

14 SECTION 29.1. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

15 SECTION 1703-N. 2026 SPECIAL AD HOC MUNICIPAL POLICE AND

16 FIREFIGHTER POSTRETIREMENT ADJUSTMENT.

17 (A) ENTITLEMENT.--A MUNICIPAL RETIREMENT SYSTEM SHALL PAY A

18 RETIRED POLICE OFFICER OR FIREFIGHTER A SPECIAL AD HOC

19 POSTRETIREMENT ADJUSTMENT UNDER THIS SECTION IF ALL OF THE

20 FOLLOWING APPLY:

21 (1) THE RETIREE TERMINATED ACTIVE EMPLOYMENT WITH A
22 MUNICIPALITY AS A POLICE OFFICER OR FIREFIGHTER.

23 (2) THE RETIREE RECEIVES A RETIREMENT BENEFIT FROM A
24 MUNICIPAL RETIREMENT SYSTEM ON THE BASIS OF ACTIVE EMPLOYMENT
25 WITH THE MUNICIPALITY AS A POLICE OFFICER OR FIREFIGHTER.

26 (3) THE RETIREE BEGAN RECEIVING THE RETIREMENT BENEFIT
27 BEFORE JANUARY 1, 2021.

28 (4) THE RETIREE HAS NOT FILED A WRITTEN NOTICE WITH THE
29 MUNICIPAL RETIREMENT SYSTEM REQUESTING THAT THE ADDITIONAL
30 MONTHLY POSTRETIREMENT ADJUSTMENT NOT BE PAID.

1 (B) AMOUNT.--

2 (1) EXCEPT AS PROVIDED UNDER PARAGRAPHS (2) AND (3), A
3 MUNICIPAL RETIREMENT SYSTEM SHALL PAY A RETIRED POLICE
4 OFFICER OR FIREFIGHTER A MONTHLY SPECIAL AD HOC
5 POSTRETIREMENT ADJUSTMENT UNDER SUBSECTION (A) IN ANY OF THE
6 FOLLOWING AMOUNTS:

7 (I) \$75 PER MONTH IF, ON JANUARY 1, 2026, THE
8 RETIREE HAS BEEN RETIRED AT LEAST FIVE YEARS BUT LESS
9 THAN 10 YEARS.

10 (II) \$150 PER MONTH IF, ON JANUARY 1, 2026, THE
11 RETIREE HAS BEEN RETIRED AT LEAST 10 YEARS BUT LESS THAN
12 20 YEARS.

13 (III) \$300 PER MONTH IF, ON JANUARY 1, 2026, THE
14 RETIREE HAS BEEN RETIRED AT LEAST 20 YEARS.

15 (2) IF A RETIREE IS ENTITLED TO RECEIVE A SPECIAL AD HOC
16 POSTRETIREMENT ADJUSTMENT UNDER SUBSECTION (A) FROM MORE THAN
17 ONE MUNICIPAL RETIREMENT SYSTEM, EACH MUNICIPAL RETIREMENT
18 SYSTEM SHALL REDUCE THE AMOUNT OF THE SPECIAL AD HOC
19 POSTRETIREMENT ADJUSTMENT UNDER PARAGRAPH (1) SO THAT THE
20 AGGREGATE AMOUNT OF ALL SPECIAL AD HOC POSTRETIREMENT
21 ADJUSTMENTS PAID TO THE RETIREE DOES NOT EXCEED THE AMOUNT
22 SPECIFIED UNDER PARAGRAPH (1).

23 (3) THE AMOUNT OF THE SPECIAL AD HOC POSTRETIREMENT
24 ADJUSTMENT UNDER PARAGRAPH (1) SHALL BE REDUCED EACH YEAR BY
25 65% OF THE TOTAL AMOUNT OF A POSTRETIREMENT ADJUSTMENT
26 PROVIDED TO THE RETIREE UNDER THE MUNICIPAL RETIREMENT SYSTEM
27 AFTER DECEMBER 31, 2001, AND BEFORE JANUARY 1, 2026, AND PAID
28 IN THE IMMEDIATELY PRECEDING YEAR.

