

R6-1989

PENSION PLAN  
FOR NON-UNIFORMED EMPLOYEES OF  
HONEYBROOK TOWNSHIP

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PENSION PLAN FOR NON-UNIFORMED EMPLOYEES OF  
HONEYBROOK TOWNSHIP

#6 - 1989

A RESOLUTION ESTABLISHING A  
PENSION PLAN AND TRUST FOR THE NON-UNIFORMED EMPLOYEES  
OF HONEYBROOK TOWNSHIP

WHEREAS, Honeybrook Township, Chester County, Pennsylvania, has considered the adoption of a Pension Plan for the non-uniformed employees of the Township; and

WHEREAS, the applicable statute provides that the establishment of such pension plan may be by Ordinance or Resolution;

THEREFORE, BE IT RESOLVED, the Board of Supervisors of Honeybrook Township hereby adopts this Pension Plan and Trust for the purpose of providing retirement and other benefits as stated herein for the non-uniformed employees of the Township

ARTICLE I

DEFINITIONS

- 1.01 "Age" shall mean the age attained by the Employee at his or her last birthday.
- 1.02 "Anniversary Date" shall mean any January 1 after the effective Date.
- 1.03 "Board" shall mean the Board of Supervisors, Honeybrook Township.
- 1.04 "Break-in-Service, 1-Year" shall mean any Plan Year during which an Employee fails to complete more than 500 hours of work for compensation.
- 1.05 "Compensation" shall mean the earnings paid by the Township to the Member during the Plan Year as reported by the Township to the federal government for federal income tax purpose to include Member contributions to a plan of deferred compensation which are not includible in the Member's gross income for the taxable year in which contributed.
- 1.06 "Early Retirement Date" shall mean the first day of any month on or after the Member's 62nd birthday.
- 1.07 "Effective Date" of this Resolution shall be January 1, 1989.
- 1.08 "Employee" shall mean any person in the full-time employ of the township whose customary employment by the Township is for not less than 35 hours per week.
- 1.09 "Forfeiture" shall mean the nonvested portion of a Member's Account.
- 1.10 "Fund" shall mean all assets held by the Trustee under the Trust Agreement and related insurance and investment contracts relating to this Plan.
- 1.11 "Member" shall mean any employee who has satisfied the eligibility requirements established in Article II hereof.
- 1.12 "Member Account" shall mean each Member's individual account maintained within the Fund.

- 1.13 "Normal Retirement Date" shall mean the first day of the month coincident with or next following the date on which the Member completes ten (10) years of service or the date on which the Member attains Age 65, whichever is later to occur.
- 1.14 "Pay Period" shall mean the period of time at which, and an Employee is compensated for his services to the Township.
- 1.15 "Plan" shall mean the Pension Plan for the Non-uniformed Employees of Honeybrook Township, as herein set forth and as the same may hereafter be amended.
- 1.16 "Plan Year" shall mean a period of twelve (12) consecutive months commencing on any January 1st and ending on the following December 31st.
- 1.17 "Service" shall mean the aggregate of a Member's total periods of employment as a full-time Employee of the Township. If a Member enters military service, either voluntarily or by conscription, after he has been employed for at least six months, such time spent in the armed forces of the United States during a period of national emergency shall be counted as Service for purposes of this Plan, provided such Member returns to service with the Township within 6 months after his discharge or release from such active duty in the armed forces of the United States. The time spent in military service due to voluntary extension of such military service during a period of peacetime shall not be included as Service for the purpose of this Plan. Time spent on Reserve or National Guard Training shall be included as Service for purposes of this Plan.
- 1.18 "Total Disability" shall mean any condition arising from illness or injury which precludes an Employee from performing the duties associated with the normal occupation requirements of any position with the Township as certified by a Physician designated by the Township.
- 1.19 "Trust Agreement" shall mean the contract between the Township and the Trustee establishing the terms by which and under which the Fund is invested, distributed, accounted for and terminated, as the same now exists and as it may hereafter be amended.
- 1.20 "Trustee" shall mean the Board of Supervisors or any other agency or person appointed by the Board of Supervisors to serve in that capacity as set forth in the Trust Agreement.

1.21 "Vested Interest" shall mean the nonforfeitable right to any immediate or deferred benefit in the amount which is equal to the sum of (a) and (b) below:

(a) The value on that date of that portion of the Participant's Account that is attributable to and derived from a Participant's own contributions, if any.

(b) the value on that date of that portion of the Participant's Account that is attributable to and derived from Employer Contributions multiplied by his Vesting Percentage determined on the date applicable.

