

East Norriton Township
ORDINANCE NO. 519

An Ordinance of East Norriton Township, Montgomery County, Pennsylvania, amending the Codes of Ordinances, Chapter 26, Article II, entitled East Norriton Township Police Pension Plan in order to amend the Police Pension Plan to establish a Deferred Retirement Option Program under the Plan.

WHEREAS, East Norriton Township previously established the East Norriton Township Police Pension Plan; and

WHEREAS, East Norriton Township, in order to change the terms of the Plan in accordance with its prior determinations, desires to enact an amendment to the Plan;

NOW THEREFORE, be it ordained and enacted by East Norriton Township, as authorized by Section 9.2 of the East Norriton Township Police Pension Plan ("Plan") as amended and restated effective January 1, 2008, the Plan is hereby amended in the following manner:

FIRST: Section 1.5(a) is amended to read as follows:

Section 1.5(a) Employee means any person employed by the employer. The term employee shall include any employee of the employer maintaining the Plan or of any other employer required to be aggregated with such employer under IRC sections 414(b), (c), (m), or (o), as such provisions may be interpreted to apply to a government entity by the Internal Revenue Service. The term employee shall also include any leased employee deemed to be an employee of any such employer as provided in IRC sections 414(n) or (o) and as defined in Section 1.5(b). The term employee shall not include a retired member under the Plan who has elected to participate in the deferred retirement option program established under Article XI.

SECOND: Section 2.2 is amended to read as follows:

Section 2.2 Termination of Participation – A participant shall continue to be an active participant of the Plan so long as he is a member of the eligible class of employees and he does not terminate employment. He shall become an inactive participant immediately if he ceases to be a member of the eligible class of employees, terminates employment, or elects to participate in the deferred retirement option program established under Article XI. He shall cease participation completely upon the later of his receipt of a total distribution of his nonforfeitable accrued benefit under the Plan or the forfeiture of the nonvested portion of the accrued benefit.

THIRD: Section 6.2(a) is amended to read as follows:

Section 6.2(a) Mandatory Contribution Amount – As a condition of participation in this Plan, each active participant must contribute, on an after-tax basis, a percentage of his compensation as established each year. In general, this mandatory contribution shall be 5.00% of the participant's compensation. A participant who has elected to participate in the deferred retirement option program established under Article XI shall not be required to contribute to the Plan.

The employer may reduce or eliminate the contribution required provided any reduction or elimination of contributions is authorized on an annual basis by an ordinance or resolution by the employer.

FOURTH: A new Article XI is added as follows:

ARTICLE XI – DEFERRED RETIREMENT OPTION PROGRAM

Section 11.1 – Deferred Retirement Option Program Election

- (a) Effective January 1, 2009, an active participant who has satisfied the eligibility requirements for normal retirement under Section 3.2(a) may elect to participate in the deferred retirement option program, defer receipt of his normal retirement benefit, and continue employment with the employer by filing a written application with the employer before the participant's specified date of participation in the deferred retirement option program. Participation in the deferred retirement option program shall be for a period of not less than 12 months nor more than 36 months.

An active participant who satisfied the eligibility requirements for normal retirement under Section 3.2(a) prior to January 1, 2009, may elect to participate in the deferred retirement option program retroactively. The participant's total period of participation in the deferred retirement option program, including retroactive participation, shall not exceed 36 months.

- (b) Prior to participating in the deferred retirement option program, an eligible participant must do the following:
- (1) Identify a binding and irrevocable resignation date from employment with the employer that also discloses the date on which the employee will begin participation in the deferred retirement option program.
 - (2) Execute an irrevocable written election to participate in the deferred retirement option program that includes the following acknowledgements:
 - (A) That, as of the date on which participation in the deferred retirement option program commences, the participant's pension calculation will freeze and no service rendered nor compensation received during the period of participation in the deferred retirement option program will be considered for pension calculation purposes;
 - (B) As of the date on which the participant's participation in the deferred retirement option program commences, the participant will no longer make any pension contributions to the pension fund;
 - (C) Participation in the deferred retirement option program in no way limits or diminishes the employer's right to terminate or suspend an employee for misconduct.
 - (3) Complete all other retirement documents requested by the Retirement Benefits Advisory Board or other governing body.

