

TOWNSHIP OF RESERVE
ALLEGHENY COUNTY, PENNSYLVANIA
ORDINANCE NO. 702

AN ORDINANCE OF THE TOWNSHIP OF RESERVE, ALLEGHENY COUNTY, COMMONWEALTH OF PENNSYLVANIA, ADOPTING AN AMENDED AND RESTATED POLICE PENSION PLAN DOCUMENT.

WHEREAS, the Township of Reserve (the “Township”), situated in Allegheny County, Pennsylvania, established a defined benefit retirement plan for the benefits of its full time police officers and their beneficiaries on May 10, 1965 pursuant to Ordinance No. 290 and the provisions of the Police Pension Fund Act of May 29, 1956, P.L. (1955) 1804 No. 600, as amended, 53 P.S. 767, et seq. (commonly referred to as “Act 600”), which is now known as the Township of Reserve Police Pension Plan (the “Pension Plan”); and

WHEREAS, the Pension Plan has been amended from time to time to reflect changes in its terms and administration, and to incorporate changes in the Internal Revenue Code and other laws and regulations applicable to the Pension Plan; and

WHEREAS, the Township last completely amended and restated the Pension Plan effective January 1, 2003; and

WHEREAS, the Township’s Board of Commissioners (the “Board”) is empowered to amend the provisions of the Pension Plan at any time pursuant to section 10.01; and

WHEREAS, the Board wants to facilitate the administration of the Pension Plan by again completely amending and restating the Pension Plan for the purposes of incorporating amendments since the last restatement and changes needed to comply with rules and regulations applicable to the Pension Plan, ordinance consolidation and clarity; and

WHEREAS, the Board intends that the Pension Plan shall meet the requirements for governmental plans pursuant to the Internal Revenue Code of 1986, as amended, and the applicable laws of the Commonwealth of Pennsylvania.

NOW BE IT ORDAINED AND ENACTED by the Township of Reserve, Allegheny County, Commonwealth of Pennsylvania as follows:

The Township of Reserve Police Pension Plan is hereby restated effective January 1, 2025, in the form of the Township of Reserve Police Pension Plan document attached hereto.

Ordinances or parts of ordinances inconsistent herewith are hereby repealed.

ENACTED AND ORDAINED THIS ____ DAY OF _____, 2024.

Township Commissioners

ATTEST:

Township Secretary

**TOWNSHIP OF RESERVE
POLICE PENSION PLAN**

Amended and Restated as of January 1, 2025

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INTRODUCTION

The Employer previously established a defined benefit retirement plan on May 10, 1965.

The Employer is of the opinion that the retirement plan should be changed. It is believed that the best means to accomplish these changes is to completely restate the plan's terms, provisions and conditions. The restatement, effective January 1, 2025, is set forth in this document and is substituted in lieu of the prior document.

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

The restated defined benefit retirement plan continues to be for the exclusive benefit of employees of the Employer. All persons covered under the plan on December 31, 2024, shall continue to be covered under the restated plan with no loss of benefits.

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

ARTICLE I FORMAT AND DEFINITIONS

SECTION 1.01--FORMAT.

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

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

SECTION 1.02--DEFINITIONS.

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

However, Accrual Service is modified as follows:

Service excluded:

Service while an Employee was not an Eligible Employee.

Service for which a Participant previously received a distribution of their Required Contribution Account in a single-sum payment.

Military service included:

Military service with the armed forces of the United States shall be included as Service if the Employee (i) has been a regularly appointed member of the Employer's police force for a period of at least six (6) months upon entry into such military service and (ii) returns to employment as a regularly appointed member of the Employer's police force within six (6) months after separation from the service. To the extent such military service is also required to be included as Service in accordance with Code Section 414(u), such military service shall not be included more than once.

Military service with the armed forces of the United States shall also be included as Service (up to a maximum of five (5) years) if the Employee (i) was not employed by the Employer prior to such military service, (ii) makes an election to include such military service and (iii) pays the cost of crediting such military service. Such cost shall be determined by the Employer in accordance with the provisions of 53 P.S. 770 of Act 600.

