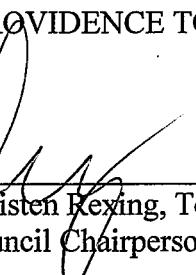


UPPER PROVIDENCE TOWNSHIP  
RESOLUTION 2024-26

RESOLUTION REGARDING 2024 CAFETERIA PLAN

RESOLVED, that the substantially final form of Cafeteria Plan for full-time uniformed police officers effective January 1, 2024, presented to this meeting, subject to final review and approval by the Township Solicitor, is hereby approved and adopted and that the Chairperson or Vice Chairperson of the Township Council is hereby authorized and directed to approve and execute and deliver the Cafeteria Plan, such approval to be evidenced by such officer's execution of the Cafeteria Plan.

UPPER PROVIDENCE TOWNSHIP

By: 

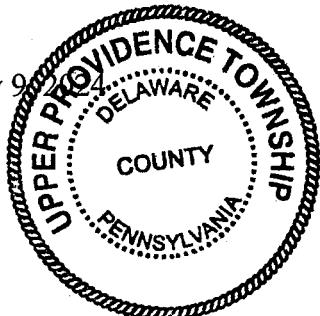
Christen Rexing, Township  
Council Chairperson

ATTEST:



Mareile Watson, Township Interim  
Treasurer/Secretary

Adopted: July 9, 2024



# **UPPER PROVIDENCE TOWNSHIP**

## **SECTION 125 PLAN**

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## UPPER PROVIDENCE TOWNSHIP SECTION 125 PLAN

### INTRODUCTION

Upper Providence Township (Delaware County) (the "Employer") has adopted this Upper Providence Township Section 125 Plan (the "Plan") effective January 1, 2024, to recognize the contribution made to the Employer by its full-time uniformed police Employees. Its purpose is to reward them by providing benefits for those Employees who shall qualify hereunder and their spouses and eligible dependents. This Plan is established in accordance with the Consolidated Collective Bargaining Agreement between the Employer and The Fraternal Order of Police Delaware County, Lodge 27 (the "FOP") dated December 8, 2021, as amended and supplemented including by the MOA (defined below) (the "CBA").

The intention of the Employer is that the Plan qualify as a "Cafeteria Plan" within the meaning of Section 125 of the Internal Revenue Code of 1986, as amended ("Section 125"), and that the benefits which an Employee elects to receive under the Plan be excludable from the Employee's income under Section 125(a) and other applicable sections of the Internal Revenue Code of 1986, as amended. Pursuant to Section 125(g), this Plan is not treated as discriminatory because it is maintained under a collective bargaining agreement. This Plan is offered by the Employer solely to comply with the CBA. The Plan is not offered to any employees not subject to the CBA.

Pursuant to the CBA, Section 17, pages 10-11, each Employee shall contribute three percent (3%) of the base wage of patrolman (not including rank differential or longevity or overtime or any other pay) toward the cost of the medical benefits. Employees who are not yet receiving the full base wage (those Employees subject to the "Pay Ranges" of the CBA regarding starting salary) will pay based on the base wage they actually receive. Pursuant to a Memorandum of Agreement dated \_\_\_\_\_, 2024 (the "MOA") between the FOP and the Township: effective January 1, 2024 and throughout the remainder of the CBA until December 31, 2028, the base salary used to calculate the 3% contribution shall be frozen at the 2023 base rate (\$100,415); that term shall expire December 30, 2028 and, on December 31, 2028, the officer's healthcare contribution rate shall again be calculated on base salary then and thereafter in effect.

### ARTICLE I DEFINITIONS

1.1 **"Administrator"** means the Employer unless another person or entity has been designated by the Employer pursuant to Section 7.1 to administer the Plan on behalf of the Employer. If the Employer is the Administrator, the Employer may appoint any person, including, but not limited to, the Employees of the Employer, to perform the duties of the Administrator. Any person so appointed shall signify acceptance by filing written acceptance with the Employer. Upon the resignation or removal of any individual performing the duties of the Administrator, the Employer may designate a successor.

1.2 **"Benefit"** or **"Benefit Options"** means any of the optional benefit choices available to a Participant as outlined in Section 4.1. Given that this Plan is to be in conformity with the CBA, Participants' options are defined by the CBA.

