

DRAFT

ORDINANCE NO. 2007 -

AN ORDINANCE ,FOR FULL-TIME POLICE OFFICERS OF THE TOWNSHIP OF WARRINGTON, BUCKS COUNTY; PENNSYLVANIA, AMENDING AND RESTATING THE WARRINGTON TOWNSIDP POLICE PENSION PLAN TO COMPLY WITH ACT 30 OF 2002, AND FURTHER PROVIDING FOR THE AMOUNT OF SAID PENSION TOGETHER WITH THE COMPUTATION OF BENEFITS THEREOF AND ELIGIBILITY THEREUNDER

WHEREAS, it is deemed to be in the best interest of Warrington Township and in the maintenance of good government that a pension program be maintained to provide for the retirement of Police Officers in Warrington Township; and

WHEREAS, the Board of Supervisors desires to amend and restate the Warrington Township Police Pension Plan;

NOW, THEREFORE, BE IT ENACTED AND ORDAINED by the Board of Supervisors of Warrington Township as follows:

**SECTION 701: DEFINITIONS**

For the purposes of this Ordinance, the following definitions shall apply:

AGE - Age at nearest t birthday.

ACCRUED BENEFIT - The member's normal retirement benefit multiplied by the ratio of (a) over (b), where

- (a) equals the years of service completed by the member as of his termination of employment, and
- (b) equals the years of service the member would have completed if he had continued in employment until his Normal Retirement Date.

2/08/07

ANNIVERSARY DATE - January 1st of each year.

COMPENSATION - A Member's total monthly pay, including overtime pay, longevity increments, any pre-tax contributions made to the Plan pursuant to Code Sections 414 (h) or 125, and any other direct monetary compensation, but excluding reimbursement expenses or payments made in lieu of expenses, non-salary compensation (fringe benefits), or any other non-salary payments or allowances (including, but not limited to, uniform allowances).

EARLY RETIREMENT DATE - The date on which the Member completes twenty (20) years of service and files a written application for an early retirement benefit with Township Board of Supervisors.

EMPLOYER - Warrington Township, Bucks County, Pennsylvania.

FUND - The Warrington Township Police Pension Plan Trust Fund.

MEMBER - All Police Officers who meet the requirements set forth in Section 704 of this Ordinance. The masculine will include the feminine. The terms "Police Employee", "Police Officer" and "Officer" shall be synonymous with the term "Member".

MUNICIPALITY - Warrington Township.

NORMAL RETIREMENT DATE - The normal retirement date shall be the fiftieth (50th) birthday and the completion of twenty-five (25) years of service, if later. However, in the case of Daniel C. Gallagher only, Normal Retirement Date shall be as defined as the fifty-fifth (55th) birthday and the completion of twenty (20) years of service.

PLAN - Warrington Township Police Pension Plan. The Plan's fiscal year is the calendar year.

TOWNSHIP - Warrington Township

#### SECTION 702: FUNDING OF PENSIONS

This Plan is to be funded and maintained by any of the following methods or combination of each:

- A. **General Fund.** Contributions from the General Fund of Warrington Township which may be required after appropriate approval of the Township.
- B. **Member Contributions.** The Member contribution rate may be up to five percent (5.0%) of total compensation. Effective as of January 1, 1998, the Township shall "pick-up" any Member contributions required under this paragraph (B) so that such pick-up contributions are treated as employer contributions

pursuant to Internal Revenue Code Section 414(h)(2). A Member's take-home pay shall be reduced in the amount of any pick-up contribution made by the Township on the Member's behalf. Members shall not have the option to forego making a pick-up contribution to the Plan so as to receive additional take-home pay.

- C. **Reduction of Member Contribution.** Any reduction or elimination of contributions shall be authorized on an annual basis by ordinance or resolution.
- D. **State Aid.** Any sums received pursuant to the Municipal Pension Plan Funding Standard and Recovery Act (Act 205).
- E. **Gifts, Grants, Devises or Bequests.** The sums which may be received by the Township in the form of gifts, grants, devises or bequests, to the extent authorized by law.
- F. **Other Sources.** Any other sums received or contributed to the Township to the extent authorized by law.