1.22 "Vesting Percentage" shall mean the Member's nonforfeitable interest to his account plus the earnings thereon computed as of the date of determining such percentage because of the occurrence of some event in accordance with the following schedule based on Years of Service with the Employer:

<u>Years of Service</u>	<u>Vesting Percentage</u>
Less than 3	0%
3 but less than 4	20%
4 but less than 5	40%
5 but less than 6	60%
6 but less than 7	80%
7 or more	100%

1.23 "Voluntary Contributions" shall mean voluntary amounts paid by Members to their accounts.

1.24 "Years-of-Service" shall mean the Plan Year during which an Employee has completed at least 1,000 hours of work for compensation or compensation entitlement.

ARTICLE II

ELIGIBILITY

- \* 2.01 All persons who are Employees (as defined in this Plan) as of the Effective Date hereof and who have attained age 21 and completed one year of service with the Township shall be a Member as of the Effective Date.
- \* 2.02 Any person who becomes an Employee after the Effective Date hereof shall become a Member on the first day of the month coincident with or next following completion of one year of Service and attainment of Age 21.
- 2.03 A former Member will become a Member immediately upon returning to the employ of the Township if such Member has a nonforfeitable right to all or a portion of the Member Account derived from Township contributions at any time of termination of Service. If not, he will be considered a new Employee for Plan eligibility purposes and must meet the requirements of Section 2.02 hereof.

ARTICLE III

CONTRIBUTIONS

3.01 Township Contributions: The Township shall contribute on behalf of each Member who was a Member on the last day of the Pay Period an amount equal to ten percent (10%) of his Compensation for such Pay Period.

The Township shall remit the contributions to the Trustee not less than monthly.

3.02 Rollovers and Transfers: The Trustee may receive on behalf of a Member all or part of the entire amount of any distribution from a terminated pension or profit sharing plan or any lump sum distribution theretofore received by such Member from a pension or profit sharing plan meeting the requirements of Internal Revenue Code section 401(a).

3.03 State Aid: The portion of the payments made by the State Treasurer to the Township and designated by the Board of Supervisors to be allocated to the Non-uniformed Employee's Pension Fund from money received from taxes paid upon premiums by foreign casualty insurance companies shall be used to reduce the Township Contributions pursuant to Section 3.01 hereof.

3.04 Other Contributions: The Fund shall be authorized to receive by gift, grant, devise or bequest, any money or property, real, personal or mixed, in trust for the benefit of the Fund. The Trustee shall be subject to such directions not inconsistent with this Plan as the donors of such funds and property may prescribe.

3.05 Forfeitures: Forfeitures will be reallocated to Member Accounts in proportion that an individual Member's Account balance bears to the total of all Member Accounts. Forfeitures will be allocated to each Member who was a Member on the last day of the Plan Year.

## ARTICLE IV

### RETIREMENT BENEFITS

- 4.01 Normal Retirement: A Member who attains his Normal Retirement Age shall have a Vesting Percentage of 100%. If a Member retires on his Normal Retirement Date he shall receive a distribution of the entire value of his Member Account valued as of the end of the quarter prior to his Normal Retirement Date plus contributions made between the end of the previous quarter and his Normal Retirement Date.
- 4.02 Early Retirement: A Member who retires on his Early Retirement Date shall have a Vesting Percentage of 100% and shall receive a distribution of the entire value of his Member Account valued as of the end of the quarter prior to his Early Retirement Date plus contributions made between the end of the previous quarter and his Early Retirement Date.
- 4.03 Late Retirement: A Member may continue in the Service of the Township after his Normal Retirement Age, and in such event shall retire on his Late Retirement Date. Such Member shall continue as a Member under this Plan until such Late Retirement Date. The member shall have a Vesting Percentage of 100% and shall receive a distribution of the entire value of his Member Account valued as of the end of the quarter prior to his Late Retirement Date plus contributions made between the end of the previous quarter and his Late Retirement Date.
- 4.04 Disability Retirement: A member who retires from the service of the Township on account of Total Disability shall have a Vesting Percentage of 100% and shall receive a distribution of the entire value of his Member Account valued as of the end of the quarter prior to his Disability Retirement Date plus contributions made between the end of the previous quarter and his Disability Retirement Date.

ARTICLE V

DEATH BENEFITS

- 5.01 Death Prior to Retirement: If a Member dies prior to the commencement of pension benefits, then his designated beneficiary shall be entitled to a Vesting Percentage of 100% of the Member's Account valued as of the end of the quarter prior to his death plus contributions made between the end of the previous quarter and his date of death. If no such beneficiary survives the amount will be paid to the Member's estate.
- 5.02 Death After Retirement: If a Member dies after distribution has commenced, the remaining portion of such interest will continue to be distributed in accordance with the method of distribution elected pursuant to Article VI hereof.

