

**Article V — Additions to Employer Contribution Accounts**

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## Article V — Additions to Employer Contribution Accounts

### § 18-501 Annual Allocation.

(a) **In General.** Subject to the provisions of Article VII (relating to Maximum Additions) and § 18-504(b) (relating to Uniformed Service), and subject to modification under subsection (b), as of the last day of each Plan Year, the Employer Contribution Account of each Qualified Recipient (*see* § 18-502(a)) shall be credited with an amount equal to **7.00%** of the Qualified Recipient's Compensation *for the portion* of the Plan Year during which he was a Qualified Employee.

(b) **Increase.** The percentage under subsection (a) shall be increased for any given Plan Year if and to the extent necessary so that the total amount of credits provided for that Plan Year under this Section and § 18-504(b) (relating to Payment of Employer Contributions—Uniformed Service) is not less than the sum of:

(1) the *greater* of—

(A) the total amount which would be credited for all Qualified Recipients for that Plan Year under subsection (a) prior to the application of this subsection (b), plus the amount of credits during that Plan Year under § 18-504(b) (relating to Uniformed Service); **or**

(B) the maximum amount of withdrawals able to be made for that Plan Year from the Suspense Account and the Forfeiture Account under § 18-503 (relating to Funding of Credits); **plus**

(2) any Income to be allocated to the Employer Contribution Accounts of Qualified Recipients for the Plan Year under § 18-403(c) (relating to Early Employer Contributions Account); **and**

(3) any amount to be allocated to the Employer Contribution Accounts of Qualified Recipients for the Plan Year under § 18-504(d)(2)(A) (relating to contributions of state aid in excess of the amount required).

### § 18-502 Qualified Recipients.

(a) **In General.** For purposes of this Article V, a “Qualified Recipient” for any Plan Year shall mean—

(1) a person who is an Active Participant on the last day of the Plan Year **and** has been credited with at least 1000 Hours of Service for the Plan Year (*see* § 18-305); **or**

(2) a person who Separated from Service during the Plan Year—

(A) after having attained age 62;

(B) as a result of a condition which rendered him Disabled; **or**

(C) as a result of his death,

**and** who was an Active Participant on the date of the Separation from Service.

### § 18-503 Funding of Credits; Employer Contributions.

The credits described in § 18-501 and § 18-504(b) shall be funded—

(a) First, by withdrawals from the Suspense Account;

(b) Second, by withdrawals from the Forfeiture Account (including amounts forfeited on the last day of the Plan Year); **and**

(c) Finally, if necessary, by contributions to the Plan and Trust Fund from the Employer, *which the Employer hereby covenants and agrees to make*, which may be from funds of the Employer and/or grants from the Commonwealth of Pennsylvania and/or others.

### § 18-504 Payment of Employer Contributions.

(a) **In General.** Employer contributions under this Article for a given Plan Year are due to be paid to the Trustees not later than December 31 of the Plan Year. All amounts contributed before the end of the Plan Year shall be held unallocated in a separate Early Employer Contributions Account until the end of the Plan Year, when they shall be withdrawn and allocated as if they were contributed on the last day of the Plan Year; the Early Employer Contributions Account shall not receive any allocations of Income (*see* Article IV) for that Plan Year.

(b) **Uniformed Service.** Employer contributions under this Article V for a Participant with respect to any period of service in the uniformed services of the United States shall be made at the *later* of—

(1) the time set forth in subsection (a); **or**

(2) within a reasonable period of time after the Participant returns to employment with the Employer or any Related Employer,

*provided* that the Participant returns to employment at a time when the Employer or any Related Employer is legally obligated to reemploy the person under the Uniformed Services Employment

and Reemployment Rights Act of 1994, 38 U.S.C. § 4301 *et seq.*, and any amendments, supplements, or successor legislation.

The amount of such contributions shall *not* be adjusted for any earnings or forfeitures which may otherwise have accrued to the benefit of the Participant during the period between the time when the contributions would have been made had the Participant not provided service in the uniformed services of the United States, and the time when the contributions were actually made.

