

Chapter 16
POLICE PENSION PROGRAM

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[HISTORY: Adopted by the Borough Council of the Borough of Pennsburg 5-3-1976 by Ord. No. 2-76. Amendments noted where applicable.]

GENERAL REFERENCES

Unified Police Department — See Ch. 14.

§ 16-1. Definitions.

As used in this chapter, the following terms shall have the meanings indicated:

CONTINUOUS SERVICE — Full-time employment with this municipality, including periods of absence which are approved by the governing body of this municipality or which arise by operation of law.

§ 16-2. Eligibility. [Amended 1-2-1996 by Ord. No. 1-96]

- A. The following persons shall be entitled to receive pension benefits/retirement benefits/service-related disability benefits, as hereinafter provided:
- (1) Each policeman employed by this municipality on a full-time basis who shall have 25 years of continuous service with this municipality and who shall have attained 55 years of age and who shall have received an honorable discharge.
 - (2) Each policeman who has sustained a service-related disability as provided in the Collective Bargaining Agreement, subject to the provisions of the Act of May 29, 1956, P.L. 1804, as amended, 53 P.S. § 767 et seq., as amended (hereinafter referred to as "Act 600").
 - (3) A policeman's widow, as provided in the Collective Bargaining Agreement, subject to the provisions of Act 600.
- B. Any member of the police force who has been a regularly appointed employee of this municipality for a period of at least six 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 all of the time spent by him in such military service if such person returns or has heretofore returned to his employment within six months after his separation from the service.

§ 16-3. Retirement benefits. [Amended 1-2-1996 by Ord. No. 1-96]

- A. The amount of pension or retirement benefits payable to any policeman under the Police Pension Program hereby established shall be a sum equal to $\frac{1}{2}$ of the monthly average salary of the participant during the last 36 months of employment. Such retirement benefits shall be payable monthly during the balance of the participant's life following actual retirement, and the benefits for any month shall be computed as the sum of any pension benefits from pension plans heretofore established by a private organization or association for the members of the police force but only to the extent that the commonwealth or any of its municipalities shall have contributed to such pension plan moneys raised by taxation, 25% of the primary benefits under federal social security laws from which the participant may be eligible because of age or disability and benefits from the pension fund established hereunder to the extent necessary to bring the total benefits in any month up to $\frac{1}{2}$ of the aforesaid monthly average salary. Pension payments made under the provisions of this chapter shall not be a charge on any other fund in the treasury of the municipality or under its control save the Police Pension Fund.
- B. A service-related disability benefit equal to the actuarially reduced equivalent of his accrued benefit.

§ 16-4. Contributions.

- A. Each participant shall contribute monthly into the pension fund established hereunder an amount equal to the sum of the product determined by multiplying the total monthly compensation on which social security taxes are payable by 2.75% plus the product obtained by multiplying the amount of total monthly compensation in excess of that on which social security taxes are payable, if any, by 5%. All such contributions by participant shall be deducted by the municipality from the participant's salary. Any balance of needed annual contributions shall become the obligation of the municipality and shall be paid to the pension fund by annual appropriations.
- B. This municipality reserves the right to reduce or eliminate payments into the fund by participants on an annual basis, by resolution, if an actuarial study shows that if such payments are reduced or eliminated, contributions by the municipality will not be required to keep the fund actuarially sound.
- C. Any payments made by the Commonwealth of Pennsylvania to the municipality for police pension purposes shall be used as follows:
 - (1) To reduce the unfunded liability of the municipality on account of pensions payable hereunder, and, after such liability has been funded;
 - (2) To apply against the annual obligation of the municipality for future service cost, or, to the extent that the payment may be in excess of such obligation;

- (3) To reduce participants' contributions.

§ 16-5. Vesting. [Amended 1-2-1996 by Ord. No. 1-96]

The municipality shall be the owner of all moneys or property paid into the fund or annuities or policies purchased from insurance companies hereunder and the owner of any insurance and retirement income contrasts acquired hereunder, and no participant prior to retirement shall have any right or interest in any portion of said moneys or property; provided, however, that each participant shall be entitled to designate a beneficiary. One-hundred-percent vesting and accrued benefit shall occur after 12 years of service, with benefits commencing at normal retirement age, and spouses benefit of 50% of participant's, payable for life or to spouse's remarriage. Prior to vesting, in the event of termination or discontinuance of his employment with the municipality for reasons other than retirement or death, each participant shall be entitled to have returned to him the total amount of all such moneys paid by him into the pension fund, with interest at the rate of 4% per annum. Prior to vesting, if such termination or discontinuance of employment is due to death, such refund of money shall be paid to the participant's designated beneficiary or, in the absence thereof, to his estate.