#### SECTION 703: ADMINISTRATION

##### 1. PENSION COMMITTEE:

- A. The General Administration and Management of the Plan shall be under the direction of a Pension Advisory Committee.
- B. The Pension Advisory Committee shall consist of seven (7) Members as follows:
  - (1) Chairman of the Board of Supervisors;
  - (2) one additional Member of the Board of Supervisors;
  - (3) One Member and one alternate Member elected by the Warrington Township Police Benevolent Association;
  - (4) Warrington Township Finance Director/Treasurer;
  - (5) Warrington Township Manager;
  - (6) Two Members from the community selected by the Board of Supervisors.

The committee will meet quarterly for the purposes of reviewing actuarial reports, reports on pension plan investments, contents of employee benefit and pension plan information booklets, and for meetings with Township consultants to obtain information and explanation and prepare

recommendations to the Board of Supervisors regarding the Police Pension Plan.

**2. TRUSTEES:**

The Warrington Township Board of Supervisors shall serve as the Board of Trustees for the Police Pension Plan. The Trustees shall have full responsibility for administration of the Pension Fund established hereunder and shall hold, invest, reinvest and distribute all funds and other property received pursuant hereto in trust for the purposes of this Ordinance. The Trustees may receive, at any time, gifts, grants, devises or bequests to the Pension Fund of any money or property, real, personal or mixed to be held by them in trust for the benefit of this Fund and in accordance with the provisions hereof The Trustees may adopt such rules and regulations as deemed necessary for the efficient administration of the Fund.

The Trustees shall have full power and authority either directly or through a designated representative, to do all acts, execute, acknowledge and deliver all instruments, and to exercise for the sole benefit of the Members hereunder, any and all powers and discretions necessary to implement and effectuate the purposes of this Ordinance, including for purposes of illustration, but not limited to any of the following:

- A. To hold, invest and reinvest all funds received pursuant to this Ordinance and such legal investments as may be authorized as legal investments under the Jaws of the Commonwealth of Pennsylvania.
- B. To retain any property which may at any time become an asset of the Fund, as long as said Trustees may deem it advisable; and
- C. To make distribution of the monies in the fund, in accordance with the terms of this Ordinance.

The expense of administering this Pension Fund, including compensation of any actuary, any custodian of the Fund, and any other charges or expenses related thereto, exclusive of the payment of pensions, may be paid by the Township General Fund or from the Plan, as determined by the Board of Supervisors.

**SECTION 704: ELIGIBILITY**

Each full-time Police Officer (regularly working not less than 40 hours per week during the calendar year) employed by the Employer is eligible to participate and shall be a Member in the Warrington Township Police Pension Plan and Fund as of their date of employment.

A Member shall retain membership status until he separates from service and is paid all benefits due to him. Any Member who separates from service under circumstances other than those specified in this Section 704 shall cease to be a Member and shall, if he returns to service, requalify as though he had never been a Member.

For the purposes of this Section 704, service shall mean the period of an employee's continuous employment by the employer. The following types of absence shall not break continuity and the time elapsed shall be included in computing length of service:

- A. Temporary leave of absence or layoff which shall, if not otherwise stated, expire in six months unless sooner renewed.
- B. Absence during which regular remuneration is paid.
- C. Military Service pursuant to 53 P.S. 770(a).

**SECTION 705: NORMAL RETIREMENT AND EARLY RETIREMENT BENEFITS**

- A. A Police Officer who shall have attained his Normal Retirement Date shall upon application, be entitled to a monthly pension computed by averaging the Officer's final thirty-six (36) months of compensation. The monthly amount of such pension shall equal fifty percent (50%) of the thirty-six (36) months of compensation as averaged. Such normal retirement benefit as herein defined shall be payable in the normal form of a life annuity.

~~A Police Employee who has twenty-five (25) years of service will for each year of service worked in excess of twenty-five (25) years rendered after December 30, 1986, receive a length of service increment of twenty-five (\$25) dollars per month for each year of service in excess of twenty-five (25) years up to a maximum additional monthly benefit of one hundred (\$100) dollars, which sum of money will be paid in addition to the other monthly pension or retirement allowance.~~

A Service increment of \$100 per month for each completed year of service in excess of 25 years, up to a maximum service increment of \$500 per month for members who have completed 30 or more years of service.

