

**BOROUGH OF ALBURTIS
LEHIGH COUNTY, PENNSYLVANIA**

Ordinance No. 582

(Duly Adopted October 11, 2023)

AN ORDINANCE AMENDING THE BOROUGH OF ALBURTIS NON-UNIFORMED EMPLOYEES PENSION PLAN BY REVISING SECTIONS 18-301(a)(2)(B) (RELATING TO ENTRY DATES) AND 18-501(a) (RELATING TO ANNUAL ALLOCATION) SUCH THAT A NEW FULL-TIME NONUNIFORMED EMPLOYEE, WHO MEETS ALL OTHER PLAN REQUIREMENTS, WILL NOW BE ELIGIBLE TO RECEIVE HIS/HER FIRST EMPLOYER CONTRIBUTION TO THE PLAN BASED ON HIS/HER COMPENSATION FOR THE ENTIRE FIRST CALENDAR YEAR AFTER THE YEAR IN WHICH HE/SHE COMMENCED SERVICE RATHER THAN THE SECOND CALENDAR YEAR AFTER THE YEAR IN WHICH HE/SHE COMMENCED SERVICE.

WHEREAS, the Borough of Alburtis has established a pension plan for its nonuniformed employees; and

WHEREAS, the provisions of that plan have been codified to Chapter 18 of the Alburtis Codified Ordinances; and

WHEREAS, the Borough Council desires to change the entry date for new full-time nonuniformed employees eligible to participate in the Plan to the first date the person completes one year of service (if he/she has already attained age 21), rather than the first December 31 after the date the person completes one year of service (if he/she has already attained age 21); and

WHEREAS, the Borough Council desires to base the amount of employer contributions to the Plan for a Qualified Recipient for a Plan Year (calendar year) on the amount of Compensation earned by the Qualified Recipient for the portion of the Plan Year he/she

was a Qualified Employee rather than the portion of the Plan Year he/she was an Active Participant; and

WHEREAS, prior to the adoption of this Ordinance the Council reviewed the following cost estimate provided by the Borough Solicitor of the effect of the changes made herein, as required by Section 305(d) of the Municipal Pension Plan Funding Standard and Recovery Act, 53 PA. STAT. ANN. § 895.305(d):

The amendment changes the entry date as an Active Participant in the Plan for new full-time nonuniformed employees eligible to participate in the Plan to the first date the person completes one year of service (if he/she has already attained age 21), rather than the first December 31 after the date the person completes one year of service (if he/she has already attained age 21), and also changes the formula for employer contributions to the Plan for a Qualified Recipient for a Plan Year (calendar year) so that they are based on the amount of Compensation earned by the Qualified Recipient for the portion of the Plan Year he/she was a Qualified Employee rather than the portion of the Plan Year he/she was an Active Participant. This change effectively results in each new participant receiving an additional one full year of contributions one year sooner than under the current terms of the Plan. For example, under the current terms of the Plan, a person starting a full-time nonuniformed position in March of 2023 and continuing to work in that position thereafter would become an Active Participant on December 31, 2024, and would receive his/her first employer contribution to the Plan on December 31, 2025, based on 7% of his compensation for calendar year 2025. Under the amendment, such a person would become an Active Participant in March of 2024, and would receive his/her first employer contribution to the Plan on December 31, 2024, based on 7% of his compensation for calendar year 2024. It is anticipated that this change will cost the Borough an additional \$4,000.00 (approximately) in Plan contributions for 2024.

WHEREAS, on October 4, 2023, the Borough published a public notice in the *East Penn Press*, a newspaper of general circulation in the Borough of Alburtis, of its intention to consider and adopt on this Ordinance on October 11, 2023;

NOW, THEREFORE, be it **ORDAINED** and **ENACTED** by the Borough Council of the Borough of Alburtis, Lehigh County, Pennsylvania, as follows:

SECTION 1. Section 18-301(a)(2) of the Codified Ordinances (relating to Non-uniformed Employees Pension Plan—Participation & Service—Participation—Active Participants—Entry Dates) is amended as follows (with deletions indicated by ~~strike-outs~~ and insertions indicated by double underlining):

§ 18-301 Participation.

(a) Active Participants.

(1) Eligibility Conditions. In order to be eligible to become an Active Participant in this Plan, a person must simultaneously satisfy all of the following conditions:

(A) the person is a Qualified Employee;

(B) the person is age 21 or older; **and**

(C) the person has credit for at least one Year of Service (*see* § 18-302) which has not been cancelled under § 18-302(c).

(2) Entry Dates.

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(B) New Employees. After the Conversion Date, and before December 31, 2023, a person shall become an Active Participant as of the first December 31 that he satisfies all of the conditions described in paragraph (1). On and after December 31, 2023, a person shall become an Active Participant as of the first date that he satisfies all of the conditions described in paragraph (1).

(C) Rehired Employees, Transferees, etc. Notwithstanding subparagraph (B), a person who becomes a Qualified Employee at a time when he has already satisfied the age and service conditions of paragraph (1) (and, if before December 31, 2023, after the first December 31 following the date he first satisfied those conditions), shall become an Active Participant as of the day he becomes a Qualified Employee.

(This subparagraph may apply, for example, to an employee rehired after a prior period of employment, and to a person who becomes a Qualified Employee after working for the Employer in a position not included within the definition of “Qualified Employee.”)

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SECTION 2. Section 18-501(a) of the Codified Ordinances (relating to Nonuniformed Employees Pension Plan—Additions to Employer Contribution Accounts—Annual Allocation—In General) is amended as follows (with deletions indicated by ~~strike-outs~~ and insertions indicated by double underlining):

§ 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 ~~an Active Participant~~ a Qualified Employee.

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DULY ORDAINED and **ENACTED** by the Borough Council of the Borough of Albur-
tis, this 11th day of October, 2023, in lawful session duly assembled.

**BOROUGH COUNCIL
BOROUGH OF ALBURTIS**

Ronald J. DeIaco, President

Attest:

Steven Nemeth, Borough Manager

AND NOW, this 11th day of October, 2023, the above Ordinance is hereby AP-
PROVED.

Kathleen Palmer, Mayor