

**TOWNSHIP OF SALISBURY
LEHIGH COUNTY, PENNSYLVANIA**

Ordinance No. 12-2020-632

(Duly Adopted December 22, 2020)

**AN ORDINANCE AMENDING THE NON-UNIFORMED EMPLOYEES
DEFINED BENEFIT PENSION PLAN ADMINISTERED BY THE
PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM SO THAT
EMPLOYEE CONTRIBUTIONS FOR CALENDAR YEAR 2021 ARE
REDUCED TO TWO PERCENT (2.0%) OF COMPENSATION**

WHEREAS, the Township of Salisbury, Lehigh County (“**Township**”) has established a defined benefit pension plan for its non-uniformed employees administered by the Pennsylvania Municipal Retirement System (“**PMRS**”); and

WHEREAS, this defined benefit pension plan is currently governed by ordinance 05-2019-622, codified at Code of Ordinances Chapter 1, Part 6(C), § 1-631 through § 1-638, and an Adoption Agreement between the Township and the governing board of PMRS and a System Base Plan Document referred to in § 1-632; and

WHEREAS, the Township and the Salisbury Township Public Works Employees Association (“**Association**”), the collective bargaining representatives of the Township’s non-managerial public works employees (“**PW Employees**”), have entered into a collective bargaining agreement (“**CBA**”) effective from January 1, 2019 through December 31, 2022; and

WHEREAS, the CBA makes changes to the pension program applicable to PW Employees, and the Board of Commissioners (“**Board**”) of the Township desires to comply with the CBA; and

WHEREAS, the Board desires to extend the pension program changes applicable to PW Employees to all non-uniformed employees of the Township; and

WHEREAS, the changes to the pension program include reducing employee contributions for calendar year 2021 to two percent (2.0%) of compensation; and

WHEREAS, prior to the adoption of this Ordinance the Board reviewed the following cost estimate of the effect of the changes made herein:

The amendment to the defined benefit plan reducing the employee contribution rate for calendar year 2021 from three and one-half percent (3.5%) of compensation to two percent (2.0%) of compensation does not change the cost of the plan at all, but only the allocation of payment between the Township and the employees. So, for every dollar that the employee is not required to pay in to the plan, the Township will have to contribute an additional dollar. Accordingly, the reduction for 2021 means that the Township must pay an extra two and percent (1.5%) of all members' compensation for 2021 more than it would have if there had been no reduction. However, for very many years before 2019, the Township eliminated all employee contributions each year, and in 2019 the employee contribution rate was reduced to one percent (1.0%) of compensation, and so in 2021 the Township will actually be taking on a lesser portion of the "regular" employee contributions stated in the plan agreement than in previous years.

NOW, THEREFORE, be it **ORDAINED** and **ENACTED** by the Board of Commissioners of the Township of Salisbury, Lehigh County, Pennsylvania, as follows:

SECTION 1. Salisbury Township Code of Ordinances Chapter 1, Part 6(C), § 1-638 shall be amended by adding the following new subsection (b), effective as of January 1, 2021:

§ 1-638 Amendments Regarding Employee Contributions.

* * *

(b) 2021. The Board of Commissioners of the Township hereby authorizes and directs the President or Vice President of the Board and the Township Manager to execute on behalf of the Township an Adoption

Agreement Amendment in the form attached to Ordinance 12-2019-627 as Exhibit 1, in order to reduce employee contributions for calendar year 2021 only, subject to approval by the System. The Township shall file a duly certified copy of Ordinance 12-2020-632 and the executed Adoption Agreement Amendment with the System.

SECTION 2. The attached exhibit is hereby incorporated into this Ordinance by reference:

Exhibit 1: Adoption Agreement Amendment to Reduce Employee Contributions to 2.0% for calendar year 2021 only.

DULY ORDAINED and **ENACTED** by the Board of Commissioners of the Township of Salisbury, Lehigh County, this 22nd day of December, 2020, in lawful session duly assembled.

BOARD OF COMMISSIONERS
TOWNSHIP OF SALISBURY

Debra Brinton, President

Attest:

Cathy Bonaskiewich, Secretary

DRAFT

EXHIBIT 1



**PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM
DEFINED BENEFIT PLAN
Adoption Agreement Amendment**

The undersigned, **Salisbury Township, Pennsylvania** ("Municipality"), pursuant to Article XVI of the Base Plan Document, is amending its Adoption Agreement having the effective date and the expiration date as shown below. The Municipality makes the following elections granted under the provisions of the Base Plan Document:

PLAN AMENDMENT

Amendment Effective Date: January 1, 2021
Adoption Agreement Effective Date: January 1, 2019
Application: General
Amendment Expiration Date: December 31, 2021
General Description: Establishes the Required Member Contribution amount for all Active Members for Calendar year 2021 only.
Affected Members: All Active Members.

AMENDED ADOPTION AGREEMENT SECTIONS

The Sections of the Adoption Agreement below are applicable to this Amendment and will be effective for the Affected Members between Amendment Effective Date and the Amendment Expiration Date. All other sections of the applicable Defined Benefit Plan Adoption Agreement 001 remain the same during the period between the Amendment Effective Date and the Amendment Expiration Date.

4.01 MEMBER PRE-TAX PICK-UP CONTRIBUTIONS.

Contribution Requirement (Select One)

- Not Required
- Required in an amount equal to **two percent (2.00%)** of Compensation

Contribution Remittance (Select One)

- On a payroll basis
 - Per Weekly Period
 - Per Bi-Weekly Period
 - Per Semi-Monthly Period
 - Per Monthly Period
 - Per Other Period: _____
- On a monthly basis
- On a quarterly basis



The Municipality hereby agrees to the provisions of this Adoption Agreement Amendment, and in witness of its agreement, the Municipality by its duly authorized officers has executed this Adoption Agreement Amendment, on the date specified below.

IN WITNESS WHEREOF, we have hereunto set our hands and seal the day, month and year above written.

ATTEST:

SALISBURY TOWNSHIP

BY

BY

Head of Governing Authority

DATE:

ATTEST

PENNSYLVANIA MUNICIPAL RETIREMENT BOARD

BY:

Secretary

BY

Board Chair

DATE: _____

Approved as to form and legality:

BY:

Chief Counsel, PMRS

BY

Office of General Counsel

BY:

Office of Attorney General

This Plan is an important legal document. Failure to properly fill out this Adoption Agreement Amendment may result in disqualification of this Plan. PMRS will inform you of any amendments made to the Base Plan Document. The address of PMRS is 1721 North Front Street, Harrisburg, PA 17102.

You may rely on an opinion letter issued by the Internal Revenue Service as evidence that this Plan is qualified under Code Section 401 only to the extent provided in Revenue Procedure 2015-36.

You may not rely on the opinion letter in certain other circumstances or with respect to certain qualification requirements, which are specified in the opinion letter issued with respect to the Plan and in Revenue Procedure 2015-36. In order to have reliance in such cases, an individual application for a determination letter must be made to Employee Plans Determinations of the Internal Revenue Service.