Section 11.2 – Benefit Under Deferred Retirement Option Program

- (a) Effective with the participant's date of participation in the deferred retirement option program, the participant's normal retirement benefit under the Plan, effective date of participation in the deferred retirement option program, and effective date of termination of participation in the deferred retirement option program shall be fixed.
- (b) The participant's effective date of participation in the deferred retirement option program shall begin on the day specified in his election.
- (c) The participant's participation in the deferred retirement option program shall end on the last day of the participation period specified in his election.

- (d) The participant's normal retirement benefit shall be calculated under Section 3.2 as of his effective date of participation in the deferred retirement option program.
- (e) The participant's normal retirement benefit may be increased by cost-of-living adjustments granted by the employer under Section 3.2(e).
- (f) The participant's participation in the deferred retirement option program does not guarantee his employment with the employer during the participation period specified in his election.
- (g) In the event that the participant is temporarily unable to perform his duties due to sickness or injury, his participation in the deferred retirement option program continues. However, notwithstanding any other provision in this paragraph, if the participant 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 the participant shall be required to resign. In addition, as a condition of participation in the deferred retirement option program, the participant shall not be eligible to receive a disability benefit from the Plan. In no event shall a participant on temporary disability have the ability to draw from or access his DROP account.
- (h) Notwithstanding a participant's election to participate in the deferred retirement option program, a participant who is convicted or pleads guilty to engaging in criminal misconduct which constitutes a "crime related to public office or public employment," as that phrase is defined in Pennsylvania's Pension Forfeiture Act, 43 P.S. §§ 1311-1314, shall forfeit his right to receive a pension, including amounts currently deposited in the participant's DROP account. In such case, the participant shall only be entitled to receive the contributions, if any, made by the participant to the fund, without interest.

Section 11.3 – Deferred Retirement Option Program Account

- (a) During the period of participation in the deferred retirement option program, the participant's monthly normal retirement benefit shall be credited to his deferred retirement option program account (DROP account) on the first day of each month.
- (b) Interest shall be credited on the balance in the DROP account at the rate of 4.5% per annum.
- (c) The participant shall receive an annual statement showing the accumulated balance in the DROP account.
- (d) The monthly normal retirement benefit credited to the DROP account during the month of the participant's death or termination of participation in the deferred retirement option program, if earlier, shall be the final monthly normal retirement benefit credited to the DROP account.
- (e) The participant may not draw from nor access his DROP account during the period of participation in the deferred retirement option program.

Section 11.4 – Termination of Participation in Deferred Retirement Option Program

- (a) A participant in the deferred retirement option program may change the termination date of participation in the deferred retirement option program to an earlier date without penalty.
- (b) Upon termination of participation in the deferred retirement option program:
 - (1) The participant shall be separated from employment with the employer.

- (2) The participant shall receive distribution of the balance in his DROP account in a lump sum within 30 days following the participant's separation from employment with the employer.
- (3) The monthly normal retirement benefit shall commence to the participant as described in Section 3.7.
- (4) The participant shall be ineligible to reparticipate in the deferred retirement option program.

Section 11.5 – Death Benefits

- (a) Upon the death of a participant during his participation in the deferred retirement option program, the participant's named beneficiary shall be entitled to payment of the balance in the participant's DROP account in a lump sum. The survivor benefit under Section 4.2(b) shall be payable to the participant's surviving spouse or eligible child. However, if a killed in service benefit is payable under Section 4.2(a), the participant's election to participate in the deferred retirement option program shall be null and void and the balance in the participant's DROP account shall remain in the Plan.
- (b) If the participant dies on or after the effective date of his participation in the deferred retirement option program but before the first monthly normal retirement benefit has been credited to the DROP account, the participant's election to participate in the deferred retirement option program shall be null and void.

FIFTH: The effective date of the amendment is January 1, 2009.

SIXTH: All other provisions of the Plan remain in full force and effect.

ENACTED AND ORDAINED this 23rd day of June, 2009.

Board of Supervisors
East Norriton Township

Lewis K McJannet
Kathy Hefner
John Alfano
James J. Benatar, Jr.
JK Stoltz



Debra D. Olt
Secretary