

POLICE PENSION
ORDINANCE

POLICE PENSION ORDINANCE

TOWNSHIP OF SHENANGO

LAWRENCE COUNTY, PENNSYLVANIA

ORDINANCE NUMBER: 1-2007

AN ORDINANCE ESTABLISHING A POLICE PENSION FUND OR PENSION ANNUITY FOR THE BENEFIT OF SUCH MEMBERS OF THE SHENANGO TOWNSHIP POLICE DEPARTMENT WHO RECEIVE HONORABLE DISCHARGE THEREFROM BY REASON OF AGE AND SERVICE AND PROVIDING FOR CERTAIN DEATH AND DISABILITY BENEFITS; AND PROVIDING FOR THE HIRING OF AN ACTUARY.

WHEREAS, the Board of Supervisors of this Municipality desires to establish a police pension fund in order to provide for retirement benefits of its full-time police officers and to provide for proper administration of the police pension fund; and

WHEREAS, the Second Class Township Code, Act of May 1, 1933, as amended, Act of June 26, 1975, P.L. 34, No. 17, 53 P.S. Section 65713, authorized townships of the Second Class to contract with insurance companies granting annuities of pensions, for the pensioning of its employees; and

WHEREAS, The Municipal Pension Plan Funding Standard and Recovery Act of December 18, 1984, P.L. 1005, No. 205, 53 P.S. 895.101 et seq., provides for the annual distribution of state aid to municipalities to offset employee pension costs,

NOW, THEREFORE, in order to provide for retirement benefits of its full-time police officers and for the proper administration of the police pension fund, the Municipality, under the authority of the Act of May 29, 1956, P.L. 1804, Section 1, et seq., 53 P.S. Section 767, et seq., as amended, does hereby establish the Shenango Township Police Pension Plan and Fund

ARTICLE I - Establishment

There is hereby established in Shenango Township, Lawrence County, Pennsylvania, a police pension fund to be maintained by a charge against each full-time member of the police force, by annual appropriations made by the Municipality, by payments made by the State Treasurer to the Municipality from moneys received from taxes paid upon premiums by foreign casualty insurance companies for the purposes of pension retirement for policemen and by gifts, grants, devises or bequests granted to the pension and pursuant to Article IV hereof.

Such fund shall be under the direction of the Board and shall be applied for the benefit of such members of the police force as shall receive honorable discharge therefrom by reason of age and service, and for death and disability benefits as hereinafter provided.

ARTICLE II -Definitions

The following terms whenever used or referred to shall have the following meaning, except in those instances where the context indicates otherwise:

"Accrued Benefits" shall mean, as of any given date, the benefit determined under Article VII, Section B, multiplied by a fraction, the numerator of which shall be the participant's total police service determined as of such date and the denominator of which shall be the total police service which would be credited to the participant as of his normal retirement date if he were to continue to be employed as a full-time permanent police officer with the employer until such date.

"Act" shall mean the Municipal Pension Plan Funding Standard and Recovery Act, enacted as P.L. 1005, (Act 205 of 1984), as amended.

"Actuary" shall mean an "approved actuary" as defined in the Act.

"Anniversary Date" means January 1st.

"Authorized Leave of Absence" means an unpaid, temporary cessation from active employment with the employer pursuant to an established non-discriminatory policy, whether occasioned by illness, military service, or any other reason.

"Beneficiary" means the person to whom the share of a deceased participant's benefit is payable, subject to the restrictions of Article IX.

"Board" means the Board of Supervisors of Shenango Township, Lawrence County, Pennsylvania.

"Break in Service" means a plan year during which an employee has not completed more than 500 hours of service with the employer. An employee shall not incur a break in service for the plan year in which he becomes a participant, dies, retires or suffers total and permanent disability. Further, solely for the purpose of determining whether a participant has incurred a break in service, hours of service shall be recognized for "Authorized Leaves of Absence" and "Maternity and Paternity Leaves of Absence."

"Chief Administrative Officer" shall be a person designated by resolution of the Board of Supervisors.

"Code" shall mean the Internal Revenue Code of 1986 and amendments thereto.

