

POLICE PENSION
FUND ORDINANCE
AMENDMENT

SHENANGO TOWNSHIP
POLICE PENSION PLAN
Amendment and Restatement

ARTICLE #6

ORD-3-93

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SHEHANGO TOWNSHIP POLICE PENSION PLAN

Background and Purpose

WHEREAS, SHEHANGO TOWNSHIP, heretofore established a police pension plan by Resolution Number 1-1964, and whereas this plan was amended and restated by Ordinance Number 5-1981, and later amended by amendments adopted in July of 1983; and

WHEREAS this plan was adopted in recognition of the contribution made to its employees and for the exclusive benefit of its eligible employees; and

WHEREAS, the Employer has the right to amend the Plan; and

WHEREAS, the Plan is now intended to comply with the requirements of the Act of May 29, 1956 P.L. 1804 (53 P.S. 767 et seq., Act 600); and

NOW, THEREFORE, effective this date the Employer hereby amends the Plan in its entirety to and restates the Plan to provide as follows:

Article 1. Definitions

1.1 Act

the Act of May 29, 1956, P.L. 1804, No. 600 (53 P.S. 767 et seq.), as it may be amended from time to time.

1.2 Act 205

the Act of December 18, 1984, the Municipal Pension Plan Funding Standard and Recovery Act, P.L. 1005, No. 205 (53 P.S. 895.101 et seq.), as it may be amended from time to time.

1.3 Actuarial Equivalent ...

a form of benefit differing in time, period, or manner of payment from a specific benefit provided under the Plan but having the same value when computed using the Unisex Pension Mortality Table (UP-1984) set forward one (1) year for Males, set backward four (4) years for Females and 6.5% interest, compounded annually.

1.4 Administrator...

The person or persons designated by the Township pursuant to Section 2.2 to administer the Plan on behalf of the Township.

1.5 Age...

age at nearest birthday.

1.6 Beneficiary...

the person designated as provided in Section 5.6 to receive the benefits which are payable under the Plan upon or after the death of a Participant.

1.7 Commission...

The Public Employee Retirement Study Commission established pursuant to the Act of July 9, 1981 (P.L. 208, No. 66), known as the Public Employee Retirement Study Commission Act.

1.8 Compensation...

the total compensation paid to a police officer or accrued by the Township for a Plan Year and due to be paid to such police officer, including regular salary and wages, and all other forms of direct remuneration for services that are performed, except compensation paid or accrued by reason of working, in any week, time in excess of the regular fixed hours worked by Township police officers. Amounts contributed by the Township under the within Plan and any non-taxable fringe benefits shall not be considered as Compensation.

1.9 Eligible Employee...

any Employee who has satisfied the provision of Section 3.1

1.10 Employee...

any person who is employed by the Township as a full-time police officer, performing forty (40) hours of service per week.

1.11 Employee Contribution Account...

the account established by the Administrator for each Participant with respect to his total interest in the Plan and the Trust Fund resulting from the Participant's mandatory contributions.

1.12 Employer...

the Township of Shenango, Lawrence County, a municipality, organized under the laws of the Commonwealth of Pennsylvania.

1.13 Fiduciary...

any person who (a) exercises any discretionary authority or discretionary control respecting management of the Plan or exercises any authority or control respecting management or disposition of its assets, (b) renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of the Plan or has any authority or responsibility to do so, or (c) has any discretionary authority or discretionary responsibility in the administration of the Plan, including but not limited to, the Trustee, the Authority and its representative body, and the Administrator.

1.14 Fiscal Year...

the Township's accounting year of 12 months commencing on January 1 of each year and ending the following December 31.

1.15 Former Participant...

a person who has been a Participant but who, for any reason, has ceased to be a Participant.

1.16 Hour of Service...

(1) each hour for which an Employee is directly or indirectly compensation by the Employer for the performance of duties during the applicable computation period; (2) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer (irrespective of whether the employment relationship has terminated) for reasons other than performance of duties (such as vacation, holidays, sickness, disability, jury duty, lay-off, military duty or leave of absence) during the applicable computation period; (3) each hour for back pay awarded or agreed to by the Employer without regard to mitigation of damages. These hours will be credited to the Employee for the computation period or periods to which the award, agreement pertains rather than the computation period in which the award, agreement is made. The same Hours of Service shall not be credited both under (1) or (2), as the case may be, and under (3).

1.17 Investment Manager...

any person, firm or corporation who is a registered investment adviser under the Investment Advisers Act of 1940, a bank or an insurance company, and (a) who has the power to manage, acquire, or dispose of Plan assets, and (b) who acknowledges in writing his fiduciary responsibility to the Plan.

1.18 Month of Service...

a calendar month during any part of which an Employee completed an Hour of Service. Except, however, a Participant shall be credited with a Month of Service for any period in which he has not incurred a 1-year Break in Service.

1.19 Normal Retirement Date...

the first day of the month coinciding with or next following the Participant's 55th birthday (Normal Retirement Age) or after twenty-five (25) years of service, if later.

1.20 1-Year Break in Service...

the applicable computation period of 12 consecutive months during which an Employee fails to accrue a Month of Service. Further, solely for the purpose of determining whether a Participant has incurred a 1-Year Break in Service, Hours of Service shall be recognized for authorized leaves of absence and maternity and paternity leaves of absence. Years of Service and 1-Year Breaks in Service shall be measured on the same compu-

tation period.