- B. Police Employees who retire on or after 1/1/94 will be eligible for a cost of living adjustment (COLA) under the Police Pension Plan upon his or her retirement as follows:
  - (1) The Township will grant a COLA annually to the retiree upon recommendation from the Pension Advisory Committee at their meeting in the second quarter of the year. This shall be based on the actuarial soundness of the plan after review of the actuarial study conducted every other year according to law.
  - (2) If there is an unforeseen event which occurs which would possibly create a liability on the plan, i.e. a disability claim, an actuarial study may be conducted in the "off year" to insure the soundness of the plan. To further insure the soundness of the plan, the Police Employees agree to continue to contribute five percent (5%) of their compensation.

- (3) The COLA shall be given to all Police Employees who are retired on or after 1/1/94 with a maximum annual increase of five percent (5%) or the Consumer Price Index for the Philadelphia Metropolitan region for the preceding calendar year, whichever is less. In no event shall the COLA increase the pension benefit of any Police Employee to exceed seventy-five percent (75%) of his or her final average compensation that is used to calculate the pension benefit and it shall not exceed thirty percent (30%) of the original pension benefit, whichever is less.
- C. A Police Officer who shall have attained his Early Retirement Date shall upon application, be entitled to a monthly pension by averaging the Officer's final thirty-six (36) months of compensation. The early retirement benefit shall become effective as of the date the application is filed with the governing body or the date designated on the application, whichever is later, and shall be the actuarial equivalent of a partial superannuation retirement benefit calculated as follows:
- {1} A partial superannuation retirement benefit shall be determined by applying the percentage that the Member's years of service bear to the years of service that the Member would have rendered had the Member continued to be employed until his superannuation retirement date to the gross pension amount calculated using the monthly average salary during the appropriate period prior to his termination of employment.
  - (2) The actuarial equivalent of the partial superannuation retirement benefit shall be determined by actuarially reducing the partial superannuation retirement benefit to reflect that it will commence on the effective date of the early retirement rather than on the date on which the member would have completed superannuation age and service requirements. The actuarial reduction shall be calculated using the actuarial assumptions reported in the last actuarial valuation report filed with the Public Employee Retirement Commission under the act of December 18, 1984 (P.L. 1005, No. 205), known as the "Municipal Pension Plan Funding Standard and Recovery Act."

#### **SECTION 706: TOTAL AND PERMANENT DISABILITY**

Any Police Officer who, through a service related disease or injury, becomes permanently disabled from performing the full duties of a police officer shall be paid fifty percent (50%) of the Police Officer's salary at the time the disability was incurred. This benefit is not to be offset by any Social Security Act benefits received by the Police Officer for the same injuries. The benefit and is payable on the first day of the month following the officer's separation from employment.

A Police Officer shall be deemed to be "Totally Disabled" when the Police Officer is permanently disabled to the extent he or she is unable to perform the usual and normal functions and duties of a Police Officer as determined by the Board of Supervisors as a direct result of an injury or

condition that has occurred in the course of the Police Officer's employment for the Township. However, the entitlement hereunder will be available only to a Police Officer who becomes totally and permanently disabled while engaging in the performance of his duties as a Police Officer for Warrington Township.

Disability benefit payments shall cease upon recovery from disability or death and the Township shall have the right to require the disabled Police Officer to undergo medical examination at reasonable intervals.

#### SECTION 707: DEATH BENEFITS

The Spouse of any Police Officer who dies prior to Normal Retirement will receive an immediate monthly benefit equal to fifty percent (50%) of the Accrued Benefit the Police Officer would have been receiving had he been retired at the time of his death. Such benefit is payable until the spouse's death, or if the spouse dies, the benefit is split among children under age eighteen (18), (or if "attending college", under or attaining the age of twenty three (23) years). If the Officer is not married and/or has no dependent children, his total Member contributions, plus four percent (4%) interest compounded annually will be paid to his beneficiary, or, if no beneficiary, to his estate.

