

**BOROUGH OF TARENTUM**

**ORDINANCE NO. 13-03**

**AN ORDINANCE OF THE BOROUGH OF TARENTUM, ALLEGHENY COUNTY, COMMONWEALTH OF PENNSYLVANIA ADOPTING A RESTATEMENT AND AMENDMENT OF THE BOROUGH OF TARENTUM POLICE PENSION PLAN, WHICH AMENDMENT ADOPTS A DEFERRED RETIREMENT OPTION PLAN (DROP)**

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WHEREAS, Council of the Borough of Tarentum and the Borough of Tarentum Police Department unanimously approved the current Borough of Tarentum Police Pension Plan, to be effective January 1, 2004; and

WHEREAS, the current Collective Bargaining Agreement between the Borough of Tarentum and the Tarentum Borough Police Wage and Policy Committee became effective January 1, 2013; and

WHEREAS, the Agreement includes a Deferred Retirement Option Plan (DROP);

NOW THEREFORE, BE IT ORDAINED AND ENACTED by the Council of the Borough of Tarentum, and it is hereby ordained and enacted by authority of the same:

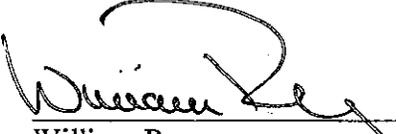
Effective Immediately:

1. The Amendment and restatement to Borough of Tarentum Police Pension Plan, noted "Effective as of: January 1, 2004," Attached Hereto, is hereby enacted into law ; and
2. Article XII, Deferred Retirement Option Plan (DROP) attached hereto is hereby added to the Borough of Tarentum Police Pension Plan.

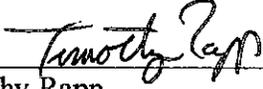
ORDAINED AND ENACTED into law this 15<sup>th</sup> day of July 2013

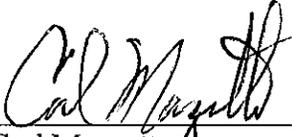
ATTEST:

BOROUGH OF TARENTUM

  
\_\_\_\_\_  
William Rossey  
Tarentum Borough Manager

EXAMINED AND APPROVED this 15<sup>th</sup> day of July 2013.

  
\_\_\_\_\_  
Timothy Rapp  
President of Council

  
\_\_\_\_\_  
Carl Margetta  
Mayor

**BOROUGH OF TARENTUM  
POLICE PENSION PLAN**

**Effective as of: January 1, 2004**

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AMENDMENT AND RESTATEMENT TO  
BOROUGH OF TARENTUM  
POLICE PENSION PLAN

WHEREAS, on May 19, 1958, the Council of the Borough of Tarentum, Allegheny County, Pennsylvania (hereinafter referred to as the "Employer"), enacted Ordinance No. 1702, thereby establishing the Borough of Tarentum Police Pension Plan (hereinafter referred to as the "Plan").

WHEREAS, the provisions of the Plan have been amended and restated several times thereafter by regulatory Ordinances of the Employer; and

WHEREAS, the Employer now desires to restate the Plan for purposes of Ordinance consolidation and to make certain additional changes to the Plan's provisions;

NOW THEREFORE, the Plan, effective as of January 1, 1988, as amended and restated in its entirety, is herein set forth;

ARTICLE I

DEFINITIONS

- 1.01 "Accrued Benefit" shall mean, as of any given date, the benefit determined under Section 5.02, multiplied by a fraction, the numerator of which shall be the Participant's Aggregate Service determined as of such date and the denominator of which shall be the Aggregate Service which would be credited to the Participant as of his Normal Retirement Date if he were to continue to be employed as a full-time permanent police officer with the Employer until such date.
- 1.02 "Accumulated Contributions" shall mean the total amount contributed by any Participant to this Fund or its predecessor by way of payroll deduction or otherwise, plus interest credited at six percent (6%) per annum. Such interest shall be credited annually in the form of a ~~simple~~ <sup>compound</sup> interest rate.
- 1.03 "Act" shall mean the Municipal Pension Plan Funding Standard and Recovery Act, enacted as P.L. 1005, (Act 205 of 1984), as amended.
- 1.04 "Actuary" shall mean the person, partnership, association or corporation which at any given time is serving as Actuary; provided that such Actuary must be an "Approved Actuary" as defined in the Act.

- 1.05 "Aggregate Service" means that total period or periods of the Participant's employment with the Employer whether or not interrupted, which shall include voluntary or involuntary service with the armed forces of the United States of America, if preceded by a period of at least six (6) months of employment as a regularly appointed member of the Employer's police force; provided, that should any such participant, fail to return to work with the Employer's police force within six (6) months following his discharge from military service, or such other period in which his employment rights are guaranteed by law if longer, the term of his military service shall not be included in his Aggregate Service; provided further, that should any such Participant after any period of employment, withdraw his Accumulated Contributions, with respect to said period, such period of employment shall not be included in his Aggregate Service thereafter unless, at the commencement of his next period of employment, he repays to the Fund the amount of such withdrawal with interest.
- 1.051 "Attending College" shall mean the eligible children are registered at an accredited institution of higher learning and are carrying a minimum course load of seven (7) credit hours per semester.
- 1.06 "Basic Monthly Earnings" shall mean the total compensation of the Employee, whether salary or hourly wages, including overtime pay, holiday pay, longevity and any other form of compensation paid by the Employer for police services rendered.
- 1.07 "Council" shall mean the Council of the Borough of Tarentum.
- 1.08 "Disability Retirement Date" shall mean the date when a Participant is determined by the Plan Administrator to be incapacitated due to "Total and Permanent Disability," or the date when the Participant's employment terminates due to such Total and Permanent Disability, if later.
- 1.09 "Employee" means any regular police officer employed by the Employer on a permanent full-time basis as a member of the Employer's Police Department.
- 1.10 "Employer" shall mean the Borough of Tarentum, located in Allegheny County, Pennsylvania.
- 1.11 (a) "Final Monthly Average Salary" shall mean the average monthly salary earned by the Participant and paid by the

Employer during the final Thirty-Six (36) months immediately preceding termination of active employment as an Employee of the Employer. Salary shall include the Employee's Basic Monthly Earnings to which the Employee is entitled for the rendering of services as a police officer for the Employer, but shall exclude for this purpose any single sum or extraordinary payments made which are not directly attributable to active employment as an Employee during the averaging period, such as payment for a back pay damage award.

