

amount under the social security act shall result in a corresponding decrease in the amount of the reduction from the allowance.

(g) The total sum including social security benefits to be received upon retirement by an employe who is a member of the system at the time of the change shall not be less than the allowance that would be paid by the retirement system in the absence of such change.

APPROVED—The 1st day of June, A. D. 1956.

GEORGE M. LEADER

No. 661

AN ACT

Amending the act of May twenty-three, one thousand nine hundred forty-five (Pamphlet Laws 903), entitled "An act authorizing cities of the third class to establish an optional retirement system for officers and employes independently of any pension system or systems existing in such cities," imposing duties on pension boards, changing contributions, and changing and clarifying benefits and allowances when employes are placed under social security.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Subsection (a) of section four, act of May twenty-three, one thousand nine hundred forty-five (Pamphlet Laws 903), entitled "An act authorizing cities of the third class to establish an optional retirement system for officers and employes independently of any pension system or systems existing in such cities," is amended by adding, at the end thereof, a new paragraph to read:

Section 4. (a) * * *

Where a city has entered into an agreement with the Commonwealth to place its employes under the Federal Social Security Act, the pension to be paid according to the provisions of this section payable after the age and upon that portion of annual compensation on which social security benefits are payable, shall be reduced by an amount equal to forty (40) per centum of the primary insurance amount of social security paid or payable to the member, such reduction shall be subject to the following provisions:

(1) Upon attainment of the age at which social security benefits are payable by a beneficiary receiving a

Third class cities, optional retirement system independent of any pension system.

Subsection (a), section 4, act of May 23, 1945, P. L. 903, amended by adding a new paragraph.

retirement allowance for superannuation, or upon retirement of a contributor after attaining that age, his eligibility to the old age insurance benefit and the primary insurance amount of social security upon which the reduction in the retirement allowance shall be based, shall be computed by the board in the manner specified in the Federal Social Security Act, except that in determining such amount only wages or compensation for services performed in the employ of the city shall be included.

(2) Whenever the amount of the reduction from the retirement allowance shall have been once determined, it shall remain fixed for the duration of the allowance, except that any decrease in the primary insurance amount under the Social Security Act shall result in a corresponding decrease in the amount of the reduction from the allowance.

(3) The total sum, including social security benefits, to be received upon retirement by an employe who is a member of the system at the time of the agreement, shall not be less than the allowance that would be paid by the retirement system in the absence of the agreement.

Act of May 23,
1945, P. L. 903,
amended by adding
a new section
10.1.

Section 2. The act is amended by adding, after section ten, a new section to read:

Section 10.1. Determination of Liability Upon Extension of Social Security.—Where a city has entered into an agreement with the Commonwealth to place its employes under the Federal Social Security Act, the board shall appoint an actuary, and may fix his compensation. The actuary shall determine the present value of the liability on account of pensions payable under the provisions of section four of this act to employes who are members of the system on the effective date of the agreement, and shall offset the value of any assets in the pension fund to determine the unfunded liability. The actuary shall further determine the amount of such unfunded liability which shall be contributed by the city, each year, over a period not to exceed twenty-five years from the effective date of the agreement, until the accumulated reserve equals the present value of the liability. The actuary shall also determine the amount which shall be contributed, annually, into the fund on account of service of all new and original members subsequent to the date of the agreement.

Officers and employes shall pay to the board, monthly, an amount equal to three and one-half per centum of that portion of monthly compensation on which social security allowances are payable and five per centum of any monthly compensation in excess of that on which

social security allowances are payable. The remainder of the needed annual contribution, as determined by the actuary, shall become the obligation of the city, and shall be paid by it to the board by annual appropriations. The provisions of this section shall, in all applicable cases, supersede the provisions relating to contributions in section 5 and section 10 of this act.

APPROVED—The 1st day of June, A. D. 1956.

GEORGE M. LEADER

No. 662

AN ACT

Reenacting and amending the act of January five, one thousand nine hundred fifty-two (Pamphlet Laws 1833), entitled "An act to provide for the coverage of certain officers and employes of the Commonwealth and its political subdivisions under the old-age and survivor insurance provisions of Title II of the Federal Social Security Act, as amended; creating the State Agency and conferring powers and imposing duties upon the State Agency; authorizing the State Agency to enter into agreements with the Federal Security Administrator and with political subdivisions under certain terms and conditions; providing for the Commonwealth's contribution under agreements with the Federal Security Administrator and for the collection and payment of employer and employe contributions; authorizing interstate cooperation in certain cases; creating a Contribution Fund; and making appropriations," extending its provisions to include additional persons, increasing contribution rates, and providing for referenda, and permitting modification of certain local retirement plans, and making an additional appropriation.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows: Social Security.

Section 1. The title and act of January five, one thousand nine hundred fifty-two (Pamphlet Laws 1833), entitled "An act to provide for the coverage of certain officers and employes of the Commonwealth and its political subdivisions under the old-age and survivor insurance provisions of Title II of the Federal Social Security Act, as amended; creating the State Agency and conferring powers and imposing duties upon the State Agency; authorizing the State Agency to enter into agreements with the Federal Security Administrator and with political subdivisions under certain terms and conditions; providing for the Commonwealth's contribution under agreements with the Federal Security Administrator and for the collection and payment of employer and employe contributions; authorizing inter-

Title and act of
January 5, 1952,
P. L. 1833,
reenacted and
amended.