



AGENDA

WARRINGTON BOARD OF SUPERVISORS WORKSHOP MINUTES FOR MARCH 31, 2014

ATTENDANCE

Gerald B. Anderson, Chairperson; John R. Paul, Vice Chairperson; Marianne Achenbach, Secretary/Treasurer; Matthew W. Hallowell, Sr., and Shirley A. Yannich, members. Staff present was Timothy J. Tieperman, Township Manager; William H.R. Casey, Esq., Township Solicitor; Barry Luber, Chief Financial Officer and Barbara Livrone, Executive Assistant to the Township Manager. Participating via Skype was Thomas Zimmerman, Township Actuary.

MOMENT OF SILENCE

Mr. Anderson asked for a moment of silence.

PLEDGE OF ALLEGIANCE

The meeting opened with a pledge to the flag.

EXECUTIVE SESSION REPORT: No Report

WORKSHOP ITEMS:

- **Review proposed amendments to Chapter 1 (Administration and Government), Part 7B (Non-Uniformed Employee Pension Plan) creating a defined 401(a) contribution component for all new hires and a mechanism for allowing existing employees to convert to the 401 plan.**

Chairman Anderson explained the workshop's purpose was to discuss the development of a new defined contribution (DC) pension program for new hires and to have this program in place prior to hiring the new career fire staff.

Chief Financial Officer Barry Luber provided a summary review of a draft ordinance amending Chapter 1, Part 7B of the Township Code regulating the non-uniform pension plan. (*See Attachment 1 for both Defined Contribution and Defined Benefit Plans*). Township Actuary Thomas Zimmerman also participated in this summary review.

Mr. Zimmerman, as an introductory comment, stated that defined benefit (DB) plans are hugely unpopular because of the huge unfunded liabilities they carry, especially among state governments and local school districts.

He stated that local government DB plans have fared better but that that many are nevertheless underfunded to some degree. He stated that Act 600 prohibits DC plans for Pennsylvania police officers.

Zimmerman stated the trend is moving away from these plans, especially for new employees, and that in the private sector they are practically non-existent. Most are now embracing some type of DC plan where the employee – not the employer – assumes the investment risk.

Both Luber and Zimmerman reviewed the details of the draft ordinance. While the Supervisors were unanimous in their support for a defined contribution program, there were policy discussions over some critical details that the DC plan will need to include:

1. Vesting Schedule
2. Employee/Employer (Minimum/Maximum Contributions)
3. Employee or Employer Control of Plan Assets
4. Provisions for Current Employees to Opt-Out of DB Plan
5. Pre-Tax and After-Tax Contributions

The Board deliberated on the above options and received Staff's recommendations on the above DC components.

Chairman Anderson asked Mr. Luber to prepare a comparison between Warwick Township, Whitpain Township and Warrington Township's pension plans. Board members unanimously concurred with this recommendation and agreed to review Barry's survey results at a pre-meeting workshop on Tuesday, April 8 at 6:00 p.m. in the Boardroom.

- **Review proposed amendments to the Personnel Handbook to codify changes to the non-uniformed pension plan for new hires and to formalize employment rules and procedures for new career firefighters/EMTs.**

Since the personnel handbook changes depend heavily on the final DC plan design such as an effective date and employee/employer contributions, Board members unanimously agreed to table this item to a future meeting date.

- **Discuss any other issues to be addressed by the Board of Supervisors.**

No other business was discussed.

ADJOURNMENT

There being no further business Mr. Paul motioned, seconded by Mrs. Achenbach, to adjourn the meeting at 6:20 p.m. The motion passed unanimously 5-0.

Respectfully Submitted By:



Timothy J. Tieperman, Township Manager

Attachment "1"

Ordinance No.

**WARRINGTON TOWNSHIP
Bucks County, Pennsylvania**

AN ORDINANCE OF THE WARRINGTON TOWNSHIP BOARD OF SUPERVISORS OF THE WARRINGTON TOWNSHIP CODE OF ORDINANCES ESTABLISHING A DEFINED CONTRIBUTION PENSION FOR FULL-TIME, NON-UNIFORM EMPLOYEES OF THE TOWNSHIP OF WARRINGTON WHO ARE HIRED OR WHO OPT INTO THE DEFINED CONTRIBUTION PLAN AFTER APRIL 23, 2014

ARTICLE 1

C. Nonuniformed Defined Contribution Pension

Plan

DEFINITIONS

The following words and phrases when used in connection with the Defined Contribution Pension shall have, unless the context clearly indicates otherwise, the meaning given to them in this Section.

ACCOUNT — the entire interest of a Participant in the Defined Contribution Pension

ADMINISTRATOR- the person, entity, or committee named as such by the Board of Supervisors, or, in the absence of any such appointment, the Board of Supervisors.

AGE — the age attained by the Employee at his or her last birthday.

ANNIVERSARY DATE — any January 1 after the Effective Date

BENEFICIARY-

- (a) As to any Participant who is married at the time of his/her death, the Participant's Spouse, except as provided in Paragraph (b) or (c) of this section;
- (b) As to any Participant who: (1) is not married at the time of his/her death, or (2) is married, but the Participant has completed a designation of beneficiary form designating someone other than his/her Spouse, the persons or entities designated by the Participant in writing to be his/her Beneficiaries hereunder

BOARD — the Board of Supervisors of Warrington Township, Bucks County, Pennsylvania.