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

a reserve or national guard component of the armed forces, which retirement pay is payable only upon reaching a specified age and completion of a period of service under 10 U.S.C. Ch. 67 (relating to retired pay for non-regular service).

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

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

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

The Accrued Benefit Adjustment shall not exceed one (1.0) and shall be one (1.0) on a Participant's Normal Retirement Date.

Act 51 means the act of October 9, 2009, amending the act of June 24, 1976 (P.L. 424, No. 101) referred to as the Emergency and Law Enforcement Personnel Death Benefits Act, further providing for death benefit eligibility and repealing certain provisions of the Municipal Police Pension Law and the Municipal Pension Plan Funding Standard and Recovery Act."

Act 205 means the act of December 18, 1984 P.L. 1005 No. 205, as amended, 53 P.S. 895.101, et. seq., known as the Municipal Pension Plan Funding Standard and Recovery Act, governing funding and reporting requirements for municipalities of Pennsylvania.

Act 600 means the act of May 29, 1956 P.L. (1955) 1804 No. 600, as amended, 53 P.S. 767, et. seq., known as the Police Pension Fund Act, requiring the establishment of police pension plans for boroughs, towns, and townships in Pennsylvania with three (3) or more full-time police officers and regional police departments in accordance with such act and permitting those with less than three (3) full-time police officers to establish their plans in accordance with such act.

Actuary means the person, partnership, association, or corporation which at any given time is serving as the actuary to the Plan, provided that such Actuary must be an "Approved Actuary" as defined in Act 205.

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

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

Average Compensation means, on any given date, the average of an Employee's monthly Compensation for the latest 36 months of employment with the Employer.

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

Chief Administrative Officer means the person designated by the Employer who has the primary responsibility for the execution of the administrative affairs for the Plan. In the event that no such person is designated, Chief Administrative Officer shall mean the Plan Administrator.

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

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

- unused sick pay
- unused vacation pay

Compensation shall be limited on an annual basis to the amount specified for government plans pursuant to Code section 401(a)(17), as adjusted under Code section 415(d).

Effective as of January 1, 2009, to the extent required by the HEART Act (defined below), differential wage payments shall be included in Compensation.

Contributions means

- Employer Contributions
- Required Contributions

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

Dependent Child means, as to a Participant, any child of such Participant under age eighteen (18), or if attending college, under or attaining age twenty-three (23). For purposes of this definition, "attending college" means registered at an accredited institution of higher learning and carrying a minimum course load of seven (7) hours per semester.

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

Distributee means an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are Distributees with regard to the interest of the spouse or former spouse.

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

Eligible Retirement Plan means an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), an annuity contract described in Code Section 403(b), a qualified trust described in Code Section 401(a), or 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, that accepts the Distributee's Eligible Rollover Distribution. Effective as of January 1, 2008, a Roth IRA described in Code Section 408A is an Eligible Retirement Plan to the extent that the applicable requirements of Code Section 408A are satisfied with respect to any direct rollover to such Roth IRA.

Eligible Rollover Distribution means any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: (i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten (10) years or more; (ii) any distribution to the extent such distribution is required under Code Section 401(a)(9); (iii) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and (iv) any other distribution(s) that is reasonably expected to total less than \$200 during a year.

Employee means an individual who is employed by the Employer.

Employer means, except for purposes of the BENEFIT LIMITATION SECTION of Article IV, the Township of Reserve, Allegheny County, Pennsylvania.

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

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

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

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

Insurer or Insurance Company means a legal reserve life insurance company authorized to do business in the Commonwealth of Pennsylvania.

Investment Manager means any fiduciary (other than a trustee)

- (a) who has the power to manage, acquire, or dispose of any assets of the Plan;
- (b) who (i) is registered as an investment adviser under the Investment Advisers Act of 1940; (ii) is not registered as an investment adviser under such Act by reason of paragraph (1) of Section 203A(a) of such Act, is registered as an investment adviser under the laws of the state (referred

to in such paragraph (1)) in which it maintains its principal office and place of business, and, at the time it last filed the registration form most recently filed it with such state in order to maintain its registration under the laws of such state, also filed a copy of such form with the Secretary of Labor; (iii) is a bank, as defined in that Act; or (iv) is an insurance company qualified to perform services described in subparagraph (a) above under the laws of more than one state; and

- (c) who has acknowledged in writing being a fiduciary with respect to the Plan.

