



# City of Philadelphia

City Council  
Chief Clerk's Office  
402 City Hall  
Philadelphia, PA 19107

**BILL NO. 020623**

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**Introduced October 10, 2002**

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**Councilmembers DiCicco, Nutter, Kenney, Council President Verna,  
Councilmembers Cohen, Tasco and Ortiz**

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**Referred to the  
Committee on Labor and Civil Service**

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## **AN ORDINANCE**

Amending Section 22-310 of The Philadelphia Code, entitled "Deferred Retirement Option Plan (DROP)," by eliminating the provisions that (i) limited the DROP to a specified test period and (ii) required certain findings by the Board of Pensions to continue the DROP after the test period, thereby enacting the DROP as a permanent part of the Public Employees Retirement Code; all under certain terms and conditions.

### *THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Section 22-310 of The Philadelphia Code is hereby amended to read as follows:

§22-310. Deferred Retirement Option Plan (DROP).

(1) *Reserved.* [Test DROP. The DROP described in this section is enacted as a test for a limited duration as provided below, and will not be continued unless the specified conditions are met. It is the intent of Council that the design of this test DROP is such that the impact of the plan will not result in more than an immaterial increase in the City's normal cost of annually funding the Retirement System. Accordingly, this test DROP is subject to the following conditions:

(a) This test DROP will be tested for a period of four years. Within 30 days of the fourth anniversary of the effective date of the ordinance that adds this subsection to provide for the test DROP, the Board shall seek an analysis from its actuary as to the experience of the test DROP for the preceding four years. If the Board, based on

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the report of its actuary, determines that the operation of the DROP, including any accrued liability, resulted in no, or an immaterial, increase in the City's normal cost during the test period, then the DROP will cease to be a "test" DROP, and will continue under the same terms (except those relating to the "test" aspects) indefinitely unless and until further amended by Council. If the Board, based on the report of its actuary, determines that the operation of the DROP, including any accrued liability, resulted in a material increase in the City's normal cost during the test period, then the DROP shall be automatically terminated, except that no member then currently enrolled in the DROP shall be divested of any rights under the DROP.]

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**Explanation:**

[Brackets] indicates matter deleted.

*Italics* indicate new matter added.