29 (C) PAYMENT.--A MUNICIPAL RETIREMENT SYSTEM SHALL BEGIN
30 PAYING THE SPECIAL AD HOC POSTRETIREMENT ADJUSTMENT UNDER

1 SUBSECTION (A) WITH THE FIRST RETIREMENT BENEFIT PAYMENT MADE ON
2 OR AFTER AUGUST 1, 2026. IF THE MUNICIPAL RETIREMENT SYSTEM DOES
3 NOT INCLUDE THE SPECIAL AD HOC POSTRETIREMENT ADJUSTMENT IN THE
4 FIRST RETIREMENT BENEFIT PAYMENT MADE ON OR AFTER AUGUST 1,
5 2026, THE MUNICIPAL RETIREMENT SYSTEM SHALL INCLUDE THE SPECIAL
6 AD HOC POSTRETIREMENT ADJUSTMENT AS SOON AS PRACTICABLE IN A
7 SUBSEQUENT RETIREMENT BENEFIT PAYMENT TO THE RETIREE. THE FIRST
8 RETIREMENT BENEFIT PAYMENT THAT INCLUDES THE SPECIAL AD HOC
9 POSTRETIREMENT ADJUSTMENT SHALL ALSO INCLUDE THE AGGREGATE
10 AMOUNT OF SPECIAL AD HOC POSTRETIREMENT ADJUSTMENTS OMITTED FROM
11 RETIREMENT BENEFIT PAYMENTS MADE ON OR AFTER AUGUST 1, 2026.

12 (D) MUNICIPAL CERTIFICATION.--TO RECEIVE REIMBURSEMENT UNDER
13 SUBSECTION (E), A MUNICIPALITY SHALL CERTIFY TO THE AUDITOR
14 GENERAL, BY APRIL 1 OF EACH YEAR IN WHICH REIMBURSEMENT WILL BE
15 MADE, THE MUNICIPALITY'S ANNUAL AMORTIZATION COST FOR THE PRIOR
16 YEAR ATTRIBUTABLE TO THE SPECIAL AD HOC POSTRETIREMENT
17 ADJUSTMENT REQUIRED UNDER SUBSECTION (A). THE MUNICIPALITY SHALL
18 MAKE THE CERTIFICATION IN THE FORM AND MANNER REQUIRED BY THE
19 AUDITOR GENERAL.

20 (E) REIMBURSEMENT.--FROM MONEY AVAILABLE IN THE ACCOUNT, THE
21 AUDITOR GENERAL SHALL REIMBURSE A MUNICIPALITY FOR THE ANNUAL
22 AMORTIZATION COST OF THE INCREASE IN UNFUNDED ACTUARIAL ACCRUED
23 LIABILITY ATTRIBUTABLE TO THE SPECIAL AD HOC POSTRETIREMENT
24 ADJUSTMENT REQUIRED UNDER SUBSECTION (A), AMORTIZED OVER A
25 PERIOD OF 10 YEARS.

26 (F) AUDITOR GENERAL CERTIFICATION.--BY JUNE 1 OF EACH YEAR
27 IN WHICH A MUNICIPALITY IS ELIGIBLE TO RECEIVE REIMBURSEMENT
28 UNDER SUBSECTION (E), THE AUDITOR GENERAL SHALL CERTIFY TO THE
29 DEPARTMENT OF REVENUE AND THE STATE TREASURER THE TOTAL AMOUNT
30 OF REIMBURSEMENTS FOR ELIGIBLE MUNICIPALITIES FOR THE YEAR.

