

TOWNSHIP OF WASHINGTON
FRANKLIN COUNTY, PENNSYLVANIA

ORDINANCE NUMBER 104

AN ORDINANCE

OF THE BOARD OF SUPERVISORS OF WASHINGTON TOWNSHIP,
FRANKLIN COUNTY, PENNSYLVANIA, ESTABLISHING AND
REGULATING THE WASHINGTON TOWNSHIP NONUNIFORMED
EMPLOYEES' PENSION PLAN AND THE NONUNIFORMED
EMPLOYEES' VOLUNTARY PENSION PLAN

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 townships 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. 895.101 et seq. provides for the annual distribution of state aid to municipalities to offset employee pension costs; and

WHEREAS, it is the desire and intent of the Supervisors of this Township to establish a pension plan for the benefit of all qualified nonuniformed employees, with consideration being given for past service to the Township.

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

ARTICLE I

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 "Anniversary Date" means January 1st.
- 1.2 "Beneficiary" means the person to whom the share of a deceased Participant's total account is payable, subject to the restrictions of Article II, Section 9.
- 1.3 "Board" shall mean the Board of Supervisors of Washington Township, Franklin County, Pennsylvania.
- 1.4 "Break in Service" means a Plan Year during which an Employee has not completed more than 500 hours of Service with the Township. 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."

"Authorized leave of absence" means an unpaid, temporary cessation from active employment with the Township pursuant to an established nondiscriminatory 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.

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

1.6 "Compensation" with respect to any Participant means total compensation paid or accrued by the Employer for a Plan Year, including regular salary and wages, overtime pay, etc. Amounts contributed by the Township under the within Plan and any non-taxable fringe benefits shall not be considered as Compensation.

1.7 "Death Benefit" shall mean benefits payable upon the death as defined in Article II, Section 9 and Article IV, Section 10.

1.8 "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.

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

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

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

1.12 "Nonuniformed Employee" means a full-time employee of the Township excluding (1) uniformed members of the police force and (2) any persons employed as independent contractors. A full-time employee is an employee who customarily works at least 35 hours in a week and 40 weeks in a year.

1.13 "Normal Retirement Date" means 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 of 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 35 years of participation if same occurs earlier than the attainment of Participant's 65th birthday.

1.14 "Participant" means any eligible employee who has become a member of the Plan by satisfying Article II, Section 3 (Municipal Plan) or Article III, Section 3 (Employees' Plan) and has not for any reason become ineligible to participate further in the Plan.

1.15 "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 Township's contributions and any earnings/losses thereon.

1.16 "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.

1.17 "Past Service" means those years which a Participant worked in service to the Township prior to the effective date of this Ordinance, subject to the restrictions of Article II, Section 6.

1.18 "Plan" shall mean the Washington Township Nonuniformed Employees' Pension Plan and/or the Washington Township Nonuniformed Employees' Voluntary Pension Plan, whichever is applicable.

1.19 "Plan Year" means the Plan's accounting year of twelve (12) months commencing on January 1st of each year and ending the following December 31st (also applicable prior to the effective date of this Plan).

1.20 "Retirement Date" means the date as of which a Participant actually retires after having reached Normal Retirement Date.

1.21 "Termination of Employment" shall mean discontinuance of active employment for reasons other than death, Total and Permanent Disability, or Retirement.

1.22 "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.

1.23 "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 Township. The disability of a Participant shall be determined pursuant to Article II, Section 10.

1.24 "Township" shall mean Washington Township, Franklin County, Pennsylvania.

1.25 "Trustee" shall mean the Board of Supervisors of Washington Township.

1.26 "Vested" means the portion of a Participant's Account that is nonforfeitable.

1.27 "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.

ARTICLE II

The Washington Township Nonuniformed Employees' Pension Plan

SECTION 1. Establishment of Plan and Title. There is hereby established the "Washington Township Nonuniformed Employees' Pension Plan," hereinafter referred to as the "Municipal Plan."

SECTION 2. Effective Date and Plan Year. The effective date of the Municipal Plan is January 1, 1981. The Plan Year is the period of twelve (12) consecutive months beginning on a January 1 and ending on the next December 31.

SECTION 3. Participation in Municipal Plan. All present full-time Nonuniformed Employees of the Township, employed on January 1, 1981, are eligible to participate and shall become Participants of the Municipal Plan. All future full-time Nonuniformed Employees are eligible to participate and shall become Participants of the Municipal Plan on the Anniversary Date next following their date of employment. However, Nonuniformed Employees hired after January 1, 1988, are eligible to participate and shall become Participants of the Municipal Plan on the Anniversary Date next following their completion of six (6) months of full-time service.

