



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 464

PRINTER'S NO. 1685

PRIME SPONSOR: Regan

COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
General Fund	\$0	\$0

SUMMARY:

Senate Bill 464 amends Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes to mandate that local full-time police departments, not in a city of the first class, to allow police officers to purchase pension service credit for prior service time at other police departments.

ANALYSIS:

This bill allows a city, borough, town, township or regional police department, excluding a city of the first class, to amend its ordinance or resolution establishing a police pension fund to provide full-time officers who are vested the option to purchase up to five years of pension service credit for prior part-time or full-time police service. The bill further outlines the formula by which the purchase of prior service credit cost is determined by using an interest rate of 4.75% and a cap on the normal cost rate of 10%.

The bill also prohibits purchasing service credit for prior police service for which the officer receives or is entitled to receive pension service credit. It prohibits purchasing service credit that, when combined with military service credit, exceeds five years.

FISCAL IMPACT:

This legislation would have no impact on Commonwealth funds.

The Independent Fiscal Office did provide an actuarial analysis on Senate Bill 464. Under their analysis, they believe the most likely scenario is a police officer purchasing prior service (prior to retirement) to accelerate normal retirement. In this scenario, the total actuarial cost on an individual basis is \$99,200. Of that cost, \$54,822 would be the cost to the police officer, while the remaining cost of \$44,378 would be incurred by the retirement plan sponsor.

PREPARED BY: Chris Fetterman, (title)

House Appropriations Committee (D)

DATE: July 1, 2024

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.