- Authorized leave of absence means an unpaid, temporary cessation from active employment with the Employer pursuant to an established nondiscriminatory policy, whether occasioned by illness, military service, or any other reason.

If a Participant who has participated for six (6) months and who, thereafter, enters the military service of the United States and upon discharge returns within six (6) months to the Township as an Eligible Employee, his or her period of military service shall be considered an authorized leave of absence for which Hours of Service are credited under this Section 1.27.

A maternity or paternity leave of absence means, an absence from work for any period by reason of the Employee's pregnancy, birth of the Employee's child, placement of a child with the Employee in connection with the adoption of such child, or any absence for the purpose of caring for such child for a period immediately following such birth or placement. For this purpose, Hours of Service shall be credited for the computation period in which the absence from work begins, only if credit therefore is necessary to prevent the Employee from incurring a 1-Year Break in Service, or, in any other case, in the immediately following computation period.

1.21 Participant...

any Eligible Employee who participates in the Plan as provided in Section 3.2 and 3.3, and has not for any reason become ineligible to participate further in the Plan.

1.22 Plan...

this instrument, including all amendments thereto.

1.23 Plan Year...

the accounting year for the Plan consisting of twelve (12) months commencing on January 1 of each year and ending the following December 31

1.24 Plan Year of Service...

a Plan Year during which an Employee is a Participant and completes 12 consecutive Months of Service.

In no event shall an Employee receive credit for a Plan year of Service for benefit purposes for any period of employment during which the Employee elected not to or was not permitted to make Employee Contributions.

1.25 Pre-Retirement Survivor Annuity...

an annuity form of payment for the life of the surviving spouse of a Participant who dies prior to his Retirement Date.

1.26 Regulation...

the Regulations as promulgated by agencies of the Commonwealth of Pennsylvania or their delegates, as such may be amended from time to time.

1.27 Retired Participant...

a person who has been a participant, but who has become entitled to retirement benefits under the Plan.

1.28 Retirement Date

the date as of which a Participant retires for reasons other than Total and Permanent Disability (see Section 5.1).

1.29 Terminated Participant...

a person who has been a Participant, but whose employment has been terminated other than by death, Total and Permanent Disability or retirement.

1.30 Total or Permanent Disability...

a physical or mental condition of a Participant resulting from bodily injury, disease, or mental disorder sustained while on active duty which renders him incapable of continuing his usual and customary employment with the Township. The disability of a Participant shall be determined by a licensed physician chosen by the Administrator. The determination shall be applied uniformly to all Participants.

1.31 Trustee...

the person or persons or entity named as trustee herein or in any separate trust forming a part of this Plan, and any successors.

1.32 Trust Fund (or Fund)...

the assets of the Plan and Trust as the same shall exist from time to time.

1.33 Vested...

the portion of a Participant's Accrued Benefit that is nonforfeitable.

1.34 Year of Service...

twelve (12) consecutive Months of Service.

For purposes of eligibility for participation, the initial computation period shall begin with the date on which the Employee first performs an Hour of Service. The participation computation period beginning after a 1-year Break in Service shall be measured from the date on which the Employee again performs an Hour of Service.

For vesting purposes, the computation period shall be a Plan Year.

Article 2. Administration

2.1 Powers and Responsibilities of the Township.

(a) The Township shall be empowered to appoint and remove the Trustee and the Administrator from time to time as it deems necessary for the proper administration of the Plan to assure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of this Plan and the Act.

(b) The Township shall establish a funding policy and method, i.e., it shall determine whether the Plan has a short run need for liquidity (e.g. to pay benefits) or whether liquidity is a long run goal and investment growth (and stability of same) is a more current need, or shall appoint a qualified person to do so. The township or its delegate shall communicate such needs and goals to the Trustee, who shall coordinate such Plan needs with its investment policy. The communication of such funding policy and method shall not, however, constitute a directive to the Trustee as to investment of the Trust Funds. Such funding policy and method shall be consistent with the objectives of this Plan and with any requirements of the Act which shall include fully funding any unfunded actuarial accrued liability over no more than twenty-five (25) years measured from the effective date of this amended and restated Plan.

(c) The Township may in its discretion appoint an Investment Manager to manage all or a designated portion of the assets of the Plan. In such event, the Trustee shall follow the directive of the Investment Manager in investing the assets of the Plan managed by the Investment Manager.

(d) The Township shall periodically review the performance of any Fiduciary or other person to whom duties have been delegated or allocated by it under the provisions of this Plan or pursuant to procedures established hereunder. This requirement may be satisfied by formal periodic review by the Township or by a qualified person specifically designated by the Township, through day-to-day conduct and evaluation, or through other appropriate ways.

2.2 Assignment and Designation of Administrative Authority.

The Township board of Supervisors may appoint three Administrators. Any person, including, but not limited to, members of the Board of Supervisors, officers and Employees of the Township, shall be eligible to serve as an Administrator. Any person so appointed shall signify his acceptance by filing written acceptance with the Township. An Administrator may resign by delivering his written resignation to the Township or be removed by the Township by delivery of written notice of removal, to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified.

In lieu of the above, the Board of Supervisors, on its own behalf, may perform all duties and assume all rights and responsibilities that would otherwise be assigned to any person or persons appointed as Administrator pursuant to this Section 2.2

The Township, upon resignation or removal of an Administrator, shall promptly designate in writing a successor to this position. If the Township does not appoint an Administrator, the Board of Supervisors of the Township will function as the Administrator.

