EMPLOYEE RETIREMENT PLAN
OF THE
TOWNSHIP OF LOWER MERION

Originally Effective
October 1, 1947

Amended and Restated Effective
January 1, 2016
EMPLOYEE RETIREMENT PLAN
OF THE
TOWNSHIP OF LOWER MERION
AMENDED AND RESTATED
EFFECTIVE JANUARY 1, 2016

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EMPLOYEE RETIREMENT PLAN
OF THE
TOWNSHIP OF LOWER MERION
AMENDED AND RESTATED
EFFECTIVE JANUARY 1, 2016

PURPOSE OF PLAN

WHEREAS, the Township of Lower Merion situated in the County of Montgomery, Commonwealth of Pennsylvania ("Township") created the Employee Retirement Plan of the Township of Lower Merion ("Plan") effective October 1, 1947; and

WHEREAS, the Plan has been amended and restated from time to time; and

WHEREAS, the Township and the Lower Merion Township Workers Association ("Workers Association") have engaged in collective bargaining negotiations regarding the benefits to be provided under the Plan; and

WHEREAS, the Plan shall be amended and restated as described herein to provide retirement and other benefits for all eligible employees (union and non-union) of the Township and their beneficiaries;

NOW THEREFORE, the Township hereby amends and restates the Plan in its entirety effective January 1, 2016 except as otherwise herein set forth.
ARTICLE I
DEFINITIONS

1.1 “Accrued Benefit” shall mean at any time the monthly benefit earned to the date that the determination of such benefit is made, payable in the Normal Payment Form beginning at the Participant’s Normal Retirement Date (or, if applicable, his Late Retirement Date) calculated in accordance with Section 6.4.

1.2 “Actuarial Equivalent” or “Actuarial Equivalence” shall mean a form of payment that is of comparable value to the Normal Retirement Benefit. Actuarial Equivalent shall be based upon the Group Annuity 1971 Mortality Table (male rates) and a seven percent (7.0%) interest rate.

For the purpose of implementing the limitations on benefits of Internal Revenue Code (IRC) section 415, actuarial equivalence shall be determined based on the following mortality and interest assumptions:

<table>
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<th>Mortality table:</th>
<th>UP1984 Table</th>
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<tr>
<td>Interest rate:</td>
<td>5.00% per annum compounded annually</td>
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For the purpose of applying the limitations on benefits of Section 7.10, the applicable mortality table is the applicable mortality table described in Treasury Regulation section 1.417(e)-1(d)(2) in effect for the Plan Year that contains the Annuity Starting Date. The applicable interest rate is the annual rate of interest as determined under Treasury Regulation section 1.417(e)-1(d)(3) for the second month preceding the first day of the Plan Year that contains the Annuity Starting Date.

1.3 “Age” shall mean the age attained by the Employee at his last birthday.

1.4 “Annuity Starting Date” shall mean, for any Participant, the date as of which his first benefit payment is due.

1.5 “Collective Bargaining Agreement” shall mean the labor agreement between the Township and the Workers Association.

1.6 “Early Retirement Age” shall mean the Participant’s birthday upon which he attains age fifty-five (55).

1.7 “Early Retirement Date” shall mean the first day of the calendar month coincident with or next following the date on which a Participant who has attained Early Retirement Age has a Separation from Service with the Township.

1.8 “Effective Date” shall mean the effective date of this amended and restated Plan which is January 1, 2016, except for Section 5.1.F which shall be effective January 1, 2013 and Article 8 which shall be effective November 1, 2015. (The Plan was originally effective on October 1, 1947 and was previously restated on August 1, 1986 and January 1, 2007.)
Notwithstanding the preceding, the Plan provisions required to comply with the Tax Reform Act of 1986 (TRA '86), the Omnibus Budget Reconciliation Act of 1986 (OBRA '86), the Omnibus Budget Reconciliation Act of 1987 (OBRA '87), and the Technical and Miscellaneous Revenue Act of 1988 (TAMRA) shall generally be effective on the first day of the Plan Year beginning after December 31, 1988, except as specified otherwise in this plan or in TRA '86, OBRA '86, OBRA '87 or TAMRA for a government sponsored plan. The plan provisions required to comply with the 1989 Revenue Reconciliation Act shall generally be effective on the first day of the Plan Year beginning after December 31, 1989, except as specified otherwise in this plan or in said Act. The plan provisions required to comply with the Unemployment Compensation Amendments of 1992 shall be effective on January 1, 1993, except as specified otherwise for a government sponsored plan. The plan provisions required to comply with the Omnibus Budget Reconciliation Act of 1993 shall generally be effective on the first day of the Plan Year beginning after December 31, 1993, except as specified otherwise in said Act.

The plan provision required to comply with the Family and Medical Leave Act shall be effective August 5, 1993, the plan provisions required to comply with the Uniformed Services Employment and Re-Employment Rights Act of 1994 shall be effective December 12, 1994, the plan provisions required to comply with the Retirement Protection Act of 1994 shall generally be effective on the first day of the Plan Year beginning after December 31, 1994, the plan provisions required to comply with the Small Business Job Protection Act of 1996 shall generally be effective on the first day of the Plan Year beginning after December 31, 1996, the plan provisions required to comply with the Taxpayer Relief Act of 1997 shall generally be effective on the first day of the Plan Year beginning after August 5, 1997, the plan provisions required to comply with the Economic Growth and Tax Relief Reconciliation Act of 2001 shall generally be effective on the first day of the Plan Year beginning after December 31, 2001, the plan provisions required to comply with the Pension Funding Equity Act of 2004 (PFEA) shall be effective for distributions made during the Plan Year beginning on or after January 1, 2004 and the Plan Year beginning on or after January 1, 2005, the plan provisions required to comply with the Pension Protection Act of 2006 that are effective prior to the first day of the Plan Year beginning on or after January 1, 2008 shall be effective as of the first day of the Plan Year beginning on or after January 1, 2006, the plan provisions required to comply with the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART) shall be effective for Plan Years beginning on or after January 1, 2007, the plan provision required to comply with the Workers Retirees and Employers Relief Act of 2008 shall be effective as of January 1, 2009, and the plan provision required to comply with the Cumulative Lists as published by the Internal Revenue Service with respect to the years 2004 through 2012 shall generally be effective as of the first day of the Plan Year with respect to which the List was published, except as specified otherwise in this plan or in said Acts for a government sponsored plan.
1.9 "Eligibility Service" shall mean an Employee’s period of continuous employment beginning on the first day of the Employee’s employment or re-employment by the Township and ending on the day such employment or re-employment terminates.

1.10 "Employee" shall mean an individual engaged in Full-time Employment with the Township and who is not employed as a police officer. An individual who is not otherwise employed by the Township shall be deemed to be employed by the Township if he is a leased employee with respect to whose services the Township is a recipient within the meaning of Code section 414(n) or 414(o), but to whom Code section 414(n)(5) does not apply. An individual classified by the Township as an independent contractor shall not be an Employee, regardless of whether he is subsequently determined to be an employee for employment tax or any other purpose.

1.11 "Final Average Salary" shall be the Employee’s Final Average Salary during his final thirty-six (36) months of employment in accordance with current procedures whereby the first calendar year of the calculation is pro-rated. Further, for an Employee paid in a lump sum in lieu of using his remaining paid leave prior to retirement date, the calculation will add the days representing the lump sum to the actual retirement date to create a new effective date for final average salary calculation purposes only. Final average salary shall include all payments, which a member contributes to a 457 Plan or a Section 125 Plan by payroll deductions. For Employees who have lost substantial time during the last thirty-six (36) months of their employment due to a work-related injury, the final average salary used for the purposes of calculating the initial monthly pension payments shall be the highest thirty-six (36) consecutive months of the last seventy-two (72) months.

1.12 "Full-time Employment" shall mean regularly scheduled work of thirty-seven and one half (37.5) or more hours per week, determined in accordance with Section 3.1. An Employee in Full-time Employment shall be classified by the Township as an individual regularly scheduled to work 37.5 hours per week or as an individual regularly scheduled to work 40 hours per week. The individual’s Normal Retirement Age is based on such classification. “Full-time Employment” shall not mean employment classified by the Township as temporary, leased, seasonal, or part-time employment.

1.13 “Fund” shall mean the Employee Retirement Fund of the Township of Lower Merion.

1.14 “Investment Managers” shall mean any banks, insurance companies, investment advisors, or other financial institutions selected by the Board of Commissioners to invest the assets of the Plan and maintain the Fund.

1.15 “Late Retirement Date” shall mean the first day of the calendar month coincident with or next following the date on which a Participant has a Separation from
Service with the Township, provided that such retirement occurs after the Participant’s Normal Retirement Date. The continued employment of a Participant beyond his Normal Retirement Date shall be in accordance with Township policy and applicable law.

1.16 “Minimum Municipal Obligation” shall mean the annual required contribution to the Trust Fund under Act 205, excluding any contribution made by Participants.

1.17 “Normal Retirement Age” shall mean the Participant’s birthday as described below:

A. Age sixty (60) for Employees who are classified by the Township as being regularly scheduled to work forty (40) hours per week.

B. Age sixty-three (63) for Employees who are classified by the Township as being regularly scheduled to work thirty-seven and one-half (37.5) hours per week.

When an Employee is hired, promoted, transferred, or demoted by the Township, the Township shall designate whether the Employee works thirty-seven and one-half (37.5) hours per week or forty (40) hours per week in accordance with the Township’s employment practices. The Normal Retirement Age that applies to a Participant is the Normal Retirement Age associated with his employment classification as of his Separation from Service.

1.18 “Normal Payment Form” shall mean a monthly pension benefit payable for the life of a Participant and ceasing upon the Participant’s death.

1.19 “Normal Retirement Date” shall mean the first day of the calendar month coincident with or next following the date on which a Participant attains his Normal Retirement Age.

1.20 “Participant” shall mean an Employee who is participating in the Plan in accordance with its terms; a person receiving benefits under the Plan; and a person who has a present or future right to receive benefits under the Plan.

1.21 “Participant Contributions Account” shall mean the separate accounting maintained under the Plan with respect to an Employee’s Participant Contributions, plus interest on such Contributions calculated in accordance with Section 6.17(B).

1.22 “Participant Contributions” shall mean the total amount of contributions each Participant contributes to the Fund under this Plan pursuant to Section 5.1.

1.23 “Plan” shall mean the Employee Retirement Plan of the Township of Lower Merion as set forth herein and as hereinafter amended from time to time.

1.24 “Plan Administrator” shall mean the Township Manager or the Manager’s designee who shall have primary responsibility for the execution of the
administrative affairs of the Plan on a day-to-day basis on behalf of the Board of Commissioners. The Plan Administrator shall be the Chief Administrative Officer of the Plan as that term is used in the Municipal Pension Plan Funding Standard and Recovery Act, Act 205 of December 18, 1984.

1.25 “Plan Year” shall mean the calendar year.

1.26 “Qualified Domestic Relations Order” (QDRO) shall mean an original or certified copy of an order entered pursuant to a state domestic relations law, relating to providing child support, alimony (maintenance) payments or marital property rights, specifying the Plan as subject to the order, and otherwise determined as a QDRO by the Township Actuary and Plan Administrator.

1.27 “Required Beginning Date” shall mean, for any Participant, April 1 of the calendar year following the later of the calendar year in which he has a Separation from Service or the calendar year in which he attains age 70½.

1.28 “Salary” shall mean, for a given Plan Year or pay period within a Plan Year, the sum of an Employee’s base wages (including elective contributions), shift differential pay, longevity pay, bonuses, and overtime pay for the Plan Year or pay period (as applicable). An Employee’s Salary shall not include workers’ compensation payments from the insurance carrier, long term disability, 457 or 401 Plan contributions made by the Township (for management employees only) or other fringe benefits such as life insurance, healthcare opt-out waiver reimbursements, gasoline and/or uniform allowance, medical benefits, etc. Elective contributions are amounts excludable from the Employee’s gross income and contributed by the Township, at the Employee’s election, to:

- A cafeteria plan (excludable under IRC section 125 and as provided in Section 7.10(E)(3));
- A tax sheltered annuity (excludable under IRC section 403(b));
- A deferred compensation plan (excludable under IRC section 457 or 401); or
- A IRC section 132(f)(4) qualified transportation fringe benefit plan.

In determining all benefits provided under the Plan for a determination period, the Plan Administrator shall not take into account that portion of a Participant’s compensation for a Plan Year which is in excess of the amount permitted by Code section 401(a)(17) with respect to such Plan Year (the “Compensation Dollar Limitation”). The Compensation Dollar Limitation in effect for a Plan Year shall be the limitation amount in effect on January 1 of the calendar year in which the Plan Year begins. In determining benefits in Plan Years beginning on or after January 1, 2002, the annual compensation limit for determination periods beginning before January 1, 2002, shall be $200,000. For any Plan Year beginning after December 31, 1995, the Plan Administrator shall take into
account only the first $150,000 (or beginning January 1, 1995, as adjusted for cost-of-living increases in accordance with IRC section 401(a)(17)(B)) of any Participant’s compensation for determining all benefits provided under the Plan for a determination period. If the Plan should determine compensation on a period of time that contains less than 12 calendar months (such as for a short Plan Year), the annual Compensation Dollar Limitation shall be an amount equal to the otherwise applicable annual Compensation Dollar Limitation for the Plan Year multiplied by the ratio obtained by dividing the number of full months in the period by 12.