"Compensation" with respect to any participant means actual W-2 income from the employer for a plan year, including base pay, longevity pay, night differential pay, court pay, holiday pay, overtime pay, and any other remuneration.

"Death Benefits" means the benefit paid from the pension fund to the families of such members of the police department as may be killed in service, the amount and the commencement of the payments as outlined in Article IX.

"Employer" means the Township of Shenango, Lawrence County, Pennsylvania.

"Former Participant" means a person who has been a participant but who has ceased to be a participant for any reason.

"Hour of Service" shall mean each hour for which an employee is paid, or entitled to payment, for the performance of duties.

"Insurer" or "Insurance Company" shall mean a legal reserve life insurance company, licensed in the Commonwealth of Pennsylvania, which shall issue a policy or contract under this plan.

"Life Annuity" shall mean a series of payments under which payments, once begun, continue throughout the remaining lifetime of the annuitant.

"Maternity or Paternity Leave of Absence" shall mean an absence from work for any period by reason of the employee's pregnancy, birth of the employee's child, placement of a child with the employee in connection with the adoption of such child, or any absence for the purpose of caring for such child for a period immediately following such birth or placement. The total hours of service required to be credited for a "Maternity or Paternity Leave of Absence" shall not exceed 501 hours.

"Monthly Average Salary" shall mean the average monthly salary earned by the participant and paid by the employer during the final thirty-six (36) months immediately preceding retirement which are included in the averaging period.

"Municipality" shall mean Shenango Township, Lawrence County, Pennsylvania.

"Normal Retirement Age" shall mean the age at which each participant shall be entitled to his normal retirement benefit provided he retires on or after his normal retirement date.

"Normal Retirement Benefit" means the benefit paid from the pension fund to members of the police department as shall receive honorable discharge provided he retires on or after his normal retirement date.

"Normal Retirement Date" shall be:

A. the date when the participant has completed twenty-five (25) years of service with the Municipality; and

B. the date when such participant has attained the age of fifty-five (55).

"Participant" means any eligible employee who has become a member of the plan by satisfying Article V, and has not for any reason become ineligible to participate further in the plan.

"Participant Account" shall mean the total amount contributed by a participant to this plan or its predecessor, plus interest credited at a uniform rate determined by the Municipality.

"Pension Fund" (fund) shall mean the police pension fund administered under the terms of this plan and which shall include all money, property, investments, policies and contracts standing in the name of the plan.

"Plan" shall mean the Shenango Township Police Pension Plan.

"Plan Administrator" shall mean the benefits counselor appointed by resolution of the Board of Supervisors to administer the provisions of the plan. In the event that no such appointment is made, the Plan Administrator shall be the Board of Supervisors.

"Plan Year" means the plan's accounting year of twelve months commencing on January 1st of each year and ending the following December 31st (also applicable prior to the effective date of this plan).

"Police Officer" means a municipal employee who holds a position or an office in the police department of the Municipality and has retirement coverage provided by the police pension plan. A full-time police officer is one who customarily works at least 40 hours in a week and 40 weeks in a year.

"Salary" shall mean base pay, longevity pay, and night differential pay, excluding overtime and other extraordinary remuneration.

"Termination of Employment" shall mean discontinuance of active employment for reasons other than death, total and permanent disability or retirement.

"Total and Permanent Disability" means a physical or mental condition of a participant resulting from bodily injury, disease, or mental disorder which renders him incapable of continuing his usual and customary employment with the employer. A physician chosen by the employer shall make any such determination.

"Total Police Service" means the total period of continuous employment with the employer and shall be measured in terms of years of credited service and fractions thereof. For purposes of this section, a police officer's employment shall not be deemed to have been interrupted by any periods of authorized leave of absence. In the event a police officer does not return to employment within the specified period following an authorized leave of absence, termination of employment shall be deemed to have occurred when he originally left the service of the employer.

"Trustee" shall mean the Board of Supervisors of Shenango Township.

"Unfunded Liability" means the present value of any participant's benefits accrued prior to the enactment of this plan by virtue of his/her prior service with the Municipality.

"Vested" means the portion of a participant's account that is non-forfeitable.

