

POLICE PENSION FUND ORDINANCE AMENDMENT

ORDINANCE NO. 5-1981

SHENANGO TOWNSHIP POLICE PENSION FUND ORDINANCE

An Ordinance of Shenango Township for the establishment and regulation of a Police Pension Fund for full-time police officers of the said Township.

Section I - ESTABLISHMENT OF PLAN

A Police Pension Plan is hereby established pursuant to the Act of May 29, 1956 P.L. 1804, as amended (53 P.S. 676 et seq.). Such fund shall be under the direction of Shenango Township and shall be applied under such regulations as the Township of Shenango may prescribe.

Section II - ELIGIBILITY FOR PARTICIPATION IN PROGRAM

Each full-time policeman now or hereafter employed by Shenango Township shall be eligible to participate and shall be a participant in the Police Pension Plan. Full-time policeman shall be defined as a full-time paid policeman or policewoman working not less than forty (40) hours per week at a definite salary. (72 P.S. 2263.1)

Section III - AGE AND SERVICE REQUIREMENTS

Each participant who has been in the employ of Shenango Township as a police officer for twenty-five (25) years in the aggregate and who has attained the age of fifty-five (55) years may retire and shall, upon his actual retirement from his employment with Shenango Township be entitled to receive pension or retirement benefits as are hereinafter provided. Credit shall be given to each original member for each year of service rendered to Shenango Township prior to said Township establishing said retirement fund.

Section IV - MEMBERSHIP

All full-time policemen employed by the Township of Shenango at the effective date of adoption of this Ordinance shall be original members of said Police Pension Fund.

Any full-time officers hereinafter employed by said Township of Shenango shall become members of said Fund as of their effective hiring date except as follows:

(a) Probationary Employees -

It shall be discretionary with said Township of Shenango as to whether or not said policemen hired by said Township shall be members of said Fund during any period of probation. However, upon successful completion of a probation period said policemen shall become members of said Fund if not already given membership and shall be given credit for time employed by said Township while on probation,

(b) Police Employed Under Any Federal Program -

If the said Township of Shenango shall hire any policeman under the auspices of any Federal program and it is the intention of said Township to continue such policeman's employment after the termination of such program, then such officers may be treated, at the discretion of the Township, as members of the Police Pension Fund. If said Township chooses not to treat said policemen as members of the Police Pension Fund and subsequently continue their employment after the termination of such program, they shall then become members immediately upon the termination of said program and their employment by said Township. They shall be given credit for time employed under any Federal program if their employment meets the requirements of Section II.

Membership for any policeman under Section IV (a) and (b) if allowed by said Township must be accompanied by contributions by said employees for those periods outlined in the above sections.

Section V - MILITARY LEAVE CREDIT

Any member of the police force employed by Shenango Township who has been a regular appointed policeman of said Shenango Township 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 pension or retirement benefits of all the time spent by him in such military service if such person returns or has heretofore returned to his employment within six (6) months after his separation from the Service. However, credit for such military service shall only be granted where such member makes contributions in the amount of the contribution rate as set forth below to the Fund during the time of such military service.

Section VI - CONTRIBUTION RATE

Members shall pay into the Fund monthly an amount equal to three and one-half (3 1/2%) per cent on all compensation on which Social Security taxes are payable. The contribution rate shall be set at five (5%) per cent on that portion of monthly compensation that exceeds the amount on which Social Security taxes are payable.

Section VII - PAYMENTS MADE FROM FUND ONLY

Payments made under the provisions of the Police

Pension Ordinance shall not be a charge on any other fund in the treasury of the Township of Shenango or under its control, save the Police Pension Fund herein provided for.

Section VIII - PENSION BENEFITS PAYABLE

The pension or retirement benefits shall be payable during the balance of the participant's life following actual retirement, and after fulfillment of the age and service requirements set forth above. The monthly benefit shall be a sum equal to one-half (1/2) of the average monthly salary of the participant during the last sixty (60) months of employment.

For purposes of determining the average monthly salary any "extra" compensation received by the officer shall be included provided that such "extra" compensation shall have been included in the "monthly compensation" for purposes of contribution. "Extra" compensation shall mean such payments as overtime or any payments over and above payments for a forty (40) hour work week.

