

**HATFIELD TOWNSHIP  
MONTGOMERY COUNTY, PENNSYLVANIA  
ORDINANCE NO. 658**

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**AN ORDINANCE OF HATFIELD TOWNSHIP, MONTGOMERY COUNTY,  
PENNSYLVANIA, FOR THE PURPOSE OF AMENDING THE HATFIELD  
TOWNSHIP MUNICIPAL EMPLOYEES' PENSION PLAN TO PROVIDE  
MANDATORY EMPLOYEE CONTRIBUTIONS.**

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**WHEREAS**, the First Class Township Code authorizes the Hatfield Township Board of Commissioners to make and adopt ordinances that are consistent with the laws of Pennsylvania in order for the proper management of Hatfield Township;

**WHEREAS**, Hatfield Township previously adopted the Hatfield Township Municipal Employees' Pension Plan originally effective November 14, 1974, which was amended and restated effective January 1, 2008 (the "Plan");

**WHEREAS**, pursuant to Section 9.2 of the Plan, Hatfield Township wishes to amend Section 6.2(a) relative to the contribution amount.

**NOW, THEREFORE**, be it, and it is hereby **ORDAINED** by the Board of Commissioners of Hatfield Township, Montgomery County, Pennsylvania, and it is hereby **ENACTED** and **ORDAINED** by authority of same as follows:

**SECTION I. Mandatory Employee Contributions.**

Section 6.2 is hereby deleted and replaced with the following:

**6.2 - Mandatory Employee Contributions.**

- (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. For 2015 and moving forward until amended, this mandatory contribution shall be 1.5% of the participant's compensation. In 2013, the contribution was .5% and in 2014, it was 1%.

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.

- (b) **Employee Contributions** – The employer shall remit employee contributions to the trust of the plan as soon as administratively feasible.
- (c) **Determination of Accrued Benefit** – The accrued benefit derived from a participant's mandatory employee contributions as of any applicable date is an annual benefit, in the form of a straight life annuity (without ancillary benefits) commencing at his normal retirement date, equal to the actuarial equivalent of the participant's accumulated contributions. The participant's accumulated

contributions shall be equal to his mandatory employee contributions with interest. The interest rate to be credited shall be 8.00% per annum. Such interest shall be credited annually in the form of a compound interest rate. A participant shall be 100% vested in his accumulated contributions.

- (d) **Withdrawal of Accumulated Contributions** – Upon termination of employment, a participant who is not vested in his benefit accrued under Section 3.3 may withdraw an amount that is equal to his total accumulated contributions. The withdrawal shall be payable in one lump sum. Thereafter, the former participant shall have no further right to any benefit under this plan.

In no event may any amount be withdrawn or distributed until the participant's retirement, disability, death or termination of employment, regardless of the income tax accounting treatment required by IRC section 72(e)(8)(D).

- (e) **Forfeiture** – If a death benefit is payable under Section 4.1, it shall not be less than the participant's accumulated contributions.

## **SECTION II. Plan Participation Eligibility.**

Section 2.1 “Plan Participation” shall be amended so that sub-paragraph (a) is deleted and replaced with the following:

- (a) **Eligibility** – An employee who is a member of the eligible class of employees shall be eligible for plan participation provided that he or she agrees to make the mandatory contributions as set forth in Section 6.2.

## **SECTION III. Service Rules.**

Section 3.1 “Service Rules” shall be amended to add a second bullet point under sub-paragraph (a)(1) as follows:

- Years of service for which the employee fails to make the mandatory employee contribution.

Section 3.1 “Service Rules” shall be amended to contain a third bullet point under sub-paragraph (b)(1) as follows:

- Years of service for which the employee fails to make the mandatory employee contribution.

## **SECTION IV. Preretirement Death Benefit Form and Manner of Payment**

Section 4.1 “Preretirement Death Benefit” is amended so that the following is added to the end of sub-paragraph (c)(1) “Lifetime Pension” as follows:

Notwithstanding any guaranteed period elected, if the designated beneficiary dies before the annuity starting date or before the pension payments made equal the present value of the beneficiary's portion of the accumulated contributions as of the annuity starting date, the monthly payments shall be made until this amount has been distributed.

**SECTION V. Postretirement Death Benefit**

Section 4.2 "Postretirement Death Benefit" is amended to provide for the following additional paragraph:

Notwithstanding the preceding, if the total payments received under the terms of the elected form of pension payment by the participant and any designated survivor annuitant or beneficiary are less than the present value of the participant's accumulated contributions as of the annuity starting date, monthly payments shall be made until this amount has been distributed.

**SECTION VI. Repealer.**

All ordinances or parts thereof inconsistent with the provisions of this Ordinance are hereby repealed to the extent of the inconsistency.

**SECTION VII. Effective Date.**

This Ordinance shall be effective immediately and amends the Plan as of January 1, 2015.

**SECTION VIII. Inconsistencies.**

All other provisions of the Plan not inconsistent with this Ordinance shall remain in full force and effect.

**ENACTED AND ORDAINED** this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

**ATTEST:**

**HATFIELD TOWNSHIP  
BOARD OF COMMISSIONERS**

By: \_\_\_\_\_  
Aaron Bibro,  
Manager/Secretary

By: \_\_\_\_\_  
Thomas C. Zipfel, President