- (b) "Final Monthly Average Salary" shall be calculated taking into account only those periods during which an Employee receives salary, as that term is defined in this section 1.11. Therefore, for example, the Final Monthly Average Salary for a Participant who is voluntarily or involuntarily serving in the United States armed forces during the final Thirty-Six (36) months of Aggregate Service shall be based on the period during which the Employee last received salary (as defined in the preceding paragraph) from the Employer.
  - (c) "Salary Used to Determine Final Monthly Average Salary" shall be limited on an annual basis for the purpose of this plan to the amount specified in accordance with Internal Revenue Code section 401(a)(17), as adjusted under Internal Revenue Code section 415(d).
- 1.12 "Insurer" or "Insurance Company" shall mean a legal reserve life insurance company which shall issue a Policy or contract under this plan.
  - 1.13 "Normal Retirement Date" shall mean the earliest date on which the Participant is entitled to a normal retirement benefit, as defined under Section 5.01.
  - 1.14 "Participant" shall mean an Employee who has met the eligibility requirements to participate in the Plan as provided in Section 3.01, and who has not for any reason ceased to be a Participant hereunder.
  - 1.15 "Pension Fund" shall mean the police Pension Fund administered under the terms of this Plan and which shall include all money, property, investments, policies and contracts standing in the name of the Plan.
  - 1.16 "Plan" shall mean the pension plan set forth herein, as amended from time to time and designated as Borough of Tarentum Police Pension Plan.

- 1.17 "Plan Administrator" shall mean the Retirement Plan Board appointed by the Council to administer the provisions of the Plan. In the event that no such appointment is made, the Plan Administrator shall be the Council.
- 1.18 "Plan Year" shall mean the twelve-month (12) period beginning on January 1 and ending on December 31 of each year.
- 1.19 "Policy" or "Contract" shall mean a retirement annuity or retirement income endowment policy (or a combination of both), or any other form of insurance contract or policy which shall be deemed appropriate in accordance with the provisions of the Act and P.L. 1804, as amended (53 P.S. 767).
- 1.20 "Restatement Date" shall mean, January 1, 1998, the date upon which this amendment and restatement of the Plan becomes effective.
- 1.21 "Total and Permanent Disability" means a condition of physical or mental impairment due to which a Participant is unable to perform any customary duties of his employment with the Employer and which is incurred in the line of duty while the Employee is performing in service as an Employee.

## ARTICLE II

### ADMINISTRATIVE PROVISIONS

- 2.01 Plan Operated Under Supervision of the Council - The operation of the Plan shall be supervised by the Council. The Council shall have the power and authority, by a majority its members, either directly or through a designated Plan Administrator to do all acts and to execute, acknowledge and deliver all instruments necessary to implement and effectuate the purpose of this Plan.

The Plan Administrator shall keep such records as may be necessary for the determination of the status of each Participant and the presumptive share of each Participant in the Fund as determined by the Actuary.

The Council shall have authority and shall be charged with the performance of the duties set forth in this Plan, but shall have the authority by general rule or special decision to determine and make provisions for such items necessary for the proper carrying out and enforcement thereof that are not specifically provided by this Plan, at all times, however, subject to change by proper Ordinance or Resolution.

- 2.02 Acceptance of Gifts, Grants, Etc. - The Council is hereby authorized to take by gift, grant, devise or bequest any money or property, real or personal, in trust for the benefit of the Plan, and to cause the same to be held as part of the Police Pension Fund. The care, management, investment and disposal of said fund is hereby vested in the Council or its duly appointed delegate, subject to the provisions of the laws of the Commonwealth of Pennsylvania and of this Plan and any amendment thereto, and subject to such direction not inconsistent therewith as the donors of such funds and property may prescribe.

- 2.03 This Plan is for the benefit of such members of the police force as shall receive honorable discharge therefrom by reason of age and service, or disability, and prescribes for the benefit (i) of surviving spouses, and if no spouse survives or if he or she survives and subsequently dies, then (ii) of a child or children under the age of eighteen (18) years or, if attending college, under or attaining the age of twenty-three (23) years, of numbers of the police force or members retired on pension at the rate of at least 50% of the pension the member was receiving or would have been entitled to receive had he been retired at time of death.

ARTICLE III

PARTICIPATION IN THE PLAN

- 3.01 Eligibility Requirements - Each Employee who is employed as a regular full-time permanent member of the Police Department of the Employer shall participate herein.
- 3.02 Notification of Administrator - The Council shall furnish the Plan Administrator with written notification of the appointment of any new full-time permanent Employee who is eligible for participation hereunder, within sixty (60) days of the date of such appointment.
- 3.03 Designation of Beneficiary - Any new, full-time Employee who becomes a Participant hereunder shall provide a written notice which designates his beneficiary or beneficiaries to the Council at the time his participation commences. The Participant's election of any such beneficiary or beneficiaries may be rescinded or changed, without the consent of the Beneficiary or Beneficiaries, at any time provided the Participant provides the Council with written notice of the changed designation.

