

**CORAOPOLIS BOROUGH  
ALLEGHENY COUNTY, PENNSYLVANIA**

**ORDINANCE NO. 1820**

AN ORDINANCE AMENDING THE PENSION PLAN FOR THE BENEFIT OF THE POLICE OFFICERS OF THE BOROUGH, KNOWN AS THE CORAOPOLIS BOROUGH POLICE PENSION PLAN (PLAN) TO UPDATE THE PLAN FOR RECENT CHANGES IN THE INTERNAL REVENUE CODE PROVISIONS AFFECTING GOVERNMENTAL PENSIONS AND TO ADD A DROP PROVISION.

Council intends that the Plan comply with the Internal Revenue Code provisions for governmental pension plans and intend this amendment to the Plan to update the Plan's Internal Revenue Code provisions.

Any Ordinances or parts thereof which conflict with the provisions of the Ordinance shall be, and the same are hereby repealed so far as they shall affect this Ordinance; however, such repeal shall not affect any act done or any right or liability accrued under any such Ordinance which shall be hereunder repealed or superseded and all such rights or liabilities shall continue and may be enforced in the same manner as if such repeal or supersession had not been made but only to the extent otherwise permitted under the laws of the Commonwealth of Pennsylvania.

**SECTION I**

The Plan is hereby amended by deleting existing Article XII in its entirety and replacing it with new Article XII, which shall provide as follows:

**ARTICLE XII**

**APPLICABLE INTERNAL REVENUE CODE PROVISIONS**

**12.1 BACKGROUND AND INTENT TO COMPLY**

As a governmental pension plan under Internal Revenue Code of 1986, the Plan is obligated to operate in compliance with the provisions of the Internal Revenue Code as they apply to governmental entities. The Employer intends that this Plan shall meet all the pertinent requirements established for a governmental plan (as defined in Internal Revenue Code §414(d)) under Internal Revenue Code §401(a), as amended, and the Plan shall be interpreted, wherever possible, to comply with the terms of said Code and all formal regulations and rulings pertinent to the Plan and trust agreement.

**12.2 DEFINITIONS**

The following words and phrases are hereby introduced and defined for purposes of this Regulation only:

- (a) **"Leased Employee"** shall mean, effective as of January 1, 1997, any person (other than an Employee of the recipient) who pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with Code Section 414(n)(6)) on a substantially full time basis for a period of at least one year, and such services are under primary direction and control of the recipient.
- (b) **"Limitation Year"** shall mean the Plan Year.

### 12.3 MAXIMUM ANNUAL BENEFIT

- (a) **General Rule.** Except as otherwise provided, this Plan shall at all times comply with the provisions of Code Section 415 and the regulations thereunder, the terms of which are specifically incorporated herein by reference. If a benefit payable to a Participant under this Plan would otherwise exceed the limit under Code Section 415, the benefit will be reduced to the maximum permissible benefit.
- (b) **Effective Date.** If there is more than one permissible effective date for any required change in the Code Section 415(b) provisions, then the change shall be effective as of the latest permissible effective date; however, any adjustment in the dollar limit under Code Section 415(b)(1)(A), whether required or permissible, shall take effect automatically as of the earliest permissible effective date. The "applicable mortality table" in Rev. Rul. 2001-62 effective from December 31, 2002 through December 31, 2007. Effective as of January 1, 2008 the "applicable mortality table" and "applicable interest rate" are found in Rev. Rul. 2007-67. The "applicable interest rate" and "applicable mortality assumption" shall be automatically adjusted for changes in the law and IRS announcements.
- (c) **No Reduction in Accrued Benefits.** Notwithstanding the above, no change in the limits under this Article shall reduce the benefit of any Participant.
- (d) **Multiple Plans.** If a Participant also participates in one or more other plans that are required to be aggregated with this Plan for purposes of determining the limits under Code Section 415(b), and if the aggregated benefits would otherwise exceed the limit under Code Section 415(b), then benefits shall be reduced first under this Plan.
- (e) **Mandatory Contributions.** Participant Contributions are annual additions, and any benefit attributable to Participant Contributions is not included in the benefit subject to the limits of Code Section 415(b). This subsection does not apply to contributions "picked-up" in accordance with Code Section 414(h).
- (f) **Permissive Service Credit.** Effective as of January 1, 1998, if a Participant makes a purchase of permissive service credit (within the meaning of Code Section 415(n)) under the Plan, the benefit derived from the contributions made to purchase the service credit shall be treated as part of the benefit subject to the limitations under this section.