Notwithstanding the preceding, in the case of an eligible Participant, the annual compensation dollar limitation shall not apply to the extent that the application of the limitation would reduce the amount of compensation that is allowed to be taken into account under the Plan below the amount that was allowed to be taken into account under this Plan as in effect on July 1, 1993. For this purpose, an eligible Participant is an individual who first became a Participant in the Plan during a Plan Year prior to the first day of the first Plan Year beginning after December 31, 1995.

1.29 “Spouse” shall mean the person to whom a Participant was legally married on:

A. The day before the Participant’s benefit commencement date for purposes of Section 7.4, or

B. The day before the Participant’s death for purposes of Article VIII.

C. The Commonwealth of Pennsylvania does not recognize common law marriages entered into on or after January 1, 2005. The Township requires an affidavit attesting to the existence of a valid marriage under common law signed by both parties entered into before January 1, 2005.

1.30 “Separation from Service” shall mean, for any Employee, his death, retirement, resignation, discharge or any absence that causes him, in accordance with the Township’s employment practices, to cease to be an Employee.

1.31 “Township” shall mean the Township of Lower Merion, Montgomery County, Commonwealth of Pennsylvania. The Township is the sponsor of the Plan.

In compliance with the exclusive benefit requirements of IRC section 401(a), the sponsorship of this Plan may not be transferred to an unrelated entity if the transfer is not in connection with a transfer of business assets or operations from the Township to such entity.

1.32 “Township Contribution” shall have the meaning provided in Section 5.3.

1.33 “Trustees” shall mean the individuals named in Section 9.1.
1.34 "Vested" shall mean that a Participant has acquired a non-forfeitable interest in his Accrued Benefit, in accordance with Section 3.4.

1.35 "Workers Association" shall mean the Lower Merion Township Workers Association.

1.36 "Years of Credited Service" shall mean the number of full and partial calendar years counted with respect to determining a Participant's Accrued Benefit under the Plan, as further described in Section 3.2.

1.37 "Years of Vesting Service" shall mean the number of full and partial calendar years counted with respect to determining whether a Participant is Vested in his Accrued Benefit, calculated in accordance with Section 3.2.
ARTICLE II
PARTICIPATION

2.1 Rights Affected. Any former Employee who has a Separation from Service before the Effective Date shall have no additional rights as a result of this amended and restated Plan, but shall have his rights and benefits determined solely under the terms of the Plan in effect at his Separation from Service, except as otherwise required by law. However, any former Employee who has terminated employment and who is re-employed as an Employee after the Effective Date shall have the rights and benefits provided hereunder.

2.2 Voluntary Participation. Participation in the Plan is voluntary for all Employees hired prior to January 1, 2007.

2.3 Mandatory Participation. Participation in the Plan is mandatory for all Employees hired on or after January 1, 2007.

2.4 Entry Date. Any Employee hired on or after January 1, 2007 shall become a Participant in the Plan on the first day of the Employee’s employment by the Township in a position classified as Full-time Employment. Any Employee hired prior to January 1, 2007 who satisfies the requirements described in Section 2.5 may become a Participant in the Plan on the date described below:

A. On the first day of the Employee’s employment by the Township in a position classified as Full-time Employment, provided:

1. The Employee completes ninety (90) continuous days of Eligibility Service beginning on the first day of the Employee’s employment and,

2. The Employee elects to participate in the Plan within the ninety (90) day period described in Section 2.4(A)(1).

B. If an Employee hired prior to January 1, 2007 does not elect to participate in the Plan within the period described in Section 2.4(A)(1), such Employee may become a Participant on the first day of the month coincident with or next following the date the Employee subsequently elects to participate in the Plan during his period of eligible service.

C. Employees hired prior to January 1, 2007 will only have the opportunity to rejoin the Plan at the first of each month.

2.5 Participation Requirements. To participate in the Plan, an Employee (who is not a police officer) must satisfy the following requirements:

A. The Employee performs Full-time Employment.
B. The Employee completes such forms and provides such information as the Plan may require in connection with the Employee's participation in the Plan.

C. The Employee makes the Participant Contributions described in Section 5.1 in such manner as prescribed by the Plan.

2.6 Participation After Re-employment. A Participant who ceases Full-time Employment and who is later re-employed or reinstated as an Employee in Full-time Employment shall participate in the Plan in accordance with the applicable rules described in Section 3.3 of this document.
ARTICLE III
SERVICE, CREDITED SERVICE, AND VESTING

3.1 Hours of Service. An Hour of Service for purposes of determining Full-time Employment means:

A. An Employee is paid or entitled to payment by the Township for the actual performance of employment duties or for paid leave or for an approved unpaid leave. Service will be granted for periods during which an Employee is receiving workers’ compensation or short-term disability, provided the Employee has not had a Separation from Service.

B. A Participant shall be credited with Vesting Service and Credited Service but not Credited Service except as may be provided in Section 3.3 for any period during which he is absent from work on approved, unpaid leave under the Family and Medical Leave Act of 1993. No Participant Contributions will be required with respect to such unpaid leave.

C. No Hour of Service shall be granted for periods during which payments are made for unemployment compensation or long term disability.

D. No Hours of Service shall be credited twice.

3.2 Years of Credited Service and Vesting Service. Years of Credited Service and Vesting Service means the number of completed calendar months of Full-time Employment with each completed calendar month counted as one twelfth (1/12) of a full Year of Credited Service.

A Participant’s Years of Credited Service and Vesting Service shall be calculated from his Entry Date in the Plan to his date of Separation from Service with the Township, or the date the Participant ceases to meet the participation requirements of Section 2.5, whichever is earlier.

The following periods of paid and/or unpaid status shall not be deemed to interrupt the continuity of Vesting Service, Credited Service, or participation for any of the purposes of this Plan, notwithstanding the fact that no Credited Service or Vesting Service shall be granted for such periods and that no Participant Contributions will be accepted with respect to the following periods of time:

A. Any absence from Full-time Employment due to long term disability, family obligation (not a Family and Medical Leave), personal or family hardship or educational purposes approved by the Township, provided the individual has not had a Separation from Service. In addition, if a Participant fails to return to work on the date fixed by the Township, he shall be deemed to have had a Separation from Service on the day preceding the commencement of such leave.
B. Except as provided in Section 3.6, any period of absence due to service in the Armed Forces of the United States, except that if a Participant fails to return to work within ninety (90) days of his release from active duty (or such longer period as may be provided by law for the protection of his reemployment rights following military service), a Participant shall be deemed to have a Separation from Service on the day preceding the commencement of such leave.

3.3 Return to Full-time Employment.

A. A Participant who ceases Full-time Employment but remains employed with the Township without a Separation from Service, then is reinstated to Full-time Employment status, shall receive Years of Credited Service and Years of Vesting Service in accordance with Section 3.2 based on his original period of Full-time Employment. Such a Participant may elect to again participate in the Plan upon meeting the requirements of Section 2.5.

B. Except as provided herein, a Participant who ceases Full-time Employment due to Separation from Service and is subsequently rehired as a Full-time Employee, shall not receive Years of Credited Service and Years of Vesting Service based on his original period of Full-time Employment. This provision shall not be construed to deprive the Participant of any Vested Benefit accrued during such period of prior employment. Such a rehired Full-time Employee shall be treated as a new Employee for purposes of participating in the Plan.

3.4 Vesting Schedule. A Participant shall be 100% Vested in his Accrued Benefit when he has earned five (5) Years of Vesting Service or when he attains his Normal Retirement Age, if earlier. Notwithstanding the foregoing, pursuant to Sections 6.15, 6.16 and 6.17 of the Plan, a Participant shall always be 100% Vested in the amounts allocated to his Participant Contributions Account.

3.5 Forfeiture for Malfeasance. Notwithstanding any other provision of this Plan, a Participant 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 Pension Forfeiture Act, 43 P.S. 1311-1314 and interpreted thereunder, shall forfeit his right to receive a pension benefit under this Plan. In such a case, the Participant shall only be entitled to receive the contributions, if any, he made under Section 5.1, without interest.

3.6 Rules for Qualifying Military Service.

A. The following provisions apply to any Returning Veteran who resumes employment with the Township on or after December 12, 1994.

B. Notwithstanding any other provision of this Plan, a Participant who is absent from active employment during any period of Qualified Military Service shall receive Vesting Service and Credited Service during the
period of absence, in accordance with Code section 414(u), provided the Participant returns to employment covered under the Plan as a Returning Veteran (and provided further that such service shall not duplicate Vesting and/or Credited Service to which the Participant may be credited under the other provisions of this Plan). Provision of Credited Service during a period of absence for Qualified Military Service shall, however, be contingent on the Participant making the Participant Contributions to the Plan that the Participant would have made had he remained an active Participant during his period of Qualifying Military Service. Such “make-up” contributions shall be made during the period that begins with his reemployment as an Eligible Employee and ends with (1) the expiration of a period of five years, or (2) if shorter, a period of three times the period of Qualified Military Service.

C. An Employee reemployed after Qualified Military Service shall not be treated as having incurred a break in service, for purposes of vesting and benefit accruals, solely because of an absence due to Qualified Military Service. Effective with respect to deaths occurring on or after January 1, 2007, in the case of a Participant who dies while performing Qualified Military Service, the surviving Spouse of the Participant shall be entitled to any benefits payable under Section 8.1 that would have been payable had the Participant resumed and then terminated employment on account of death.

D. For purposes of this Section 3.6, the following terms shall have the meanings described below.

1. “Qualifying Military Service” shall mean any service, either voluntary or involuntary, by an individual in the Uniformed Services if such individual is entitled to reemployment rights as a Returning Veteran with the Township with respect to such service.

2. “Returning Veteran” shall mean an Employee or former Employee who returns from Qualifying Military Service to employment with the Township within the period of time during which his reemployment rights (under chapter 43 of title 38, United States Code) are protected by law.

3. “Uniformed Services” shall mean the United States Armed Forces, the Army National Guard and Air National Guard (when engaged in active duty for training, inactive duty training, or full-time National Guard duty), the commissioned corps of the Public Health Service, and any other category of persons as may be designated by the President of the United States in time of war or emergency.
ARTICLE IV
PENSION SERVICE CREDIT BUYBACK PROGRAM

4.1 Acquiring Prior Service. Effective January 1, 1999, Employees meeting certain requirements shall be eligible to participate in an optional program to acquire prior Years of Credited Service and Years of Vesting Service.

4.2 Eligibility Requirements. Employee must:

A. Be an Employee engaged in Full-time Employment as of January 1, 1999,

B. Be a Participant or eligible for participation in the Plan, and

C. Have chosen to forego eligible enrollment in the Plan for time period(s) prior to January 1, 1999.

4.3 Eligible Pension Service Credits to Acquire. An eligible Employee may acquire prior Years of Credited Service and Years of Vesting Service for any pre-1999 full-calendar month of Full-time Employment with respect to which the Employee chose to forego enrollment in the Plan. An Employee must purchase eligible pension service credit months in reverse order, first acquiring the most recent calendar month of service, and so on.

4.4 Pension Service Credit Acquisition Methods. An Employee may select either of the following methods (or combination of methods) to acquire eligible pension service credits: (a) lump sum cash payment(s), or (b) percentage of gross pay (above and beyond any required employee pension contribution percentage required for current pension service credit) deducted from his paychecks. Lump sum payment(s) (4.4(a) above) and/or changes in percentage of gross pay (4.4(b) above) shall be permitted no more than twice per calendar year. Pension service credit may only be acquired when the Employee is an active Employee of the Township engaged in Full-time Employment and prior to the Participant drawing any funds from the Plan. Prior service shall be credited only when fully paid.

4.5 Determination of Pension Service Credits Value. The Township Actuary shall determine the service credits applicable to all Employee payments for acquisition of his prior pension service credits. The Employee shall be eligible for one (1) request per calendar year to the Township Actuary for an estimate of options for his future purchase of pension service credits to include the cost to the Employee and the estimate of its value toward future pension benefits.

4.6 Cost of Pension Service Credits. The cost to the Employee for the acquisition of prior pension service credits shall be computed by the Township Actuary. For the time period to be acquired, the Employee pension contribution rate in effect at the time of the service credit to be purchased shall be utilized: Prior to 1987 = 5%; 1987-1988 = 3%; 1989 to 1998 = 2%. The Township Actuary shall apply these Employee pension contribution rates to the Employee’s current year base wages plus longevity pay as defined in Section 1.28, plus a three percent (3%) per year
interest charge, to determine the cost of prior pension service credit acquired or to be acquired. The Township Actuary’s calculation may not be appealed.

