

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWNSHIP OF SOLEBURY, BUCKS COUNTY, PENNSYLVANIA, CONSOLIDATING ALL POLICE PENSION PLAN ORDINANCES; AMENDING AND RESTATING THE POLICE PENSION PLAN FOR THE PURPOSE OF PROVIDING AN EARLY RETIREMENT BENEFIT PURSUANT TO ACT 24 OF 1998

WHEREAS, Solebury Township is a Second Class Township organized and existing under the Pennsylvania Second Class Township Code; and

WHEREAS, Solebury Township has been granted the authority by the Act of May 29, 1956, P.L. 1804, §1-11, as amended, 53 P.S. §§767-778 ("Act 600") and the Second Class Township Code, Act of May 1, 1933, P.L. 103, art. V Section 595, as amended, 53 P.S. § 65595, to establish and maintain a Police Employee Pension Plan (“Pension Plan”) pursuant to Act 600; and

WHEREAS, the Township has established a Pension Plan pursuant to Act 600, which has been consolidated at Ordinance No. 2004-219 and amended at Ordinance Nos. 2009-010, 2012-007 and 2017-003 (collectively “Pension Ordinance”).

WHEREAS, the Township seeks to continue to operate and manage the Police Pension Fund at the municipal level in accordance with such regulations of the Township as may be established by ordinance or resolution in conformance with the Collective Bargaining Agreement between the Township and the Solebury Township Police Benevolent Association ("STPBA"), the bargaining agent for the Police Employees of the Township of Solebury, as modified from time to time, so as to provide benefits to Police Employees who retire by reason of age, service, disability or death, and in the event of death of a Police Employee, their spouse and/or dependent children; and

WHEREAS, Solebury Township and the STPBA have agreed to provide an early retirement benefit, pursuant to Act 24 of 1998, to the police employees of Solebury Township; and

WHEREAS, it is intended by this Ordinance to amend and modify the Police Pension Plan to provide an early retirement benefit to the police employees of Solebury Township, pursuant to Act 24 of 1998, and established by Section 771(i) of Act 600.

NOW THEREFORE, BE IT ORDAINED that the Township of Solebury hereby enacts an Ordinance for the purpose of consolidating all prior police pension plan ordinances and to revise the Police Pension Plan for the purpose of adding an early retirement pension benefit that will be consistent with the requirements of Act 600, in its current form, to the current pension benefit structure of the Pension Plan for the sworn Police Employees of Solebury Township as stated herein.

All of the above recitals are incorporated by reference as if same were set forth in their entirety hereat.

Section 1. Establishment of Pension Plan

1.01 The Solebury Township Police Pension Plan is hereby restated pursuant to the Act of May 29, 1956, P.L. 1804, as amended, 53 P.S. § 767, *et seq.*

1.02 The Police Employee Pension Fund shall be under the direction of the Board of Supervisors and shall be applied in accordance with the terms of "Act 205" and "Act 600". The Township shall be the owner of all monies or property paid into the Fund and no participant before retirement shall have any rights or interest in any portion of said monies or property unless otherwise provided herein.

Section 2. Definitions

2.01 *Age* shall mean the number of chronological years attained by the Police Employee at his or her last birth date.

2.02 *Alternate Payee* shall mean a person entitled to receive, by virtue of a Qualified Domestic Relations Order, some of the benefits of a Police Employee under this Plan.

2.03 *Average Monthly Earnings* shall mean the average total earnings, compensation and wages earned and payable including base wage pay or salary, overtime, vacation pay, longevity incremental pay, holiday pay, education incremental pay, and any other direct monetary compensation excluding reimbursed expenses or payments made in lieu of expenses and non-monetary compensation (including, but not limited to, fringe benefits provided by the Township) and any other like payments and allowances (such as uniform allowances).

A. Only vacation pay received by a Police Employee as normal wages in a given year will be included in the calculation of Average Monthly Earnings. Likewise, any lump sum payment of accumulated unused leave (*e.g.* compensatory time, sick or personal leave) at retirement shall not be included in the calculation of Average Monthly Earnings, *i.e.*, "backloading" is prohibited.

2.04 *Benefit Calculation Period* for retirement benefits shall be the final thirty-six (36) months of employment.

2.05 *Disability* shall mean a physical or mental condition which renders a Police Employee permanently disabled from performing one or more of the essential functions of a full-time police officer of Solebury Township as determined by a licensed physician satisfactory to the Administrator.