Such pension or retirement benefits shall be payable from the assets of the Fund established pursuant to this Ordinance and the pension or retirement benefit shall be computed as the sum of:

(1) All pension benefits from pension plans heretofore established by a private organization or association for the member of the police force, but only to the extent that the Commonwealth or any of its municipalities shall have contributed to such pension plan monies raised by taxation, and

(2) Fifty (50%) per cent of the primary benefits under the Federal Social Security laws for which the member may be eligible because of age, and

(3) Benefits from the Police Pension Fund hereby established to the extent necessary to bring the total benefits in any month to one-half (1/2) of the aforesaid monthly average salary.

Section IX - SERVICE INCREMENTS

A service increment shall be provided to all police officers who retire under the terms of this Ordinance, which increment shall equal twenty-five (\$25.00) dollars per month for each year of completed service beyond twenty-five (25) years, provided however, that said service increment shall not exceed a total of one hundred (\$100.00) dollars per month.

This benefit is provided in addition to the above noted monthly pension benefit.

Section X - DISABILITY BENEFITS

In the event of any participant's total and permanent disability incurred in the Service, such participant shall become eligible for a monthly disability pension as set forth below. Such disability benefits shall commence when such participant has been totally and permanently disabled.

"Total and permanent disability" shall mean a physical or mental condition of a participant which qualifies him for disability benefits under Social Security.

Monthly total and permanent disability pension payments shall be set at sixty (60%) per cent of the average monthly salary of the disabled participant during the sixty (60) months of employment next preceding the date of such disability or, such shorter period if the participant has not been employed for sixty (60) months.

Section XI - SURVIVOR BENEFITS

In the event a member with less than twelve (12) years of service is killed while in service, said member's contribution with interest at the rate of four (4%) per cent per annum shall be paid to the member's designated beneficiary or to his estate if no beneficiary is designated.

In the event a member with more than twelve (12) years of service is killed while in service, said member's contribution plus interest shall be payable as above. The member's widow shall be entitled to a partial superannuation retirement allowance in addition to the above lump sum benefit. This partial retirement allowance shall be determined as follows:

(a) Actuarial tables showing the normal life-span of an individual as of the date of death minus the normal retirement date shall determine the time such payments would have been made.

(b) A determination of the member's pension benefit as determined by applying the formula as shown in Section VIII herein.

(c) Multiplying the number of months found in subsection (a) above by the monthly pension benefits to determine the gross pension the participant would have received.

(d) Take the percentage of the member's years of service as it bears to the years of service he would have rendered had he worked until his superannuation retirement to the gross pension.

(e) Take the figure arrived at in subsection (d) above and subtract from it the lump sum contribution benefit paid to the widow without the amount of interest included.

(f) Take the figure arrived at in subsection (e) above and divide it evenly over the number of months as determined in subsection (a) above.

The above figure shall be paid to the widow on a monthly basis until the total benefit is exhausted or until the widow remarries, whichever comes first. If there is no survivor or she subsequently dies or remarries, then the child or children surviving, if any, under the age of eighteen (18) years of age, shall receive said pension unless they die, marry, reach the age of eighteen (18) years of age, or until the amount of the pension to be paid, as determined above, is exhausted, whichever comes first. If payments are to be made to surviving children, in no event shall the payment to said children exceed the amount that a surviving widow would have received.

In the event of the death of a member who was receiving a pension benefit or who had qualified for a retirement pension benefit but had not retired, his widow shall be entitled, during her lifetime or so long as she does not remarry, to receive a pension equal to fifty (50%) per cent of the pension the member was receiving or would have received if he had been retired at the time of his death. If no widow survives, or if she survives and subsequently dies or remarries, then the child or children

under the age of eighteen (18) years of the deceased eligible participant shall be entitled to receive a pension calculated at fifty (50%) per cent of the pension to which the member was entitled. However, in no event shall such payment to surviving children exceed the amount that a surviving widow would receive.