SECTION 4. Conditions for Re-entering Municipal Plan. Any Nonuniformed Employee who leaves the service of the Township before retirement under this Municipal Plan must qualify to participate upon re-entering its service as if he had not previously been a Nonuniformed Employee.

SECTION 5. Funding of the Municipal Plan. The Municipal Plan shall be financed by periodic payments made by the Township in the amount of seven and one-half (7-1/2%) percent of each Participant's Compensation. 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, Deposit Administration Contract, Immediate Participation Guarantee (IPG) Contract, securities, and/or other investments as the Trustee shall deem acceptable.

SECTION 6. Credit for Prior Service. Participants who were Non-uniformed Employees on the effective date of the Municipal Plan shall receive credit for a maximum of 10 years past service to the Township, and the Township shall make a lump-sum contribution to the Municipal Plan corresponding to the five (5%) percent of each employee's gross wages earned during the period of past service.

SECTION 7. Vesting. A Participant shall have a vested interest in his Participant's Account according to years of qualified participation in the Municipal Plan and according to the following schedule:

<u>Full Years of Full-Time Participation</u>	<u>Percent of Vested Interest In Contributions</u>
0 through 4	None
5	50
6	60
7	70
8	80
9	90
10	100

Years of past service shall be added to years of participation after January 1, 1981, in determining years of participation for vesting purposes.

SECTION 8. Retirement Benefits. Upon reaching the Normal Retirement Date, a Participant shall be entitled to receive as retirement benefits an amount equal to his Participant's Account 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, except that an employee remaining employed by the Township beyond his Normal Retirement Date, may upon written request of the Township Supervisors request retirement benefit payments to begin at the Normal Retirement Date. During the period the employee continues his employment beyond the Normal Retirement Date, his pension contributions shall be placed in a now empty Participant Account and will continue to accumulate under the Plan until his actual Retirement Date, at which time a second distribution shall be made to the Participant as provided for in this Section. Benefit payments must commence for a Participant no later than April 1 of the calendar year following age 70-1/2.

SECTION 9. Death Benefits. If a Participant dies while a Nonuniformed Employee of the Township, his Beneficiary shall be entitled to receive the full amount, vesting notwithstanding, of the Participant's Account balance at the time of death, to be paid as a lump sum or in the form of a Life Annuity or any other equivalent form mutually agreed upon by the Board and the Participant's Beneficiary.

When a Former Participant dies, his Beneficiary shall be entitled to receive whatever benefits said Former Participant would be entitled to receive under Section 12.

Each Participant may designate a Beneficiary or Beneficiaries for any Death Benefits at the time he enters the Municipal Plan. In the absence of a Designation of Beneficiary, any Death Benefits payable shall be paid to the Participant's estate.

SECTION 10. Disability Benefits. If a Participant suffers Total and Permanent Disability, he shall be entitled to receive the same benefits payable under Section 9 as if he had died while a Nonuniformed Employee of the Township. A Participant shall be deemed to have suffered a Total and Permanent Disability for the purpose of this section only after he has been unable to perform any work for the Township 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.

SECTION 11. Termination of Participation in Municipal Plan. Cessation of a Participant's employment by the Township prior to the Normal Retirement Date for a reason other than death or Total and Permanent Disability shall terminate his participation in the Municipal Plan, subject, however, to the Participant's vested interest. Forfeitures of any amounts contributed by the Township shall not act to increase the interest of the remaining participants, but shall be credited towards current or succeeding years' contributions by the Township.

SECTION 12. Benefits to Former Participants. Former Participants whose participation in the Municipal Plan has ceased under Section 11, shall be entitled to receive, upon attaining the age of 65, the total amount in the Participant's Account at the time of his attaining the age of 65, adjusted according to the vesting schedule set forth in Section 7, 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.

SECTION 13. Continuation in Service After Normal Retirement Date. A Participant may continue in the employ of the Township after having reached his Normal Retirement Date only upon request made to, and permission given by, the Board. Such extended service shall be allowed on an annual basis only, and shall be permitted only upon successful completion of an annual physical examination by a physician chosen by the Board. The Township shall continue to make contributions to the Municipal Plan until the time of actual Retirement. Benefit payments must commence for a Participant no later than April 1 of the calendar year following age 70-1/2.

