

ORDINANCE NO. 225-2026

AN ORDINANCE OF WEST VINCENT TOWNSHIP, CHESTER COUNTY, COMMONWEALTH OF PENNSYLVANIA, ELECTING TO AMEND ITS POLICE PENSION PLAN ADMINISTERED BY THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM PURSUANT TO ARTICLE IV OF THE PENNSYLVANIA MUNICIPAL RETIREMENT LAW; AGREEING TO BE BOUND BY ALL PROVISIONS OF THE PENNSYLVANIA MUNICIPAL RETIREMENT LAW AS AMENDED AND AS APPLICABLE TO MEMBER MUNICIPALITIES. IT IS HEREBY ORDAINED BY WEST VINCENT TOWNSHIP, CHESTER COUNTY, AS FOLLOWS:

SECTION I. West Vincent Township (the Township), having established a police pension plan administered by the Pennsylvania Municipal Retirement System (the System), hereby elects to amend its Police Pension Plan administered by the System in accordance with Article IV of the Pennsylvania Municipal Retirement Law, 53 P.S. §881.101 et seq. (Retirement Law), and does hereby agree to be bound by all the requirements and provisions of the Retirement Law and the Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. §895.101 et seq., and to assume all obligations, financial and otherwise, placed upon member municipalities.

SECTION II. As part of this Ordinance, the Township agrees that the System shall administer and provide the benefits set forth in the amended Police Pension Plan Document, which includes Addendum C: Deferred Retirement Option Program (attached as Exhibit "A"), entered into between the Pennsylvania Municipal Retirement Board and the Township effective as of the date specified in the adoption agreement (the Contract).

SECTION III. The Township acknowledges that by passage and adoption of this Ordinance, the Township officially accepts the Contract and the financial obligations resulting from the administration of the Contract.

SECTION IV. Payment for any obligation established by the adoption of this Ordinance and the Contract shall be made by the Township in accordance with the Retirement Law and the Municipal Pension Plan Funding Standard and Recovery Act. The Township hereby assumes all liability for any unfundedness created due to the benefit structure set forth in the Contract.

SECTION V. The Township intends this Ordinance to be the complete authorization of the Contract, as amended and it shall become effective as of the date specified in the adoption agreement, which is the effective date of the Contract, as amended.

SECTION VI. A duly certified copy of this Ordinance and an executed Contract shall be filed with the System.

ORDAINED this 16th day of March, 2026.

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**BOARD OF SUPERVISORS
WEST VINCENT TOWNSHIP
CHESTER COUNTY, PENNSYLVANIA**

ATTEST:

By: [Signature]
Secretary

By: [Signature]
Dana Alan

By: [Signature]
Bernie Couris

By: [Signature]
Sean Clark

PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM
BASE PLAN DOCUMENT

ADDENDUM C: DEFERRED RETIREMENT OPTION PROGRAM

If elected by the Municipality in its Adoption Agreement, the Municipality shall offer the Deferred Retirement Option Program ("DROP") established and offered by the System under the following conditions.

C.01 Definitions

All capitalized terms in this section shall have the meaning as prescribed either in Article I of the Base Plan Document or as set forth below.

- (a) **Member's Effective DROP Retirement Date** means the date specified in the Member's letter of intent to retire submitted to the Municipality pursuant to Section C.03(a). The Member's Effective DROP Retirement Date shall be the day immediately preceding the DROP Participation Date.
- (b) **DROP Participation Date** means the day immediately after as the Member's Effective DROP Retirement Date.
- (c) **DROP Termination Date** means the date in which a Member's participation in the DROP ceases.

The DROP Termination Date shall be the earlier date as specified according of one of the four following events:

- (i) The Member has been reported by the Municipality as Terminating Employment with the Municipality as of a specified date; or
- (ii) The Member provided a written election to PMRS to cease DROP participation as of a specified date.
- (iii) The Member been determined by PMRS to have an Effective Date of Disability and shall begin a Disability Pension in lieu of a Superannuation Pension.
- (iv) The Member has reached the maximum time period allowed for DROP participation in accordance with Section C.03(a) of this Addendum

If the Municipality elected in its Adoption Agreement to allow for in-service distributions in accordance with Sections 1.59, 10.05 and 10.06, and a DROP participant has elected to continue as an Employee with the Municipality without a Break in Service, that Member shall be reported to PMRS by the Municipality as an Ineligible Employee who has continued active employment as of a specified date and will be receiving in-service distributions.

- (d) **Subsidiary DROP Participant Account** means the separate, interest-bearing subaccount established for a DROP participant.

C.02 Member Eligibility

A Member shall be eligible to elect into the DROP at the time of the Member's Effective DROP Retirement Date provided the Member:

- (a) is eligible for a Superannuation Retirement Pension as specified by the Municipality in Section 5.01 of the Adoption Agreement as of the Member's Effective DROP Retirement Date;
- (b) has not previously participated in the Municipality's DROP; and
- (c) is not a Member in the Plan as an elected official.

C.03 Member Participation

(a) Election to Participate

To elect participation into the DROP, a Member must file a written application on a form provided by the Board at least 30 days before the Member's Effective DROP Retirement Date.

The written application must include the following information:

- (i) A copy of the letter of retirement sent to the Municipality stating the Member's intent to retire and specifying the Member's Effective DROP Retirement Date. Such letter of retirement shall be binding and irrevocable.
- (ii) A Declaration to forego:
 - (A) active membership in the Plan;
 - (B) any growth in the salary base used for calculating the Basic Benefit in Section 5.02 of the Adoption Agreement, and
 - (C) any additional benefit accrual for retirement purposes, including Service Increment Benefits specified in Section 5.02 of the Adoption Agreement.
- (iii) The number of months the Member elects to participate in the DROP subject to the maximum allowed in subsection (b)(ii). No extension shall be allowed.
- (iv) The Member's election of a form of benefit payment provided in Sections 10.01 and 10.02 of the Adoption Agreement, excluding the Lump Sum Payment of Employee Contributions and Excess Interest Investment Account with a Normal or Optional form of Annuity Benefit if one is provided in Section 10.02 of the Adoption Agreement.
- (v) Any other information that may be requested by the System.