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The Spouse of any Police Employee who dies on or after Normal Retirement will receive an immediate monthly benefit equal to fifty percent (50%) of the Normal Retirement Benefit the officer was receiving at the time of his death. Such benefit is payable until the spouse's death, or if the spouse dies, the benefit is split among children under age eighteen (18), (or if "attending college", under or attaining the age of twenty three (23) years). If the officer is not married and/or has no eligible dependent children, his total member contributions, plus four percent (4%) interest compounded annually will be paid to his beneficiary, or, if no beneficiary, to his estate.

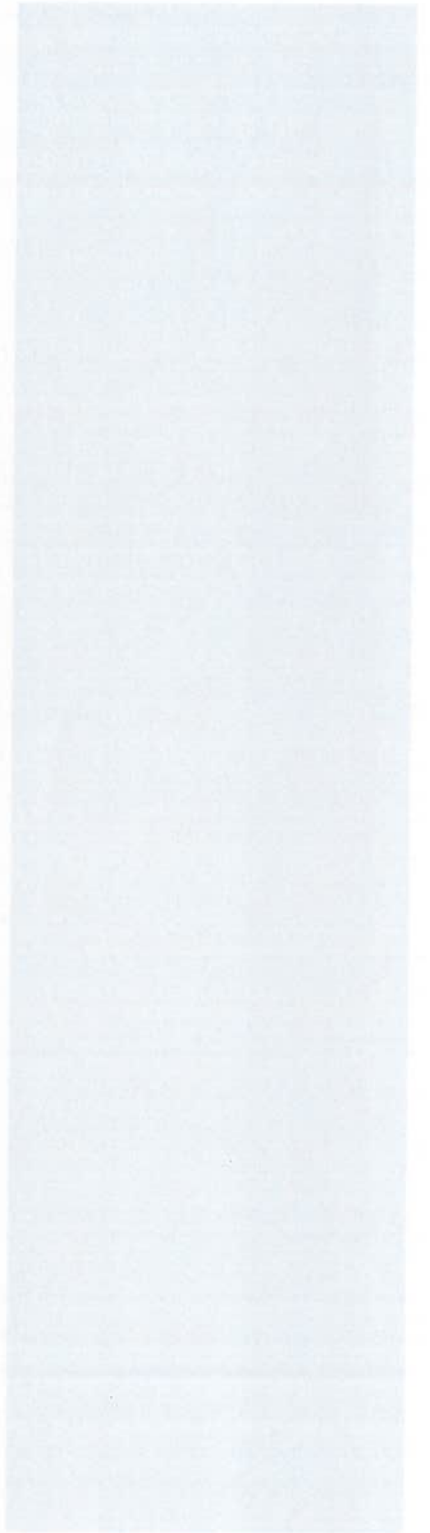
In the event a Police Officer is killed in service and is survived by a spouse or dependent children who are under the age of eighteen (18) years, (or if "attending college", under or attaining the age of twenty three (23) years), the spouse or dependent children will be eligible for one hundred percent (100%) of the Police Officer's salary at the time of death, per Act ~~600-51600~~.

~~Effective with respect to deaths occurring on or after January 1 2016, the killed-in-service death benefit shall no longer be payable under this Plan or by the employer. All deaths, whether killed-in-service or otherwise, shall be treated in like fashion in accordance with provisions described elsewhere in this Section 707. The family of a Police Officer killed in service may be eligible for certain benefits under Act 51 of 2009, to be paid by the Commonwealth of Pennsylvania outside and separate from this Plan.~~

~~The Killed-In-Service monthly benefits shall be proportionately allocated to each dependent child and shall not exceed one hundred percent (100%) of the salary being paid to the Police Officer, at the time of his death. The aggregate payment of all monthly dependent child benefit payments hereunder may not exceed the monthly benefit that was then being paid to the Police Officer's surviving spouse or which would have been payable to the Police Officer's surviving spouse if one would have survived or qualified.~~

As each dependent child ceases to be eligible for the pension benefit provided, that child's share will become payable to the remaining dependent children who qualify hereunder. The monthly pension benefit formerly paid to the Guardian of the Estate for a dependent child who dies or has

attained the age of eighteen (18) years, (or if "attending college", under or attaining the age of





twenty three (23) years) will then be divided among the remaining surviving dependent children who are eligible for such benefit so that the monthly benefit of the remaining dependent children will be increased equally, provided that no such increased benefit shall exceed the monthly pension benefit payable hereunder. The aggregate monthly dependent child benefit shall not exceed the monthly spousal benefit that either had been paid to the spouse or would have been payable.