1.3 **"CBA"** means the Consolidated Collective Bargaining Agreement between the Employer and the FOP dated December 8, 2021, as amended and supplemented including by the MOA.

1.4     **"Code"** means the Internal Revenue Code of 1986, as amended or replaced from time to time.

1.5     **"Effective Date"** means January 1, 2024.

1.9     **"Eligible Employee"** means any Employee who is a full-time uniformed officer and member of the FOP covered by the CBA. No other Employees of the Employer are Eligible Employees; such other Employees are not eligible to participate in this Plan. Any uniformed officer Employee who is a "part-time" Employee is not eligible to participate in this Plan. A "part-time" Employee is any Employee who works, or is expected to work on a regular basis, less than 40 hours a week and is designated as a part-time Employee on the Employer's personnel records.

1.10    **"Employee"** means any person who is employed by the Employer.

1.11    **"Employer"** means Upper Providence Township (Delaware County).

1.12    **"FOP"** means The Fraternal Order of Police Delaware County, Lodge 27.

1.13    **"Insurance Contract"** means any contract issued by an Insurer underwriting a Benefit.

1.14    **"Insurer"** means any insurance company that underwrites a Benefit under this Plan.

1.15    **"MOA"** means the Memorandum of Agreement dated \_\_\_\_\_, 2024 between the FOP and the Township.

1.16    **"Participant"** means any Eligible Employee who becomes a Participant pursuant to Section 2.1 and has not for any reason become ineligible to participate further in the Plan.

1.17    **"Plan"** means this instrument, including all amendments thereto.

1.18    **"Plan Year"** means the 12-month period beginning January 1st and ending December 31st. The Plan Year shall be the coverage period for the Benefits provided for under this Plan. In the event a Participant commences participation during a Plan Year, then the initial coverage period shall be that portion of the Plan Year commencing on such Participant's date of entry and ending on the last day of such Plan Year.

1.19    **"Salary Redirection"** means the contributions made by the Employer on behalf of Participants pursuant to Section 3.1.

1.20    **"Section 125"** means Section 125 of the Code.

## **ARTICLE II** **PARTICIPATION**

### **2.1     ELIGIBILITY**

Any Eligible Employee shall be required to participate hereunder, and shall become a Participant, effective upon his initial date of employment with the Employer.

## **2.2 TERMINATION OF PARTICIPATION**

A Participant shall no longer participate in this Plan upon the occurrence of any of the following events:

- (a) **Termination of employment.** The Participant's termination of employment;
- (b) **Change in employment status.** The end of the Plan Year during which the Participant became a limited Participant because of a change in employment status pursuant to Section 2.3;
- (c) **Death.** The Participant's death; or
- (d) **Termination of the plan.** The termination of this Plan, subject to the provisions of Section 8.2.

## **2.3 CHANGE OF EMPLOYMENT STATUS**

If a Participant ceases to be eligible to participate because of a change in employment status or classification (other than through termination of employment), the Participant shall become a limited Participant in this Plan for the remainder of the Plan Year in which such change of employment status occurs. As a limited Participant, no further Salary Redirection may be made on behalf of the Participant, and, except as otherwise provided herein, all further Benefit elections shall cease, subject to the limited Participant's right to continue coverage under any Insurance Contracts. Subject to the provisions of Section 2.5, if the limited Participant later becomes an Eligible Employee, then the limited Participant may again become a full Participant in this Plan, provided he otherwise satisfies the participation requirements set forth in this Article II as if he were a new Employee and made an election in accordance with Section 5.1.

## **2.4 TERMINATION OF EMPLOYMENT**

If a Participant's employment with the Employer is terminated for any reason other than death, his participation in this Plan shall cease.

# **ARTICLE III**

## **CONTRIBUTIONS TO THE PLAN**

### **3.1 SALARY REDIRECTION**

Benefits under the Plan shall be financed in part by Salary Redirections in accordance with the CBA. A Participant's salary shall be automatically reduced in accordance with the CBA. For new Participants, the Salary Redirection shall only be applicable from Employee's entry date up to and including the last day of the Plan Year.

