



Senate Finance Committee

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BILL SUMMARY

Legislation: House Bill 1761, P.N. 2864
Sponsor: Representative Matthew Smith
Act Amended: The Second Class County Code
Topic: Amending the Second Class County Employees' Retirement System
Date: March 21, 2012

Summary:

HB 1761 amends the Second Class County Employees' Retirement System establishing a new mandatory benefit tier for county employees hired on or after the effective date.

The legislation makes the following changes in the new benefit tier:

1. excludes overtime compensation from the retirement benefit calculation;
2. extends the final average salary calculation period to the highest 48 months of the last eight years of employment or the last four years of employment if compensated on a bi-weekly basis;
3. increases to 25 years the length of service required for non-uniformed employees to receive normal retirement benefits while retaining the normal retirement age;
4. increases to 25 years the length of service required for public safety employees to receive normal retirement benefits while retaining the normal retirement age;
5. increases to 10 years the length of service required for vesting for all classes of employees;
6. increases to 25 years the length of service required to receive service benefits;
7. increases to 10 years the minimum length of service required to be eligible for early retirement;
8. increases to 10 years the minimum length of service required to provide survivor benefits; and
9. increases to 25 years the length of service required to provide survivor benefits under disability retirement.

Additionally, the legislation provides the Allegheny County Retirement Board ("Board") with authority to amend the retirement plan to ensure it is a "qualified" plan under the Internal Revenue Code and makes changes to the composition of the Board.

The new Board will include:

1. the county chief executive;
2. one member who shall be a member of the retirement system appointed by the chief executive with the consent of county council;

3. one member who shall be a member of the retirement system appointed by the county council;
4. the controller;
5. the treasurer; and
6. two persons elected by ballot among the members of the retirement system.

Effective in 60 days.

Current Law:

Overtime

The calculation of retirement benefits currently includes overtime pay based on the highest 24 months of the last 4 years of employment or 2 years of employment if paid on a bi-weekly basis.

Length of Service

Under current law, non-uniformed employees must be 60 years of age and have 20 years of service to qualify for normal retirement.

Police officers and firefighters must be 50 years of age and have 20 years of service to qualify for normal retirement while sheriffs, deputy sheriffs, prison guards and probation officers must be 55 years of age and have 20 years of service.

Vesting

Vesting in the retirement program currently occurs after 8 years of service and employees are eligible for early retirement if they have between 8 and 20 years of service.

Authority to make changes for IRS compliance

The Board does not currently have the authority to make technical changes to the plan in order to stay compliant with the Federal IRS rules and regulations and must seek legislation from the General Assembly to make these changes.

Composition of the Board

The Board is currently comprised of the county commissioners, the treasurer, the controller and two persons elected by ballot from among the members of the retirement system, one to serve 2 years and one for 4 years.