notes to fund an unfunded
28 actuarial accrued liability under Subpart B of Part VII
29 (relating to indebtedness and borrowing) or under other laws
30 applicable to the municipality, the general municipal pension

1 system State aid and municipal contributions used by the
2 municipality to make debt service payments on the bonds or
3 notes, or both, issued to fund an unfunded actuarial accrued
4 liability shall be included in the calculation of the ratio
5 applied to the amortization contribution requirement.

6 (3) The Commonwealth shall reimburse a municipality,
7 from the special account established under section 701 of Act
8 147, for the reimbursable amount determined for each year
9 under this paragraph.

10 (b) Limitation of eligibility.--

11 (1) The Commonwealth shall not reimburse any
12 municipality for a special ad hoc adjustment paid under this
13 subchapter if the information required under section 901(a)
14 (2) of Act 147 either was not certified to the Auditor
15 General or was certified after April 1 of the year the
16 certification was due.

17 (2) The Commonwealth shall not reimburse a municipality
18 for the reimbursable amount of the amortization contribution
19 requirement attributable to the special ad hoc postretirement
20 adjustment under this subchapter if the municipality fails to
21 submit a complete certification of the reimbursable amount of
22 the amortization contribution requirement determined under
23 subsection (a) to the Auditor General before April 1 of the
24 year in which the reimbursement is payable.

25 (c) Variable definition of amortization contribution
26 requirement.--For purposes of this section, the term
27 "amortization contribution requirement" shall have the meaning
28 specified in this subsection as follows:

29 (1) In a municipal pension plan with defined benefits
30 for which the municipality determines the financial

1 requirements of the pension plan under section 302 of the
2 Municipal Pension Plan Funding Standard and Recovery Act, the
3 term "amortization contribution requirement" shall mean the
4 amortization contribution requirement attributable to the
5 special ad hoc postretirement adjustments under this
6 subchapter that was reflected in the financial requirements
7 of the pension plan determined for the immediate prior year.

8 (2) In a municipal pension plan without defined benefits
9 for which the municipality determines the financial
10 requirements of the pension plan under section 303 of the
11 Municipal Pension Plan Funding Standard and Recovery Act, the
12 term "amortization contribution requirement" shall mean the
13 sum of the payments made to the retirement system in the
14 immediate prior year in order to provide the special ad hoc
15 postretirement adjustments under this subchapter in that
16 year.

17 § 9135. Municipal retirement system certification of
18 adjustments paid and of reimbursable amounts.

19 Beginning in the year 2002, a municipality with a retirement
20 system that pays a special ad hoc postretirement adjustment
21 under this subchapter in a year shall certify its reimbursable
22 amount under section 502.1(a) of Act 147 to the Auditor General
23 not later than April 1 of the following year.

24 § 9136. Municipal receipt of reimbursement payment.

25 Upon receipt of the reimbursement payment from the
26 Commonwealth for the postretirement adjustments under this
27 subchapter, the treasurer of the municipality shall deposit the
28 reimbursement payment into the municipality's general fund.

29 Section 3. Title 71 is amended by adding a section to read:

30 § 5708.9. Supplemental annuity commencing 2025.

1 (a) Benefits.--Commencing with the first monthly annuity
2 payment after January 1, 2025, an eligible benefit recipient
3 shall be entitled to receive an additional monthly supplemental
4 annuity from the system. The additional monthly supplemental
5 annuity under this section shall be in addition to the
6 supplemental annuities provided for under sections 5708
7 (relating to supplemental annuities), 5708.1 (relating to
8 additional supplemental annuities), 5708.2 (relating to further
9 additional supplemental annuities), 5708.3 (relating to
10 supplemental annuities commencing 1994), 5708.4 (relating to
11 special supplemental postretirement adjustment), 5708.5
12 (relating to supplemental annuities commencing 1998), 5708.6
13 (relating to supplemental annuities commencing 2002), 5708.7
14 (relating to supplemental annuities commencing 2003) and 5708.8
15 (relating to special supplemental postretirement adjustment of
16 2002).