### **3.2 APPLICATION OF CONTRIBUTIONS**

As soon as reasonably practical after each payroll period, the Employer shall apply the Salary Redirection to provide the Benefits in accordance with the CBA.

## **ARTICLE IV BENEFITS**

### **4.1 BENEFITS UNDER CBA**

- (a) **CBA defines benefits.** Each Participant shall have the Benefits described in Section 17A of the CBA.
- (b) **Contracts incorporated by reference.** The rights and conditions with respect to the benefits payable from each health, dental and vision Insurance Contract shall be determined therefrom, and such Insurance Contract shall be incorporated herein by reference. The Insurance Policies provide uniform benefits for all Participants.

### **4.2 NONDISCRIMINATION REQUIREMENTS**

- (a) **Intent to be nondiscriminatory.** It is the intent of this Plan to provide benefits to a classification of employees which the Secretary of the Treasury finds not to be discriminatory in favor of the group in whose favor discrimination may not occur under Code Section 125. Pursuant to Code Section 125(g), this Plan is not treated as discriminatory because it is maintained under a collective bargaining agreement.

## **ARTICLE V PARTICIPANT ELECTIONS**

### **5.1 INITIAL ELECTIONS**

Each Eligible Employee, by virtue of being a full time uniformed officer of the Employer and a member of the FOP subject to the CBA, shall automatically be deemed to elect to be a Participant in the Plan. Each Participant will complete a Section 125 Plan Election Form.

### **5.2 SUBSEQUENT ANNUAL ELECTIONS**

At the beginning of each subsequent Plan Year, each Participant, by virtue of continuing to be a full time uniformed officer of the Employer and a member of the FOP subject to the CBA, shall automatically be deemed to elect to participate in the Plan in the new Plan Year.

### **5.3 CHANGE IN STATUS**

When a Participant is not longer an Eligible Employee (is no longer a full time uniformed officer of the Employer and a member of the FOP subject to the CBA), then such Employee shall no longer be a Participant in the Plan.

## **ARTICLE VI BENEFITS AND RIGHTS**

### **6.1 CLAIM FOR BENEFITS**

(a) **Insurance claims.** Any claim for Benefits underwritten by Insurance Contract(s) shall be made to the Insurer. If the Insurer denies any claim, the Participant or beneficiary shall follow the Insurer's claims review procedure.

## **ARTICLE VII ADMINISTRATION**

### **7.1 PLAN ADMINISTRATION**

The Employer shall be the Administrator, unless the Employer elects otherwise. The Employer may appoint any person, including, but not limited to, the Employees of the Employer, to perform the duties of the Administrator. Any person so appointed shall signify acceptance by filing acceptance in writing (or such other form as acceptable to both parties) with the Employer. Upon the resignation or removal of any individual performing the duties of the Administrator, the Employer may designate a successor.

If the Employer elects, the Employer shall appoint one or more Administrators. Any person, including, but not limited to, the Employees of the Employer, shall be eligible to serve as an Administrator. Any person so appointed shall signify acceptance by filing acceptance in writing (or such other form as acceptable to both parties) with the Employer. An Administrator may resign by delivering a resignation in writing (or such other form as acceptable to both parties) to the Employer or be removed by the Employer by delivery of notice of removal (in writing or such other form as acceptable to both parties), to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified. The Employer shall be empowered to appoint and remove the Administrator from time to time as it deems necessary for the proper administration of the Plan to ensure that the Plan is being operated for the exclusive benefit of the Employees entitled to participate in the Plan in accordance with the terms of the Plan and the Code.

The operation of the Plan shall be under the supervision of the Administrator. It shall be a principal duty of the Administrator to see that the Plan is carried out in accordance with its terms, and for the exclusive benefit of Employees entitled to participate in the Plan. The Administrator shall have full power and discretion to administer the Plan in all of its details and determine all questions arising in connection with the administration, interpretation, and application of the Plan. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan. The Administrator shall have all powers necessary or appropriate to accomplish the Administrator's duties under the Plan. The Administrator shall be charged with the duties of the general administration of the Plan as set forth under the Plan, including, but not limited to, in addition to all other powers provided by this Plan:

- (a) To make and enforce such procedures, rules and regulations as the Administrator deems necessary or proper for the efficient administration of the Plan;
- (b) To interpret the provisions of the Plan, the Administrator's interpretations thereof in good faith to be final and conclusive on all persons claiming benefits by operation of the Plan;