1 (G) ACCOUNT.--THE 2026 SPECIAL AD HOC POSTRETIREMENT
2 ADJUSTMENT ACCOUNT IS ESTABLISHED AS A RESTRICTED ACCOUNT WITHIN
3 THE MUNICIPAL PENSION AID FUND. MONEY IN THE ACCOUNT IS
4 APPROPRIATED TO THE DEPARTMENT OF THE AUDITOR GENERAL ON A
5 CONTINUING BASIS TO REIMBURSE MUNICIPALITIES UNDER SUBSECTION
6 (E).

7 (H) CASH FLOW SHORTAGE.--THE AUDITOR GENERAL MAY USE MONEY
8 AVAILABLE IN THE MUNICIPAL PENSION AID FUND TO ADDRESS AN ACUTE
9 CASH FLOW SHORTAGE OF A MUNICIPALITY IF THE AUDITOR GENERAL
10 DETERMINES THAT THE SHORTAGE IS DIRECTLY ATTRIBUTABLE TO ANY OF
11 THE FOLLOWING:

12 (1) THE PAYMENT OF THE SPECIAL AD HOC POSTRETIREMENT
13 ADJUSTMENT REQUIRED UNDER SUBSECTION (A).

14 (2) THE REIMBURSEMENT METHOD UNDER SUBSECTION (E).

15 (I) RECONCILIATION.--THE AUDITOR GENERAL SHALL RECONCILE
16 MONEY MADE AVAILABLE TO A MUNICIPALITY UNDER SUBSECTION (H)
17 AGAINST SUBSEQUENT REIMBURSEMENT TO THE MUNICIPALITY UNDER
18 SUBSECTION (E).

19 (J) CALCULATION OF AID.--A COST ATTRIBUTABLE TO THE SPECIAL
20 AD HOC POSTRETIREMENT ADJUSTMENT REQUIRED UNDER SUBSECTION (A)
21 THAT IS REIMBURSABLE UNDER SUBSECTION (E) MAY NOT BE INCLUDED
22 FOR THE PURPOSE OF ALLOCATING AID UNDER THE ACT OF DECEMBER 18,
23 1984 (P.L.1005, NO.205), KNOWN AS THE MUNICIPAL PENSION PLAN
24 FUNDING STANDARD AND RECOVERY ACT.

25 (K) EXCLUSION FROM INCOME.--A POSTRETIREMENT ADJUSTMENT
26 PROVIDED UNDER THIS SECTION SHALL BE EXCLUDED FROM INCOME FOR
27 ELIGIBILITY DETERMINATIONS FOR STATE BENEFITS AND PROGRAMS
28 UNLESS OTHERWISE PROHIBITED BY FEDERAL OR STATE LAW.

29 (L) MUNICIPAL RECEIPT OF PAYMENT.--UPON RECEIPT OF THE
30 REIMBURSEMENT PAYMENT FROM THE COMMONWEALTH UNDER SUBSECTION

1 (E), THE TREASURER OF THE MUNICIPALITY SHALL DEPOSIT THE
2 REIMBURSEMENT PAYMENT INTO THE MUNICIPALITY'S GENERAL FUND.

3 (M) DEFINITIONS.--AS USED IN THIS SECTION, THE FOLLOWING
4 WORDS AND PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS
5 SUBSECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

6 "ACCOUNT." THE 2026 SPECIAL AD HOC POSTRETIREMENT ADJUSTMENT
7 ACCOUNT ESTABLISHED UNDER SUBSECTION (G).

8 "ACT 147." THE ACT OF DECEMBER 14, 1988 (P.L.1192, NO.147),
9 KNOWN AS THE SPECIAL AD HOC MUNICIPAL POLICE AND FIREFIGHTER
10 POSTRETIREMENT ADJUSTMENT ACT.

11 "ACTIVE EMPLOYMENT." THE SITUATION OF AN INDIVIDUAL, OTHER
12 THAN AN INDEPENDENT CONTRACTOR, WHO PERFORMS FOR COMPENSATION
13 REGULAR SERVICES FOR A MUNICIPALITY AND WHO IS REGULARLY ENTERED
14 ON THE PAYROLL OF THE MUNICIPALITY.