Late Retirement Date means the Monthly Date which is after a Participant's Normal Retirement Date and on which retirement benefits begin. For a Participant who continues to work for the Employer after reaching the Participant's Normal Retirement Date, the Late Retirement Date shall be the earliest Monthly Date on or after the Participant ceases to be an Eligible Employee.

Minimum Municipal Obligation means the minimum contribution obligation of the Employer as defined in Act 205.

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

Normal Form means a straight life annuity.

Normal Retirement Date means the earliest Monthly Date on or after the later of the date the Participant reaches age fifty (50) or the date the Participant completes twenty-five (25) years of Accrual Service. A Participant's retirement benefits shall begin on the Participant's Normal Retirement Date if the Participant has ceased to be an Eligible Employee on such date.

Participant means either an Active Participant or an Inactive Participant.

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

Pension Fund or Fund means the employee pension fund administered under the terms of this Plan and which shall include all money, property, and investments standing in the name of the Plan.

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

Plan Administrator means the person or persons who administer the Plan. Unless otherwise designated, the Plan Administrator is the Employer.

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

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

Required Contribution Account means, on any date, the total of a Participant's Required Contributions with interest. Contributions previously paid to the Participant

or applied for him, and any interest that would have been credited on those contributions, shall be excluded.

Interest shall be credited in each Plan Year at the rate of three and one-half percent (3 ½ %) per annum compounded annually.

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

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

Restatement Date means the date upon which this amended and restated Plan document is effective which shall be January 1, 2025.

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

Salary means, on any given date, an Employee's monthly rate of base salary for the latest month of employment with the Employer.

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

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

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

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

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

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

Yearly Date means January 1 of each calendar year.

ARTICLE II PARTICIPATION

SECTION 2.01--ACTIVE PARTICIPANT.

- (a) An Employee shall first become an Active Participant (begin active participation in the Plan) on the earliest date on which the Employee is an Eligible Employee. This date is the Participant's Entry Date.
- (b) Each Employee who was an Active Participant under the Plan on the day before the Restatement Date shall continue to be an Active Participant on and after the Restatement Date provided the Participant remains an Eligible Employee and their Entry Date will not change.
- (c) An Inactive Participant shall again become an Active Participant (resume active participation in the Plan) on the date the Participant again becomes an Eligible Employee. This date is the Participant's Reentry Date and they shall cease to be an Inactive Participant.
- (d) A former Participant shall again become an Active Participant (resume active participation in the Plan) on the date they again become an Eligible Employee. This date is the Participant's Reentry Date.

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

SECTION 2.02--INACTIVE PARTICIPANT.

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

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

An Employee or former Employee who was an Inactive Participant under the Plan on the day before the Restatement Date shall continue to be an Inactive Participant on the Restatement Date. Eligibility for any benefits payable to or on behalf of an Inactive Participant and the amount of the benefits shall be determined according to the provisions of the document in effect when the Inactive Participant ceased to be an Eligible Employee, unless otherwise stated in this Plan.

SECTION 2.03--CESSATION OF PARTICIPATION.

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

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

ARTICLE III CONTRIBUTIONS

SECTION 3.01--EMPLOYER CONTRIBUTIONS.

The amount of Employer Contributions shall meet or exceed the Minimum Municipal Obligation. The amount and timing of Employer Contributions shall be determined based on actuarial valuations and recommendations as to the amounts required to fund benefits under this Plan.

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

SECTION 3.02--REQUIRED CONTRIBUTIONS BY PARTICIPANTS.

Each Active Participant shall make Required Contributions. These contributions shall be made by payroll deduction in the amount of five percent (5%) of the Active Participant's Compensation.

