



OFFICE OF THE CITY CONTROLLER CITY OF PHILADELPHIA

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PRESS RELEASE

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Philadelphia Pension Fund Up \$9 billion Since PA Act 205 was Enacted 40 Years Ago

City Controller's latest economic report reviews city's pension fund progress over last four decades

PHILADELPHIA – Over the last 40 years, the Philadelphia Pension Fund has grown by almost \$9 billion in current value while undergoing several major reforms, according to the City Controller's latest monthly economic report.

Since 1985, the pension fund's value has risen from \$1.1 billion to nearly \$10 billion in 2025. The positive trajectory started the same year Act 205, the Commonwealth of Pennsylvania's Municipal Pension Plan Funding Standard and Recovery Act, was adopted by the city. It established actuarial reporting requirements and set the Minimum Municipal Obligation (MMO) for required annual pension contributions.

The city contributed about \$133 million to the fund in 1985, according to the Philadelphia Pension Board's archived actuarial reports. Since then, the city's annual contribution has increased steadily reaching almost \$850 million last year.

“Consistent annual funding and prudent asset management have helped sustain the city's pension fund,” said City Controller Christy Brady, who is a Pension Board member. “Maintaining the fund's growth is vital to keep pace with longer retirements and rising living costs. The men and women who served our city deserve the peace of mind that comes with a strong and stable retirement fund.”

Along with establishing a minimum annual payment to the pension fund, the city adopted other reforms, including:

- 1999 & 2007 – Pension Adjustment Fund (PAF): City Council amended the retirement code to distribute excess investment earnings to retirees and beneficiaries when the Pension Fund's investments exceed expected returns. The city council amended the retirement code again in 2007 overriding a mayoral veto to strengthen the PAF and ensure funds could be set aside for retirees.
- 2009 – Sales Tax Increase: the state authorized the city to increase its sales tax by 1% and permitted a temporary deferral of pension payments to stabilize the city's finances.
- 2010 – Plan 10 was created which limited pension benefits to employees just 25% of their salary in retirement.

- 2016 – Plan 16 Implementation: the city implemented a stacked hybrid retirement plan combining defined benefit and defined contribution components.
- 2018 – Revenue Recognition Policy: the city started making contributions based on the alternate funding policy which calls for contributions in excess of the MMO.
- 2019 – Tired Reform & Plan 16 Enrollment: all new municipal non-uniform employees were enrolled in the hybrid Plan 16. Employee pension contributions increased through a tiered structure based on salary level for DC33, DC47, Deputy Sheriffs, and non-represented and exempt employees.

“The reforms over the last decade alone have helped the pension fund double its value and improve the funded ratio from 45% to 68%,” said Brady. “We’ve made smart investments, doubled our assets, reduced investment manager fees – resulting in a large reduction of the overall liability for taxpayers.”

The annual benefit payments have increased over the last four decades at about the same pace as the annual contributions from about \$160 million in 1985 to about \$900 million last year. Actuarial reports indicate that total participation in the pension plan increased by 17%, while the share of retirees remained about the same—roughly one-third of total participants—as it is today.

In addition, a recently released City of Philadelphia’s Board of Pensions and Retirement preliminary FY2025 annual actuarial report projects the fund will be 100% funded by 2032, one year sooner than anticipated. It will provide an approximate \$500 million savings to the city in 2033.

Visit <https://controller.phila.gov/> to view the City Controller’s March 2026 Municipal Money Matters.

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