ARTICLE VI

METHOD OF DISTRIBUTION OF BENEFITS

- 6.01 Settlement Options: Distributions, if not made in a lump-sum, may be made over one of the following periods ( or a combination thereof):
- A. The life of the Member
  - B. the life of the Member and a designated beneficiary
  - C. A period certain not extending beyond the life expectancy of the Member.
  - D. A period certain not extending beyond the joint and last survivor expectancy of the Member and a designated beneficiary.
- 6.02 Joint and Survivor Annuity: Unless an optional form of benefit is selected by a Member and agreed to by the Member's spouse, the Member's vested Member Account balance will be paid in the form of a 50% joint and survivor annuity.

ARTICLE VII

TERMINATION OF EMPLOYMENT

7.01 Distribution: As of a Member's termination of employment, he shall receive a distribution of his entire vested Interest.

If at the time of termination the Member is not 100% vested, the non-vested portion of his Account shall be placed in a separate account and will become a Forfeiture, to be applied in accordance with Section 3.05, upon the date the terminated Member incurs 5 consecutive 1-Year Breaks-in-Service.

If the Participant is rehired and re-enrolls in the Plan prior to incurring 5 consecutive 1-Year Breaks-in-Service, his vested or non-forfeitable portion of this separate account shall at any relevant time, be equal to an amount ("X") determined by the following formula.

$$X = P [AB + (R \times D)] - (R \times D)$$

For the purposes of applying this formula:

P = The Member's Vesting Percentage at the relevant time.  
AB = The account balance at the relevant time.  
R = The ratio of the account balance at the relevant time to the account balance after the distribution  
D = The amount of the distribution

7.02 NO FURTHER RIGHTS OR INTEREST: A Member shall have no further interest in any rights to any portion of his Member Account that becomes a Forfeiture due to his termination of employment once the Member incurs 5 consecutive 1-Year Breaks in Service.

7.03 FORFEITURE: Any Forfeiture shall be credited to the Forfeiture account upon the occurrence of a 5 consecutive 1-Year Breaks-in-Service following the Members termination employment and reallocated in accordance with Section 3.05 hereof.

ARTICLE VIII

MANAGEMENT OF FUND

- 8.01 It is the duty of the Trustee to pay the benefits to Members and their beneficiaries, as provided in Articles IV, V and VI and VII, in accordance with the instructions received from the Board, provided, however, that the duty of the Trustee to make such payments is wholly contingent upon the sufficiency of the Fund for such purpose.
- 8.02 The Township may employ an actuary, investment advisors, counsel, or other professional consultants from time to time in connection with the operation of the Fund or of this Plan. Such persons or entities shall be compensated by the Township at such rates as may be agreed upon by the Board of Supervisors of the Township. Such compensation may be paid from the Fund.
- 8.03 The Trustee shall make an annual determination of the fair market of the Fund as of the Anniversary Date and as of such additional dates as the Board may direct. The fair market value of the Fund shall be reported to the Members at least annually.

## ARTICLE IX

### THE BOARD

- 9.01 The Plan shall be administered by the Board of Supervisors. In addition to the Supervisors, the Board shall have a secretary who will be the Secretary of the Township. The Board shall make and adopt rules and regulations for the efficient administration of the Plan.
- 9.02 The Board shall keep all data, records and documents pertaining to the administration of the Plan and shall execute all documents necessary to carry out the provisions of the Plan, and shall provide all such data, records and documents to the Trustees, and any other professional whose services are employed pursuant to Section 8.02 of this Plan.
- 9.03 The Board shall construe the Plan, shall determine any questions of fact arising under the Plan and shall make all decisions required of it under the Plan or the Trust Agreement and its construction thereof, and decisions and actions taken thereon in good faith shall be final and conclusive. It may correct any defect or supply any omission or reconcile any inconsistency in such manner to such extent as it shall deem expedient to carry the Plan into effect, and it shall be the sole judge of such expediency. The Board shall act uniformly with respect to matters coming before it concerning Employees in similar circumstances.
- 9.04 The Board shall serve without bond except as may be otherwise required by law and without compensation for its services as such.
- 9.05 The members of the Board, and each of them, shall be free of all liability for any act or omission except by willful misconduct or gross negligence, and each of them shall be fully indemnified by the Township against all judgments not involving findings of their respective personal or collective willful misconduct or gross negligence and against all costs, including counsel fees, incurred in defense of actions brought against them.
- 9.06 The Board shall make available to Members, retired Members and terminated Members and to their beneficiaries, for examination during business hours, such records as pertain to the person examining.