The Employer may, on an annual basis, by resolution, reduce or eliminate Required Contributions pursuant to Act 600.

Effective January 1, 1989, the Employer elected to reclassify employee contributions as Employer contributions pursuant to Code Section 414(h)(2), which reclassification shall result in a reduction of the Participant's taxable gross income for federal income tax purposes equal to the amount of such reclassified contributions.

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

SECTION 3.03--FUNDING OF EMPLOYER CONTRIBUTIONS.

Employer Contributions will be funded by annual appropriations made by the Employer, by payments made by the State Treasurer to the municipal treasurer from the money received for general municipal pension system state aid in accordance with Act 205, or any other type of state aid, and by gifts, grants, devises or bequests granted to the Plan pursuant to P.S. 768 of Act 600. Payments made by the State Treasurer may be deposited into the Pension Fund governed by this Plan and shall be used to reduce the amount of the Minimum Municipal Obligation of the Employer pursuant to Act 205.

ARTICLE IV RETIREMENT BENEFITS

SECTION 4.01--ACCRUED BENEFIT.

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

- (a) An amount equal to 50% of Average Compensation.
- (b) Accrued Benefit Adjustment.
- (c) An amount equal to \$100.00 if the Participant has completed twenty-six (26) or more years of Accrual Service on such date.

SECTION 4.02--BENEFIT LIMITATION.

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

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

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

Annual Benefit means a retirement benefit under the plan which is payable annually in the form of a Straight Life Annuity. Except as provided below, a benefit payable in a form other than a Straight Life Annuity must be adjusted to an actuarially equivalent Straight Life Annuity in accordance with applicable Code regulations before applying the limitations of this section.

No actuarial adjustment to the benefit is required for (i) the value of a qualified joint and survivor annuity, (ii) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, pre-retirement death benefits, and post-retirement medical benefits), and (iii) the value of post-retirement cost-of-living increases made in accordance with Code Section 415(d) and section 1.415-3(c)(2)(iii) of the Income Tax Regulations. The Annual Benefit does not include any benefits attributable to employee contributions (excluding those picked up pursuant to Section 414(h)(2)).

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

Defined Benefit Dollar Limitation means \$275,000, automatically adjusted, effective January 1 of each year, under Code Section 415(d) in such manner as the Secretary shall prescribe, and payable in the form of a Straight Life Annuity. The new limitation shall apply to Limitation Years ending with or within the calendar year of the date of the adjustment.

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

Limitation Year means the Plan Year.

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

- (1) If the Participant has less than ten (10) Years of Participation in the Plan, the Defined Benefit Dollar Limitation shall be multiplied by a fraction the numerator of which is the number of Years of Participation (or part thereof) in the Plan, and the denominator of which is ten (10).

The adjustments of this (1) shall not apply to survivor and disability benefits as provided in Code Section 415(b)(2)(I).

- (2) If the Annual Benefit of the Participant commences prior to age sixty-two (62), the Defined Benefit Dollar Limitation applicable to the Participant at such earlier age is an Annual Benefit payable in the form of a Straight Life Annuity that is the actuarial equivalent of the Defined Benefit Dollar Limitation (as reduced in (1) above, if necessary) adjusted on an actuarially equivalent basis in accordance with applicable regulations.

The adjustment in this (2) do not apply in the case of a Participant who is a qualified participant (as defined in Code Section 415(b)(2)(H)) and do not apply to survivor and disability benefits as provided in Code Section 415(b)(2)(I).

- (3) If the Annual Benefit of the Participant commences after age sixty-five (65), the Defined Benefit Dollar Limitation applicable to the Participant at the later age is the Annual Benefit payable in the form of a Straight Life Annuity commencing at the later age that is actuarially equivalent to the Defined Benefit Dollar Limitation applicable to the Participant (adjusted under (1) above, if necessary) at age 65 determined in accordance with applicable regulations.
- (4) Minimum benefits permitted: Notwithstanding anything else in this definition to the contrary, the benefit otherwise accrued or payable to a Participant under this Plan shall be deemed not to exceed the Maximum Permissible Benefit if:

- (i) the retirement benefits payable for a Plan Year under any form of benefit with respect to such Participant under this Plan and under all other defined benefit plans (regardless of whether terminated) ever maintained by the Employer do not exceed \$1,000 multiplied by the Participant's number of Years of Service or parts thereof (not to exceed ten); and
- (ii) the Employer has not at any time maintained a defined contribution plan (for these purposes, employee contributions, whether voluntary or involuntary, under a defined benefit plan are not treated as a separate defined contribution plan).