COMPENSATION — the Participant's gross pay before any payroll deductions. Compensation shall exclude any amounts paid after termination of employment.

DEFINED CONTRIBUTION PENSION — Money Purchase Pension Plan for the Non-Uniformed Employees of Warrington Township as herein set forth and as the same may hereinafter be amended. This Pension plan is intended to satisfy the requirements of Section 401(a) of the Code as a governmental money purchase plan.

EFFECTIVE DATE —of this Ordinance shall be effective April 23, 2014.

FUND — all money, property, and investments held and invested in the name of the Defined Contribution Pension.

PARTICIPANT — any employee who has satisfied the eligibility requirements established in the Defined Contribution Pension and who has been admitted to participation in the Defined Contribution Pension. The term "participant" shall include Active Participants (those who are currently eligible to share in Employer Contributions to the pension), Retired Participants (those former employees presently receiving benefits under the Plan or immediately entitled to receive such benefits).

PARTICIPANT ACCOUNT — each Participant's individual account maintained within the Fund to include the share of investment earnings or losses.

NORMAL RETIREMENT DATE — Upon retirement, participants may withdrawal funds at 59 1/2 years of age and must begin withdrawals by age 70 1/2.

PAY PERIOD — the period of time at which end an Employee is compensated for his Services to the Township.

PLAN YEAR — a period of twelve (12) consecutive months commencing on any January 1st and ending on the following December 31st.

PTO — Paid Time Off

ROLLOVER ACCOUNT — the distribution amount transferred to the Plan by a Participant from a qualified pension or profit sharing plan.

TOWNSHIP — Warrington Township, Bucks County, Pennsylvania.

TRUST AGREEMENT — the contract between the Township and the Trustee establishing the terms by which and under which the Fund is invested, distributed, accounted for and terminated, as the same now exists and as it may hereafter be amended.

TRUSTEE — the Board of Supervisors of Warrington Township or any other agency or person appointed by the Board to serve in that capacity as set forth in the Trust Agreement.

VALUATION DATE-the last day of the Plan Year and each other interim date during the Plan Year on which a valuation of the Fund is made.

B. Eligibility.

1. Any full-time (works 37.5 hours a week or more), permanent, non-uniformed employees of the Township hired before April 23, 2014, may opt to transfer into the defined contribution pension.
2. Each full-time, permanent, non-uniformed employee hired on or after April 23, 2014 shall become eligible upon completion of six months of service.
3. Change in Status- In the event a Participant who remains in the service of the Township ceases to be an employee eligible for participation hereunder, no further benefit accruals shall occur until the participant again qualifies under such participation requirements. Such a re-qualified Participant shall immediately commence accrual of additional benefits hereunder upon becoming eligible to participate.
4. EXCLUSIONS: Part-time, temporary or seasonal employees are not eligible to participate in the Plan.

C. Contributions.

1. Township Contributions: The Township shall contribute, on behalf of each Participant employed on the last day of a Pay Period an amount equal to six percent (6%) of the Participant's gross compensation for that Pay Period. Should the Township, for any reason, fail to make a contribution as provided for herein, then such deficiency shall be made up in the pay period immediately following. Township contributions shall be made only on gross earned salary for time actually worked or PTO taken while actively employed.
2. Participant Contributions: Participants may make voluntary contributions to the plan. Maximum employee contributions shall be governed by Federal and State laws and regulations. Employee contributions shall be made by payroll deduction based on an election in writing by the Participant based on notice and procedures established by the Township.
3. Rollovers and Transfers: The Trustee may receive on behalf of a Participant all or part of the entire amount of any distribution from a qualified plan that is eligible for rollover in accordance with requirements of Internal Revenue Code Section 401(a), 402(c), 403(aX4), 403(b)(8), 408(dX3)(A)(ii), or 457(16).

Employees voluntarily opting to transfer into the defined contribution pension from the defined benefit pension will have their present value of accrued benefit transferred into the defined

contribution pension. This amount will be calculated using the actuarial equivalence as defined under the defined benefit plan provisions except the required interest rate should be 7%. If employees transition into the defined contribution plan, they will no longer accrue benefits under the defined benefit plan after the date of transfer.

