

ORDINANCE NO. 450

EAST NORRITON TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA

AN ORDINANCE OF EAST NORRITON TOWNSHIP, MONTGOMERY COUNTY, PENNSYLVANIA, AMENDING THE CODE OF ORDINANCES, CHAPTER 26, ARTICLE I ENTITLED EAST NORRITON TOWNSHIP EMPLOYEES' PENSION PLAN, BY PROVIDING A CHANGE TO THE ELIGIBILITY REQUIREMENTS FOR NORMAL RETIREMENT AND ESTABLISHING A DEFERRED RETIREMENT OPTION PROGRAM UNDER THE PENSION PLAN.

WHEREAS, East Norriton Township previously established the East Norriton Township Employees' Pension Plan; and

WHEREAS, East Norriton Township desires to amend the Plan;

NOW THEREFORE, be it ordained and enacted by East Norriton Township as authorized by Section 9.2 of the East Norriton Township Employees' Pension Plan ("Plan") as amended and restated effective January 1, 2001, the Plan is hereby amended in the following manner:

FIRST: Section 1.5(a) is amended to read as follows:

Section 1.5(a) Employee means any person employed by the employer. The term employee shall include any employee of the employer maintaining the Plan or of any other employer required to be aggregated with such employer under IRC sections 414(b), (c), (m) or (o), as such provisions may be interpreted to apply to a governmental entity by the Internal Revenue Service. The term employee shall also include any leased employee deemed to be an employee of any such employer as provided in IRC sections 414(n) or (o) and as defined in Section 1.5(b). The term employee shall not include a retired member under the Plan who has elected to participate in the deferred retirement option program established under Article XI.

SECOND: Section 2.3 is amended to read as follows:

Section 2.3 Termination of Participation – A participant shall continue to be an active participant of the plan so long as he is a member of the eligible class of employees. He shall become an inactive participant immediately if he ceases to be a member of the eligible class of employees, terminates employment, or elects to participate in the deferred retirement option program established under Article XI. He shall cease participation completely upon the later of his receipt of a total distribution of his nonforfeitable accrued benefit under the Plan or the forfeiture of the nonvested portion of the accrued benefit.

THIRD: Section 3.2(a) is amended to read as follows:

Section 3.2(a) Normal Retirement Date – The normal retirement date of each participant shall be the earlier of the day on which he satisfies the requirements in (1) or (2) as follows:

- (1) he attains age 58 and completes 10 years of vesting service; or
- (2) he attains age 55 and completes 25 years of vesting service.

A participant's right to his normal retirement benefit shall be 100% vested and nonforfeitable upon attainment of the normal retirement date, notwithstanding the plan's vesting schedule. If the employer enforces a mandatory retirement age, the normal retirement age shall be the lesser of the mandatory age or the age specified herein.

FOURTH: Section 6.2(a) is amended to read as follows:

Section 6.2(a) Mandatory Contribution Amount – As a condition of participation in this Plan, each active participant must contribute, on an after-tax basis, a percentage of his compensation as established each year. In general, this mandatory contribution shall be 5.00% of the participant's compensation. A participant who has elected to participate in the deferred retirement option program established under Article XI shall not be required to contribute to the Plan.

The employer may reduce or eliminate the contribution required provided all three of the following requirements are satisfied:

- (1) A current actuarial study indicates that the condition of the Plan is such that contributions may be reduced or eliminated;
- (2) Contributions by the employer are not required to keep the plan actuarially sound; and
- (3) Any reduction or elimination of contributions is authorized on an annual basis by an ordinance or resolution by the employer.

FIFTH: A new Article XI is added as follows:

ARTICLE XI – DEFERRED RETIREMENT OPTION PROGRAM

Section 11.1 – Deferred Retirement Option Program Election

- (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 program shall be for a period of not less than 1 year nor more than 5 years.
- (b) Prior to participating in the deferred retirement option program, an eligible participant must do the following:
 - (1) Identify a binding and irrevocable resignation date from employment with the Township that also discloses the date on which the employee will begin participation in the deferred retirement option program.
 - (2) Execute an irrevocable written election to participate in the deferred retirement option program that includes the following acknowledgements:
 - (A) That, as of the date on which participation in the deferred retirement option program commences, the employee's pension calculation will freeze and no service rendered nor compensation received during the period of participation in the deferred retirement option program will be considered for pension calculation purposes;
 - (B) As of the date on which the employee's participation in the deferred retirement option program commences, the employee will no longer make any pension contributions to the pension fund;

(C) Participation in the deferred retirement option program in no way limits or diminishes the Township's right to terminate or suspend an employee for misconduct.

