EAST FALLOWFIELD TOWNSHIP
MUNICIPAL EMPLOYEE PENSION PLAN AGREEMENT

This Agreement, dated this _____ day of _____, 2010, by and between East Fallowfield Township (the Township) and the Pennsylvania Municipal Retirement Board (the Board);

WHEREAS, Article IV, Section 401 of the Act of February 1, 1974, No. 15, states:

> "401. This article shall provide for the enrollment of those municipalities in the Pennsylvania Municipal Retirement System which want to offer retirement benefits to their employees . . ."; and,

WHEREAS, Article IV, Section 413 of the Act also provides:

> "413. Procedures for Amending Contracts. Any municipality which has joined the System under this Article IV may, with the approval of the Board, amend the contract to increase any of the benefits enumerated in Article IV to its members. . ."; and,

WHEREAS, the Township has enrolled its municipal employees in the Pennsylvania Municipal Retirement System (the System) and desires to amend its pension plan for the municipal employees:

NOW THEREFORE, the Board and Township hereby agree to the following retirement pension plan for the municipal employees:

1. Coverage: This plan shall cover all full-time municipal employees, hereinafter referred to as member, of the Township. Membership for part-time employees is optional. The election by part-time employees to join the System must be made within one year after the employee first enters the service of the Township. Membership for elected officials, employees hired on a temporary or seasonal basis, and individuals paid only on a fee basis is prohibited. Individual membership shall be effective as of the date of the individual's date of hire or upon the expiration of the individual's probationary status, whichever is more recent.

Credited service for original members shall accrue from the member's date of enrollment in the System so long as there is continuous, uninterrupted employment. However, for purposes of determining eligibility for vesting, credited service shall accrue from each original member's date of hire or the expiration of the member's probationary period if one so existed, whichever is more recent. No credited service time shall be granted for time employed in a status other than as an active employee of the Township excluding credit for purchased military service time, reinstatement of previous service time or service earned and credited under Section 9, the portability section of this Agreement.

2. Superannuation Retirement: Eligibility for a superannuation retirement shall occur upon the member's attainment of sixty-two (62) years of age or older.

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3. Basic Benefit: The basic benefit will be based on accumulated contributions, interest and excess investment monies credited to the member's account. Upon the election of a benefit, the member will receive an annuity equal to a single life annuity starting on the effective date of retirement with a present value equal to the accumulated municipal contributions and any member deductions, regular interest and all excess investment monies credited to the member's account.

4. Permanent Disability Benefits: In the event of a disability occurring, a member's account shall be vested and the member immediately eligible to receive a basic benefit calculated in accordance with Section 3 of this Agreement. A member may, upon application or on application of one acting in their behalf, or upon application of a responsible official of the Township, be retired by the Board on a disability allowance if the physician designated by the Board, after medical examination of the member shall certify to the Board that the member is unable to engage in any gainful employment and that said member ought to be retired.

5. Death Benefit: In the event of a member's death, the member's account shall be one hundred percent (100%) vested and the named beneficiary shall be entitled to receive the assets credited to the member's account. If the value of the account is five thousand dollars ($5,000) or more, the beneficiary may elect, by application duly acknowledged and filed with the Board, to receive payment of such balance according to any one of the following provisions:

(a) a lump-sum payment,

(b) an annuity having a present value equal to the balance payable, or

(c) a lump-sum payment and an annuity. Such annuity shall be of equivalent actuarial value to the balance payable less the amount of the lump-sum payment specified by the beneficiary.

6. Military Service: Any member employed by the Township who enters the uniformed services as defined by the 1994 Uniformed Services Employment and Re-Employment Rights Act (P.L. 103-353) and returns to the Township to again be a member of the plan within the authorized time period of the law, shall have the authorized time spent in such service credited to the member's employment record for pension or retirement benefits if the individual makes the required employee contributions.

An active member may also purchase credit for other than intervening military service performed for the United States in times of war, armed conflict or national emergency, so proclaimed by the President of the United States, for a period not to exceed five (5) years, provided the member has completed five (5) years of service to the Township subsequent to such military service. An active member may file an application with the Board for permission to purchase credit for nonintervening military service upon completion of five (5) years of subsequent service to the Township.

The amount due from the member shall be certified by the Board in accordance with methods approved by the actuary. It may be paid in a lump sum within thirty (30) days or it may be amortized with additional interest through salary deductions in amounts agreed upon by the member and the Board.

The rate of interest to be charged to a member on purchase of credit for non-intervening military service shall be the rate being credited by the System to members' accounts in effect on the date of the member's application, compounded annually.

A member may purchase credit for intervening or nonintervening military service only if discharge or separation from the service was granted under other than dishonorable conditions. A member may not purchase military credit for any service that is covered by another retirement system administered and wholly or partially paid for by any other government agency or private employer.

7. Contributions by Members: In addition to the municipal contributions made to the members' accounts, members may contribute up to, but no more than fifteen percent (15%) of their compensation. Optional contributions may be changed or stopped by the member by filing a PMRB-15 form with the System. Payment shall be made by payroll deductions and transmitted to the System by the Township in accordance with established System procedures. Member contributions will be treated as taxed at the time they are made to the System. These contributions will be tracked separately, and will not be treated as taxable when paid out to the member.