2.3 Allocation and Delegation of Responsibilities

The responsibilities of each Administrator may be specified by the Township and accepted in writing by each Administrator. In the event that no such delegation is made by the Township, the Administrator may allocate the responsibilities among themselves, in which event the Administrators shall notify the Township and the Trustee in writing of such action and specify the responsibilities of each Administrator. The Trustee thereafter shall accept and rely upon any documents executed by the appropriate Administrator until such time as the Township or the Administrators file with the Trustee a written revocation of such designation.

2.4 Powers and duties of the Administrator.

The primary responsibility of the Administrator is to administer the Plan for the exclusive benefits of the Participants and their Beneficiaries, subject to the specific terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power to determine all questions arising in connection with the Administration, interpretation, and application of the Plan. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator may establish procedures, correct any defect, supply information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan; provided, however, that any procedure, discretionary act, interpretation or construction shall be done in a nondiscriminatory manner based upon uniform principals consistently applied and shall be consistent with the intent that the Plan shall comply with the terms of the Act and all regulations issued pursuant thereto as well as other applicable statutes such as Act 205. The Administrator shall have all powers necessary, or appropriate to accomplish his duties under this Plan.

The Administrator shall be charged with the duties of the general administration of the Plan, including, but not limited to, the following:

- (a) the discretion to determine all questions relating to the eligibility of Employees to participate or remain a Participant hereunder;
- (b) to compute, certify, and direct the Trustee with respect to the amount and the kind of benefits to which any Participant shall be entitled hereunder;
- (c) to authorize and direct the Trustee with respect to all non-discretionary or otherwise direct disbursements from the Trust;
- (d) to maintain all necessary records for the administration of the Plan;
- (e) to interpret the provisions of the Plan and to make and publish such rules for regulation of the Plan as are consistent with the terms hereof;
- (f) to determine the size and type of any Contract to be purchased from any insurer and to designate the insurer from which such Contract

shall be purchased;

(g) to compute and certify to the Township and to the Trustee from time to time the sums of money necessary or desirable to be contributed to the Trust Fund;

(h) to consult with the Township and Trustee regarding the short and long-term liquidity needs of the Plan in order that the Trustee can exercise an investment discretion in a manner designed to accomplish specific objectives;

(i) to prepare and distribute to Employees a procedure for notifying Participants and Beneficiaries of their rights to elect joint and survivor annuities and other optional forms of payments as provided by the Plan; and

(j) to assist any Participant regarding his rights, benefits, or elections available under the Plan.

2.5 Records and Reports

The Administrator shall keep a record of all actions taken and shall keep all other books of account, records, and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to agencies of the Commonwealth of Pennsylvania, Participants, Beneficiaries and others as required by law.

2.6 Appointment of Advisors.

The Administrator, or the Trustee with the consent of the Administrator, may appoint actuaries, counsel, specialists, advisors and other persons as the Administrator or the Trustee deems necessary or desirable in connection with the administration of this Plan.

2.7 Information from Township.

To enable the Administrator to perform his functions, the Township shall supply full and timely information to the Administrator on all matters relating to the Compensation of all Participants, their Hours of Service, their Years of Service, their retirement, death, disability, or termination of employment, and such other pertinent facts as the Administrator may require; and the Administration shall advise the Trustee of such foregoing facts as may be pertinent to the Trustee's duties under the Plan. The Administrator may rely upon such information as is supplied by the Township and shall have no duty or responsibility to verify such information.

2.8 Payment of Expenses

All expenses of administration may be paid out of the Trust Fund. Such expenses shall include all expenses incident to the functioning of the Administrator, including, but not limited to, fees of actuaries, accountants, counsel, and other specialists, and other costs of administering the Plan. Until paid, the expenses shall constitute a liability of the Trust Fund.

2.9 Majority Actions

Except where there has been an allocation and delegation of administrative authority pursuant to Section 2.3, the Administrator shall act by a

majority of their number, but may authorize one or more of them to sign all papers on their behalf.

2.10 Claims Procedure.

Claims for benefits under the Plan may be filed with the Administrator on form supplied by the Township. Written notice of the disposition of a claim shall be furnished to the claimant within 90 days after the application is filed. In the event the claim is denied, the reasons for the denial shall be specifically set forth in the notice in language calculated to be understood by the claimant, pertinent provisions of the Plan shall be cited, and, where appropriate, an explanation as to how the claimant can perfect the claim will be provided. In addition, the claimant shall be furnished with an explanation of the Plan's claims review procedure.

2.11 Claims Review Procedure

Any Employee, former Employee, or Beneficiary of either, who has been denied a benefit by a decision of the Administrator pursuant to Section 2.10 shall be entitled to request the Administrator to give further consideration to his claim by filing with the Administrator a request for a hearing. Such request shall be filed no later than 60 days after receipt of the written notification provided for in Section 2.10. The Administrator shall then conduct a hearing within the next 60 days. A final decision as to the allowance of the claim shall be made by the Administrator within 60 days of receipt of the appeal. Such communications shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based.

ARTICLE 3. Eligibility

3.1 Conditions of Eligibility

Any Eligible Employee shall be eligible to participate hereunder on the date of his employment with the Employer. Any Employee who was a Participant in the Plan prior to the effective date of this ordinance shall continue to participate in the Plan. The Employer shall give each prospective Eligible Employee written notice of his eligibility to participate in the Plan prior to the close of the Plan Year in which he first become an Eligible Employee.