"Year of Service" shall mean the computation period of twelve (12) consecutive months of continuous employment during which a police officer works at least 40 hours in a week and 40 weeks in a year. Unless specified elsewhere, the computation period shall be the plan year.

"Year of Credited Service" shall mean completion of a year of service with the employer as a police officer eligible for coverage under this plan. No years of credited service shall be given for any period during which participant contributions are required as a condition of participation in this plan, unless the police officer makes such contributions in accordance with the plan. Years of credited service shall include completed years and fractions thereof.

ARTICLE III - Administration

SECTION 1. The Board shall administer the plan established pursuant to this ordinance by such regulations as shall from time to time be necessary for the effective maintenance of the plan provided that no regulation shall be contrary to the statutes of the Commonwealth of Pennsylvania and/or applicable Federal Regulations.

SECTION 2. The Board shall keep a record of all its proceedings and acts which shall relate to the plan and shall keep all such books of accounts, records, and other data as shall be necessary for the proper administration of the plan.

SECTION 3. All such reasonable expenses incurred in the administration of the plan including, but not limited to, fees for the services of specialists including actuaries, accountants, and legal counsel shall be approved by the Board and may be paid by the pension fund provided that no such payment shall be contrary to the statutes of the Commonwealth of Pennsylvania.

ARTICLE IV - Funding of the Plan

SECTION 1 – Funding –

(A) Participants shall pay into the fund monthly an amount equal to five percent (5%) of their compensation. The aforesaid participant contributions, together with the other sources of revenue as herein provided, shall be devoted exclusively to the purposes of this plan.

(B) Application of State Aid - Applications of General Municipal Pension System State Aid, or any other amount of state aid received in accordance with the Act, which are received by the employer and deposited into the pension fund governed by this plan shall be used as follows:

- (1) To reduce the unfunded liability or, after such liability has been funded,
- (2) To apply against the annual obligation of the employer for future service costs or, to the extent that the payment may be in excess of such obligation,
- (3) To reduce participant contributions hereunder.

(C) Employer Contributions - The remainder of the needed annual contributions determined by the actuary in accordance with the Act, other application of state aid and participant contributions shall become the obligation of the employer and shall be paid into the pension fund by annual appropriations.

(D) The police pension fund is hereby authorized to take by gift, grant, devise or bequest any money or property, real, personal or mixed, in trust, for the benefit of such funds, and the care, management, investment and disposal of such trust funds or property shall be vested in the Board, and the said trust fund shall be governed by regulations prescribed by the Board subject to such directions not inconsistent therewith as the donors of such funds and property may prescribe.

(E) If an actuarial study shows that the condition of the police pension fund is such that payments into the fund by members may be reduced below the minimum percentage above prescribed, or eliminated, contributions by the Municipality will not be required to keep the fund actuarially sound. The Board of Supervisors may, on an annual basis, by resolution, reduce or eliminate payments into the fund by members.

SECTION 2 - Refund to Ineligible Participants - Any member who, for any reason whatsoever, shall be ineligible to receive a pension upon the termination of his employment as a police officer of the Municipality after having contributed any charges to the fund established pursuant to this plan shall be entitled to a refund of all moneys paid by him into such fund plus five percent (5%) simple annual interest immediately upon the termination of such employment in the following manner:

(1) If the termination of his employment is due to death, the face amount of any and all annuity or life insurance policies providing for death benefits shall be paid to his designated beneficiary, or in the absence thereof to his estate, in accordance with the terms of the said policies. All annuity policies issued on his account but containing no death benefits shall be cashed forthwith and the proceeds thereof shall become a part of the general assets of the pension fund. No payments in addition to the foregoing will be made on behalf of a deceased member under this subparagraph except to the extent that his participant account shall exceed the face value of the annuity or life insurance policies providing for death benefits.

(2) If the termination of his employment is due to total and permanent disability, the amount of any monthly income payments provided through disability income insurance policies, if any, shall be paid in accordance with the terms of said policies. All annuity policies issued on his account but containing no death

benefits shall be cashed forthwith and the proceeds thereof shall become part of the general assets of the pension fund, and used along with any insurance payments to provide the disability pension under Article VIII. No payments in addition to the foregoing will be made on behalf of a deceased member under this subparagraph.