(c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan and to receive benefits provided by operation of the Plan;

(d) To reject elections or to limit contributions or Benefits for certain highly compensated participants if it deems such to be desirable in order to avoid discrimination under the Plan in violation of applicable provisions of the Code;

(e) To provide Employees with a reasonable notification of their benefits available by operation of the Plan and to assist any Participant regarding the Participant's rights, benefits or elections under the Plan;

(f) To keep and maintain the Plan documents and all other records pertaining to and necessary for the administration of the Plan;

(g) To appoint such agents, counsel, accountants, consultants, and other persons or entities as may be required to assist in administering the Plan.

Any procedure, discretionary act, interpretation or construction taken by the Administrator shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to comply with the terms of Code Section 125 and the Treasury regulations thereunder.

## **7.2 EXAMINATION OF RECORDS**

The Administrator shall make available to each Participant and Eligible Employee such records as pertain to their interest under the Plan for examination at reasonable times during normal business hours.

## **7.3 PAYMENT OF EXPENSES**

Any reasonable administrative expenses shall be paid by the Employer unless the Employer determines that administrative costs shall be borne by the Participants under the Plan or by any Trust Fund which may be established hereunder. The Administrator may impose reasonable conditions for payments, provided that such conditions shall not discriminate in favor of highly compensated employees.

## **7.4 INSURANCE CONTROL CLAUSE**

In the event of a conflict between the terms of this Plan and the terms of an Insurance Contract of an independent third party Insurer whose product is then being used in conjunction with this Plan, the terms of the Insurance Contract shall control as to those Participants receiving coverage under such Insurance Contract. For this purpose, the Insurance Contract shall control in defining the persons eligible for insurance, the dates of their eligibility, the conditions which must be satisfied to become insured, if any, the benefits Participants are entitled to and the circumstances under which insurance terminates.

## **7.5 INDEMNIFICATION OF ADMINISTRATOR**

The Employer agrees to indemnify and to defend to the fullest extent permitted by law any Employee serving as the Administrator or as a member of a committee designated as Administrator (including any Employee or former Employee who previously served as Administrator or as a member

of such committee) against all liabilities, damages, costs and expenses (including attorney's fees and amounts paid in settlement of any claims approved by the Employer) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

## **ARTICLE VIII** **AMENDMENT OR TERMINATION OF PLAN**

### **8.1 AMENDMENT**

The Employer, at any time or from time to time, may amend any or all of the provisions of the Plan without the consent of any Employee or Participant. No amendment shall have the effect of modifying any benefit election of any Participant in effect at the time of such amendment, unless such amendment is made to comply with Federal, state or local laws, statutes or regulations.

### **8.2 TERMINATION**

The Employer reserves the right to terminate this Plan, in whole or in part, at any time. In the event the Plan is terminated, no further contributions shall be made. Benefits under any Insurance Contract shall be paid in accordance with the terms of the Insurance Contract.

## **ARTICLE IX** **MISCELLANEOUS**

### **9.1 PLAN INTERPRETATION**

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner. This Plan shall be read in its entirety and not severed except as provided in Section 9.12.

### **9.2 GENDER, NUMBER AND TENSE**

Wherever any words are used herein in one gender, they shall be construed as though they were also used in all genders in all cases where they would so apply; whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply; and whenever any words are used herein in the past or present tense, they shall be construed as though they were also used in the other form in all cases where they would so apply.

### **9.3 WRITTEN DOCUMENT**

This Plan, in conjunction with any separate written document which may be required by law, is intended to satisfy the written Plan requirement of Code Section 125 and any Treasury regulations thereunder relating to cafeteria plans.

### **9.4 EXCLUSIVE BENEFIT**

This Plan shall be maintained for the exclusive benefit of the Eligible Employees who participate in the Plan.

## **9.5 PARTICIPANT'S RIGHTS**

This Plan shall not be deemed to constitute an employment contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan.