## 12.4 LIMIT ON ANNUAL ADDITIONS

- (a) **Annual Additions.** Except as otherwise provided, annual additions (which include Participant Contributions) under this Plan shall at all times comply with the provisions of Code Section 415(c) and the regulations thereunder, the terms of which are specifically incorporated herein by reference. If an annual addition would otherwise exceed the limit under Code Section 415(c), the excess annual addition will be eliminated in accordance with methods permitted under Rev. Proc. 2008-50 (Rev. Proc. 2006-27 prior to 2009) or its successor.
- (b) **Multiple Plans.** If a Participant also participates in one or more other plans that are required to be aggregated with this Plan for purposes of determining the limits under Code Section 415(c), and if the annual additions would otherwise exceed the limit under Code Section 415(c), annual additions will first be reduced under the other plan. If there is more than one other plan, annual additions will first be reduced under the plan with the greatest amount of annual additions.
- (c) **Effective Date.** The limits under which Code Section 415(c) are adjusted periodically in accordance with changes in the law or cost of living adjustments without the need for a plan amendment. If there is more than one permissible effective date for any required change relating to Code Section 415(c), then the change shall be effective as of the earliest permissible effective date.
- (d) **415(c) Compensation.** For the purposes of this Section, "compensation" includes only those items specified in Treas. Reg. §1.415(c)-2(b)1 or (2) and excludes all items listed in Treas. Reg. §1.415(c)-2(c), the terms of which are specifically incorporated herein by reference. Effective as of January 1, 2009, to the extent required by the Heroes Earnings Assistance Tax Relief Tax Act of 2008 (HEART Act), differential wage payments shall be included in compensation for the purposes of applying the limits on annual additions under IRC Section 415(c). This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.

## 12.5 LEASED EMPLOYEES AND INDEPENDENT CONTRACTORS

Leased Employees and independent contractors are not eligible to participate in this Plan. Any person whom the Council does not regard as being an Employee shall not be eligible to participate.

## 12.6 MULTIPLE PLAN REDUCTION

Code Section 415(e) applied for Limitation Years beginning prior to 2000.

## 12.7 LIMIT ON COMPENSATION

Compensation is subject to the limitation under Code Section 401(a)(17), which is \$285,000 for the Plan Year beginning in 2020. The limit is automatically adjusted periodically, without formal amendment, for changes in the law and cost-of-living adjustments under Code Section 401(a)(17).

## **12.8 VESTING UPON PLAN TERMINATION**

Upon the termination of this Plan, or complete or partial discontinuance of contributions (within the meaning of pre-ERISA Code Section 401(a)(7)) to this Plan, each Employee (who is not already 100% vested) as of the date of such termination or discontinuance shall become vested to the extent that the Plan is funded.

## **12.9 REQUIRED DISTRIBUTIONS**

Notwithstanding any provision in this Plan to the contrary, the distribution of a Participant's benefits shall be made in accordance with the requirements of Code Section 401(a)(9). For purposes of complying with Code Section 401(a)(9), life expectancies were determined in accordance with the 1987 proposed regulations prior to January 1, 2003 and with the final regulations (§1.401(a)(9)-1 through §1.401(a)(9)-9) on or after January 1, 2003.

- (a) Distribution of a Participant's benefits shall begin not later than April 1<sup>st</sup> of the calendar year following the later of:
  - (1) the calendar year in which the Participant attains age seventy-two (72), or
  - (2) the calendar year in which the Participant retires.