(3) If the termination of employment as a Municipality police officer shall be due to any reason other than his death or total and permanent disability, all annuity or life insurance policies purchased on his account shall be cashed by the Municipality. However, such former member shall, immediately upon the cashing of said policies, be paid out of the cash proceeds thereof the value of his participant account and the balance of the cash proceeds shall become a part of the general assets of the pension fund.

ARTICLE V - Eligibility

Each police officer shall become a participant in the plan after having been employed for a period of six (6) months. The employer shall give each police officer written notice of his eligibility to participate in the plan in sufficient time to enable such prospective participant to complete any required plan documentation, etc.

ARTICLE VI - Vesting

(A) A participant shall have a vested interest according to the following schedule:

Years of Total Percent of Vested

Police Service Interest

1-11 0%

12 + 100%

(B) A participant shall be vested 100% immediately regardless of his years of total police service if he shall be honorably discharged from the police department by reason of total and permanent disability occurring during such time as he shall be "in-service."

ARTICLE VII - Retirement Benefits

(A) In order to become entitled to benefits, a participant shall have a minimum period of total police service not less than an aggregate of twenty-five (25) years with the Municipality police department and shall have attained the age of fifty-five (55) years, after which he shall be eligible for retirement from active duty and such participants as are retired shall be subject to service from time to time, as a police reserve, until unfit for such service, when they shall be finally discharged by reason of age or disability.

(B) The basis for determining any pension payable following retirement of any participant meeting the service and age qualifications above provided, shall be as follows: monthly pension or retirement benefits other than length of service increments shall be computed at one-half (1/2) the monthly average salary of such member during the last thirty-six (36) months of employment.

(C) Should any participant, before completing normal retirement age and service requirements but after having completed twelve (12) years of total service, for any reason, cease to be employed as a full-time police officer by the Municipality, he shall be entitled to vest his accrued benefit by filing with the Municipality within ninety (90) days of the date he ceases to be a full-time police officer a written notice of his intention to vest. Upon reaching the date which would have been his normal retirement date if he had continued to be employed as a full-time police officer, he shall be paid a partial retirement allowance determined by applying the percentage his total police service bears to the total police service which he would have rendered had he continued to work until his normal retirement date to the gross pension, using, however, the monthly average salary during the appropriate 36-month period prior to his termination of employment.

(D) Payments made under the provisions of this plan shall not be charged against any other fund in the treasury of this Municipality, or under its control.

(E) Service Increment Benefits - In addition to the pension benefit provided in this section, an additional service increment benefit shall be payable to a retired participant if such participant has completed more than twenty-five (25) years of service with the employer. The amount of increment shall be a monthly amount equal to two percent (2%) of the retirement benefit otherwise payable for each year of the participant's aggregate service in excess of twenty-five (25); provided, however, that in no case shall such increment exceed one hundred dollars (\$100) per month.

(F) Cost of Living Increases - For participants retired under the terms of this plan, a cost of living adjustment shall be made to the pension benefit payable to such participants in accordance with this section.

On each anniversary of a participant's retirement date, an increase shall be applied to the monthly benefit equal to the percentage change in the Consumer Price Index during the prior year multiplied by the participant's pension benefit, less any service increment payable to the participant, if any.

Such cost-of-living increases shall not exceed any of following limitations:

(1) Such cost-of-living increase shall not exceed the percentage increase of the Consumer Price Index from the year in which the participant was last employed by the employer; or

(2) In no case shall the total police pension benefit payable under this plan exceed seventy-five percent (75%) of the participant's final monthly average salary; or

- (3) The total cost-of-living increase applied to a participant's retirement benefit shall not exceed thirty percent (30%).

No cost-of-living increase which would impair the actuarial soundness of the pension fund shall be granted hereunder.

(G) Military Service Benefit - Any police officer employed by the Municipality who has been a regularly appointed employee for a period of at least six (6) months and who thereafter shall enter into the military service of the United States shall have credited to his employment record for purposes of determining retirement benefits under this plan all of the time spent by him in such military service, provided that such police officer returns to his employment with employer within six months after his separation from the service.