3.2 Application for Participation.

Should mandatory Employee Contributions become necessary, each Eligible Employee must agree to make the mandatory contributions pursuant to Section 4.2 in order to become a Participant. Such Employee Contribution shall be made in accordance with written procedures established by the Employer and the Administrator. The Employer shall give each prospective Eligible Employee written notice of his required contribution in sufficient time to enable such prospective Eligible Employee to make his Employee Contribution in accordance with the procedures established.

3.3 Effective Date of Participation

An Eligible Employee shall become a Participant effective as of the first day of the month coinciding with or next following the date on which such Employee met the eligibility requirements of Section 3.1, provided said Employee is still employed as of such date (or if not employed on such date, as of the date of rehire if a 1-Year Break in Service has not occurred).

3.4 Determination Of Eligibility

The Administrator shall determine the eligibility of each Employee for participation in the Plan based upon information furnished by the Employer. Such determination shall be conclusive and binding upon all persons, as long as the same is made pursuant to the Plan and the Act. Such determination shall be subject to review per section 2.11

3.5 Termination of Eligibility

A Participant shall cease to be eligible to participate in the Plan as of the date that he fails to satisfy the conditions of participation as enumerated under this Article and in Section 1.9 and 1.10.

ARTICLE 4. Contribution and Valuation

Contribution by the State Treasurer to the Township Treasurer shall be applied in the following order:

4.1 Payment of Contributions

- (a) to reduce the unfunded actuarial liability; and after such liability has been funded,
- (b) to reduce the annual obligation of the Township for future service cost; and, to the extent that the payment exceeds such obligation,
- (c) to reduce contributions made by Employees.

4.2 Actuarial Methods

- (a) In establishing the liabilities under the Plan and contributions thereto, the Approved Actuary shall use such methods and assumptions which will reasonably reflect the cost of benefits.
- (b) The unfunded actuarial liability established as of the effective date of this Plan shall be amortized over a period not to exceed twenty-five (25) years measured from the Effective Date.
- (c) The assets of the Plan shall be valued using any reasonable method that considers fair market value pursuant to the Act and Act 205, and regulations thereto.
- (d) There must be an actuarial valuation of the Plan at least once every other year (each odd-numbered year).

4.3 Mandatory Contributions

- (a) As a condition for sharing in benefits, each Participant shall agree to contribute five (5) percent of his Compensation to the Plan. Such contribution shall be credited to his Employee Contributions Account. Such Employee Contributions shall accumulate at the interest rate of five (5) percent per annum, compounded annually.
- (b) The Employee Contributions Account shall be fully vested at all times.
- (c) Withdrawals from the Employee Contributions Account are not permitted prior to termination of employment.
- (d) The Employer shall transfer Employee Contributions to the Trustee as of the earliest date on which such contributions can reasonably be segregated from the Employer's general assets, but in any event within ninety days from the date on which such amounts would otherwise have been payable to the Participant in cash.
- (e) If an actuarial study shows that the conditions of the Plan is such that payments into the fund by member may be reduced or eliminated, and if contributions by the township will not be required to keep the fund actuarially sound, the township may reduce or eliminate member contributions on an annual basis by resolution.

ARTICLE 5. Benefits

5.1 Retirement Benefits

(a) The amount of monthly retirement benefit to be provided for each Participant who retires on his Normal Retirement Date (which benefit is herein called his Normal Retirement Benefit), shall be equal to fifty percent of the average monthly salary of the participant during the last sixty (60) months of employment.

The Normal Retirement Benefit means the periodic benefit under the Plan commencing upon the Normal Retirement Date.

(b) The Normal Retirement Benefit payable to a Participant pursuant to this Section 5.1 shall be a monthly pension commencing on his Retirement Date and continuing for life. If a Retired Participant dies prior to receiving monthly pension payments the total of which are equal to the accumulated value of his Employee Contributions Account, if any, determined as of his Normal Retirement Date, the remaining amount shall be paid to said Participant's Beneficiary in a lump sum.

5.2 Disability Retirement Benefits

(a) If prior to retirement or separation from service, a Participant becomes Totally and Permanently disabled, pursuant to Section 1.30, while engaged in the performance of his or her duties as a police officer and such conditions continues for a period of six (6) consecutive months and by reason thereof such Participant's status as an Employee ceases then said disabled Participant shall be entitled to one hundred (100) percent of his or her monthly Compensation as of the date that eligibility under this section is determined. Such benefit shall continue until the earlier of the cessation of eligibility under this section is determined. Such benefit shall continue until the earlier of the cessation of eligibility under Section 1.30 or the Participant's Normal Retirement Date. Upon satisfying the requirements for normal retirement, regardless of his continued eligibility for payments because of disability, the benefit payable by reason of disability shall be reduced to fifty (50) percent of said Participant's Average Monthly Compensation during the last sixty (60) months of employment, as of the date that he became eligible for disability benefits and shall be paid in the same manner as described at Section 5.1(b), above, or subject to previous elections under Section 5.5.

Such disability benefit payments shall be reduced by any statutory benefits that are awarded to the disabled participant and by any benefits that are paid pursuant to any disability insurance and any other compensation provided by the Employer.

(b) The benefit payable pursuant to (a) above, unless otherwise indicated, shall be computed as of the date that the Participant certifies the eligibility requirements pertaining to Total and Permanent Disability and distributed pursuant to section 5.5.