2.06 *Early Retirement Date.* *Early* retirement date shall mean the first day following the date on which the member completes 20 years of service and who terminates employment prior to the completion of superannuation retirement age and service requirements. A participant who retires with an early retirement benefit may receive the benefit defined herein that corresponds with that benefit. This benefit applies on or after January 1, 2019 to Police Employees who are participants of the Pension Plan.

2.07 *Eligible Spouse* shall mean the spouse to whom a Police Employee was married on the date of his/her death (except to the extent a former spouse is to be treated as an Eligible Spouse under a Qualified Domestic Relations Order).

2.07 *Police Employee* shall be defined as an individual who has been duly appointed and employed as a full-time police officer by Solebury Township.

2.08 *Police Employee Pension Fund* shall mean all assets held by the Trustee under the Trust Agreement relating to this Police Employee Pension Plan.

2.09 *Qualified Domestic Relations Order* ("QDRO") shall mean a judgment, decree, or order made pursuant to state domestic relations law that relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of a Participant which satisfies the requirements for qualified status as determined by Solebury Township.

2.10 *Retirement* shall mean the status which occurs upon the voluntary or involuntary termination of a Police Employee from active service and employment as a Police Officer with the Township for any reason following vesting or eligibility for benefits under this Police Employee Pension Plan.

2.11 *Service* shall mean the aggregate of a Police Employee's total period of employment by the Township as a full-time sworn Police Employee. "Service" shall also include time spent by a Police Employee in the Armed Services of the United States of America on active military duty, computed as follows:

A. *Intervening.* Any employee of the Police Department who has been a regularly appointed Police Employee of the Township for a period of at least six (6) months and who thereafter enters into the military service of the United States shall have credited to his or her employment service record for pension or retirement benefits all of the time spent by him or her in such military service provided he or she returns, or has heretofore returned, to his or her employment with the Township within six (6) months after his or her separation from military service.

B. *Non-Intervening.* Any member of the Police Department employed by the Township, may also purchase service credits for non-intervening military service performed for the United States of America or the National Guard, 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 that the Police Employee has completed five (5) years of service to the municipality subsequent to such military service. A Police Officer shall be ineligible to purchase credit for such non-intervening military service if he or she is entitled to receive a retirement allowance from the United States Government for such service if his or her discharge or separation from the military service was granted under "dishonorable conditions". The cost of purchasing credit for non-intervening military service shall be computed by applying the average normal cost rate for the Township pension plans as certified by the Public Employee Retirement Commission, but not to exceed ten per centum, to the member's average annual rate of

compensation over the first three years of municipal service and multiplying the result by the number of years and fractional part of a year of creditable non-intervening military service being purchased together with interest at the rate of four and three-quarters per centum compounded annually from the date of initial entry into municipal service to the date of payment, pursuant to 53 P.S. §700 (b) and (c).

Section 3. Eligibility

3.01 Any person who is a full time Police Employee (as defined herein) on the effective date of this ordinance shall be a Participant of the Pension Plan as of that date with credit for all prior service as a Police Employee with Solebury Township.

3.02 Any person who becomes a full time Police Employee with Solebury Township after the effective date of this ordinance shall become a Participant of the Pension Plan on the first day of service as a Police Employee with Solebury Township.

Section 4. Age and Service Requirements.

4.01 Each participant who has been employed by the Township as a Police Employee for twenty-five (25) years in the aggregate, and who has attained the age of fifty-five (55) years may retire and shall, upon actual retirement, be entitled to receive pension benefits as are hereinafter provided.

4.02 In the case of each Participant hired by the Township as a Police Employee prior to December 21, 1965, retirement may occur after twenty (20) years of service and attainment of age sixty (60), if such date is earlier than the date described in Section 4.01 above.

4.03 On or after January 1, 2019, a Participant may retire on or any time after his or her early retirement date as defined herein and receive the actuarial equivalent of a partial superannuation retirement benefit as calculated herein.

Section 5. Contributions to Pension Fund

5.01 *Contribution By Participants.* Prior to any contributions from the Township, Participants shall pay into the Fund each year, via payroll deduction, an amount equal to five percent (5%) of their total compensation. Total compensation for this purpose shall include base wage pay or salary, overtime pay, vacation pay, longevity incremental pay, holiday pay, educational incremental pay, and any other direct monetary compensation except reimbursed expenses or payments, non-monetary compensation (including, but not limited to, fringe benefits provided by the Township) and any other like payments and allowances (such as uniform allowances) pursuant to Act 600, 53 P.S. §772.

