

**EAST NORRITON TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA**

ORDINANCE NO. 588

AN ORDINANCE OF THE TOWNSHIP OF EAST NORRITON, MONTGOMERY COUNTY, PENNSYLVANIA, AMENDING THE CODE OF ORDINANCES, CHAPTER 26 ARTICLE 1 ENTITLED EAST NORRITON TOWNSHIP EMPLOYEES' PENSION PLAN IN ORDER TO MODIFY THE PARTICIPATION, BENEFITS, FORMULAS AND OTHER PROVISIONS FOR NON-UNIFORMED EMPLOYEES UNDER THE PLAN.

WHEREAS, East Norriton Township, Montgomery County, Pennsylvania (hereinafter "the Township") is a Second-Class Township organized and existing under the laws of the Commonwealth of Pennsylvania; and

WHEREAS, the Township has previously established the East Norriton Township Employees' Pension Plan (the "Plan"); and

WHEREAS, the East Norriton Township Employee Pension Plan and Pension Fund documents, and any amendments thereto, are on maintained on file in the Township offices; and

WHEREAS, East Norriton Township desires to enact certain amendments to the Plan.

NOW, THEREFORE, be it, and it is hereby **ORDAINED** by the East Norriton Township Board of Supervisors, and it is hereby **ENACTED** and **ORDAINED** by authority of same as follows:

SECTION I.

The attached amendment of the East Norriton Township Employees' Pension Plan ("Amendment 5") to the East Norriton Township Employees' Pension Plan is hereby enacted under Chapter 26 Article I of the East Norriton Township Code, and the Township Manager, as the agent for the employer, is hereby authorized and directed to execute the attached Amendment 5 to the Plan.

SECTION II. REPEALER

Any and all terms, conditions and provisions of any Ordinance or Resolution of the Township of East Norriton in conflict with the terms, conditions and provisions of this ordinance are hereby repealed to the extent of such conflict.

SECTION III. SEVERABILITY

The terms, conditions, and provisions of the Ordinance are hereby declared to be severable, and, should any portion, part or provisions of this ordinance be found by a court of competent jurisdiction to be invalid, unenforceable or unconstitutional, the East Norriton Township Board of Supervisors hereby declares its intent that the Ordinance shall have been enacted without regard to the invalid, unenforceable, or unconstitutional portion, part or provision of this Ordinance.

SECTION IV. EFFECTIVE DATE

This ordinance shall become effective 5 days after adoption by the Board of Supervisors of the Township of East Norriton.

ORDAINED AND ENACTED, by the Board of Supervisors of the Township of East Norriton, Montgomery County, Commonwealth of Pennsylvania, this 22nd day of December, 2020.

Attest:



**EAST NORRITON TOWNSHIP
BOARD OF SUPERVISORS**

A handwritten signature in blue ink, appearing to read "Kevin McDevitt".

Kevin McDevitt
Chairman

A handwritten signature in black ink, appearing to read "Robert R. Hart".

Robert R. Hart, Esq.
Secretary

**AMENDMENT 5
TO THE
EAST NORRITON TOWNSHIP EMPLOYEES' PENSION PLAN**

As authorized by Section 9.2 of the East Norriton Township Employees' Pension Plan ("Plan") as amended and restated effective January 1, 2008, the employer, East Norriton Township ("Employer"), hereby amends the Plan to modify participation, benefit and other provisions for the non-uniformed employees under the Plan. The amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of the Amendment. The Employer hereby amends the Plan in the following manner:

FIRST: Plan Participation

Section 2.2 (c) Entry Date is amended to modify the plan entry date to the following; Section 2.2 (c) shall read as follows:

Section 2.2 (c) **Entry Date** – An eligible employee shall participate in the plan on the first day he performs one hour of service. Entry to the current defined benefit plan is frozen as of December 31, 2020. All new employees hired on or after January 1, 2021 will enter a Defined Contribution pension plan and receive benefits provided by that plan.

SECOND: Normal Retirement Date

Section 3.2 is amended to modify the normal retirement date requirements for "Management" Non-Uniformed Employees. Management employees are defined as the Township Manager, Township Finance Director and other key employees as determined by the Board of Supervisors. As amended, Section 3.2 (a)(1) shall read as follows:

Section 3.2(a)(1) **Normal Retirement Date** – The normal retirement date of each participant shall be the day on which he satisfies the earlier of the following requirements:

He attained age 58 and completes 10 years of vesting service; or
He attains age 55 and completes 25 years of vesting service.

Notwithstanding the above, for employees hired on or after August 1, 2014, the normal retirement date of each participant shall be the day on which he satisfies the following requirements:

He attains age 62 and completes 10 years of vesting service.

For Management Employees, the normal retirement date will be the date that each Management participant attains age 62 and completes 10 years of service.

