

Post-it Fax Note	7671	Date	2/13/98	# of pages	2
To	Jim Allen	From	Jenny Lilly		
Co/Dept	EMS	Co	City of Allentown		
Phone #		Phone #			
Fax #	610-783-8363	Fax #			

ADMINISTRATION

ORDINANCE NO. 13640

FILE OF CITY COUNCIL

BILL NO. 4 -1998

INTRODUCED BY FRANK J. CONCANNON, DAVID M. HOWELLS, SR.  
AND ERNEST E. TOTH

JANUARY 21, 1998

AN ORDINANCE

Amending Article 142, Pennsylvania Municipal Retirement System, by changing the retirement age from sixty (60) to fifty-five (55).

This amendment is a result of negotiations with SEIU and MESA. The amendment reduces the retirement age from age 60 to 55.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ALLENTOWN:

**SECTION ONE:** The City of Allentown, being a member municipality of the Pennsylvania Municipal Retirement System, hereby elects to change its member benefits in that System as authorized by the Pennsylvania Municipal Retirement Law, as amended, and does hereby agree to be bound by all the requirements and provisions of said Article and the Law, as the case may be, and to assume all obligations, financial and otherwise, placed upon member municipalities by said Amendment, as the case may be. All references hereafter shall be based on benefits negotiated between the Board and the municipality under the provisions of Article IV.

**SECTION TWO:** That Article 142, Pennsylvania Municipal Retirement System, be amended to include the following:

E. Effective January 1, 1998, the City of Allentown hereby elects to upgrade the benefits it provides its members through the Pennsylvania Municipal Retirement System, established by the Pennsylvania Municipal Retirement Law, Act 15 of 1974, as amended, by amending its contract with the System under the provisions of Article IV of the Act. The City of Allentown agrees that the System shall provide the benefits set forth in the agreement between the Board and the City of Allentown, changing the normal retirement age from sixty (60) to fifty-five (55) years of age.

**SECTION THREE:** That payment for any obligation established by the adoption of this Ordinance and the agreement between the System and the City of Allentown shall be made by the City in accordance with the Pennsylvania Municipal Retirement Law and Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act.

**SECTION FOUR:** The passage and adoption of this Ordinance by the City of Allentown is an official acceptance of the agreement dated Jan. 21, 1998, between the Board and the City, and the financial obligations resulting from the administration of said benefit package

**SECTION FIVE:** The City hereby acknowledges that an affirmative vote representing at least seventy-five (75%) percent of the plan members indicated the members were in agreement with the benefit change in the plan being administered by the Pennsylvania Municipal Retirement System.

**SECTION SIX:** The City of Allentown intends this Ordinance to be the complete authorization of the City plan. This Ordinance shall specifically repeal Ordinance Number 13394, and the previous agreement dated March 3, 1996, on January 1, 1998, which is the effective date of the agreement, dated Jan. 21, 1998, between the Pennsylvania Municipal Retirement System and the City of Allentown.

A duly certified copy of this Ordinance and the referenced agreement shall be filed with the Pennsylvania Municipal Retirement System of the Commonwealth of Pennsylvania. Membership for the municipal employees of the City of Allentown in the Pennsylvania Municipal Retirement System shall be effective the eighth day of July, 1976, with the revised plan structure reflected in the agreement dated Jan. 21, 1998, effective the first day of January, 1998.

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

	Yea	Nay
David K. Bausch	X	
Frank J. Concannon	X	
David M. Howells, Sr.	X	
Terrence P. Spinosa	X	
Todd A. Stephens	X	
Emma D. Troplano	X	
Ernest E. Tath	X	
<b>TOTAL</b>	<b>7</b>	<b>0</b>

I hereby certify that the foregoing Ordinance was passed by City Council and signed by His Honor the Mayor on the 5th day of February, 1998.

Michael P. Howlen  
CITY CLERK

CITY OF ALLENTOWN MUNICIPAL EMPLOYEE  
PENSION PLAN AGREEMENT

AN AGREEMENT, dated this 21<sup>st</sup> day of January, 1998, by and between the City of Allentown and the Pennsylvania Municipal Retirement Board (the Board);

WHEREAS, Article IV, Section 401 of the Act of February 1, 1974, No. 15, states:

"401. This article shall provide for the enrollment of those municipalities in the Pennsylvania Municipal Retirement System which want to offer retirement benefits to their employees...", and;

WHEREAS, Article IV, Section 413 of the Act also provides:

