

BOROUGH OF FREEPORT

ORDINANCE NO. 213

AN ORDINANCE ESTABLISHING A RETIREMENT FUND FOR FULL-TIME EMPLOYEES OF THE BOROUGH OF FREEPORT EXCEPT POLICE BY PAYMENTS FROM THE BOROUGH TO TRUSTEES, PROVIDING FOR THE APPOINTMENT OF TRUSTEES, AND AUTHORIZING SUCH TRUSTEES TO ACCUMULATE MONIES IN THE EMPLOYEES' RETIREMENT FUND AND TO MAKE APPROPRIATE CONTRACTS WITH QUALIFIED ORGANIZATIONS TO PROVIDE FOR THE EMPLOYEES' RETIREMENT.

BE IT ORDAINED AND ENACTED BY THE TOWN COUNCIL OF THE BOROUGH OF FREEPORT AND IT IS HEREBY ORDAINED AND ENACTED BY AUTHORITY OF THE SAME.

Section 1. Definitions. Borough - Borough of Freeport;

Trustees - Natural persons appointed as Trustees to administer the Borough Employees' Retirement Fund established by this Ordinance; Fund - The Borough Employees' Retirement Fund established by this Ordinance; Employee - Full-time, non-elected employees of the Borough of Freeport except Police.

Section 2. There is hereby established a Freeport Borough Employees' Retirement Fund to be maintained by appropriations from the Borough of Freeport to be administered by a board of three Trustees to provide for retirement benefits for Borough employees as herein defined.

Section 3. Each present full-time employee of the Borough shall be eligible to participate under the Plan on the Effective Date provided he has not attained age 56, nearest birthday. Each future full-time employee of the Borough shall be eligible to participate under the Plan on the Anniversary Date provided he has completed at least three years of continuous service with the Borough and has not attained age 56, nearest birthday. The Borough shall notify each employee in writing of his eligibility not less than 30 days prior to the Anniversary Date on which the employee becomes eligible for participation. Similar notice shall be given to the Trustees. Each eligible employee will become a participant by satisfying the following requirements within 30 days of the date he is advised of eligibility:

Section 4. There is hereby created a board of three Trustees who will be appointed by Council and will continue to serve as Trustees at the will of Council provided, however, that any removal of a Trustee from office will be preceded by a 60 day notice in writing and any resignation of a Trustee will be preceded by a 60 day notice in writing. One of the Trustees will be selected from among the employees of the Borough. A Councilman may be appointed as Trustee, such appointment being independent and separate from his office as a Councilman.

Section 5. Powers and duties of Trustees. Trustees will administer the Borough Employees' Retirement Fund and may make and enter into contracts with any insurance company or other organizations to provide for pensions for Borough employees in accordance with this Ordinance. Trustees shall keep accurate records, maintain custody of any insurance policies, and any other evidences of ownership of investment of the Fund and shall make an annual report to Council. All records and policies will be open for inspections at all reasonable times by the Council, any designated representative of the Council, or by the Borough auditors. Trustees shall do all acts necessary to manage and maintain the trust in a proper manner. The Trustees may secure and act upon advice of legal counsel, the cost of which will be paid for by Council out of General Borough Funds, and shall not be a charge on the Retirement Fund. In all cases Trustees shall act in a prudent manner. The Trustees shall be under no duty to collect contributions from the Borough or to determine questions relating to Borough records. When insurance premium payments are due, Trustees shall immediately make payment thereof to the insurer from any funds then held by Trustees and available for such purpose. In event such funds are insufficient, Trustees may borrow against the investment cash value of the policies to pay the premium. Trustees will receive no compensation for acting as such and all expenses and services of the Trustees or of the fund will be paid by Borough. Trustees at their

(l) To register any securities held by the Trust hereunder in their own name or in the name of a nominee with or without the addition of words indicating that such securities are held in a fiduciary capacity and to hold any securities in bearer form.

(m) To make, execute and deliver, as Trustees, any and all deeds, leases, mortgages, conveyances, contracts, waivers, releases or other instruments in writing necessary or proper for the accomplishment of any of the foregoing powers.

(n) To invest and reinvest the Trust Fund in real property and in mortgages, stocks, bonds and mutual investments funds or plans for the accumulation of mutual fund shares, and to make loans secured and unsecured as the Trustees see fit. No personal loans shall be made, however to any officers, directors, stockholders or Employees of the Borough.

(o) To invest and reinvest by depositing the Trust Fund in interest bearing accounts as Savings Banks, Commercial Banks or Savings and Loan Associations.

(p) To invest the Trust Fund in a Deposit Fund held by the Insurer.

Section 6. Each full-time employee shall be eligible for

retirement upon the Trustees entering into a Retirement Plan on the effective date of the Plan provided he has not attained the age of 56 to his nearest birthday. Every future full-time employee shall be eligible for retirement on the anniversary date of the Retirement Plan provided he has completed at least three years of continuous service with Borough and has not attained the age of 56 years to his nearest birthday. Borough shall notify each employee in writing of his eligibility not less than 30 days prior to the anniversary date of the Retirement Plan on which the employee becomes eligible for retirement. Borough will give a similar notice to the Trustees. Each eligible employee will receive retirement benefits by satisfying the following requirements within 30 days of the date of which he is advised of his eligibility:

(a) Executing written application of participation in the retirement plan and

(b) In cooperating otherwise to secure the retirement policies from the insurer.

