

Legislation Text

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Amending Title 22 of The Philadelphia Code, entitled "Public Employees Retirement Code," by amending the options for retirement benefits; in particular, adding a new option for retirees to take a lump sum benefit at retirement, in exchange for an actuarial reduction of their regular monthly pension; and making conforming amendments to other provisions; all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Chapter 22-300 of The Philadelphia Code is hereby amended to read as follows:

CHAPTER 22-300. RETIREMENT BENEFITS.

* * *

§22-306. Retirement and Survivorship Benefit Options.

(1) Election of options. Any member may at any time prior to retirement elect in writing one of the following options pursuant to which retirement benefits and survivorship benefits will be paid.

* * *

Option 5 - Under this option, the member shall choose one of Options 1 through 3 (or, if eligible, Option 4), and in addition, the member shall receive a partial lump sum benefit under the provisions of §22-312. The member's retirement benefits shall be governed by §22-312. This Option shall not be available to a member who at any time has elected to participate in the Deferred Retirement Option Plan under §22-310. A member who elected Option 5 and is subsequently rehired shall not, after such rehire, be eligible to elect Option 5 again, nor be eligible to participate in the Deferred Retirement Option Plan.

* * *

§22-312. Partial Lump Sum Option.

(1) *Definitions.*

- (a) *Partial Lump Sum Beneficiary.* An employee who has chosen Option 5 under §22-306(1).
- (b) *Regular Benefit Option.* Either Option 1, Option 2, Option 3 or Option 4, as elected by a Partial Lump Sum Beneficiary when he or she elects Option 5.
- (c) *Unadjusted Benefit.* The monthly benefit a Partial Lump Sum Beneficiary would have received had he or she chosen the Regular Benefit Option rather than Option 5.
- (d) *Lump Sum Months.* A whole number between six and thirty-six, representing the number of months of Unadjusted Benefits a Partial Lump Sum Beneficiary elects to receive as a lump sum benefit upon retirement. A Partial Lump Sum Beneficiary must specify the Lump Sum Months as part of his or her Option 5 election.
- (e) *Partial Lump Sum.* The Unadjusted Benefit multiplied by the Lump Sum Months.

(2) A Partial Lump Sum Beneficiary shall, upon retirement, receive the Partial Lump Sum and a monthly pension payment which shall be actuarially reduced so that the Partial Lump Sum plus the monthly pension payments are the actuarial equivalent of the Unadjusted Benefit.

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SECTION 2. Section 22-204 of The Philadelphia Code is hereby amended to read as follows:

§22-204. Reemployment of Retired Members.

* * *

(3) Reemployment for three (3) or more years. If the period of reemployment under Plan A, Plan B, Plan L, or Plan Y is three (3) years or more, then when the reemployed member retires from City employment, the member's retirement benefits are redetermined to include credited service earned both before and after reemployment.

(i) *If a reemployed member previously received an Option 5 partial lump sum benefit, then the redetermination under this subsection (3) shall include an actuarial reduction so that the following two amounts are actuarial equivalents:*

(I) *the Partial Lump Sum (as defined in §22-312(1)) and all monthly pension benefits*

received by the member prior to reemployment, plus the value of all redetermined pension benefits as actuarially reduced; and

(II) the monthly pension benefits the member would have received prior to reemployment had the member elected the Regular Benefit Option (as defined in §22-312(1)) rather than Option 5, plus the value of all monthly pension benefits as they would have been redetermined under this subsection without actuarial reduction.

(4) Reemployment of retired members of Plan D, Plan J or Plan X. Any member who becomes reemployed by the City following retirement and who is receiving benefits under Municipal Revised Coverage Plan 60 or Police- Fire Coverage Plan 50, shall become a member of the appropriate plan as if the member were first employed on the date of reemployment. Notwithstanding the foregoing, such member shall be entitled to retire thereafter under the age and service provisions of the plan covering such member's employment at the time of the prior retirement. Such member shall continue to accrue service credit during the period of subsequent employment. Upon subsequent retirement, the member shall be entitled to receive the accrued benefit earned under the member's original plan together with any additional accrued benefit earned for the period of subsequent employment under the plan which covers the member upon reemployment. If a retired member reenters the service of the City and remains an employee of the City continuously for three (3) or more years after reemployment, the member may elect to retire thereafter under the age and service provisions applicable at the time of subsequent retirement with full credit for the entire service with the City both before and after the first retirement, *provided that if such retired member previously received an Option 5 lump sum benefit, then the member's recalculated pension benefits under this sentence shall be actuarially reduced in the same manner as provided in subsection (3)(i).*

* * *

SECTION 3. This Ordinance shall take effect thirty (30) days after it becomes law.

Explanation:

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