ARTICLE IV  
CONTRIBUTIONS

4.01 Participant Contributions - Each Participant shall make regular monthly contributions to the Plan at a rate calculated as follows:

Where positions covered by the Plan are included in an agreement under the Federal Social Security Act, Participants shall pay into the Plan, a monthly amount, which shall not be less than five percent (5%) nor more than eight percent (8%) of his Basic Monthly Earnings determined as follows:

(a) if the Plan provides for no offset under Section 5.02, five percent (5%) of Basic Monthly Earnings;

or

(b) if the Plan provides for an offset under Section 5.02;

(1) on Basic Monthly Earnings on which Social Security taxes are payable, at rate calculated by subtracting from five percent (5%), the product obtained by multiplying three percent (3%) by such offset percentage; and

(2) on Basic Monthly Earnings in excess of that on which Social Security taxes are payable, if any, five percent (5%).

For the Plan, the contribution rate is as follows, unless otherwise amended. As the Plan does not provide for an offset, the participant contribution rate shall be five percent (5%) of Basic Monthly Earnings.

When the Employee contribution rate is reduced or eliminated, the Law requires the Employer to provide the authorization on an annual basis by ordinance or resolution.

4.02 Payment of Participant Contributions - Such Participant contributions shall be deducted from the Participant's Basic Monthly Earnings in each month of his Aggregate Service during which he is a participant hereunder.

4.03 Reduction of Participant Contributions - Notwithstanding the preceding, if an actuarial study shows that the condition of

the Pension Fund is such that payments into the Fund by Participants may be reduced below the minimum percentages hereinbefore prescribed, or may be eliminated, and that, if such payments are reduced or eliminated, contributions by the Employer will not be required to keep the Pension Fund actuarially sound, the Employer may on an annual basis, by ordinance or resolution, reduce or eliminate payments into the Pension Fund by Participants.

4.04 Payments of State Aid - Payments of General Municipal Pension System State Aid, or any other amount of State Aid received in accordance with the Act, which are received by the Employer and deposited into the Pension Fund governed by this Plan shall be used as follows:

(a) to reduce the unfunded liability or, after such liability has been funded,

(b) to apply against the annual obligation of the Employer for future service costs or, to the extent that the payment may be in excess of such obligation,

(c) to reduce Participant contributions hereunder.

4.05 Employer Contributions - The remainder of the needed annual contributions, as determined by the Actuary in accordance with the Act, shall become the obligation of the Employer, and shall be paid into the Pension Fund by annual appropriations.

ARTICLE V

RETIREMENT BENEFITS

5.01 Normal Retirement Date - Each Participant shall be entitled to normal retirement benefits provided he retires on or after his Normal Retirement Date, which shall be the earlier of the date set forth in (a) or (b):

(a) the later of:

- (i) the date when the Participant has completed twenty-five (25) years with the Employer; and
- (iii) the date when such participant has attained the age of fifty-five (55) years; (or if an actuarial study of the cost shows that such reduction in age is feasible, such age may be set at fifty (50);

or

(b) in the case of an Employee for whom a pension fund has heretofore been established and such Employee was hired prior to December 21, 1965, the earlier of the date in (a) or the date when he has satisfied both of the following requirements:

- (i) he has completed twenty (20) years of Aggregate Service with the Employer; and
- (ii) he has attained the age of sixty (60) years (or fifty-five (55) years if such age had been so fixed by ordinance or resolution prior to December 21, 1965, and he is currently employed by the Employer).

5.02 Normal Retirement Benefit - Each Participant entitled to normal retirement benefits pursuant to Section 5.01 shall receive during his lifetime a monthly retirement income which shall be equal to one-half (1/2) of his Final Monthly Average Salary.

Provided, however, that payment of benefits upon retirement shall be conditioned upon a Participant's being subject to service from time to time as a police reserve in cases of riot, tumult or preservation of the public peace until unfitted for such service, at which time such participant shall be finally discharged by reason of age or Disability upon written notice from the Council.

Such pension or retirement benefits for any month shall be computed as the sum of:

- (i) if positions covered by the Plan are included in an agreement under the Federal Social Security Act, up to seventy-five percent (75%) of a Participant's full Social Security old-age insurance benefit calculated in accordance with the provisions of the Federal Social Security Act in effect on the date of his termination of employment, except that such amount shall be included only upon attainment of the age at which the Employee would be eligible to receive full Social Security old-age insurance benefits, and, in compensation for services actually rendered by the Employee and covered by the Plan shall be included; and
- (ii) benefits from the Pension Fund to the extent necessary to bring the total benefits in any month up to the amount set forth in Section 5.01 above.
- (iii) 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 of Pennsylvania or the Employer shall have contributed to such pension plan monies raised by taxation.

If the Employer or the Commonwealth shall have contributed monies raised by taxation to a pension plan established by a private organization or association for the members of the police force, the pension benefits to be taken into account under clause (iii) of this Section shall be that portion of the total pension benefits payable under clause (iii) as the assets attributable to contributions or monies raised by taxation bears to the total assets of the Pension Fund.

Provided, however, that any Participant who receives benefits from the Plan and who is also entitled to receive Social Security old-age insurance benefits shall not, regardless of when the Participant retired from active service, have his pension or retirement benefit offset or reduced by more than seventy-five percent (75%) of the Social Security old-age insurance benefits which he receives.

Under this Plan, there shall be no offset for Social Security benefits applied to the Participant's benefit, as defined under Section 5.02, unless the Plan is otherwise amended.

- 5.021 Service Increment - A Retiree having had Twenty-Five (25) years service shall receive an additional \$100.00 per month to his or her normal retirement benefit.
- 5.03 Late Retirement - A Participant may continue to work beyond his Normal Retirement Date subject to the Employer's rules and regulations regarding retirement age. If a participant who has met the requirements of Section 5.01 shall continue to work beyond his Normal Retirement Date, there shall be no retirement benefits paid until employment ceases and retirement begins.
- 5.04 Payment of Benefits - Retirement payments shall be made monthly as of the first day of each month. The first installment of any retirement benefit payable to a Participant shall be payable on the first day of the month next following the retirement date.
- 5.05 Assignment - 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, his survivors or his designated beneficiary and shall not be subject to assignment or transfer.