"413. Procedures for Amending Contracts. Any municipality which has joined the System under this Article IV may, with the approval of the Board, amend the contract to increase any of the benefits enumerated in Article IV to its members..."; and,

WHEREAS, the City of Allentown has enrolled its municipal employees in the Pennsylvania Municipal Retirement System and desires to amend its pension plan for the municipal employees:

NOW THEREFORE, the Pennsylvania Municipal Retirement Board and the City of Allentown hereby agree to the following retirement pension plan for the municipal employees:

1. Coverage: This plan shall cover all permanent municipal employees, hereinafter referred to as member, of the City hired on or after June 8, 1976. Membership for elected officials is optional. The election by elected officials to join the System must be made within one (1) year after such official first entered the service of the City. Employees hired on a temporary or seasonal basis or individuals paid only on a fee basis shall not be eligible for membership in the System. Individual membership shall be effective as of the date the City entered into the Pennsylvania Municipal Retirement System or upon the expiration of the individual's probationary status, whichever is more recent.

Credited service shall accrue from the member's date of hire or the expiration of the member's probationary period if one so existed, as long as there is continuous, uninterrupted employment to the municipality. Credited service time earned prior to the enrollment of the City into the System shall be known as prior service.

No credited service time shall be granted for time employed in a status other than active employee of the municipality excluding credit for purchased military service, reinstatement of previous service or service earned and credited under Section 11, the portability section of this agreement.

2. Superannuation Retirement: Eligibility for a superannuation retirement shall occur upon the member's attainment of fifty five (55) years of age or older.

3. Basic Benefit: The basic annual benefit shall be composed of all of the following applicable parts:

- a. The member's final salary multiplied times two and one-tenth percent (2.1%) times all years and fractions thereof of credited service earned by the member on or subsequent to January 1, 1996; plus
- b. The member's final salary multiplied times one and seventy-five hundredths percent (1.75%) times all years and fractions thereof of credited service earned by the member on or subsequent to January 1, 1990, but prior to January 1, 1996; plus
- c. The member's final salary multiplied times one and twenty-five hundredths percent (1.25%) times all years and fractions thereof of credited service earned by the member prior to January 1, 1990.

Provided, however, should the member elect to exercise the option to purchase his credited service time earned prior to January 1, 1996, in accordance with Section 15 of this agreement, then that member's basic annual benefit shall be calculated by multiplying the member's final salary times two and one-tenth percent (2.1%) times all years of credited service and fractions thereof regardless of when earned by the member.

Provided further, however, in no event shall the basic benefit exceed eighty percent (80%) of the member's final salary.

4. Final Salary: The final salary shall be the average annual compensation earned and paid during the member's final five (5) consecutive years of employment, or if not so long employed, then the average annual compensation earned and paid during the whole period of such employment.

5. Early Retirement: A member who has been involuntarily terminated after eight (8) years of credited service or who has separated voluntarily after twenty (20) years of credited service may retire early. Benefits will be actuarially reduced for each year or partial year thereof that early retirement takes place prior to age fifty five (55).

6. Permanent Disability Benefits: A member who has ten (10) or more years of credited service may, upon application or on application of one acting in the member's behalf, or upon application of a responsible official of the municipality, be retired by the Pennsylvania Municipal Retirement Board on a disability allowance if the physician designated by the Board, after medical examination of the member shall certify to the Board that the individual is unable to engage in any gainful employment and that said member ought to be retired. When the disability of a member is determined to be service-connected, as defined in Act 15 of 1974, no minimum period of service shall be required for eligibility.

A disability annuity shall be payable from the total disability reserve account which, together with the municipal annuity and the member's annuity, if any, shall be sufficient to produce a retirement allowance of thirty percent (30%) of the member's final salary. Where the disability of the member is determined to be service-connected, the disability allowance shall equal fifty percent (50%) of the member's final salary. The disability annuity shall be reduced by the amount of any payments for which the member shall be eligible under the Act of June 2, 1915 (P.L. 736, No. 338), known as "The Pennsylvania Workmen's Compensation Act" or the Act of June 21, 1939 (P.L. 566, No. 284), known as "The Pennsylvania Occupational Disease Act."

Any member with eight (8) or more years of credited service entitled to retire for disability may, in lieu of such retirement, elect to retire not voluntarily under the provisions of Section 5.

