

Introduced 12-8-97. Jerry Buckley

Jan 12, 1998

BOROUGH ORDINANCE NO. 261

ESTABLISHING THE BOROUGH NON-UNIFORMED EMPLOYEES PENSION PLAN AND PENSION FUND.

WHEREAS, the council of the Borough of South Connellsville on \_\_\_\_\_, adopted a resolution to create a Pension Fund for its non-uniformed employees;

AND WHEREAS, the Borough has from time to time made contributions to said Pension Fund;

NOW THEREFORE, the Borough of South Connellsville, by its council, ordains as follows:

The Borough of South Connellsville Code of Ordinances is amended by adding the following provisions:

Section 1-601. Creation of the Pension Plan and the Pension Fund.

There is hereby established in the Borough for the benefit of full-time, non-uniform employees of the Borough a Pension Plan and Pension Fund. The Pension Plan shall be known as the "Borough of South Connellsville Non-Uniform Employees Pension Plan". The Pension Fund shall be known as the "Borough of South Connellsville Non-Uniform Employees Pension Fund".

Section 1-602. Agreement of Trust.

The Borough is hereby authorized to enter into an agreement of trust with a corporate trustee permitting the trustee to manage and operate the Pension Fund and to receive, hold, invest, and disburse any sum or sums as may be necessary to carry out the Pension Plan. The council shall from time to time by resolution determine the form and terms of such agreement of trust.

Section 1-603. Definitions.

1. Concerned Parties.

**BENEFICIARY** - any persons designated by a participant to receive any benefits which may be due under this plan on his death. If there should be no such designation, or if the designated person or persons decease the participant, "beneficiary" shall mean the spouse, children, parents, brothers and sisters, or estate of the participant, in the order listed.

**PLAN ADMINISTRATOR** - Council shall appoint one member as the Plan Administrator. All information pertaining to the plan will be brought to the Plan Administrators attention.

**EMPLOYEE** - any non-uniformed employee in the employ of the employer whose employment contemplates the rendition of service to his employer, and who is customarily employed on a full time basis.

EMPLOYER - the Borough or any other entity which may assume the obligations of this plan with respect to its employees by becoming a party to this plan as provided for in Section 1-612 ( 8 ). Each such employer shall be deemed to be the employer only as to persons who are on its payroll.

PARTICIPANTS - an employee of the Employer who is eligible to be and does enter the Plan as provided in Section 1-604.

PENSIONER - a participant who has been certified to the Trustee by the Plan Administrator as one who is entitled to receive benefits hereunder.

TRUSTEE - the corporate entity ( as provided in Section 1-602 ) with which the Borough may enter into an agreement of trust.

2. Important Dates.

ANNIVERSARY DATE - the January 1 of each year.

EFFECTIVE DATE - \_\_\_\_\_

PLAN YEAR - the period of twelve (12) consecutive months beginning on January 1<sup>st</sup> and ending on the next December 31<sup>st</sup>.

3. Service and Compensation.

A. YEARS OF SERVICE means, with respect to an Employee, the number of years from the date of employment to the date of severance of employment. Years of service shall include any period of time during which an employee is absent due to:

- (1) Temporary illness, disability or vacation;
- (2) Employer-approved leave of absence;
- (3) military duty, either with the consent of the Employer or as required by law, provided that the Employee returns to the service of the Employer within the time his employment rights are protected by law.

B. An Employee whose employment has been severed and later resumed shall be deemed a new employee as of the date of reemployment. Previous employment shall not be counted if:

- (1) The Employee's employment was severed before acquiring any vested benefit in the Plan, and

- (2) The period of time from the date of severance of employment and the date of resumption of employment equals or exceeds the years of service before the date of severance of employment.

4. Miscellaneous.

- A. "Reserved liability" is the amount required under the actuarial assumption of the plan as of a particular time to meet all future benefits provided for participants which will not be met by expected future contributions to the trust fund.
- B. Wherever appropriate, words used in the singular may include the plural or the plural may be read as a singular, and the masculine may include the feminine.

Section 1-604. Rules Governing Participation.

1. Plan Participation.

- A. Eligibility - an Employee shall be eligible to become a participant on the January 1<sup>st</sup> coincident with or next following the day on which he completes one (1) year of service.
- B. Participation Date - on the effective date of this amendment, each Employee who was a participant on the day prior shall remain a participant on such date and each other Employee eligible for participation shall become a participant on such date. Thereafter, each Employee shall become a participant on the January 1<sup>st</sup> on which he is first eligible.
2. Continuing Eligibility - Termination. A participant shall continue to be a member of the plan so long as his employment has not been severed. His participation shall terminate on the date of severance of employment.

Section 1-605. Retirement Benefits.

1. Years of Service. For the purpose of Section 1-605, 1-606, and 1-607, an employee's complete years of service shall be counted, except for service disregarded under the second paragraph of Section 1-603 (3) (B).
2. Normal Retirement.
- A. Normal Retirement Date - The normal retirement date for each participant shall be the participant's 65<sup>th</sup> birthday.
- B. Normal Retirement Benefits - The normal retirement benefit for every participant shall be a level monthly pension for life with payments guaranteed for the first 120 months

and commencing on his normal retirement date. The amount of such monthly pension shall be determined by the amount of funds in his account under the plan.

