

ORDINANCE NO. 262

AN ORDINANCE OF THE BOROUGH OF ALBURTIS AMENDING THE CODE OF THE BOROUGH OF ALBURTIS, CHAPTER 6: EMPLOYEES' PENSION PLAN, BY CHANGING THE PERCENTAGE OF PAYMENTS INTO PLAN; CHANGING THE RETIREMENT BENEFITS PERCENTAGE AND TIME FOR VESTING; AND EXPANDING THE DUTIES OF THE TRUSTEE.

THE BOROUGH OF ALBURTIS HEREBY ORDAINS AS FOLLOWS:

SECTION I:

It is the intention of the Borough of Alburtis through this Ordinance to reconcile the existing provisions of the Code of the Borough of Alburtis (hereinafter stated as "the Borough Code"), Chapter 6 with more recent provisions of the "Defined Benefit Pension Plan Joinder Agreement" for the Borough of Alburtis Non-Uniformed Pension Plan dated January 1, 1987, made available through the Pennsylvania State Association of Boroughs.

SECTION II:

Chapter 6 of the Borough Code is hereby amended in order that Section 6-5 shall now read as follows:

Section 6-5. Duties of trustee.

The Borough Treasurer shall forthwith remit to the trustee all funds received for the purposes of the plan, or appropriated thereto by the borough, with a memorandum as to the source thereof, and shall secure its receipt therefor. The trustee shall receive the same and invest any funds not currently required for disbursement in the manner and in the kinds of securities permitted by the trust agreement. It shall pay benefits out of the plan only at such times, to such persons and in such amounts as may be certified to it by the Secretary of the Retirement Board at direction of the Retirement Board. The trustee shall annually submit to Borough Council a detailed report of its administration of the plan, which reports when so submitted shall be open to inspection by any interested party. The trustee and Borough Council are empowered and directed to enter into additions and amendments to the "Defined Benefit Pension Plan Joinder Agreement for the Borough of Alburtis Non-Uniform Pension Plan" as may be necessary or desirable to conform to changes in statutory law or administrative regulations pertaining to the administration of pension plans.

SECTION III:

Chapter 6 of the Borough Code is hereby amended in order that Section 6-7, Subparagraph D is hereby added to read as follows:

All benefits granted under the provisions of the employees' pension plan of the Borough of Alburtis shall be fully vested in a participating employee upon the completion of ten years' of continuous service with the borough.

SECTION IV:

Chapter 6 of the Borough Code is hereby amended in order that Section 6-8, Subparagraph A shall now read as follows:

- A. The retirement benefit shall be in the form of a single life annuity in an amount equal to fifty percent (50%) of an employee's average annual compensation. "Average annual compensation" means the average of the five (5) highest years of compensation of the ten-year period preceding an employee's actual retirement date. The actual retirement benefit will be payable in equal monthly installments beginning on a member's actual retirement date and continuing for the retired member's lifetime and ceasing with the full installment payable during the month of death.

SECTION V:

Chapter 6 of the Borough Code is hereby amended in order that Section 6-8, Subparagraph D is hereby repealed in its entirety.

SECTION VI:

Chapter 6 of the Borough Code is hereby amended in order that Section 6-10, Subparagraph C shall now read as follows:

Section 6-10. Employment of actuary; payments into plan; interest.

- C. Employees who are members of the plan, shall pay into the plan at least monthly, an amount equal to two percent (2%) of annual compensation. The remainder of the needed annual contribution as determined by the actuary, shall be the obligation of the borough, and shall be paid by it to the plan by annual appropriation.

SECTION VII:

Chapter 6 of the Borough Code is hereby amended to revise Section 6-10, subsection E to read as follows:

Interest on employee contributions shall be credited to Participant's contributions at a rate of five and one half percent (5 1/2%) per annum, compound interest, or at such rate as is hereafter set by resolution of the Borough Council of Alburtis.

SECTION VIII:

Chapter 6 of the Borough Code is hereby amended to revise Section 6-10, Subparagraph G to read as follows:

Interest on employee contributions shall be computed for the full amount on deposit at the beginning of the Plan Year plus five and one half percent (5 1/2%) of the current year's total deposit divided by two (2), or at such other rate as set by resolution of Borough Council.

SECTION IX:

Chapter 6 of the Borough Code is hereby amended to add Section 6-10, Subsection H to read as follows:

Participants are not permitted to make voluntary contributions to the Plan.

SECTION X:

Chapter 6 of the Borough Code is hereby amended to revise Section 6-23 to read as follows:

Section 6-23. Definitions.

"Accrued Benefit" shall mean, as of any given date, the Participant's projected monthly normal retirement benefit, determined in accordance with the formula provided under Section 4.01, multiplied by a fraction, the numerator of which is the Participant's Years of Credited Service as of the date of determination and the denominator of which is the total Years of Credited Service which would be credited to the Participant as of his Normal Retirement Date if his regular employment with the Employer were to continue until such date.

"Amount of Disability Benefit" shall mean the amount of a Participant's disability benefit equal to his Accrued Benefit determined as of the date when his employment terminates due to Total and Permanent Disability. The amount shall be offset by the amount of Social Security disability payments received by the Participant.

"Amount of Early Retirement Benefit" shall mean the early retirement benefit payable to a participant equal to a deferred benefit payable at Normal Retirement Date equal to the participant's Accrued Benefit determined as of his Early Retirement Date.