Section XII - RETURN OF MEMBER CONTRIBUTION

Any member of the police force who, for any reason whatsoever, shall be ineligible to receive a pension and has less than twelve (12) years and has contributed any charges to a police pension fund established pursuant to the provisions of the Act of May 29, 1956, P.L. 1804, shall be entitled to a refund of all such monies paid by him into such fund, plus interest earned on such monies calculated at the rate of four (4%) per cent per annum immediately upon discontinuance of his employment with the police force. If such discontinuance is due to death, a refund of such monies with interest shall be made to his designated beneficiary, or in absence thereof, to his estate in accordance with Section XI above.

Section XIII - VESTED BENEFITS

Any police officer, before completing superannuation retirement age and service requirements but after having completed twelve (12) years of total service, who, for any reason, ceases to be employed as a full-time police officer by the Township of Shenango in whose pension fund he has been a member, shall be entitled to vest his retirement benefits by filing with the Township of Shenango within ninety (90) days of the date he ceases to be a full-time

and liabilities of such Fund shall be transferred to the Fund established pursuant to the provisions of the Act of May 29, 1956, P.L. 1804.

Section XV - ANNUITY CONTRACTS

This Ordinance shall not be deemed to restrict the existing authority of the Township, to provide pensions through annuity contracts with insurance companies. Provided, that such pensions shall not be less than the minimum provided under this Act, and shall conform to the requirements of this Act relating to age and service.

Section XVI - ACTUARY AND THE UNFUNDED LIABILITY

In establishing a pension fund, the Township of Shenango may employ an actuary and may fix his compensation. The actuary shall determine the present value of the liability of said Fund due to pensions and shall offset the value of any assets transferred to the Fund from a previous pension fund to determine the unfunded liability. The unfunded liability shall be paid entirely by Shenango Township over a period not to exceed twenty-five (25) years. The actuary shall also determine the amount which shall be contributed annually into the Fund for the service of members subsequent to the establishment of the Fund.

Section XVII - ALLOCATION OF COMMONWEALTH FUNDS

The payments of the State Treasurer to the Township of Shenango Treasurer from the monies received from taxes paid upon the premiums of foreign casualty insurance companies for purposes of pension retirement shall be used

in the following order:

- (1) To reduce the unfunded liability, if any;
- (2) To apply against the annual obligation of the Township of Shenango for future service costs as determined by the actuary pursuant to Section XVI, or to the extent that the payment may be in excess of such obligation;
- (3) To reduce member contributions.

Section XVIII - REDUCTION OR ELIMINATION OF MEMBER CONTRIBUTIONS

The monthly contributions of the participants may be reduced or eliminated if an actuarial study annually indicates that such reduction or elimination for that year will not adversely affect that actuarial soundness of the Fund. If the actuarial study so indicates, the reduction or elimination shall be effected by an annual ordinance and shall be effective for one year. No reductions or eliminations shall be made if any contributions by Shenango Township will be required to keep the Pension Fund actuarially sound.

Section XIX - GIFTS

The Township of Shenango shall be authorized to take by gift, grant, devise or bequest any money or property, real, personal or mixed, in trust, for the benefit of such Fund and the care, management, investment and disposal of such trust funds or property shall be vested in Shenango Township and the said trust funds shall be governed thereby and subject to such directions not inconsistent therewith as the donors of such funds and property may prescribe.

Section XX - DEPRIVATION OF RIGHT TO SHARE IN FUND

No person participating in a police pension fund

established pursuant to the provisions of this Act, who become 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 XXI - EXPENSES OF ADMINISTRATION

The expenses of administering this Fund, including the compensation of an actuary and the custodian of the Fund, exclusive of the payments of retirement allowances shall be paid by Shenango Township by appropriations made by Shenango Township.

Section XXII - LEGAL PROCESS

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 of his estate and shall not be subject to assignment or transfer.

Section XXIII - AMENDMENTS

The governing body of Shenango Township shall have the right to amend this Ordinance so that it may conform to any changes in the Act of May 29, 1956, P.L. 1804, consistent with said changes.

Adopted and passed by the unanimous vote of the Board of Supervisors of Shenango Township this 9 day of July , 1981.

Kenneth Cannon

Donald Nagel

Joseph Shinsky

Margaret H. Brinton