

West Mahanoy Township

Board of Supervisors

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ORDINANCE 2007-5

**ORDINANCE ADOPTING THE PLAN CHANGES TO COMPLY WITH ACT 30
EFFECTIVE JANUARY 1, 2005 AS THE GOVERNING DOCUMENT FOR THE
WEST MAHANAY TOWNSHIP UNIFORM PENSION FUND**

BE IT HERE ORDAINED by the Township of West Mahanoy through its Board of Supervisors that pension document changes to comply with Act 30 effective January 1, 2005 of the Principal Financial Corporation attached hereof as Exhibit "A" be the governing document as concerning the West Mahanoy Township Uniform Pension Fund.

Board of Supervisors of the Township of
West Mahanoy

Joseph Sweny

Regina K. Kurtz

Paul Martin

ATTEST:

M. R. M. J. K.

10-16-07

Date

**WEST MAHANROY TOWNSHIP
POLICE
RETIREMENT PLAN**

Defined Benefit Plan 8.1

Restated January 1, 2005

Your plan is an important legal document. This sample plan has been prepared based on our understanding of the desired provisions. It may not fit your situation. You should consult with your lawyer on the plan's legal and tax implications. Neither Principal Life Insurance Company nor its agents can be responsible for the legal or tax aspects of the plan nor its appropriateness for your situation. If you wish to change the provisions of this sample plan, you may ask us to prepare new sample wording for you and your lawyer to review.

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PLAN EXECUTION

INTRODUCTION

The Employer previously established a defined benefit retirement plan on June 14, 1974.

The Employer is of the opinion that the retirement plan should be changed. It is believed that the best means to accomplish these changes is to completely restate the plan's terms, provisions and conditions. The restatement, effective January 1, 2005, is set forth in this document and is substituted in lieu of the prior document with the exception of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) good faith compliance amendment and any model amendment. Such amendment(s) shall continue to apply to this restated plan until such provisions are integrated into the plan or such amendment(s) are superseded by another amendment.

The Employer agrees to operate the plan according to the terms, provisions and conditions set forth in this document.

The restated defined benefit retirement plan continues to be for the exclusive benefit of employees of the Employer. All persons covered under the plan on December 31, 2004, shall continue to be covered under the restated plan with no loss of benefits.

It is intended that the retirement plan, as restated, shall continue to meet the requirements for a governmental plan under the Internal Revenue Code of 1986, including any later amendments to the Code. The plan is intended to meet the requirements of Act 600 and any other laws governing police pension plans of Pennsylvania for boroughs, towns and townships.

ARTICLE I

FORMAT AND DEFINITIONS

SECTION 1.01--FORMAT.

Words and phrases defined in the DEFINITIONS SECTION of Article I shall have that defined meaning when used in this Plan, unless the context clearly indicates otherwise.

These words and phrases will have an initial capital letter to aid in identifying them as defined terms.

SECTION 1.02--DEFINITIONS.

Accrual Service means the total of an Employee's Service. This total is expressed in whole years and fractional parts of a year (counting a complete month as a fractional part of a year).

However, Accrual Service is modified as follows:

Service excluded:

Service while an Employee was not an Eligible Employee is excluded.

If a Participant has previously received his Required Contribution Account in a single-sum payment, service before the date of such payment shall be excluded.

Military service included:

Military service with the armed forces of the United States shall be included as Service if the Employee (i) has been a regularly appointed member of the Employer's police force for a period of at least six months when he enters into such military service and (ii) returns to employment as a regularly appointed member of the Employer's police force within six months after his separation from the service. To the extent such military service is also required to be included as Service in accordance with Code Section 414(u), such military service shall not be included more than once.

Military service with the armed forces of the United States shall also be included as Service (not to exceed five years) if the Employee (i) was not employed by the Employer prior to such military service, (ii) makes an election to include such military service and (iii) pays the cost of crediting such military service. Such cost shall be determined by the Employer in accordance with the provisions of 53 P.S. 770 of Act 600.

The military service included as Service under the preceding provisions shall only be included if the Employee is not entitled to receive, now or in the future, retirement benefits for such service under a retirement system administered and wholly or partially paid for by any other governmental agency with the exception of retirement pay earned by a combination of active duty and nonactive duty with a reserve or national guard component of the armed forces, which retirement

pay is payable only upon reaching a specified age and completion of a period of service under 10 U.S.C. Ch. 67 (relating to retired pay for non-regular service).

Accrued Benefit means on any date, the amount of monthly retirement benefit on the Normal Form accrued by an Active Participant. See the ACCRUED BENEFIT SECTION of Article IV.

Accrued Benefit Adjustment means the adjustment which shall be applied to determine a Participant's benefit. The Accrued Benefit Adjustment on any date shall be equal to the quotient (to four decimal places) of (a) divided by (b):

- (a) The Participant's Accrual Service as of such date.
- (b) The Participant's potential Accrual Service as of his Superannuation Retirement Date, if he remains an Eligible Employee between the date of determination and his Superannuation Retirement Date.

The Accrued Benefit Adjustment shall not exceed 1.00 and shall be 1.00 on his Normal Retirement Date.

Act 205 means the act of December 18, 1984 P.L. 1005 No. 205, as amended, 53 P.S. 895.101, et. seq., known as the Municipal Pension Plan Funding Standard and Recovery Act, governing state aid to municipalities of Pennsylvania to offset employee pension costs.

Act 600 means the act of May 29, 1956 P.L. (1955) 1804 No. 600, as amended, 53 P.S. 767, et. seq., known as the Police Pension Fund Act, requiring the establishment of police pension plans for boroughs, towns, and townships in Pennsylvania with three or more full-time police officers in accordance with such act and permitting those with less than three full-time police officers to establish their plans in accordance with such act.

Active Participant means an Eligible Employee who is actively participating in the Plan according to the provisions in the ACTIVE PARTICIPANT SECTION of Article II.

Annuity Contract means the annuity contract or contracts into which the Employer enters with the Insurer for guaranteed benefits, for the investment of Contributions in separate accounts and for the payment of benefits under this Plan. The term Annuity Contract as it is used in this Plan shall include the plural unless the context clearly indicates the singular is meant.

Annuity Starting Date means, for a Participant, the first day of the first period for which an amount is payable as an annuity or any other form.

The Annuity Starting Date for disability benefits shall be the date such benefits commence if the disability benefit is not an auxiliary benefit. An auxiliary benefit is a disability benefit which does not reduce the benefit payable at Normal Retirement Date.