5.02 *State Aid.* Payments made by the Treasurer of Pennsylvania from monies received from taxes paid upon premiums by foreign casualty insurance companies or from other taxes or funds as designated by the state for purposes of pension retirement or disability benefits for Police Employees shall be used as follows: (1) to reduce the unfunded liability, or after such liability has been fully funded; (2) to apply against the annual obligation of the Township for future service costs, or to the extent that the payment may be in excess of such obligations; (3) to reduce member contributions.

5.03 *Township Contributions.* The Township shall contribute such additional funds necessary to maintain the Pension Fund on an actuarially sound basis and to provide the

contemplated benefits after credit for the appropriate foreign casualty insurance premium payments and other payments or interest on principal.

5.04 *Other Contributions.* The Pension Fund shall be authorized to receive by gift, grant, devise or bequest, any money or property, real, personal or mixed, in trust for the benefit of the Pension Plan. Such contributions shall be used in a manner not inconsistent with the Pension Plan as the donors of such funds and property may prescribe.

5.05 *Uniformed Services.* Any participant who has been employed as a police officer for a period of at least six months and who thereafter enters 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 in such military service, if such person returns to his employment within six months after his separation from service.

A. *Time of Contributions.* The contribution required under this sub-section shall be made during the period beginning with the date of re-employment with the Township and whose duration is the lesser of three (3) times the period of the Participant's service in the uniformed services; or five (5) years.

B. *Failure or Refusal to Pay.* If a Participant fails or refuses, at any time, to contribute any amounts required under this subsection, he/she shall not receive credit for the time spent in the uniformed services and shall forfeit all benefits under the Pension Plan which are based on service credit for time spent in the uniformed services.

Section 6. Pension Benefits

6.01 *Superannuation Pension Benefits.* Superannuation pension benefit shall be payable monthly during the balance of the participant's life following retirement. A

superannuation pension benefit shall be equal to fifty (50%) percent of the average monthly earnings as defined herein of the officer during the final thirty-six (36) months of employment.

6.02 *Vested Pension Benefits.* A Participant who ceases to be a full-time Police Employee with the Township before completing the superannuation retirement age and service requirements, but after having completed twelve (12) years of continuous service, shall be entitled to a vested pension benefit. The vested pension benefit shall be a partial superannuation pension benefit determined by applying the percentage his years of service bears to the years of service which he would have rendered had he continued to work until his superannuation retirement date to the gross pension, using, however, the monthly average earnings during the appropriate period before the termination of employment.

A. *Vesting Benefit.* To vest his or her retirement benefits, the Participant is required to file written notice of his or her intention to vest with the Township within ninety (90) days of the date he/she ceases to be a full-time Police Employee. On the date which would have been the Police Employee's superannuation retirement date if he/she had continued to be employed as a full-time Police Employee, he/she shall be paid a partial superannuation retirement benefit as determined above.

B. *Return of Contributions.* A Participant, unless he/she shall elect to vest his/her pension benefit as provided in subsection A above, shall be entitled in the event of termination or discontinuance of employment for reasons other than retirement or death to have returned to him or her the total amount of all contributions paid into the Fund, with interest at the rate of five percent (5%) per annum.

6.03 *Disability Pension Benefit.* A full-time Police Employee who is totally disabled from performing police work as a result of a service connected disability shall receive a pension

benefit in an amount equal to fifty percent (50%) of the his/her annual base salary at the time of disability reduced by the amount of Social Security disability benefits the Police Employee may receive for the same injury. There shall be no offset for Workers' Compensation benefits.

A. The term "disability" as used herein shall mean permanent and total disablement from performing police work provided the Police Employee was honorably discharged as a result of the disability.

B. Disability benefits are mandatory and shall be paid in accordance with the provisions of Act 600.

C. Non-service related (*i.e.* off-duty) disability benefits are illegal and no disability pension shall be paid from the Fund. Disability benefits from the Fund are required for service-related (*i.e.* in the line-of-duty) disability only.

D. *Determination of Disability.* The determination of the Pension Administrator that the Police Employee either is or is not permanently disabled may be reviewed and reconsidered upon written request by the Participant to the Pension Plan Administrator within thirty (30) days of the initial decision. Any appeal from an adjudication of the Pension Plan Administrator must follow the review procedures provided in Section 7 below.