4. State Aid: The portion of the payments made by the State Treasurer to the Township and designated by the Board to be allocated to the Non-Uniformed Employee's Pension Fund from money received from taxes paid upon premiums by foreign casualty insurance companies may be used to reduce or eliminate the Township's Contributions pursuant to Section 23.11.4.C.1 hereof and offset the payment of any administrative expenses.
5. Forfeiture: Forfeitures will be applied to offset the Township's contributions.
6. Accounting and Allocations:
 - (a) The Administrator shall establish and maintain an account in the name of each Participant to which the Administrator shall credit all amounts allocated to each such Participant as hereinafter set forth.
 - (b) The Township shall provide the Administrator with all information required by the Administrator to make a proper allocation of the Township's contribution for each Plan Year.
7. Investment Direction by Participants:
 - (a) Rights of Participants: To the extent that the Plan Administrator has established investment categories for Participant investment direction, each Participant shall have the right and responsibility to designate the investment category or categories in which the Defined Contribution Pension is to invest amounts allocated to such Participant's Account from contributions made by the Township.
 - (b) Changes in Investment Direction. Any designation of investment categories by a Participant shall be made in the manner prescribed by the Administrator and shall be made at such reasonable times as shall be determined by the Administrator.
 - (c) Available Investment Categories. There shall be offered such investment categories as shall be determined in accordance with uniform nondiscriminatory rules prescribed by the Administrator from time to time.
 - (d) Limitations on Division of Investments. Any Participant may elect as to the allocation among investment categories for the investment of future contributions in such percentages and at such time as shall be determined in accordance with uniform nondiscriminatory rules prescribed by the Administrator.
 - (e) Failure to Elect Investment Categories. In the absence of written designation of investment category preference, the Administrator shall invest all funds received on account of any Participant in the investment category selected by the Administrator. Any designation of investment category by any Participant shall on its effective date, cancel any prior designation by the Participant with respect to investment of future contributions.

- (f) Annuity Contract or Trust. Notwithstanding any instruction from any Participant, the terms of any applicable annuity or trust agreement shall control investment of Fund assets.
 - (g) Participants shall be directly responsible for investment of 100% of their investment choices and associated fees.
8. Vesting: All Participants shall at all times be fully vested in their respective Township Account, Participant Account and Rollover Accounts. Notwithstanding the preceding, any account that was transferred from the Warrington Township Employees' Pension Plan is subject to the following vesting schedule: 0-3 years of service = 0% vested. Vesting is 40% after 4 years of service, increasing by 10% for each additional year, to 100% vesting after 10 or more years of service. A year of service is defined as each completed year of full-time service for Warrington Township from date of hire to date of termination of employment. In no event can the vested transfer account from the Warrington Township Employees' Pension Plan be less than the participant's accumulated member contributions in that plan, with interest, determined as of the date of transfer.

D. Retirement Benefits.

Payout of proceeds of each Participant's Account shall be in accordance with Federal law and procedures issued by the Administrator.

E. Death Benefits.

1. Death Prior to Retirement: If a Participant dies prior to the commencement of pension benefits, his designated Beneficiary shall be entitled to the Participant's Account determined pursuant to this Ordinance as valued at the time of death. If no such beneficiary survives, the amount will be paid to the Participant's estate.
2. Death After Retirement: If a Participant dies after distribution has commenced, the remaining portion of such interest will be paid to the Participant's designated beneficiary.

F. Method of Distribution of Benefits.

Participants distribution of benefits shall be subject to the state and federal laws of the 401 (a) plan, however, all retirement distribution will be self-directed by the retired participant.

G. Termination of Employment.

1. Distribution: As of a Participant's termination of employment he or she may continue to maintain the 401 (a) account with no further Township contributions or receive a distribution of all accounts. The last Township payment into the plan will not reflect contributions on additional PTO buy back or severance payments paid at the time of termination of employment or retirement.
2. Reemployment Rights: If the terminated Participant is rehired by the Township and re-enrolls in the Plan within 12 consecutive months of termination *he* or she shall continue to participate in the Plan as if such termination had not occurred, provided that the Township shall not make contributions for the period in which the Participant is not employed by the Township.

H. Management of Fund.

1. It is the duty of the Administrator to pay the benefits to Participants and their beneficiaries.

2. The Administrator shall make an annual determination of the fair market value of the Fund as of the Anniversary Date and as of such additional dates as the Board may direct. The fair market value of the Fund shall be reported to the Members at least annually.

I. The Board.

1. The Plan shall be administered by the Board or a designee of the Board. The Board or its designee shall make and adopt rules and regulations for the efficient administration of the Plan.
2. The Board or its designated Administrator shall keep all data, records and documents pertaining to the administration of the Plan and shall execute all documents necessary to carry out the provisions of the Plan, and shall provide all such data, records and documents to any professional whose services are employed pursuant to this Pension.
3. The Board or its designated Administrator shall construe the Defined Contribution Pension, shall determine any questions of fact arising under the Pension and shall make all decisions required of it under the plan and its construction thereof, any decisions and actions taken thereon in good faith shall be final and conclusive. It may correct any defect or supply any omission or reconcile any inconsistency in such manner to such extent as it shall deem expedient to carry the Plan into effect, and it shall be the sole judge of such expediency. The Board shall act uniformly with respect to matters coming before it concerning Employees and Participants in similar circumstances.
4. The Participants of the Board and each of them, shall be free of all liability for any act or omission except by willful misconduct or gross negligence, and each of them shall be fully indemnified by the Township against all judgments not involving findings of their respective personal or collective willful misconduct or gross negligence and against all costs, including counsel fees incurred in defense of actions brought against them.
5. The Board or its designated Administrator shall make available to Participants, retired Participants and terminated Participants and to their beneficiaries, for examination during business hours, such records as pertain to the person examining.
6. To enable the Board or its Administrator to perform its functions, the Township shall supply full and timely information to it on all matters relating to the pay of all Participants, their retirement, death, termination of employment and such other pertinent facts as the Board may require.
7. The Board shall enact such rules and regulations for the conduct of its business and for the administration of the Defined Contribution Pension as it may consider desirable, provided the same shall not be in conflict with any of the provisions of the Defined Contribution Pension. All actions of the Board shall be taken at meetings at which at least two Participants shall be present, or by written resolution and any resolutions concurred in by not less than two of its Participants shall be the action of the entire Board. Written minutes shall be kept of the meetings and actions of the Board.
8. The Chair and Manager, acting on behalf of the Board, shall have the power to execute all documents necessary to carry out the actions of the Board, and any person, partnership, corporation or government agency shall accept such documents over such signature or signatures as if executed by the Board.

