

ORDINANCE NO.

FILE OF CITY COUNCIL

BILL NO. 55 - 2026

July 15, 2026

AN ORDINANCE

Amending Part 1 – Administrative Legislation, Chapter 75 – Pensions and Retirement, Article III – Police Pension Fund, by adding a new section “Pension Service Credit for Prior Service with a Police Department”.

WHEREAS, the Pennsylvania General Assembly adopted Act 49 of 2024, and Governor Josh Shapiro signed it on July 8, 2024; and;

WHEREAS, Act 49 provides that a City, Borough, Town, Township or Regional Police Department may amend its ordinance or resolution establishing a police pension fund to provide full-time police officers who have satisfied vesting requirements the option to purchase up to five years of pension service credit for prior part-time or full-time police service provided in a police department.

NOW, THEREFORE, BE IT ORDAINED, Part 1, Chapter 75, Article III shall be amended as follows:

I. SECTION ONE

§ 75-49 Pension Service Credit for Prior Service with a Police Department.

- A. City Police Officers who retired on or after December 1, 2024, as well as current and future full-time bargaining unit police officers who have satisfied all vesting requirements may purchase up to five (5) years of prior part-time or full-time service credit as a Municipal Police Officers Education and Training Commission certificated “Police Officer” with a “Police Department,” as those terms are defined in 53 Pa.C.S. § 2162. The purchase of eligible prior service credit with a Police Department shall be subject to the following:
1. A police officer shall not be eligible to purchase service credit for prior police service for which the officer otherwise receives or is entitled to receive pension service credit from any other pension fund or pension system.
 2. A police officer shall not be eligible to purchase service credit for prior police service that, combined with credited military service exceeds in the aggregate five (5) years.

3. Individuals who have retired before December 1, 2024, shall not be permitted to purchase service credit for prior police service.
4. The City shall calculate service credit in no less than one-month increments and on a pro-rata basis, with 174 hours equaling a month (based on a 2,080-hour work year). For each creditable month of prior completed part-time or full-time employment (up to the above five-year maximum), the police officer may purchase 1/12 of one year of service.
5. For police officers who are eligible to purchase part-time or full-time prior police service from another Police Department, all requests to purchase service credit must be made in writing to the Finance Director utilizing the form provided in the June 29, 2026, ACT 49 Re-opener/Interest Arbitration Award no later than ninety (90) calendar days prior to the police officer's final date of retirement from his or her position. The City shall not be required to accept late requests.
6. For police officers who are eligible to purchase part-time or full-time prior police service from another Police Department, all eligible police officers shall be solely responsible for providing written confirmation of prior creditable service. The confirmation must utilize the form provided in the June 29, 2026, ACT 49 Re-opener/Interest Arbitration Award. A completed form must be provided to the City's Finance Department no later than ninety (90) calendar days prior to the police officer's final date of retirement from his or her position. The City shall not be required to accept late requests.
7. A police officer who requests the ability to purchase creditable service time must consummate payment for such time by way of a check from the Police Officer made payable to the Allentown Police Pension Fund. Such payment shall be provided to the City's Finance Director no later than thirty (30) calendar days prior to the police officer's final date of retirement from his or her position. It is agreed and understood by the parties that an officer's failure to provide full payment in accordance with this time frame shall result in the denial of the purchase and exclusion of the requested service time credit.
8. In the case of a police officer who retired from December 1, 2024, through June 29, 2026, the retiree shall be solely responsible for providing written confirmation of prior creditable service. The confirmation must utilize the form provided in the June 29, 2026, ACT 49 Re-opener/Interest Arbitration Award. A completed confirmation form must be provided to the City's Finance Department no later than ninety (90) calendar days after June 29, 2026. In addition, the retiree must consummate the purchase of such previous police service through a check from the retiree made payable to the Allentown Police Pension Fund. Such payment shall be provided to the City's Finance Director no later than ninety (90) calendar days following approval of the purchase by the City. It is agreed and understood by the parties that the retiree's failure to submit the required request form and required confirmation form and provide full payment in accordance with this time frame shall result in the denial of the purchase and exclusion of the requested service time credit.

- B. The amount due by the officer for the purchase of service credit for prior police service under this subchapter shall be computed by:
1. Multiplying the normal cost rate for the police pension plan a police officer is buying into, but not to exceed 10%, by the police officer's average annual rate of compensation over the first three years of service with the City's Police Department; and multiplying the product from the above subparagraph (a) by the number of years and fractional part of a year of creditable prior police service being purchased together with interest at the rate of 4.75% compounded annually from the date of initial entry into full-time service with the City's Police Department to the date of payment.
 2. The purchase of prior part-time or full-time police service shall only be creditable for the following specific pension-related purposes:
 - (a) Years of creditable service for partially-vested and fully-vested pension benefit eligibility purposes and, for officers hired before January 1, 2009, determining the applicable retirement benefit percentage.
 - (b) Years of creditable service for service-increment-computation purposes;
 - (c) Years of creditable service for determining the applicable benefit level for a surviving spouse or dependent children; and
 - (d) Years of creditable service for determining the applicable benefit level for disability pension benefits arising "not in the line of duty."
- C. In light of the fact that Act 49 solely addresses pension service credit, as well as the fact that the June 29, 2026 ACT 49 Re-opener/Interest Arbitration Award solely implemented the Act 49 benefit, the provisions of §75-49 shall apply solely to the pension-related purposes expressly identified herein and shall not establish or apply to eligibility for City-sponsored post-employment healthcare or other non-pension post-employment benefits (including, but not limited to, seniority-based levels of vacation time, sick time, personal time entitlement or other benefits) and does not otherwise modify the collective bargaining agreement.