(c) In the event of the terminated Participant's Total and Permanent Disability subsequent to this termination of employment, the Terminated Participant (or his Beneficiary) shall receive the Present Value of his Vested Accrued Benefit as of the Anniversary Date coinciding with or next following the date of his Total and Permanent Disability, pursuant to 5.5 and 5.7.

5.3 Survivor Benefits

(a) If a Participant dies while on active duty prior to his Retirement Date such Participant's Beneficiary shall receive a survivor benefit equal to fifty (50) percent of the amount to which the Participant would have been entitled had he retired on the date of his death. The Actuarial Equivalent of such survivor benefit shall not be less than the value of his Employee Contributions Account, if any.

(b) Survivor benefits payable by reason of death of a Participant shall be paid to his Beneficiary in accordance with the following provisions:

(i) Upon the death of a Participant subsequent to his Retirement Date, but prior to commencement of his retirement benefits, his Beneficiary shall be entitled to a survivor benefit in an amount equal to fifty (50) percent of the benefit the Participant would have received at this Retirement Date.

(ii) Upon the death of a Participant subsequent to the commencement of his retirement benefits for reason of Normal and Total and Permanent Disability Retirement, his Beneficiary shall be entitled to whatever death benefit may be available under the settlement arrangements pursuant to which the Participant's benefit is made payable.

(iii) In the event of the Terminated Participant's death subsequent to his termination of employment, his Beneficiary shall receive fifty (50) percent of such Participant's deferred Vested Accrued Benefit as of the date of his death.

(c) The Administrator may require such proper proof of death and such evidence of the right of any person to receive the death benefit payable as a result of the death of a Participant as the Administrator may deem desirable. The Administrator's determination of death and the right of any person to receive payment shall be conclusive.

(d) Unless otherwise elected in the manner prescribed in Section 5.5, the Beneficiary of the survivor benefit shall be the Participant's spouse, who shall receive such benefit in the form of a Pre-Retirement Survivor Annuity pursuant to Section 5.6. Except, however, the Participant may designate his children under eighteen (18) years of age as Beneficiary if:

- (i) The Participant has no spouse,
- (ii) The spouse cannot be located,
- (iii) The Participant's spouse has died.

In such event, the designation of a Beneficiary shall be made on a form satisfactory to the Administrator. A Participant may at any time revoke his designation of a Beneficiary or change his Beneficiary by filing written

notice of such revocation or change with the Administrator. In the event no valid designation of Beneficiary exists at the time of the Participant's death, the death benefit shall be payable to his Estate.

(e) The benefit payable under this Section shall be paid pursuant to the provisions of Sections 5.6 and 5.7.

(f) Any benefits distributed to a Participant's spouse shall continue to said spouse for life or until he or she remarries upon which occasion benefits paid to such spouse shall cease and become payable in the same amount to such Participant's children, until each child reaches age eighteen (18) years of age.

(g) If a Participant's death occurs by reasons other than service or if such Participant is not Vested, benefits under this section shall be limited to the balance in his or her Employee Contributions Account.

5.4 Termination of Employment Before Retirement

(a) When a Participant has incurred a 1-Year Break in Service, his participation in the Plan shall cease. Payment to a Former Participant of the Vested portion of his Accrued Benefit, derived from the Township contributions shall be deferred to no later than his Normal Retirement Date. Such payment shall then be made in accordance with Section 5.5. Amounts under his Employee Contributions Account, if any, unless the Participant elects otherwise, shall be returned to such Participant no later than the 60th day after the close of the Plan Year during which his termination of employment occurred. Notwithstanding any provisions herein to the contrary, however, any such payment shall reduce the total of the benefits to which such Participant would have otherwise been entitled.

In the event of the Terminated Participant's Total and Permanent Disability subsequent to his termination of employment, the Terminated Participant (or his beneficiary) shall receive the Present Value of his Vested Accrued Benefit as of the Anniversary Date coinciding with or next following the date of his Total and Permanent Disability pursuant to Section 5.5 and 5.7.

In the event of the Terminated Participant's death subsequent to his termination of employment, his Beneficiary shall receive such Participant's Vested Accrued Benefit as of the date of his death, pursuant to Section 5.3, 5.5 and 5.7.

For the purposes of determining the Present Value of Accrued Benefit in this regard, the interest rate assumption shall be the rate specified in Section 1.3.

A Participant is always fully Vested in his or her Employee Contributions Account.

That portion of a Terminated Participant's Accrued Benefit that is not Vested shall be forfeited and used only to reduce future costs of the Plan.

(b) The Vested portion of any Participant's Accrued Benefit derived from contributions made by the Township shall be the percentage of such Participant's Accrued Benefit determined under (i) or (ii) below:

(i) For Participants who were hired prior to July 9, 1981:

Vesting Schedule

<u>Years of Service</u>	<u>Percentage</u>
Less than 10	0
10 or more	100%

(ii) For Participants who were hired after July 8, 1981:

Vesting Schedule

<u>Years of Service</u>	<u>Percentage</u>
Less than 12	0
12 or more	100%

(c) Notwithstanding the vesting schedule above, the Vested percentage of a Participant's Accrued Benefit shall not be less than the Vested percentage attained as of the Effective Date of this Ordinance.

(d) The amount computed as, or the nonforfeitable percentage of, a Participant's interest in the Plan shall not be reduced as the result of any direct or indirect amendment to this Article. In the event that this Plan is amended to change or modify any vesting schedule, any Participant prior to the change or modification shall have his nonforfeitable percentage computed under this Plan without regard to such amendment.

