

Council of the City of York, PA
Session 2015
Bill No.
Ordinance No.

[Article 169 – with amendments](#)
[Amended FOP agreement \(Res#108-14\)](#)

INTRODUCED BY: **Henry Hay Nixon**

DATE: **January 20, 2015**

An Ordinance

Amending Article 169 “Police Officers’ Pension Fund” of the York City Codified Ordinances to make it consistent with Resolution No. 108 of Session 2014 amending the White Rose Lodge No. 15 Fraternal Order of Police bargaining agreement for the period of January 1, 2015 through December 31, 2018.

WHEREAS, Resolution No. 108 of Session 2014 amending the White Rose Lodge No. 15 Fraternal Order of Police bargaining agreement for the period of January 1, 2015 through December 31, 2018 was approved by York City Council at its December 23, 2014 meeting; and

WHEREAS, Article 169 “Police Officers’ Pension Fund” of the York City Codified Ordinances shall be amended to reflect said changes;

NOW, THEREFORE, BE IT ORDAINED, by the Council of the City of York, Pennsylvania, that Article 169 “Police Officers’ Pension Fund” be hereby amended as follows:

SECTION ONE: That *Section 1.2 – Actuarial Equivalent*, Subsection 1.2(c) of Article 169 is hereby amended as follows:

Section 1.2 – Actuarial Equivalent

- (c) **Limitations on Benefits** – For the purpose of implementing the limitations on benefits of IRC section 415, actuarial equivalence shall be determined based on the following mortality and interest assumptions:

Mortality table: UP-1984 (-2)

Interest rate: **5.00 2.50%** per annum compounded annually

For the purpose of applying the limitations on benefits of Section 7.1, the applicable mortality table is the applicable mortality table described in Treasury Regulation section 1.417(e)-1(d)(2) in effect for the plan year that contains the annuity starting date. The applicable interest rate is the annual rate of interest as determined under Treasury Regulation section 1.417(e)-1(d)(3) for the second month preceding the first day of the plan year that contains the annuity starting date.

SECTION TWO: That *Section 3.2 – Normal Retirement*, Subsection 3.2(a)(1) of Article 169 is hereby amended as follows:

Section 3.2 – Normal Retirement

- (a) (1) **Normal Retirement Age** – The normal retirement age of each participant shall be the day on which he satisfies both of the following requirements:

(A) he attains age 50 55; and

(B) he completes 20 years and 6 months of vesting service.

Notwithstanding the above, the normal retirement age of a participant who was hired prior to January 1, 2015, shall be the day on which he satisfies both of the following requirements:

(A) he attains age 50; and

(B) he completes 20 years and 6 months of vesting service.

Notwithstanding the above, the normal retirement age of a participant who was hired prior to January 2, 1978, shall be the day on which he satisfies both of the following requirements:

- (A) he attains age 50; and
- (B) he completes 20 years of vesting service.

An actively employed participant's right to his normal retirement benefit shall be 100% vested and nonforfeitable upon attainment of the normal retirement age, notwithstanding the plan's vesting schedule.

Retired participants shall be subject to service, from time to time, as a police reserve, in cases of riot, tumult, or preservation of public peace until unfitted for such service, when they may be finally discharged by reason of age or disability.

SECTION THREE: That *Section 3.2 – Normal Retirement*, Subsection 3.2(f) of Article 169 is hereby amended as follows:

- (f) **Postretirement Pension Allowance Increases for Former Employees** – Accruals under the current benefit formula shall be annually increased on the accounting date **by 2.50% 50% of the dollar increase granted to active police officers of the highest pay grade.** Notwithstanding the above, for participants who retired between January 1, 2003, and January 15, 2003, the annual increase shall be equal to 4.0% of the retirement benefit. The annual increase shall not cause the benefit payable to exceed the maximum permissible defined benefit dollar limit as described in Section 7.1(e)(5) for the calendar year as cumulatively adjusted.