Average Compensation means, on any given date, the average of an Employee's monthly Compensation for the latest 60 months of employment with the Employer.

Beneficiary means the person or persons named by a Participant to receive any benefits under this Plan upon the Participant's death. See the BENEFICIARY SECTION of Article X.

Code means the Internal Revenue Code of 1986, as amended.

Compensation means the total earnings, except as modified in this definition, paid to an Employee by the Employer during any specified period. Earnings as used in this definition includes salary, court pay, holiday pay, overtime pay and other remuneration with the following exclusions:

unused sick pay
unused vacation pay

For years beginning after December 31, 1988, the annual Compensation of each Participant taken into account for determining all benefits provided under the Plan for any year shall not exceed \$200,000, as adjusted by the Secretary in accordance with Code Section 415(d). For Plan Years beginning on or after January 1, 1996, the annual Compensation taken into account for determining all benefits provided under the Plan for any Plan Year for any individual who first becomes a Participant in the Plan during a Plan Year beginning after the first Yearly Date in 1996, shall not exceed \$150,000.

Provided, however, with respect to an eligible Participant, the reduced dollar limitation in the preceding paragraph does not apply to the extent that the amount of Compensation allowed to be taken into account under the Plan is reduced below the amount that was allowed to be taken into account under the Plan as in effect on July 1, 1993. For this purpose, "eligible Participant" means an individual who first became a Participant in the plan during a Plan Year beginning before the first Yearly Date in 1996.

The \$150,000 limit shall be adjusted by the Commissioner for increases in the cost of living in accordance with Code Section 401(a)(17)(B). The cost of living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which pay is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

If Compensation for any prior period is taken into account in determining a Participant's contributions or benefits for the current period, the Compensation for such prior year is subject to the applicable annual compensation limit in effect for that prior year. For this purpose, for years beginning before January 1, 1990, the applicable annual compensation limit is \$200,000 for an Employee who became a Participant before the first Yearly Date in 1996. For years beginning on and after January 1, 1996, the annual compensation limit is \$150,000 for an Employee who became a Participant on and after the first Yearly Date in 1996.

Contributions means

Employer Contributions
Required Contributions

as set out in Article III, unless the context clearly indicates only specific contributions are meant.

Dependent Child means, as to a Participant, any child of such Participant under age 18, or if attending college, under or attaining age 23. For purposes of this definition, "attending college" means registered

at an accredited institution of higher learning and carrying a minimum course load of seven hours per semester.

Direct Rollover means a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

Distributee means an Employee or former Employee. In addition, 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 Code Section 414(p), are Distributees with regard to the interest of the spouse or former spouse.

Eligible Employee means any Employee of the Employer who is a member of the Employer's police force and whose employment is for not less than 40 hours per week at a definite salary.

Eligible Retirement Plan means an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a) or a qualified trust described in Code Section 401(a), that accepts the Distributee's Eligible Rollover Distribution.

However, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

Eligible Rollover Distribution means 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: (i) 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; (ii) any distribution to the extent such distribution is required under Code Section 401(a)(9); (iii) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and (iv) any other distribution(s) that is reasonably expected to total less than \$200 during a year.

Employee means an individual who is employed by the Employer or any other employer required to be aggregated with the Employer under Code Sections 414(b), (c), (m) or (o).

The term Employee shall also include any Leased Employee deemed to be an employee of any employer described in the preceding paragraph as provided in Code Section 414(n) or (o).

Employer means, except for purposes of the BENEFIT LIMITATION SECTION of Article IV, West Mahanoy Township.

Employer Contributions means contributions made by the Employer to fund this Plan. See the EMPLOYER CONTRIBUTIONS SECTION of Article III.

Entry Date means the date an Employee first enters the Plan as an Active Participant. See the ACTIVE PARTICIPANT SECTION of Article II.

Fiscal Year means the Employer's accounting year. The last day of the Fiscal Year is December 31.

Inactive Participant means a former Active Participant who has an Accrued Benefit. See the INACTIVE PARTICIPANT SECTION of Article II.

Insurer means Principal Life Insurance Company and any other insurance company or companies named by the Employer.

Investment Manager means any fiduciary (other than a trustee)

- (a) who has the power to manage, acquire, or dispose of any assets of the Plan;
- (b) who (i) is registered as an investment adviser under the Investment Advisers Act of 1940; (ii) is not registered as an investment adviser under such Act by reason of paragraph (1) of Section 203A(a) of such Act, is registered as an investment adviser under the laws of the state (referred to in such paragraph (1)) in which it maintains its principal office and place of business, and, at the time it last filed the registration form most recently filed it with such state in order to maintain its registration under the laws of such state, also filed a copy of such form with the Secretary of Labor; (iii) is a bank, as defined in that Act; or (iv) is an insurance company qualified to perform services described in subparagraph (a) above under the laws of more than one state; and
- (c) who has acknowledged in writing being a fiduciary with respect to the Plan.

Late Retirement Date means the first day of any month which is after a Participant's Normal Retirement Date and on which retirement benefits begin. If a Participant continues to work for the Employer after his Normal Retirement Date, his Late Retirement Date shall be the earliest first day of the month on or after he ceases to be an Employee.

Monthly Date means each Yearly Date and the same day of each following month during the Plan Year beginning on such Yearly Date.

Normal Form means a straight life annuity.

Normal Retirement Date means the earliest first day of the month on or after the later of the date the Participant reaches his 55th birthday or the date the Participant completes 25 years of Accrual Service. A Participant's retirement benefits shall begin on a Participant's Normal Retirement Date if he has ceased to be an Employee on such date.

Participant means either an Active Participant or an Inactive Participant.

Participant Contributions means Required Contributions as set out in Article III.

Plan means the defined benefit retirement plan of the Employer set forth in this document, including any later amendments to it.

Plan Administrator means the person or persons who administer the Plan.

The Plan Administrator is the Employer.

Plan Year means a period beginning on a Yearly Date and ending on the day before the next Yearly Date.

Reentry Date means the date a former Active Participant reenters the Plan. See the ACTIVE PARTICIPANT SECTION of Article II.

Required Contribution Account means, on any date, the total of a Participant's Required Contributions with interest. Contributions previously paid to the Participant or applied for him, and any interest that would have been credited on those contributions, shall be excluded.

Interest shall be credited in each Plan Year at the rate of five percent per annum compounded annually.

Interest shall be credited on each Required Contribution from the end of the Plan Year for which it was made until the Monthly Date on or before the date of determination.

Required Contributions means nondeductible contributions which may be required from a Participant in order to participate in this Plan. See the REQUIRED CONTRIBUTIONS BY PARTICIPANTS SECTION of Article III.

Retirement Date means the date a retirement benefit will begin and is a Participant's Superannuation, Normal or Late Retirement Date, as the case may be.

X **Salary** means, on any given date, an Employee's monthly Compensation for the latest month of employment with the Employer.

Service means an Employee's period of employment as a full-time police officer of the Employer.

Superannuation Retirement Date means, for a Participant who ceases to be an Eligible Employee before he meets the age and service requirements for Normal Retirement Date, the date that would have been his Normal Retirement Date had he remained an Eligible Employee until such date.

X **Totally and Permanently Disabled** means a Participant is disabled as a result of performing police work, to the extent that he is prevented from engaging in his normal duties as a police officer as determined by a physician chosen by the Employer.

Vesting Percentage means the percentage used to determine that portion of a Participant's Accrued Benefit resulting from Employer Contributions which is nonforfeitable (cannot be lost since it is vested).

A Participant's Vesting Percentage is shown in the following schedule opposite the number of whole years of his Accrual Service.

ACCRUAL SERVICE (whole years)	VESTING PERCENTAGE
Less than 12	0
12 or more	100

Yearly Date means January 1, 1989, and the same day of each following year. Yearly Dates before January 1, 1989, shall be determined under the provisions of the prior document.

ARTICLE II
PARTICIPATION

SECTION 2.01--ACTIVE PARTICIPANT.

- (a) An Employee shall first become an Active Participant (begin active participation in the Plan) on the earliest date on which he is an Eligible Employee. This date is his Entry Date.

Each Employee who was an Active Participant under the Plan on December 31, 2004, shall continue to be an Active Participant if he is still an Eligible Employee on January 1, 2005, and his Entry Date will not change.
- (b) An Inactive Participant shall again become an Active Participant (resume active participation in the Plan) on the date he again becomes an Eligible Employee. This date is his Reentry Date.

Upon again becoming an Active Participant, he shall cease to be an Inactive Participant.
- (c) A former Participant shall again become an Active Participant (resume active participation in the Plan) on the date he again becomes an Eligible Employee. This date is his Reentry Date.

There shall be no duplication of benefits for a Participant under this Plan because of more than one period as an Active Participant.

SECTION 2.02--INACTIVE PARTICIPANT.

An Active Participant shall become an Inactive Participant (stop accruing benefits under the Plan) on the earlier of the following:

- (a) The date on which he ceases to be an Eligible Employee.
- (b) The effective date of complete termination of the Plan under Article VIII.

An Employee or former Employee who was an Inactive Participant under the Plan on December 31, 2004, shall continue to be an Inactive Participant on January 1, 2005, Eligibility for any benefits payable to the Participant or on his behalf and the amount of the benefits shall be determined according to the provisions of the prior document, unless otherwise stated in this Plan.

SECTION 2.03--CESSATION OF PARTICIPATION.

A Participant, whether active or inactive, shall cease to be a Participant on the date of his death.

An Inactive Participant shall also cease to be a Participant on the earliest date on which he is not entitled to a deferred monthly income under the VESTED BENEFITS SECTION of Article V.

ARTICLE III CONTRIBUTIONS

SECTION 3.01--EMPLOYER CONTRIBUTIONS.

The amount of Employer Contributions shall meet or exceed the minimum funding standards of Act 205. The amount and time of Employer Contributions shall be determined based on actuarial valuations and recommendations as to the amounts required to fund benefits under this Plan.

A portion of the Plan assets resulting from Employer Contributions (but not more than the original amount of those Contributions) may be returned if the Employer Contributions are made because of a mistake of fact, unless such Contribution is needed to meet the minimum funding standards of Act 205. The amount involved must be returned to the Employer within one year after the date the Employer Contributions are made by mistake of fact. Except as provided under this paragraph and in Article VIII, the assets of the Plan shall never be used for the benefit of the Employer and are held for the exclusive purpose of providing benefits to Participants and their Beneficiaries and for defraying reasonable expenses of administering the Plan as allowed under Act 205.

SECTION 3.01A--REQUIRED CONTRIBUTIONS BY PARTICIPANTS.

If determined by the Employer, each Active Participant shall make Required Contributions. These Contributions shall be made for each month in which he is an Active Participant.

The amount of each Contribution will be equal to 5% of his Compensation for the month.

A Participant shall not make Required Contributions during the period he is receiving disability payments under the DISABILITY BENEFITS SECTION of Article V.

The Participant's Required Contribution Account is fully (100%) vested and nonforfeitable at all times.

The Employer may, on an annual basis, by resolution, reduce or eliminate Required Contributions.

SECTION 3.02--INVESTMENT OF CONTRIBUTIONS.

The handling of Contributions which are directed to the Annuity Contract is governed by the provisions of the Annuity Contract.

The Plan Administrator may delegate to the Investment Manager investment discretion for Plan assets.

All Contributions are forwarded by the Employer to the Insurer to be deposited under the Annuity Contract.

SECTION 3.03--FUNDING OF EMPLOYER CONTRIBUTIONS.

Employer Contributions will be funded by annual appropriations made by the Employer, by payments made by the State Treasurer to the municipal treasurer from the money received from taxes paid upon premiums by foreign casualty insurance companies for purposes of pension retirement for policemen, and by gifts, grants, devises or bequests granted to the Plan pursuant to P.S. 768 of Act 600. Payments made by the State Treasurer shall be used as follows:

- (a) to reduce the unfunded liability, or after such liability has been funded,
- (b) to apply against the annual obligation of the Employer for future service cost, or to the extent that the payment may be in excess of such obligations,
- (c) to reduce Required Contributions.

ARTICLE IV RETIREMENT BENEFITS

SECTION 4.01--ACCRUED BENEFIT.

An Active Participant's monthly Accrued Benefit as of any date, subject to the modifications below, will be equal to the product of (a) and (b) plus (c) below:

- (a) An amount equal to 50% of his Average Compensation.
- (b) His Accrued Benefit Adjustment.
- (c) An amount equal to \$20.00 multiplied by his complete years of Accrual Service in excess of 25 on such date, not to exceed \$100.00.

SECTION 4.02--BENEFIT LIMITATION.

(a) Definitions. For purposes of determining the benefit limitation set forth in this section, the following terms are defined:

Annual Additions means the sum of the following amounts credited to a Participant's account for the Limitation Year:

- (1) employer contributions;
- (2) employee contributions;
- (3) forfeitures; and
- (4) allocations under a simplified employee pension.

Annual Benefit means a retirement benefit under the plan which is payable annually in the form of a Straight Life Annuity. Except as provided below, a benefit payable in a form other than a Straight Life Annuity must be adjusted to an actuarially equivalent Straight Life Annuity before applying the limitations of this section. Effective for Limitation Years beginning on or after January 1, 1995, where a Participant's benefit must be adjusted to an actuarially equivalent Straight Life Annuity, the actuarially equivalent Straight Life Annuity is equal to the greater of the annuity benefit computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for adjusting benefits in the same form, and the annuity benefit computed using a 5 percent interest rate assumption and the Applicable Mortality Table.

No actuarial adjustment to the benefit is required for (i) the value of a qualified joint and survivor annuity, (ii) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, pre-retirement death benefits, and post-retirement medical benefits), and (iii) the value of post-retirement cost-of-living increases made in accordance with Code Section 415(d)

and section 1.415-3(c)(2)(iii) of the Income Tax Regulations. The Annual Benefit does not include any benefits attributable to employee contributions or rollover contributions, or assets transferred from a qualified plan that was not maintained by the Employer.

Applicable Mortality Table means, on any date, the table according to the method set forth in Code Section 417(e).

Defined Benefit Dollar Limitation means \$90,000, automatically adjusted, effective January 1 of each year, under Code Section 415(d) in such manner as the Secretary 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 of the date of the adjustment.

Employer means the employer that adopts this Plan, and all members of a controlled group of corporations (as defined in Code Section 414(b), as modified by Code Section 415(h)), all commonly controlled trades or businesses (as defined in Code Section 414(c), as modified by Code Section 415(h)), or affiliated service groups (as defined in Code Section 414(m)) of which the adopting employer is a part, and any other entity required to be aggregated with the employer under Code Section 414(o).

Limitation Year means the 12-consecutive month period ending on the last day of each Plan Year, including corresponding 12-consecutive month periods before June 14, 1974. If the Limitation Year is other than a calendar year, execution of this Plan (or any amendment to this Plan changing the Limitation Year) constitutes the Employer's adoption of a written resolution electing the Limitation Year. If the Limitation Year is amended to a different 12-consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

Maximum Permissible Benefit means the Defined Benefit Dollar Limitation (adjusted where required, as provided below).

- (1) If the Participant has less than ten Years of Participation in the Plan, the Defined Benefit Dollar Limitation shall be multiplied by a fraction the numerator of which is the number of Years of Participation (or part thereof) in the Plan, and the denominator of which is ten.

For Limitation Years beginning on or after January 1, 1995, the adjustments of this (1) shall not apply to survivor and disability benefits as provided in Code Section 415(b)(2)(I).

- (2) If the Annual Benefit of the Participant commences prior to age 62, the Defined Benefit Dollar Limitation applicable to the Participant at such earlier age is an Annual Benefit payable in the form of a Straight Life Annuity that is the actuarial equivalent of the Defined Benefit Dollar Limitation (as reduced in (1) above, if necessary) reduced for each month by which the benefits commence before the month in which the Participant attains age 62. Effective for Limitation Years beginning on or after January 1, 1995, the Defined Benefit Dollar Limitation applicable at an age prior to age 62 is determined as the lesser of the actuarial equivalent of the Defined Benefit Dollar Limitation (as reduced in (1) above, if necessary) computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for purposes of determining actuarial equivalence for early retirement benefits, and the actuarial equivalent of the Defined Benefit Dollar Limitation (as reduced in

(1) above, if necessary) computed using a 5 percent interest rate and the Applicable Mortality Table. To the extent that the Plan does not specify an interest rate and mortality table (or other tabular factor) or for ages for which no tabular factor is specified, a 5 percent interest rate and the Applicable Mortality Table shall be used to determine actuarial equivalence.

The reduction under this (2) shall not reduce the Defined Benefit Dollar Limitation below \$75,000 if the benefit commences at or after age 55. The reduction under this (2) shall not reduce the Defined Benefit Dollar Limitation below the actuarial equivalent of the \$75,000 limitation for age 55 if the benefit commences before age 55. Effective for Limitation Years beginning on or after January 1, 1995, the minimum Defined Benefit Dollar Limitation applicable at an age prior to age 55 is determined as the lesser of the actuarial equivalent of the \$75,000 limitation at age 55 computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for purposes of determining actuarial equivalence for early retirement benefits, and the actuarial equivalent of the \$75,000 limitation at age 55 computed using a 5 percent interest rate and the Applicable Mortality Table. To the extent that the Plan does not specify an interest rate and mortality table (or other tabular factor) or for ages for which no tabular factor is specified, a 5 percent interest rate and the Applicable Mortality Table shall be used to determine actuarial equivalence.

Any decrease in the Defined Benefit Dollar Limitation determined in accordance with this (2) shall not reflect a mortality decrement if the benefits are not forfeited upon the death of the Participant. If any benefits are forfeited upon death, the full mortality decrement is taken into account.

For Limitation Years beginning on or after January 1, 1997, the adjustments in this (2) do not apply in the case of a Participant who is a qualified participant (as defined in Code Section 415(b)(2)(H)). For Limitation Years beginning on or after January 1, 1995, the adjustments in this (2) do not apply to survivor and disability benefits as provided in Code Section 415(b)(2)(I).

- (3) If the Annual Benefit of the Participant commences after age 65, the Defined Benefit Dollar Limitation applicable to the Participant at the later age is the Annual Benefit payable in the form of a Straight Life Annuity commencing at the later age that is actuarially equivalent to the Defined Benefit Dollar Limitation applicable to the Participant (adjusted under (1) above, if necessary) at age 65. Effective for Limitation Years beginning on or after January 1, 1995, the actuarial equivalent of the Defined Benefit Dollar Limitation at age 65 is determined as the lesser of the actuarial equivalent of the Defined Benefit Dollar Limitation at age 65 computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for purposes of determining actuarial equivalence for delayed retirement benefits, and the actuarial equivalent of the Defined Benefit Dollar Limitation at age 65 computed using a 5 percent interest rate assumption and the Applicable Mortality Table. For these purposes, mortality between age 65 and the age at which benefits commence must be ignored.

(4) Minimum benefits permitted: Notwithstanding anything else in this definition 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 Employer do not exceed \$1,000 multiplied by the Participant's number of Years of Service or parts thereof (not to exceed ten); and

(ii) the Employer has not at any time maintained a defined contribution plan (for these purposes, employee contributions, whether voluntary or involuntary, under a defined benefit plan are not treated as a separate defined contribution plan).

For Limitation Years beginning on or after January 1, 1995, the amount in (i) above shall be equal to \$10,000 when determining the minimum benefit permitted for survivor and disability benefits as provided in Code Section 415(b)(2)(I).

Projected Annual Benefit means the Annual Benefit to which the Participant would be entitled under the terms of the Plan assuming:

- (1) the Participant will continue employment until normal retirement age under the Plan (current age, if later), and
- (2) all 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.

Year of Participation means one year (computed to fractional parts of a year) for each Plan Year for which the following conditions are met:

- (1) The Participant is credited with Service for benefit accrual purposes, and
- (2) the Participant is included as a Participant under the eligibility provisions of the Plan for at least one day of the Plan Year.

If these two conditions are met, the portion of a Year of Participation credited to the Participant shall equal the amount of Accrual Service credited to the Participant for such Plan Year. A Participant who is totally and permanently disabled within the meaning of Code Section 415(c)(3)(C)(i) for a Plan Year 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 a Plan Year, the Plan must be established no later than the last day of such Plan Year. In no event will more than one Year of Participation be credited for any 12-month period.

(b) This (b) applies regardless of whether any Participant is or has ever been a participant in another qualified plan maintained by the adopting Employer.

- (1) The Annual Benefit otherwise payable to a Participant at any time will not exceed the Maximum Permissible Benefit. If the benefits the Participant would otherwise accrue in a Limitation Year would produce an Annual Benefit in excess of the Maximum Permissible Benefit, the benefit must be limited (or the rate of accrual reduced) to a benefit that does not exceed the Maximum Permissible Benefit.
- (2) If a Participant has made voluntary employee contributions, or mandatory employee contributions as defined in Code Section 411(c)(2)(C), under the terms of this Plan, the amount of such contributions is treated as an Annual Addition to a qualified defined contribution plan for purposes of (b)(1) of this section. Such amounts shall be limited to meet the requirements of Code Section 415(c)(1).

- (c) This (c) applies if a Participant is, or has ever been, a participant in more than one defined benefit plan maintained by the Employer. The sum of the Participant's Annual Benefits from all such plans may not exceed the Maximum Permissible Benefit. Where the Participant's employer-provided benefits under all defined benefit plans ever maintained by the Employer (determined as of the same age) would exceed the Maximum Permissible Benefit applicable at that age, the benefit shall be limited (or the rate of accrual reduced) in the plan most recently established to the extent necessary so that the sum of the Participant's Annual Benefits from all such plan(s) does not exceed the Maximum Permissible Benefit.

Benefit increases resulting from the repeal of Code Section 415(e) will be provided to all Employees participating in the Plan (with benefits limited by Code Section 415(e)) who have an Accrued Benefit under the Plan immediately before the first day of the first Limitation Year beginning in 2000 and have one hour-of-service with the Employer after such date.

SECTION 4.03--AMOUNT OF BENEFIT AT RETIREMENT.

The amount of retirement benefit to be provided on the Normal Form for an Active Participant on his Retirement Date shall be determined according to the provisions of this section.

Normal Retirement Date. An Active Participant's retirement benefit on his Normal Retirement Date shall be equal to his Accrued Benefit on such date.

Late Retirement Date. An Active Participant's retirement benefit on his Late Retirement Date shall be equal to his Accrued Benefit on his Late Retirement Date.

The Participant's retirement benefits shall be distributed to the Participant according to the distribution of benefits provisions of Article VI.

ARTICLE IVA
2002 SPECIAL AD HOC ADJUSTMENT

SECTION 4A.01--IMPORTANT TERMS.

For purposes of determining the special ad hoc adjustment set forth in this article, the following terms are defined:

Base Adjustment means, for a Participant, the product of \$.15 multiplied by his Years of Service multiplied by his Years on Retirement.

Longevity Adjustment means, for a Participant, the product of his Base Adjustment multiplied by his Longevity Factor.

Longevity Factor means, for a Participant, the sum of (i) the product of .025 multiplied by his Years on Retirement and (ii) the product of .05 multiplied by his Years on Retirement in excess of 25, if any.

Years of Service means, for a Participant, the number of whole years of active, full-time employment as a police officer credited under the Plan.

Years on Retirement means, for a Participant, the number of whole years that he has been retired as of January 1, 2001.

2002 Special Ad Hoc Adjustment means, for a Participant, the sum of his Base Adjustment and his Longevity Adjustment.

SECTION 4A.02--ELIGIBILITY.

An additional amount of monthly retirement benefit will be payable to a retired Participant who began receiving a retirement benefit before January 1, 1996, has terminated active employment with the Employer as a police officer, and is receiving such retirement benefit based on active employment as a police officer.

SECTION 4A.03--2002 SPECIAL AD HOC ADJUSTMENT.

The monthly retirement benefit of a Participant who has met the requirements in the ELIGIBILITY SECTION of this article shall be increased by the amount of his 2002 Special Ad Hoc Adjustment as of July 1, 2002, subject to the following provisions:

- (a) If the retired Participant is entitled to be paid his 2002 Special Ad Hoc Adjustment by more than one municipal retirement plan, his 2002 Special Ad Hoc Adjustment under this Plan shall be reduced so that the total of all these adjustments paid to the retiree does not exceed his 2002 Special Ad Hoc Adjustment.

- (b) The amount of the 2002 Special Ad Hoc Adjustment shall be reduced annually by 65% of the total amount of any postretirement adjustments provided to the retiree under this Plan after December 31, 1988, and before January 1, 2002, and paid in the immediately preceding year.
- (c) To the extent that the 2002 Special Ad Hoc Adjustment causes the calculation of total benefits to be paid to exceed the limitations under Act 600, such limitations may be exceeded to pay the adjustment to the retired Participant.

ARTICLE IVB
COST-OF-LIVING ADJUSTMENT

SECTION 4B.01--IMPORTANT TERMS.

For purposes of determining the cost-of-living adjustment of benefits, the following terms are defined here:

Adjustment Date means each Yearly Date occurring on and after June 14, 1974, on which the Price Index has changed by at least 1% from the Price Index on the last preceding Yearly Date as of which monthly retirement benefit payments under this Plan were changed in accordance with this article (on June 14, 1974, if no prior changes have been made).

Adjustment Factor means, as of any Adjustment Date, the quotient of (a) divided by (b):

- (a) The Price Index as of such Adjustment Date.
- (b) The Price Index as of the last previous Adjustment Date.

In no event, however, will the Adjustment Factor exceed 1.03.

Annuitant means an Inactive Participant whose Retirement Date has occurred and who is entitled to monthly retirement benefit payments under the Plan.

Price Index means, as of any date, the consumer Price Index (U.S. city average for all urban consumers, all items) for the fourth month immediately prior to such date, as published by the United States Department of Labor.

SECTION 4B.02--CHANGE IN MONTHLY RETIREMENT BENEFIT.

As of each Adjustment Date as to an Annuitant, the amount of monthly retirement benefit payments payable to such Annuitant will be increased by an amount determined by multiplying such payments by the Adjustment Factor as of such Adjustment Date, subject to the following provisions:

- (a) If such change results in an increase in the amount of monthly retirement benefit payments to an Annuitant, an amount of monthly retirement benefit will be provided for him under the Annuity Contract in the amount of such increase with payments consistent with the payments being made as to the monthly retirement annuity provided under the Annuity Contract on the Participant's Retirement Date.

Any cost-of-living increase will not exceed the percentage increase in the Price Index from the year in which the Annuitant last worked and in no event, will the amount of monthly retirement benefit payments for an Annuitant after the date of the increase be more than 130% of the amount he would have received had the provisions of this article not been in effect.

- (b) No cost-of-living increase will result in a monthly retirement benefit which exceeds 75% of the Annuitant's Average Compensation as determined on the date his monthly retirement benefit was first calculated.
- (c) No cost-of-living increase will be made if such increase would impair the actuarial soundness of the Plan.
- (d) On and after the effective date of termination of the Plan pursuant to Article VIII, no further changes in monthly retirement benefit payments will be made in accordance with this article.

ARTICLE V OTHER BENEFITS

SECTION 5.01--DEATH BENEFITS.

If a Participant dies, death benefits, if any, shall be determined under subsections (a) and (b) below:

(a) Survivor annuity death benefit:

A survivor annuity shall be payable if the following requirements are met:

- (1) The Participant is survived by a spouse on the date he dies or he has a Dependent Child on the date he dies who will still be a Dependent Child on the date the survivor annuity begins.
- (2) The Participant (i) is a member of the Employer's police force and dies in the line of duty, (ii) dies on or after the date on which his Vesting Percentage is 100%, or (iii) has met the requirements to receive a disability benefit in accordance with the DISABILITY BENEFITS SECTION of this article on the date of his death.

The survivor annuity shall be paid to the Participant's spouse until the date of the spouse's death. If the Participant is not survived by a spouse or the spouse dies and there is still a surviving Dependent Child, payments will be paid to the person who has assumed the principal support of any Dependent Child for as long as there is a Dependent Child. Each Dependent Child shall share equally in the survivor annuity. Upon the death of a Dependent Child any survivors shall share equally. When a Dependent Child ceases to be a Dependent Child, any children who continue to be a Dependent Child shall share equally.

If the Participant dies in the line of duty, the survivor annuity shall begin on the first day of the month on or after the date of the Participant's death. The survivor annuity shall be equal to 100% of the Participant's Salary as of the date of his death.

If the Participant does not die in the line of duty and the Participant dies on or after his Annuity Starting Date or the date he has met the requirements to receive a disability benefit in accordance with the DISABILITY BENEFITS SECTION of this article, the survivor annuity shall begin on the first day of the month after the date of the Participant's death. The survivor annuity shall be equal to 50% of the amount that was payable to the Participant.

If the Participant does not die in the line of duty and the Participant dies before his Annuity Starting Date and before the date he has met the requirements to receive a disability benefit in accordance with the DISABILITY BENEFITS SECTION of this article, the survivor annuity shall begin on his Superannuation Retirement Date. The survivor annuity shall be equal to 50% of the amount that would have been payable to the Participant on his Superannuation Retirement Date. If he had not ceased to be an Employee prior to the date of his death, such amount shall be determined as if he had ceased to be an Employee on the date of his death and survived to retire.

(b) Single sum death benefit:

If the requirements of subsection (a) above have not been met on the date a Participant dies, and he dies before his Annuity Starting Date, a single sum death benefit equal to his Required Contribution Account on the date of his death shall be payable to his Beneficiary. If the Participant has not designated a Beneficiary, such amount shall be paid to his surviving spouse, if any, and if there is no surviving spouse, equally to any Dependent Children.

If the requirements in subsection (a) above have been met on the date a Participant dies and payments to his surviving spouse or Dependent Children do not begin until his Superannuation Retirement Date, the single sum death benefit shall be paid on the earliest date it is determined that the survivor annuity death benefit will not be paid. Such amount shall be paid on the date his surviving spouse dies if it is determined that there will be no Dependent Children on his Superannuation Retirement Date. The single sum death benefit shall be determined as of the date of the surviving spouse's death and shall be paid to the spouse's Beneficiary. Otherwise, such payment shall be made on the date it is first determined that there will be no Dependent Children on his Superannuation Retirement Date. Such amount shall be determined as of such date and paid equally to the children who were Dependent Children on the date of the Participant's death. If such child has died, his share shall be paid to his Beneficiary.

SECTION 5.02--VESTED BENEFITS.

A Participant who became an Inactive Participant before retirement or death (and, if applicable, before the date a disability payment begins under the DISABILITY BENEFITS SECTION of this article) will be entitled to a deferred monthly retirement benefit on the Normal Form to begin on his Superannuation Retirement Date. The deferred retirement benefit will be equal to the product of (a) and (b):

- (a) The Participant's Accrued Benefit on the day before he became an Inactive Participant.
- (b) The Participant's Vesting Percentage on the date he ceases to be an Eligible Employee.

This vested benefit will only be provided for a Participant who files written notification with the governing body of the Employer of his intention to vest within 90 days of the date he ceases to be an Eligible Employee.

The deferred monthly retirement benefit shall be distributed to the Participant according to the distribution of benefit provisions of Article VI.

If a Participant has ceased to be an Employee and his Vesting Percentage is zero or he failed to file the written notification provided above, the Participant will receive his Required Contribution Account in a single-sum payment. Such Participant will no longer be entitled to a deferred monthly retirement benefit under this section and such payment will be in full settlement of any and all benefits provided under this Plan.

SECTION 5.03--DISABILITY BENEFITS.

If an Active Participant becomes Totally and Permanently Disabled before his Retirement Date (Normal Retirement Date, if earlier), a disability benefit shall be payable to him.

The disability benefit payable to a Participant who meets the requirements above is an immediate monthly benefit equal to 50% of the Participant's Salary as of the date of his disability reduced by any disability benefits he receives for the same injuries under the Social Security Act and any disability insurance benefit payable which is funded by the Plan. ✓

Monthly disability benefit payments shall begin on the earliest first day of the month on or after the date the Participant meets the requirements under this section. Such payments shall continue through the first day of the month before his Superannuation Retirement Date, the date of his death or the day following the date he is no longer Totally and Permanently Disabled.

If the payments continue through the first day of the month before the Participant's Superannuation Retirement Date retirement benefits shall be provided for him on his Superannuation Retirement Date under the provisions of Article IV as if he were an Active Participant. His Accrued Benefit shall be equal to his Accrued Benefit as of the day before the disability benefit began. However, such Accrued Benefit shall not be less than the amount of monthly disability payment paid to him under this section. If, before the Participant's Superannuation Retirement Date, he recovers and returns to active work for the Employer within one month of his recovery, the payments shall stop and he shall again become an Active Participant under the ACTIVE PARTICIPANT SECTION of Article II. If, before the Participant's Superannuation Retirement Date, he recovers and does not return to active work for the Employer within one month of his recovery, the payments shall stop and his benefits shall be redetermined, on the date he ceased to be an Employee, under the VESTED BENEFITS SECTION of this article.

ARTICLE VI

WHEN BENEFITS START AND DISTRIBUTION OF BENEFITS

SECTION 6.01--WHEN BENEFITS START.

Benefits under the Plan begin when a Participant retires, dies, or ceases to be an Employee or becomes Totally and Permanently Disabled, whichever applies, as provided in Article IV and Article V.

Benefits shall begin by the Participant's Required Beginning Date, as defined in the DEFINITIONS SECTION of Article VII.

SECTION 6.02-- FORM OF DISTRIBUTION.

The form of benefit payable to or on behalf of a Participant is determined as follows:

- (a) Retirement Benefits. The form of retirement benefit for a Participant shall be the Normal Form.
- (b) Death Benefits. The form of death benefit for a Participant is determined according to the provisions of the DEATH BENEFITS SECTION of Article V.

ARTICLE VII
DISTRIBUTION REQUIREMENTS

SECTION 7.01--APPLICATION.

The timing of any distribution must meet the requirements of this article.

SECTION 7.02--DEFINITIONS.

For purposes of this article, the following term is defined:

Required Beginning Date means, for a Participant, the April 1 of the calendar year following the later of the calendar year in which he attains age 70 1/2 or the calendar year in which he retires.

SECTION 7.03--DISTRIBUTION REQUIREMENTS.

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

ARTICLE VIII TERMINATION OF PLAN

The Employer expects to continue the Plan indefinitely but by resolution of its governing body reserves the right to terminate the Plan in whole or in part at any time upon giving written notice to all parties concerned.

An Employee who is included in the group of Employees deemed to be affected by complete or partial termination of the Plan shall be fully (100%) vested in his Accrued Benefit as of the date of such complete or partial termination. Upon complete termination of the Plan, no further Employees shall become Participants, and no further Contributions shall be made except as required by any governmental agency to which the Plan's termination is subject.

A Participant's recourse towards satisfaction of his right to his nonforfeitable Accrued Benefit will be limited to the Plan assets.

The assets of the Plan that are available to provide benefits shall be allocated and applied as of the effective date of termination of the Plan according to any equitable method as determined by the Plan Administrator and agreed upon by the Insurer.

No part of the Plan assets shall be paid to the Employer at any time, except that, after the satisfaction of all liabilities under the Plan, any assets remaining shall be paid to the Employer. No payment shall be made to the Employer if it would contravene any provision of law.

ARTICLE IX ADMINISTRATION OF PLAN

SECTION 9.01--ADMINISTRATION.

Subject to the provisions of this article, the Plan Administrator has complete control of the administration of the Plan. The Plan Administrator has all the powers necessary for it to properly carry out its administrative duties. Not in limitation, but in amplification of the foregoing, the Plan Administrator has the power to construe the Plan, including ambiguous provisions, and to determine all questions that may arise under the Plan, including all questions relating to the eligibility of Employees to participate in the Plan and the amount of benefit to which any Participant, Beneficiary, spouse or Contingent Annuitant may become entitled. The Plan Administrator's decisions upon all matters within the scope of its authority shall be final.

Unless otherwise set out in the Plan or Annuity Contract, the Plan Administrator may delegate recordkeeping and other duties which are necessary for the administration of the Plan to any person or firm which agrees to accept such duties. The Plan Administrator shall be entitled to rely upon all tables, valuations, certificates and reports furnished by the consultant or actuary appointed by the Plan Administrator and upon all opinions given by any counsel selected or approved by the Plan Administrator.

The Plan Administrator shall receive all claims for benefits by Participants, former Participants, Beneficiaries, and spouses. The Plan Administrator shall determine all facts necessary to establish the right of any claimant to benefits and the amount of those benefits under the provisions of the Plan. The Plan Administrator may establish rules and procedures to be followed by claimants in filing claims for benefits, in furnishing and verifying proofs necessary to determine age, and in any other matters required to administer the Plan.

SECTION 9.02--EXPENSES.

Expenses of the Plan may be paid out of the assets of the Plan provided such payment is consistent with Act 205. Such expenses include, but are not limited to, expenses for recordkeeping and other administrative services; fees and expenses of the Annuity Contract; and direct costs that the Employer incurs with respect to the Plan.

SECTION 9.03--RECORDS.

All acts and determinations of the Plan Administrator shall be duly recorded. All these records, together with other documents necessary for the administration of the Plan, shall be preserved in the Plan Administrator's custody.

Writing (handwriting, typing, printing), photostating, photographing, microfilming, magnetic impulse, mechanical or electrical recording or other forms of data compilation shall be acceptable means of keeping records.

SECTION 9.04--INFORMATION AVAILABLE.

Any Participant in the Plan or any Beneficiary may examine copies of the Plan description, latest annual report, any bargaining agreement, this Plan, the Annuity Contract or any other instrument under which the Plan was established or is operated. The Plan Administrator shall maintain all of the items listed in this section in its office, or in such other place or places as it may designate in order to comply with governmental regulations. These items may be examined during reasonable business hours. Upon the written request of a Participant or Beneficiary receiving benefits under the Plan, the Plan Administrator will furnish him with a copy of any of these items. The Plan Administrator may make a reasonable charge to the requesting person for the copy.

SECTION 9.05--DELEGATION OF AUTHORITY.

All or any part of the administrative duties and responsibilities under this article may be delegated by the Plan Administrator to a retirement committee. The duties and responsibilities of the retirement committee shall be set out in a separate written agreement.

SECTION 9.06--EXERCISE OF DISCRETIONARY AUTHORITY.

The Employer, Plan Administrator and any other person or entity who has authority with respect to the management, administration or investment of the Plan may exercise that authority in its full discretion, subject only to the duties imposed under the applicable laws of the state of Pennsylvania. This discretionary authority includes, but is not limited to, the authority to make any and all factual determinations and interpret all terms and provisions of the Plan documents relevant to the issue under consideration. The exercise of authority will be binding upon all persons; will be given deference in all courts of law to the greatest extent allowed under law; and will not be overturned or set aside by any court of law unless found to be arbitrary and capricious or made in bad faith.

ARTICLE X GENERAL PROVISIONS

SECTION 10.01--AMENDMENTS.

The Employer may amend this Plan at any time, including any remedial retroactive changes (within the time specified by Internal Revenue Service regulations) to comply with any law or regulation issued by any governmental agency to which the Plan is subject. An amendment (including a change in the actuarial basis for determining optional or early retirement benefits) may not diminish or adversely affect any accrued interest or benefit of Participants or their Beneficiaries nor allow reversion or diversion of Plan assets to the Employer at any time, except as may be required to comply with any law or regulation issued by any governmental agency to which the Plan is subject.

SECTION 10.02--DIRECT ROLLOVERS.

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this section, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid in a Direct Rollover directly to an Eligible Retirement Plan specified by the Distributee.

SECTION 10.03--PROVISIONS RELATING TO THE INSURER.

The obligations of an Insurer shall be governed solely by the provisions of the Annuity Contract. The Insurer shall not be required to perform any act not provided in or contrary to the provisions of the Annuity Contract. Each Annuity Contract when purchased shall comply with the Plan. See the CONSTRUCTION SECTION of this article.

The Insurer is not a party to the Plan, nor bound in any way by the Plan provisions. It shall not be required to look to the terms of this Plan, nor to determine whether the Employer or the Plan Administrator have the authority to act in any particular manner or to make any contract or agreement.

Until notice of any amendment or termination of this Plan has been received by the Insurer at its home office, the Insurer is and shall be fully protected in assuming that the Plan has not been amended or terminated according to the latest information which it has received at its home office.

SECTION 10.04--EMPLOYMENT STATUS.

Nothing contained in this Plan gives an Employee the right to be retained in the Employer's employ or to interfere with the Employer's right to discharge any Employee.

SECTION 10.05--RIGHTS TO PLAN ASSETS.

An Employee shall not have any right to or interest in any assets of the Plan upon termination of his employment or otherwise except as specifically provided under this Plan, and then only to the extent of the benefits payable to such Employee according to the Plan provisions.

Any final payment or distribution to a Participant or his legal representative or to any Beneficiaries or spouse of such Participant under the Plan provisions shall be in full satisfaction of all claims against the Plan, the Plan Administrator, the Insurer, and the Employer arising under or by virtue of the Plan.

SECTION 10.06--BENEFICIARY.

Each Participant may name a Beneficiary to receive any death benefit that may arise out of his participation in the Plan. He may change his Beneficiary from time to time. It is the responsibility of the Participant to give written notice to the Insurer of the name of the Beneficiary on a form furnished for that purpose.

With the Employer's consent, the Plan Administrator may maintain records of Beneficiary designations for Participants before their Retirement Dates. In that event, the written designations made by Participants shall be filed with the Plan Administrator. If a Participant dies before his Retirement Date, the Plan Administrator shall certify to the Insurer the Beneficiary designation on its records for the Participant.

If there is no Beneficiary named or surviving when a Participant dies, the Participant's Beneficiary shall be the Participant's surviving spouse or where there is no surviving spouse, the executor or administrator of the Participant's estate.

SECTION 10.07--NONALIENATION OF BENEFITS.

Benefits payable under the Plan are not subject to the claims of any creditor of any Participant, Beneficiary or spouse. A Participant, Beneficiary or spouse does not have any rights to alienate, anticipate, commute, pledge, encumber or assign any of such benefits. The Plan Administrator may comply with a court order requiring deduction from the benefits of a Participant in pay status for alimony or support payments.

SECTION 10.08--CONSTRUCTION.

The validity of the Plan or any of its provisions is determined under and construed according to Federal law and, to the extent permissible, according to the laws of the state of Pennsylvania. In case any provision of this Plan is held illegal or invalid for any reason, such determination shall not affect the remaining provisions of this Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had never been included.

In the event of any conflict between the provisions of the Plan and the terms of any contract or policy issued hereunder, the provisions of the Plan control the operation and administration of the Plan. However, in the event of any conflict between the provisions of the Plan and any ordinance, resolution, or police contract, the provisions of such ordinance, resolution, and contract shall control the operation and administration of the Plan.

SECTION 10.09--LEGAL ACTIONS.

No person employed by the Employer; no Participant, former Participant nor their Beneficiaries; nor any other person having or claiming to have an interest in the Plan is entitled to any notice of process. A final judgment entered in any such action or proceeding shall be binding and conclusive on all persons having or claiming to have an interest in the Plan.

SECTION 10.10--WORD USAGE.

The masculine gender, where used in this Plan, shall include the feminine gender and the singular words, as used in this Plan, may include the plural, unless the context indicates otherwise.

The words "in writing" and "written," where used in this Plan, shall include any other forms, such as voice response or other electronic system, as permitted by any governmental agency to which the Plan is subject.

SECTION 10.11--MILITARY SERVICE.

Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).

By executing this Plan, the Employer acknowledges having counseled to the extent necessary with selected legal and tax advisors regarding the Plan's legal and tax implications.

Executed this 16th day of October, 2002.

WEST MAHANAY TOWNSHIP

By:



CHAIRMAN (Board of Supervisors)

Title

Defined Benefit Plan 8.1