City of Philadelphia

Legislation Text

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Amending Title 22 of The Philadelphia Code, entitled "Public Employees Retirement Code," by amending Section 22-305 relating to maximum benefit limitations imposed by the Internal Revenue Code.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1.   Title 22 of The Philadelphia Code, entitled "Public Employees Retirement Code," is hereby amended as follows:

TITLE 22. PUBLIC EMPLOYEES RETIREMENT CODE

*   *   *

CHAPTER 22-300. RETIREMENT BENEFITS

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§22-305. Maximum Benefit Limitations.

(1) General Limitation.   Except as otherwise provided in this section, the annual retirement benefit payable to any member shall not exceed [$90,000] *$160,000* or such other limit as may be the maximum permissible *amount for the Retirement System year* pursuant to Section 415[(d)]*(b)* of the Tax Code.

 (2)   Adjustment of Limitations.

(a) To the extent the limitations set forth herein may be from time to time adjusted by statutes, regulations or other publications issued by the Internal Revenue Service or successor agency or department, such adjusted amounts shall be substituted for the amounts set forth in this section, provided that no such adjustment shall reduce a member's accrued benefit unless such adjustment is required to preserve the qualified status of the Retirement System.   To the extent that the limitations under this section become

unnecessary by amendment of law, the limitations shall be deemed inoperative under this Title.

(b) If a benefit is to be distributed in a form other than a single or straight life annuity or joint and survivor annuity (including any death benefit payable as a survivor's annuity), the actuarial equivalent (using an interest rate, however, not less than the greater of five percent (5%) or the valuation rate adopted by the Board upon recommendation by the Board's actuary) of a single life annuity of such benefit must satisfy the limitations set forth in this section. *With respect to Retirement System years beginning on and after January 1, 1995, the actuarial equivalent for purposes of this Section shall be greater of: (1) the amount determined using the valuation rate adopted by the Board; or (2) the amount determined using the five percent (5%) interest rate.* Further adjustments may be made by the Board, as permitted by Section 415 of the Tax Code and the regulations promulgated thereunder, under the appropriate circumstances including, if authorized by ordinance of Council, receipt by the Retirement System of rollover contributions or assets or liabilities transferred from another qualified plan. [If the Retirement System receives contributions from members, such contributions shall be considered as having been contributed to a separate defined contribution plan for purposes of the limitations set forth in this section.]

(c) In the event that a member's benefit is to be distributed prior to [the member's Social Security Retirement Age, but on or after the attainment of] age 62, the currently effective dollar amount in subsection (1)[(a)] of this section shall be actuarially reduced [in accordance with regulations issued by the Internal Revenue Service, in a manner consistent with the reduction for old-age insurance benefits commencing before the member's Social Security Retirement Age. In the event that a member's benefit is to be distributed prior to age 62, the currently effective dollar amount in subsection (1)(a) of this section shall be actuarially reduced] to the actuarial equivalent (using an interest rate, however not less than the greater of five percent (5%) or the valuation rate adopted by the Board upon recommendation of the Board's actuary) of an annual benefit equal to the dollar amount commencing at age 62 [as determined under the preceding sentence] *in the manner prescribed by Section 415 of the Tax Code.*

(d) In the event that a member's benefit is to be distributed after [the member's Social Security Retirement Age] *age 65*, the currently effective dollar amount in subsection (1)[(a)] of this section shall be actuarially increased to the actuarial equivalent (using an interest rate, however, not greater than the lesser of five percent (5%) or the valuation rate adopted by the Board upon recommendation by the Board's actuary) of an annual benefit equal to such dollar amount commencing at [the member's Social Security Retirement Age] *age 65 in the manner as prescribed by Section 415 of the Tax Code.*

(e) With regard to any Police Employee*,* [or] Fire Employee *or Sheriff's Department Employee*, subsection [(3)]*(c)* above shall not serve to reduce the limitation set forth in subsection (1)[(a) below $50,000 (or such other limit as may be the maximum permissible amount pursuant to Section 415(d) of the Tax Code)].

(f) Any purchase of service on or after August 5, 1997 must satisfy one of the following requirements: (1) the purchase of additional credited service cannot cause the annual retirement benefit payable to the member to exceed the limitation set forth in Section 22-305(1); or (2) the total contribution made in any plan year for the purchase of service, when combined with other amounts contributed by or on behalf of the member, cannot exceed [$30,000]*$40,000* or any other limitation set forth in Section 415(c)(1)(A) of the Tax Code .

(g)   For purposes of determining any adjustment to limitations as required under this Section 22-305(2) for Retirement System years beginning on and after January 1, 1997, the mortality table shall be the "applicable mortality table." The applicable mortality table shall be the table prescribed by Section 415(b)(2)(E)(v) of the Tax Code and Rev. Rul. 95-6 and any subsequent statutory or regulatory provisions.

SECTION 3. Effective Date. This Ordinance shall be effective immediately.

Explanation:

[Brackets] indicate matter deleted.
Italics indicate new matter added.