Section 7. Normal retirement income. Trustees may enter into a Retirement Plan in which the normal retirement income for each employee will be not less than \$45.00 per month for life with a guarantee of not less than 120 monthly payments. Trustees may also provide similar options not in conflict with the terms of this Ordinance. Trustees may further provide for death benefits before retirement in accordance with the proceeds of the insurance policies which the Trustees have provided on the

life of the employee. Trustees will give each employee the right to designate his beneficiary and to change the beneficiary from time to time.

Section 8. Borough will make appropriations to the Borough Employees' Retirement Fund which shall be sufficient to pay the premiums due on the insurance policies for the employees, the amounts needed for the conversion fund. The conversion fund will be considered as a part of the Borough Employees' Retirement Fund and shall consist of monies which may be required in addition to the cash value of insurance policies on the life of the employees to purchase annuities required to meet the minimum monthly retirement benefit for each employee. Trustees may provide in their plan to permit each employee to make voluntary annual recurring contributions to the plan subject to a maximum of 10 per cent of his basic annual salary.

Section 9. Normal Retirement Date is the first day of the month coinciding with or next following the Employee's 65th birthday. With the consent of the Borough, a Employee may elect to continue in active employment after his Normal Retirement Date, but in such event no further contributions will be made in his behalf. Ordinarily, payment of the retirement benefits shall commence at Normal Retirement Date, but the Employee may elect to continue working and defer his retirement benefits not later than five (5) years subsequent to the Normal Retirement Date. The amount of his benefits payable upon retirement to an Employee who continues to work after his Normal Retirement Date will be the actuarial equivalent to benefits which would have been paid to him on his Normal Retirement Date. Any Employee who has completed ten (10) or more years of service, has attained age 55 and has been a member of the Plan for ten (10) years preceding his Normal Retirement Date shall be eligible to retire at an Early Retirement Date. The Early Retirement Benefit payable to such an Employee who elects to retire early, shall be proportionately reduced. In the event of permanent disability, an Employee may retire at any time and shall be entitled to receive 100% of the cash value of the policies on his life.

...of the employees. ...

Section 10. Terms of Benefits. The Borough shall notify the Trustees upon the Termination of Employment of an Employee. Contributions for an Employee shall cease upon his Termination of Employment. Upon an Employee's Termination of Employment, for reasons of disability, he shall be vested in the entire amount of the cash value of the Policies on his life regardless of his number of years of participation. Upon Termination of Employment of an Employee for reasons other than death, disability, or retirement, his Account in Trust shall be forfeited except as provided herein. The Employee will be entitled to receive the greater of all of his contributions of the cash value of the Policies purchased and a proportion of the cash value of the Policies on his life purchased by the Borough according to the following schedule:

<u>Years Under the Plan</u>	<u>Proportion of Cash Value</u>
Less than 5	0%
5 but less than 6	10%
6 but less than 7	20%
7 but less than 8	30%
8 but less than 9	40%
9 but less than 10	50%
10 but less than 11	60%
11 but less than 12	70%
12 but less than 13	80%
13 but less than 14	90%
14 and over	100%

The portion of the Employee's Account which is vested shall be distributed to him when his employment is terminated, but in the event the Employee's account is not vested 100%, the Trustees, at their discretion, may defer the distribution until the next Anniversary Date. The vested portion of the Account of the terminated Employee shall be made available in any manner the Trustee deems best for the Employee, provided that if the Trustees pay the vested portion of the Account of the terminated Employee to him in the form of installments, then such installment payments shall be paid over a period not to exceed 10 years and shall be calculated so as to include the prevailing rate of interest. Any terminated Employee shall have the opportunity prior to the date of distribution to purchase any Policy on his life by paying the Trustees for any unvested portion of its cash value. Upon the rehiring of the terminated Employee, he shall be deemed for the

purposes of this Plan to be a new Employee, and any benefits to which he then becomes entitled shall be reduced by allowance for any previously vested benefits. A leave of absence authorized by the Borough shall not be construed as a Termination of Employment. The Borough shall act in a non-discriminatory manner in the treatment of Employees' leaves of absence and Employees under similar circumstances shall be treated in a like manner. Any Employee who enters the active service of the Armed Forces of the United States shall be presumed to be on authorized leave of absence. The Borough shall notify the Trustees of any authorized leave of absence. The Borough is not obligated to make contributions for Employees on leave of absence. The Policies held for an Employee on leave of absence may be placed under the nonforfeiture provisions of the Policies, as selected by the Trustee, on the first Anniversary Date after the beginning of the leave of absence. If the Employee returns during his leave of absence he shall be reinstated as an Employee, and the Trustees shall in their discretion make any necessary changes in the Policies on the Employee's life. Any period of authorized leave of absence shall be considered as continuous employment for the purpose of determining eligibility for participation. Notwithstanding any other provisions herein, to the contrary, any Employee who is discharged by the Borough for commission of an act or acts against the Borough constituting a felony in writing, or is convicted of such act or acts, will be deemed to have forfeited his interest in the Trust. The Trustees shall cancel any Policies purchased for the benefit of such Employee. Such Employee's Account shall be used by the Trustees for the payment of any premiums which may thereafter become due under the terms of this Plan, or for any other purposes for which the Trustees may be authorized under the Plan.

Section 11. All ordinances or parts of ordinances inconsistent hereby are hereby repealed.

DONE, ORDAINED AND ENACTED at a regular meeting of the Town
Council of the Borough of Freeport this 12th day of June, 1968.

Alfred A. Atkinson
President of Council

ATTEST:

Elizabeth J. O'Connell
Borough Secretary

Examined and approved this 26 day of June, 1968.

James H. Wolf
Mayor