J. Provisions Relating to the Township.

1. It is the expectation of the Township that it will continue this Defined Contribution Pension indefinitely and will from time to time contribute to the Fund such amounts as may be needed to provide the benefits set forth in this Chapter; but continuance of the Defined Contribution Pension is not assumed as an obligation of the Township and the right is reserved by the Township at any time to reduce, suspend or discontinue its contributions hereunder.
2. The Township assumes no obligation or responsibility with respect to the operation of the Defined Contribution Pension and does not guarantee the payment of the benefits provided for Participants of the Defined Contribution Pension. The Township shall have no liability with respect to the administration of the Fund and payments made under the provisions of any Ordinance establishing, amending, or maintaining the Defined Contribution Pension shall not be a charge on any other fund in the treasury of the Township or under its control.
3. Nothing contained in the Defined Contribution Pension shall be held or construed as a contract or guarantee of employment or to create any liability upon the Township to retain any person in its Service. The Township reserves the full right to discontinue the service of any person without any liability except for salary or wages that may be due and unpaid, whenever in its judgment its best interests so require, and such discontinuance shall be without regard to this Defined Contribution Pension.

K. Termination or Amendment of Plan

1. The Township may amend, curtail or terminate this Defined Contribution Pension at any time, provided, however, that no amendment affecting the Administrator or Trustee shall be made without its consent (other than an amendment having the effect of termination of the Defined Contribution Pension); nor shall any amendment be made which will in any manner divert any part of the Fund to any purpose other than the exclusive benefit of Participants or their beneficiaries (except upon termination such diversion may be made after all of the fixed and contingent liabilities to Participants and their beneficiaries have been met); nor shall any amendment be made at any time which will in any manner divest any benefit then vested in a Participant.
2. In the event of termination of this Defined Contribution Pension, the Board shall allocate the assets then remaining in the Fund, to the extent that such assets are sufficient, to Participants and retired Participants in an amount equal to their respective Participant Account Balance reduced in the cases of retired Participants by any prior distributions made to them.
3. After allocation of the Funds, the Board shall determine whether to operate the Fund as the source of whatever payments the money so allocated will provide.

L. MISCELLANEOUS PROVISIONS

1. No benefit under this Defined Contribution Pension shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge or encumbrance, nor to seizure attachment or other legal process for the debts of any Participants or Participant's beneficiary.

2. Any person dealing with the Trustee may rely upon a copy of this Defined Contribution Pension and any amendments thereto certified to be a true and correct copy by the Administrator or Trustee.
3. Anything heretofore contained in this Defined Contribution Pension to the contrary notwithstanding, it is the intention of the Township that any action herein provided to be taken by the Administrator or Trustee shall be taken only in accordance with written instructions of the

Board given in such detail as to preclude the exercise by the Trustee of discretion in the performance thereof.

4. Under no circumstances, whether upon amendment or termination of this Defined Contribution Pension or otherwise shall any part of the Fund be used for or diverted to any purpose other than the exclusive benefit of Participants or their beneficiaries until all of the actuarial obligations to such Participant or Participant's beneficiaries have been met.
5. If the Board deems any person incapable of receiving benefits to which he is entitled by reason of minority, illness, infirmity, or other incapacity, it may direct the Administrator or Trustee to make payment directly for the benefit of such person, to the guardian or Trustee of such person whose receipt shall be a complete acquittance therefore. Such payment shall, to the extent therefore, discharge all liability of the Township, the Trustee and the Fund.
6. Should any provision of this Defined Contribution Pension be determined to be void by any court, the Defined Contribution Pension will continue to operate and, to the extent necessary, will be deemed not to include the provision determined to be void.
7. Headings and captions provided herein are for convenience only and shall not be deemed part of the Defined Contribution Pension.
8. This Defined Contribution Pension shall be construed and applied under the laws of the Commonwealth of Pennsylvania where not in conflict with Federal laws which shall prevail.
9. All Ordinances or resolutions or portions thereof, inconsistent herewith are hereby repealed.

B. Non-uniformed Employee Pension Plan

§ 721. Definitions. Ord. 03-23, 10/28/2003, § I; as amended by Ord. 2008-0-11, 7/8/2008]

For the purposes of this Part, the following definitions shall apply:

ACCRUED BENEFIT -The member's normal retirement benefit multiplied by the ratio of (1) over (2), where:

(1) Equals the years of service completed by the member as of his termination of employment; and,

(2) Equals the years of service the member would have completed if he had continued in employment until his normal retirement date.