II. SECTION TWO:

That this Ordinance will take effect Ten (10) days after final passage.

III. SECTION THREE:

That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

IV. SECTION FOUR:

The provisions of this Ordinance are separate and severable. If any section, clause or provision or portion of this Ordinance shall be held to be unenforceable or invalid by any Court of competent jurisdiction, the unenforceability or invalidity of any such

provision shall not affect the validity and enforceability of the remaining provisions which shall remain valid and continue in effect

Legislative Template

- **What department or bureau is this bill originating from?**

The bill was submitted to council by the Department of Finance as a result of the ACT 49 Re-opener/Interest Arbitration Opinion & Award between the City of Allentown and the FOP Queen City Lodge No. 10. The Arbitration Award was issued on June 29, 2026.

- **Summary and facts of the bill.**

Per the Arbitration, the city is to take legislative action to amend the city's Police Pension Ordinance to incorporate the changes in order to effectuate and implement the terms of the Award. This bill will replace the previously repealed section 75-49 Credit for CETA service and replace it with Credit for Previous Police Service.

- **Purpose of the bill.**

This bill adds a new section to the Police Pension Fund ordinance allowing for the optional purchase of Allentown Police Pension credits based on an officer's previous service as a MPOETC certified police officer in Pennsylvania.

Adding this benefit provision would allow an officer to carry their previous police time, up to 5 years, to their Allentown pension, making Allentown a more desirable employer for experienced officers to join the ranks.

- a. **What are the benefits of doing this?**

- The benefit is seen in the applied experience that veteran officers bring to Allentown which directly contributes to safer outcomes and more efficient departmental operations.

- The drawbacks are cost and the selective terms of the benefit.

An actuarial cost study on the increased liability to the Pension Fund was conducted as required by both the Allentown Police Pension Fund ordinance and the Award. The Pension Fund is supported in part by the annual MMO paid by the General Fund. Based on the structure of this benefit, there is no immediate impact to the MMO; increased liabilities will be recognized in the year the purchase was made and amortized over 11 years.

The cost study was based on the demographics as of Q4 2024, 51 out of the then 217 active officers had prior police experience, or 25% of the workforce. However, an officer must be vested in the Allentown plan (12 years) before they are eligible to purchase prior service credits. In Q4 2024, only 13 of the 51 officers were vested and would be eligible to purchase credits, or 6% of the workforce.

This new benefit applies only to pension eligibility & benefit calculations and does not apply to other city employment or post-employment benefits such as retiree health insurance.

- b. **How does this bill relate to the City's vision/mission/priorities?**

Prioritizing lateral transfers of experienced police officers allows the city to leverage the

investment by the previous employer in de-escalation, decision-making, and public safety best practices. Seasoned professionals provide critical field-readiness and foundational stability on Day 1.

- **Financial Impact – Please include the following in your explanation:**

- a. **Cost (initial and ongoing)**

- This new benefit is not recognized as a plan change meaning that any change to the unfunded liability will be recognized as a demographic loss in the year the purchase is made and then amortized over 11 years. As only a select number of current officers have prior service and are vested, the potential impact in the first few years is limited.

- In the hypothetical situation where all 51 officers with prior service were already vested and all 51 officers chose to purchase their estimated average of 3.7 years of credits, the MMO could increase by \$510,000 which would be amortized over an 11-year period (an increase of approximately \$46,300 per year for 11 years).
 - Per the study, assuming all 13 currently eligible officers were to immediately purchase an average of 3.5 years of credits, the MMO could increase \$150,000 over an 11-year period (approximately \$14,000 annual increase).

- **Funding Sources – Please include the following in your explanation:**

- a. **If transferring funds, please make sure to give specific account names and numbers.**

- As this is not recognized as a plan change, and due to the strict terms of the benefit, the actuarial study assumes that the retirement assumptions are unchanged from the last valuation, there is no immediate increase to the Police Pension MMO and therefore no immediate cost to the General Fund.

- **Priority status – Are there any deadlines to be aware of?**

- The officers of the Allentown Police Department have been waiting for the implementation of this benefit for many years.

- The ability to transfer pension credit between police departments had previously been proposed by the State Legislature and was incorporated in a MOU between then-Mayor O’Connell and then FOP Leadership in 2021. The benefit was enacted by the State Legislature in July of 2024. The city and FOP Leadership agreed to enter binding arbitration on the implementation of Act 49 with a hearing date in September of 2025. The Award was issued in June of 2026.

- To acknowledge the delay, the award carries a one-time 90-day window beginning with the award date of June 29, 2026, for retired officers who would have been eligible in 2024-2025 to apply for this benefit.

- **Why should Council unanimously support this bill?**

- A commitment to add this benefit was made to the member of the Allentown Police Department by then-Mayor O’Connell in 2021. The uniformed officers have been waiting patiently for their service to be recognized.