SECTION 14. Rights of Township to Discontinue or Amend. It is the expectation of the Township that it will continue the Municipal Plan indefinitely and make the required payments of its contributions hereunder, but the continuance of the Municipal Plan is not assumed as a contractual obligation of the Township and the right is reserved by the Township at any time to reduce or discontinue its contributions hereunder. In addition, the Township 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 15. Distribution upon Termination. Upon termination of the Municipal Plan or upon complete discontinuance of contributions by the Township, the Municipal 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 Section 8 as though they had retired with full vested benefits immediately prior to termination of the Municipal Plan.

Third, all remaining funds shall be paid into the Township general fund.

ARTICLE III

Washington Township Nonuniformed Employees' Voluntary Pension Plan

SECTION 1. Establishment of Plan and Title. There is hereby established the "Washington Township Nonuniformed Employees' Voluntary Pension Plan," hereinafter referred to as the "Employees' Plan."

SECTION 2. Effective Date and Plan Year. The effective date of the Employees' Plan is January 1, 1981. The Plan Year is the period of twelve (12) consecutive months beginning on a January 1 and ending on the next December 31.

SECTION 3. Membership in Plan. All present full-time Nonuniformed Employees of the Township, employed on January 1, 1981, are eligible to participate immediately in the Employees' Plan. All future full-time Nonuniformed Employees are eligible to participate on the Anniversary Date next following their date of employment.

SECTION 4. Funding of the Employees' Plan. The Employees' Plan shall be financed by periodic voluntary Participant contributions. 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 (10%) percent of Compensation paid him by the Township in such year.

SECTION 5. Declaration of Contribution. 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.

SECTION 6. Contributions by Payroll Deduction. Each Participant's voluntary contribution as determined under Section 5 shall be by means of regular deductions from the wages paid to him by the Township.

SECTION 7. Maintenance of Separate Accounts. Each Participant's voluntary contributions shall be separately maintained and shall be non-forfeitable.

SECTION 8. Investment of the Trust Fund. 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, Deposit Administration contract, Immediate Participation Guarantee (IPG) contract, securities, and/or other investments as the Trustee shall deem acceptable.

SECTION 9. Retirement Benefits. At Retirement Date (Retirement) a Participant shall receive as retirement benefits an amount equal to the total of all Participant voluntary contributions, together with any earnings/losses thereon, as shown in the Participant's Voluntary Account balance at the time of Retirement.

SECTION 10. Death Benefits. If a Participant dies while a Nonunion Employee of the Township, his Beneficiary shall be entitled to receive the benefits provided for in Section 9.

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 Beneficiary, any Death Benefits payable shall be paid to the Participant's estate.

SECTION 11. Termination of Participation in Plan. Cessation of a Participant's employment by the Township prior to the Normal Retirement Date shall terminate his participation in the Plan, and he may receive all of his voluntary contributions, together with all earnings/losses thereon, as shown in the Participant's Voluntary Account balance at the time 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 IV

Administration

SECTION 1. Rules and Regulations of the Board. 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. Record Keeping. 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. Expenses of Administration. 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 from the Plan; provided that no such payment shall be contrary to the statutes of the Commonwealth of Pennsylvania.

ARTICLE V

Miscellaneous

SECTION 1. Intent and Interpretation. The Municipal Plan and the Employees' Plan are created for the exclusive benefit of the Nonuniformed Employees of the Township and shall be interpreted in a manner consistent with their being Employees' Trusts.

SECTION 2. Construction. The Municipal Plan and the Employees' Plan are not to be construed as creating or changing any contract of employment between the Township and its Nonuniformed Employees and the Township retains the right to deal with its Nonuniformed Employees and to terminate their employment at any time to the same extent as though these Plans had not been created. Nothing in these Plans shall be construed as limiting the right of the Township to change the Compensation of any Nonuniformed Employee at any time.

SECTION 3. Severability. If any section, subsection, sentence, clause, phrase or portion of this Ordinance 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 holding shall not affect the validity of the remaining portions hereof.

SECTION 4. Repealer. Ordinance No. 73 enacted November 2, 1981, Ordinance No. 89 enacted June 18, 1984, and Ordinance No. 94 enacted December 4, 1985, are repealed in their entirety.

SECTION 5. Effective Date. This Ordinance shall become effective five (5) days after the adoption hereof.

ENACTED AND ORDAINED this 4TH day of JANUARY, 1988, in lawful session duly assembled.

ATTEST:

TOWNSHIP OF WASHINGTON, FRANKLIN
COUNTY, PENNSYLVANIA

By

Sary L. Berman
Chairman
Board of Supervisors