(3) Complete all other retirement documents requested by the Township's Pension Board or other governing body.

Section 11.2 – Benefit Under Deferred Retirement Option Program

- (a) Effective with the participant's date of retirement, which shall be the day before the effective date of participation in the deferred retirement option program, the participant's normal retirement benefit under the Plan payable under the form chosen by the participant, effective date of retirement, effective date of participation in the deferred retirement option program, and effective date of termination of participation in the deferred retirement option program shall be fixed.
- (b) The participant's effective date of participation in the deferred retirement option program shall begin the day following the effective date of his regular retirement.
- (c) The participant's participation in the deferred retirement option program shall end on the last day of the participation period specified in his election.
- (d) The participant's normal retirement benefit shall be calculated under Section 3.2 as of his effective date of retirement.
- (e) The participant's participation in the deferred retirement option program does not guarantee his employment with the employer during the participation period specified in his election.
- (f) In the event that an employee is temporarily unable to perform his/her duties due to sickness or injury, the employee's participation in the deferred retirement option program freezes and the time period while on disability does not count towards the participation limit. When the employee returns to work, membership in the deferred retirement option program shall resume, continuing with the remaining time left in the deferred retirement option program period. In no event shall an employee on temporary disability have the ability to draw from or access his/her deferred retirement option program account.
- (g) Notwithstanding an employee's participation in the deferred retirement option program, an employee who is convicted or pleads guilty to engaging in criminal misconduct which constitutes a "crime related to public office or public employment," as that phrase is defined in Pennsylvania's Pension Forfeiture Act, 43 P.S. §§ 11311-1314, shall forfeit his or her right to receive a pension, including amounts currently deposited in an employee's deferred retirement option program account. In such case, a member shall only be entitled to receive the contributions, if any, made by the employee to the pension fund, without interest.

Section 11.3 – Deferred Retirement Option Program Account

- (a) During the period of participation in the deferred retirement option program, the participant's monthly normal retirement benefit shall be credited to his deferred retirement option program account on the first day of each month.
- (b) Interest shall be credited annually on the balance in the account at the rate of 4.5% per annum.

- (c) The participant shall receive an annual statement showing the accumulated balance in the account.
- (d) The monthly normal retirement benefit credited to the account during the month of the participant's death or termination of participation in the deferred retirement option program, if earlier, shall be the final monthly normal retirement benefit credited to the account.
- (e) The participant may not draw from nor access his account during the period of participation in the deferred retirement option program.

Section 11.4 – Termination of Participation in Deferred Retirement Option Program

- (a) A participant in the deferred retirement option program may change the termination date of participation in the deferred retirement option program to an earlier date without penalty.
- (b) Upon termination of participation in the deferred retirement option program:
 - (1) The participant shall be separated from employment with the employer.
 - (2) The participant shall receive distribution of the balance in his deferred retirement option program account in a lump sum.
 - (3) The monthly normal retirement benefit shall commence to the participant as described in Section 3.7.
 - (4) The participant shall be ineligible to reparticipate in the deferred retirement option program.

Section 11.5 – Death Benefits

- (a) Upon the death of a participant during his participation in the deferred retirement option program, the participant's named beneficiary shall be entitled to payment of the balance in the participant's deferred retirement option program account in a lump sum.
- (b) If the participant dies on or after the effective date of his participation in the deferred retirement option program but before the first monthly normal retirement benefit has been credited to the deferred retirement option program account, the participant's election to participate in the deferred retirement option program shall be null and void.
- (c) There shall be no preretirement death benefit payable under Section 4.1 upon the death of a participant who is participating in the deferred retirement option program.

SIXTH: The effective date of the amendment is January 1, 2003.

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

ENACTED AND ORDAINED this 25th day of March, 2003.

Board of Supervisors
East Norriton Township

Lewis K. McJannet

Paul G. ...

Francis ...

Helmut J. ...
Secretary

