

**CUMBERLAND TOWNSHIP
ADAMS COUNTY, PENNSYLVANIA**

ORDINANCE NO. 2024-199

**AN ORDINANCE OF CUMBERLAND TOWNSHIP, ADAMS COUNTY,
PENNSYLVANIA, AMENDING THE CUMBERLAND TOWNSHIP POLICE PENSION
PLAN TO PROVIDE A DEFERRED RETIREMENT OPTION PLAN.**

WHEREAS, Cumberland Township has established a Police Pension Plan pursuant to the Municipal Police Pension Law (53 P.S. § 767, *et seq.*) and Municipal Pension Plan Funding Standard and Recovery Act (53 P.S. § 895.101, *et seq.*) for the benefit of the Township's police officers and their beneficiaries (the "Plan"); and

WHEREAS, Section 11.01 of the Plan authorizes the Township to amend the Plan at any time; and

WHEREAS, 53 P.S. § 895.1111 authorizes the Township to provide a Deferred Retirement Option Plan ("DROP") as part of the Plan; and

WHEREAS, the Township and the Teamsters Local Union No. 776 entered into a Memorandum of Understanding on December 21, 2023 that provides for a DROP benefit; and

WHEREAS, the Township desires to amend the Plan to provide a DROP benefit for its police officers.

NOW THEREFORE, BE IT ENACTED AND ORDAINED, by the Supervisors of Cumberland Township, Adams County, Pennsylvania, as authorized by Section 11.01 of the Plan, the Plan is hereby amended in the following manner:

SECTION 1. A new Article XIV is added as follows:

**ARTICLE XIV
DEFERRED RETIREMENT OPTION PLAN**

Effective December 21, 2023 and terminating on December 31, 2025, any participant who reaches his normal retirement date (defined as completion of 25 years of service and attainment of age 50) shall be eligible to elect to participate under the Deferred Retirement Option Plan ("DROP") program, subject to the following requirements:

14.01 Definitions – The following definitions apply for purposes of this Article only.

- (a) Beneficiary – The individual(s) designated by the Participant in accordance with Section 1.07 to receive the DROP Account balance in the event of the Participant's death during a period in which the Participant is participating in the DROP but before the Participant separates from employment.

- (b) DROP – Deferred Retirement Option Plan program.
- (c) DROP Account – The account created to accept the DROP Participant's monthly pension payments while a DROP Participant.
- (d) DROP Period – The period beginning as of the effective date of Participant's written election notice, in accordance with Article 14.02(a), as approved by the Employer and continuing until that Participant's separation from employment as a police officer of the Employer (his resignation date), but in no event to exceed thirty-six (36) months.
- (e) Resignation Date – The date specified in the Participant's irrevocable DROP election notice as approved by the Employer, as of which the Participant shall resign from employment as a police officer with the Employer. In no event shall the resignation date be longer than thirty-six (36) months from the execution of the DROP election notice form.
- (f) Police Officer – A police officer employed by the Employer.

14.02 DROP Eligibility and Election

- (a) DROP Eligibility – As of the effective date of this Article XIV, a police officer who has not retired prior to the implementation of the DROP program may enter into DROP on the first day of any month following their satisfaction of the normal retirement date requirements (completion of 25 years of service and attainment of age 50).
- (b) Written Election – A police officer electing to participate in the DROP must complete and execute a DROP election notice form prepared by the Employer, which shall confirm the Participant's participation in the DROP. The form must be signed by the Participant and notarized and submitted to the Employer prior to the date on which the Participant wishes the DROP election notice to be effective. The DROP election notice shall include an irrevocable notice to the Employer, by the Participant, that the Participant shall resign from employment with the Employer effective on their resignation date. A police officer shall cease to work as a police officer on his or her resignation date, unless the Employer terminates or honorably discharges them prior to the resignation date.
- (c) Pension Benefit Distribution – The Participant must complete and file with the Plan Administrator any forms required for the commencement of the pension distribution, other than tax-related forms necessary for a distribution payment outside of the Pension Fund. Approval of the DROP election notice shall be subject to the Employer's approval of the retirement and payment of the pension.

- (d) Finality of Election – Once the Employer approves the retirement application and the DROP election notice, both elections are irrevocable.

14.03 DROP Limitations and Benefits

- (a) Pension Contribution – After a police officer elects to participate in the DROP by the execution of the DROP forms, the police officer shall not be required to make any contributions to the Plan under the provisions of Article III during their DROP period.
- (b) Limitation on Pension Accrual – After the effective date of the DROP option, the Participant shall no longer earn or accrue additional years of service for pension calculation purposes. No benefit increases that may occur after a DROP Participant's commencement of participation in the DROP program, including bargained pension enhancements, mandated pension enhancements through arbitration, or pension enhancements mandated by law, will increase the Participant's frozen DROP pension as calculated and determined in accordance with this Section 14.03(b) and Section 14.03(c).
- (c) Benefit Calculation – For all Plan purposes, the years of benefit service of a police officer participating in the DROP shall remain as they existed on the effective date of commencement of participation in the DROP. Service thereafter shall not be recognized or used for the calculation or determination of any benefits payable by the Plan. The average monthly compensation of the police officer for pension calculation purposes shall remain as it existed on the effective date of commencement of participation in the DROP. 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 cost-of-living adjustments in effect on the effective date of the Participant's participation in the DROP (if applicable) or by applicable cost-of-living adjustments specifically granted with respect to the DROP thereafter.
- (d) Payments to the DROP Account – The monthly retirement benefits that would have been payable had the police officer elected to cease employment and receive a retirement benefit shall, upon commencement of participation in the DROP program, be held under the Plan's Pension Fund. A separate accounting shall be made for each participant's DROP Account. The DROP Account shall earn the same annual rate of return as the trust, except that the annual rate earned shall be not less than 0% but not more than 4.5%, or as otherwise limited by state law. Such annual return shall be prorated for the first partial calendar year of the DROP participation. For the last partial calendar year of DROP participation, the