Distributions must be made over a period not exceeding the life of the Participant or the joint lives a Participant and his Beneficiary.

- (b) Distributions to a Participant and his Beneficiaries shall only be made in accordance with the incidental death benefit requirements of Code Section 401(a)(9)(G) and the regulations thereunder. If a Participant receives a joint and survivor annuity and the beneficiary is not the Participant's spouse, life expectancy shall be determined using the Uniform Lifetime Table of Treasury regulation §1.401(a)(9)-9.
- (c) This section does not authorize the payment of any benefit in any form not permitted under another provision of the Plan.
- (d) The terms of any annuity purchased with Trust assets must comply with the requirements of Code Section 401(a)(9) and the regulations thereunder.

## **12.10 DOMESTIC RELATIONS ORDER**

All rights and benefits, including elections, provided to a Participant in this Plan may be subject to the rights afforded to any "alternate payee" pursuant to a domestic relations order as provided by applicable state law.

## 12.11 DIRECT ROLLOVER

- (a) This Section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.
- (b) For purposes of this Section, the following definitions shall apply:
- (1) An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: (i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; (ii) any distribution to the extent such distribution is required under Code Section 401(a)(9); (iii) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and (iv) effective as of January 1, 2002, any hardship distribution. Effective as of January 1, 2002 clause (iii) does not apply to any after-tax Participant contributions that are paid to an individual retirement account or annuity described in Code Section 408(a) or (b), or to a qualified defined contribution plan described in Code Section 401(a) or 403(a) or effective as of January 1, 2007, any 403(b) annuity contract that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.
  - (2) An eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), or a qualified trust described in Code Section 401(a), that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, prior to January 1, 2002, an eligible retirement plan was an individual retirement account or individual retirement annuity. Effective as of January 1, 2002, an "eligible retirement plan" includes an annuity contract described in Code Section 403(b) and an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan. Effective January 1, 2008, a Roth IRA is an "eligible retirement plan."

- (3) A distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are distributees with regard to the interest of the spouse or former spouse.
  - (4) A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.
- (c) Non-Spouse Beneficiaries - Effective as of January 1, 2007, if a Beneficiary who is not a surviving spouse is entitled to receive what would otherwise be an "eligible rollover distribution", the Beneficiary may, in accordance with Code Section 402(c)(11), make a trustee-to-trustee transfer of that amount to an IRA or individual retirement annuity (other than an endowment contract); provided that:
- (1) the transfer is made not later than the end of the fourth year after the year of the Participant's death, and
  - (2) the account or annuity to which the amount is transferred is treated as an inherited IRA or individual retirement annuity in accordance with Code Section 408(d)(3)(C).

#### **12.12 CREDIT FOR QUALIFIED MILITARY SERVICE**

Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code.

#### **12.13 MANDATORY DISTRIBUTIONS**

Effective, January 1, 2006, in the event of a mandatory distribution under the terms of this Plan, if the Participant does not elect to have the distribution paid directly to an Eligible Retirement Plan specified by the Participant in a Direct Rollover, or to receive the distribution directly, then the distribution will be paid in a direct rollover to an IRA designated by the Plan.

#### **12.14 HEROES EARNINGS ASSISTANCE RELIEF TAX ACT OF 2008 (HEART ACT)**

Except where otherwise specifically provided to the contrary in this Plan, effective for deaths occurring on or after January 1, 2007, the Plan will provide retirement benefits and service credit to the extent that the Plan is required and mandated by the Heart Act to provide said benefits and/or service credit.

#### **12.15 FORFEITURES**

Forfeitures shall not be used to increase the benefits of any Participant in this Plan but may be used to reduce Employer contributions to the Plan.

## **12.16 VESTING AT NORMAL RETIREMENT AGE**

Upon attainment of Normal Retirement Age, a Participant shall be 100% vested in his Normal Retirement Benefit.