Once the election is made to participate in DROP, the Member, for Plan purposes, is considered to be Retired with no access to benefit payments until after the DROP Termination Date.

(b) Effective Dates of Participation and Termination

- (i) The DROP Participation Date shall be the day after the Member's Effective DROP Retirement Date.
- (ii) The DROP Termination Date shall be no later than the last calendar day of the month upon completion of 36 months of DROP participation.
- (iii) Election to Terminate DROP Participation

A DROP participant may elect to change the DROP Termination Date during DROP participation to an earlier date. Such earlier DROP Termination Date shall be the last calendar day of a month and must be approved by the System.

A Member and the Municipality shall immediately inform the System of any change in the DROP Termination Date to an earlier date. If the notification is less

than thirty (30) days prior to the revised DROP Termination Date, the revised DROP Termination Date may be delayed by PMRS for an additional calendar month.

No penalty shall be imposed for early termination of DROP participation.

C.04 Payments to and Investment of the Subsidiary DROP Participant Account

Beginning on the DROP Participation Date and ending on the DROP Termination Date, all monthly annuity payments payable to a DROP Participant shall be deposited into a Subsidiary DROP Participant Account established by the Board. The assets of the Subsidiary DROP Participant Account shall be invested in the Pennsylvania State Treasurer's "Liquid Asset Pool", commonly referred to as "Pool 99."

(a) Credited Interest

Each Subsidiary DROP Participant Account shall be credited with DROP Interest, compounded monthly and shall be equal to the monthly rate of return credited to the Liquid Asset Pool as determined by the Pennsylvania State Treasurer.

(i) Minimum and Maximum Return

The DROP Interest credited each month shall not be less than zero percent (0.0%) nor more than 0.367 percent (0.367%) per month, not to exceed the statutory limit of 4.5 % annually. In the event the Liquid Asset Pool earns in any one month less than zero percent (0.0%), the monthly DROP Interest credited to each Subsidiary DROP Participant Account shall be zero percent (0.0%). In the event the Liquid Asset Pool earns in any one month more than 0.367 percent (0.367%), the DROP Interest credited to the Subsidiary DROP Participant Account shall not exceed 0.367 percent (0.367%).

(ii) Investment Returns in Excess of Maximum

If investment returns in the Liquid Asset Pool exceed the maximum allowable amount as specified in subsection (i), any such excess returns shall remain in the Liquid Asset Pool as unallocated investment earnings and shall be used to offset any unfunded liability resulting from any negative monthly returns earned by the Liquid Asset Pool in the past or in the future.

The System shall provide an annual benefit statement to each DROP participant showing the balance of the Subsidiary DROP Participant Account.

C.05 Termination of Member Participation in the DROP

As of the DROP Termination Date, the Member, as both a Retiree and a terminated DROP Participant, shall be:

- (a) ineligible to reenroll in the DROP even if reemployed by the Municipality as an Active Member and eligible for a Superannuation Retirement Benefit;
- (b) subject to reemployment and benefit payment limitations as may be provided under the Plan; and
- (c) eligible for renewed Plan membership as an Active Member as may be provided under the Plan.

C.06 Distribution of Subsidiary DROP Participant Account

The System shall distribute, within 45 days of the DROP Termination Date, the amount credited to the Member's Subsidiary DROP Participant Account as of the DROP Termination Date. The distribution to the Member shall be net of required or elective tax withholdings.

The DROP participant may elect to have one or more of the following types of lump sum payments:

- (a) one lump-sum payment paid to the DROP Participant in accordance with Section 12.02 of the Base Plan Document; and
- (b) one or more payments paid in accordance of Section 12.02 that qualify as Eligible Rollover Distributions in accordance with Section 11.07 of the Base Plan Document.

If the DROP Participant fails to elect one or more of the lump sum payment options within sixty (60) days after the DROP Termination Date, the lump-sum shall be paid as specified in subsection (a).

C.07 Disability of a DROP Participant

In the event a DROP participant Terminates Employment with the Municipality due to a disability, the DROP Termination Date shall be last day of the calendar month in which the Employment Termination Date occurred. Distributions shall be made in accordance with the provisions of Section C.06.

If the Municipality elected to provide for a disability benefit under Article VII of the Adoption Agreement, the Member shall have the right to apply for a Disability Retirement. If a disability application is submitted to PMRS, the Member shall continue to receive a Superannuation Retirement Benefit until the System completes its review of the application and, if applicable, establishes a Disability Date.

C.08 Death of a DROP Participant

Upon the death of a DROP Participant, the DROP Termination Date shall be last day of the calendar month of the month in which DROP Participant died. Distributions required other than to the Member, shall be made in accordance with the applicable provisions of Section C.06.

For the remaining account balance that has not been distributed, the following priority of recipients shall be utilized:

- (a) Designated Beneficiaries
- (b) Member's Estate
- (c) Next of kin

The priority recipients identified in subsections (a) and (b) shall have the same distribution options and requirements made available to the Member in Section C.06.

C.09 Benefits Under an Approved Domestic Relations Order

(a) For Monthly Benefit Payments

Monthly benefits payments to an Alternate Payee shall begin the first day of the first month after the DROP Termination Date.

(b) For a Lump Sum Payment

The Alternate Payee shall have the same distribution options and requirements made available to the Member in Section C.06.