15 "FIREFIGHTER." A MUNICIPAL EMPLOYEE WHO HOLDS A FULL-TIME
16 POSITION IN THE FIREFIGHTING SERVICE OF A MUNICIPALITY AND HAS
17 RETIREMENT COVERAGE PROVIDED BY A RETIREMENT SYSTEM.

18 "MUNICIPALITY." A BOROUGH, CITY, COUNTY OF THE SECOND CLASS,
19 INCORPORATED TOWN OR TOWNSHIP, HOWEVER CONSTITUTED, WHETHER
20 OPERATING UNDER A LEGISLATIVE CHARTER; A MUNICIPAL CODE; AN
21 OPTIONAL CHARTER ADOPTED UNDER THE ACT OF JULY 15, 1957
22 (P.L.901, NO.399), KNOWN AS THE OPTIONAL THIRD CLASS CITY
23 CHARTER LAW; A HOME RULE CHARTER OR AN OPTIONAL PLAN ADOPTED
24 UNDER THE FORMER ACT OF APRIL 13, 1972 (P.L.184, NO.62), KNOWN
25 AS THE HOME RULE CHARTER AND OPTIONAL PLANS LAW; OR OTHER
26 ARRANGEMENT; OR AN ASSOCIATION OF THESE MUNICIPALITIES
27 COOPERATING UNDER THE FORMER ACT OF JULY 12, 1972 (P.L.762,
28 NO.180), REFERRED TO AS THE INTERGOVERNMENTAL COOPERATION LAW.

29 "POLICE OFFICER." A MUNICIPAL EMPLOYEE WHO HOLDS A FULL-TIME
30 POSITION IN THE POLICE SERVICE OF A MUNICIPALITY AND HAS

1 RETIREMENT COVERAGE PROVIDED BY A RETIREMENT SYSTEM.

2 "POSTRETIREMENT ADJUSTMENT." AN INCREASE IN OR CHANGE IN THE
3 AMOUNT OF A RETIREMENT ANNUITY, RETIREMENT BENEFIT, SERVICE
4 PENSION OR DISABILITY PENSION BENEFIT GRANTED OR EFFECTIVE AFTER
5 ACTIVE EMPLOYMENT CEASES.

6 "PUBLIC EMPLOYEE RETIREMENT SYSTEM." AN ENTITY, WHETHER A
7 SEPARATE ENTITY OR PART OF A GOVERNMENTAL ENTITY, THAT COLLECTS
8 RETIREMENT AND OTHER EMPLOYEE BENEFIT CONTRIBUTIONS FROM
9 GOVERNMENT EMPLOYEES AND EMPLOYERS; HOLDS AND MANAGES THE
10 RESULTING ASSETS AS RESERVES FOR PRESENT AND FUTURE RETIREMENT
11 ANNUITY, RETIREMENT BENEFIT, SERVICE PENSION OR DISABILITY
12 PENSION BENEFIT PAYMENTS; AND MAKES PROVISION FOR THESE PAYMENTS
13 TO QUALIFIED RETIREES AND BENEFICIARIES.

14 "RETIREMENT BENEFIT." THE AMOUNT PAID ON A REGULAR BASIS TO
15 A RETIRED OR DISABLED POLICE OFFICER OR FIREFIGHTER BY A
16 MUNICIPAL RETIREMENT SYSTEM ESTABLISHED FOR POLICE OFFICERS OR
17 FIREFIGHTERS.

18 "RETIREMENT SYSTEM." A PUBLIC EMPLOYEE RETIREMENT SYSTEM.

19 "SPECIAL AD HOC ADJUSTMENT" OR "SPECIAL AD HOC POSTRETIREMENT
20 ADJUSTMENT." AN INCREASE IN THE AMOUNT OF A RETIREMENT BENEFIT
21 AS PROVIDED UNDER ACT 147 AND THIS SECTION.