ARTICLE VI

DISABILITY RETIREMENT

6.01 Disability Retirement Benefits - If a participant terminates employment due to the fact that he has become Totally and Permanently Disabled, there shall be a Disability Retirement Benefit paid in an amount determined by the applicable percentage, based on the Participant's Aggregate Service from the following table, of the Participant's Final Monthly Average Salary:

Completed Years of Aggregate Service	Applicable Percentage
0 to 4	10%
5 to 9	20%
10 to 14	30%
15 to 19	40%
20 to 24	50%
25 or more	75% until age of 65- 50% once participant reached the age of 65

6.011 In the case of the payment of pensions for permanent injuries incurred in service, the amount and commencement of the payments shall be fixed by regulations of the governing body of the Borough and shall be calculated at a rate no less than fifty per centum of the member's salary at the time the disability was incurred, provided that any member who receives benefits for the same injuries under the Social Security Act (49 Stat. 620, 42 U.S.C. Section 301 et seq.) shall have his disability benefits offset or reduced by the amount of such benefits.

6.02 Payment of Disability Benefits - Disability retirement payments shall be made monthly as of the first day of each month. The first installment of any retirement benefit payable to a disabled Participant shall be payable as of the first day of the month next following the Disability Retirement Date.

6.021 The averaging period for calculation of disability for pension shall be reduced to Thirty-Six (36) months.

6.03 Verification of Disability Benefits - Disability benefits awarded because of Total and Permanent Disability shall be terminated:

- (a) if the Employer shall determine, on the basis of a medical examination by a physician acceptable to the Employer, that the Participant, prior to normal retirement date, has sufficiently recovered to return to regular, gainful work;
- (b) if the Participant refuses to undergo a medical examination prior to normal retirement age, which may be ordered by the Employer or the Administrator; provided that the Participant may not be required to undergo a medical examination more often than once every twelve (12) months; or
- (c) if the Participant is employed in any capacity as a full-time employee of the Employer.

**THIS ARTICLE SHALL NOT TAKE EFFECT UNTIL JANUARY 1, 1989. ANY PARTICIPANT MUST BE TOTALLY AND PERMANENTLY DISABLED AS DEFINED IN THIS PLAN ON OR AFTER JANUARY 1, 1989 TO BE ELIGIBLE FOR A BENEFIT UNDER THIS ARTICLE.**

ARTICLE VII

DEATH BENEFITS

- 7.01 Pre-retirement Death Benefits Payable to Beneficiary - In the event a Participant who has not attained entitlement to retirement benefits is killed in service, the designated beneficiary of the Participant, or, if no designated beneficiary survives, the Participant's estate shall be entitled to receive a refund of the Participant's Accumulated Contributions to the Plan.
- 7.02 Surviving Spouse Benefit - In the event a Participant who is eligible to receive or is receiving retirement benefits shall die, the spouse of the deceased Participant, or, if no spouse survives or if the spouse survives and subsequently dies or remarries, then the child or children under the age of eighteen (18) years of the deceased Participant, shall, during the spouse's lifetime or so long as the spouse does not remarry in the case of the spouse or until reaching the age of eighteen (18) in the case of a child or children, receive a monthly income calculated at the rate of fifty percent (50%) of the monthly retirement benefit which the Participant was receiving or would have been receiving had he been retired at the time of his death.
- 7.03 Payment of Survivor Benefits - Survivor payments shall be made monthly as of the first day of each month. The first installment of any benefit payable to a survivor shall be payable on the first day of the month next following date of death of the Participant and the last installment shall be payable as of the first day of the month in which occurs either:
- (a) the death of the spouse, if payments are made to the spouse, and the spouse's death occurs at a time when there are no surviving children under the age of eighteen (18); or
  - (b) the date when the youngest surviving child attains the age of eighteen (18), if payments are made to any children of the Participant.
- 7.04 Killed in Service - Pensions for the families of members killed in service shall be calculated at one hundred per centum of the member's salary at the time of death.

## ARTICLE VIII

### TERMINATION OF EMPLOYMENT

- 8.01 Rights of Terminated Employees - If a Participant shall cease to be an Employee except as otherwise hereinbefore provided, his interest and rights under this Plan shall be limited to those contained in the following Sections of this Article.
- 8.02 Refund of Accumulated Contributions - If a Participant whose employment with the Employer has been terminated for any reason prior to his Normal or Disability Retirement Date, and he is neither eligible for a pension under the Plan nor has he elected to vest his benefit, such Participant or his beneficiary shall be entitled to receive a refund of his Accumulated Contributions to the Plan. Upon receipt of such Accumulated Contributions, said Participant and his or her beneficiary shall not be entitled to any further payments from the Pension Plan.
- 8.03 Vested Benefits Upon Termination - In lieu of receiving a refund of his Accumulated Contributions, a Participant who has completed at least twelve (12) years of Aggregate Service with the Employer and who ceases to be an Employee of the Employer for any reason other than death, retirement or Disability shall vest at the option of the Participant. Such vesting option must be exercised by the Participant by filing a written notice of his intention to vest with the Administrator within ninety (90) days of the date he ceases to be an Employee of the Employer. A Participant who exercises such an option shall be eligible, upon attainment of what would have been his Normal Retirement Date, had he continued to be an Employee of the Employer, to a vested retirement benefit equal to his Accrued Benefit. If a Participant elects to vest his benefit but dies prior to the commencement thereof, the beneficiary of such Participant shall be entitled to a refund of the Participant's Accumulated Contributions in accordance with the terms of the preceding paragraph.

ARTICLE IX

PROVISIONS TO COMPLY WITH  
THE MUNICIPAL PENSION PLAN FUNDING STANDARD  
AND RECOVERY ACT OF 1984

9.01 Actuarial Valuations - The Plan's Actuary shall perform an actuarial valuation at least biennially unless the Employer is applying or has applied for Supplemental State Assistance pursuant to Section 603 of the Act, whereupon actuarial valuation reports shall be made annually.

