

EAST FALLOWFIELD TOWNSHIP  
POLICE PENSION PLAN AGREEMENT

AN AGREEMENT, dated this 9TH day of JUNE, 1993, by and between East Fallowfield Township and the Pennsylvania Municipal Retirement Board (the Board);

WHEREAS, Article IV, Section 401 of the Act of February 1, 1974, No. 15, states:

"401. This article shall provide for the enrollment of those municipalities in the Pennsylvania Municipal Retirement System which want to offer retirement benefits to their employees...", and;

WHEREAS, East Fallowfield Township desires to establish a police pension plan with the Pennsylvania Municipal Retirement System and has negotiated an optional retirement plan contract with the Pennsylvania Municipal Retirement System for the police officers;

NOW THEREFORE, the Pennsylvania Municipal Retirement Board and East Fallowfield Township hereby agree to the following retirement pension plan for the police officers:

1. Coverage: This plan shall cover all full-time members of the police department, hereafter referred to as member, of the Township. Membership for elected officials and employees hired on a temporary or seasonal basis is prohibited as is membership for individuals paid only on a fee basis. Individual membership shall be effective as of the date the Township entered into the Pennsylvania Municipal Retirement System or upon the expiration of the individual's probationary status, whichever is more recent.

Credited service shall accrue from the original member's date of hire as long as there is continuous, uninterrupted employment to the municipality. Credited service time earned prior to the enrollment of the Township into the System shall be known as prior service.

No credited service time shall be granted for time employed in a status other than active employee of the municipality excluding credit for purchased military service, reinstatement of previous service or service earned and credited under Section 11, the portability section of this agreement.

2. Superannuation Retirement: Eligibility for a superannuation retirement shall occur upon the member's attainment of fifty-five (55) years of age or older and the completion of at least twelve (12) years of credited service.

3. Basic Benefit: The basic annual benefit shall be equal to two percent (2.0%) of the member's final salary multiplied by all years of credited service. Provided however, in no event shall the basic benefit exceed fifty percent (50%) of the member's final salary.

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4. Final Salary: The final salary shall be the average annual compensation earned and paid during the member's final three (3) consecutive years of employment, or if not so long employed, then the average annual compensation earned and paid during the whole period of such employment.

5. Early Retirement: A member who has separated from employment after twenty (20) years of credited service may retire early. Benefits will be actuarially reduced for each year or partial year thereof that early retirement takes place prior to age fifty five (55).

6. Permanent Disability Benefits: A member who has ten (10) or more years of credited service may, upon application or on application of one acting in the member's behalf, or upon application of a responsible official of the municipality, be retired by the Pennsylvania Municipal Retirement Board on a disability allowance if the physician designated by the Board, after medical examination of the member shall certify to the Board that the individual is unable to engage in any gainful employment and that said member ought to be retired. When the disability of a member is determined to be service-connected, as defined in Act 15 of 1974, no minimum period of service shall be required for eligibility.

A disability annuity payable from the total disability reserve account which, together with the municipal annuity and the member's annuity, if any, shall be sufficient to produce a retirement allowance of thirty percent (30%) of the member's final salary. Where the disability of the member is determined to be service-connected, the disability allowance shall equal fifty percent (50%) of the member's final salary. The disability annuity shall be reduced by the amount of any payments for which the member shall be eligible under the Act of June 2, 1915 (P.L. 736, No. 338), known as "The Pennsylvania Workmen's Compensation Act" or the Act of June 21, 1939 (P.L. 566, No. 284), known as "The Pennsylvania Occupational Disease Act."

Should a disability annuitant die before the total disability retirement allowance received equals the amount of the member's accumulated deductions at the time of disability retirement, the Board shall pay to the named beneficiary (if living, or if the named beneficiary predeceased the annuitant, or no beneficiary was named, then to the annuitant's estate) an amount equal to the difference between such total retirement allowance received and the annuitant's accumulated deductions. If such difference is less than one hundred dollars (\$100) and no letters have been taken out on the estate within six (6) months after the disability annuitant's death, such difference may be paid to the undertaker or to any person or municipality who or which shall have paid the claim of the undertaker.