(e) (1) If any Terminated Participant shall be reemployed by the Township before a 1-year Break in Service occurs, he shall continue to participate in the Plan in the same manner as if such termination has not occurred.

(2) If any Former Participant is reemployed after a 1-Year Break in Service has occurred, for the purposes of Section 5.4(b) and for calculating Plan Years of Service, the Years of Service and Plan Years of Service shall include Years of Service and Plan Years of Service prior to his 1-year Break in Service only if he is credited for service while a member of the United States armed forces, and the requirements under Section 5.4(e)(3) are met.

(3) If a Former Participant again becomes a Participant, such renewed participation shall not result in duplication of benefits. Accordingly, if he has received a distribution of his Employee Contributions Account under the Plan by reason of prior participation (and such distribution has not been repaid to the Plan with interest at an annual rate of 5%, compounded annually from the date of distribution to the date of repayment, or if contributions, including interest at the aforementioned rate and

conditions, are not made for the period of absence), his Normal Retirement Benefit and Accrued Benefit shall be reduced by the Actuarial Equivalent (at the date of distribution) of the present value of the Accrued Benefit as of the date of the distribution. Credit for any period of absence shall only be granted to the extent that any such distribution as been repaid.

5.5 Distribution of Benefits.

(a) (1) Unless otherwise elected, as provided below, a Participant who is married on the annuity starting date and who retires under the Plan shall receive the value of his benefits in the form of a joint and survivor annuity. The joint and survivor annuity shall be the Actuarial Equivalent of a single life annuity. Such joint and survivor benefits following the Participant's death shall continue to the spouse during the spouse's lifetime at a rate equal to fifty percent (50%) of the rate at which such benefits were payable to the Participant. The Participant may, however, elect to receive a small annuity benefit with continuation of payments to the spouse at a rate of seventy-five percent (75%) or one hundred percent (100%) of the rate payable to a Participant during his lifetime.

(2) Any election to waive the joint and survivor annuity must be made by the Participant's in writing during the election period and be consented to by the Participant's spouse. Such spouse's consent must acknowledge the effect of such election and be witnessed by a Plan representative or a notary public. Such consent shall not be required if it is established to the satisfaction of the Administrator that the required consent cannot be obtained because there is no spouse, the spouse cannot be located, or other circumstances that may be prescribed by U.S. Treasury regulations. The election made by the Participant and consented to by his spouse be revoked by the Participant in writing without the consent of the spouse at any time during the election period. Any new election must comply with the requirements of this paragraph. A former spouse's waiver shall not be binding on a new spouse.

(3) The election period to waive the joint and survivor annuity shall be the 90 day period ending on the annuity starting date.

(4) For purposes of this Section, the annuity starting date means the first day of the first period for which an amount is received as an annuity (whether by reason of retirement or disability).

(5) With regard to the election, the Administrator shall provide the Participant within a reasonable period of time before the annuity starting date, a written explanation of:

- (i) the terms and conditions of the joint and survivor annuity, and
- (ii) the Participant's right to make an election to waive the joint and survivor annuity, and
- (iii) the right of the Participant's spouse to consent to any election to waive the joint and survivor annuity, and
- (iv) the right of the Participant to revoke such election, and the effect of such revocation.

(b) The joint and survivor annuity requirements provided for in this Section shall apply only to Participants who are credited with an Hour of Service on or after the effective date of this Ordinance.

(b) In the event a Participant duly elects pursuant to paragraph (a)(2) above not to receive the form of retirement benefit in the form of a joint and survivor annuity or if such Participant is not married, and does not elect otherwise from among the options below, the Administrator in his sole discretion shall direct the Trustee to distribute to a Participant or his Beneficiary, an amount to which he is entitled under the Plan in the method set forth below:

(i) Life annuity, with modified cash refund. The normal form of payment under the Plan; or a

(ii) Life annuity with period-certain; or the

(iii) Purchase of a Contract from an insurer.

In no event, however, shall the amount received by any Participant or Beneficiary be less than the amount held under the Participant's Employee Contribution Account, if any, accumulated at five percent (5%) interest compounded annually up to the Participant's Retirement Date.

5.6 Distribution of Benefits Upon Death.

(a) Unless otherwise elected as provided below, a Participant who dies while in service before the annuity starting date and who has a surviving spouse shall have his death benefit paid to his surviving spouse, or, in accordance with Section 5.3(d) and (f), in the form of a Pre-Retirement Survivor Annuity. Payment of such benefits must commence no later than the date the Participant would have attained the Normal Retirement Age under the Plan, unless the surviving spouse elects a later date. In no event however, shall total payments be less than the amount held under the Employee Contributions Account.

For the purposes of determining the Present Value of Accrued Benefit in this regard, the actuarial assumptions specified in Section 1.3 shall be employed.

(b) In the event the Beneficiary is not entitled to a death benefit in the form of a Pre-retirement Survivor Annuity, if it represents the only amount to which the Participant's Beneficiary is entitled the Employee Contributions Account, if any, shall be paid in one cash lump-sum payment.