"Compensation" shall mean the total compensation paid to the Employee by the Employer within the Plan Year which is subject to tax under Section 3101(a) of the Internal Revenue Code without regard to the dollar limitation of Section 3121(a).

"Early Retirement Date" shall mean the first of the month coincident with or next following his attainment of age 62.

"Entry Dates" - The date upon which Employees who have satisfied the Plan's eligibility requirements may enter the Plan is January 1 following completion of eligibility.

"Normal Retirement Age" shall mean the date when the Employee completes ten Years of Service having already attained the age of 65 years.

"Temporary Disability Benefit" shall mean the disability benefit payable from the first of the month coincident with or immediately following the date when the Participant's employment terminates due to Total and Permanent Disability and continuing until the date of the Participant's Normal Retirement Date, at which time such disability payments shall cease and the Participant's retirement benefit, if any, shall thereupon become payable.

"Total and Permanent Disability" shall mean a condition of physical or mental impairment due to which a Participant is unable to perform any and every duty of a gainful occupation for which he is reasonably fitted through training, education and experience, which continues for a period of at least six (6) months and will be permanent and continuous for the remainder of the Participant's lifetime and due to which a Participant is certified by the Social Security Administration as being eligible for Social Security disability benefits.

"Year of Credited Service" shall refer to a twelve-month period of Continuous Employment during which the Participant completes one thousand (1000) Hours of Service and making any mandatory contributions which are required as a condition of participation hereunder.

SECTION XI:

Chapter 6 of the Borough Code is hereby amended to add the following Section 6-25 to read as follows:

Section 6-25. Early Retirement Benefits.

This plan will provide early retirement benefits to be determined as of Participant's Early Retirement Date. That benefit shall be in an amount to be reduced by .55% for each month up to three (3) years.

SECTION XII:

Chapter 6 of the Borough Code is hereby amended to add Section 6-26 to read as follows:

Section 6-26. Late Retirement Benefits.

A Participant who retires on a Late Retirement Date shall be permitted to receive a pension based on the normal retirement benefit formula contained herein. Such late retirement benefit shall be equal to the Participant's Accrued Benefit determined as of his Late Retirement Date and reflecting compensation and service credited subsequent to his Normal Retirement Date.

SECTION XIII:

Chapter 6 of the Borough Code is hereby amended to add Section 6-27 to read as follows:

Section 6-27. Disability Benefits.

This Plan shall provide for disability benefits to those employees who have determined to have a "Total and Permanent Disability" as defined herein.

- A. A temporary disability benefit shall be payable from the first of the month coincident with or immediately following the date when the Participant's employment terminates due to Total and Permanent Disability and continuing until the date of the Participant's Normal Retirement Date, at which time such disability payments shall cease and the Participant's retirement

benefit, if any, shall thereupon become payable in accordance with the following rule: The normal retirement benefit shall be calculated in accordance with this Ordinance on the basis of the Participant's Years of Credited Service as of the date when his employment terminated due to Total and Permanent Disability.

- B. The amount of a Participant's disability benefit provided hereunder shall be equal to the Participant's Accrued Benefit determined as of the date when his employment terminates due to Total and Permanent Disability.
- C. The amount of a Participant's disability benefit provided hereunder shall be offset by the amount of Social Security disability payments received by the Participant.

SECTION XIV:

Chapter 6 of the Borough Code is hereby amended to add Section 6-29 to read as follows:

Section 6-29. Determination of Service Upon Re-Employment.

If any person is re-employed subsequent to receiving disability benefits such Participants shall be credited with Years of Service and Years of Credited Service throughout the period of his Total and Permanent Disability.

SECTION XV:

Chapter 6 of the Borough Code is hereby amended to add the following Section 6-30 to read as follows:

Section 6-30. Pre-Retirement Death Benefits.

This plan shall not provide for any pre-retirement death benefits (excepting only a refund of Employee contributions, if applicable).

SECTION XVI:

Chapter 6 of the Borough Code is hereby amended to add Section 6-31 to read as follows:

Section 6-31. Post-Retirement Death Benefit.

The post-retirement death benefit, if any, provided by this plan shall be limited to the form of benefit payment in force for such Participant at the time his death occurs.

SECTION XVII:

Chapter 6 of the Borough Code is hereby amended to add Section 6-32 to read as follows:

Section 6-32. Optional Forms of Benefit Payment.

If a Participant elects not to receive his benefits in the Normal Form, he may elect to receive payment of his benefits in one of the following optional forms:

- A. A 50% contingent annuitant benefit.
- B. A 66 2/3% contingent annuitant benefit.
- C. A 100% contingent annuitant benefit.
- D. A life annuity, with 120 months certain.
- E. A single life annuity (the Normal Form).

SECTION XVIII:

Those provisions of the Borough Code, Chapter 6 as are now in conflict with the provisions of this Ordinance shall be in the same or hereby repealed insofar as they shall conflict with this Ordinance. The remainder of the provisions of Chapter 6 are hereby ratified and affirmed.

ORDAINED AND ENACTED this 8th day of February, 1989.

BOROUGH OF ALBURTIS

By Carlton R. Kainer  
President of Council

ATTEST:

Loise Stank  
Borough Secretary

Approved this 8th day of February, 1989.

[Signature]  
Mayor