## **9.6 ACTION BY THE EMPLOYER**

Whenever the Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

## **9.7 EMPLOYER'S PROTECTIVE CLAUSES**

(a) **Insurance purchase.** Upon the failure of either the Participant or the Employer to obtain the insurance contemplated by this Plan (whether as a result of negligence, gross neglect or otherwise), the Participant's Benefits shall be limited to the insurance premium(s), if any, that remained unpaid for the period in question and the actual insurance proceeds, if any, received by the Employer or the Participant as a result of the Participant's claim.

(b) **Validity of insurance contract.** The Employer shall not be responsible for the validity of any Insurance Contract issued hereunder or for the failure on the part of the Insurer to make payments provided for under any Insurance Contract. Once insurance is applied for or obtained, the Employer shall not be liable for any loss which may result from the failure to pay Premiums to the extent Premium notices are not received by the Employer.

## **9.8 NO GUARANTEE OF TAX CONSEQUENCES**

Neither the Administrator nor the Employer makes any commitment or guarantee that any amounts paid to or for the benefit of a Participant under the Plan will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant. It shall be the obligation of each Participant to determine whether each payment under the Plan is excludable from the Participant's gross income for federal and state income tax purposes, and to notify the Employer if the Participant has reason to believe that any such payment is not so excludable. Notwithstanding the foregoing, the rights of Participants under this Plan shall be legally enforceable.

## **9.9 INDEMNIFICATION OF EMPLOYER BY PARTICIPANTS**

If any Participant receives one or more payments or reimbursements under the Plan that are not for a permitted Benefit, such Participant shall indemnify and reimburse the Employer for any liability it may incur for failure to withhold federal or state income tax or Social Security tax from such payments or reimbursements. However, such indemnification and reimbursement shall not exceed the amount of additional federal and state income tax (plus any penalties) that the Participant would have owed if the payments or reimbursements had been made to the Participant as regular cash compensation, plus the Participant's share of any Social Security tax that would have been paid on such compensation, less any such additional income and Social Security tax actually paid by the Participant.

## **9.10 FUNDING**

Unless otherwise required by law, contributions to the Plan need not be placed in trust or dedicated to a specific Benefit, but may instead be considered general assets of the Employer until the Premium Expense required under the Plan has been paid. Furthermore, and unless otherwise required by law, nothing herein shall be construed to require the Employer or the Administrator to maintain any fund or segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in, any fund, account or asset of the Employer from which any payment under the Plan may be made.

## **9.11 GOVERNING LAW**

This Plan is governed by the Code and the Treasury regulations issued thereunder (as they might be amended from time to time). In no event shall the Employer guarantee the favorable tax treatment sought by this Plan. To the extent not preempted by Federal law, the provisions of this Plan shall be construed, enforced and administered according to the laws of the Commonwealth of Pennsylvania.

## **9.12 SEVERABILITY**

If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed and enforced as if such provision had not been included herein.

## **9.13 CAPTIONS**

The captions contained herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge or describe the scope or intent of the Plan, nor in any way shall affect the Plan or the construction of any provision thereof.

## **9.14 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT (USERRA)**

Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with the Uniform Services Employment and Reemployment Rights Act (USERRA) and the regulations thereunder.

IN WITNESS WHEREOF, this Plan document is hereby executed this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

Upper Providence Township

By \_\_\_\_\_

Name: Christen Rexing

Title: Township Council Chairperson

WITNESSES AS TO EMPLOYER

# **UPPER PROVIDENCE TOWNSHIP**

## **SECTION 125 PLAN**

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**IX  
SUMMARY**

## **UPPER PROVIDENCE TOWNSHIP SECTION 125 PLAN**

### **INTRODUCTION**

We are pleased to announce that we have established a "Section 125 Plan" for you and other eligible employees. Under this Plan, you will be able to pay for insurance coverage that we make available to you with a portion of your pay before Federal income or social security taxes are withheld.

Read this Summary Plan Description carefully so that you understand the provisions of our Plan and the benefits you will receive. This SPD describes the Plan's benefits and obligations as contained in the legal Plan document, which governs the operation of the Plan. The Plan document is written in much more technical and precise language. If the non-technical language in this SPD and the technical, legal language of the Plan document conflict, the Plan document always governs. Also, if there is a conflict between an insurance contract and either the Plan document or this Summary Plan Description, the insurance contract will control. If you wish to receive a copy of the legal Plan document, please contact the Administrator.