4.7 Prior Service Credits Reduce Participant Contributions. A Participant’s prior Years of Credited Service acquired under this program shall also qualify as pension service credit towards Years of Credited Service needed to reduce the Participant’s pension contribution rate (in accordance with Article 5.1).

4.8 Trustee-to-Trustee Transfer. For purposes of the buy-back program, this Plan accepts a direct roll-over from the Township’s 457 or 401 Deferred Compensation Plan with ICMA-RC. Participants must request a Trustee-to-Trustee Transfer to Purchase Prior Service Credit form.
ARTICLE V
CONTRIBUTIONS TO THE PENSION FUND

5.1 Amount of Participant Contributions. All Participants shall make Participant pension contributions ("Participant Contributions") as set forth herein on an after-tax basis each pay period.

A. Employees hired prior to January 1, 2003 shall contribute as follows, (i) with respect to periods prior to January 1, 2014 and (ii) with respect to periods on and after January 1, 2014 unless the contribution rates described in Section 5.1(B) or 5.1(F) are in effect:

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<th>Years of Credited Service</th>
<th>Contribution Rate</th>
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<tr>
<td>0 to 4.99</td>
<td>4% of Salary</td>
</tr>
<tr>
<td>5.00 to 9.99</td>
<td>2% of Salary</td>
</tr>
<tr>
<td>10.00 to 24.99</td>
<td>1% of Salary</td>
</tr>
<tr>
<td>25.00 or more</td>
<td>0% of Salary</td>
</tr>
</tbody>
</table>

B. Employees hired prior to January 1, 2003 shall be required to contribute the following amount based on Years of Credited Service, if any future actuarial valuation by the Township Actuary determines that the Fund's revenue sources (including State funding but not including any contributions by the Township) are insufficient and contributions are necessary to meet the Minimum Municipal Obligation as defined in Section 1.16. The required contribution shall be as follows:

<table>
<thead>
<tr>
<th>Years of Credited Service</th>
<th>Contribution Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 4.99</td>
<td>4% of Salary</td>
</tr>
<tr>
<td>5.00 to 9.99</td>
<td>2% plus up to a maximum of an additional 2% of Salary</td>
</tr>
<tr>
<td>10 to 24.99</td>
<td>1% plus up to a maximum of an additional 2% of Salary</td>
</tr>
<tr>
<td>Over 25.00</td>
<td>up to a maximum of 2% of Salary</td>
</tr>
</tbody>
</table>

The additional two percent (2%) contribution for Participants with five (5) or more Years of Credited Service will be determined on a proportional basis.

C. All Participants hired on or after January 1, 2003, will contribute five percent (5%) of Salary to the Plan.

D. Any optional contributions made by a Participant under Article IV shall not count as satisfying the requirements of this section, but shall be considered Participant Contributions for determining the Participant Contributions Account under Section 6.17.
E. All references to “Salary” in this Section 5.1 mean the Participant’s Salary for the pay period for which Participant Contributions are required.

F. For calendar years 2013, 2014, 2015, 2016 and 2017, Participants covered by the Workers Association, who are hired before December 19, 2013 will contribute at a rate of Salary that is 1% less than the applicable schedule described in Section 5.1(A), 5.1(B) or 5.1(C), except for Workers Association Participants who were included in the bargaining unit by the Pennsylvania Labor Relations Board effective June 3, 2014.

5.2 Suspension of Participant Contributions. At any time, an Employee hired prior to January 1, 2007 who is a Participant may suspend his voluntary Participant Contributions to the Plan by giving written notice to the Township of his intent to suspend such Participant Contributions. During any period of suspended Participant Contributions:

A. The Participant shall not be granted Years of Credited Service or Years of Vesting Service for purposes of calculating his Vested Accrued Benefit; and,

B. The Participant’s Salary shall not be used to calculate his Final Average Salary.

5.3 Township Contributions. Subject to applicable law and the limitations set forth in this Plan, the Township shall contribute the amount determined by the Township’s Actuary to be necessary to provide for the pension benefits described in this Plan (“Township Contributions”). Subject to applicable law, the Township may reduce, suspend, or discontinue its contributions hereunder.

5.4 Fund Contributions. All Participant Contributions, Township Contributions, and Commonwealth Contributions (General Municipal Pension System State Aid under PA Act 205 of 1984) shall be held in the Fund and shall not be applied to any other pension fund or account or disbursed in any manner, except as provided herein.

5.5 Payments of Benefits. The Township does not guarantee the payment of any benefit under this Plan. Payments for pension benefits under the Plan shall be a charge only upon the Fund and not upon other monies or funds of the Township. Pension benefits may be paid directly from the Fund or by purchase of annuity contracts, provided such contracts are non-assignable and non-commutable.

5.6 Participant Loans and In Service Withdrawals. No Participant may borrow or withdraw any amount from the Plan against his accumulated Participant Contributions or interest while still employed by the Township.
ARTICLE VI
RETIREMENT BENEFITS

6.1 Eligibility for a Normal Retirement Benefit. A Participant shall be eligible to receive a Normal Retirement Benefit when he has reached his Normal Retirement Age and has terminated his employment with the Township.

6.2 Normal Retirement Benefit. The Normal Retirement Benefit is a monthly pension benefit payable for the life of a Participant and ceasing upon the Participant’s death (the “Normal Payment Form”). Such benefit shall commence on the first day of the month coincident with or following the month in which a Participant attains his Normal Retirement Age (“Normal Retirement Date”). The amount of a Participant’s Normal Retirement Benefit shall be calculated in accordance with Section 6.4 or 6.5, as applicable.

6.3 Final Average Salary (FAS). The Township will calculate the Participant’s FAS (as defined in Section 1.11) in accordance with current procedures whereby the first calendar year of the calculation is pro-rated. Further, for a Participant paid in a lump sum in lieu of using his remaining paid leave prior to the actual retirement date, the calculation will add the days representing the lump sum to the actual retirement date to create a new effective date for FAS calculation purposes only.

6.4 Amount of Normal Retirement Benefit.

A. For Participants hired before January 1, 1995 who have a Separation from Service on or after January 1, 2007, the pension payable beginning as of the Participant’s Normal Retirement Date in the Normal Payment Form shall be the greater of:

1. 1.4% multiplied by the Participant’s FAS and by his Years of Credited Service up to thirty-five (35) years, or

2. 2.0% multiplied by the Participant’s FAS and by his Years of Credited Service up to twenty-five (25) years.

B. For Participants hired on or after January 1, 1995 who have a Separation from Service on or after January 1, 2007 the pension payable shall be 1.4% multiplied by the Participant’s FAS and by his Years of Credited Service up to thirty-five (35) years.

6.5 Reserved.

6.6 Eligibility for Early Retirement Benefit. A Participant shall be eligible for an Early Retirement Benefit as of his Early Retirement Date, but only after he has terminated his employment with the Township.
6.7 **Early Retirement Benefit.** The Early Retirement Benefit is a monthly pension benefit payable in the Normal Payment Form. The amount of a Participant’s Early Retirement Benefit shall be calculated in accordance with Section 6.9.

6.8 **Commencement of Early Retirement Benefit.** A Participant may elect to have his Early Retirement Benefit commence:

A. On his Early Retirement Date; or,

B. On the first day of any month between his Early Retirement Date and his Normal Retirement Date (as applicable, his Annuity Starting Date).

If a terminated Participant who is eligible for an Early Retirement Benefit fails to elect to begin to receive such monthly benefits earlier than his Normal Retirement Date, he shall begin to receive benefit payments on his Normal Retirement Date.

6.9 **Amount of Early Retirement Benefit.** The amount of a Participant’s Early Retirement Benefit shall be calculated in accordance with Section 6.4:

A. For Participants not credited with an Hour of Service on or after January 1, 2007, the Vested Accrued Benefit shall be reduced by one half of one percent (0.50%) for each full calendar month by which the Participant’s Early Retirement Date precedes his Normal Retirement Date.

B. For Participants credited with an Hour of Service on or after January 1, 2007, the Vested Accrued Benefit shall be reduced by one quarter of one percent (0.25%) for each full calendar month by which the Participant’s Early Retirement Date precedes his Normal Retirement Date.

C. **Chronic Life Threatening Illness.** Effective for active Participants taking early retirement on or after January 1, 2011, a Participant with a Chronic Life Threatening Illness, which has resulted in his Total Disability as defined below, and who is at least Age 55 with 25 Years of Credited Service shall not be subject to an early retirement reduction to his pension.

1. “Chronic Life Threatening Illness” is defined as a chronic, medically verifiable disease or condition that is long-lasting or recurrent where the likelihood of death is high (e.g., cancer, renal failure, etc.).

2. “Total Disability” is defined as being physically unable to perform the material duties of a Participant’s Township position by reason of any medically determinable physical impairment for an indefinite duration where recovery is not expected.
3. The Participant will be required to provide:

a. A signed certification by a qualified physician that the Participant suffers from a Chronic Life Threatening Illness which has resulted in his Total Disability.

b. The Township may request that the Participant undergo an examination by a physician of the Township’s choice, at the Township’s expense.

6.10 Eligibility for Late Retirement Benefit. A Participant who has a Separation from Service after his Normal Retirement Date shall be entitled to a pension. Such Participant’s Annuity Starting Date shall be the earlier of his Late Retirement Date or his Required Beginning Date. Payment of normal retirement benefits shall be suspended for each calendar month after his Normal Retirement Age: (1) during which the Participant remains employed; or (2) fails to affirmatively elect distribution following Separation from Service. In all events, however, the Participant’s Late Retirement Benefit must commence no later than his Required Beginning Date.

6.11 Amount of Late Retirement Benefit. A Participant’s Late Retirement Benefit shall be calculated in accordance with Section 6.4. Such calculation shall be based on the Participant’s Years of Credited Service and FAS (as described in Section 6.3) calculated based on his Late Retirement Date.

6.12 Payment Prior to Early Retirement Date. Upon the request of a Participant, payment of his Vested accrued pension may begin after he has satisfied his Early Retirement Date requirements. A Participant may elect to have paid to him an amount equal to his Participant Contributions Account with interest as soon as administratively possible after Separation from Service. Thereafter the Participant shall have no further right to any benefit under this Plan.

6.13 Reserved.

6.14 Retroactive Late Retirement Benefit. In the event benefits commence after a Participant’s Normal Retirement Date, but not immediately following the Participant’s Separation from Service with the Township, the Participant shall be entitled to receive monthly payments retroactive to the Participant’s Normal Retirement Date or the first day of the month following the Participant’s Separation from Service, whichever is later.

6.15 Terminated Nonvested Participant. A Terminated Nonvested Participant is a Participant who has a Separation from Service with the Township at any time before the Participant has become Vested in his Accrued Benefit. A Terminated Nonvested Participant will receive a return of his Participant Contributions Account with interest.
6.16 **Cash Benefit Refund of Participant Contributions Account.** Any Participant who, for any reason whatsoever, shall be ineligible to receive monthly pension benefits under this Plan shall be entitled to a refund of his Participant Contributions Account with interest when the Participant discontinues his employment with the Township.

6.17 **Participant Contributions Account.** The Participant Contributions Account shall be paid in a single lump sum and shall be equal to the sum of the following:

A. The total amount of Participant Contributions that a Participant contributed pursuant to Section 5.1; and,

B. Interest on Participant Contributions calculated as follows:

1. For Participant Contributions made prior to January 1, 1976:
   a. Interest in the amount of two percent (2%) per year, compounded annually on the last day of each calendar year, from the last day of the Plan Year in which the Contributions were made to December 31, 1975; and,
   b. Interest in the amount of five percent (5%) per year, compounded annually on the last day of each calendar year, from January 1, 1976, to the end of the calendar year immediately preceding the date of the refund.

2. For Participant Contributions made after January 1, 1976: interest in the amount of five percent (5%) per year compounded annually on the last day of each calendar year, from the last day of the Plan Year in which the Contributions were made to the end of the calendar year immediately preceding the date of the refund.

6.18 **Cost of Living Adjustment.**

A. Subject to the limitations described in Section 6.18(B), a Participant currently receiving a monthly pension benefit shall receive an annual cost of living adjustment each January after retirement. The cost of living adjustment is based on the percentage increase in the Consumer Price Index - Urban Wage Earners and Clerical Workers (CPI-W), for Philadelphia for the twelve (12) month period ending on August 31 preceding the January 1 effective date of the adjustment.

B. Limitations on Cost of Living Adjustment:

1. The maximum annual cost of living adjustment for any year can be up or down by as much as three percent (3%), but in no event shall the cost of living adjustment reduce a Participant's monthly benefit below his first monthly benefit amount. The annual adjustment
shall not cause the benefit payable to exceed the maximum permissible defined benefit dollar limit of IRC section 415 for the calendar year as cumulatively adjusted.

2. Cost of living adjustments for Deferred Vested Participants shall be applied from the date that the Participant’s monthly pension begins.

3. In no event shall a cost of living adjustment be applied to a Pre-Retirement Surviving Spouse Benefit as described in Article VIII.