6.04 *Survivor Benefits.* If a participant shall die after commencement of benefit payments hereunder, or after the participant is eligible to retire under Section 4.01 and before retirement benefits commence, a survivor benefit shall be paid to the surviving spouse, if any, of the participant in an amount equal to fifty percent (50%) of the participant's accrued benefits as of the date of death. If no spouse survives or if he or she survives and subsequently dies, then the survivor benefit shall be paid monthly in equal shares to the surviving children of the deceased participant under the age of eighteen years, or if attending college, under or attaining the age of

twenty-three years. The shares payable to the surviving children shall be adjusted as each child ceases to be eligible to receive a share of the benefit hereunder due to death or attainment of age eighteen, or age twenty-three if attending college.

A. The surviving spouse of a participant who dies before his or her pension has vested or if no spouse survives or if he or she survives and subsequently dies, the child or children of the Participant under the age of eighteen years or, if attending college, under or attaining the age of twenty-three years, shall be entitled to receive repayment of all the money which the Participant invested in the Pension Fund plus interest or other increases in the value of the participant's investment in the pension fund unless the participant has designated another beneficiary for this purpose.

B. For purposes of this Act, the phrase 'attending college' shall mean the eligible children who are registered at an accredited institution of higher learning and are carrying a minimum course load of seven credit hours per semester.

6.05 *Killed In Service Benefit.* Effective with respect to qualifying deaths occurring on or after October 9, 2009, the Killed-in-Service death benefit shall no longer be payable under this Plan or by the Township. This benefit is now provided by the Commonwealth of Pennsylvania pursuant to Act 51 of 2009, the ***Emergency and Law Enforcement Personnel Death Benefits Act***, 53 P.S. § 891 *et seq.*

6.06 *Service Increment Benefit.* A service increment of \$100.00 per month for each additional year of service completed in excess of twenty-five (25) years, up to a maximum of Five Hundred Dollars (\$500) a month, shall be added to the monthly pension allowance the Participant is entitled to receive. The benefit shall be as follows:

Completion of 26 years of service: One Hundred Dollars (\$100.00)

- Completion of 27 years of service: Two Hundred Dollars (\$200.00)
- Completion of 28 years of service: Three Hundred Dollars (\$300.00)
- Completion of 29 years of service: Four Hundred Dollars (\$400.00)
- Completion of 30 years of service: Five Hundred Dollars (\$500.00) (max)
- Completion of 31 years of service or more: Five Hundred Dollars (\$500.00)

6.07 *Early Retirement Benefit.* A participant may retire on or at any time after his or her early retirement date. As defined above, and for purposes of this section, early retirement date shall mean the first day following the date on which the member completes 20 or more years of service and who terminates employment prior to the completion of superannuation retirement age and service requirements. Upon termination, the member must file with the Township a written notice of his intention to elect an early retirement benefit. This benefit shall become effective as of the date of the notice or the date of early retirement designated in the notice, whichever is later. The amount of the early retirement benefit shall be the actuarial equivalent of a partial superannuation retirement benefit calculated as follows:

A. A partial superannuation retirement benefit shall be determined by applying the percentage that the member's years of service bear to the years of service that the member would have rendered had the member continued to be employed until his superannuation retirement date to the gross pension amount calculated using the monthly average salary during the appropriate period prior to his termination of employment.

B. The actuarial equivalent of the partial superannuation retirement benefit shall be determined by actuarially reducing the partial superannuation retirement benefit to reflect that it will commence on the effective date of the early retirement rather than on the date on which the member would have completed superannuation age and service requirements. The

actuarial reduction shall be calculated using the actuarial assumptions reported in the last actuarial valuation report filed with the Public Employee Retirement Commission under the act of December 18, 1984 (P.L.1005, No.205), known as the "Municipal Pension Plan Funding Standard and Recovery Act."

Section 7. Procedures for Review of Applications for Benefits

7.01 The Pension Administrator shall review and approve or deny any application for retirement or disability benefits as soon as practicable. It is the responsibility of the applicant to provide the Pension Administrator with a completed application and all supporting documentation.