## **12.17 EXCLUSIVE BENEFIT**

The Plan is maintained for the exclusive benefit of the Participants and Beneficiaries.

## **12.18 WINDSOR CASE**

Effective June 23, 2013, the terms spouse, husband, wife, widow and widower shall include individuals married to persons of the same sex if the individuals are legally married under state law. Also, where the term widow appears, it shall be read to include widower.

## **SECTION II**

The Plan is hereby amended by adding a new Article XIII Deferred Retirement Option Plan (DROP).

Effective beginning January 1, 2021, for any Qualifying Officer who shall make an irrevocable election, the Coraopolis Borough Police Pension Fund (Fund) is amended to add a DROP pursuant to New Article XIII which shall provide as described below. The Participant must enter the DROP by age 60, otherwise the maximum 4-year term is reduced by one year for each year of delay beyond age 60. As a result, if the Participant enters the DROP at age 62, the maximum term would be 2 years.

## **ARTICLE XIII DEFERRED RETIREMENT OPTION PLAN (DROP)**

13.01 Definitions—Unless otherwise specifically set forth in this Article XIII the defined terms used herein shall have the meaning assigned to them in the remainder of Article XIII.

DROP—The DROP is created as an optional form of benefit under the existing Coraopolis Borough Police Pension Fund (Fund). The DROP shall be for a maximum five-year term, with the maximum term reduced one year for every year the Participant delays entering the DROP after Normal Retirement Date and the ability to elect DROP shall expire completely six years after Normal Retirement Date.

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

DROP Participant—An employee and Participant in the Fund who attains the later of age 50 and 25 years of Aggregate Service (Normal Retirement Date), and who has elected to participate in the DROP program.

Qualifying Officer--Shall mean any full-time active police officer of Coraopolis Borough who has attained age 50 with 25 years of Aggregate Service and thus is eligible for Normal Retirement Age under Fund after January 1, 2021.

- 13.02 Eligibility—Qualifying officers who so elect and enter the DROP within one year of Normal Retirement Age may enter into the DROP on the first day of any month following the election.
- 13.03 Written Election—A Qualifying Officer in the Fund electing to participate in the DROP program must complete and execute a “DROP Election Form” which shall evidence the DROP Participant’s participation in the DROP program, the DROP Participant's election to forego active membership in the Fund and document the DROP Participant’s rights and obligations under the DROP. The form must be signed by the DROP Participant and the Borough Manager prior to the date on which the DROP Participant elects to enter the DROP (Election Date). Election Date must be after reaching Normal Retirement Age. 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 four years from the effective date of the DROP Participant's entry into the DROP. In addition, all retirement documents required by the Borough must be filed and presented to the Board for approval of retirement and commencement of the monthly pension benefit. Once the retirement application has been approved by the Borough Manager, it shall become irrevocable. A DROP Participant's participation shall become effective the day following his Election Date.

After a DROP Participant enters the DROP program, contributions to the Fund by the Participant will cease, and the amount of the monthly benefits will be frozen except for any applicable cost-of-living adjustment (COLA) increases, if any, awarded to all pension recipients.

Participants should consult a tax advisor of their choice prior to considering the DROP program, as there may be serious tax implications and/or consequences to participating in the DROP.

- 13.04 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 should such a service increment become available to active Participants in the Fund. The DROP Participant shall also forego any growth in salary after the Election Date for the purpose of calculating retirement benefits under the Fund
- 13.05 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 local government with renewed active membership in the Fund.
- 13.06 Benefit Calculation—For all Fund 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 Fund including any service increments that may be available. The average monthly earnings 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 Fund. The pension benefit payable to the Participant shall increase only as a result of cost-of-living adjustments (COLAs), if any, effective on or after the date of the DROP Participant's participation in the DROP.

- 13.07 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 account established by the Fund Administrator to track and accumulate 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 may be a segregated account into which each DROP Participant's monthly retirement benefit shall be deposited. All earnings or losses associated with the DROP Account (not less than 0% nor greater than 4.5%) will be included in the final cash settlement. All earnings or losses credited to the DROP Account will be included in the final cash settlement.