4. Participants who retire on or after September 21, 2011 will not have their pension decrease when CPI is negative, but the overall COLA increase will not exceed the cumulative CPI.
ARTICLE VII
PAYMENT OF BENEFITS

7.1 Election of Form of Benefit. When a Participant who is Vested in his Accrued Benefit reaches his Early Retirement Date, Normal Retirement Date, or Late Retirement Date and has a Separation from Service with the Township, the Participant shall elect the Normal Payment Form or an optional form of payment. To elect a form of benefit, the Participant shall complete such forms and provide such information as the Plan Administrator may require.

7.2 Lifetime Benefit (Normal Payment Form).

A. The Normal Payment Form for a Participant shall be a single life annuity, with equal monthly payments to the retired Participant for life.

B. If a Participant dies before the total monthly benefits paid the retired Participant equals the balance in his Participant Contributions Account with interest on the date of his retirement, the difference between the total monthly benefits paid and the balance shall be paid in a single lump sum to the Participant’s designated beneficiary, or if none, to the Participant’s estate.

7.3 Optional Forms of Payment. In lieu of the Normal Payment Form, a Participant may elect one (1) of the payment options described in Sections 7.4 and 7.5. Each option shall be Actuarially Equivalent to the Participant’s benefit paid in the Normal Payment Form.

7.4 Joint and Surviving Spouse Benefit.

A. Under this payment option, the retired Participant shall receive monthly pension payments as long as the Participant or his surviving Spouse live. The amount of monthly pension continued after the Participant’s death during the lifetime of the surviving Spouse may be 100% or 50% of the actuarially adjusted amount payable during the Participant’s lifetime.

B. Effective with respect to Participants who have a Separation from Service on or after September 21, 2011, a married Participant shall receive a joint and 50% surviving Spouse benefit, unless the Participant and Spouse both consent to another optional form of payment. If it is established to the satisfaction of a Plan Administrator that such written consent may not be obtained because there is no Spouse or the Spouse cannot be located, no spousal consent will be required. Any consent by a Spouse obtained under this provision (or establishment that the consent of a Spouse may not be obtained) shall be effective only with respect to such Spouse.

C. If the Participant’s surviving Spouse dies before the total monthly benefits paid the Participant and the surviving Spouse equals the balance in the deceased Participant’s Participant Contributions Account on the date of
his Separation from Service, the difference between the total monthly benefits paid and that balance shall be paid in a single lump sum to the Spouse’s designated beneficiary, or if none, to the Spouse’s estate.

7.5 **Single Life Annuity with Five (5) Year Certain.**

A. Under this payment option, a retired Participant shall receive monthly pension payments for his lifetime. This benefit is based on Participant’s benefit in the Normal Payment Form, but shall be actuarially reduced to provide for the sixty (60) guaranteed monthly payments.

B. If the retired Participant dies before receiving sixty (60) monthly pension payments, the balance of the payments shall be paid to the Participant’s designated beneficiary until a total of sixty (60) monthly payments are made, at which time all payments under this option shall cease.

C. If the retired Participant dies before receiving sixty (60) monthly pension payments, and the Participant does not have a designated beneficiary, the Actuarially Equivalent lump sum value of the balance of the monthly payments shall be paid to the Participant’s estate.

7.6 **Revocation of Election of Payment Option.**

A. The Participant’s election of a form of benefit payment shall be irrevocable as of the date of the first monthly pension payment.

B. Except as provided in Section 7.6(C), prior to a Participant’s Annuity Starting Date, a Participant may revoke his election and modify his election, provided the Plan Administrator expressly agrees to such revocation, change, or modification. For a Participant who has a Separation from Service after September 21, 2011, consent by the Participant’s Spouse to any revocation or modification of an election, or change in designated beneficiary shall be required.

C. A Participant’s election of Joint and Surviving Spouse Benefit described in Section 7.4 shall be treated as null and void if the Participant or his Spouse dies prior to the date the first payment is made under that payment option. In that event, distribution of the Participant’s Accrued Benefit shall be made as though the Participant had never elected the Joint and Surviving Spouse Benefit.

D. Subject to the requirements of Section 7.11, benefits in pay status shall be suspended if a Participant returns to employment with the Township. If the Participant accrues an additional benefit, the Plan shall offset the Actuarially Equivalent value of the distributions made to the Participant by the last day of the preceding Plan Year against the benefit accrual for the current Plan Year.
7.7 **Small Benefit Payments.** If the Actuarial Equivalent lump sum value of a Participant's Vested Accrued Benefit is less than $5,000, the benefit shall be paid in a single lump sum. A distributee may elect, at the time and in the manner prescribed by the Plan Administrator, 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. For any distribution in excess of $200 that may be paid in the form of a lump sum, the Plan Administrator shall give the Participant written notice of his eligible rollover distribution rights as required under IRC section 402(f) no less than 30 days and no more than 180 days before the Annuity Starting Date with respect to the distribution. Effective for distributions made on or after January 1, 1994, such distribution may commence less than 30 days after the notice is given, provided that the Participant is provided with information that clearly states that the Participant has a right to a period of at least 30 days after receiving the written explanation and notice to consider the decision of whether or not to elect a distribution; and the Participant, after receiving the written notice, affirmatively elects a distribution.

A. **Eligible Rollover Distribution** – An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee’s designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under IRC section 401(a)(9) including any portion of such distribution that is not includable in gross income; and any other distribution(s) that is reasonably expected to total less than $200 during a year.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions that are not includible in gross income. However, such portion may be transferred only to: (A) a traditional individual retirement account or annuity described in IRC section 408(a) (traditional IRA); (B) or a Roth individual retirement account or annuity described in IRC section 408A (Roth IRA); or (C) a qualified plan or an annuity contract described in IRC section 401(a) and 403(b), respectively, that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of such distribution that is includible in gross income and the portion of such distribution that is not so includible.

B. **Eligible Retirement Plan** – An eligible retirement plan is a traditional IRA, a Roth IRA, an annuity plan described in IRC section 403(a), an annuity contract described in IRC section 403(b), a qualified plan described in IRC section 401(a), that accepts the distributee’s eligible rollover distribution,
or an eligible plan under IRC section (b) and 401(a) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and that agrees to separately account for amounts transferred into such plan from this Plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving Spouse, or to a Spouse or former Spouse who is the alternate payee under a qualified domestic relations order, as defined in IRC section 414(p).

C. Distributee – A distributee includes an employee or former employee. 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. Effective for death benefit distributions made on or after January 1, 2007, a distributee shall include a nonspouse beneficiary but only with respect to a direct transfer to an inherited traditional IRA or Roth IRA established on his behalf for the purpose of receiving the distribution.

D. Direct Rollover – A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

7.8 Minimum Benefit. The aggregate pension benefits paid to a Participant under any payment option shall not be less than the amount accumulated in his Participant Contributions Account with interest, calculated as of the date the pension begins.

7.9 Qualified Domestic Relations Order (QDRO). A QDRO is an original or certified copy of an order entered pursuant to a state domestic relations law, relating to providing child support, alimony payments or marital property rights, specifying the Plan as subject to the order and determined as a QDRO by the Plan Administrator. Nothing contained in this Plan prevents the trustee, in accordance with the direction of the Plan Administrator, from complying with the provisions of an acceptable domestic relations order that creates or recognizes the existence of an alternate payee’s right to, or assigns to an alternate payee the right to receive all or a portion of the benefits payable with respect to a Participant under the Plan.

A distribution will not be made to an alternate payee until the Participant attains (or would have attained) his earliest retirement age. For this purpose, earliest retirement age means the date on which the Participant is entitled to a distribution under this Plan and commences such distribution. Nothing in this Section gives a Participant a right to receive distribution at a time otherwise not permitted under the Plan nor does it permit the alternate payee to receive a form of payment not otherwise permitted under the Plan.

The Plan Administrator shall establish a reasonable and consistent procedure for determining the qualified status of a domestic relations order which qualifies under Internal Revenue Code Section 414(p). Upon receiving a domestic relations
order, the Plan Administrator promptly will notify the Participant and any alternate payee named in the order, in writing, of the receipt of the order and the Plan’s procedures for determining the acceptability of the order. Within a reasonable period of time after receiving the domestic relations order, the Plan Administrator shall determine the acceptability of the order and shall notify the Participant and each alternate payee, in writing, of its determination. The Plan Administrator shall provide notice under this paragraph by mailing to the individual’s address specified in the domestic relations order.

If any portion of the Participant’s nonforfeitable Accrued Benefit is payable during the period the Plan Administrator is making its determination of the acceptability of the domestic relations order, the Plan Administrator shall make a separate accounting of the amounts payable. If the Plan Administrator determines the order is an acceptable domestic relations order within 18 months of the date amounts first are payable following receipt of the order, it shall direct the trustee to distribute the payable amounts in accordance with the order. If the Plan Administrator does not make its determination of the acceptability of the order within the 18-month determination period, it shall direct the trustee to distribute the payable amounts in the manner the Plan would distribute if the order did not exist and will apply the order prospectively if it later determines the order is an acceptable domestic relations order.

The Plan Administrator is empowered to develop and implement procedures for suspending the payment of benefits to a Participant in situations where the Plan Administrator has reason to believe that an Employee or potential alternate payee is or may be in the process of obtaining a qualified domestic relations order with respect to the Employee’s Accrued Benefit.

7.10 Limitation on Benefits under IRC Section 415.

The limitations of this Section 7.10 shall apply in Limitation Years beginning on or after July 1, 2007, except as otherwise provided herein.

A. Annual Benefit Limitation. The Annual Benefit otherwise payable to a Participant at any time under the Plan shall not exceed the Maximum Permissible Benefit.

B. Limitations on Employee Contributions. If a Participant has made mandatory employee contributions, under the terms of this Plan, the amount of such contributions shall be treated as an Annual Addition to a qualified defined contribution plan.

1. If the mandatory employee contribution the Participant would otherwise make in a Limitation Year would exceed the Maximum Permissible Annual Addition, the contribution shall be limited to a contribution that does not exceed the Maximum Permissible Annual Addition.
Prior to determining the Participant’s actual Compensation for the Limitation Year, the Township may determine the Maximum Permissible Annual Addition for a Participant on the basis of a reasonable estimation of the Participant’s Compensation for the Limitation Year, uniformly determined for all Participants similarly situated.

As soon as is administratively feasible after the end of the Limitation Year, the Maximum Permissible Annual Addition for the Limitation Year will be determined on the basis of the Participant’s actual Compensation for the Limitation Year.

2. In any Limitation Year in which the employee contributions otherwise contributable under this Plan would exceed the Maximum Permissible Annual Addition because of contributions otherwise allocable under a defined contribution plan that the Township also sponsors, the contribution under such plan(s) shall be limited to a contribution that does not exceed the Maximum Permissible Annual Addition reduced by the mandatory employee contribution required under this Plan.

C. Combined Limitations: Other Defined Benefit Plans

1. If a Participant is, or has ever been, a Participant in another qualified defined benefit plan maintained by the Township or a predecessor employer, the sum of the Participant’s Annual Benefits from all such plans may not exceed the Maximum Permissible Benefit. If the Maximum Permissible Benefit is exceeded solely due to the benefit payable under a frozen or terminated defined benefit plan, the Annual Benefit otherwise payable under this Plan shall be reduced so that the Maximum Permissible Benefit is not exceeded.

2. Where the Participant’s Township-provided benefits under all qualified defined benefit plans ever maintained by the Township (determined as of the same age) would exceed the Maximum Permissible Benefit applicable at that age, the benefit under the other pension plan(s) shall be limited (or the rate of accrual reduced) to a benefit that does not exceed the maximum permissible benefit taking into account the annual benefit otherwise accruable under all plans.

D. Protection of Accrued Benefit. In the case of an individual who was a Participant in one or more defined benefit plans of the Township as of the first day of the first Limitation Year beginning after December 31, 1986, the application of the limitations of IRC section 415 shall not cause the
Maximum Permissible Benefit amount for such individual under all such defined benefit plans to be less than the individual’s Tax Reform Act of 1986 (TRA ‘86) Accrued Benefit. The preceding sentence applies only if all such defined benefit plans met the requirements of IRC section 415, for all Limitation Years beginning before January 1, 1987.

The application of the provisions of this Section 7.10 shall not cause the Maximum Permissible Benefit for any Participant to be less than the Participant’s Accrued Benefit under all the defined benefit plans of the Township or a predecessor employer as of the end of the last Limitation Year beginning before July 1, 2007 under provisions of the plans that were both adopted and in effect before April 5, 2007. The preceding sentence applies only if the provisions of such defined benefit plans that were both adopted and in effect before April 5, 2007 satisfied the applicable requirements of statutory provisions, regulations, and other published guidance relating to IRC section 415 in effect as of the end of the last Limitation Year beginning before July 1, 2007, as described in Treasury Regulation section 1.415(a)-1(g)(4).