Should a disability annuitant die before the total disability retirement allowance received equals the amount of the member's accumulated deductions at the time of disability retirement, the Board shall pay to the named beneficiary (if living, or if the named beneficiary predeceased the annuitant, or no beneficiary was named, then to the annuitant's estate) an amount equal to the difference between such total retirement allowance received and the annuitant's accumulated deductions. If such difference is less than one hundred dollars (\$100) and no letters have been taken out on the estate within six (6) months after the disability annuitant's death, such difference may be paid to the undertaker or to any person or municipality who or which shall have paid the claim of the undertaker.

7. Death Benefit: A member who is entitled to a superannuation retirement allowance because of meeting the superannuation retirement requirements found in Section 2 of this agreement or a member who is entitled to a voluntary early retirement allowance because of completing twenty (20) years of credited service may file a written application for retirement requesting that such retirement become effective at the time of death. The application must be filed with the Pennsylvania Municipal Retirement Board on PMRB-8 form.

When applying for retirement, the member may elect one of the options provided in Section 12 and nominate a beneficiary. The application shall be held by the Board until (1) the member files a later application (PMRB-8) for a retirement allowance or (2) the death of the member while in municipal service.

If a member entitled to a retirement allowance dies while in municipal service, benefits become effective as if the member had retired on the day immediately preceding death. The beneficiary receives the annuity option elected before the member's death. If an option was not filed with the Board, it shall be considered that the member elected Option 1 as provided in Section 12 of this agreement. In such event, payment under Option 1 shall be made to the beneficiary designated in the nomination of beneficiary form (PMRB-2) on file with the Board.

8. Military Service: Any member employed by the City who has been a regularly appointed employee for at least six (6) months and is inducted into the military service of the United States, shall have all of the time spent in such military service credited to the member's employment record for pension or retirement benefits if the individual returns or has heretofore returned to employment within six (6) months after separation from the service.

An active member may also purchase credit for other than intervening military service performed for the United States in times of war, armed conflict or national emergency, so proclaimed by the President of the United States, for a period not to exceed five (5) years, provided the member has completed five (5) years of service to the municipality subsequent to such military service. An active member may file an application with the Board for permission to purchase credit for nonintervening military service upon completion of five (5) years of subsequent service to the municipality.

The amount due from the member shall be certified by the Board in accordance with methods approved by the actuary. It may be paid in a lump sum within thirty (30) days or it may be amortized with additional interest through salary deductions in amounts agreed upon by the member and the Board.

The rate of interest to be charged to a member on purchase of credit for intervening or nonintervening military service shall be the rate being credited by the System to members' accounts in effect on the date of the member's application, compounded annually.

A member may purchase credit for intervening or nonintervening military service only if discharge or separation from the service was granted under other than dishonorable conditions. A member may not purchase military credit for any service that is covered by another retirement system administered and wholly or partially paid for by any other government agency or private employer.

9. Contributions by Members: Members shall contribute seven and five tenths percent (7.5%) of their total compensation in a manner consistent with Board established policy. If a member terminates prior to becoming eligible for any benefit or the member elects not to receive a benefit, that individual shall be entitled to all accumulated contributions, interest and any excess investment monies allocated to the member's account.

10. Vesting: After twelve (12) years of credited service, a member may vest by filing an application with the Board within ninety (90) days of separation from employment. Upon attainment of the superannuation age requirement found in Section 2 of this agreement, a basic benefit will be calculated in accordance with Section 3 of this agreement.

11. Portability: When a member leaves the employ of the City and enters within one year of separation into the employ of another municipality that has joined the System, the member's service credits shall remain unimpaired. Should a member from the employ of another municipality that has joined the System separate from service and within one year of separation join the pension plan, the member's service credits will remain unimpaired. In such cases, the municipal liability for past service shall be prorated by the System between the municipalities on an equitable basis.

12. Options on Superannuation, Early Retirement or Vesting: At the time a member elects to receive a retirement benefit allowance, the benefit may be payable throughout the member's life, in which case the benefit is known as a Single Life Annuity. The member may alternatively elect at the time of retirement to receive the equivalent actuarial value in a lesser allowance, payable throughout life with provisions that:

- (a) Option 1. If the member dies before receiving in payments the present value of the retirement allowance as it was at the time of retirement, the balance, if less than five thousand dollars (\$5,000), shall be paid in a lump sum to the designated beneficiary if living, or if the named beneficiary predeceased the member or if no beneficiary was named, then to the member's estate. If the balance is five thousand dollars (\$5,000) or more, the beneficiary may elect, by application duly acknowledged and filed with the Board to receive payment of such balance according to any one of the following provisions:
- (i) in a lump-sum payment, or
  - (ii) in an annuity having a present value equal to the balance payable, or

