

TOWNSHIP OF WASHINGTON

FRANKLIN COUNTY, PENNSYLVANIA

ORDINANCE NUMBER: 116

AN ORDINANCE ESTABLISHING A DEFINED CONTRIBUTION PENSION PLAN FOR THE BENEFIT OF THE NON-UNIFORMED EMPLOYEES OF THE TOWNSHIP OF WASHINGTON, FRANKLIN COUNTY, PENNSYLVANIA, PROVIDING FOR EMPLOYEE VOLUNTARY CONTRIBUTIONS.

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, Authorizes Municipalities of the Second Class to contract with insurance companies granting annuities or 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. Section 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 non-uniformed employees and for the proper administration of the Plan, the Board of Supervisors of Washington Township does hereby establish the Washington Township Non-Uniformed Employees Pension Plan and Fund, the table of contents of which follows:

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ARTICLE I

Establishment

- (A) There is hereby established in Washington Township, Franklin County, Pennsylvania a pension plan to be maintained by annual appropriations made by the Municipality, and 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 and by gifts, grants, devises or bequests granted to the pension and pursuant to Article IV hereof.
- (B) Such fund shall be under the direction of the Supervisors and shall be applied for the benefit of the non-uniformed employees of the Municipality.

ARTICLE II

Definitions

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

- 1.1 "Act" shall mean the Municipal Pension Plan Funding Standard and Recovery Act, the Act of December 18, 1984, P.L. 1005, No. 205, as amended, 53 P.S. Sections 895.101 to 895.803.
- 1.2 "Anniversary Date" means January 1st.
- 1.3 "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.

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

- 1.5 "Board" means the Board of Supervisors of Washington Township, Franklin County, Pennsylvania.
- 1.6 "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."
- 1.7 "Chief Administrative Officer" shall be a person designated by resolution of the Board of Supervisors.
- 1.8 "Code" shall mean the Internal Revenue Code of 1986 and amendments thereto.
- 1.9 "Compensation" with respect to any participant means actual W-2 income from the employer for a plan year, including base pay, longevity pay, court pay, holiday pay, overtime pay, and any other remunerations.
- 1.10 "Death Benefit" means the benefit paid from the pension fund to a named beneficiary, the amount and the commencement of the payments as outlined in Article IX.
- 1.11 "Employee" means a full-time non-uniformed employee of the Township of Washington other than a police officer, fire fighter or independent contractor. A full-time employee is an employee who customarily works at least 35 hours in a week and 40 weeks in a year.
- 1.12 "Employer" means the Township of Washington, Franklin County, Pennsylvania.
- 1.13 "Forfeiture" means that portion of a participant's account that is not vested, and occurs on the earlier of:
- (a) The distribution of the entire vested portion of a participant's account, or
 - (b) The last day of the plan year in which the participant incurs a break in service.
- 1.14 "Former Participant" means a person who has been a participant but who has ceased to be a participant for any reason.
- 1.15 "Hour of Service" shall mean each hour for which an employee is paid, or entitled to payment, for the performance of duties.

- 1.16 "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.
- 1.17 "Life Annuity" shall mean a series of payments under which payments, once begun, continue throughout the remaining lifetime of the annuitant.
- 1.18 "Municipality" shall mean Washington Township, Franklin County, Pennsylvania.
- 1.19 "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.
- 1.20 "Normal Retirement Date" shall be the earlier of:
- (a) The first day of the month coincident with or next following the attainment of participant's 65th birthday, or the first day of the month coincident with or next following the completion of ten (10) years participation, whichever is later but in no event later than age 70-1/2; or
 - (b) The first day of the month coincident with or next following the completion of thirty-five (35) years of participation if same occurs earlier than the attainment of participant's 65th birthday.
- 1.21 "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.
- 1.22 "Participant's Account" shall mean the account established and maintained for each participant with respect to his total interest in the Plan resulting from the Municipality's contributions and any earnings/losses thereon.
- 1.23 "Participant's Voluntary Account" shall mean the account established and maintained for each participant with respect to his total interest in the Plan resulting from voluntary contributions and any earnings/losses thereon.
- 1.24 "Plan" shall mean the Washington Township Non-Uniformed Employees Pension Plan.
- 1.25 "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.