E. Definitions (IRC Section 415 Limitations)

1. **Annual Additions** – The sum of the following amounts credited to a Participant’s account (under a qualified defined contribution plan) for the Limitation Year: (A) Township contributions, (B) employee contributions, (C) forfeitures, (D) allocations under a simplified employee pension, and (E) amounts allocated, after March 31, 1984, to an individual medical account that is part of a pension or annuity plan maintained by the Township. Also amounts derived from contributions paid or accrued after December 31, 1985 (in taxable years ending after such date), that are attributable to post-retirement medical benefits, allocated to the separate account of a key employee (as defined in IRC section 419A(d)(3)) under a welfare benefit fund.

For Limitation Years beginning before January 1, 1987, employee contributions shall only be taken into account for this purpose up to the lesser of the amount of employee contributions in excess of 6% of Compensation for the Limitation Year, or one-half of the employee contributions for that year. Picked-up contributions under IRC section 414(h)(2) shall not be included as an Annual Addition with respect to a Participant.

2. **Annual Benefit** – A benefit under the Plan that is payable annually in the form of a straight life annuity. The Annual Benefit shall include any picked-up contributions made by the Township under IRC section 414(h)(2). Except as provided below, where a benefit is payable in a form other than a straight life annuity, the benefit
shall be adjusted to an actuarially equivalent straight life annuity that begins at the same time as such other form of benefit and is payable on the first day of each month, before applying the limitations of this Section 7.10. For a Participant who has or will have distributions commencing at more than one Annuity Starting Date, the Annual Benefit shall be determined as of each such Annuity Starting Date (and shall satisfy the limitations of this Section 7.10 as of each such date), actuarially adjusting for past and future distributions of benefits commencing at the other Annuity Starting Dates. For this purpose, the determination of whether a new starting date has occurred shall be made without regard to Treasury Regulation section 1.401(a)-20, Q&A 10(d), and with regard to Treasury Regulation section 1.415(b)-1(b)(1)(iii)(B) and (C).

No actuarial adjustment to the benefit is required for (A) survivor benefits payable to a surviving Spouse under a qualified joint and survivor annuity to the extent such benefits would not be payable if the Participant’s benefit were paid in another form; (B) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, preretirement incidental death benefits, and postretirement medical benefits); and (C) the inclusion in the form of benefit of an automatic benefit increase feature, provided the form of benefit is not subject to IRC section 417(e)(3) and would otherwise satisfy the limitations of this Section 7.10, and the Plan provides that the amount payable under the form of benefit in any Limitation Year shall not exceed the limits of this Section 7.10 applicable at the Annuity Starting Date, as increased in subsequent years pursuant to IRC section 415(d). For this purpose, an automatic benefit increase feature is included in a form of benefit if the form of benefit provides for automatic, periodic increases to the benefits paid in that form.

The determination of the Annual Benefit shall take into account social security supplements described in IRC section 411(a)(9) and benefits transferred from another defined benefit plan, other than transfers of distributable benefits pursuant to Treasury Regulation section 1.411(d)-4, Q&A-3(c), but shall disregard benefits attributable to employee contributions or rollover contributions.

Effective for distributions in Plan Years beginning after December 31, 2003, the determination of actuarial equivalence of forms of benefit other than a straight life annuity shall be made in accordance with Section 7.10(E)(2)(a) or Section 7.10(E)(2)(b).

a. Benefit Forms Not Subject to Code Section 417(e)(3) – The straight life annuity that is actuarially equivalent to the
Participant’s form of benefit shall be determined under this Section 7.10(E)(2)(a) if the form of the Participant’s benefit is either (i) a nondecreasing annuity (other than a straight life annuity) payable for a period of not less than the life of the Participant (or, in the case of a preretirement survivor annuity, the life of the surviving Spouse), or (ii) an annuity that decreases during the life of the Participant merely because of (a) the death of the survivor annuitant (but only if the reduction is not below 50% of the Annual Benefit payable before the death of the survivor annuitant), or (b) the cessation or reduction of Social Security supplements or qualified disability payments (as defined in IRC section 401(a)(11)).

i. Limitation Years beginning before July 1, 2007 – For Limitation Years beginning before July 1, 2007, the actuarially equivalent straight life annuity shall be equal to the annual amount of the straight life annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant’s form of benefit computed using whichever of the following produces the greater annual amount: (a) the interest rate and the mortality table (or other tabular factor) stated in Section 1.2 for adjusting benefits in the same form; and (b) a 5% interest rate assumption and the applicable mortality table defined in Section 1.2 for that Annuity Starting Date.

ii. Limitation Years beginning on or after July 1, 2007 – For Limitation Years beginning on or after July 1, 2007, the actuarially equivalent straight life annuity is equal to the greater of: (a) the annual amount of the straight life annuity (if any) payable to the Participant under the Plan commencing at the same Annuity Starting Date as the Participant’s form of benefit; and (b) the annual amount of the straight life annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant’s form of benefit, computed using a 5% interest rate assumption and the applicable mortality table defined in Section 1.2 for that Annuity Starting Date.

b. Benefit Forms Subject to Code Section 417(e)(3) – The straight life annuity that is actuarially equivalent to the Participant’s form of benefit shall be determined under this paragraph if the
form of the Participant’s benefit is other than a benefit form described in Section 7.1(E)(2)(a). In this case, the actuarially equivalent straight life annuity shall be determined as follows:

i. **Annuity Starting Date in Plan Years Beginning After 2005** – If the Annuity Starting Date of the Participant’s form of benefit is in a Plan Year beginning after December 31, 2005, the actuarially equivalent straight life annuity shall be equal to the greatest of: (a) the annual amount of the straight life annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant’s form of benefit, computed using the interest rate and the mortality table (or other tabular factor) stated in Section 1.2 for adjusting a lump sum pension payment; (b) the annual amount of the straight life annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant’s form of benefit, computed using a 5.5% interest rate assumption and the applicable mortality table defined in Section 1.2; and (c) the annual amount of the straight life annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant’s form of benefit, computed using the applicable interest rate and the applicable mortality table as defined in Section 1.2, divided by 1.05.

Notwithstanding the preceding, effective for Limitation Years beginning on or after January 1, 2009, the latter calculation (c) shall not apply if for the Limitation Year the sponsoring employer is determined to be an eligible employer.

The term “eligible employer” means, with respect to any year, an employer which had no more than 100 employees who received at least $5,000 of Compensation from the employer for the preceding year. If the sponsoring employer is an eligible employer for one or more years but fails to be an eligible employer for any subsequent year, it shall be treated as an eligible employer for the 2 years following the last year for which it was an eligible employer. If such failure is due to any acquisition, disposition, or similar transaction involving an eligible employer, the preceding sentence shall not apply.
ii. **Annuity Starting Date in Plan Years Beginning in 2004 or 2005** – If the Annuity Starting Date of the Participant’s form of benefit is in a Plan Year beginning in 2004 or 2005, the actuarially equivalent straight life annuity shall be equal to the annual amount of the straight life annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant’s form of benefit, computed using whichever of the following produces the greater annual amount: (a) the interest rate and the mortality table (or other tabular factor) specified stated in Section 1.2 for adjusting benefits in the same form; and (b) a 5.5% interest rate assumption and the applicable mortality table as defined in Section 1.2.

Notwithstanding the preceding, if the Annuity Starting Date of the Participant’s benefit is on or after the first day of the first Plan Year beginning in 2004 and before December 31, 2004, the application of this Section 7.1(E)(2)(b)(ii) shall not cause the amount payable under the Participant’s form of benefit to be less than the benefit calculated under the Plan, taking into account the limitations of this Section 7.1, except that the actuarially equivalent straight life annuity shall be equal to the annual amount of the straight life annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant’s form of benefit, computed using whichever of the following produces the greatest annual amount:

a) the interest rate and the mortality table (or other tabular factor) specified stated in Section 1.2 for adjusting benefits in the same form;

b) the applicable interest rate and the applicable mortality table as defined in Section 1.2; and

c) the applicable interest rate defined in Section 1.2 (as in effect on the last day of the last Plan Year beginning before January
1, 2004) and the applicable mortality table defined in Section 1.2.

3. **Compensation** – A Participant’s earned income and any earnings reportable as W-2 wages for federal income tax withholding purposes that are paid by the Township. W-2 wages means wages as defined in IRC section 3401(a) but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed. Picked-up contributions under IRC section 414(h)(2) shall not be included in the Participant’s Compensation.

For Limitation Years beginning after December 31, 1991, for purposes of applying the limitations of this Section 7.10, Compensation for a Limitation Year is the Compensation actually paid or includable in gross income during such Limitation Year. Compensation for a Limitation Year shall include amounts earned but not paid during the Limitation Year solely because of the timing of pay periods and pay dates, provided the amounts are paid during the first few weeks of the next Limitation Year, the amounts are included on a uniform and consistent basis with respect to all similarly situated employees, and no Compensation is included in more than one Limitation Year.

In order to be taken into account for a Limitation Year, Compensation must be paid or treated as paid prior to Separation from Service with the Township. Effective for Limitation Years beginning on or after July 1, 2007, an includable payment shall be treated as paid prior to Separation from Service if it is paid by the later of 2½ months after separation or the last day of the Limitation Year that includes the Separation from Service date. For this purpose, includable payments are those that absent the Separation from Service would have been paid and are regular compensation for services during regular working hours or compensation for services outside regular working hours (such as overtime or shift differentials), commissions, bonuses, or other similar compensation. Includable payments shall also include unused accrued sick, vacation, or other leave if such payments would have been included as salary as defined in Section 1.28 if they were paid prior to the employee’s Separation from Service. Any payments not described herein as an includable payment shall not be considered Compensation if paid after Separation from Service, even if they are paid by the later of 2½ months after the date of Separation from Service or the end of the Limitation Year that includes the separation date. However, for Limitation Years beginning after December 31, 2008, Compensation for a Limitation Year shall include amounts paid as differential wages to
a Participant on qualified military service leave of more than 30 days and otherwise meeting the requirements of Code section 3401(h)(2).

Back pay, within the meaning of Treasury Regulation section 1.415(c)-2(g)(8), shall be treated as Compensation for the Limitation Year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition. Further, effective for Limitation Years beginning on or after January 1, 2008, compensation in excess of the limitations of Section 1.28 shall not be taken into account.

For Limitation Years beginning after December 31, 1997, Compensation shall include elective contributions. Elective contributions are amounts excludable from the employee’s gross income and contributed by the Township, at the employee’s election to a cafeteria plan excludable under IRC section 125, a IRC section 401(k) arrangement (excludable under IRC section 402(e)(3)), a simplified employee pension (excludable under IRC section 402(h)), a tax sheltered annuity (excludable under IRC section 403(b)), a deferred compensation plan (excludable under IRC section (b) and 401(a)), a IRC section 501(c)(18) plan, or a Code section 132(f)(4) qualified transportation fringe benefit plan.

Elective contribution amounts under a cafeteria plan excludable under IRC section 125 shall include any amounts not available to a Participant in cash in lieu of group health coverage because the Participant is unable to certify that he has other health coverage (deemed section 125 compensation). Amounts are deemed section 125 compensation only if the Township does not request or collect information regarding the Participant’s other health coverage as part of the enrollment process for the health plan.

4. **Projected Annual Benefit** – The Annual Benefit as defined in Section 7.10(E)(2), to which the Participant would be entitled under the terms of the Plan assuming:

a. the Participant will continue employment until his Normal Retirement Date under the Plan (or current age, if later); and

b. the Participant’s Compensation for the current Limitation Year and all other relevant factors used to determine benefits under the Plan will remain constant for all future Limitation Years.
Straight life annuity means an annuity payable in equal installments for the life of the Participant that terminates upon the Participant’s death.

5. **Defined Benefit Dollar Limitation** – Effective for Limitation Years ending after December 31, 2001, the Defined Benefit Dollar Limitation is $160,000, automatically adjusted under IRC section 415(d), effective January 1 of each year, in such manner as the Secretary of the Treasury shall prescribe, and payable in the form of a straight life annuity. The new limitation shall apply to Limitation Years ending with or within the calendar year for which the adjustment applies, but a Participant’s benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. The automatic annual adjustment of the Defined Benefit Dollar Limitation under IRC section 415(d) shall apply to Participants who have had a separation from employment.

6. **Employer** – For purposes of this Section 7.10, employer shall mean the Township and any entity required to be aggregated with the employer pursuant to regulations.

7. **Excess Annual Addition** – The excess of the Participant’s Annual Additions for the Limitation Year over the Maximum Permissible Annual Addition.

8. **Limitation Year** – The calendar year.

9. **Maximum Permissible Annual Addition** – The maximum Annual Addition that may be contributed or allocated to a Participant’s account under a plan for any Limitation Year shall not exceed the lesser of:

   a. the Defined Contribution Dollar Limitation, that is $40,000, as adjusted under Code section 415(d) for Limitation Years beginning after December 31, 2002; or

   b. 100% of the Participant’s Compensation for the Limitation Year.