17 (b) Amount of additional supplemental annuity.--The amount
18 of the supplemental annuity under this section shall be a
19 percentage of the amount of the monthly annuity payment on
20 January 1, 2025, determined on the basis of the most recent
21 effective date of retirement as follows:

<u>Most recent effective date</u>	<u>Percentage factor</u>
<u>of retirement</u>	
<u>July 2, 2000, through July 1, 2001</u>	<u>15%</u>
<u>July 2, 1999, through July 1, 2000</u>	<u>15.5%</u>
<u>July 2, 1998, through July 1, 1999</u>	<u>16%</u>
<u>July 2, 1997, through July 1, 1998</u>	<u>16.5%</u>
<u>July 2, 1996, through July 1, 1997</u>	<u>17%</u>
<u>July 2, 1995, through July 1, 1996</u>	<u>17.5%</u>
<u>July 2, 1994, through July 1, 1995</u>	<u>18%</u>

1	<u>July 2, 1993, through July 1, 1994</u>	18.5%
2	<u>July 2, 1992, through July 1, 1993</u>	19%
3	<u>July 2, 1991, through July 1, 1992</u>	19.5%
4	<u>July 2, 1990, through July 1, 1991</u>	20%
5	<u>July 2, 1989, through July 1, 1990</u>	20.5%
6	<u>July 2, 1988, through July 1, 1989</u>	21%
7	<u>July 2, 1987, through July 1, 1988</u>	21.5%
8	<u>July 2, 1986, through July 1, 1987</u>	22%
9	<u>July 2, 1985, through July 1, 1986</u>	22.5%
10	<u>July 2, 1984, through July 1, 1985</u>	23%
11	<u>July 2, 1983, through July 1, 1984</u>	23.5%
12	<u>July 2, 1982, through July 1, 1983</u>	24%
13	<u>Prior to July 2, 1982</u>	24.5%

14 (c) Payment.--The supplemental annuity provided under this
15 section shall be paid automatically unless the annuitant files a
16 written notice with the board requesting that the additional
17 monthly supplemental annuity not be paid.

18 (d) Conditions.--The supplemental annuity provided under
19 this section shall be payable under the same terms and
20 conditions as provided under the option plan in effect as of
21 January 1, 2025, and shall be subject to any subsequent
22 modification of that option plan.

23 (e) Benefits to beneficiaries or survivors.--No supplemental
24 annuity provided under this section shall be payable to the
25 beneficiary or survivor annuitant of a member who dies before
26 January 1, 2025.

27 (f) Funding.--Notwithstanding any other provision of law to
28 the contrary, the additional liability for the increase in
29 benefits provided under this section shall be funded in equal
30 dollar annual installments over a period of 10 years beginning

1 July 1, 2025.

2 (g) Eligible benefit recipient.--

3 (1) An eligible benefit recipient is an individual:

4 (i) who is receiving a superannuation, withdrawal or
5 disability annuity on January 1, 2025;

6 (ii) whose most recent effective date of retirement
7 is prior to July 2, 2001; and

8 (iii) whose credited service does not include any
9 service credited as either Class T-D, Class D-4 or Class
10 AA service.

11 (2) A supplemental annuity provided under this section
12 shall not be payable to an annuitant receiving a withdrawal
13 annuity prior to the first day of July coincident with or
14 following the annuitant's attainment of superannuation age.

15 Section 4. The following shall apply:

16 (1) The special ad hoc postretirement adjustment under
17 53 Pa.C.S. Ch. 91 Subch. D shall be effective on the date of
18 the first retirement benefit made after January 1, 2025.

19 (2) If the special ad hoc postretirement adjustment
20 under 53 Pa.C.S. Ch. 91 Subch. D is not included in the
21 initial retirement benefit payment occurring after January 1,
22 2025, the special ad hoc postretirement adjustment shall be
23 included as soon as practicable in the retirement benefit
24 payment of the retiree, and the initial retirement benefit
25 payment that includes the special ad hoc postretirement
26 adjustment shall also include the total amount of the special
27 ad hoc postretirement adjustments previously omitted from the
28 retirement benefit payments made after January 1, 2025.

29 Section 5. This act shall take effect immediately.