7.02 If the application is denied in whole or in part, the Pension Administrator shall mail Notice of such denial to the applicant's last known mailing address by regular U.S. Mail and Certified Mail, Return Receipt Requested. Any Notice of a denial shall set forth Plan provisions on which the denial is based, explain whatever additional material or information, if any, is necessary to perfect the application, and explain the review procedures as provided below.

7.03 Any person whose application for retirement benefits is denied in whole or in part, who questions the amount of benefit paid, who believes a benefit should have commenced which did not so commence or who has some other claim arising under the Plan, shall have the right to request a full review, including an evidentiary hearing, by the Solebury Township Board of Supervisors. The request for review must be submitted to the Township Manager in writing, by the applicant or his or her authorized representative within thirty (30) days of the date of the denial (not receipt thereof) by the Pension Administrator. This time period shall be strictly construed and may be extended only by written agreement between the Pension Administrator and employee/applicant. The evidentiary hearing shall be held within thirty (30) days of the

Township Manager's receipt of the request for review. The Board of Supervisors may reasonably extend this time period for good cause at the request of the Board of Supervisors or either party. At a hearing, the applicant and Pension Administrator may present testimony, documentary evidence or argument and cross-examine the other party's witnesses. The parties may be represented by counsel of their own choosing. The hearing shall be transcribed by a court reporter.

7.04 The Board of Supervisors shall, within thirty (30) days after receipt of the hearing transcript (which shall be timely ordered), issue a written decision to the applicant and/or his or her representative.

7.05 An applicant who does not submit a request for full review within the strict time limitations specified above shall be deemed to have waived such right to review and the Pension Administrator's decision shall be final and binding, unless the time limitations are expressly extended in writing.

Section 8. Attachment of Pension Benefits

8.01 No benefit under this Pension Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge or encumbrance or to seizure, attachment or other legal process for the debts of any member or member's beneficiary except for a "Qualified Domestic Relations Order" ("QDRO") defined in the Divorce Code, 23 Pa. C.S.A. §101 *et seq.*, and those other Domestic Relations Orders permitted to be so treated by the Pension Administrator under the provisions of the Retirement Equity Act of 1984.

8.02 A QDRO creates or recognizes a right on the part of the Alternate Payee to receive all or a portion of the benefits payable on behalf of a Participant under this Plan. The QDRO, at a minimum, must contain:

- A. the name and last known mailing address of the Participant and each Alternate Payee covered by the order;
- B. the amount or percentage of the Participant's Plan benefits to be paid to any Alternate Payee, or the manner in which such amount or percentage is to be determined; and
- C. the number of payments or the period to which the order applies and each Plan to which the order relates.

8.03 The Pension Administrator shall establish a written procedure to determine the qualified status of Domestic Relations Orders and to administer distributions under such qualified orders.

8.04 To the extent provided under a QDRO, a former spouse of a Participant shall be treated as the spouse or surviving spouse for all purposes under the Plan.

Section 9. Management Of The Fund

9.01 *Police Pension Fund Board.* The administration of the Fund shall be by the Police Pension Fund Board ("Pension Board") which shall consist of three (3) individuals appointed by the Solebury Township Board of Supervisors. One of those individuals shall be a full-time police Officer of Solebury Township; the second shall be a member of the Board of Supervisors; and the third shall be a resident of Solebury Township appointed by the Board of Supervisors who is knowledgeable in investments or the funding of pension plans.

9.02 *Investment Decisions.* All investment decisions or changes in investment of Fund assets shall be made by the Pension Board.

9.03 *Actuarial Reports.* The Pension Board shall make an annual determination of the fair market value of the Fund as of the anniversary date and as of such additional dates as the

Board of Supervisors may direct. The fair market value of the Fund shall be reported to an actuary hired by the Township who shall calculate the amount to be contributed to the Fund by the Township with respect to each plan year, provided, however, that the liability of the Township to make such contributions is subject to all of the conditions and limitations set forth elsewhere in this Plan.

9.04 *Professionals.* The Township and/or Pension Board may employ an actuary, Plan Administrator, investment advisors, counsel, or other professional consultants (hereafter referred to as "professionals") from time to time in connection with the operation of the Fund or of this Plan. The Pension Board is hereby authorized to enter into written contracts with the professionals. Such persons or entities shall be compensated by the Township at such rates as are reasonable and fair and agreed upon by the Board of Supervisors for the Township. Such compensation and expenses may be paid from the earnings of the Fund.