7. Spouse's Pension: In the absence of an election of an option found in Section 12, on the death of an active member of the plan who was eligible at the time of death for either a superannuation retirement allowance because of meeting the superannuation retirement requirements found in Section 2 or an early retirement allowance because of completing twenty (20) years of credited service, the surviving spouse (or the surviving minor children in the absence of a spouse or upon the remarriage of the surviving spouse) will receive a pension equal to one-half of the pension which such member would have been eligible to receive if the member had been retired at the time of death. An election by a member of an option found in Section 12 other than a Single Life Annuity, prior to retirement shall make void the foregoing provision.

A member who is entitled to either a superannuation retirement allowance because of meeting the superannuation retirement requirements found in Section 2 or a voluntary early retirement allowance because of completing twenty (20) years of credited service may file a written application for retirement requesting that such retirement become effective at the time of death. The member may elect one of the options provided in Section 12 and nominate a beneficiary. The application shall be held by the Board (1) until the member files a later application (PMRB-8) for a retirement allowance or (2) until the death of the member while in municipal service.

If such a member dies prior to receiving a retirement allowance, benefits become effective as if the member had retired on the day immediately preceding death. The beneficiary will receive the annuity option elected before the member's death.

If a member is receiving a retirement allowance in accordance with the Single Life Annuity provisions of Section 12, upon the retired member's death the surviving spouse (or the surviving minor children in the absence of a spouse or upon the remarriage of the surviving spouse) will receive a pension equal to one-half of the pension which such member was receiving. If there is no surviving spouse or minor children, the full amount of the total accumulated deductions standing to the member's credit in the member account on the effective date of retirement minus the total amount of annuity payments received shall be paid to the designated beneficiary.

8. Contributions by Members: Members shall contribute five percent (5%) of their total compensation in a manner consistent with Board established policy. If a member terminates prior to becoming eligible for any benefit or the member elects not to receive a benefit, that individual shall be entitled to the accumulated contributions, interest and any excess investment monies allocated to the member's account. If sufficient funds exist, the Township may annually elect to lower or waive the required member contribution rate by adopting a resolution and filing it with the Board.

9. Vesting: After twelve (12) years of credited service, a member may vest by filing an application with the Board within ninety (90) days of separation from employment. Upon attainment of the superannuation age requirement found in Section 2 of this agreement, a basic benefit will be calculated in accordance with Section 3 of this agreement.

10. Military Service: Any member employed by the Township who has been a regularly appointed employee for at least six (6) months and is inducted into the military service of the United States, shall have all of the time spent in such military service credited to the member's employment record for pension or retirement benefits if the individual returns or has heretofore returned to employment within six (6) months after separation from the service.

An active member may also purchase credit for other than intervening military service performed for the United States in times of war, armed conflict or national emergency, so proclaimed by the President of the United States, for a period not to exceed five (5) years, provided the member has completed five (5) years of service to the municipality subsequent to such military service. An active member may file an application with the Board for permission to purchase credit for nonintervening military service upon completion of five (5) years of subsequent service to the municipality.

The amount due from the member shall be certified by the Board in accordance with methods approved by the actuary. It may be paid in a lump sum within thirty (30) days or it may be amortized with additional interest through salary deductions in amounts agreed upon by the member and the Board.

The rate of interest to be charged to a member on purchase of credit for intervening or nonintervening military service shall be the rate being credited by the System to members' accounts in effect on the date of the member's application, compounded annually.

A member may purchase credit for intervening or nonintervening military service only if discharge or separation from the service was granted under other than dishonorable conditions. A member may not purchase military credit for any service that is covered by another retirement system administered and wholly or partially paid for by any other government agency or private employer.

11. Portability: When a member leaves the employ of the Township and enters within one year of separation into the employ of another municipality that has joined the System, the member's service credits shall remain unimpaired. Should a member from the employ of another municipality that has joined the System separate from service and within one year of separation join the pension plan, the member's service credits will remain unimpaired. In such cases, the municipal liability for past service shall be prorated by the System between the municipalities on an equitable basis.