Further, any child conceived at the time of the Police Employee's death who is thereafter born to the spouse of the Police Employee will be considered a "dependent child" hereunder from the date of his or her birth and such child will be eligible for inclusion in the monthly benefit hereinabove provided.

If a Police Employee is not survived by a spouse or dependent child and the death benefits payable pursuant to the provisions hereof leave remaining additional contributions made by the Police Employee into the Pension Plan that have not been distributed prior to the Police Employee's death, the aggregate of all contributions made by the Police Employee prior to his or her death with interest thereon computed at the rate of four percent (4%) per annum, compounded annually from the Plan year of deposit to the Plan year of the Police Employee's death or retirement, whichever is first to occur, will then be paid to the Police Employee's named beneficiary, or, if no beneficiary, to his estate. The death benefit shall equal the excess of such contribution with interest at the Police Employee's retirement date over the aggregate of the benefits paid to the Police Employee, his or her spouse or dependent children as of the date of his or her death or of the cessation of the spouse's or dependent children's benefits, whichever is last to occur.

Each non-married Police Officer shall designate a beneficiary on a form to be provided by the Township. For each married Police Officer, the beneficiary shall be his spouse and/or dependent children under the age of eighteen (18), (or if "attending college", under or attaining the age of twenty three (23) years).

For the purposes of this Section 707 and also for the purposes of Section 708, "attending college" shall mean that the eligible children is registered at an accredited institution of higher learning and are carrying a minimum course load of seven (7) credits per semester.

#### **SECTION 708: TERMINATION BENEFITS AND VESTING**

Any Member who has completed twelve (12) continuous years of service in the Plan shall become one hundred percent (100%) vested in his Accrued Benefit. Upon termination of employment with the Township, a vested Member shall be eligible to receive the Accrued Benefit starting on the Normal Retirement Date.

~~However, a police officer hired at age forty eight (48) who terminates employment after completing twelve (12) years of service at age sixty (60) will be eligible for 12/20ths of his Normal Retirement Benefit beginning at age sixty (60).~~

The surviving spouse of any non-vested Member who separates from service or the children under the age of eighteen (18) years (or if "attending college" under or attaining the age of twenty three(23) years), shall receive a complete refund of the total amount of his Member contributions with interest. Such interest attributed to Member contributions shall be four percent (4%). Any Member who receives a return of Member contributions plus interest shall thereby waive any and all other future benefits payable under the Plan.

**SECTION 709: MILITARY TIME BUY-BACK**

Any full time officer hired prior to January 1, 1994 who has five (5) or more years of service with the Township and who has served active duty in the Military Service of the United States prior to his employment as a police officer with the Township (non-intervening military time) may elect to purchase credit for up to four (4) years of military service, other than intervening military service. The amount due for the purchase of such credit for military service shall be paid by the Police Employee electing same in accordance with the formula set forth in 53 Pa. C.S.A. Sec. 770, as amended, and shall be paid in a lump sum by the said Police Officer within thirty (30) days of his election. Under no circumstances will the Police Employee be allowed to purchase years of military service for the purpose of attaining the minimum vesting requirements.

**SECTION 710: TRANSFER OR ASSIGNMENT**

The Pension payments herein provided for shall not be subject to attachment, execution, levy, garnishment or other legal process and shall be payable only to the Member or his designated beneficiary. No Member or his beneficiary shall have any right to alienate, encumber or assign any assets of the Fund held by the Trustees on his behalf, or any of the benefits or payments or proceeds of any contract or agreement purchased or acquired by the Township hereunder.

**SECTION 711: DEFERRED RETIREMENT OPTION PLAN**

A. Definitions:

(1) DROP - Deferred Retirement Option Plan

(2) DROP Account - A bookkeeping account created to accept DROP Participant's monthly pension payments. The pension payments may be credited with interest in an amount to be determined from time to time by the Investment Manager.

B. Terms:

(1) **Eligibility:** Any Police Officer who has fulfilled the age and service requirements for retirement as set forth in the Collective Bargaining

Agreement shall be eligible to participate in DROP at his or her option in conformance with this Ordinance and after providing at least thirty (30) days written notice to the Employer Warrington Township.