If a short Limitation Year is created because of an amendment changing the Limitation Year to a different 12-consecutive-month period, the Maximum Permissible Annual Addition will not exceed the Defined Contribution Dollar Limitation multiplied by the following fraction:

\[
\text{Number of months in the short Limitation Year} \times \frac{12}{36}
\]
If the Plan is terminated as of a date other than the last day of the Limitation Year, the Plan shall be deemed to have been amended to change its Limitation Year and the maximum permissible amount shall be determined by prorating it for the resulting short Limitation Year.


a. Adjustment for Less Than 10 Years of Participation or Service – If the Participant has less than 10 Years of Participation in the Plan, the Defined Benefit Dollar Limitation shall be multiplied by a fraction: (i) the numerator of which is the number of Years (or part thereof, but not less than one year) of Participation in the Plan, and (ii) the denominator of which is 10. This Section 7.10(E)(10)(a) shall not apply to disability or death benefit.

b. Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62 or After Age 65 – Effective for benefits commencing in Limitation Years ending after December 31, 2001, the Defined Benefit Dollar Limitation shall be adjusted if the Annuity Starting Date of the Participant’s benefit is before age 62 or after age 65. If the Annuity Starting Date is before age 62, the Defined Benefit Dollar Limitation shall be adjusted under Section 7.10(E)(10)(b)(i), as modified by Section 7.10(E)(10)(b)(iii). If the Annuity Starting Date is after age 65, the Defined Benefit Dollar Limitation shall be adjusted under Section 7.10(E)(10)(b)(ii), as modified by Section 7.10(E)(10)(b)(iii).

i. Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62

a) Limitation years beginning before July 1, 2007 – If the Annuity Starting Date for the Participant’s benefit is prior to age 62 and occurs in a Limitation Year beginning before July 1, 2007, the Defined Benefit Dollar Limitation for the Participant’s Annuity Starting Date is an annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant’s Annuity Starting Date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section
7.10(E)(10)(a) for Years of Participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (1) the interest rate and the mortality table (or the tabular factor) specified in Section 1.2 for an early retirement benefit; or (2) a 5% interest rate assumption and the applicable mortality table as defined in Section 1.2.

b) Limitation Years beginning on or after July 1, 2007

1) Plan does not have immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement – If the Annuity Starting Date for the Participant’s benefit is prior to age 62 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan does not have an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the Defined Benefit Dollar Limitation for the Participant’s Annuity Starting Date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant’s Annuity Starting Date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section 7.10(E)(10)(a) for Years of Participation less than 10, if required) with actuarial equivalence computed using a 5% interest rate assumption and the applicable mortality table for the Annuity Starting Date as defined in Section 1.2 (and expressing the Participant’s age based on completed calendar months as of the Annuity Starting Date).
2) **Plan has immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement** – If the Annuity Starting Date for the Participant’s benefit is prior to age 62 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan has an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the Defined Benefit Dollar Limitation for the Participant’s Annuity Starting Date is the lesser of the limitation determined under Section 7.10(E)(10)(b)(ii)(a) and the Defined Benefit Dollar Limitation (adjusted under Section 7.10(E)(10)(a) for Years of Participation less than 10, if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the Plan at the Participant’s Annuity Starting Date to the annual amount of the immediately commencing straight life annuity under the Plan at age 62, both determined without applying the limitations of this Section 7.10.

c) This Section 7.10(E)(10)(b)(i) shall not apply to disability or death benefits.

ii. **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement After Age 65**

a) **Limitation Years beginning before July 1, 2007** – If the Annuity Starting Date for the Participant’s benefit is after age 65 and occurs in a Limitation Year beginning before July 1, 2007, the Defined Benefit Dollar Limitation for the Participant’s Annuity Starting Date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant’s
Annuity Starting Date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section 7.10(E)(10)(a) for Years of Participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (1) the interest rate and the mortality table (or other tabular factor) specified in Section 1.2 for a late retirement benefit; or (2) a 5% interest rate assumption and the applicable mortality table as defined in Section 1.2.

b) Limitation years after July 1, 2007

1) Plan does not have immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement – If the Annuity Starting Date for the Participant’s benefit is after age 65 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan does not have an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the Defined Benefit Dollar Limitation at the Participant’s Annuity Starting Date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant’s Annuity Starting Date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section 7.10(E)(10)(a) for Years of Participation less than 10, if required), with actuarial equivalence computed using a 5% interest rate assumption and the applicable mortality table for that Annuity Starting Date as defined in Section 1.2 (and expressing the Participant’s age based on completed calendar
months as of the Annuity Starting Date).

2) **Plan has immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement** – If the Annuity Starting Date for the Participant’s benefit is after age 65 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan has an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the Defined Benefit Dollar Limitation at the Participant’s Annuity Starting Date is the lesser of the limitation determined under Section 7.10(E)(10)(b)(ii)(b)1). and the Defined Benefit Dollar Limitation (adjusted under Section 7.10(E)(10)(a) for Years of Participation less than 10, if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the Plan at the Participant’s Annuity Starting Date to the annual amount of the adjusted immediately commencing straight life annuity under the Plan at age 65, both determined without applying the limitations of this Section 7.10. For this purpose, the adjusted immediately commencing straight life annuity under the Plan at the Participant’s Annuity Starting Date is the annual amount of such annuity payable to the Participant, computed disregarding the Participant’s accruals after age 65 but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing straight life annuity under the Plan at age 65 is the annual amount of such annuity
that would be payable under the Plan to a hypothetical Participant who is age 65 and has the same accrued benefit as the Participant.

iii. Notwithstanding the other requirements of this Section 7.10(E)(10)(b), no adjustment shall be made to the Defined Benefit Dollar Limitation to reflect the probability of a Participant’s death between the Annuity Starting Date and age 62, or between age 65 and the Annuity Starting Date, as applicable, if benefits are not forfeited upon the death of the Participant prior to the Annuity Starting Date. To the extent benefits are forfeited upon death before the Annuity Starting Date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon a Participant’s death if the Plan does not charge Participants for providing a qualified preretirement survivor annuity upon the Participant’s death.

c. Minimum Benefit Permitted – Notwithstanding anything else in this Section to the contrary, the benefit otherwise accrued or payable to a Participant under this Plan shall be deemed not to exceed the Maximum Permissible Benefit if:

i. The retirement benefits payable for a Plan Year under any form of benefit with respect to such Participant under this Plan and under all other defined benefit plans (regardless of whether terminated) ever maintained by the Township do not exceed $10,000 multiplied by a fraction: (1) the numerator of which is the Participant’s number of years (or parts thereof, but not less than one year) of benefit service (not to exceed 10) with the Township; and (2) the denominator of which is 10; and

ii. The Township (or a predecessor employer) has not at any time maintained a defined contribution plan in which the Participant participated. For this purpose, mandatory employee contributions shall not be considered a separate defined contribution plan maintained by the Township. Similarly, individual medical accounts under IRC
section 401(h) and accounts for postretirement medical benefits established under IRC section 419A(d)(1) shall not be considered a separate defined contribution plan.

11. **Year of Participation** – For the purpose of this Section 7.10, a Participant shall be credited with a Year of Participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met: (1) the Participant is credited with at least the number of hours of service (or period of service if the elapsed time method is used) for benefit accrual purposes, required under the terms of the Plan in order to accrue a benefit for the accrual computation period, and (2) the Participant is included as a Participant under the eligibility provisions of the Plan for at least one day of the accrual computation period. If these two conditions are met, the portion of a Year of Participation credited to the Participant shall equal the amount of benefit accrual service credited to the Participant for such accrual computation period. A Participant who is permanently and totally disabled within the meaning of IRC section 415(c)(3)(C)(i) for an accrual computation period shall receive a Year of Participation with respect to that period. In addition, for a Participant to receive a Year of Participation (or part thereof) for an accrual computation period, the Plan must be established no later than the last day of such accrual computation period. In no event will more than one Year of Participation be credited for any 12-month period.

12. **Annuity Starting Date** – The first day of the first period for which an amount is paid as an annuity or in any other form.

7.11 **Distribution Requirements.** The requirements of this Section 7.11 shall apply to any distribution of a Participant’s interest. All distributions required under this Section 7.11 shall be determined and made in accordance with IRC section 401(a)(9), including the incidental death benefit requirement of IRC section 401(a)(9)(G).

A. **Time and Manner of Distribution**

1. **Required Beginning Date** – The entire interest of a Participant must be distributed or begin to be distributed no later than the Participant’s Required Beginning Date.

2. **Limits on Distribution Periods** – As of the first Distribution Calendar Year, distributions to a Participant, if not made in a single-sum, may only be made over one of the following periods (or a combination thereof):
   
a. the life of the Participant,
b. the joint lives of the Participant and a Designated Beneficiary,

c. a period certain not extending beyond the life expectancy of the Participant, or

d. a period certain not extending beyond the joint life and last survivor expectancy of the Participant and a Designated Beneficiary.

3. Death of Participant Before Distributions Begin – If the Participant dies before distributions begin, the Participant’s entire interest will be distributed, or begin to be distributed, no later than as follows:

a. If the Participant’s surviving Spouse is the Participant’s sole Designated Beneficiary, then distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained Age 70½, if later. To the extent that this Plan provides for a lump sum death benefit and the surviving Spouse so elects, the Participant’s entire interest will be distributed to such Designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant’s death.

b. If the Participant’s surviving Spouse is not the Participant’s sole Designated Beneficiary, then distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died. To the extent that this Plan provides a lump sum death benefit and the Designated Beneficiary so elects, the Participant’s entire interest will be distributed to such Designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant’s death.

c. If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant’s death or if a lump sum death benefit is otherwise payable, the Participant’s entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant’s death.

d. If the Participant’s surviving Spouse is the Participant’s sole Designated Beneficiary and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse begin, this Section 7.11(A)(3), other than Section 7.11(A)(3)(a), will apply as if the surviving Spouse were the
Participant if this Plan otherwise provides for the payment of a death benefit.

For purposes of this Section 7.11(A)(3) and Section 7.11(D), distributions are considered to begin on the Participant’s Required Beginning Date (or, if Section 7.11(A)(3)(d) applies, the date distributions are required to begin to the surviving Spouse under Section 7.11(A)(3)(a)). If annuity payments irrevocably commence to the Participant before the Participant’s Required Beginning Date (or to the Participant’s surviving Spouse before the date distributions are required to begin to the surviving Spouse under Section 7.11(A)(3)(a)), the date distributions are considered to begin is the date distributions actually commence.

If the deceased Designated Beneficiary is not the Participant’s surviving Spouse, distribution shall be completed by the December 31 of the fifth year following the Participant’s date of death. If the deceased Designated Beneficiary is the Participant’s surviving Spouse, distribution shall be completed by the December 31 of the fifth year following the beneficiary’s date of death.

4. Forms of Distribution – Unless the Participant’s interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first Distribution Calendar Year distributions will be made in accordance with Section 7.11(B), (C), and (D). If the Participant’s interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of IRC section 401(a)(9) and Regulation section 1.401(a)(9)-6.

Any part of the Participant’s interest that is in the form of an individual account shall be distributed in a manner satisfying the requirements of Code section 401(a)(9) and the regulations thereunder that apply to individual accounts. To the extent the Participant has accumulated contributions containing after-tax contributions for which there is separate accounting, such funds shall be distributed first before any taxable distribution is made to satisfy the minimum distribution requirement.

B. Determination of Amount to Be Distributed Each Year

1. General Annuity Requirements – If the Participant’s interest is to be paid in the form of annuity distributions under the Plan, payments under the annuity shall satisfy the following requirements:
a. The annuity distribution must be paid in periodic payments made at intervals not longer than one year;

b. The distribution period must be over a life (or lives) or over a period certain not longer than the period described in Section 7.11(C) or (D);

c. Once payments have begun over a period certain, the period certain may only be changed as permitted under Regulation section 1.401(a)(9)-6, A-13;

d. Payments must either be nonincreasing or increase only as follows:

i) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

ii) to the extent of the reduction to the amount of the Participant’s payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in Section 7.11(C) dies or is no longer the Participant’s beneficiary pursuant to a qualified domestic relations order within the meaning of IRC section 414(p);

iii) to provide cash refunds of Participant Contributions upon the Participant’s death;

iv) to pay increased benefits that result from a Plan amendment; or

v) to the extent increases are permitted in accordance with Regulation section 1.401(a)(9)-6, A-14(c) or (d).

2. Amount Required to be Distributed by Required Beginning Date

a. The amount that must be distributed on or before the Participant’s Required Beginning Date (or, if the Participant dies before distributions begin, the date distributions are required to begin under Section 7.11(A)(3)(a) or (b)) shall be the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Participant’s benefit accruals
as of the last day of the first Distribution Calendar Year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant’s Required Beginning Date.

b. In the case of a lump sum distribution of the Participant’s Accrued Benefit on or before the Participant’s Required Beginning Date, the minimum required distribution shall be determined by expressing the Participant’s benefit as a pension payable in the normal form of payment with an Annuity Starting Date as of the first day of the Distribution Calendar Year and multiplying the monthly benefit by 12. If the distribution is being made before the April 1 Required Beginning Date but in such year, both the first and second years required minimum distribution shall be determined and shall not be eligible for rollover.