- 9.07. To enable the Board to perform its functions, the Township shall supply full and timely information to it on all matters relating to the pay of all Members, their retirement, death, termination of employment and such other pertinent facts as the Board may require; and the Board shall advise the Trustee's of such of the foregoing facts as may be pertinent to the Trustee's administration of the Trust and shall give proper instructions to the Trustee for the carrying out the purposes of this Plan.
- 9.08 The Board shall enact such rules and regulations for the conduct of its business and for the administration of the Plan as it may consider desirable, provided the same shall not be in conflict with any of the provisions of the Plan. All actions of the Board shall be taken at meetings at which at least two members shall be present, or by written resolution and any resolutions concurred in by not less than two of its members shall be the action of the entire Board. Written minutes shall be kept of the meetings and actions of the Board.
- 9.09 The Secretary, acting on behalf of the Board, or any two members of the Board, shall have the power to execute all documents necessary to carry out the actions of the Board, and any person, partnership, corporation or Government Agency shall accept such documents over such signature or signatures as if executed by the Board.

ARTICLE X

PROVISIONS RELATING TO THE TOWNSHIP

- 10.01 It is the expectation of the Township that it will continue this Pension Plan indefinitely and will from time to time contribute to the Fund such amounts as may be needed to provide the benefits set forth in the Plan; but continuance of the Plan is not assumed as an obligation of the Township and the right is reserved by the Township at any time to reduce, suspend or discontinue its contributions hereunder.
- 10.02 The Township assumes no obligation or responsibility with respect to the operation of the Plan and does not guarantee the payment of the benefits provided for Members of the Plan. The Township shall have no liability with respect to the administration of the Fund held by the Trustee, and payments made under the provisions of any Ordinance establishing, amending, or maintaining the Plan shall not be a charge on any other fund in the Treasury of the Township or under its control, save the Non-uniformed Employees' Pension Fund herein provided for.
- 10.03 Nothing contained in the Plan shall be held or construed as a contract or guarantee of employment nor to create any liability upon the Township to retain any person in its service. The Township reserves the full right to discontinue the service of any person without any liability except for salary or wages that may be due and unpaid, wherever in its judgment its best interests so require, and such discontinuance shall be without regard to this Plan.

ARTICLE XI

TERMINATION OR AMENDMENT OF PLAN

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

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.01 No benefit under this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge or encumbrance, nor to seizure attachment or other legal process for the debts of any Members or Member's beneficiary.

This provision shall not apply to a "qualified domestic relations order" defined in Code Section 414(p), and those other domestic relations orders permitted to be so treated by the Board under the provisions of the Retirement Equity Act of 1984. The Board shall establish a written procedure to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders. Further, to the extent provided under a "qualified domestic relations order", a former spouse of a Participant shall be treated as the spouse or surviving spouse for all purposes under this Plan.

12.02 Any person dealing with the Trustee may rely upon a copy of this Plan and any amendments thereto certified to be a true and correct copy by the Trustee.

12.03 Anything heretofore contained in this Plan to the contrary notwithstanding, it is the intention of the Township that any action herein provided to be taken by the Trustee shall be taken only in accordance with written instructions of the Board given in such detail as to preclude the exercise by the Trustee of discretion in the performance thereof.

12.04 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 Members or their beneficiaries until all of the actuarial obligations to such Member or Member's beneficiaries have been met.

12.05 If the Board deems any person incapable of receiving benefits to which he is entitled by reason of minority, illness, infirmity, or other incapacity, it may direct the Trustee to make payment directly for the benefit of such person, or to any person selected by the Board to disburse it, whose receipt shall be a complete acquittance therefore. Such payment shall, to the extent therefore, discharge all liability of the Township, the Trustee and the Fund.

- 12.06 Should any provision of this Plan be determined to be void by any court, the Plan will continue to operate and, to the extent necessary, will be deemed not to include the provision determined to be void.
- 12.07 Headings and captions provided herein are for convenience only and shall not be deemed part of the Plan.
- 12.08 This Plan shall be construed and applied under the laws of the Commonwealth of Pennsylvania where not in conflict with Federal laws which shall prevail.
- 12.09 All ordinances or resolutions or provisions thereof, inconsistent herewith are hereby repealed.

Adopted as a resolution of Honeybrook Township this 5<sup>th</sup> day of January, 1989.

HONEYBROOK TOWNSHIP

*James C. Lusk*

ATTEST

*Ruby M. Pittman*

*Raymond Means*

*Richard Deek*

SUPERVISORS