§ 16-6. Administration.

- A. The Police Pension Fund shall be administered in accordance with the provisions of Act 600 and shall be under the direction of a Police Pension Committee which shall consist of two members of the Borough Council of East Greenville, two members of the Borough Council of the Borough of Pennsburg and two members of the Borough Council of Red Hill, said members to serve for a period of one year each and to be designated to serve in such capacity by resolution of the Borough Councils of the three member municipalities. The members of the Police Pension Committee shall act as Trustees of the pension fund, and such Trustees shall have full responsibility for the administration of the program established hereunder and shall hold, invest, reinvest and distribute all funds or other property received pursuant hereto in trust for the purposes of this chapter. The Trustees may receive at any time and from time to time gifts, grants, devises or bequests to the pension fund of any money or property, real, personal or mixed, to be held by them in trust for the benefit of this fund and in accordance with the provisions hereof. The Trustees shall be subject to such rules and regulations as may from time to time be adopted by the governing body of this municipality by ordinance or resolution. **[Amended 1-2-1996 by Ord. No. 1-96]**
- B. The Trustees shall have full power and authority by a majority action of its members, either directly or through their designated representatives, to do all acts, to execute, acknowledge and deliver all instruments and to exercise for the sole benefit of the participants hereunder any and all powers and discretions necessary to implement and effectuate the purposes of this chapter, including, for purposes of illustration, but not limited to any and all of the following:
 - (1) To hold, invest and reinvest all funds received pursuant to this chapter in such legal investments as may be authorized as legal investments under the laws of the Commonwealth of Pennsylvania.

- (2) To enter into contracts or deposit agreements on behalf of this municipality with one or more insurance companies in order to provide the pension and other benefits herein set forth, and to pay the premiums and deposits required by the purchase of said contracts.
- (3) To retain or purchase as an investment any form of annuity or contracts of similar nature and to exercise with respect thereto any right or incident of ownership.
- (4) To retain any property which may at any time become an asset of the fund, as long as said Trustees may deem it advisable.
- (5) To make distribution of the moneys in the fund in accordance with the terms of this chapter.

§ 16-7. Transfer or assignment of benefits or assets.

- A. 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 participant or his designated beneficiary. No participant or his beneficiary shall have any right to alienate, encumber or assign any assets of the fund held by the Trustees on his behalf nor any of the benefits or payments or proceeds of any contract or agreement purchased or acquired by the municipality hereunder.
- B. Any contract or agreement purchased or acquired pursuant to this chapter upon the life of such participant shall contain a provision, in substance, that to the extent permitted by law none of the benefits or payments or proceeds of such contract or agreement shall be subject to any legal process by any creditor of such participant or beneficiary of such participant.

§ 16-8. Prior pension assets and benefits.

All contracts, agreements or funds held by the municipality for the purpose of providing pensions, annuities or retirement income, or any of them, on any policeman who shall be a participant in the program herein established shall be and hereby are transferred and assigned to the fund herein created. After such transfer the Police Pension Fund shall assume the liability, if any, of continuing the payment of pensions to members of the police force retired prior to such transfer in accordance with the laws and regulations under which such members were retired.

§ 16-9. Expense of administration. [Amended 1-2-1996 by Ord. No. 1-96]

The expense of administering this pension fund program, including compensation of an actuary, any custodian of the fund and any other charges or expenses related thereto, exclusive of the payment of pensions, shall be paid from the pension fund.

§ 16-10. Repealer. [Added 1-2-1996 by Ord. No. 1-96]

Any resolutions or ordinances inconsistent with the terms of this chapter are hereby repealed in their entirety. It is the intent of this chapter to accurately reflect the terms and conditions of the

existing Collective Bargaining Agreement between the Upper Perk Police District and the full-time officers who are participants in the pension program.