3. Additional Accruals After First Distribution Calendar Year – Any additional benefits accruing to the Participant in a calendar year after the first Distribution Calendar Year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

C. Requirements For Annuity Distributions That Commence During Participant’s Lifetime

1. Joint Life Annuities Where the Beneficiary Is Not the Participant’s Spouse – If the Participant’s interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a nonspouse beneficiary, annuity payments to be made on or after the Participant’s Required Beginning Date to the designated beneficiary after the Participant’s death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Regulation section 1.401(a)(9)-6, A-2(c)(2), in the manner described in A-2(c)(1) to determine the applicable percentage. If the form of distribution combines a joint and survivor annuity for the joint lives of the Participant and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

2. Period Certain Annuities – Unless the Participant’s Spouse is the sole Designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity
distribution commencing during the Participant’s lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in Regulation section 1.401(a)(9)-9, A-2 for the calendar year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Participant reaches Age 70, the applicable distribution period for the Participant is the distribution period for Age 70 under the Uniform Lifetime Table set forth in Regulation section 1.401(a)(9)-9, A-2 plus the excess of 70 over the Age of the Participant as of the Participant’s birthday in the year that contains the Annuity Starting Date. If the Participant’s Spouse is the Participant’s sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant’s applicable distribution period, as determined under this Section 7.11(C)(2), or the joint life and last survivor expectancy of the Participant and the Participant’s Spouse as determined under the Joint and Last Survivor Table set forth in Regulation section 1.401(a)(9)-9, A-3, using the Participant’s and Spouse’s attained ages as of the Participant’s and Spouse’s birthdays in the calendar year that contains the Annuity Starting Date.

D. Requirements For Minimum Distributions After the Participant’s Death

1. **Death After Distributions Begin** – If the Participant dies after distribution of his interest has begun in the form of an annuity meeting the requirements of this Section 7.11, the remaining portion of such interest will continue to be distributed over the remaining period over which distributions have commenced.

2. **Death Before Distributions Begin**

   a. **Participant Survived by Designated Beneficiary** – If the Participant dies before the date distribution of his or her interest begins and there is a Designated Beneficiary, the Participant’s entire interest will be distributed, beginning no later than the time described in Section 7.11(A)(3)(a) or (b), over the life of the designated beneficiary or over a period certain not exceeding:

      i. Unless the Annuity Starting Date is before the first Distribution Calendar Year, the Life Expectancy of the Designated Beneficiary determined using the beneficiary’s age as of the beneficiary’s birthday in the calendar year immediately following the calendar year of the Participant’s death; or
ii. If the Annuity Starting Date is before the first Distribution Calendar Year, the Life Expectancy of the Designated Beneficiary determined using the beneficiary’s age as of the beneficiary’s birthday in the calendar year that contains the Annuity Starting Date.

b. No Designated Beneficiary – If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant’s death, distribution of the Participant’s entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant’s death.

c. Death of Surviving Spouse Before Distributions to Surviving Spouse Begin – If the Participant dies before the date distribution of his interest begins, the Participant’s surviving Spouse is the Participant’s sole Designated Beneficiary, and the surviving Spouse dies before distributions to the surviving Spouse begin, this Section 7.11(D) will apply as if the surviving Spouse were the Participant, except that the time by which distributions must begin will be determined without regard to Section 7.11(A)(3)(a).

E. Definitions (IRC Section 401(a)(9) Requirements)

1. Designated Beneficiary – The individual who is designated as the beneficiary under the Plan and is the designated beneficiary under IRC section 401(a)(9) and Regulation section 1.401(a)(9)-4.

2. Distribution Calendar Year – A calendar year for which a minimum distribution is required. For distributions beginning before the Participant’s death, the first distribution calendar year is the calendar year immediately preceding the calendar year that contains the Participant’s required beginning date. For distributions beginning after the Participant’s death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Section 7.11(A)(3).

3. Life Expectancy – Life expectancy as computed by use of the Single Life Table in Regulation section 1.401(a)(9)-9, A-1.

4. Required Beginning Date – The Required Beginning Date of a Participant as defined in Section 1.27.

F. TEFRA Section 242(b)(2) Elections

1. This Plan was originally effective prior to January 1, 1984 and permitted Participants to make elections under Tax Equity and
Fiscal Responsibility Act of 1982 (TEFRA) section 242(b)(2); therefore, notwithstanding the other requirements of this Section 7.11, distribution on behalf of any employee may be made in accordance with all of the following requirements (regardless of when such distribution commences).

a. The distribution by the Plan is one which would not have disqualified such trust under IRC section 401(a)(9) as in effect prior to amendment by the Deficit Reduction Act of 1984.

b. The distribution is in accordance with a method of distribution designated by the employee whose interest in the Plan is being distributed or, if the employee is deceased, by a beneficiary of such employee.

c. Such designation was in writing, was signed by the employee or the beneficiary, and was made before January 1, 1984.

d. The employee had accrued a benefit under the Plan as of December 31, 1983.

e. The method of distribution designated by the employee or the beneficiary specifies the time at which distribution will commence, the period over which distributions will be made, and in the case of any distribution upon the employee's death, the beneficiaries of the employee listed in order of priority.

A distribution upon death will not be covered by this transitional rule unless the information in the designation contains the required information described above with respect to the distributions to be made upon the death of the employee.

2. For any distribution that commences before January 1, 1984, but continues after December 31, 1983, the employee, or the beneficiary, to whom such distribution is being made will be presumed to have designated the method of distribution under which the distribution is being made if the method of distribution was specified in writing and the distribution satisfies the requirements in Section 7.11(F)(1)(a) and (e).

3. If a designation is revoked any subsequent distribution must satisfy the requirements of IRC section 401(a)(9) and the regulations thereunder. If a designation is revoked subsequent to the date distributions are required to begin, the Plan must distribute by the end of the calendar year following the calendar year in which the revocation occurs the total amount not yet distributed that would have been required to have been distributed to satisfy IRC section 401(a)(9) and the regulations thereunder, but for the election made

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under Tax Equity and Fiscal Responsibility Act of 1982 section 242(b)(2). For calendar years beginning after December 31, 1988, such distributions must meet the minimum distribution incidental benefit requirements. Any changes in the designation will be considered to be a revocation of the designation. However, the mere substitution or addition of another beneficiary (one not named in the designation) under the designation will not be considered to be a revocation of the designation, so long as such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly (for example, by altering the relevant measuring life). In the case in which an amount is transferred or rolled over from one plan to another plan, the rules in Regulation section 1.401(a)(9)-8, A-14 and A-15 shall apply.
ARTICLE VIII
PRERETIREMENT DEATH BENEFITS

8.1 Preretirement Surviving Spouse Benefit. Effective November 1, 2015, a Preretirement Surviving Spouse Benefit shall be paid to the surviving Spouse of a vested Participant who dies before his Annuity Starting Date, as a monthly pension benefit for the life of the surviving Spouse, provided the deceased Participant satisfies the requirements of Section 8.2 on the day of his death. In the case of an unmarried Participant who dies prior to his Normal Retirement Date, no death benefit shall be payable under this Plan provision, but a benefit may be payable under Section 8.7.

8.2 Requirements for a Preretirement Surviving Spouse Benefit. An actively employed or terminated Vested Participant satisfies the requirement if he has a surviving Spouse and dies before his Annuity Starting Date.

8.3 Amount of Preretirement Surviving Spouse Benefit. The monthly Preretirement Surviving Spouse Benefit shall be equal to fifty percent (50%) of the Vested Accrued Benefit of the deceased Participant as of the date of death, adjusted for early commencement if applicable in accordance with Section 8.4.

8.4 Commencement of the Preretirement Surviving Spouse Benefit. The Preretirement Surviving Spouse Benefit shall commence as of the first day of any month following the later of the date of death or when the deceased Participant would have reached his Early Retirement Date. The surviving Spouse may elect to commence payment as of a later date, but in no event later than December 1 of the later of: (A) the calendar year in which the Participant would have attained Age 70½; or (B) the year containing the first anniversary of the Participant’s death. The Participant’s Spouse cannot waive receipt of this benefit.

If the spouse elects to commence the monthly benefit before the deceased Participant’s Normal Retirement Date, the benefit shall be adjusted in accordance with Section 6.9(A) or 6.9(B), as applicable.

This benefit shall be paid in one lump sum if the Actuarially Equivalent present value of the benefit is equal to $5,000 or less. Distributions in excess of $1,000 will only be made with the consent of the Participant’s Spouse before the date a distribution is required under Section 7.11. If the distribution is $1,000 or less, the benefit will automatically be paid in a lump sum following the distribution election period.

If there is an acceptable domestic relations order in force with respect to the Participant, the alternate payee shall be treated as the surviving Spouse to the extent provided in the order. However, no order shall be accepted if it provides that the alternate payee shall be the surviving Spouse with respect to benefits accrued as a result of years of service credited after the termination of the marriage.

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8.5 Termination of the Preretirement Surviving Spouse Benefit.

A. Subject to Section 8.5(B), the Preretirement Surviving Spouse Benefit shall terminate upon the death of the surviving Spouse.

B. If the surviving Spouse dies before the total monthly benefits paid the Spouse equals the balance in the deceased Participant’s Participant Contributions Account on the date of his death, the difference between the total monthly benefits paid and that balance shall be paid in a single lump sum to the surviving Spouse’s designated beneficiary, or if none, to the surviving Spouse’s estate.

8.6 Limitations on the Preretirement Surviving Spouse Benefit. The Preretirement Surviving Spouse Benefit shall be subject to the following:

A. The Benefit shall not be subject to Cost of Living Adjustments described in Section 6.18.

B. The Benefit shall be in lieu of any other retirement benefit under the Plan, including the Cash Benefit described in Section 6.16.

C. Notwithstanding Section 8.1, if the Participant’s Participant Contribution Account is greater than the Actuarial Equivalent of the Preretirement Surviving Spouse Benefit, the surviving spouse shall receive the Participant Contribution Account in lieu of the Preretirement Surviving Spouse Benefit. Payment of the Participant Contribution Account shall be made in a single lump sum.

8.7 Return of Contributions. Upon the death of a Participant who dies before his Annuity Starting Date, but who does not otherwise satisfy the requirements described in Section 8.2 for a Preretirement Surviving Spouse Benefit, the Participant’s designated beneficiary shall receive the amount in the Participant’s Participant Contributions Account in a single lump sum.

8.8 Designation of Beneficiary. For the purpose of Section 8.7, the Participant shall have the right to designate his beneficiaries, including a contingent beneficiary, and shall have the right at any time to change such beneficiaries. The designation shall be made in writing on a form supplied by the Plan Administrator. No designation shall be effective until filed with the Plan Administrator. If the Participant fails to designate a beneficiary, or if the designated person or persons predeceases the Participant, “beneficiary” shall mean the surviving Spouse, children, parents, brothers and sisters, or estate of the Participant, in the order listed.

If a Spouse or beneficiary of the Participant dies simultaneously with the Participant, the Participant shall be deemed to be the survivor and to have died subsequent to such Spouse or beneficiary. Likewise, if a beneficiary named by a designated beneficiary dies simultaneously with a designated beneficiary, the
designated beneficiary shall be deemed to be the survivor and to have died subsequent to the beneficiary named by the designated beneficiary.

If a Participant completes or has completed a beneficiary designation form in which the Participant designates his Spouse as the beneficiary and the Participant and such Spouse are legally divorced subsequent to the date of such designation; then, the designation shall be administered as if such Spouse had predeceased the Participant unless the Participant, subsequent to the legal divorce, reaffirms the designation by completing a new beneficiary designation form.

In the absence of a beneficiary designation form duly filed with the Plan Administrator by the designated beneficiary for any preretirement death benefit, if such designated beneficiary dies before the Plan has commenced distribution of the death benefit to the designated beneficiary, the death benefit shall be paid to such person’s estate in one lump sum by the date required under Section 7.11. If the deceased designated beneficiary is not the Participant’s surviving Spouse, distribution shall be completed by the December 31 of the fifth year following the Participant’s date of death.
ARTICLE IX
PLAN ADMINISTRATION

9.1 **Board of Trustees.** The Board of Trustees as established under the Township of Lower Merion Employee Retirement Plan Deed of Trust shall manage and administer the Plan in accordance with the Deed of Trust which is herein incorporated by reference.

9.2 **Plan Administrator.** Pursuant to such Deed of Trust the Board of Commissioners shall appoint a Plan Administrator to have such powers and duties as set forth in the Deed of Trust to handle the day-to-day operation of the Plan, including the expenditure of the Plan’s funds for the benefit of its Participants, as set forth below. The Plan Administrator shall be the Township Manager, who may serve through a designee, unless the Board of Commissioners shall appoint another individual or entity.