return on the Fund shall be determined based upon the return from January 1 through the date of termination of employment.

- (e) Accrual of Non-Pension Benefits – After a police officer elects to participate in the DROP program, all other contractual benefits shall continue to accrue in accordance with any collective bargaining agreements applicable to the Participant with the exception of those provisions relating to this Plan.
- (f) Disability During DROP Period – If a police officer becomes temporarily unable to perform his duties during his participation in the DROP, he shall continue to be treated as a full-time police officer and shall continue to participate in the DROP program during any such period of temporary disability. In no event shall a police officer temporarily disabled from performing the duties of a police officer be permitted to draw from his DROP Account. However, notwithstanding any other provision of this paragraph, if such a police officer has not returned to work as of his required resignation date, then the DROP notice resignation shall take precedence over all provisions herein and such police officer shall resign. If a police officer becomes permanently incapacitated from the ability to perform his/her duties, nothing in the Plan shall be construed as limiting the right of the Township to seek termination of any benefits under the Pennsylvania Heart & Lung Act, if applicable, or honorable discharge of the police officer in accordance with the Police Tenure Act. Any such member who retires, or is granted an honorable discharge in accordance with the Police Tenure Act shall, on that date, receive his/her DROP Account balance, and thereafter, commence receiving his/her frozen monthly DROP pension benefit.
- (g) Death During DROP Period – If a DROP Participant dies during the DROP Period and the killed in service death benefit as described in Section 6.04 is payable, then the DROP Election shall be revoked and the DROP Account shall not be payable to any designated Beneficiary of the deceased DROP Participant. If death occurs during the DROP Period but the killed-in-service death benefit is not payable, then the DROP Participant's designated Beneficiary shall be entitled to a lump sum payment of the DROP Account balance in addition to any death benefit payable under Section 6.02. The Beneficiary shall not be permitted to defer receipt of the DROP Account.

14.04 DROP Termination

- (a) Early Termination – A DROP Participant may change his/her DROP termination date to an earlier date within the limitations of 53 P.S. § 895.1113. No penalty shall be imposed for early termination of DROP participation.

(b) Upon either early or regular termination of DROP participation:

(i) The DROP Participant shall be separated from employment by the Employer.

(ii) The Plan shall pay the balance in the Participant's DROP Account to the terminating DROP Participant as provided in 53 P.S. § 895.1114(d).

(iii) The DROP Participant shall be ineligible to reenroll in the DROP thereafter even if the former DROP Participant is reemployed by the Employer with renewed active membership in the Plan.

(c) Expiration of DROP Program – Participants' ability to enter into the DROP program upon attaining their normal retirement date sunsets on December 31, 2025 with the expiration of the Collective Bargaining Agreement. At that time, participants currently in the DROP program who have not yet reached the maximum DROP Period of three (3) years as of December 31, 2025 shall be permitted to continue their DROP program participation through the end of each participant's respective DROP Period. New DROP participants shall not be permitted to enroll unless expressly provided for in a successor Collective Bargaining Agreement.

14.05 Neither the DROP program nor the acceptance of a DROP election shall be construed as creating or changing any contract of employment between the Employer and its employees, and the Employer retains the right to deal with its employees in the same manner as though a DROP Account had not been created.

SECTION 2. Repealer. All provisions of previous Ordinances of the Township of Cumberland which are contrary to this Ordinance are expressly repealed.

SECTION 3. Savings Clause. In all other respects, the Police Pension Plan of Cumberland Township shall remain as previously enacted and ordained.

SECTION 4. Severability. The provisions of this Ordinance are declared to be severable, and if any section, subsection, sentence, clause or part thereof is, for any reason, held to be invalid to unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of any remaining sections, subsections, sentences, clauses or part of this ordinance.

SECTION 5. Effective Date. This Ordinance shall take effect immediately and shall be retroactive to December 21, 2023.

[signature page to follow]

ENACTED AND ORDAINED on this 27th day of August, 2024.

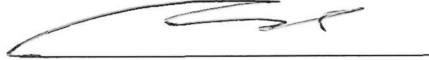
ATTEST:

CUMBERLAND TOWNSHIP BOARD OF SUPERVISORS
CUMBERLAND TOWNSHIP,
ADAMS COUNTY, PENNSYLVANIA



Michele Long,
Township Secretary

By:



Shaun Phiel,
Chairperson