This SPD describes the current provisions of the Plan which are designed to comply with applicable legal requirements. The Plan is subject to federal laws, such as the Internal Revenue Code and other federal and state laws which may affect your rights. The provisions of the Plan are subject to revision due to a change in laws or due to pronouncements by the Internal Revenue Service (IRS) or other federal agencies. We may also amend or terminate this Plan. If the provisions of the Plan that are described in this SPD change, we will notify you.

We have attempted to answer most of the questions you may have regarding your benefits in the Plan. If this SPD does not answer all of your questions, please contact the Administrator (or other plan representative). The name and address of the Administrator can be found in the Article of this SPD entitled "General Information About the Plan."

### **BACKGROUND:**

Upper Providence Township (Delaware County), as your employer, has adopted the Upper Providence Township Section 125 Plan effective January 1, 2024, to provide beneficial tax treatment for your contributions to your health care benefits. The Plan is established pursuant to the current collective bargaining agreement between the Township and FOP Lodge 27. The collective bargaining agreement is called the CBA in this summary.

The intention of the Township is that the Plan qualifies as a "Cafeteria Plan" under the federal tax code. The contributions you make toward the health benefits which you receive under the Plan can be excludable from your federal tax income. You are eligible to participate in the Plan if you are a full time uniformed police officer subject to the CBA as a member of the FOP. The Plan is offered by the Employer solely to comply with the CBA. The Plan is not offered to any employees not subject to the CBA.

Pursuant to the CBA, each Employee must contribute three percent (3%) of the base wage of patrolman (not including rank differential or longevity or overtime or any other pay) toward the cost of the medical benefits. Employees who are not yet receiving the full base wage (those Employees subject to the "Pay Ranges" of the CBA regarding starting salary) will pay based on the base wage they actually

receive. Effective January 1, 2024 and throughout the remainder of the CBA until December 31, 2028, the base salary used to calculate the 3% contribution will be frozen at the 2023 base rate (\$100,415); that term will expire December 30, 2028 and, on December 31, 2028, the officer's healthcare contribution rate will again be calculated on base salary then and thereafter in effect.

## **I ELIGIBILITY**

### **1. What are the eligibility requirements for our Plan?**

You must be a full time uniformed police officer of the Township and a member of the FOP subject to the CBA – this is called an Eligible Employee under this summary. Other employees of the Township are not eligible for the Plan.

### **2. When can I become a participant in the Plan?**

If you meet the requirements set forth in the answer to question 1 above for an Eligible Employee, you will be eligible for the Plan on your first day of employment.

### **3. When is my entry date?**

As an Eligible Employee, you automatically join the Plan on first day of your employment.

### **4. Are there any employees who are not eligible?**

Yes, any employee who does not qualify as an Eligible Employee is not eligible for the Plan. For example, a part-time police officer working less than 40 hours per week is not eligible, and an employee who is not a police officer is not eligible.

### **5. What must I do to enroll in the Plan?**

You will automatically become a Participant in this Plan once you have satisfied the preceding requirements. You will be asked to fill out an election form, but your participation is mandatory under the CBA. Filling out the election form is a formality.

## **II OPERATION**

### **1. How does this Plan operate?**

Because you are subject to the CBA, you are automatically participating in the Plan. Each payday, a portion of your pay will be applied to pay a portion of the premium cost of your healthcare benefits. That portion is described in the CBA. From now through the end of 2028, your contribution is basically equal to 3% of the 2023 base rate (\$100,415). That contribution will be applied by the Township to the healthcare premium expense to pay for insurance coverage. The portion of your pay that is contributed to pay the premium expense is not subject to Federal income or Social Security taxes. In other words, the plan allows you to use tax-free dollars to pay for insurance coverage which you normally pay for with out-of-pocket, taxable dollars.

### **III CONTRIBUTIONS**

#### **1. How much of my pay may the Employer redirect?**

From now through the end of 2028, your contribution is basically equal to 3% of the 2023 base rate (\$100,415).

#### **2. What happens to contributions made to the Plan?**

Your contributions will automatically be used to pay a portion of the premium expenses for the insurance coverage called for under the CBA.