9.05 *Records.* The Police Pension Fund Board shall keep all data, records and documents pertaining to the administration of the Plan, shall execute all documents necessary to carry out the provisions of the Plan, and shall provide all such data, records and documents to the Actuary, the Solebury Township Police Benevolent Association, Inc. or its representatives and any other professional whose services are employed pursuant to Section 9.04 of this Plan.

9.06 *Indemnification.* The members of the Pension Board shall be free of all liability and held harmless for any act or omission except for acts of willful misconduct or gross negligence, and each of them shall be defended by the Township against all claims involving this Plan and their actions thereunder, and be fully indemnified by the Township against all judgments and against all costs, including counsel fees, incurred in defense of actions brought

against them not involving findings of their respective personal or collective willful misconduct or gross negligence.

9.07 *Examination of Records.* The Pension Board shall make available to members, retired members, terminated members and to their representatives upon a minimum of two (2) business days notice beforehand, including the Police Benevolent Association, their beneficiaries, and counsel, if any, for examination during business hours, such records as pertain to individuals covered under the Plan or investment and expenses incurred in managing the Fund.

9.08 *Township Cooperation.* To enable the Pension Board to perform its functions, the Township shall supply full and timely information to it on all matters relating to the pay of all members, their retirement, death, termination of employment and such other pertinent facts as the Board may require; and the Township or Pension Board shall advise the professionals of such facts as may be pertinent to the administration of the Fund.

9.09 *Rules and Regulations.* The Pension Board shall enact such rules and regulations for the conduct of its business and for the administration of the Plan and management of the Fund assets as it may consider desirable, provided the same shall not be in conflict with any of the provisions of the Plan. All actions of the Pension Board shall be taken by written resolution, at meetings at which at least two (2) members of the Board shall be present. Any resolutions concurred in by not less than two (2) of its members shall be the action of the entire Pension Board. Written minutes shall be kept of the meetings and actions of the Board.

Section 10. Township

10.01 It is the expectation of the Township that it will continue this Police Employee Pension and Retirement Plan indefinitely and will from time to time contribute to the Fund such

amounts as may be needed to maintain the actuarial soundness of the Fund and to provide the benefits set forth in the Plan; but continuance of the Plan is not assumed as an obligation of the Township.

10.02 The Township assumes no obligation or responsibility with respect to the operation of the Plan and does not guarantee the payment of the benefits therein provided for members of the Plan. The Township shall have no liability with respect to the administration of the Fund by the professionals appointed by the Township or the Committee, and payments made under the provisions of any ordinance establishing, amending or maintaining the Plan shall not be a charge on any other fund in the Treasury of the Township or under its control, save the Police Employee Pension Fund herein provided.

10.03 In the event of a termination of this Plan, only if the Plan assets are not transferred to another pension plan and fund which will serve the same purpose and function as this Plan and Fund, the Committee shall allocate the assets then remaining in the Fund, to the extent that such assets are sufficient, to members and retired members in the following order of precedence:

A. To members and retired members in an amount equal to their respective contributions with interest, reduced in the cases of retired members by any prior distributions made to them

B. To provide benefits due retired members and those eligible for retirement benefits in the proportion that the pension earned by each such member bears to the total pensions earned for all such members.

C. The remaining assets, if any, to each of the remaining members in the proportion that his or her pension credits earned to the date of termination bears to the total pension credits so earned for all such remaining members.

10.04 After allocation of the funds, the Board of Supervisors shall determine whether to operate the Fund as the source of whatever payments the money so allocated will provide.

Section 11. Deferred Retirement Option Plan

11.01 *Definitions:*

A. DROP - Deferred Retirement Option Plan.

B. DROP Account - A bookkeeping account created to accept DROP participant's monthly pension payment while a DROP participant. The pension payments shall be credited with interest at four percent (4%) per annum, compounded monthly.

11.02 *Eligibility.* Full-time officers of the Solebury Township Police Department (the "Officers"), that have not retired prior to March 1, 2003, may enter into DROP on the first day of any month after which they have attained both the age and service requirement for full superannuation pension benefits. Participants who elect an early retirement date are not eligible to enter DROP.