- C. Disability Retirement Date - Any member who becomes totally and permanently disabled after ten (10) years of service.
  - D. Disability Benefits - The Normal Retirement Benefit is payable to the participant.
3. Late Retirement - A participant may remain in its employ after his normal retirement date, but the benefits to which he may be entitled shall not commence until such participant actually retires. Additional benefits hereunder shall accrue on account of such additional years of service and the monthly pension shall be determined by the amount of funds in his account under the plan.
4. Early Retirement - None.
5. Payment of Benefits

A. Optional Forms of Pension.

(1) Automatic Joint and Survivor Option - Notwithstanding the above provision Section 1-605 (2) (B) that the normal form of pension shall be a lifetime monthly pension with payments guaranteed for the first 120 months, in the case of a participant who is married on his pension starting date, his pension, unless he elects otherwise, shall be on actuarially equivalent joint and fifty percent (50%) survivor pension. Under such joint and 50 percent (50%) survivor pension, payments shall continue after the participant's death, during the lifetime of his spouse, at the rate of fifty percent (50%) of the actuarially adjusted amount payable during the participants lifetime.

(2) Election Not to Take Joint and Survivor Annuity.

(a) Election Period - A participant may elect not to take the automatic joint and survivor option at any time during the election period. An election period is the period of six (6) months ending on the date on which benefits commence hereunder.

(b) Information to be provided to the participant - within thirty (30) days after the first day of the election period, the committee shall furnish to the participant a written notification, in non technical terms, of:

- (i) The availability of the election provided by this sub-paragraph (2);
- (ii) The terms and conditions of the joint and survivor annuity;

(iii) The financial effect upon the participant's pension (in terms of dollars per pension payment) of making an election under this sub-paragraph (2).

(c) Form of Election - The election shall be in writing and clearly indicate that the participant is electing to receive his benefits under this plan in a form other than that of a joint and survivor annuity.

(d) Election is Revocable - This election may be revoked in writing during the election period. After an election is revoked another election under this sub-paragraph (2) may be made during the election period.

(3) Other Options - Upon written request of a participant filed with the Committee and upon the Committee's approval of such request, a participant may elect, prior to the payment of the first retirement benefit hereunder, to receive the actuarial equivalent of his normal pension in one of the following forms:

(a) A monthly pension for the lifetime of the participant with sixty (60) or one hundred eighty (180) monthly payments guaranteed;

(b) A monthly pension payable as long as the participant or his designated contingent annuitant is alive with the amount of pension continued after the participant's death at least one hundred percent (100%) or fifty percent (50%) of the actuarially adjusted amount payable during the participant's lifetime.

(c) Lump sum payment.

#### Section 1-606. Death Benefits.

1. Pre-Retirement. If a participant dies while still employed by the Borough, his designated beneficiary (or in the absence of a beneficiary, then his estate) shall receive a lump sum benefit equal to the vested value of his account.
2. Post-Retirement. Upon the death of a participant after retirement, no death benefit shall be payable except such benefit as is provided under the particular form of pension payment.

#### Section 1-607. Termination Benefits.

##### 1. Vesting.

- A. Upon termination of participation other than by retirement or death, the terminated participant shall be entitled to a vested deferred pension equal his account value as of the date of determination [determined as in Section 1-605 (2) (B) based upon

complete years of service to the date of termination of participation] in accordance with the following schedule:

Completed Years of Service	Percent Vested
0-4	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

2. Payment of Benefits.

- A. Time of Payment - Payment of such vested deferred pension shall begin no later than the participant's normal retirement date. Payment may, upon the request of the terminated participant, begin immediately.
- B. Form and Manner of Payment - The vested deferred pension shall be payable in the same optional forms and in the same manner as provided for retirement benefits in Section 1-605 (5).

3. Forfeitures. Forfeitures arising on termination of participation shall serve to reduce subsequent employer contributions hereunder.

Section 1-608. Contributions to the Plan.

1. Employer Contributions. The employer shall make contributions on an annual basis to the Pension Fund for the purpose of providing the benefits to which participants are entitled under the plan. The amount contributed to the account of each eligible participant shall be Two-Thousand, Six Hundred Dollars (\$2,600.00) per year. A participant is eligible for a contribution if he is employed on the last day of the year (December 31<sup>st</sup>).
2. Employee Contributions. No employee contributions shall be required or allowed.

Section 1-609. The Pension Committee.