For the purposes of this paragraph, service while employed by the Warrington Township Municipal Authority shall not be counted in determining the accrued benefit. .

ACTUARIAL EQUIVALENCE -Will be determined using the actuarial assumptions used in the latest actuarial valuation to fund the Plan.

AGE -Age at nearest birthday.

ANNIVERSARY DATE -January 1 of each year.

COMPENSATION -Monthly equivalent of total pay, excluding unused vacation pay or sick pay or any other "buy-backs" not authorized by the Commonwealth of Pennsylvania.

EMPLOYER -Warrington Township, Bucks County, Pennsylvania.

FUND -The Warrington Township Employees' Pension Plan Trust Fund.

MEMBERS -All non-uniformed employees who meet the requirements set forth in § 724 of this Part. The masculine will include the feminine.

MUNICIPALITY -Warrington Township, Bucks County, Pennsylvania.

NONUNIFORMED EMPLOYEE -All Warrington Township employees, excluding police employees—**Officers**.

PLAN -Warrington Township Employees' Pension Plan.

TOWNSHIP -Warrington Township, Bucks County, Pennsylvania.

YEAR OF SERVICE -Each completed year of full-time service for Warrington Township from date of hire to termination of employment.

§ 722. Funding of Pensions. [Ord. 03-23, 10/28/2003, § II]

This plan is to be funded and maintained by any of the following methods or combination of each:

- A. General Fund. Contributions from the general fund of Warrington Township which may be required after appropriate approval of the Township.
- B. Member Contributions. None, unless required by the Board of Supervisors.
- C. State Aid. That amount received pursuant to the Municipal Pension Plan Funding Standard and Recovery Act (Act 205).
- D. Gifts, Grants, Devises or Bequests. The sums which may be received by the Township to the extent authorized by law.
- E. Any other sums received by or contributed to the Township-to the extent authorized by law.

§ 723. Administration. [Ord. 03-23, 10/28/2003, § III]

1. Pension Committee.

- A. The general administration and management of the plan shall be under the direction of a Pension Committee. One Pension Committee member shall be an employee representative and the remaining ~~two~~ **three** Pension Committee members shall be appointed by the Board of Supervisors of the Township.
- B. The Pension Committee shall have complete control of the administration of the plan and shall have all powers necessary to enable it to properly carry out its duties including, but not limited to, the power to construe the provisions of this pension fund, to determine all questions relating to eligibility of members, to authorize all disbursements for benefits to members and, as set forth below, to contract with life insurance companies. The decisions of the Pension Committee on all matters within the scope of its authority shall be final.

2. Trustee.

- A. The fund shall be under the direction of a trustee designated by ordinance or resolution by the Township. The trustees may receive, at any time, gifts, grants, devises or bequests to the pension fund of any

money or property, real, personal or mixed, to be held by them in trust for the benefit of this fund and in accordance with the provisions hereof. The trustees shall be subject to such rules and regulations as may from time to time be adopted by the Board of Supervisors of this Township by ordinance or resolution.

B. The trustees shall have full power and authority by a majority action of its members either directly or through their designated representatives, to do all acts, execute, acknowledge and deliver all instruments, and to exercise for the sole benefit of the members hereunder, any and all powers and discretions necessary to implement and effectuate the purposes of this Part including for purposes of illustration, but not limited to, any of the following:

(1) To hold, invest and reinvest all funds received pursuant to this Part and such legal investments as may be authorized as legal investments under the laws of the Commonwealth of Pennsylvania.

(2) To retain any property which may at any time become an asset of the fund, as long as said trustees may deem it advisable.

(3) To make distribution of the monies in the fund, in accordance with the terms of this Part.

C. The expense of administering this pension fund, including compensation of any actuary, any custodian of the fund, and any other charges or expenses related thereto, exclusive of the payment of pensions, may be paid by the Township general fund or from the plan, as determined by the Township.

§ 724. Eligibility. [Ord. 03-23, 10/28/2003, § IV]

1 Each full-time non-uniformed employee (regularly working not less than 40 37.5 hours per week during the calendar year) employed by employer is eligible for membership and shall be a member in the Warrington Township Employees' Pension Plan and Fund on the first of the month coincident with or next following the attainment of age 18 and the completion of six months of service. For the purposes of this subsection, service with the Warrington Township Municipal Authority shall be counted in determining eligibility.

2 A member shall retain membership status until he separates from service and is paid all benefits due to him. Any member who separates from service under circumstances other than those specified in this Section shall cease to be a member and shall, if he returns to service, requalify as though he had never been a member.

3 For the purposes of this Section, service shall mean the period of an employee's continuous employment by the employer. The following types of

4. Frozen Participation – No employee who performs his first hour of service for the employer on or after April 23, 2014, shall participate in the plan. A rehired employee who first performed service before April 23, 2014, shall not be eligible to re-participate in the Plan.