- (2) **Entry into DROP:** Election to participate by an eligible Police Officer shall be made on any date within the length of the Collective Bargaining Agreement

Term and following the date on which the Police Officer fulfills the minimum age and service requirements for retirement under the Pension Plan. Once a Police Officer commences participation in DROP, he or she may not choose to end participation in DROP and resume contributions to the Pension Plan.

- (3) **Request to Enter and Enrollment Forms:** Election to participate shall be made by completing the required request and enrollment forms, which shall show the entry date into DROP and the deferred retirement date for the term chosen by the Police Officer. The deferred retirement date shall not exceed forty-eight (48) months from the date of enrollment and entry into DROP.
- (4) **The Length of DROP:** The DROP term shall be for a period of no more than forty-eight (48) months from the date of entry. Termination of Participation in DROP shall take place:
- a. At the earlier of the end of the forty-eight (48) month period or at any other time the Police Officer chooses to end his or her Participation, or,
  - b. If the participant is terminated from employment for reasons set forth under applicable Pennsylvania law.
- (5) **Retirement Status and Pension Contribution:** Once enrolled in DROP, the DROP participant shall be retired under the Pension Plan for the purpose of calculating pension benefits, but not for the purpose of employment with the Warrington Police Department. The DROP participant shall continue to receive all other employee benefits and programs as set forth in the Collective Bargaining Agreement. Once a Police Officer enters DROP, he or she shall no longer be required to make contributions to the Pension Plan, nor shall he or she be eligible for any further pension benefits other than the pension benefit determined in paragraph (6), "Retirement Rate".
- (6) **Retirement Rate:** Payments to DROP, will be made at the participant's normal retirement monthly benefit amount, determined by Article 19(G) of the said Collective Bargaining Agreement at the date the Police Officer enters DROP. Payments shall be sent to the DROP participant's account with the Investment Manager.

- (7) **Administration:** DROP accounts shall be administered by Investment Manager(s) who shall be selected and agreed upon, by both the Township and WPBA. Initially, it is agreed to be the ICMA (International City/County Management Association). DROP participant shall be responsible for all administrative costs and risks associated with his or her account with the

Investment Manager. If more than one Investment Manager is available for Administration of DROP participant's account, the participant shall be responsible to designate which Investment Manager is to receive monthly benefit amounts. Warrington Township shall not be responsible for the performance of an officer's funds while invested in DROP.

- (8) **Disability Issues:** If, while a Police Officer is enrolled in DROP and he or she is injured while on duty, to the extent that he or she is permanently disabled from performing police work for Warrington Township, the Police Officer shall be retired. Participation in **DROP** shall terminate and distribution of accumulated pension benefits shall be disbursed to Retiree in accordance with IRS regulations as well as applicable State & Federal Laws. Retiree shall not be eligible for disability pension benefits, since his/her pension benefits have been finalized as per paragraph (5) and (6) above.
- (9) **Survivorship Options:** If a DROP participant dies during his or her participation period, all funds in that participant's account shall be disbursed to the participant's beneficiary or beneficiaries listed in the DROP contract. Upon the death of a DROP participant, either during or following his or her Drop term, the death and survivor benefits will be payable by the Pension Plan in accordance with Article 19(1) of the said Collective Bargaining Agreement with the stipulation that the monthly pension benefit upon which survivorship calculations are determined shall be that amount determined by "Retirement Rate" in Paragraph (6) above.
- (10) **Conflict with Existing Laws:** If this ordinance is held to be in conflict with Pennsylvania law, the Township and WPBA shall meet within thirty (30) days to bring DROP into compliance with the applicable law, if possible.

All Ordinances or parts thereof inconsistent with this ordinance are hereby repealed to the extent of the inconsistency.

If any provision of this Ordinance is declared by a court of competent jurisdiction to be invalid or unconstitutional, such determination shall have no effect on the remaining provisions of this Ordinance or on the provisions of the Internal Revenue Code or the Code of Ordinances of Warrington Township. The provisions of this ordinance are declared to be severable.

**ORDAINED** and **ENACTED** into an Ordinance and passed by the Board of Supervisors on  
this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

Attest:

Warrington Township  
Board of Supervisors

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