Such biennial actuarial valuation report shall be made as of the beginning of each Plan Year occurring in an odd-numbered calendar year, beginning with the year 1985.

Such actuarial valuation shall be prepared and certified by an Approved Actuary, as such term is defined in the Act.

The expenses attributable to the preparation of any actuarial valuation report or experience investigation required by the Act or any other expense which is permissible under the terms of the Act and which directly associate with administering the Plan shall be an allowable administrative expense payable from the assets of the Pension Fund. Such allowable expenses shall include but not be limited to the following:

- (a) investment costs associated with obtaining authorized investments and investment management fees;
- (b) accounting expenses;
- (c) premiums for insurance coverage on fund assets;
- (d) reasonable and necessary counsel fees incurred for advice or to defend the fund; and
- (e) legitimate travel and education expense for pension plan officials; provided, however, that the municipal officials of the Employer, in their fiduciary role, shall monitor the services provided to the Plan to ensure that the expenses are necessary, reasonable and benefit the pension plan and, further provided, that the Plan Administrator shall document all such expenses item by item, and where necessary, hour by hour.

9.02 Duties of Chief Administrative Officer - Such actuarial reports shall be prepared and filed under the supervision of the Chief Administrative Officer.

The Chief Administrative Officer of the Pension Plan shall determine the financial requirements of the Plan on the basis of the most recent actuarial report and shall determine the minimum obligation of the Employer with respect to funding the Plan for any given Plan Year. The Chief Administrative Officer shall submit the financial requirements of the Plan and the minimum obligation of the Employer to the Council annually and shall certify the accuracy of such calculations and their conformance with the Act.

- 9.03 Benefit Plan Modifications - Prior to the adoption of any benefit plan modification by the Employer, the Chief Administrative Officer of the Plan shall provide to the Council a cost estimate of the proposed benefit plan modification. Such estimate shall be prepared by an Approved Actuary, which estimate shall disclose to the Council the impact of the proposed benefit plan modification on the future financial requirements of the Plan and the future minimum obligation of the Employer with respect to the Plan.

ARTICLE X

AMENDMENT AND TERMINATION OF  
PENSION PLAN OR PENSION FUND

- 10.01 Amendment of the Plan - The Employer may amend this Plan at any time or from time to time by an instrument in writing executed in the name of the Employer under its municipal seal by officers duly authorized to execute such instrument and delivered to the Council, provided, however:
- (a) that no amendment shall deprive any Participant or any beneficiary of a deceased Participant of any of the benefits to which he is entitled under this Pension Plan with respect to contributions previously made; and
  - (b) that no amendment shall provide for the use of funds or assets held under this Pension Plan other than for the benefit of employees and no funds contributed to this Pension Plan or assets of this Pension Plan shall, except as provided in Section 10.05, ever revert to or be used or enjoyed by the Employer; and
  - (c) that no amendment to the Pension Plan which provides for a benefit modification shall be made unless the cost estimate described in Section 9.03 has been prepared and presented to the Council in accordance with the Act.
- 10.02 Termination of the Plan - The Employer shall have the power to terminate this Pension Plan in its entirety at any time by an instrument in writing executed in the name of the Employer.
- 10.03 Automatic Termination of Contributions - Subject to the provisions of the Act governing financially distressed municipalities, the liability of the Employer to make contributions to the Pension Fund shall automatically terminate upon liquidation or dissolution of the Employer, upon its adjudication as a bankrupt, or upon the making of a general assignment for the benefit of its creditors.
- 10.04 Distribution Upon Termination - In the event of the termination of the Plan, all amounts of vested benefits accrued by the affected Participants as of the date of such termination, to the extent funded on such date, shall be nonforfeitable hereunder. In the event of termination of the Plan, the Employer shall direct either (a) that the Plan Administrator continue to hold the vested Accrued Benefits of

participants in the Pension Fund in accordance with the provisions of the Plan (other than those provisions related to forfeitures) without regard to such termination until all funds have been distributed in accordance with the provisions, or (b) that the Plan Administrator immediately distribute to each Participant an amount equal to his Vested Accrued Benefit to the date.

If there are insufficient assets in the Pension Fund to provide for all Vested Accrued Benefits as of the date of Plan termination, priority shall first be given to the distribution of any amounts attributable to mandatory or Voluntary Employee contributions before assets are applied to the distribution of any Vested Benefits attributable to other sources hereunder.

All other assets attributable to the terminated Plan shall be distributed and disposed of in accordance with the provisions of applicable law and the terms of any instrument adopted by the Employer which effects such termination.

10.05 Residual Assets - If all liabilities to Vested Participants and any others entitled to receive a benefit under the terms of the Plan have been satisfied, and there remain any residual assets in the Pension Fund, such residual assets remaining shall be returned to the Employer insofar as such return does not contravene any provision of law, and, any remaining balance, in excess of Employer contributions, shall be returned to the Commonwealth.

10.06 Exclusive Benefit Rule - In the event of the discontinuance and termination of the Plan as provided herein, the Employer shall dispose of the Pension Fund in accordance with the terms of the Plan and applicable law; at no time prior to the satisfaction of all liabilities under the Plan shall any part of the corpus of income of the Pension Fund, after deducting any administrative or other expenses properly chargeable to the Pension Fund, be used for or diverted to purposes other than for the exclusive benefit of the Participants in the Pension Plan, their beneficiaries or their estates.