5. A full-time, actively employed Member may make a one-time election to cease participation in the Plan and enter the Money Purchase Pension Plan for the Non-Uniformed Employees of Warrington Township. Such election shall be made under timing and procedures prescribed by the Pension Committee. The election is irrevocable and the employee cannot reenter this Plan. All benefit accruals and service crediting shall cease at the effective date of the election. Upon such election, the lump sum value of the Member's Accrued Benefit shall be transferred to the Money Purchase Pension Plan. The lump sum value shall be determined using Actuarial Equivalence under the Plan, except the interest rate shall be 7.0%. The lump sum can be no less than the member's accumulated member contributions with interest. Upon such transfer, the employee shall have no further claim for benefits under this Plan.

A. Temporary leave of absence or layoff which shall, if not otherwise stated, expires in six months unless sooner renewed.

B. Absence during which regular remuneration is paid.

§ 725. Normal Retirement and Normal Retirement Benefits. [Ord. 03-23, 10/28/2003, § V]

The benefits from the fund shall be payable to members who have served in the Township in a full-time capacity and who meet the following requirements, after which the member may retire from service with the employer:

A. A non-uniformed employee who shall have attained 65 years of age shall, upon application, be entitled to a monthly pension computed by averaging the employee's final 60 months of compensation. The monthly amount of such pension shall equal 50% of the 60 months of compensation as averaged, reduced proportionately for less than 30 years of service. Such normal retirement benefit as herein defined shall be payable in the normal form of a ten-year certain and continuous annuity for unmarried members and as an actuarially equivalent joint and 50% survivor annuity for married members and shall be effective as of the first of the month coincident with or next following the member's 65th birthday.

B. Retirement at a later age than 70 years may be permitted by the Township in exceptional circumstances upon terms mutually agreeable to the Township and the member, but not inconsistent with the terms of this Plan. The late retirement benefit shall be the greater of the actuarial equivalent of the normal retirement benefit or the benefit earned to the late retirement date.

§ 726. Total and Permanent Disability. [Ord. 03-23, 10/28/2003, § VI]

1 Any member who becomes totally and permanently disabled shall be paid, effective as of the first of the month coincident with or next following the date of disability, 100% of the accrued benefit as of the date of disability in the form of a ten-year certain and continuous annuity.

2 Total and permanent disability shall mean a physical or mental condition of a member which precludes him from engaging in any substantially gainful employment. Determination of disability is to be made by a duly qualified physician selected by the employer. Such determination shall be final and conclusive.

3 Disability benefit payments shall cease upon recovery from disability or death and the employer shall have the right to require the disabled member to undergo medical examination at reasonable intervals.

§ 727. Preretirement Death Benefit. [Ord. 03-23, 10/28/2003, § VD]

1 The beneficiary of any married member who dies prior to normal retirement will receive a benefit equal to 50% of the accrued benefit as of the date of death. Each married member's beneficiary shall be his/her spouse. This death benefit shall be effective as of the first of the month coincident with or next following the member's date of death and shall be payable for the life of the spouse.

2 Each unmarried member shall designate a beneficiary on a form to be provided by the employer. The pre-retirement death benefit for an unmarried member's beneficiary shall equal the actuarial equivalent of 50% of the member's accrued benefit and shall be payable for the life of the beneficiary.

§ 728. Termination Benefits and Vesting. [Ord. 03-23, 10/28/2003, § VIII]

1. Vesting occurs according to the following schedule:

Completed Years of Service*	Vested %
1	10%
2	20%
3	30%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

* Service for the Township or the Municipal Authority

1 Any plan member who terminates employment prior to normal retirement shall be eligible to receive the vested portion of the accrued benefit, payable at normal retirement. Any plan member who attains normal retirement, however, shall become 100% vested, regardless of years of completed service.

2 Notwithstanding the above, if the lump-sum value of a vestee's accrued benefit equals \$5,000 or less, as of their date of termination of service, this plan may payout the lump-sum amount at a time to be determined at the discretion of the Board of Supervisors.

3 However, if the lump sum value of a terminatee's member contributions, plus 4% interest, is greater than the present value of the member's vested accrued benefit, then the member's contributions plus 4% interest shall be returned to the terminatee as a lump sum. Any member who receives a return

of member contributions, plus interest, shall thereby waive any and all future benefits payable under the plan.
[Added by Ord. 2010-0-08,
7/27/2010]

§ 729. Early Retirement Benefit. [Ord. 03-23, 10/28/2003, § IX]

A member may retire at any age earlier than age 65. The benefit an early retiree is entitled to equals his vested accrued benefit, payable at 65. When benefit payments commence prior to age 65, then such benefits shall be reduced by 3 1/3% for each year by which benefits commence before age 65.

§ 730. Transfer or Assignment. [Ord. 03-23, 10/28/2003, § X]

The pension payments "herein provided for shall not be subject to attachment, execution, levy, garnishment or other legal process and shall be payable only to the member or his designated beneficiary. No member or his beneficiary shall have any right to alienate, encumber or assign any assets of the fund held by the trustees on his behalf, or any of the benefits or payments or proceeds of any contract or agreement purchased or acquired by the Township hereunder.