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

- 13.08 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.

- 13.09 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 Economy, 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 45 days directly to the custodian of an eligible retirement Fund as defined in section 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 Fund 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 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 13.09 a distributee may elect to have an eligible rollover distribution paid directly to an eligible rollover distribution paid directly to an eligible retirement Fund 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 Act 600 of 1956, 53 P.S. §767 *et. seq.* 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 Fund only if it accepts the distributee's eligible rollover distribution and, in the case of an eligible rollover distribution to a surviving spouse, an eligible retirement Fund is an "individual retirement account" or an "individual retirement annuity" as those terms are defined in IRC §408(a) and (b).

- 13.10 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 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 Fund 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 Fund credited to his DROP Account.

Except for those benefits specifically payable as a result of death incurred in the course of performing a hazardous public duty, the survivors of the DROP Participant who dies shall not be eligible to receive retirement system death benefits payable in the event of the death of an active member. The DROP Participant's survivor(s) shall be eligible to receive survivor benefits normally payable in the event of the death of a retired Participant.

- 13.11 Disability--If a DROP Participant becomes eligible for a disability benefit from the Fund and terminates employment, the monthly non-disability retirement benefit of the DROP Participant shall terminate.
- 13.12 Eligibility for Other Benefits--Except for benefits specifically foregone by the DROP Participant pursuant to Section 13.04, a DROP Participant shall be eligible for the employee benefits provided to active employees that is appended to this Ordinance as Appendix A.
- 13.13. 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 (2nd 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).
- 13.14 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.
- 13.15 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.
- 13.16 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 XI 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 XIII 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 Article 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 XI. Rights under this Article XIII shall be subject to attachment in favor of an alternate payee as set forth in a qualified domestic relations order.
- 13.17 Trust Requirement--A DROP Participant's DROP Account shall be held in trust for the exclusive benefit of Fund Participants who are or were DROP Participants and for their Beneficiaries.
- 13.18 Severability—The provisions of this Article XIII 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 XIII shall not be affected thereby. It is hereby expressly declared as the intent of the Borough that this Article XI has been adopted as if such unconstitutional or illegal provision or provisions have not been included herein.
- 13.19 Collective Bargaining Provisions—The Police Association shall reimburse the Borough for the costs of the Actuary Study, Legal Fees associated with updating the Pension Plan, advertising fees and any unforeseen expenditures. The Borough is not guaranteeing any interest income during the Policeman's DROP Period and the Policemen will be charged for maintaining their personal DROP Savings Account. Upon inception of the Plan any eligible Policeman may enroll as of January 1, 2021, if the updated Police Pension Plan is not finalized until later in 2021. If the Drop Plan is discontinued prior to the termination of the subsequent contract starting January 1, 2025, the Borough shall reimburse the

Association fifty percent (50%) of the cost of updating the Pension Plan and the Actuary Study.


The following DROP eligibility shall pertain to any officer who is beyond age 60 at the time when the DROP is implemented as of January 1, 2021. Any such participant can elect to enter the DROP immediately on January 1, 2021. Likewise, the DROP for such a participant shall be for a maximum four-year term, with the maximum term reduced one year for every year any such participant delays entering the DROP after January 1, 2021. The ability to elect to enter the DROP, for any such participant shall expire completely at December 31, 2024.

Any participant entering the DROP must terminate employment at the conclusion of the DROP period.

**ORDAINED AND ENACTED** into law this 12th day of May 2021.

**ATTEST:**

**BOROUGH OF CORAOPOLIS**



Raymond McCutcheon  
Borough Manager



David F. Pendel  
Council President

EXAMINED AND APPROVED by me this 10<sup>th</sup> day of February 2021.



Shawn P. Reed  
Mayor

## 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. Personal Days
5. Bereavement Leave
6. Life Insurance
7. Health Insurance (including health, vision and dental)
8. Uniform Allowance