#### **3. When must I decide what insurance coverage I want?**

Your contribution amount and the health insurance coverage provided are both as set forth in the CBA. You therefore have no decisions to make.

#### **4. When is the election period for our Plan?**

Because you are subject to the CBA, you are required to participate in this Plan. You will be asked to sign an election form, but that is just a formality. You have no right to not participate in the Plan.

#### **5. May I change my elections during the Plan Year?**

You have no elections to make, therefore there are no election changes happening during the Plan year.

#### **6. May I make new elections in future Plan Years?**

You will always be subject to the CBA. Details related to the Plan will only change to the extent provisions of the CBA change in the future.

### **IV BENEFITS**

#### **1. What insurance coverage may I purchase?**

You will receive the insurance coverage required by the CBA. You have no options to choose.

The Administrator may terminate or modify Plan benefits at any time, subject to the provisions of any insurance contracts providing benefits described above. We will not be liable to you if an insurance company fails to provide any of the benefits described above. Also, your insurance will end when you leave employment, are no longer eligible under the terms of any insurance policies, or when insurance terminates.

**V**  
**BENEFIT PAYMENTS**

**1. When will I receive benefit payments?**

The amount of pay you contribute to the Plan will be used to pay the premiums for the insurance coverage that is available. The provisions of the insurance policies will control what benefits will be paid and when.

**2. What happens if I terminate employment?**

If you terminate employment during the Plan Year, you will no longer be covered by insurance.

**3. Will my Social Security benefits be affected?**

Your Social Security benefits may be slightly reduced because when you receive tax-free benefits under our Plan, it reduces the amount of contributions that you make to the Federal Social Security system as well as our contribution to Social Security on your behalf.

**VI**  
**HIGHLY COMPENSATED EMPLOYEES**

**1. Do limitations apply to highly compensated employees?**

Under the Internal Revenue Code, highly compensated employees generally are Participants who are shareholders or highly paid (over \$155,000 in 2024 – the amount changes each year). You will be notified by the Administrator each Plan Year whether you are a highly compensated employee.

If you are within these categories, the amount of contributions and benefits for you may be limited so that the Plan as a whole does not unfairly favor those who are highly paid, their spouses or their dependents.

Plan experience will dictate whether contribution limitations on highly compensated employees will apply. You will be notified of these limitations if you are affected.

**VII**  
**GENERAL INFORMATION ABOUT OUR PLAN**

This Section contains certain general information which you may need to know about the Plan.

**1. General Plan Information**

Upper Providence Township Section 125 Plan is the name of the Plan.

Your Employer has assigned Plan Number 501 to your Plan.

The provisions of the Plan become effective on January 1, 2024, which is called the Effective Date of the Plan.

Your Plan's records are maintained on a twelve-month period of time. This is known as the Plan Year. The Plan Year begins on January 1st and ends on December 31st.

## **2. Employer Information**

Your Employer's name, address, and identification number are:

Upper Providence Township  
935 North Providence Street  
Media, Pennsylvania 19063  
23-6000545

## **3. Plan Administrator Information**

The name, address and business telephone number of your Plan's Administrator are:

Upper Providence Township  
935 North Providence Street  
Media, Pennsylvania 19063  
(610) 565-4944

The Administrator keeps the records for the Plan and is responsible for the administration of the Plan. The Administrator will also answer any questions you may have about our Plan. You may contact the Administrator for any further information about the Plan.

## **4. Service of Legal Process**

The name and address of the Plan's agent for service of legal process are:

Upper Providence Township  
935 North Providence Street  
Media, Pennsylvania 19063

## **5. Type of Administration**

The type of Administration is Insurer Administration.

# **VIII**

## **ADDITIONAL PLAN INFORMATION**

### **1. Insurance Procedures**

Claims that are insured will be handled in accordance with procedures contained in the insurance policies. All other general requests should be directed to the Administrator of our Plan.

## **IX** **SUMMARY**

The money you earn is important to you and your family. You need it to pay your bills, enjoy recreational activities and save for the future. The Plan, which has been established pursuant to the CBA, will help you keep more of the money you earn by lowering the amount of taxes you pay. The Plan is the result of our continuing efforts to find ways to help you get the most for your earnings.

If you have any questions, please contact the Administrator.