§ 731. Distribution of Benefits. [Ord. 90, 12/11/1990; as added by Ord. 01-13, 12/18/2001]

1. Unless the plan member otherwise elects, the payment of benefits under the plan to the plan member will begin no later than the 60th day after the latest of the close of the plan year in which:
 - A. The plan member attains the earlier age of 65 or the normal retirement age specified under the plan.
 - B. Occurs the 10th anniversary of the year in which the plan member commenced participation in the plan.
 - C. The plan member terminates his service with the municipality.
2. In the case of a plan which provides for the payment of an early retirement benefit, a plan member who satisfied the service requirements for such an early retirement benefit, but separated from the service (with any nonforfeitable right to an accrued benefit) before satisfying the age requirement to receive a benefit not less than the benefit to which he would be entitled at the normal retirement age, actuarially reduced under regulations prescribed by the secretary.
3. A plan member's benefits must commence to be paid not later than April 1st of the calendar year following the later of (1) the calendar year in which the member attains the age 70 1/2 or (2) the calendar year in which the member retires. Such distributions must equal or exceed the required minimum distribution, and otherwise be made in a manner consistent with the requirements of Code § 401(a) (9) and the regulations thereunder.
4. Required distributions must be made over the lifetime or the life expectancy of the plan member or the joint life times or joint life expectancy of the plan member and the plan member's designated beneficiary. The life expectancy of the plan member and the plan member's spouse may be re-determined at the election of the plan member or the plan member's spouse. Such an election is irrevocable, once made. If no such election is made by the date benefit distributions must commence then the expectancy of the plan member and the plan member's spouse shall not be recalculated. Tables V and VI of Regulation 1.72-9 shall be used for computing life expectancy or joint and survivor life expectancy.
5. All benefit distributions to a plan member or the plan member's beneficiary shall be in accordance with the incidental death benefit requirement of Code § 401(a) (9) (G) and the related regulations.

§ 732. Compensation and Benefit Limitations. [Ord. 90-10, 12/11/1990; as added by Ord. 01-13, 12/18/2001]

The limitations and other requirements outlined below are intended to comply with Code § 415 and the regulations thereunder, the terms of which are specifically incorporated herein by reference. The maximum compensation limit and benefits limitations under the Code are as follows:

A. The compensation used in calculating a plan member's benefit cannot exceed the limits of Code § 401(a) (17) as adjusted for cost of living increases as per Code § 415(d).

B. General Rule. In no event shall the annual retirement benefit payable to a member under this plan, together with retirement benefits provided under all qualified benefit plans maintained or previously maintained by the municipality, for any "limitation year," which shall be the calendar year, exceed the minimum benefit permitted, as adjusted annually per Code § 415(d), under Code § 415(b) (including any applicable grandfathering rules). This plan section shall be applied in accordance with Code § 415 and the regulations thereunder.

C. Adjustment of Limits.

(1) Where a retirement benefit commences before age 62, the Code § 415(b) (1) (A) dollar limit shall be reduced in accordance with Code § 415(b) (2) (F). This reduction shall not result in a limit that is less than (i) \$75,000 if the benefit begins at or after age 55, or (ii) the actuarial equivalent of \$75,000 at age 55 (determined in accordance with Code § 415) if the benefit begins before age 55.

(2) Where a retirement benefit commences after age 65, the Code § 415(b) (1) (A) dollar limit shall be increased as described in Code § 415(b) (2) (F).

(3) The maximum benefit limit of Code § 415(b) (1) shall be applied to benefits in the form of a straight life annuity (with no ancillary benefits) without regard to benefits attributable to plan member contributions and rollover contributions. If the form payable to a plan member is other than a single life annuity or a Code § 417(b) qualified joint and survivor annuity, the plan member's benefit shall not exceed the actuarial equivalent of the Code § 415(b) (1) maximum payable in the form of a single life annuity, unless no such adjustment is required under Code § 415 and related regulations.

(4) Notwithstanding the other rules of the plan and Code § 415, if the plan member has not participated in a defined contribution plan of the Municipality, the member's annual retirement benefit shall not be deemed to exceed the maximum benefit limit if it does not exceed the Code § 415(b) (4) limit of \$10,000, as adjusted for plan participation or service of less than 10 years in accordance with Code § 415(b) (5).

D. Order of Defined Benefit Plan Reductions. If the member participates or participated in any other defined benefit plan of the Municipality, and the member's aggregate annual retirement benefit under this plan and such other plan exceeds the limits permitted under Code § 415, such plan member's benefit shall be first reduced under this plan.

§ 733. Vesting. Ord. 90-10, 12/11/1990; as added by Ord. 01-13, 12/18/2001]

1 Notwithstanding the plan's vesting schedule, a plan member shall be 100% vested when the plan member completes the age and service requirements for normal retirement at his normal retirement date under the plan.

2 Notwithstanding the plan's vesting schedule a plan member shall be 100% vested when the plan member completes the age and service requirements for normal retirement at his normal retirement date under the plan.

3 Notwithstanding the plan's vesting schedule, a plan member shall be 100% vested in his accrued benefit (to the extent funded) as of the date of partial or complete plan.

§ 734. Qualified Domestic Relations Order. [Ord. 90-10, 12/11/1990; as added by Ord. 01-13, 12/18/2001]

Notwithstanding section IV, the plan shall recognize any Qualified Domestic Relations Order (QDRO) set forth under Code § 414(p). Any plan member's benefits, rights or elections shall be subject to any rights afforded to the alternate payee by a QDRO. Further, a distribution to an alternate payee is permitted if authorized by a QDRO, even if the plan member involved has not separated from service and has not reached the earliest retirement age under the plan.

