

ORDINANCE NO. 401

**EAST NORRITON TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA**

**AN ORDINANCE AMENDING THE PROVISIONS OF
THE “ TOWNSHIP OF EAST NORRITON EMPLOYEES’
PENSION PLAN” TO PERMIT A LUMP SUM PAYMENT
OPTION FOR BENEFITS OF NO MORE THAN \$10,000.**

WHEREAS, East Norriton Township has established the East Norriton Township Employees’ Pension Plan on August 14, 1967, and amended such Plan from time to time.

NOW THEREFORE, BE IT ENACTED AND ORDAINED by the East Norriton Township Board of Supervisors that such Plan be further amended as follows:

Section 1. Amend 26-3 “Optional Retirement Benefits” by inserting an additional form of benefit payment as subsection A (4) as follows:

- (4) Lump sum payment. If the present lump sum value of the vested accrued benefit is no more than five thousand dollars (\$5,000), benefits shall automatically be paid in a lump sum. If the present lump sum value of the vested accrued benefit is greater than five thousand dollars (\$5,000), but no more than ten thousand dollars (\$10,000), the employee may elect to have the retirement benefit paid in a lump sum. This form of payment may not be elected if such vested present value exceeds ten thousand dollars (\$10,000). The lump sum will be paid in cash.

The distributee may elect to have any eligible portion of a lump sum distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover payment. An eligible retirement plan is an individual retirement account described in section 408(a) of the Internal Revenue Code of 1986, as amended, (IRC), an individual retirement annuity described in IRC section 408(b), an annuity plan described in IRC section 403(a), or a qualified trust described in IRC section 401(a), that accepts the distributee’s lump sum distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity. A distributee includes an employee or former employee. In addition, the employee’s or former employee’s surviving spouse and the employee’s or former employee’s spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in IRC section 414(p), are distributees with regard to the interest of the spouse or former spouse.

Section 2. Amend 26-4 "Survivor Benefits" by deleting the current 26-4.F and replacing it with the following:

F. If the actuarially equivalent lump sum value of the preretirement survivor annuity described in Subsections D and E of this section does not exceed five thousand dollars(\$5,000), the plan administrator shall direct the immediate distribution of such lump sum amount to the participant's beneficiary. If the lump sum value exceeds five thousand dollars (\$5,000) but does not exceed ten thousand dollars (\$10,000), the beneficiary may elect to receive the benefit of a lump sum. If the lump sum value exceeds ten thousand dollars (\$10,000), the plan administrator may, at his discretion, make an immediate distribution of the entire lump sum, provided that the surviving beneficiary consents, in writing, to such distribution.

Section 3. Amend 26-13 "Lump-Sum Distribution" by deleting it in its entirety. As the Plan will now provide for a lump sum distribution whenever the benefit payable is five thousand dollars (\$5,000) or less, this discretionary power is unnecessary.

Section 4. Severability.

If any section, subsection, sentence, clause, phrase, or portion of this Ordinance is, for any reason, held invalid or unconstitutional by any court of competent jurisdiction, such provision shall be separate, distinct, and independent and such holding shall not affect the validity of the remaining portions of this Ordinance.

Section 5. Ratification

This Ordinance shall in no other way affect, amend or modify the Pension Ordinance of East Norriton Township.

ENACTED AND ORDAINED this 8th day of December, 1998.

EAST NORRITON TOWNSHIP
BOARD OF SUPERVISORS

By: Joseph C. Ronca, Jr.
Joseph C. Ronca, Jr., Chairman

By: John B. Gourley
John B. Gourley, Vice Chairman

By: Lewis K. McQuirns
Lewis K. McQuirns, Supervisor



ATTEST:
Helmuth J. H. Baerwald
Helmuth J. H. Baerwald, Secretary