11.03 *Written Election.* An Officer electing to participate in the DROP must complete and execute a "DROP option form" prepared by the Township of Solebury, which shall evidence the Officer's participation in the DROP. The form must be signed by the Officer and notarized and submitted to the Township of Solebury, prior to the date on which the Officer wishes the DROP option to be effective. The DROP option notice shall include an irrevocable notice to the Township, by the Officer, that the Officer shall resign from employment with the Solebury Township Police Department effective not more than four (4) years from the effective date of the DROP option. In addition, all retirement documents required by the Administrator of the Solebury Township Police Pension Plan must be filed and presented to the Township for

approval of retirement and payment of pension. Once a retirement application has been approved by the Township, it is irrevocable.

11.04 *Limitation on Pension Accrual.* After the effective date of the DROP option, the Officer shall no longer earn or accrue additional years of continuous service for the pension purposes.

11.05 *Benefit Calculation.* For all retirement purposes, continuous service of an Officer participating in the DROP shall remain, as it existed on the effective date of the commencement of participation in the DROP. Service thereafter shall not be recognized or used for the calculation or determination of any benefits payable by the Solebury Township Police Pension. The average monthly pay of the Officer for pension calculation purposes shall remain, as it existed on the effective date of commencement of participation in the DROP. Earning or increases in earnings thereafter shall not be recognized or used for the calculation or determination of any benefits payable by the Pension Fund.

A. By participating in the DROP program, the Officers agree that they will waive any claim that their pension benefit must be increased (with back pay) because Act 600 requires payments be based on final average salary.

11.06 *Payments to Drop Account.* The monthly retirement benefits that would have been payable had the Officer elected to cease employment and receive a normal retirement benefit, shall upon the Officer commencing participation in the DROP, be credited to a notational account within the Pension Fund and shall be included in the assets of the Solebury Township Police Pension Plan. This account, which is a bookkeeping account within the Pension Fund and not a separate bank or investment account, shall be designated the Deferred Retirement Option Plan account.

11.07 *Payout.* Upon the termination date set forth in the Officer's DROP option notice or, such date as the Officer withdraws or is terminated from the DROP program, the retirement benefits payable to the Officer or Officer's beneficiary, if applicable, shall be paid to the Officer's deferred retirement option account. Within thirty (30) days following termination of an Officer's employment pursuant to their participating in the DROP program, the balances in the Officer's deferred retirement option account shall be paid to the Officer in a single lump sum payment or at the Officer's option, in any fashion permitted by law.

11.08 *Disability During DROP.* If an Officer becomes temporarily disabled during his participation in DROP, in disability benefits are not available from the Pension Plan. In no event shall an Officer on temporary disability have the ability to draw from his DROP account. However, notwithstanding any other provision in this paragraph, if an Officer is disabled and has not returned to work as of the date of his required resignation, then such resignation shall take precedence over all other provisions herein and said Officer shall be required to resign.

11.09 *Death.* If a DROP Officer dies before the DROP account balances are paid, the participant Officer's legal beneficiary shall have the same rights as the Officer to withdraw the account balance.

11.10 *Amendments.* Any amendments to the DROP Ordinance shall be consistent with the provisions covering deferred retirement option plans set forth in any applicable collective bargaining agreement and shall be binding upon all future DROP participants and upon all DROP participants who have balances in their deferred option accounts. This Ordinance shall be consistent with the provisions of all future requirements imposed by amendments to Act 600.

Section 12. Repealer

All ordinances, portions of ordinances or other parts of the Solebury Township Code in conflict with this ordinance are hereby repealed.

Section 13. Severability

If any sentence, clause, section or part of this Ordinance is, for any reason, found to be unconstitutional, illegal or invalid, such unconstitutionality, illegality or invalidity shall not effect or impair any of the remaining provision sentences, clauses, sections, or part of this Ordinance. It is hereby declared as the intent of the Solebury Township Board of Supervisors, that this Ordinance has been adopted and such unconstitutional, illegal or invalid sentence, clause, section or part thereof had not been included herein.

Section 14. Review and Retroactivity

This Plan shall be revised from time to time as required by the requirements of the Municipal Police Pension Law, Act of May 19, 1956, P.L. 1804, as amended, provided that in no event shall the benefits provided under the revised pension plan be less than the benefits provided under the plan, as amended, presently in effect.

This Ordinance shall become effective five (5) days after adoption by the Solebury Township Board of Supervisors.

ENACTED and ORDAINED this day of , 2018.

BOARD OF SUPERVISORS
SOLEBURY TOWNSHIP

Mark Baum Baicker, Chair

Kevin Morrissey, Vice-Chair

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