- 1.26 "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).
- 1.27 "Termination of Employment" shall mean discontinuance of active employment for reasons other than death, total and permanent disability or retirement.
- 1.28 "Terminated Participant" means a person who has been a participant, but whose employment has been terminated other than by death, total and permanent disability or retirement.
- 1.29 "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.
- 1.30 "Trustee" shall mean the Board of Supervisors of Washington Township.
- 1.31 "Vested" means the portion of a participant's account that is nonforfeitable.
- 1.32 "Year of Service" shall mean the computation period of twelve (12) consecutive months during which an employee works at least 35 hours in a week and 40 weeks in a year. Unless specified elsewhere, the computation period shall be the plan year.

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 plan; provided that no such payment shall be contrary to the statutes of the Commonwealth of Pennsylvania.

ARTICLE IV

Funding of the Plan

Section 1 - Employer Contributions

- (A) For new plans established after December 18, 1984, the Plan shall be financed by periodic payments made by the Municipality in the amount of eight and one-half percent (8-1/2%) of each participant's compensation. However, a participant who does not complete a year of service shall not receive a contribution for that plan year.
- (B) Starting with the fourth plan year, 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 plan, shall be applied against the annual obligation of the employer for current costs of the Plan.
- (C) Cessation of a participant's employment by the Municipality prior to the normal retirement date for a reason other than death or total and permanent disability shall terminate his participation in the Plan, subject, however, to the participant's vested interest. Forfeitures of any amounts contributed by the Municipality shall not act to increase the interest of the remaining participants, but shall be credited towards current or succeeding years' contributions by the Municipality.

Section 2 - Voluntary Contributions

- (A) Each participant may contribute to the fund in each plan year during which he is a member such amount as he may determine to contribute. However, such amount shall not exceed ten percent (10%) of compensation paid him by the employer in such year.
- (B) The amount of each participant's voluntary contribution shall be determined by the participant's direction to the trustee prior to the beginning of each plan year on a form provided by the trustee.
- (C) Each participant's voluntary contribution as determined under Section 2(B) shall be by means of regular deductions from the wages paid to him by the Municipality.
- (D) Each participant's voluntary contributions shall be separately maintained and shall be nonforfeitable.

- (E) Cessation of a participant's employment by the Municipality prior to the normal retirement date shall terminate his participation in the Plan, and he may receive the value of his voluntary account as of his date of termination; or, with the consent of the trustee, he may continue to maintain his separate account with the trustee to be paid as retirement or death benefits at a later date.

ARTICLE V

Eligibility

- (A) Each full-time non-uniformed employee of the Municipality shall become a participant in the Plan on the anniversary date next following his completion of six (6) months of full-time service.
- (B) Conditions for re-entering the Plan. Any non-uniformed employee who leaves the service of the Municipality before retirement under this Plan must qualify to participate upon re-entering its service as if he had not previously been an employee.

ARTICLE VI

Vesting

A participant shall have a vested interest in the contributions made on his behalf by the Municipality, together with all earnings/losses thereon, according to years of qualified participation in the Plan, according to the following schedule:

Full Years of Participation	1	2	3	4	5	6	7	8	9	10
Percent of Vested Interest in Contributions	0	0	0	0	50	60	70	80	90	100

ARTICLE VII

Retirement Benefits

SECTION 1.

- (A) At retirement date (retirement), a participant shall receive his account, to be paid in the form of a life annuity or any other equivalent form mutually agreed upon by the Board and the participant. Provided, however, that no retirement benefits shall be paid until actual retirement, following the participant's normal retirement

date. If agreeable, however, to the Board of Supervisors, a participant may request benefit payments to begin at normal retirement date, while remaining an employee. Benefit payments must commence for a participant no later than April 1 of the calendar year following age 70-1/2.

- (B) Former participants whose participation in the Plan has ceased under Article V, shall be entitled to receive, upon attaining the age of 65, their total account at the time of attaining the age of 65, after having been adjusted according to the vesting schedule set forth in Article VI, to be paid in the form of a life annuity or any other equivalent form mutually agreed upon by the Board and the former participant.
- (C) 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.
- (D) Voluntary Account - At retirement date (retirement), a participant shall receive the value of his voluntary account.

SECTION 2.

Distribution of Benefits Upon Early Retirement. A participant's early retirement date is the first day of the month following the date the participant has reached his 62nd birthday and completed ten (10) years of service with the employer. A participant may request retirement when he reaches his early retirement date and shall be permitted to retire subject, however, to approval of the Board. On such early retirement date, a participant will be entitled to one hundred percent (100%) of his account balance. Payment of early retirement benefits will begin as soon as practicable following a participant's early retirement date.