- (iii) in a lump-sum payment and an annuity. Such annuity shall be of equivalent actuarial value to the balance payable less the amount of the lump-sum payment specified by the beneficiary.
- (b) Option 2. Upon the annuitant's death, the retirement allowance shall be continued throughout the life of and paid to the survivor annuitant, if then living.
- (c) Option 3. Upon the annuitant's death, one-half of the retirement allowance shall be continued throughout the life of and paid to the survivor annuitant, if then living.
- (d) Option 4. A member may elect to receive, in one payment at the time of retirement, the full amount of the member's accumulated deductions (not to include excess investment monies) standing to his credit in the member's account. In so electing this option, the member forfeits the portion of the annuity paid for from the accumulated contributions, but shall continue to be entitled to an annuity comprised of the municipal contribution and any excess investment monies so credited to the account. Any member electing this option shall be entitled to receive his remaining annuity calculated in accordance with any of the other options provided for in this section.

Should a member who has elected a Single Life Annuity die before receiving in annuity payments the full amount of the total accumulated deductions standing to their credit in the member account on the effective date of retirement, the balance shall be paid to the designated beneficiary.

13. Social Security Offset: There shall be no offset for Social Security retirement benefits received by a member.

14. Determination of Municipal Liability: The Board will actuarially determine the normal cost of the plan and any liability associated with the plan's actuarial experience which shall be contributed annually by the municipality for the service credits of the members. If applicable, any additional amount which shall be contributed annually toward a reserve account for the disability allowances which may be payable in accordance with this agreement shall also be determined and charged the municipality.

The amounts so determined shall be computed in accordance with the requirements of Act 205 of 1984, the Municipal Pension Plan Fund Standard and Recovery Act, and Act 15 of 1974, the Pennsylvania Municipal Retirement Law, and subsequent amendments to either act.



15. Optional Member Liability: Each member enrolled on January 1, 1996 with credited service time earned prior to January 1, 1996 shall have the individual option to purchase credit for the time earned prior to January 1, 1996 at the two and one-tenth percent (2.1%) benefit level identified in Section 3 of this agreement. Such member must notify the City and the Pennsylvania Municipal Retirement Board in writing by March 1, 1996 of his decision to purchase such benefit.

Those members electing to purchase such benefits shall bear the financial obligation of the increased benefit as determined by the actuarial study provided by the Pennsylvania Municipal Retirement System. Said purchase may be made by a lump-sum contribution or through payroll deductions over a period not to exceed five (5) years. Members electing to purchase the two and one-tenth percent (2.1%) benefit level for all their years of service shall be charged interest under the payroll deduction option at the regular rate of interest credited by the System in 1996.

The purchase of such time shall be for the complete time period and no member may purchase only a portion of the service credited prior to January 1, 1996.

16. Procedure: Matters or procedure not covered in this agreement shall be as set forth in Act 15 of 1974 and as found in Act 205 of 1984, as they shall, from time to time, be amended.

Should any change or mistake in records result in any member, beneficiary or survivor annuitant receiving from the System more or less than the individual would have been entitled to receive had the records been correct, then regardless of the intentional or unintentional nature of the error and upon the discovery of such error, the Board will correct the error and so far as practicable adjust the payments which may be made for and to such person in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid.

17. Unfunded Liability: Any unfunded liability incurred by the creation of benefits under this agreement shall be borne by the City of Allentown.

18. Effective Date: This agreement shall be effective the first day of January, 1998, with the acceptance of the same by the City of Allentown and the Pennsylvania Municipal Retirement Board. Termination of this agreement shall be in accordance with Section 412 of Act 15 of 1974.

IN WITNESS WHEREOF, we have hereunto set our hands and seal the day, month and year above written.

ATTEST:

PENNSYLVANIA MUNICIPAL RETIREMENT BOARD

BY: James B. Allen  
Secretary

BY: [Signature]  
Chairman

ATTEST:

THE CITY OF ALLENTOWN, LEHIGH COUNTY

BY: \_\_\_\_\_

BY: Wm. T. Fox  
Mayor

BY: Laura Hershey  
City Controller

Approved as to form and legality:

BY: Cristina S. Daper  
Office of Attorney General

Blair R. Bull

BY: DEC 28 1998  
Office of General Counsel

BY: [Signature]  
Chief Counsel

CITY SOLICITOR'S OFFICE  
APPROVED AS TO FORM AND LEGALITY

JBA:jba  
01/12/98