ARTICLE VIII - Disability Benefits

(A) In addition to the payment of pension or retirement benefits as provided for in Article VII, there shall be paid from the pension plan a disability pension for such members of the police department as shall receive honorable discharge therefrom by reason of disability from any cause whatsoever, occurring during such time as they shall be "in-service."

(B) The amount of the disability pension shall be as follows: one-half (1/2) the monthly average salary of such member during the last thirty-six (36) months of employment. All such disability pensions as shall be allowed to those who are retired by reason of disabilities shall be calculated and paid in a uniform manner.

(C) Disability insurance in an amount necessary to cover the risk may be purchased by the Board.

ARTICLE IX - Beneficiary Benefits

Widows' and children's benefits shall be determined as follows:

(1) In case of the death of a non-vested participant, from any cause whatsoever, during such time as he shall be actively employed as a member of the Municipality police department, the surviving spouse, or if there is no surviving spouse or if the surviving spouse subsequently dies, the child or children under the age of eighteen (18) years or, if attending college, under or attaining the age of twenty-three (23) years, shall receive such death benefits as are hereinafter prescribed by policies of life insurance, and shall be entitled to receive repayment of all money which the member invested in the pension fund plus interest or other increases in value of the member's investment in the pension fund unless the member has designated another beneficiary for this purpose.

(2) In case of the death of a retired, vested participant, the participant's surviving spouse, or if there is no surviving spouse or if the surviving spouse subsequently

dies, then the participant's children under the age of eighteen (18) years, or, if attending college, under or attaining the age of twenty-three (23) years, may receive a pension calculated at the rate of fifty percent (50%) of the pension the participant was receiving.

(3) In case of the death of a vested participant during such time as he shall be actively employed on a full-time basis as a member of the Municipality police department, said surviving spouse or children shall be entitled to receive both the death benefits as are prescribed by policies of life insurance, if any, and the pension benefits as follows: said surviving spouse, or if there is no surviving spouse or if the surviving spouse subsequently dies, then the participant's children under the age of eighteen (18) years, or, if attending college, under or attaining the age of twenty-three (23) years, may receive a pension calculated at the rate of fifty percent (50%) of the pension the participant was receiving.

ARTICLE X - Establishment of Trust and Duties of the Trustee

The trust will consist of all funds held by the trustee, including the contributions, investments, reinvestments and proceeds thereof. The trust shall be held, managed, and administered in trust pursuant to the terms hereof. The trustee hereby accepts the trust created hereunder and agrees to perform the duties assigned to it hereunder. Except as otherwise expressly provided for, the trustee has exclusive authority and discretion to manage and control the trust assets.

ARTICLE XI - Permitted Investments

(A) The trustee shall invest and reinvest the principal and income of the fund and keep the fund invested, without distinction between principal and income, in such individual or group annuity contract, Certificate of Deposit, securities, and/or other investments as the trustee shall deem acceptable.

(B) Life Insurance and Endowment Policies. The Municipality may continue to pay premiums for policies issued by an insurer prior to January 1, 1986. The Municipality shall be the owner of all such policies and shall retain all rights of ownership, including but not limited to all rights of cashing, converting and electing options thereunder. All life insurance policies shall be surrendered upon a participant's retirement, and the cash surrender value proceeds thereof shall become a part of the general assets of the pension fund.

ARTICLE XII - Provisions To Comply With the Municipal Pension Plan Funding Standard and Recovery Act of 1984

(A) Actuarial Valuations - The plan's actuary shall perform an actuarial valuation at least biennially unless the employer is applying or has applied for supplemental state assistance pursuant to Section 603 of the Act, whereupon actuarial valuation reports shall be made annually.

Such actuarial valuation shall be prepared and certified by an approved actuary, as such term is defined in the Act.

The expenses attributable to the preparation of any actuarial valuation report or experience investigation required by the Act or any other reasonable expense which is permissible under the terms of the Act and which directly associate with administration of the plan shall be an allowable administrative expense payable from the assets of the pension fund.