**(c) Additional Contributions for Interest on Late Contributions.** If any amount of Employer contributions for a Plan Year remains unpaid as of December 31 of that Plan Year, the amount of Employer contributions for that Plan Year shall be increased by interest on the unpaid amount as of December 31, from January 1 of the Plan Year until the date of payment at a rate equal to the interest assumption used for the required actuarial valuation report under the Municipal Pension Plan Funding Standard and Recovery Act, 53 PA. STAT. ANN. § 891.101 *et seq.*, or the discount rate applicable to treasury bills issued by the Treasury Department of the United States with a six-month maturity as of the last business day in December of the Plan Year, whichever is greater, expressed as a monthly rate and compounded monthly. Such “interest” contributions shall be treated as Income of the Plan for the period after the end of the Plan Year.

**(d) Mistake of Fact.** The actual required Employer contributions for a given Plan Year cannot be known until the end of the Plan Year, since an employee’s qualification for a contribution and the amount of his/her Compensation for the Plan Year cannot be determined until that time. Consequently, the estimates made by the Employer in determining the minimum municipal obligation for the Plan Year and in making contributions to the Plan during the Plan Year most likely will be either higher or lower than the actual required contributions. Therefore, for the 1999 and succeeding Plan Years:

(1) If the amount in the Early Employer Contributions Account as of the last day of the Plan Year is insufficient to cover the required allocations to Participants under § 18-501, the Employer must contribute the amount of the shortfall to the Plan as soon as possible, together with interest as described in subsection (c).

(2) If there otherwise would remain a positive balance in the Early Employer Contributions Account as of the last day of the Plan Year after making the required allocations to Participants under § 18-501 (and after the Income earned by any segregated portion of the Trust Fund to which the Early Employer Contributions Account is assigned has been allocated to other accounts under § 18-403), then:

**(A)** That portion of the Early Employer Contributions Account as of the last day of the Plan Year which otherwise would remain and which is attributable to grants by the Commonwealth under the General Municipal Pension System State Aid Program shall be transferred to the Borough of Alburtis Police Pension Plan and Trust, together with the Income earned on that amount from the last day of the Plan Year until the date of the transfer, *except* that if such portion does not exceed Two Hundred Fifty Dollars (\$250.00), then such portion shall instead be allocated as of the last day of the Plan Year among the Employer Contribution Accounts of the Qualified Recipients for that Plan Year by increasing the percentage in effect under § 18-501 (relating to Additions to Employer Contribution Accounts—Annual Allocation) as described in that section.

(B) That portion of the Early Employer Contributions Account which is *not* attributable to state aid shall either be:

(I) returned to the Employer (if so directed by the Administrator within one year after the date the contributions were made to the Plan); **or**

(II) treated as a new Employer contribution for the following Plan Year, and retained in the Early Employer Contributions Account.

(3) For purposes of this Plan, Employer contributions to the Early Employer Contributions Account shall be deemed to be attributable to grants under the General Municipal Pension System State Aid Program to the extent the governing body of the Employer allocates the grants to this Plan, and all amounts allocated to Participant accounts under § 18-501 and § 18-503 from the Early Employer Contributions Account shall be deemed to be attributable to grants under the General Municipal Pension System State Aid Program until the amount of such grants allocated to this Plan has been exhausted.

§ 18-505 [RESERVED]

### § 18-506 Multiple Employers.

For any Plan Year in which more than one employer is included within the definition of “Employer,” the following rules shall apply:

(a) **Employer Contributions.** Employer contributions to be allocated to the account of a given Participant shall be made by his particular employer.

(b) **Forfeitures & Suspense Account Allocations.** For the purpose of allocating forfeitures and amounts in the Suspense Account, amounts derived from the contributions of a particular employer shall be allocated only to employees of that particular employer. Separate subaccounts shall be maintained in the Forfeiture and Suspense accounts for this purpose.