## ARTICLE XI

### MISCELLANEOUS PROVISIONS

- 11.01 Plan Not a Contract of Employment - No policeman of the Employer nor anyone else shall have any rights whatsoever against the Employer or the Plan Administrator as a result of this Pension Plan except those expressly granted to them hereunder. Nothing herein shall be construed to give any policeman the right to remain on the police force of the Employer.
- 11.02 Masculine/Feminine; Singular/Plural - For purposes of this Pension Plan, the masculine shall be read for the feminine and the singular shall be read for the plural, wherever the person or context shall plainly so require.
- 11.03 Construction of Document - This Pension Plan may be executed and/or conformed in any number of counterparts, each of which shall be deemed an original and shall be construed and enforced according to the laws of the Commonwealth of Pennsylvania.
- 11.04 Headings - The headings of Articles are included solely for convenience of reference, and if there be any conflict between such headings and the text of the Pension Plan, the text shall control.
- 11.05 Severability of Provisions - In case any provisions of this Plan Agreement shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of this Pension Plan but this Pension Plan shall be construed and enforced as if said illegal and invalid provisions had never been inserted therein.
- 11.06 Incapacity of Pensioner - If any pensioner shall be physically or mentally incapable of receiving or acknowledging receipt of any payment of pension benefits hereunder, the Plan Administrator, upon the receipt of satisfactory evidence that such pensioner is so incapacitated and that another person or Institution is maintaining him, may provide for such payment of pension benefits hereunder to such person or institution so maintaining him, and any such payments so made shall be deemed for every purpose to have been made to such pensioner.
- 11.07 Benefits for a Deceased Participant - If any benefit shall be payable under the Plan to or on behalf of a Participant who

has died, and are payable to the Participant's estate, and if no administration of such Participant's estate is pending in the court of proper jurisdiction, then the Plan Administrator, at its sole option, may pay such benefits to the surviving spouse of such deceased Participant, or, if there be no such surviving spouse, to such Participant's then living issue, per stirpes; provided, however, that nothing contained herein shall prevent the Plan Administrator from insisting upon the commencement of estate administration proceedings and the delivery of any such benefits to a duly appointed executor or administrator.

- 11.08 Liability of Officers of the Plan Administrator and/or Participating Employers - Subject to the provisions of the Act, no past, present or future officer of the Employer shall be personally liable to any Participant, Beneficiary or other person under any provision of the Plan.
- 11.09 Assets of the Fund - Nothing contained herein shall be deemed to give any Participant or his beneficiary any interest in any specific property of the Pension Fund or any right except to receive such distributions as are expressly provided for under the Plan.
- 11.10 Pension Fund for Sole Benefit of Participants - The income and principal of the Pension Fund are for the sole use and benefit of the Participants covered hereunder, and, to the extent permitted by law, shall be free, clear and discharged from and are not to be in any way liable for debts, contracts, or agreements, now contracted or which may hereafter be contracted, and from all claims and liabilities now or hereafter incurred by any Participant or beneficiary.

## ARTICLE XII

### DEFERRED RETIREMENT OPTION PLAN (DROP)

XII.1 Definitions – Unless otherwise specifically set forth in this Article XII, the defined terms used herein shall have the meaning assigned to them in the remainder of this Plan.

DROP – The Deferred Retirement Option Plan created as an optional form of benefit under the existing City of McKeesport Firefighters Pension Plan.

DROP Account – A separate ledger account created to accumulate the DROP pension benefit for a DROP Participant.

DROP Participant – An employee and Participant in the Plan who attains the later of age 54 and 22 years of service, and who has elected to participate in the DROP program.

XII.2 Eligibility – Effective January 1, 2013, Participants in the Borough of Tarentum Police Pension Plan that have not retired prior to the implementation of the DROP program, may enter into the DROP on the first day between July 1 and December 31 following the attainment of the later of age 45 and 20 years of service.

XII.3 Written Election – An eligible Participant in the Plan electing to participate in the DROP program must complete and execute a “DROP Election Form” prepared by the Borough of Tarentum, which shall evidence the DROP Participant’s participation in the DROP program, the DROP Participant’s election to forego active membership in the Plan and document the DROP Participant’s rights and obligations under the DROP. The form must be signed by the DROP Participant and the Chief Administrative Officer of the Plan and submitted to the Employer, at least 30 days prior to the date on which the DROP Participant elects to enter the DROP (Election Date). The DROP Election Form shall include an **irrevocable notice** to the Employer by the DROP Participant that the DROP Participant shall terminate from employment with the Employer effective on a specific date not more than five (5) years from the effective date of the DROP Participant’s entry into the DROP. In addition, all retirement documents required by the Plan Administrator must be filed and presented to Council for approval of retirement and commencement of the monthly pension benefit. Once the retirement application has been approved by Council, it shall become irrevocable. A DROP Participant’s participation shall become effective the day following his Election Date.

XII.4 Member Contributions – A Drop Participant shall contribute whatever the non DROP Participants must contribute to the Plan as then currently required by the collective Bargaining Agreement.

- XII.5 Limitation on Pension Accrual – After the effective date of the DROP election, the Participant shall no longer earn or accrue additional years of service for pension purposes including the calculation of any service increment. The DROP Participant shall also forego any growth in salary after the Election Date for the purpose of calculation retirement benefits under the Plan.
- XII.6 Ineligibility for Re-enrollment in DROP – Once a DROP Participant's DROP participation terminates, he shall be ineligible to re-enroll in the DROP, even if the former DROP Participant is reemployed by the Borough with renewed active membership in the Plan.
- XII.7 Benefit Calculation – For all Plan purposes, service of a DROP Participant shall remain as it existed on the effective date of commencement of participation in the DROP program. Service thereafter shall not be recognized or used for the calculation or determination of any benefits payable by the Plan including any service increments that may be available. The Final Monthly Average Salary of the DROP Participant for pension calculation purposes shall remain as it existed on the effective date of commencement of participation in the DROP program. Earnings or increases in earnings thereafter shall not be recognized or used for the calculation or determination of any benefits payable by the Plan. The pension benefit payable to the Participant shall increase only as a result of any cost-of-living adjustments (COLAs) that may become effective on or after the date of the DROP Participant's participation in the DROP.