(B) Duties of Chief Administrative officer - Such actuarial reports shall be prepared and filed under the supervision of the Chief Administrative Officer.

(C) Benefit Plan Modifications - Prior to the adoption of any benefit plan modification by the employer, the Chief Administrative Officer of the plan shall provide to the Board of Supervisors a cost estimate of the proposed benefit plan modification. Such estimate shall be prepared by an approved actuary, which estimate shall disclose to the Board the impact of the proposed benefit plan modification on the future financial requirements of the plan and the future minimum obligation of the employer with respect to the plan.

ARTICLE XIII - Miscellaneous

SECTION 1. Intent and Interpretation. The pension plan is created for the exclusive benefit of the police employees of the Municipality and shall be interpreted in a manner consistent with it being an employees' trust.

SECTION 2. Construction. The plan is not to be construed as creating or changing any contract of employment between the Municipality and its employees and the Municipality retains the right to deal with its employees and to terminate their employment at any time to the same extent as though these plans had not been created. Nothing in this plan shall be construed as limiting the right of the Municipality to change the compensation of any employee at any time.

SECTION 3. Severability. If any section, subsection, sentence, clause, phrase or portion of this plan is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holdings shall not affect the validity of the remaining portions hereof.

SECTION 4. Non-assignability of Pension Payments. 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 and shall not be subject to assignment or transfer.

SECTION 5. Non-deprivation of Participation Rights. No person participating in the police pension plan, who becomes entitled to receive a benefit therefrom, shall be deprived of his right to an equal proportionate share therein upon the basis upon which he first became entitled thereto.

SECTION 6. Appointment of Actuary. The Board may by resolution appoint an actuary to examine the fund from time to time for compiling a report for submission to any agency of the Commonwealth and shall fix his compensation to be paid from this pension fund.

SECTION 7. Amendment of the Plan. The Municipality may amend this plan at any time or from time to time by an instrument in writing, executed in the name of the Municipality by officers duly authorized to execute such instrument, provided, however:

(a) That no amendment shall deprive any participant or any beneficiary of a deceased participant of any of the benefits to which he is entitled under this pension plan with respect to contributions previously made; and

(b) That no amendment shall provide for the use of funds or assets held under this pension plan other than for the benefit of employees and no funds contributed to this pension plan or assets of this pension plan shall, except as may be allowed by the Act, ever revert to or be used or enjoyed by the employer; and

(c) That no amendment to the pension plan that provides for a benefit modification shall be made unless the cost estimate has been prepared and presented to the Board of Supervisors in accordance with the Act.

SECTION 8. Termination of the Plan. The employer shall have the power to terminate this pension plan in its entirety at any time by an instrument in writing, executed in the name of the Municipality by officers duly authorized to execute such instrument, and shall be done in accordance with the provisions of Act 205 and any other applicable laws and/or statutes. In the event of the termination of the plan, all amounts of vested benefits accrued by the affected participants as of the date of such termination, to the extent funded on such date, shall be non-forfeitable herein.

SECTION 9. Repealer and Transfer of Assets. Municipality Resolution for a Police Pension Fund dated November 11, 1993 is hereby repealed, and the assets of the police pension fund established thereunder shall be converted to cash, or transferred in kind to be applied to and become a part of the general assets of the police pension fund established herein.

ARTICLE XIV - Effective Date

This Plan shall become effective five (5) days after its adoption.

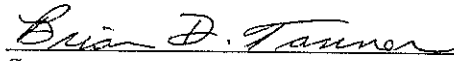
ENACTED AND ORDAINED this 28th Day of February, 2007, in lawful session duly assembled.

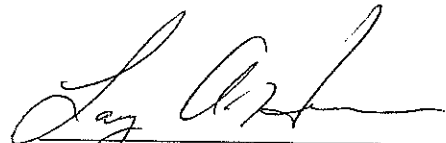
ATTEST: SHENANGO TOWNSHIP


LAWRENCE COUNTY, PENNSYLVANIA

By: Shenango Township Board of Supervisors

ATTEST:


Secretary


Larry A. Herman, Chairman


Robert K. Peters, Vice-Chairman

William A. Albertini, Supervisor