An actively employed participant's right to his normal retirement benefit shall be 100% vested and non-forfeitable upon attainment of the normal retirement age, notwithstanding the plan's vesting schedule.

THIRD: Pension Benefit Formula

Section 3.2(c) is amended to modify the pension benefit formula for "Management" and non-Management Non-Uniformed Employees As amended, Section 3.2 (c) shall read as follows:

Section 3.2(c) Pension Benefit Formula – Unless specifically stated otherwise, each non-management participant's benefit shall be determined under the pension benefit formula in effect as of the date his is credited with his final hour of service for the employer or the last date as of which he is a member of the eligible class of employees, if earlier.

- (1) **Basic Formula** – The monthly benefit for a non-management participant as of his normal retirement date shall equal:

1.65% of average monthly compensation times years and completed months of benefit service. The maximum benefit will be sixty (60) percent of average monthly compensation.

- (2) **Basic Formula** – The monthly benefit for a management participant as of his normal retirement date shall equal:

Fifty (50) percent of average monthly compensation.

FOURTH: Preretirement Death Benefit

Section 4.1 Preretirement Death Benefit is amended to modify the Preretirement Death Benefit to the following, and Section 4.1 shall read as follows:

Section 4.1 Preretirement Death Benefit – If a participant dies prior to his annuity date (as defined in Section 7.1(e)(12)), a death benefit shall be payable as follows:

- (a) (a) Preretirement Annuity Benefit – If an active participant is married at the time of death, the participant's surviving spouse (if any) shall receive a monthly benefit equal to 50% of the benefit accrued to the date of the participant's death. Payment shall be in the form of a pension (without actuarial adjustments with respect to the age of the beneficiary) and shall commence as of the first day of the month following the date of

death. Payment to the surviving spouse shall cease upon the death or remarriage of the surviving spouse.

If there is no surviving spouse or if the spouse dies or remarries (thereby ceasing to be the widow or widower of the participant), then the benefit shall be payable to any child (or children) of the participant who is under the age of eighteen (18). In the case of multiple eligible children, the benefit payable shall be divided equally among the children. Payment shall cease upon the earlier of death or the attainment of age eighteen (18). Child shall include adopted child of the participant.

If an unmarried vested participant who does not have a child who is under the age of eighteen (18) shall die, the participant's beneficiary or estate if no beneficiary is designated will receive a refund of the participant's member contributions with interest. No other benefit will be payable.

If the present value lump sum value of the preretirement annuity benefit is no more than \$1,000, the benefit shall be cashed out in a lump sum payment as soon as administratively possible after the death of the participant. If the present lump sum value of the preretirement annuity benefit is greater than \$1,000, but no more than \$10,000, the beneficiary may elect to have the benefit paid in a lump sum as soon as administratively possible after the death of the participant. If the present lump sum value of the preretirement annuity benefit exceeds \$10,000, the Plan Administrator may, at his discretion, cash out the benefit in a lump sum, provided the beneficiary consents, in writing, to such payment. For this purpose, present value shall be calculated using the interest rate specified in Section 1.2

FIFTH: Vesting

Section 5.1 Vesting is amended to modify the plan vesting schedule to the following and Section 5.1 shall read as follows:

Section 5.1 Vesting - If a participant separates from the service of the employer other than by retirement, disability, or death, he shall be entitled to a vested deferred pension equal to the benefit accrued to the date of termination multiplied by the vesting percentage, based upon his years of vesting service to the date of termination. His vesting percentage shall be determined by the vesting schedule set forth below:

<u>Years of Service</u>	<u>Vesting Percentage</u>
Less than 5 Years	0%
5 or more years	100%

SIXTH – Deferred Retirement Option Program

Section 11.1(a) is amended to modify the participation in the Deferred Retirement Option Program for non-uniformed employees on or after January 1, 2021. As amended, Section 11.1(a) shall read as follows:

Section 11.1(a) – An active participant who has satisfied the eligibility requirements for normal retirement under Section 3.2(a) may elect to participate in the deferred retirement option program, defer receipt of his normal retirement benefit and continue employment with the employer by filing a written application with the employer at least 30 days before the participant’s specified date of retirement. Participation in the deferred retirement option shall be for a period not less than 1 year and nor more than 5 years.

Notwithstanding the above, for employees hired on or after August 1, 2014, participation in the Deferred Retirement Option Program shall be for a period of not less than 1 year nor more than 3 years.

The Deferred Retirement Option Program is frozen and no longer available to non-uniformed employees who have not entered the program by December 31, 2020. No non-uniformed employees will be able to enter the program on or after January 1, 2021.

SEVENTH: Effective Date

The amendment is effective January 1, 2021.

EIGHT: Remaining Plan Provisions

All other provisions of the Plan remain in full force and effect.

Executed this 22nd day of December, 2020, by the duly authorized agent of East Norriton Township.



Robert R. Hart, Esq.
Township Manager/Secretary