

ORDINANCE NO. 7-99

AN ORDINANCE OF MIDDLESEX TOWNSHIP, CUMBERLAND COUNTY, COMMONWEALTH OF PENNSYLVANIA, ELECTING TO CHANGE THE BENEFITS IT HAS IN THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM UNDER ARTICLE IV OF THE PENNSYLVANIA MUNICIPAL RETIREMENT LAW: AGREEING TO BE BOUND BY ALL PROVISIONS OF THE PENNSYLVANIA MUNICIPAL RETIREMENT LAW AS AMENDED AND AS APPLICABLE TO MEMBER MUNICIPALITIES CHANGING BENEFITS UNDER THE PROVISIONS OF THIS ARTICLE: STATING WHICH OF CERTAIN OPTIONS PERMITTED UNDER THE SAID LAW ARE ACCEPTED BY THE TOWNSHIP. IT IS HEREBY ORDAINED BY MIDDLESEX TOWNSHIP, CUMBERLAND COUNTY, AS FOLLOWS:

SECTION I. Middlesex Township, being a member municipality of the Pennsylvania Municipal Retirement System, hereby elects to change its member benefits in that System as authorized by the Pennsylvania Municipal Retirement Law, as amended, and does hereby agree to be bound by all the requirements and provisions of said Article and the Law, as the case may be, and to assume all obligations, financial and otherwise, placed upon member municipalities by said Amendment, as the case may be. All references hereafter shall be based on benefits negotiated between the Board and the municipality under the provisions of Article IV.

SECTION II. Membership in the Pennsylvania Municipal Retirement System shall be mandatory for all permanent, municipal employees 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.

SECTION III. Credit for service toward the annuity of each original member shall begin to accrue May 1, 1992 or from the date the member was employed by the Township or the expiration of the member's probationary period, whichever is most recent. Benefits provided to members in the agreement dated April 30, 1999, shall accrue based on all credited service granted and earned in accordance with this section.

SECTION IV. Payment for any obligation established by the adoption of this ordinance and the agreement between the System and Middlesex Township shall be made by the Township in accordance with the Pennsylvania Municipal Retirement Law and Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act.

SECTION V. As part of this ordinance, the Township agrees that the System shall provide the benefits set forth in the agreement between the Board and Middlesex Township, dated April 30, 1999. The passage and adoption of this ordinance by Middlesex Township is an official acceptance of said agreement and the financial obligations resulting from the administration of said benefit package. Middlesex Township hereby assumes all liability for any unfundedness created or which may be created due to the acceptance of the benefit structure outlined in the above-referenced agreement.

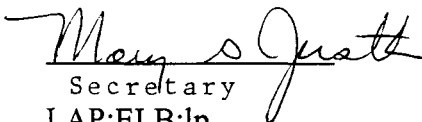
SECTION VI. Middlesex Township intends this ordinance to be the complete authorization of the Township plan and therefore specifically repeals Ordinance Number 4-92.

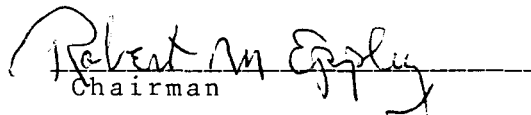
SECTION VII. A duly certified copy of this ordinance and the referenced agreement shall be filed with the Pennsylvania Municipal Retirement System of the Commonwealth of Pennsylvania. Membership for the municipal employees of Middlesex Township in the Pennsylvania Municipal Retirement System shall be effective the first day of May, 1992, with the revised plan structure reflected in the agreement dated April 30, 1999, effective the first day of January, 1999.

ORDAINED this 30 day of April, 1999.

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ATTEST:


Secretary
LAP:ELB:lp
03/30/99


Chairman

Cory

MIDDLESEX TOWNSHIP MUNICIPAL EMPLOYEE
PENSION PLAN AGREEMENT

AN AGREEMENT, dated this 30th day of April, 1999, by and between Middlesex 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, Article IV, Section 413 of the Act also provides:

“413. Procedures for Amending Contracts, Any municipality which has joined the System under this Article IV may, with the approval of the Board, amend the contract to increase any of the benefits enumerated in Article IV to its members . . .”; and,

WHEREAS, Middlesex Township has enrolled its municipal employees in the Pennsylvania Municipal Retirement System and desires to amend its pension plan for the municipal employees:

NOW THEREFORE, the Pennsylvania Municipal Retirement Board and Middlesex Township hereby agree to the following retirement pension plan for the municipal employees:

1. Coverage: This plan shall cover all permanent municipal employees, hereinafter 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.

Credit for service toward the annuity of each original member shall accrue from May 1, 1992 or from the original member’s date of hire or the expiration of the member’s probationary period if one so existed, whichever is most recent. Credited service time earned prior to the enrollment of the Township into the System shall be known as prior service.