5.7 Time of Segregation Or Distribution

Notwithstanding any other provision of the Plan to the contrary, whenever the Trustee is to make a distribution or to commence a series of payments on or as of an Anniversary Date, the distribution or series of payments may be made or begun on such date or as soon thereafter as is practicable, but in no event later than 180 days after the Anniversary Date. Except, however, unless otherwise elected by the Former Participant (such election may not result in a death benefit that is more than incidental), a distribution as the result of Normal Retirement shall begin not later than the 60th day after the close of the Plan Year in which the latest of the

following events occurs:

- (1) the date on which the Participant attains the earlier of age 55, or
- (2) the 25th or 20th anniversary, as appropriate, of the year in which the Participant commenced participation in the Plan, or
- (3) the date beyond his Normal Retirement Date that the Participant terminates his service with the Employer.

5.8 Distribution for Minor Beneficiary.

In the event a distribution is to be made to a minor, then the Administrator may, in the Administrator's sole discretion, direct that such distribution be paid to the legal guardian, or if none, to a parent of such beneficiary or a responsible adult with whom the Beneficiary maintains his residence, or to the custodian for such Beneficiary under the Uniform Gift to Minors Act or Gift to Minors Act, if such is permitted by the laws of the state in which said beneficiary resides. Such a payment to the legal guardian or parent of a minor Beneficiary shall fully discharge the Trustee, Employer, and Plan from further liability on account thereof.

5.9 Minimum Benefits Payable.

Notwithstanding the provisions of Section 5.3, the benefits payable to a Participant or a Beneficiary pursuant to such Sections shall not be less than a Participant's Present Value of Vested Accrued Benefits as of the date of distribution.

5.10 Location of Participant or Beneficiary Unknown.

In the event that all, or any portion, of the distribution payable to a Participant or his Beneficiary hereunder shall, at the expiration of five (5) years after it shall become payable, remain unpaid solely by reason of the inability of the Administrator, after sending a registered letter, return receipt requested, to the last known address, and after further diligent effort, to ascertain the whereabouts of such Participant or his Beneficiary, the amount so distributable shall be forfeited and shall be used to reduce the cost of the Plan. In the event a Participant or Beneficiary is located subsequent to his benefit forfeited, such benefit shall be restored.

5.11 Effect of Social Security Act

Benefits being paid to a Participant or Beneficiary under the terms of this Plan may not be decreased by reason of any post-separation Social Security benefit increases or by the increase of the Social Security wage base under Title II of the Social Security Act. Benefits to which a Former Participant has a Vested interest may not be decreased by reason of an increase in a benefit level or wage base under Title II of the Social Security Act.

5.12 Limitation on Distributions

In the event a Participant receives a distribution of this Vested Accrued Benefit prior to his Normal Retirement Age, the amount of the distribution shall be limited to his Vested Accrued Benefit at Normal Retirement Age reduced by 1/15th for each year prior to the earlier of his Normal Retirement Age or age fifty-five (55) until age fifty (50) and 1/30th for each such year prior to age fifty (50) until age forty-five (45) and reduced actuarially for each additional year thereafter that the Anniversary Date on which he commenced to receive his benefit precedes his Normal Retirement Date.

5.13 Forfeiture of Benefits For Certain Causes.

Notwithstanding any other provisions of this Plan which are to the contrary, the right of any Participant or Former Participant to receive or to have paid to any other person and the right of any such other person to receive his Accrued Benefits derived from contributions made hereunder by the Township shall terminate and shall be forever forfeited if such Participant's employment is terminated because of fraud, embezzlement or dishonesty. This Section shall be inapplicable to any such termination of employment occurring after such Participant has met the requirements that would qualify him for retirement benefits under Section 5.1, or if such Participant has completed ten (10) Years of Service, or the Plan has terminated or contributions hereunder have been completely discontinued.

ARTICLE 6. Plan Amendment

6.1 Amendment

The Township shall have the right at any time to amend this Plan. No such amendment, however, shall authorize or permit any part of the Trust Fund (other than such part as is required to pay administration expenses) to be used for or diverted to purposes other than for the exclusive benefit of the Participants or their Beneficiaries or estates; no such amendment shall cause any reduction in the Accrued benefit of any Participant or cause or permit any portion of the Trust Fund to revert to or become the property of the Township; and no such amendment which affects rights, duties or responsibilities of the Trustee and Administrator may be made without the Trustee's and Administrator's written consent. Any such amendment shall become effective as provided therein upon its execution. The trustee shall not be required to execute any such amendment unless the Trust provisions contained herein are a part of this Plan and the amendment affects the duties of the Trustee hereunder.

For purposes of this paragraph, a plan amendment which has the effect of (1) eliminating or reducing a retirement-type subsidy, or (2) eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment shall be treated as reducing accrued benefits.

In the case of a retirement-type subsidy, the preceding sentence shall apply only with respect to a Participant who satisfies (either before or after the amendment) the preamendment conditions for the subsidy. In general, a retirement-type subsidy is a subsidy that continues after retirement, but does not include a disability benefit, a medical benefit, a social security supplement, a death benefit, or any benefit that does not continue after retirement age. Furthermore, no amendment to the Plan shall have the effect of decreasing a Participant's Vested interest determined without regard to such amendment as of the later of the date such amendment is adopted, or becomes effective.

7.1 Participant's Rights

This Plan shall not be deemed to constitute a contract between the Township and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Township or to interfere with the right of the Township to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan.

7.2 Alienation.

(a) Subject to the exceptions provided below, no benefit which shall be payable out of the Trust Fund to any person (including a Participant or his Beneficiary) shall be subject to any manner to anticipation, alienation, sale, transfer, assign, pledge, encumber, or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor shall it be subject to attachment or legal process for organizations such person, and the same shall not be recognized by the Trustee, except to such extent as may be required by law.

