

**CHAPTER 204. ACTUARIAL FUNDING STANDARD**

*(Editor's Note: Under the act of July 20, 2016 (P.L. 849, No. 100), the Public Employee Retirement Commission was dissolved transferring certain powers and duties relating to municipal pension reporting and analysis to the Department of the Auditor General. Therefore, Chapter 204 is abrogated. Further information may be found at [www.PaAuditor.gov](http://www.PaAuditor.gov).)*

Sec.

204.1. Determination of minimum municipal obligation.

**Authority**

The provisions of this Chapter 204 issued under section 609 of the Municipal Pension Plan Funding Standard and Recovery Act (53 P. S. § 895.609), unless otherwise noted.

**Source**

The provisions of this Chapter 204 adopted July 24, 1992, effective July 25, 1992, 22 Pa. B. 3839, unless otherwise noted.

**§ 204.1. Determination of minimum municipal obligation.**

(a) *Latest actuarial valuation report.* Under section 302 of the act (53 P. S. § 895.302), the minimum municipal obligation is based on the latest actuarial valuation report prepared under the requirements of Chapter 2 of the act (53 P. S. §§ 895.201—895.208). When an actuarial valuation report has been prepared but not transmitted to the municipality, the municipality may utilize data extracted from that actuarial valuation report. The extracted data shall be compiled in a written document and certified by the actuary engaged to prepare the actuarial valuation report. If the data contained in the actuarial valuation report subsequently filed with the Commission differ from the extracted data previously certified and used to determine the minimum municipal obligation, the data resulting in the higher minimum municipal obligation will be applied in determining compliance with the actuarial funding standard.

(b) *Estimation of member contributions for defined benefit pension plans.* When the minimum municipal obligation is calculated under section 302(c) of the act, the estimated member contributions used in the calculation of the minimum municipal obligation shall be the member contribution rate applied to the payroll used in calculating the normal cost requirements of the pension plan.

(c) *Payroll definitions.*

(1) *Defined benefit pension plans.* The payroll used in determining the minimum municipal obligation of a pension plan under section 302(c) of the act shall be based on the payroll to be reported on the Internal Revenue Service Form W-2 and shall be calculated as the total payroll for active members of the plan as of the date of the determination, plus the payroll for the same active members of the plan projected to the year's end using the payroll rates in effect as of the date of the determination. Adjustments to the payroll calculated under the method prescribed in this section may only be made if the adjustments result in a payroll amount that is greater than the payroll amount calculated under this paragraph.

(2) *Defined contribution pension plans.* The payroll used in determining the minimum municipal obligation of a pension plan under section 303(c) of the act (53 P. S. § 895.303(c)) shall be based on the payroll to be reported on the Internal Revenue Service Form W-2 and shall be the estimated payroll for the active membership of the pension plan, including projected increases in active membership, for the following plan year.

(d) *Implementation of revised calculation of minimum municipal obligation.* The revised calculation of the minimum municipal obligation, as prescribed under sections 302 and 303 shall be implemented for the minimum municipal obligations developed for the plan years commencing after December 31, 1991.

(e) *Failure to adopt a minimum municipal obligation.* If a municipality fails to adopt a minimum municipal obligation, the minimum municipal obligation shall be calculated using the actual payroll and member contributions for the applicable year and actuarial data extracted from the certified actuarial valuation prepared immediately before the year for which the minimum municipal obligation is to be calculated. The minimum municipal obligation calculated under this subsection shall be used to determine compliance with the actuarial funding standard.

[Next page is 205-1.]