If a member terminates employment with the Township before becoming eligible for any benefit or if the member elects not to receive a benefit, the accumulated contributions personally made by the member plus regular interest and any excess investment monies credited on such contributions shall be returned. A withdrawal by a member of the amount which such member has contributed toward such member's pension shall make the member ineligible to receive the contribution which the Township has made on behalf of such member.

8. Vesting: After five (5) years of credited service, a member may vest by filing an application with the Board within ninety (90) days of separation from employment. Upon attainment of the superannuation age requirement found in Section 2 of this Agreement, a basic benefit will be calculated in accordance with Section 3 of this Agreement.

9. Portability: When a member leaves the employ of the Township and within one year enters into the employ of another municipality which has joined the System, the service credits of the member shall remain unimpaired. Should a member from the employ of another municipality that has joined the System separate from service and within one year of separation join the pension plan, the member's service credits will remain unimpaired. In such cases, any unpaid municipal liability for prior service shall be prorated by the System between the municipalities on an equitable basis.

10. Optional Forms of Benefit Payment: At the time a member elects to receive a retirement benefit allowance, the basic benefit will be payable throughout the member's life, in which case the benefit is known as a Single Life Annuity. The member may alternatively elect at the time of retirement to receive the equivalent actuarial value in a lesser allowance, payable throughout life with provisions that:

(a) Option 1. If the member dies before receiving in payments the present value of the retirement allowance as it was at the time of retirement, the balance, if less than five thousand dollars ($5,000), shall be paid in a lump sum to the designated beneficiary if living, or if the named beneficiary predeceased the member or if no beneficiary was named, then to the member's estate. If the balance is five thousand dollars ($5,000) or more, the beneficiary may elect, by application duly acknowledged and filed with the Board to receive payment of such balance according to any one of the following provisions:

(i) in a lump-sum payment, or

(ii) in an annuity having a present value equal to the balance payable, or

(iii) in a lump-sum payment and an annuity. Such annuity shall be of equivalent actuarial value to the balance payable less the amount of the lump-sum payment specified by the beneficiary.

(b) Option 2. Upon the annuitant's death, the retirement allowance shall be continued throughout the life of and paid to the survivor annuitant, if then living.

(c) Option 3. Upon the annuitant's death, one-half of the retirement allowance shall be continued throughout the life of and paid to the survivor annuitant, if then living.

(d) Option 4. A member may elect to receive, in one payment at the time of retirement, the full amount of the member's accumulated deductions (not to include excess investment monies) standing to the member's credit in the member's account. In so electing this option, the member forfeits the portion of the annuity paid for from the accumulated contributions, but shall continue to be entitled to an annuity comprised of the municipal contribution and any excess investment monies so credited to the account. Any member electing this option shall be entitled to receive the remaining annuity calculated in accordance with any of the other options provided for in this section.

Should a member who has elected a Single Life Annuity die before receiving in annuity payments the full amount of the total contributions personally made by the member and the regular and excess interest credited on such contributions as of the effective date of retirement, the balance shall be paid to the designated beneficiary.

11. Social Security Offset: There shall be no offset for Social Security retirement benefits received by a member.

12. Municipal Liability: The Township will contribute quarterly five percent (5%) of each member's compensation to the System. The contribution will be credited to each member's account. The Township may annually elect to contribute at a higher rate in future years by adopting a resolution and filing a copy of it with the Board.

13. Additional Provisions: In the event a member's service with the Township is terminated for any reason whatsoever before the funds set aside for such member are vested or if the member elects not to receive a benefit, then the amount of such funds which have not been contributed by the member and which are not vested shall be credited against the next contribution due from the Township for the remaining or future members of this Plan.

Additionally, any excess interest awarded in accordance with Act 15 of 1974, as may be amended, shall be proportionately divided between the active, vested and retired members, if any, based on the assets credited to the individual accounts.

14. Procedure: Matters or procedure not covered in this Agreement shall be as set forth in Act 15 of 1974 and as found in Act 205 of 1984, as they shall, from time to time, be amended.

Should any change or mistake in records result in any member, beneficiary or survivor annuitant receiving from the System more or less than the individual would have been entitled to receive had the records been correct, then regardless of the intentional or unintentional nature of the error and upon the discovery of such error, the Board will correct the error and so far as practicable will adjust the payments which may be made for and to such person, in such a manner that the actuarial equivalent of the benefit to which the individual was correctly entitled shall be paid.

15. Unfunded Liability: Any unfunded liability incurred by the creation of benefits under this Agreement shall be borne by the Township.

16. Effective Date: This Agreement shall be effective the first day of December, 2009, with the acceptance of the same by the Township and the Board. Termination of this Agreement shall be in accordance with Section 412 of Act 15 of 1974.

IN WITNESS WHEREOF, we have hereunto set our hands and seal the day, month and year above written.

ATTEST:

EAST FALLOWFIELD TOWNSHIP,
CHESTER COUNTY

BY: _____
Secretary

BY: _____
Chairman

ATTEST:

PENNSYLVANIA MUNICIPAL
RETIREMENT BOARD

BY: _____
Secretary

BY: _____
Chairman

Approved as to form and legality:

BY: _____
Office of Attorney General

BY: _____
Office of General Counsel

BY: _____
Chief Counsel

TAB:TME:tab
01/29/2010

Reviewed by PMRS Legal Counsel _____