(b) This provision shall not apply to the extent a Participant or Beneficiary is indebted to the Plan, for any reason, under any provision of the Plan. At the time a distribution is to be made to or for a Participant's or Beneficiary's benefit, such proportion of the amount distributed as shall equal such indebtedness shall be paid by the Trustee to the Trustee or the Administrator, at the direction of the Administrator, to apply against or discharge such indebtedness. Prior to making a payment, however, the Participant or Beneficiary must be given written notice by the Administrator that such indebtedness is to be deducted in whole or part from his Participant's Accrued Benefit. If the Participant or Beneficiary does not agree that the indebtedness is a valid claim against his Vested Participant's Accrued Benefit, he shall be entitled to review of the validity of the claim in accordance with the procedures provided in Sections 2.10 and 2.11.

7.3 Construction of Plan.

This Plan shall be construed and enforced according to the act and other laws of the Commonwealth of Pennsylvania, other than its laws respecting choice of law.

7.4 Gender and Number

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were used in another gender

in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

7.5 Legal Action

In the event any claim, suit, or proceeding is brought regarding the Trust and/or Plan established hereunder to which the Trustee or the Administrator may be a party, and such claim, suit, or proceeding is resolved in favor of the Trustee or Administrator, they shall be entitled to be reimbursed from the Trust Fund for any and all costs, attorney's fees, and other expenses pertaining thereto incurred by them for which they shall have become liable.

7.6 Prohibitions Against Diversion of Funds

Except as provided below and otherwise specifically permitted, it shall be impossible by operation of the Plan or of the Trust by termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any trust fund maintained pursuant to the Plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participants, Retired Participants, or their Beneficiaries.

7.7 Township's and Trustee's Protective Clause.

Neither the Township nor the Trustee, nor their successors, shall be responsible for the validity of any Contract of issued hereunder or for the failure on the part of the insurer to make payments provided by any such Contract, or for the action of any person which may delay payment or render a Contract null and void or unenforceable in whole or in part.

7.8 Insurer's Protective Clause.

Any insurer who shall issue Contracts of annuities hereunder shall not have any responsibility for the validity of this Plan or for the tax or legal aspects of this Plan. The insurer shall be protected and held harmless in acting in accordance with any written direction of the Trustee, and shall have no duty to see to the application of any funds paid to the Trustee, nor be required to question any actions directed by the Trustee. Regardless of any provision of this Plan, the insurer shall not be required to take or permit any action or allow any benefit or privilege contrary to the terms of any Contract which it issues hereunder, or the rules of the insurer.

7.9 Receipts and Release of Payments

Any payment to any Participant, his legal representative, Beneficiary, or to any guardian or committee appointed for such Participant or Beneficiary in accordance with the provisions of the Plan, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Trustee and

the township, either of whom may require such Participant, legal representative, Beneficiary, guardian or committee, as a condition precedent to such payment, to execute a receipt and release thereof in such form as shall be determined by the Trustee or the Township.

7.10 Action by the Township.

Whenever the Township under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

7.11 Named Fiduciaries and Allocation of Responsibility

The named Fiduciaries of this Plan are (1) the Township (2) Administrator (3) Trustee and (4) any Investment Manager appointed hereunder. The named Fiduciaries shall have only those specified powers, duties responsibilities, and obligations as are specifically given them under the Plan. In general, the Township shall have the sole responsibility for making the contributions provided for under Section 4.1; and shall have the sole authority to appoint and remove the Trustee, the Administrator and any Investment Manager which may be provided for under this Plan; to formulate the Plan's funding policy and method; and to amend or terminate, in whole or in part, this Plan. The Administrator shall have the sole responsibility for the administration of the Plan, which responsibility is specifically described in the Plan. The Trustee shall have the sole responsibility of management of the assets held under the Trustee, except those assets, the management of which has been assigned to an Investment Manager, who shall be solely responsible for the management of the assets assigned to it, all as specifically provided in the Plan. Each named Fiduciary warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of the Plan, authorizing or providing for such direction, information or action. Furthermore, each named Fiduciary may rely upon any such direction, information or action of another named Fiduciary as being proper under the Plan, and is not required under the Plan to inquire into the propriety of any such direction, information or action. It is intended under the Plan that each named Fiduciary shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under the Plan. No named Fiduciary guarantees the Trust Fund in any manner against investment loss or depreciation in asset value. Any person or group may serve in more than one Fiduciary capacity.

7.12 Headings

The headings and subheadings of this Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

7.13 Mistaken Contribution

In the case of a contribution which is made by mistake of fact, such contribution shall be returned to the Township within one year after the payment of the contribution.

7.14 Reference


The term, Township, when included in references to the source of contributions with respect to financing benefits, is used for brevity and, unless otherwise noted, for such limited purposes, shall include any funds provided in accordance with Section 4.1.

7.15 Uniformity.

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner.

ADOPTED THIS 11th day of November, 1993.


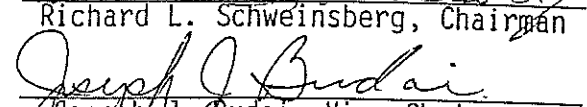
ATTEST:


Teresa K. Sparacino, Secretary

(SEAL)

SHENANGO TOWNSHIP
BOARD OF SUPERVISORS

By:


Richard L. Schweinsberg, Chairman

Joseph J. Budai, Vice-Chairman