- XII.8 Payments to DROP Account – The monthly retirement benefits that would have been payable had the DROP Participant elected to cease employment and receive a retirement benefit shall, upon the DROP Participant commencing participation in the DROP program, be credited on the first day of each month into a separate ledger account established by the Plan Administrator to track and accumulation

the

Participant's monthly pension benefits. This account shall be designated the DROP Account. The DROP Account shall not contain a guaranteed interest rate but shall be credited with interest at the actual rate earned by the DROP account. The DROP Account shall be a segregated account into which each DROP Participant's monthly retirement benefit shall be deposited. All earnings or losses credited to the DROP Account will be included in the final cash settlement. The DROP Account shall be invested in an FDIC insured bank account, at interest at no less than 0% no more than 2 ½ %.

The DROP shall at all times comply with the annual benefit limitations of IRC §415 and the regulations thereto.

- XII.9 Early Termination – A DROP Participant may withdraw from the DROP Program at any time and effectuate a complete retirement from service. No penalty shall be imposed for early termination of DROP participation; however, the DROP Participant shall not be permitted to make any withdrawals from the DROP

Account until DROP participation has ended.

XII.10 Payout – Upon the termination date set forth in the DROP Election Form or on such date as the DROP Participant withdraws or is terminated from the DROP program, if earlier, the retirement benefits payable to the Participant shall be paid directly to the Participant and shall no longer be credited to the DROP Account. Within a period not to exceed forty-five (45) days following the actual termination of a Participant's employment with the Borough of Tarentum, the DROP Participant or the DROP Participant's designated Beneficiary, where applicable, shall elect one of the following options: (1) the accumulated balance in the DROP Account, less any withholding taxes required to be remitted to the Internal Revenue Service, shall be paid to the DROP Participant or his designated surviving Beneficiary in a single lump-sum payment; or (2) the balance of the DROP Participant's DROP Account shall be paid within forty-five (45) days directly to the custodian of an eligible retirement plan as defined in §402(c)(8)(b) of the Internal Revenue Code of 1986 (IRC) or in the case of an eligible rollover distribution to the surviving spouse of a deceased DROP Participant, an eligible retirement plan that is an individual retirement account or an individual retirement annuity as described in IRC §402(c)(9). If the DROP Participant or designated Beneficiary fails to elect a method of payment within sixty (60) days after the DROP Participant's termination date, the DROP Participant's DROP Account shall be paid in a lump-sum as provided above. All distributions of the DROP Account shall comply with IRC§401(a)(9).

Under this Section XII.10 a distributee may elect to have an eligible rollover distribution paid directly to an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this section a "distributee" includes a DROP Participant, a DROP Participant's survivor as provided by the Borough of Tarentum Police Pension Plan or in lieu thereof, the DROP Participant's designated Beneficiary and a DROP Participant's former spouse who is an alternate payee under a qualified domestic relations order. For purposes of this section "eligible rollover distribution" has the meaning given the term by IRC §402(f)(2)(A) except that a qualified trust shall be considered an eligible plan only if it accepts the distributee's eligible rollover distribution and, in the case of an eligible rollover distribution to a surviving spouse, and eligible retirement plan is an "individual retirement account" or an "individual retirement annuity" as those terms are defined in IRC §408(a) and (b).

XII.11 Death – A DROP Participant's eligibility to participate in the DROP terminates upon the death of the DROP Participant. If a DROP Participant dies on or after the effective date of a participation in the DROP but before the first monthly retirement benefit due the DROP Participant for that month has been credited to his DROP Account, the Plan shall pay the monthly retirement benefit as though the DROP Participant had not elected DROP Participation and had died after the DROP Participant's effective date of retirement but before receipt of the DROP Participant's first regular retirement benefit. If a DROP Participant dies while participating in the DROP and after his monthly retirement benefits have begun to

have been credited to his DROP Account, the monthly retirement benefit credited to the DROP Participant's DROP Account during the month of the DROP Participant's death shall be the final monthly retirement benefit from the Plan credited to his DROP Account.

XII.12 Disability – If a DROP Participant becomes eligible for disability benefit from the Plan and terminates employment, the monthly non-disability retirement benefit of the DROP shall terminate.

XII.13 Eligibility for Other Benefits – Except for benefits specifically foregone by the DROP Participant pursuant to Section 14.3, a DROP Participant shall be eligible for the employee benefits provided to active employees that is appended to this Ordinance as Appendix A.

XII.14 Eligibility for Statutory Benefits – A DROP Participant shall be eligible for all preretirement benefits for employees otherwise provided by law including, but not limited to the following:

- The Workers' Compensation Act (the Act of June 2, 1915 (P.L. 736, No. 338)).
- The Enforcement Officer Disability Benefits Law (the Act of June 28, 1935 (P.L. 477, No. 193)).
- The Unemployment Compensation Law (the Act of December 5, 1936 (2<sup>nd</sup> Sp.Sess., 1937 P.L. 2897, No. 11)).
- The Emergency and Law Enforcement Personnel Death Benefits Act (the Act of June 24, 1976 (P.L. 424, No. 101)).
- The Public Safety Officers' Benefit Act of 1976 (Public Law 94-430, 42 U.S.C. §90 Stat. 1347).

XII.15 Designation of Beneficiary – A DROP Participant may designate a DROP Beneficiary who shall be entitled to apply for and receive the DROP Participant's DROP Account in the event of the DROP Participant's death while participating in the DROP. In the event that a DROP Participant does not designate a Beneficiary and dies while participating in the DROP, his DROP Account will be paid to his survivor(s) as determined under Act 600 of 1956 and if no such survivors exist, then to his estate.

XII.16 Amendment – 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 or state or federal law, and shall be binding upon all future Participants and upon all DROP Participants who have balances in their DROP Accounts.