ARTICLE VIII

Disability Benefits

If a participant becomes totally and permanently disabled, he shall be entitled to receive the same benefits payable under Article IX as if he had died while an employee of the Municipality. A participant shall be deemed totally and permanently disabled for the purpose of this section only after he has been unable to perform any work for the Municipality for a period of thirty-five (35) weeks, and only if determined to be totally and permanently disabled by a licensed physician chosen by the Board of Supervisors.

ARTICLE IX

Beneficiary Benefits

- (A) If a participant dies while an employee of the Municipality, his beneficiaries shall be entitled to receive his account at the time of death, to be paid in the form of a life annuity or any other equivalent form mutually agreed upon by the Board and the participant's beneficiary.
- (B) If a former participant dies, his beneficiaries shall be entitled to receive whatever benefits said former participant would be entitled to receive under Article VII.
- (C) Each participant may designate a beneficiary or beneficiaries for any death benefits at the time he enters the Plan. In the absence of the designation of a beneficiary, any death benefits payable shall be paid to the participant's estate.

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

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.

ARTICLE XII

Provisions To Comply With The Municipal Pension Plan Funding Standard and Recovery Act of 1984

- (A) Actuarial Valuations - The Municipality shall prepare and file an actuarial valuation annually, as prescribed by 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.

ARTICLE XIII

Miscellaneous

SECTION 1. Intent and Interpretation. The pension plan is created for the exclusive benefit of the non-uniformed 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. Nonassignability 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. Nondeprivation of Participation Rights. No person participating in the 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. Rights of Municipality to Discontinue or Amend. It is the expectation of the Municipality that it will continue the Plan indefinitely and make the required payments of its contributions hereunder, but the continuance of the Plan is not assumed as a contractual obligation of the Municipality and the right is reserved by the Municipality at any time to reduce or discontinue its contributions hereunder. In addition, the Municipality shall have the right at any time, and from time to time, to amend in whole or in part, any or all of the provisions of this Ordinance.

SECTION 7. Distribution Upon Termination. Upon termination of the Plan or upon complete discontinuance of contributions by the Municipality, the Plan funds shall be distributed as follows:

First, all retirement, death, and disability benefits then payable shall be paid to participants entitled thereto.

Second, benefits shall be paid to all participants under Article VII as though they had retired with full vested benefits immediately prior to termination of the Plan.

Third, funds shall be transferred to other Township sponsored retirement plans.

Finally, all remaining funds shall be paid unto the Municipality General Fund or to the Commonwealth of Pennsylvania.

SECTION 8. Repealer and Transfer of Assets. Washington Township Ordinance No. 104 is hereby repealed, and the assets of the 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 Non-Uniformed Employees Pension Fund established herein.

ARTICLE XIV

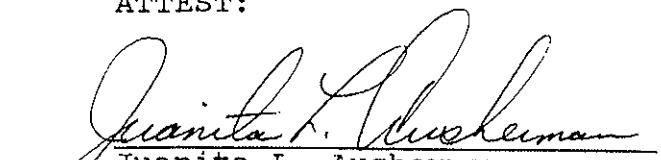
Effective Date

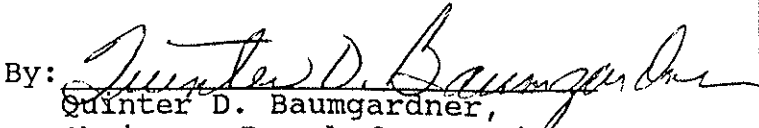
This Plan shall become effective five (5) days after its adoption.

ENACTED AND ORDAINED this 1 day of OCTOBER, 1990, in lawful session duly assembled.

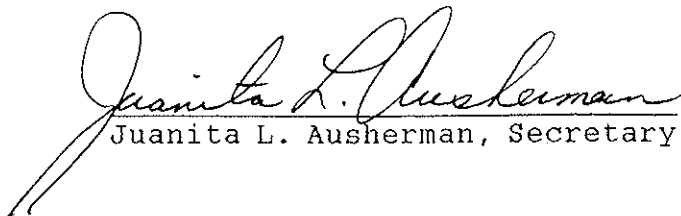
ATTEST:

WASHINGTON TOWNSHIP, FRANKLIN COUNTY, PENNSYLVANIA


Juanita L. Ausherman,
Secretary

By: 
Quinter D. Baumgardner,
Chairman, Board of Supervisors

I, Juanita L. Ausherman, Secretary of the Board of Supervisors, Washington Township, Franklin County, Pennsylvania, do certify that the foregoing is a true and correct copy of a Resolution adopted at a regular meeting of the Washington Township Supervisors held October 1, 1990, in regular session duly assembled.



Juanita L. Ausherman, Secretary