9.3 **Duties and Powers of Administrator.** In addition to the duties and powers described elsewhere hereunder, the Administrator shall have the following specific duties and powers:

A. to retain such consultants, accountants, attorneys, and actuaries as may be deemed necessary or desirable to render statements, reports, and advice with respect to the Plan and to assist the Administrator in complying with all applicable rules and regulations affecting the Plan; any consultants, accountants, attorneys, and Actuaries may be the same as those retained by the Township;

B. to decide appeals under this Article;

C. to enact uniform and nondiscriminatory rules and regulations to carry out the provisions of the Plan;

D. to resolve questions or disputes relating to eligibility for benefits or the amount of benefits under the Plan;

E. to construe and interpret the provisions of the Plan and supply any omissions in accordance with the intent of the Plan;

F. to decide all questions of eligibility for benefits under the Plan, to determine the amount, manner and time of payment of any benefits hereunder, and to authorize the payment of benefits;

G. to determine whether any domestic relations order received by the Plan is a qualified domestic relations order as provided in section 414(p) of the Code;

H. to evaluate administrative procedures;
I. to delegate such duties and powers as the Administrator shall determine from time to time to any person or persons. To the extent of any such delegation, the delegate shall have the duties, powers, authority and discretion of the Administrator;

J. to instruct the Trustees to pay benefits from the Fund, which benefits shall be paid only upon such instructions; and

K. to arrange for such bonding as is required by law, provided that no bonding in excess of the amount required by law shall be considered required by this Plan.

Any determinations made by the Administrator pursuant to this Article shall be conclusive and binding on all parties. The Administrator shall have sole discretion in carrying out its responsibilities.

9.4 Payment of Expenses. The expenses incurred by the Plan Administrator in connection with the operation of the Plan, including, but not limited to, the expenses incurred by reason of the engagement of professional assistants and consultants, shall be expenses of the Plan and shall be payable from the Fund at the direction of the Plan Administrator. The Township shall have the option, but not the obligation, to pay any such expenses, in whole or in part, and, by so doing, to relieve the Fund from the obligation of bearing such expenses. Payment of any such expenses by the Township on one occasion shall not bind the Township to pay any similar expenses on any subsequent occasion.

9.5 Unclaimed Benefits.

A. Forfeiture. The Plan does not require the Board of Trustees or the Plan Administrator to search for, or to ascertain the whereabouts of, any distributee. At the time the distributee’s benefit becomes distributable under the Plan, the Plan Administrator, by certified or registered mail addressed to his last known address of record, shall notify any distributee that he is entitled to a distribution under this Plan. If the distributee fails to claim his distributive share or make his whereabouts known in writing to the Plan Administrator within twelve months from the date of mailing of the notice, the Plan Administrator shall treat the distributee’s unclaimed payable Accrued Benefit as forfeited. A forfeiture under this Section 9.5(A) shall occur at the end of the notice period or, if later, the earliest date applicable federal Treasury regulations would permit the forfeiture. These forfeiture provisions apply solely to the distributee’s Accrued Benefit derived from Township contributions.

B. Restoration. If a distributee who has incurred a forfeiture of his Accrued Benefit under the provisions of this Section 9.5 makes a claim, at any time, for his forfeited Accrued Benefit; the Plan Administrator shall restore the distributee’s forfeited Accrued Benefit to the present value of
the Accrued Benefit forfeited. The Plan Administrator shall make the
restoration during the Plan Year in which the distributee makes the claim.
The Plan Administrator shall direct the Board of Trustees to distribute the
distributee’s restored Accrued Benefit to him not later than 60 days after
the close of the Plan Year in which the Plan Administrator restores the
forfeited Accrued Benefit.

9.6 Claims Procedure.

A. Notification of Claim Determination. The Plan Administrator shall notify
each Participant in writing of his determination of benefits. If the Plan
Administrator denies any benefit, such written denial shall include:

- The specific reasons for the denial;
- Reference to provisions on which the denial is based;
- A description of and reason for any additional information needed
to process the claim; and
- An explanation of the claims procedure.

B. Appeal. The Participant or his duly authorized representative may:

- Request a review of the Participant’s case in writing to the
  Township;
- Review pertinent documents;
- Submit issues and comments in writing.

The written request for review must be submitted no later than 60 days
after receiving written notification of denial of benefits.

C. Review. The Board of Trustees must render a decision no later than 60
days after receiving the written request for review, unless circumstances
make it impossible to do so; but in no event shall the decision be rendered
later than 120 days after the request for review is received.

D. Limitation on Time Period for Litigation of a Benefit Claim. Following
receipt of the written rendering of the Board of Trustees’ decision under
Section 9.4(C), the Participant shall have 365 days in which to file suit in
the appropriate court. Thereafter, the right to contest the decision shall be
waived.

9.7 Non-discriminatory Operation. All rules, decisions, and designations by the
Administrator under the Plan shall be made in a non-discriminatory manner, and
persons similarly situated shall be treated alike.
9.8 Liability of Administrative Personnel. Neither the Township nor any of its officers or employees shall be liable for any loss due to an error or omission in administration of the Plan unless the loss is due to gross negligence or willful misconduct of the party to be charged or is due to the failure of the party to be charged to exercise a fiduciary responsibility with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
ARTICLE X
ROLE OF TOWNSHIP ACTUARY

10.1 Township Actuary. The Township Actuary is a person who has at least five (5) years of actuarial experience with public pension plans, and who is either enrolled as a member of the American Academy of Actuaries or enrolled as an actuary pursuant to the Employee Retirement Income Security Act of 1974.

10.2 Employment of Township Actuary. The Board of Commissioners shall, from time to time, employ the Township Actuary at a compensation to be determined by the Board of Commissioners. In selecting the Township Actuary, the Township Manager shall make a recommendation to the Board of Commissioners.

10.3 Duties of Actuary. The Township Actuary employed by the Board of Commissioners shall provide the following services on behalf of the Plan:

A. Prepare all required actuarial studies, in accordance with all applicable laws, including, but not limited to, Act 205.

B. Assist in determining the Plan’s annual Minimum Municipal Obligation as described in Section 302 of Act 205 and the amount which the Township shall contribute to the Fund for each Plan Year.

C. Such other reasonable and necessary actuarial services as the Board of Trustees and/or Plan Administrator/Township Manager shall direct.
ARTICLE XI
AMENDMENT AND TERMINATION

11.1 Power of Amendment and Termination.

A. It is the intention of the Township that the Plan will be permanent. However, the Township reserves the power to amend or terminate the Plan at any time by ordinance, resolution, or other written action of the Township.

B. Any such amendment or termination shall be effective as of the date designated by the Township.

C. No amendment shall be adopted in violation of the laws of the Commonwealth of Pennsylvania.

D. No amendment shall have the effect of retroactively depriving a Participant of his Vested benefit.

E. No amendment shall have the effect of diverting any part of the Fund to any purpose other than the exclusive benefit of Participants and their beneficiaries, except after disposition of Fund assets as provided in Section 11.2.

F. This Plan shall terminate upon the legal dissolution of the Township or the termination of the Plan by the amendment action of the Township. Subject to the provisions of the Municipal Pension Plan Funding Standard and Recovery Act (P.L. 1005, Act 205 of 1984) governing financially distressed municipalities, the liability of the Township to make contributions to the Plan shall automatically terminate upon liquidation or dissolution of the Township, upon its adjudication as bankrupt, or upon the making of a general assignment for the benefit of its creditors.

11.2 Disposition Upon Termination. Upon termination, the Accrued Benefit of each affected Participant who is an active Participant shall be 100% Vested and nonforfeitable; however, no Participant or other individual shall have recourse towards the satisfaction of any benefit accrued under the Plan other than from the Fund. The amount of the Fund assets shall be allocated to Participants and beneficiaries subject to provisions for expenses of administration of liquidation. The assets in the Fund shall be allocated, to the extent that such assets are sufficient, for the purpose of paying benefits proportionately among each of the priority groups described below in the following order of precedence:

A. To provide Participants their respective Participant Contributions less any prior distributions made to them;
B. To provide retired Participants monthly pension benefits in the proportion that a retired Participant’s Accrued Benefit bears to the total Accrued Benefits of all retired Participants;

C. To provide Participants’ interest on their respective Participant Contributions, less any interest on prior distributions made to them, as described below;

D. Any remaining assets shall be allocated to Participants in the proportion that a Participant’s Accrued Benefit bears to the total Accrued Benefits of all Participants. The allocation of assets upon termination of the Plan will be carried out in such a manner as to preserving the qualification of the Plan under section 401(a) of the Code.

Notwithstanding any provision in this Plan to the contrary, upon the termination of the Plan, but only after all liabilities to the Participants and their respective beneficiaries have been satisfied, the Township shall be entitled to any balance of the net assets of the Fund that shall remain by reason of erroneous actuarial computations or overpayments during the life of the Plan. Except as otherwise required by law, the time and manner of distribution of assets shall be determined by the Township by amendment to the Plan.

11.3 Disbursements. Upon termination of the Plan and allocation of Fund assets to Participants, the Board of Commissioners shall determine whether to pay the allocated Fund assets directly from the Fund, or purchase immediate or deferred annuities to provide for the allocated Fund assets.

Upon termination of the Plan, the rights of each Participant to the benefits accrued to the date of the termination, to the extent then funded any amounts credited to the Participant’s Contribution Account shall be nonforfeitable.

11.4 Protection of Benefits in Case of Plan Merger. In the event of a merger or consolidation with, or transfer of assets or liabilities to any other plan, each Participant will receive a benefit immediately after such merger, consolidation or transfer (if the Plan then terminated) that is at least equal to the benefit the Participant was entitled to immediately before such merger, consolidation or transfer (if the Plan had then terminated).
ARTICLE XII
GENERAL PROVISIONS

12.1 **Spendthrift Clause.** No benefit payable at any time under this Plan and no interest or expectancy herein shall be anticipated, assigned, or alienated by any Participant or beneficiary, or subject to attachment, garnishment, levy, execution, or other legal or equitable process, except for (1) a Federal tax levy made pursuant to section 6331 of the Code and (2) any benefit payable pursuant to a domestic relations order which is determined, in accordance with the procedures set forth in Section 7.9, to be a qualified domestic relations order as defined in the Code. Any attempt to alienate or assign a benefit hereunder, whether currently or hereafter payable, shall be void.

12.2 **No Employment Rights.** Neither the action of the Township in establishing the Plan, nor any provisions of the Plan, nor any action taken by the Township or the Trustees shall be construed as a contract or guarantee to any Employee of the Township the right to be retained in its employ, or any right to payment except to the extent of the benefits provided in the Plan to be paid from the Fund. The Township reserves its full right to discontinue the services of any Employee 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 the Plan.

12.3 **Plan Document.** Any person may rely upon a copy of this Plan and any amendments thereto certified to be a true and correct copy by the Plan Administrator.

12.4 **Exclusive Benefit of Participants.** In no circumstance, whether upon amendment or termination of this Plan 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 Participants or Participants' beneficiaries have been met.

12.5 **Incapacity of Participant.** If the Board of Trustees and/or Plan Administrator deems any person incapable of receiving benefits to which they are entitled by reason of age, illness, infirmity, or other incapacity, it may provide for payment directly for the benefit of such person, or to any person selected by the Board of Trustees and/or Plan Administrator to disburse it, whose receipt shall be a complete acquittance therefor. Such payment shall, to the extent therefor, discharge all liability of the Township and the Plan.

12.6 **Number and Gender.** As used in this Plan, the singular shall include the plural and the plural shall include the singular; and, the masculine shall include the feminine and the feminine shall include the masculine.
12.7 Withholding. The Township and the Trustees shall have the right to withhold any and all state, local, and Federal taxes which may be withheld in accordance with applicable law.

12.8 Severance. The provisions of this Plan are severable, and if any section, sentence, clause, part, or provision thereof shall be held illegal, invalid, or unconstitutional by any Court of competent jurisdiction, such decision of the court shall not affect or impair the remaining sections, sentences, clauses, parts, or provisions of this Plan. It is hereby declared to be the intent of the Board of Trustees that this Plan would have been adopted as if such illegal, invalid, or unconstitutional section, sentence, clause, part, or provision had not been included herein.

12.9 Headings. Headings and captions provided herein are for convenience only and shall not be deemed part of the Plan.

12.10 Governing Law. Except to the extent preempted by federal law, all questions pertaining to the validity, construction, and operation of the Plan shall be determined in accordance with the laws of the Commonwealth of Pennsylvania.

12.11 No Interest in Fund. No person shall have any interest in, or right to, any part of the principal or income of the Fund, except as and to the extent expressly provided in this Plan.
Approved and Adopted effective January 1, 2016, by the Board of Commissioners of the Township of Lower Merion, Montgomery County, Pennsylvania, this 15th day of March, 2017.

BOARD OF COMMISSIONERS OF THE TOWNSHIP OF LOWER MERION

Daniel S. Bernheim, President

ATTEST:

Jody L. Kelley, Secretary