Notwithstanding the above, no increase shall result in a total retirement benefit in excess of 50% of the salary being paid to police officers of the highest pay grade on the accounting date.

SECTION FOUR: That *Section 5.1 – Vesting* of Article 169 is hereby amended as follows:

Section 5.1 – Vesting

If a participant separates from the service of the employer other than by retirement or disability, he shall forfeit any benefit accrued under Section 3.3 unless he has been credited with 12 years of vesting service. A participant who has been credited with 12 years of vesting service shall be entitled to a vested deferred pension if he files with the Association a written notice of his intention to vest within 30 days of the date he terminates employment or ceases to be a member of the eligible class of employees. Such vested deferred pension shall be equal to the benefit accrued to the date of termination.

Notwithstanding the above, if the participant has been credited with 20 years and 6 months of vesting service, such vested deferred pension shall be equal to the normal retirement benefit based upon his average annual compensation at the date of termination if the participant continues to make contributions to the Plan after termination until he attains **age 55 50** in an amount equal to the amount he was contributing at the date of termination, or based upon the average annual compensation he would have as of his attainment of **age 55 50** had he continued in employment until such time if the participant continues to make contributions to the Plan after termination until he attains **age 55 50** in an amount equal to the amount he would have contributed if he continued in employment until such time.

SECTION FIVE: That *Section 7.1 – Limitation on Benefits Under IRC Section 415*, Subsections 7.1(e)(2)(A)(i) and 7.1(e)(2)(A)(ii) of Article 169 is hereby amended as follows:

- (A) **Benefit Forms Not Subject to IRC Section 417(e)(3)** – The straight life annuity that is actuarially equivalent to the participant's form of benefit shall be determined under this Section 7.1(e)(2)(A) if the form of the participant's benefit is either (i) a nondecreasing annuity (other than a straight life annuity) payable for a period of not less than the life of the participant (or, in the case of a preretirement survivor annuity, the life of the surviving spouse), or (ii) an annuity that decreases during the life of the participant merely because of (a) the death of the survivor annuitant (but only if the reduction is not below 50% of the annual benefit payable before the death of the survivor annuitant), or (b) the cessation or reduction of Social Security supplements or qualified disability payments (as defined in IRC section 401(a)(11)).
- (i) **Limitation Years beginning before July 1, 2007** – For limitation years beginning before July 1, 2007, the actuarially equivalent straight life annuity shall be equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit computed using whichever of the following produces the greater annual amount: (a) the interest rate and the mortality table stated in Section 1.2(c); and (b) a **2.5% interest rate** assumption and the applicable mortality table defined in Section 1.2(c) for that annuity starting date.
- (ii) **Limitation Years beginning on or after July 1, 2007** – For limitation years beginning on or after July 1, 2007, the actuarially equivalent straight life annuity is equal to the greater of: (a) the annual amount of the straight life annuity (if any) payable to the participant under the plan commencing at the same annuity starting date as the participant's form of benefit; and (b) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using a **2.5% interest rate** assumption and the applicable mortality table defined in Section 1.2(c) for that annuity starting date.

SECTION SIX: That *Section 7.1 – Limitation on Benefits Under IRC Section 415*, Subsections 7.1(e)(2)(B)(i) and 7.1(e)(2)(B)(ii) of Article 169 is hereby amended as follows:

- (B) **Benefit Forms Subject to IRC Section 417(e)(3)** – The straight life annuity that is actuarially equivalent to the participant's form of benefit shall be determined under this paragraph if the form of the participant's benefit is other than a benefit form described in Section 7.1(e)(2)(A). In this case, the actuarially equivalent straight life annuity shall be determined as follows:
- (i) **Annuity Starting Date in Plan Years Beginning After 2005** – If the annuity starting date of the participant's form of benefit is in a plan year beginning after December 31, 2005, the actuarially equivalent straight life annuity shall be equal to the greatest of: (a) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using the interest rate and the mortality table stated in Section 1.2(c); (b) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using a **25.5% interest rate** assumption and the applicable mortality table defined in Section 1.2(c); and (c) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using the applicable interest rate and the applicable mortality table as defined in Section 1.2(c), divided by 1.05.