XII.17 Taxation, Attachment and Assignment – Except as provided in this Section, the right of a DROP Participant to any benefit or right accrued or accruing under the Provisions of this Article XII and moneys in the DROP Participant's DROP

Account are exempt from a State or municipal tax, levy and sale, garnishment, attachment, spouse's election or any other process whatsoever. Rights and benefits under this Article XII shall be subject to forfeiture as provided by the Public Employees Forfeiture Act (the Act of July 8, 1978 (P.L. 752, No. 140)). Forfeitures under this Section or under any other provision of law may not be applied to increase the benefits that any DROP Participant otherwise would receive under this Article XII. Rights under this Article XII shall be subject to attachment in favor of an alternate payee as wet forth in a qualified domestic relations order.

XII.18 Trust Requirement – A DROP Participant's DROP Account shall be held in trust for the exclusive benefit of Plan Participant's who are or were DROP Participant's and for their Beneficiaries.

XII.19 Severability – The provisions of this Article XII shall be severable, and if any of its provisions shall be held to be unconstitutional or illegal, the validity of any of the remaining provisions of this Article XII shall not be affected thereby. It is hereby expressly declared as the intent of the Borough that this Article XII has been adopted as if such unconstitutional or illegal provision or provisions have not been included herein.

XII.20 Right to Terminate – In no case shall the Borough be obligated to continue the DROP in the event that the existence of the DROP requires the Borough to make any additional payments into any pension plan at any time. Should it be determined that the existence of the DROP causes the Borough to make additional payments into any of its pension plans (other than for administrative costs), the Borough shall have the right to unilaterally terminate the DROP. In the event the Borough exercises its right to unilaterally terminate the DROP, subsequent to the Borough's exercise of that right no Participant shall be permitted to enter the DROP after the date of termination. Any DROP Participant as of the date of termination may continue in the DROP program as if it had not terminated.

XII. 21 Auditor General Findings – If the Auditor General issues a finding of non-compliance with the provisions of Act 44 of 2009 that govern this DROP, the Borough shall be authorized to reform this Article XII to bring it into compliance with the DROP within ninety (90) days of the date the Auditor General's findings becomes final.

## APPENDIX A

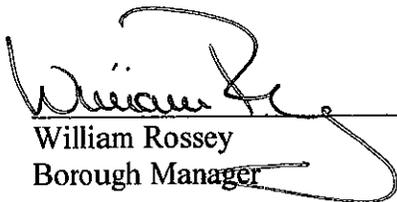
DROP Participants shall be eligible for the following non-pension benefits in the same manner as active, non-DROP Participants

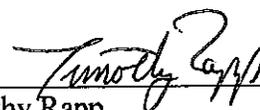
1. Vacation
2. Holidays
3. Sick Leave
4. Health Insurance (including dental, eye care, and non-service sickness)
5. False Arrest and Related Insurance
6. Uniform Allowance

IN WITNESS WHEREOF, and intending to be legally bound hereby, in accordance with the proper Ordinance of the Council of the Borough of Tarentum, we have hereunto caused this instrument to be executed and the municipal seal affixed the day and year below written.

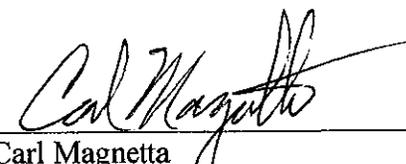
ATTEST:

BOROUGH OF TARENTUM:

  
\_\_\_\_\_  
William Rossey  
Borough Manager

  
\_\_\_\_\_  
Timothy Rapp  
Council President

APPROVED AND ENACTED into law this 15<sup>th</sup> day of July, 2013.

  
\_\_\_\_\_  
Carl Margetta  
Mayor

**ELECTION FORM**  
**BOROUGH OF TARENTUM POLICE PENSION PLAN**  
**DEFERRED RETIREMENT OPTION PLAN (DROP)**

SOCIAL SECURITY #: \_\_\_\_\_ -- \_\_\_\_\_ -- \_\_\_\_\_

NAME: \_\_\_\_\_

**DROP ELECTION FORM**

I hereby elect to participate in the DROP effective \_\_\_\_\_ (Effective Date) (must be at least 30 days subsequent to the date this form is executed). I have read and understand the terms and conditions of the DROP (attached hereto as Exhibit "A" and incorporated herein) and I agree to be bound by the provisions thereof including the provision that I shall for all purposes of the Borough of Tarentum Police Pension Plan ("Plan") forego active participation in the Plan and upon participation in the DROP be deemed to have retired one day prior to my participation in the DROP including the fact that no further accrual of benefits, continuation of service accruals for any purpose including the calculation of any Service Increments that may be provided by the Plan or any earnings growth for the purposes of calculating my pension base shall occur after becoming a Participant in the DROP. I agree to terminate employment within five (5) years of the Effective Date of my entry into the DROP. My date of employment termination shall be no later than \_\_\_\_\_. This election is irrevocable after acceptance by the Borough.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employee's Signature

Received by:

\_\_\_\_\_  
Date

\_\_\_\_\_

Accepted by the Borough of Tarentum

\_\_\_\_\_  
Date

\_\_\_\_\_



Alternate Beneficiary(ies)

(To receive a benefit only if no Primary Beneficiary survives you)

		Social Security No.	
A.	Name: _____	--	--
	First                  M.I.                  Last	Birth Date: _____	
	Address: _____		
	Relationship: _____		Percentage: _____
		Social Security No.	
B.	Name: _____	--	--
	First                  M.I.                  Last	Birth Date: _____	
	Address: _____		
	Relationship: _____		Percentage: _____
		Social Security No.	
C.	Name: _____	--	--
	First                  M.I.                  Last	Birth Date: _____	
	Address: _____		
	Relationship: _____		Percentage: _____

If a Trustee or Trustees have been designated as Beneficiary, the right of such Trustee(s) shall be determined on the basis of this Beneficiary Designation without responsibility for determining the validity, existence or provisions of the Trust Agreement or for the application of sums paid to such Trustee(s) or for his/her/their discharge of such Trust.

If more than one Primary or Alternate Beneficiary is named the survivor(s) shall receive a share in the proportion to the percentages indicated, or if percentages are not indicated, in equal shares unless otherwise stated herein.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness