

**TOWNSHIP OF NORTHAMPTON  
BUCKS COUNTY, PA**

**ORDINANCE NO. 580**

**AN ORDINANCE AMENDING THE NON-UNIFORMED EMPLOYEES' PENSION PLAN  
OF NORTHAMPTON TOWNSHIP TO CLARIFY THE ADMINISTRATIVE INTENT  
CONCERNING OPTIONAL RETIREMENT PROVISIONS AND ADDING A NEW  
DEFINED CONTRIBUTION PLAN COMPONENT FOR NEWLY HIRED EMPLOYEES**

This Amendment to the Township of Northampton Non-Uniformed Employees' Pension Plan is made by the Township of Northampton, Bucks County, Pennsylvania (the "Township").

**W I T N E S S E T H:**

**WHEREAS**, the Board of Supervisors of the Township of Northampton (the "Township") has previously adopted a Resolution establishing the Township of Northampton Non-Uniformed Employees' Pension Plan (the "Plan"); and

**WHEREAS**, the Plan was amended and restated, effective January 1, 2009;

**WHEREAS**, the Township reserved the right to amend the Plan pursuant to section 13.1;

**WHEREAS**, the Township desires to amend the Plan in order set forth a new defined contribution program for newly hired, non-uniformed, non-union, full-time employees (the "Defined Contribution Program"); and

**WHEREAS**, the Township now desires that the Plan be further amended to add a defined contribution component to the Plan for certain employees hired on or after January 1, 2015, revise the definition of actuarial equivalent, revise the early retirement provisions, clarify that all deferred vested payments begin upon a participant attaining age 65, and to make other clarifying and conforming changes to the Plan.

**NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE BOARD OF SUPERVISORS OF NORTHAMPTON TOWNSHIP THAT ORDINANCE NUMBER 548 KNOWN AS THE NON-UNIFORMED EMPLOYEES' PENSION PLAN IS HEREBY AMENDED AS FOLLOWS:**

1. Section 2.4, Definitions is amended to read as follows:

2.4 "Actuarial Equivalent" shall mean a benefit or an amount of actuarial present value on a specified date computed, except as otherwise specified herein, on the basis of the UP-1994 Mortality Table and interest at the rate of seven percent per annum.

2. A new Section 2.10.1 is added to the Plan as follows:

2.10.1 "Early Retirement Age" shall mean age fifty-five (55) and completion of ten (10) Years of Service.

3. A new Section 2.10.2 is added to the Plan as follows:

2.10.2 "Early Retirement Date" shall mean the first day of the calendar month coinciding with or next following the date on which the Participant attains Early Retirement Age.

4. A new Section 2.20.1 is added to the Plan as follows:

2.20.1 "Alternate Normal Retirement Age" shall mean age sixty (60) and completion of thirty (30) Years of Service.

5. A new Section 2.20.2 is added to the Plan as follows:

2.20.2 "Alternate Normal Retirement Date" shall mean the first day of the calendar month coinciding with or next following the date on which the Participant attains Alternate Normal Retirement Age.

6. Section 5.1 to the Plan is amended to read as follows:

An Active Participant whose Covered Employment terminates on or after his attainment of Normal Retirement Age and before his Normal Retirement Date or Alternate Normal Retirement Age and before his Alternate Normal Retirement Date shall be eligible to receive, in the manner set forth in Article VII the normal Retirement Income set forth in Section 6.2.

7. Section 5.2 to the Plan is amended to read as follows:

An Active Participant or Inactive participant who terminates his Covered Employment on or after his Normal Retirement Date or Alternate Normal Retirement Date shall be eligible to receive, in the manner set forth in Article VII, the postponed Retirement Income set forth in Section 6.3.

8. Section 6.1(a) to the Plan is amended to read as follows:

- (a) For a Participant whose Employment began before January 1, 1994, basic Retirement Income, expressed in terms of a monthly amount payable in the form of a single life annuity commencing on his Normal Retirement Date or Alternate Normal Retirement Date, shall be equal to the greater amount of the amount determined under subsection (b) of this Section of an amount equal to greater of:

- (1) 1.0 percent of his Final Monthly Average Salary not in excess of 1,000 dollars, plus, 1.75 percent of his Final Monthly Average Salary in excess of 1,000 dollars,

multiplied by his Years of Service; or

(2) ten dollars multiplied by his Years of Service.

9. Section 6.1(b) to the Plan is amended to read as follows:

(b) For a Participant whose Employment began on or after January 1, 1994, basic Retirement Income, expressed in terms of a monthly amount payable in the form of a single life annuity commencing on his Normal Retirement Date or Alternate Normal Retirement Date, shall be equal to:

(1) 1.5 percent of his Final Monthly Average Salary multiplied by his Years of Service not in excess 30 years; plus

(2) 1.0 percent of his Final Monthly Average Salary multiplied by his Years of Service in excess of 30.

10. Section 6.3(b) to the Plan is amended to read as follows:

(b) For a Participant whose Employment began before January 1, 1994, the Participant's postponed Retirement Income shall not be less than the normal Retirement Income he would have received under Section 6.2 had he retired and begun to receive normal Retirement Income on his Normal Retirement Date or Alternate Normal Retirement Date, but increased by one-half of one percent for each month from and after the Normal Retirement Date or Alternate Normal Retirement Date that payment of the Participant's Retirement Income is postponed.

11. Current Section 6.4(a) of the Plan is removed in its entirety and Section 6.4 shall be amended to read as follows:

**6.4 Early Retirement Income.** Each Participant may retire on or after his Early Retirement Age. The benefit payable at the Early Retirement Date shall be the benefit described in Section - 6.1, reduced by one-half of one percent for each month that the Early Retirement Date precedes the Normal Retirement Date.

12. Effective January 1, 2015, a new Appendix A shall be added to the Plan as follows:

**Applicability: This Appendix A shall apply only to Eligible Employees as defined in Section A-1.08.**

**TOWNSHIP OF NORTHAMPTON  
MONEY PURCHASE PENSION PLAN  
(Effective January 1, 2015)**

**ARTICLE A-I  
DEFINITIONS**

- Sec. A-1.01** “**Account**” shall mean the entire interest of a Participant in the Plan. Unless otherwise specified, the value of a Participant’s Account shall be determined as of the Valuation Date coincident with or next following the occurrence of the event to which reference is made. A Participant’s Account shall consist of such of the following as the Participant has under the Plan: (a) Employer Contribution Account; and (b) Employee Contribution Account.
- Sec. A-1.02** “**Anniversary Date**” shall mean the last day of the Plan Year.
- Sec. A-1.03** “**Beneficiary**” shall mean the persons or entities designated by the Participant in writing to be his/her Beneficiaries hereunder in accordance with Section A-7.02.
- Sec. A-1.04** “**Benefit Commencement Date**” shall mean the first day of the first period for which an amount is paid in any form.
- Sec. A-1.05** “**Compensation**” shall mean:
- (a) In General. “Compensation” shall mean the Participant’s gross pay before any payroll deductions. Compensation shall exclude any amounts paid after termination of employment.
  - (b) Limitation on Applicable Compensation. In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, the Compensation of each Participant taken into account under the Plan shall not exceed \$200,000, as adjusted by the Commissioner of Internal Revenue for increases in the cost of living in accordance with Internal Revenue 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 compensation is determined (determination period) beginning with or within 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. Notwithstanding the foregoing, Compensation may not include amounts that are not included in compensation for purposes of the limit imposed under Section A-4.01.
- Sec. A-1.06** “**Computation Period**” shall mean the period of twelve (12) consecutive months designated as the Vesting Computation Period, as indicated by the context of usage.
- Sec. A-1.07** “**Effective Date**” shall mean January 1, 2015.

- Sec. A-1.08** “**Eligible Class Employee**” shall mean any person hired by the Employer on or after January 1, 2015 as either; (i) a non-union Employee or (ii) a union Employee who is permitted to participate in the Plan pursuant to the terms of an applicable collective bargaining agreement with the Employer employed on a full-time basis (at least 37.5 hours per week); and is not a police officer. Any Union Employee that is employed by the Employer on January 1, 2015 is not an Eligible Class Employee unless otherwise so provided pursuant to the terms of the applicable collective bargaining agreement with the Employer. Part-time employees subsequently hired on a full-time basis shall be eligible to participate in the Plan as of the date of hire as a full-time employee and time worked as a part-time employee shall not count toward participation in the Plan.
- Sec. A-1.09** “**Employee**” shall mean each person in the employ of the Employer and is not a police officer.
- Sec. A-1.10** “**Employer**” shall mean the Township of Northampton, Bucks County, Pennsylvania, its successors and assigns.
- Sec. A-1.11** “**Employer Contribution Account**” shall mean that portion of a Participant’s Account consisting of Employer contributions pursuant to Section A-3.01(b) of the Plan, and the earnings and accretions attributable thereto.
- Sec. A-1.12** “**Internal Revenue Code**” or “**Code**” shall mean the Internal Revenue Code of 1986 as the same may be amended from time to time.
- Sec. A-1.13** “**Normal Retirement Age**” shall mean the date on which the Participant attains age sixty-five (65).
- Sec. A-1.14** “**Participant**” shall mean any person who has been or who is an Eligible Class Employee of the Employer and who has been admitted to participation in this Plan pursuant to the provisions of Article II. The term “Participant” shall include Active Participants (those who are currently eligible to share in Employer contributions to the Plan), Retired Participants (those former Employees presently receiving benefits under the Plan or immediately entitled to receive such benefits), and Vested Participants (Employees and former Employees who are no longer Active Participants, any of whom are or may become entitled at some future date to the distribution of benefits from this Plan by reason of their having been Active Participants herein).
- Sec. A-1.15** “**Participant Contribution Account**” shall mean that portion of a Participant’s Account consisting of Employee contributions pursuant to Section A-3.01(a) of the Plan, and the earnings and accretions attributable thereto.
- Sec. A-1.16** “**Plan**” shall mean the Township of Northampton Money Purchase Pension Plan as set forth in this Appendix A and as the same may from time to time hereafter be amended. This Plan is intended to satisfy the requirements of Section 401(a) of the Internal Revenue Code as a governmental money purchase pension plan. For

purposes of the Code, the Plan is a separate plan from the Non-Uniformed Employees' Pension Plan of the Township of Northampton ("Pension Plan") and assets held in trust under this Plan may not be commingled with or otherwise used to pay benefits under the Pension Plan.

**Sec. A-1.17** "Plan Administrator" shall mean the person or committee named as such pursuant to the provisions hereof, or, in the absence of any such appointment, the Employer.

**Sec. A-1.18** "Plan Year" shall mean the twelve-month period commencing each January 1 and ending on the subsequent December 31.

**Sec. A-1.19** "Required Beginning Date" shall mean the April 1 of the calendar year next following the calendar year in which the Participant attains age 70½, or if later, the April 1 of the calendar year next following the calendar year in which he/she retires.

**Sec. A-1.20** "Spouse" shall mean (a) the person to whom the Participant was married on his/her Benefit Commencement Date, or (b) if the Participant's Benefit Commencement Date had not occurred at the time of his/her death, the person to whom the Participant was married at the time of his/her death.

**Sec. A-1.21** "Valuation Date" shall mean the last day of the Plan Year (the "Annual Valuation Date") and each other interim date during the Plan Year on which a valuation of the Fund is made.

**Sec. A-1.22** "Vesting Computation Period" shall mean each 12 month period of employment with the Employer beginning on the Employee's date of hire and ending on the Employee's date of termination of employment.

**Sec. A-1.23** "Year of Service" shall have the following meanings when used in this Plan:

- (a) When applied to vesting provisions, a "Year of Service" shall mean each Vesting Computation Period.

## ARTICLE A-II PARTICIPATION ELIGIBILITY

**Sec. A-2.01** **Initial Eligibility.** Every Eligible Class Employee shall become eligible for Plan participation on his/her date of hire as a full-time employee working at least 37.5 hours each week.

**Sec. A-2.02** **Procedure for and Effect of Admission.** Each Eligible Class Employee who becomes eligible for admission to participation in this Plan shall complete such forms and provide such data as are reasonably required by the Plan Administrator in order to become a Participant. By becoming a Participant, each Employee shall for all purposes be deemed conclusively to have assented to the terms and provisions of this Plan and to all Plan amendments.

**Sec. A-2.03 Changes in Status.** In the event that a person who has been in the employ of the Employer in a category of employment not eligible for participation in this Plan subsequently becomes an Eligible Class Employee of the Employer by reason of a change in status to a category of employment eligible for participation, he/she shall, subject to Section A-2.02, become a Participant as of the date on which occurs such change to Eligible Class Employee status.

**Sec. A-2.04 Defined Benefit Plan Limitation.** An Eligible Employee that participates in the Township of Northampton Money Purchase Pension Plan as set forth in this Appendix A shall not be eligible to participate in the defined benefit component of the Non-Uniformed Employees' Pension Plan of Northampton Township.

### ARTICLE A-III CONTRIBUTIONS

**Sec. A-3.01 Determination of Amount.**

- (a) Participant Contributions. Participants are required to contribute an amount equal to five percent (5.0%) of Participant's Compensation at each bi-weekly payroll period into their Account on a pre-tax basis under Internal Revenue Code Section 414(h)(2).

Effective January 1, 2015, the Employer shall "pick-up" the required Participant Contributions hereunder pursuant to the provisions of Internal Revenue Code Section 414(h)(2) which shall cause the Participant contributions to be reclassified from Employee Contributions to Employer contributions and shall not cause any increase in the amount of an Employee's Compensation.

- (b) Employer Contributions. The Employer shall contribute an amount equal to five percent (5.0%) of each Participant's Compensation at each bi-weekly payroll period into the Account of each plan participant.
- (c) Rollover Contributions. Participants shall be entitled to contribute Rollover Amounts to the Plan in accordance with procedures established by the Plan Administrator.

**Sec. A-3.02 Timing of Contributions.** Employer shall pay its contribution made with respect to any payroll period on or before the last day of the sixth complete month following the last day of the payroll period.

**Sec. A-3.03 Contingent Nature of Contributions.** Each contribution made by the Employer pursuant to the provisions of Section A-3.01 hereof is hereby made expressly contingent on the exclusion thereof for Federal income tax purposes with respect to the Participants for whom contribution is made.

**Sec. A-3.04 Exclusive Benefit; Refund of Contributions.** All contributions made by the Employer are made for the exclusive benefit of the Participants and their Beneficiaries, and such contributions shall not be used for nor diverted to purposes other than for the exclusive benefit of the Participants and their Beneficiaries (including the costs of maintaining and administering the Plan). Notwithstanding the foregoing, to the extent that such refunds do not, in themselves, deprive the Plan of its qualified status, refunds of contributions shall be made to the Employer under the following circumstances and subject to the foregoing limitations:

- (a) Mistake of Fact. In the case of a contribution which is made in whole or in part by reason of a mistake of fact (for example, incorrect information as to the eligibility or compensation of an Participant, or a mathematical error), so much of the Employer contribution as is attributable to the mistake of fact shall be returnable to the Employer upon demand. Repayment must be effectuated within one (1) year after the payment of the contribution to which the mistake applies.
- (b) Exclusive Benefit; Refund of Contributions. In the event that any refund of amounts contributed pursuant to Section A-3.01(a) or Section A-3.01(b) is paid to the Employer hereunder, such refund shall be made without interest and shall be deducted from among the Employer Contribution Accounts or Participant Contribution Accounts of the Participants, as the case may be, except to the extent that the amount of the refund can be identified to one or more specific Participants (as in the case of certain mistakes of fact) in which case the amount of the refund identifiable to each such Participant's Account shall be deducted directly from such Account.

#### **ARTICLE A-IV LIMITATIONS ON CONTRIBUTIONS**

**Sec. A-4.01 Annual Additions Limitations.**

- (a) Incorporation of Code section 415 by Reference. Notwithstanding anything contained in this Section A-4.01 to the contrary, the limitations, adjustments, and other requirements prescribed in Section A-4.01 shall at all times comply with the provisions of Internal Revenue Code section 415 and the Regulations thereunder (as such apply to governmental plans), the terms of which are specifically incorporated herein by reference.
- (b) Compliance with Treasury Regulations. The Plan will comply with the final Treasury regulations under Internal Revenue Code section 415, which are incorporated into the Plan by reference. Consistent with those regulations, a Participant's compensation for purposes of the limit imposed under this Section A-4.01 includes regular compensation for services during an employee's regular working hours, or compensation for services outside of regular working hours (such as overtime and shift differential), commissions, bonuses or other similar payments if (i) such amounts would have been paid to the employee prior to severance of employment if employment had continued and (ii) such amounts are actually paid by



the later of 2½ months after severance of employment or the end of the limitation year in which severance of employment occurs (the “latest permissible date”). Compensation for purposes of the limit imposed under this Section A-4.01 includes:

- (1) Any payments for unused accrued bona fide sick, vacation or other leave if (i) the employee would have been able to use the leave if employment had continued and (ii) such payments were actually paid by the latest permissible date.
  - (2) Any amounts received by an employee pursuant to a nonqualified deferred compensation plan if (i) the amount would have been paid to the employee if the employee had continued employment, (ii) only to the extent the amounts are includible in the employee’s gross income and (iii) such payments were actually paid by the latest permissible date.
  - (3) Any amounts of salary continuation payments made to an individual during periods in which the individual does not perform services due to qualified military service (as defined in Section 414(u)(1) of the Code) to the extent the payments do not exceed the amounts the individual would have received if the individual would have continued performing services.
  - (4) Any amounts of salary continuation payments made to an individual who is permanently and totally disabled (as defined in Section 22(e)(3) of the Code).
- (c) Compensation Includes Differential Pay. Notwithstanding anything contained in this Section A-4.01 to the contrary, a Participant’s Compensation, for purposes of the limit imposed under this Section A-4.01, includes military wage differential payments (as such term is used in IRS Notice 2010-15).

**Sec. A-4.02 Elimination of Excess Amount.** In the event that the limit imposed under Section A-4.01 is exceeded with respect to any Participant for a limitation year, the Plan shall eliminate such excess amount in accordance with the Internal Revenue Service’s Employee Plans Compliance Resolution System or pursuant to any other correction method permitted by law.

## ARTICLE A-V ADMINISTRATIVE PROVISIONS

**Sec. A-5.01 Investment of Assets.** All contributions shall be invested in accordance with the Plan.

**Sec. A-5.02 Investment Direction By Participants.**

- (a) Rights of Participants. To the extent that the Plan Administrator has established investment categories for Participant investment direction, each Participant shall have the right to designate the investment category or categories in which the Plan is

to invest amounts allocated to such Participant's Account from contributions made by the Employer.

- (b) Changes in Investment Directions. Any designation of investment categories by a Participant shall be made in the manner prescribed by the Plan Administrator and shall be made at such reasonable times as shall be determined by the Plan Administrator.
- (c) Available Investment Categories. There shall be offered such investment categories as shall be determined in accordance with uniform non-discriminatory rules prescribed by the Plan Administrator from time to time.
- (d) Limitations on Division of Investments. Any Participant may elect as to the allocation among investment categories for the investment of future contributions in such percentages and at such time as shall be determined in accordance with uniform non-discriminatory rules prescribed by the Plan Administrator.
- (e) Failure to Elect Investment Categories. In the absence of any written designation of investment category preference, the Plan Administrator shall invest all funds received on account of any Participant in the investment category selected by the Plan Administrator. Any designation of investment category by any Participant shall, on its effective date, cancel any prior designation by that Participant with respect to investment of future contributions.
- (f) Annuity Contract or Trust. Notwithstanding any instruction from any Participant, the terms of any applicable annuity or trust agreement shall control investment of Plan assets.

## **ARTICLE A-VI RETIREMENT BENEFITS**

- Sec. A-6.01 Normal Retirement Benefit.** The Normal Retirement Benefit payable with respect to any Participant retiring at his/her Normal Retirement Age shall be equal to one hundred percent (100%) of his/her Account as of the appropriate Valuation Date coincident with or following the Participant's Normal Retirement Age.
- Sec. A-6.02 Deferred Vested Benefits.** A Participant shall be entitled to receive deferred vested benefits in accordance with Section A-9.02(c).
- Sec. A-6.03 Late Retirement.** A Participant may continue to work beyond his Normal Retirement Date subject to the Employer's rules and regulations regarding retirement age. If a participant who has met the requirements of Section A-6.01 shall continue to work beyond his Normal Retirement Date, there shall be no retirement benefits paid until employment ceases and retirement begins.

**Sec. A-6.04 Disability Retirement.** A Participant who is unable to perform any customary duties of employment with the Employer due to mental or physical injury or illness and qualifies for Social Security Disability benefits shall be entitled to a disability retirement benefit equal to the Participant's Normal Retirement Benefit calculated in accordance with Section A-6.01.

## **ARTICLE A-VII DEATH BENEFITS**

**Sec. A-7.01 Payment of Death Benefits.** Except as provided below, upon the death of a Participant, a death benefit equal to the balance of the Participant's vested interest in his/her Account shall be paid to the Participant's Beneficiary.

**Sec. A-7.02 Beneficiary Designation.**

- (a) Beneficiary Designation Right. Each Participant shall have the right to designate one or more primary and one or more contingent Beneficiaries to receive any benefit becoming payable pursuant to this Article A-VII. All Beneficiary designations shall be in writing in a form satisfactory to the Plan Administrator. Each Participant shall be entitled to change his/her Beneficiaries at any time in accordance with procedures established by the Plan Administrator.

In the event a Participant does not designate a Beneficiary, the primary Beneficiary of each married Participant shall be his/her spouse, and if there is no spouse or if the Participant is unmarried, the Participant's estate.

- (b) Termination of Beneficiary Designation. Any designation of Beneficiary by a Participant pursuant to Paragraph (a) of this section shall become null and void upon the marriage of the Participant subsequent to the date on which such designation was made.
- (c) Miscellaneous. Changes in Beneficiary designations shall become effective only upon receipt of a form by the Plan Administrator, but upon such receipt the change shall relate back to and take effect as of the date the Participant signed the request (which shall be presumed to be the date appearing on such form, or, if there be none, then the date of the Participant's death) whether or not the Participant is living at the time of such receipt. The Plan Administrator shall not be liable by reason for any payment of the Participant's death benefit made before the receipt of any acceptable form designating or changing the designation of the Beneficiary.

Any change of Beneficiary designation filed in proper form with the Plan Administrator shall revoke all prior Beneficiary designations. The Plan Administrator shall be the sole determinant of the acceptability of a Beneficiary designation or change of Beneficiary designation.

**ARTICLE A-VIII  
VESTING PROVISIONS**

**Sec. A-8.01 Full and Immediate Vested Interests.** All Participants shall at all times be fully vested in their respective Employees Contributions and Rollover Amounts.

**Sec. A-8.02 Deferred Vested Interests.** The Participant's vested interest in his/her Employer Matching Contribution Account and his/her Employer Base Contribution Account shall be determined from the following table as of any date of reference:

<b><u>Participant's Years of Service</u></b>	<b><u>Participant's Vested Percentage</u></b>
Less than 5 Years of Service	0%
5 years but less than 6 years	50%
6 years but less than 7 years	60%
7 years but less than 8 years	70%
8 years but less than 9 years	80%
9 years but less than 10 years	90%
10 years or more	100%

**Sec. A-8.03 Forfeiture of Non-Vested Accounts.** Accounts of non-vested Participants shall be forfeited upon termination of employment and shall not be subject to reinstatement.

**Sec. A-8.04 Allocation of Forfeitures.** Any forfeitures arising under the Plan shall be used to reduce the Employer contributions as required to be made pursuant to Sec. A-3.01.

**ARTICLE A-IX  
METHODS AND TIMING OF BENEFIT DISTRIBUTIONS**

**Sec. A-9.01 Forms of Benefit Payments.**

- (a) Normal Form of Benefits. Benefits shall normally be paid as a single lump sum distribution.

**Sec. A-9.02 Benefit Commencement Dates.**

- (a) Retirement Benefits. Benefits payable by reason of a Participant's retirement are payable as soon as administratively practicable following the Valuation Date of the Plan coincident with or next following the event entitling the Participant to such distribution. However, if a Participant does not submit a request describing the date that his benefit is to commence, the Participant will be deemed to have elected to postpone benefit commencement until the time such Participant elects (in the form and manner prescribed by the Plan Administrator) to commence benefit payments. Notwithstanding the foregoing, the Participant's Benefit Commencement Date shall in no event be later than his/her Required Beginning Date.

- (b) Death Benefits. Upon the beneficiary's election, benefits payable by reason of the death of the Participant shall commence and be paid within one (1) year of the date of the Participant's death in a single lump sum.
- (b) Deferred Vested Benefits. Benefits payable to a Participant by reason of a separation from service (other than due to retirement or death) prior to his/her retirement shall be payable, as of the date that would have been the Participant's Normal Retirement Age, and shall not, in any event, be deferred beyond the Participant's Required Beginning Date. Notwithstanding the foregoing, a terminated Vested Participant shall have the right to request a distribution of any benefit to which he/she is entitled pursuant to Article A-VIII as of any earlier Valuation Date coincident with or next following the date of such request, and the Plan Administrator shall have the right to pay any such benefit, if the Participant consents to such benefit distribution in writing. No distribution of such benefit shall occur prior to a termination of employment.

**Sec. A-9.03 Direct Rollover.**

- (a) In General. 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 directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.
- (b) For purposes of this section, the following definitions shall apply:
- (1) "Eligible Rollover Distribution" is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Code section 401(a)(9); and 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).

For purposes of the direct rollover provisions in this section of the Plan, a portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of after-tax employee contributions that are not includible in gross income. However, such portion may be paid only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code or any qualified trust or Code section 403(b) plan that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

- (2) "Eligible Retirement Plan" is a qualified trust described in Code section 401(a), 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), an annuity contract described in Code section 403(b), an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan.
  - (3) "Distributee" includes a Participant or former Participant. In addition, the Participant's or former Participant's surviving spouse and the Participant's or former Participant'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.
  - (4) "Direct Rollover" is a payment by the Plan to the eligible retirement plan specified by the Distributee or the Plan Administrator, if the Distributee does not make an election.
  - (5) Direct Rollovers may be made to a Roth IRA described in Section 408A of the Internal Revenue Code to the extent that the applicable requirements of Code section 408A are satisfied with respect to any direct rollover to such Roth IRA.
- (c) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Non-spouse Beneficiary's election under this section, a Nonspouse Beneficiary may elect to have any portion of a Plan distribution (that is payable to such Non-spouse Beneficiary due to a Participant's death) paid in a direct trustee-to-trustee transfer to an individual retirement account described in Code section 408(a) or to an individual retirement annuity described in Section 408(b) (other than an endowment contract) that has been established for the purposes of receiving the distribution on behalf of such Non-spouse Beneficiary. For these purposes, a "Non-spouse Beneficiary" is an individual who is a designated beneficiary (as defined by Section 401(a)(9)(E) of the Internal Revenue Code) of a Participant and who is not the surviving spouse of such Participant.

**Sec. A-9.04 Required Distributions.**

- (a) Notwithstanding any other provision of this Plan, the entire benefit of any Participant who becomes entitled to benefits prior to death shall be distributed either:
  - (1) not later than the Required Beginning Date, or

- (2) over a period beginning not later than the Required Beginning Date and extending over the life of such Participant or over the lives of such Participant and a designated Beneficiary (or over a period not extending beyond the life expectancy of such Participant, or the joint life expectancies of such Participant and a designated Beneficiary).

If a Participant who is entitled to benefits under this Plan dies prior to the date when the entire interest has been distributed after distribution of the benefits has begun in accordance with paragraph (2) above, the remaining portion of such benefit shall be distributed at least as rapidly as under the method of distribution being used under paragraph (2) as of the date of the death.

- (b) If a Participant who is entitled to benefits under this Plan dies before distribution of the benefit has begun, the entire interest of such Participant shall be distributed within five (5) years of the death of such Participant, unless the following sentence is applicable. If any portion of the Participant's interest is payable to (or for the benefit of) a designated Beneficiary, such portion shall be distributed over the life of such designated Beneficiary (or over a period not extending beyond the life expectancy of such Beneficiary), and such distributions begin not later than one (1) year after the date of the Participant's death or such later date as provided by regulations issued by the Secretary of the Treasury, then for purposes of the five-year rule set forth in the preceding sentence, the benefit payable to the Beneficiary shall be treated as distributed on the date on which such distributions begin. Provided, however, that notwithstanding the preceding sentence, if the designated Beneficiary is the surviving spouse of the Participant, then the date on which distributions are required to begin shall not be earlier than the date upon which the Participant would have attained age seventy and one-half (70½) and, further provided, if the surviving spouse dies before the distributions to such spouse begin, this subparagraph shall be applied as if the surviving spouse were the Participant.
- (c) For purposes of this section, the following definitions and procedures shall apply:
  - (1) "Required Beginning Date" shall mean April 1 of the calendar year following the later of the calendar year in which the Participant attains age seventy and one-half (70½), or the calendar year in which the Participant retires.
  - (2) The phrase "designated Beneficiary" shall mean any individual designated by the Participant under this Plan according to its rules.
  - (3) Any amount paid to a child shall be treated as if it had been paid to the surviving spouse if such amount will become payable to the surviving spouse upon such child's reaching majority (or other designated event permitted under regulations issued by the Secretary of the Treasury).
  - (4) For purposes of this section, the life expectancy of a Participant or the Participant's spouse (other than in the case of a life annuity) may be re-determined but not more frequently than annually.

- (d) General Rules. The requirements of this Section A-9.04 will take precedence over any inconsistent provisions of the Plan. All distributions required under this Section A-9.04 will be determined and made in accordance with Section 401(a)(9) of the Internal Revenue Code and the Treasury regulations thereunder, and the Employer's good faith interpretation of such Code and Regulations.

**Sec. A-9.05 Veterans' Survivor Benefits.** Notwithstanding any other provision of the Plan to the contrary, in the case of the death of a Participant while performing qualified military service (as defined in Code section 414(u)), the survivors of the Participant are entitled to any additional benefits under the Plan (if any, other than benefit accruals related to the period of such service which wouldn't otherwise be credited) had the Participant resumed and then terminated employment on account of death.

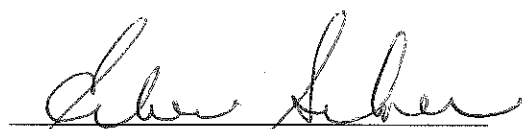
#### **ARTICLE A-X ADMINISTRATION**

The Plan is administrated in accordance with Article XII and Article XV of the Non-Uniformed Employees' Pension Plan of the Township of Northampton. In order to maintain the terms of the Plan in a single document, this Amendment may be incorporated into the most recent restatement of the Plan.

In all other respects the Non-Uniformed Employee's Pension Plan of Northampton Township is continued in full force and effect.

**ORDAINED AND ENACTED** by the Board of Supervisors of Northampton Township this 28<sup>th</sup> Day of January 2015.

#### **BOARD OF SUPERVISORS OF NORTHAMPTON TOWNSHIP**

  
\_\_\_\_\_  
, Secretary

  
\_\_\_\_\_  
, Chairman