12. Options on Superannuation, Early Retirement or Vesting:

At the time a member elects to receive a retirement benefit allowance, the benefit may be payable throughout the member's life, in which case the benefit is known as a Single Life Annuity. A member may elect to waive any entitlement to the spouse's benefit found in Section 7 of this agreement by choosing at time of retirement an alternative to the Single Life Annuity that would be of an equivalent actuarial value but that would be in a lesser allowance and payable throughout life with provisions that:

- (a) Option 1. If the member dies before receiving in payments the present value of the retirement allowance as it was at the time of retirement, the balance, if less than five thousand dollars (\$5,000), shall be paid in a lump sum to the designated beneficiary if living, or if the named beneficiary predeceased the member or if no beneficiary was named, then to the member's estate. If the balance is five thousand dollars (\$5,000) or more, the beneficiary may elect, by application duly acknowledged and filed with the Board to receive payment of such balance according to any one of the following provisions:
  - (i) in a lump-sum payment, or
  - (ii) in an annuity having a present value equal to the balance payable, or
  - (iii) in a lump-sum payment and an annuity. Such annuity shall be of equivalent actuarial value to the balance payable less the amount of the lump-sum payment specified by the beneficiary.
- (b) Option 2. Upon the annuitant's death, the retirement allowance shall be continued throughout the life of and paid to the survivor annuitant, if then living.
- (c) Option 3. Upon the annuitant's death, one-half of the retirement allowance shall be continued throughout the life of and paid to the survivor annuitant, if then living.

A member who has elected a Single Life Annuity shall automatically be deemed to have elected the spouse's death benefit provisions found in Section 7.

13. Social Security Offset: There shall be no offset for Social Security retirement benefits received by a member.

14. Determination of Municipal Liability: The Board will actuarially determine the normal cost of the plan and any liability associated with the plan's actuarial experience which shall be contributed annually by the municipality for the service credits of the members. If applicable, any additional amount which shall be contributed annually toward a reserve account for the disability allowances which may be payable in accordance with this agreement shall also be determined and charged the municipality.

The amounts so determined shall be computed in accordance with the requirements of Act 205 of 1984, the Municipal Pension Plan Fund Standard and Recovery Act, and Act 15 of 1974, the Pennsylvania Municipal Retirement Law, and subsequent amendments to either act.

15. Procedure: Matters or procedure not covered in this agreement shall be as set forth in Act 15 of 1974 and as found in Act 205 of 1984, as they shall, from time to time, be amended.

Should any change or mistake in records result in any member, beneficiary or survivor annuitant receiving from the System more or less than the individual would have been entitled to receive had the records been correct, regardless of the intentional or unintentional nature of the error and upon the discovery of such error, the Board will correct the error and so far as practicable adjust the payments which may be made for and to such person in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid.

16. Unfunded Liability: Any unfunded liability incurred by the creation of benefits under this agreement shall be borne by East Fallowfield Township Police.

17. Effective Date: This agreement shall be effective the first day of July 1, 1993, with the acceptance of the same by East Fallowfield Township Police and the Pennsylvania Municipal Retirement Board. Termination of this agreement shall be in accordance with Section 412 of Act 15 of 1974.

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IN WITNESS WHEREOF, we have hereunto set our hands and seal the day, month and year above written.

ATTEST:

PENNSYLVANIA MUNICIPAL RETIREMENT BOARD

BY: *Joseph B. Allen*  
Secretary

BY: *Eugene E. Egan*  
Chairman

ATTEST:

EAST FALLOWFIELD TOWNSHIP  
CHESTER COUNTY

BY: *Marie A. Resali*  
Secretary

BY: *David E. Scott*  
Chairman

Approved as to form and legality:

BY: *Cristina D. Pappas*  
Office of Attorney General

BY: *William J. Gray*  
Chief Counsel for Office  
of General Counsel

JBA:glk

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