§ 735. Alienation. [Ord. 90-10, 12/11/1990; as added by Ord. 01-13, 12/18/2001]

No plan member or beneficiary shall have any benefit subject to any type of alienation, anticipation, assignment, charge, encumbrance, pledge, sale or transfer. Further, no benefits shall be subject to or liable for any debts, contracts, engagements, liabilities or torts. The only exceptions to this Section are those in Section V above and those referenced in Code §§ 401(a) (13) (C) and (D).

§ 736. Unlocatable Member or Beneficiary. [Ord. 90-10, 12/11/1990; as added by Ord. 01-13, 12/18/2001]

If any portion of a plan benefit is payable to a plan member or beneficiary at the later of the plan member's 62nd birthday or his normal retirement age and such benefit remains unpaid solely by reason that the municipality, after sending a registered letter, to the last known address, return receipt requested, and after diligent effort fails to locate the plan member or beneficiary, the actuarial value of the benefit shall be forfeited and applied towards reducing plan costs. If, subsequent to the forfeiture, a plan member or beneficiary is located, the actuarial value of the forfeiture at the time it was forfeited (no adjustments for gains or losses) shall be restore.

§ 737. Forfeitures. [Ord. 90-10, 12/11/1990; as added by Ord. 01-13, 12/18/2001]

Forfeitures must not be applied to increase the benefits any municipal employee would otherwise receive under the plan.

§ 738. Merger or Consolidation. [Ord. 90-10, 12/11/1990; as added by Ord. 01-13, 12/18/2001]

In the case of any merger or consolidation with, or transfer of plan assets or liabilities to any other plan, each plan member would (if the plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer (if the plan had been terminated).

§ 739. Actuarial Assumptions. [Ord. 90-10, 12/11/1990; as added by Ord. 01-13, 12/18/2001]

As required by Code § 401(a) (25), the actuarial assumptions used to calculate plan benefits shall not be subject to the municipality's discretion.

§ 740. Optional Direct Transfer of Eligible Rollover Distributions. [Ord. 90-10, 12/11/1990; as added by Ord. 01-13, 12/18/2001]

1. If any distributee of any eligible rollover distribution:

(A) Elects to have such distribution paid directly to an eligible retirement plan; and

(B) Specifies the eligible retirement plan to which said distribution is to be paid (in such form and at such time as the plan administrator may prescribe);

Such distribution shall be made in the form of a direct trustee-to-trustee transfer to the eligible retirement plan so specified.

1 Limitation. Subparagraph (a) shall apply only to the extent that the eligible rollover distribution would be includible in gross income if not transferred as provided in subparagraph (a) determined without regard to Code §§ 402(c) and 403(a)(4).

2 Eligible Rollover Distribution. For purposes of this Section, the term "eligible rollover distribution" has the meaning given such term by Code § 402(f) (2) (A).

3 Eligible retirement plan. For purposes of this Section, the term "eligible retirement plan" has the meaning given such term by Code § 402(c)(8XB), except that a qualified trust shall be considered an eligible retirement plan only if it is a defined contribution plan, the terms of which permit the acceptance of rollover distributions.

§ 741. Merger of Warrington Township Municipal Authority Pension Plan. [Added by Ord. 2008-0-11, 7/812008]

This section provides the rules applicable to individuals who became members as a result of the merger of the Warrington Township Municipal Authority Pension Plan (the "Authority Plan") with and into the Plan, effective August 1, 2008.

A. Effective August 1, 2008, the Authority Plan merged with and into the Plan. As a result of said merger, the assets and liabilities of the Authority Plan were transferred into the Plan, and each new Plan member who previously participated in the Authority Plan received an accrued benefit under the Plan immediately after the merger that was equal to the benefit to which such new member was entitled under the Authority Plan immediately prior to the merger.

B. Definitions. For purposes of this § 741, the following terms shall have the meanings set forth below:

NONUNIFORMED EMPLOYEE -Also includes, as of August 1, 2008, a Warrington Township Municipal Authority employee.

C. Benefits of Former Authority Plan Members.

(1) Former Authority Plan Members in Pay Status as of August 1, 2008. A former Authority Plan member who was in pay status under the Authority Plan on August 1, 2008, shall receive a retirement benefit under the Plan that is equal in all respects to the retirement benefit

such former Authority Plan member was receiving under the Authority Plan on August 1, 2008.

(2) Former Authority Plan Members Not in Pay Status as of August 1, 2008. A former Authority Plan member who was not in pay status under the Authority Plan on August 1, 2008, shall receive a retirement benefit under the Plan that is equal to the greater of:

(a) The member's benefit under the Authority Plan on August 1, 2008, plus the member's retirement benefit under the Plan, where years of service under the Plan include only those years of service (full and partial) accrued under the Plan after July 31, 2008; or

(b) The member's retirement benefit under the Plan, where years of service include all years and partial years of service accrued under the Authority Plan prior to August 1, 2008, and all years and partial years of service accrued under the Plan after July 31, 2008.