2. Superannuation Retirement: Eligibility for a superannuation retirement shall occur upon the member’s attainment of sixty (60) years of age or older.

3. Basic Benefit: The basic benefit will be based on accumulated contributions, interest and excess investment monies credited to the member's account. Upon the election of a benefit, the member will receive an annuity equal to a single life annuity starting on the effective date of retirement with a present value equal to the accumulated municipal contributions and any member deductions, regular interest and all excess investment monies credited to the member's account.

4. Permanent Disability Benefits: In the event of a disability occurring, a member's account shall be vested and the member immediately eligible to receive a basic benefit calculated in accordance with Section 3 of this agreement. A member may, upon application or on application for one acting in their behalf, or upon application of a responsible official of the municipality, be retired by the 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 member is unable to engage in any gainful employment and that said member ought to be retired.

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 prior to age sixty (60) that early retirement takes place.

6. Death Benefit: In the event of a member's death, the member's account shall be one hundred percent (100%) vested and the named beneficiary shall be entitled to receive the assets credited to the member's account. If the value of the account 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:

- (a) A lump-sum payment,
- (b) an annuity having a present value equal to the balance payable, or
- (c) 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.

7. Military Service: Any member employed by the Township who enters the uniformed services as defined by the 1994 Uniformed Services Employment and Re-Employment Rights Act (P.L. 103-353) and returns to the Township to again be a member of the plan within the authorized time period of the law, shall have the authorized time spent in such service credited to the member's employment record for pension or retirement benefits if the individual makes the required employee contributions.

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 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.

8. Contribution by Members: In addition to the municipal contributions made to the members' accounts, members may contribute up to, but no more than ten percent (10%) of their compensation. Optional contributions shall be based on whole percentages and may only be changed or stopped one time per calendar year with written notification to the System.

Payment shall be made by payroll deductions and transmitted to the System in accordance with established System procedures. Member contributions will be treated as taxed at the time they are made to the System, will be tracked separately, and will not be treated as taxable when paid out to the member.

If a member terminates employment with Middlesex Township before becoming eligible for any benefit or if the member elects not to receive a benefit, the accumulated contributions personally made by the member plus regular interest and any excess investment monies credited on such contributions shall be returned. A withdrawal by a member of the amount which such member has contributed toward such member's pension shall make the member ineligible to receive the contribution which the Township has made on behalf of such member.

9. Vesting: After five (5) 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. 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.

11. 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. The member may alternatively elect at the time of retirement to receive the equivalent actuarial value in a lesser allowance, 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.
- (d) Option 4. A member may elect to receive, in one payment at the time of retirement, the full amount of the member's accumulated deductions (not to include excess investment monies) standing to his credit in the member's account. In so electing this option, the member forfeits the portion of the annuity paid for from the accumulated contributions, but shall continue to be entitled to an annuity comprised of the municipal contribution and any excess investment monies so credited to the account. Any member electing this option shall be entitled to receive his remaining annuity calculated in accordance with any of the other options provided for in this section.

Should a member who has elected a Single Life Annuity die before receiving in annuity payments the full amount of the total accumulated deductions standing to their credit in the member account on the effective date of retirement, the balance shall be paid to the designated beneficiary.

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

13. Municipal Liability: The Township will contribute quarterly eight percent (8%) of each member's compensation to the System. The contribution will be credited to each member's account. Additionally, any excess investment monies earned, as defined in Act 15 of 1974 and subsequent amendments, shall be proportionately divided between the active, vested and retired members, if any, based on the assets credited to the individual accounts.

14. Additional Provisions: In the event a member's service with the Township is terminated for any reason whatsoever before the funds set aside for such member are vested or if the member elects not to receive a benefit, then the amount of such funds which have not been contributed by the member and which are not vested shall be credited against the next contribution due from the Township for the remaining or future members of this plan.

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, then 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 the individual 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 Middlesex Township.

17. Effective Date: This agreement shall be effective the first day of January, 1999, with the acceptance of the same by Middlesex Township and the Pennsylvania Municipal Retirement Board. Termination of this agreement shall be in accordance with Section 412 of Act 15 of 1974.

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

ATTEST: MIDDLESEX TOWNSHIP, CUMBERLAND COUNTY

BY: Manoj S. Jait BY: Robert M. Eggle
Secretary Chairman

ATTEST: PENNSYLVANIA MUNICIPAL RETIREMENT BOARD

BY: _____ BY: _____
Secretary Chairman

Approved as to form and legality:

BY: _____
Office of Attorney General

BY: _____
Office of General Counsel

BY: _____
Chief Counsel

LAP:ELB:lp
03/30/99