1. The Pension Committee shall consist of the council members.
2. The Committee shall choose from its members a Plan Administrator. The Borough Secretary shall serve as Secretary of the Committee. The Secretary shall keep the minutes of the Committee's proceedings and all dates, records and documents pertaining to the Committee's administration of the plan. The Committee may employ and suitably compensate such attorneys, actuarial and consulting services, and advisory, clerical or other employees as it

3. The action of the Committee shall be determined by the vote or other affirmative expression of a majority of its members. The Plan Administrator must execute any certificates or other written direction on behalf of the Council.
4. The members of the Committee shall serve without bond and without compensation for their service as such. All reasonable expenses of the Committee shall be submitted to the Employer for payment.
6. No member of the Committee shall be liable for any act or omission of any other member of the Committee nor for any act or omission on his own part, excepting only his own willful misconduct. The Employer shall indemnify and save harmless each and every member of the Committee against any and all expenses and liabilities arising out of such Committee member's own willful conduct.
7. The Committee shall make available to participants for examination during business hours such of its records as pertain only to the participant involved.
8. The Committee on behalf of the participants shall enforce the plan in accordance with the terms of the trust agreement and shall have all powers necessary to accomplish that purpose, including, but not by way of limitation, the following:
  - A. To determine all questions relating to the eligibility of employees to become participants.
  - B. To compute and certify to the Trustee the amount and kind of benefits payable to participants. Such powers as are given to the Committee under (A) and (B) hereof shall be applied in a non-discriminatory manner.
  - C. To select an issuing company and annuity contracts which, in opinion of the Committee, will best carry out the purposes of the plan.
  - D. To make and publish such rules for the regulation of the plan as are not inconsistent with the terms of this ordinance.
9. To enable the Committee to perform its functions, the Employer shall supply full and timely information to the Committee of all matters relating to the map of all participants, their retirement, death or other cause of for the termination of employment and such other pertinent data as the Committee may require and the Committee shall advise the trustee with reasonable dispatch of such of the foregoing facts as may be pertinent to the trustee's administration of the plan.

Section 1-610. Rights of Employer to Discontinue or Amend.

1. It is the expectation of the Employer that it will continue this Pension Plan indefinitely and

not assumed as a contracted obligation of the Employer and the right is reserved by the Employer at any time to reduce or discontinue its contributions hereunder.

2. Except as herein limited, the Employer shall have the right to amend this ordinance at any time to any extent that it may deem advisable. Such amendment shall be in the form of an Ordinance. Upon delivery of such ordinance to the trustee, the Committee and the issuing companies, this ordinance shall be deemed to have been amended in the manner therein set forth and all participants shall be bound thereby, however:

- A. That no amendment shall increase the duties or liabilities of the trustee, the Committee or the Secretary of the Committee without their respective written consents.
- B. That no amendment shall have the effect of vesting in the employer any interest in or control over any contracts issued pursuant hereto or any other property subject to the terms of this plan; and
- C. That no amendment shall have any retroactive effect so as to deprive any participant of any benefit already created.

#### Section 1-611. Termination of Plan.

1. This plan shall terminate upon the happening of any of the following events.
  - A. Legal determination of the Employer as bankrupt; a general assignment by the Employer to or for the benefit of its creditors; or the legal dissolution of the Employer.
  - B. Discontinuance by the Employer upon notice delivered to the trustee and other proper parties.
2. Upon such termination or upon complete discontinuance of contributions by the Employer, the trustee shall allocate the fund held in trust as follows:
  - A. First, there shall be allocated to each pensioner and to each beneficiary of a deceased pensioner the reserve liability attributable to him; or, if contracts had been held for such person, a suitable transfer and delivery of all contracts shall be made, and
  - B. Second, the balance in the trust fund remaining after the allocations provided for in paragraph (A) above shall be allocated to each of the remaining participants in proportion to which the reserve liability provided by employer contributions bears to the total of such reserve liability for all participants. Such distribution having been made, the Pension Plan shall be discharged from its obligations and no participants shall have any further right or claim therein.



1. The plan is created for the exclusive benefit of the employees of the Employer, and shall be interpreted in a manner consistent with it being an employees' trust.
2. Under no circumstances shall any funds contributed to this plan or any assets of this plan ever revert to or be used or enjoyed by the Employer, nor shall any such fund or assets ever be used other than for the benefit of the employees of the Employer prior to the satisfaction of all liabilities under this plan to the participants.
3. This plan is not to be construed as creating or changing any contract of employment between the Employer and its employees and the Employer retains the right to deal with its employees and to terminate their employment at any time to the same extent as though this plan had not been created. Nothing in this plan shall be construed as limiting the right of the employee at any time.
4. This agreement shall be binding on the heirs, executors, administrators, successors, and assigns as such terms may be applicable on any or all parties thereto, and of any participants, present or future.
5. If any provision of this ordinance shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof and this ordinance shall be construed and enforced as if such provision had not been included.
6. The plan and the trust be construed in accordance with the laws of the Commonwealth of Pennsylvania.
7. Any ordinance or resolutions inconsistent with this ordinance are hereby repealed.
8. This ordinance shall become effective five (5) days after enactment.

ADOPTED THIS 12th day of JANUARY, 1998.

Attest: Denielle N. Lang  
Secretary

Borough of South Connellsville  
Peter M. Casini  
MAYOR

Jim Regan  
PRESIDENT - BOROUGH COUNCIL