- (ii) **Annuity Starting Date in Plan Years Beginning in 2004 or 2005** – If the annuity starting date of the participant's form of benefit is in a plan year beginning in 2004 or 2005, the actuarially equivalent straight life annuity shall be equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using whichever of the following produces the greater annual amount: (a) the interest rate and the mortality table stated in Section 1.2(c); and (b) a **25.5% interest rate** assumption and the applicable mortality table as defined in Section 1.2(c).

SECTION SEVEN: That *Section 7.1 – Limitation on Benefits Under IRC Section 415*, Subsections 7.1(e)(10)(B)(i)(a) and 7.1(e)(10)(B)(i)(b)(1) of Article 169 is hereby amended as follows:

- (i) **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62**
- a. **Limitation years beginning before July 1, 2007** – If the annuity starting date for the participant's benefit is prior to age 62 and occurs in a limitation year beginning before July 1, 2007 and the participant has not completed 15 years of service, the defined benefit dollar limitation for the participant's annuity starting date is an annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section 7.1(e)(10)(A) for years of participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (1) the interest rate and the mortality table (or the tabular factor) specified in Section 1.2 for an early retirement benefit; or (2) a **2.5% interest rate** assumption and the applicable mortality table as defined in Section 1.2(c).
- b. **Limitation years beginning on or after July 1, 2007**
1. **Plan does not have immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement** – If the annuity starting date for the participant's benefit is prior to age 62 and occurs in a limitation year beginning on or after July 1, 2007, the participant has not completed 15 years of service, and the plan does not have an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the defined benefit dollar limitation for the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section 7.1(e)(10)(A) for years of participation less than 10, if required) with actuarial equivalence computed using a **2.5% interest rate** assumption and the applicable mortality table for the annuity starting date as defined in Section 1.2(c) (and expressing the participant's age based on completed calendar months as of the annuity starting date).

SECTION EIGHT: That *Section 7.1 – Limitation on Benefits Under IRC Section 415*, Subsections 7.1(e)(10)(B)(ii)(a) and 7.1(e)(10)(B)(ii)(b)(1) of Article 169 is hereby amended as follows:

(ii) **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement After Age 65**

a. **Limitation years beginning before July 1, 2007** – If the annuity starting date for the participant's benefit is after age 65 and occurs in a limitation year beginning before July 1, 2007, the defined benefit dollar limitation for the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section 7.1(e)(10)(A) for years of participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (1) the interest rate and the mortality table (or other tabular factor) specified in Section 1.2(b) for a late retirement benefit; or (2) **a 2.5% interest rate** assumption and the applicable mortality table as defined in Section 1.2(c).

b. **Limitation years after July 1, 2007**

1. **Plan does not have immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement** – If the annuity starting date for the participant's benefit is after age 65 and occurs in a limitation year beginning on or after July 1, 2007, and the plan does not have an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the defined benefit dollar limitation at the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section 7.1(e)(10)(A) for years of participation less than 10, if required), with actuarial equivalence computed using **a 2.5% interest rate** assumption and the applicable mortality table for that annuity starting date as defined in Section 1.2(c) (and expressing the participant's age based on completed calendar months as of the annuity starting date).

SECTION NINE: This ordinance shall become effective in accordance with the law.

PASSED FINALLY:

BY THE FOLLOWING VOTE:

YEAS: _____, _____, _____, _____, _____

NAYS: _____.

Carol Hill-Evans, President of Council

ATTEST:

Presented to the Mayor for approval this ____ day of _____ 2015.

Dianna L. Thompson-Mitchell, City Clerk

APPROVED: _____
Mayor Date

VETOED: _____
Mayor Date