The amount in (i) above shall be equal to \$10,000 when determining the minimum benefit permitted for survivor and disability benefits as provided in Code Section 415(b)(2)(I).

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

- (1) the Participant will continue employment until normal retirement age under the Plan (current age, if later), and
- (2) all relevant factors used to determine benefits under the Plan will remain constant for all future Limitation Years.

Straight Life Annuity means an annuity payable in equal installments for the life of the Participant that terminates upon the Participant's death.

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

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

If these two conditions are met, the portion of a Year of Participation credited to the Participant shall equal the amount of Accrual Service credited to the Participant for such Plan Year. A Participant who is Totally and Permanently Disabled for a Plan Year shall receive a Year of Participation with respect to that period. In addition, for a Participant to receive a Year of Participation (or part thereof) for a Plan Year, the Plan must be established no later than the last day of such Plan Year. In no event will more than one Year of Participation be credited for any 12-month period.

- (b) This (b) applies regardless of whether any Participant is or has ever been a participant in another qualified plan maintained by the adopting Employer.
 - (1) The Annual Benefit otherwise payable to a Participant at any time will not exceed the Maximum Permissible Benefit. If the benefits the Participant would otherwise accrue in a Limitation Year would produce an Annual Benefit in excess of the Maximum Permissible Benefit, the

benefit must be limited (or the rate of accrual reduced) to a benefit that does not exceed the Maximum Permissible Benefit.

- (2) If a Participant has made voluntary employee contributions, or mandatory employee contributions as defined in Code Section 411(c)(2)(C), under the terms of this Plan, the amount of such contributions is treated as an Annual Addition to a qualified defined contribution plan for purposes of (b)(1) of this section. Such amounts shall be limited to meet the requirements of Code Section 415(c)(1).
- (c) This (c) applies if a Participant is, or has ever been, a participant in more than one defined benefit plan maintained by the Employer. The sum of the Participant's Annual Benefits from all such plans may not exceed the Maximum Permissible Benefit. Where the Participant's employer-provided benefits under all defined benefit plans ever maintained by the Employer (determined as of the same age) would exceed the Maximum Permissible Benefit applicable at that age, the benefit shall be limited (or the rate of accrual reduced) in the plan most recently established to the extent necessary so that the sum of the Participant's Annual Benefits from all such plan(s) does not exceed the Maximum Permissible Benefit.
- (d) Limit on Annual Additions. Except as otherwise provided, annual additions (which include Participant Contributions) under this Plan shall at all times comply with the provisions of Code Section 415(c) and the regulations thereunder, the terms of which are specifically incorporated herein by reference. If an annual addition would otherwise exceed the limit under Code Section 415(c), the excess annual addition will be eliminated in accordance with methods permitted under Rev. Proc. 2008-50 or its successor.

SECTION 4.03--AMOUNT OF BENEFIT AT RETIREMENT.

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

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

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

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

SECTION 4.04--COST OF LIVING ADJUSTMENTS

- (a) Definitions. For the purpose of determining the cost-of-living adjustment of benefits, the following terms are defined here:

Adjustment Date means each Yearly Date occurring on and after January 1, 2001 on which the Price Index has changed by at least one percent (1%) from the Price Index on the last preceding Yearly Date as of which monthly retirement benefit payments under this Plan were changed in accordance with this article.

Adjustment Factor means, as of any Adjustment Date, the quotient of (1) divided by (2):

- (1) The Price Index as of such Adjustment Date.
- (2) The Price Index as of the last previous Adjustment Date. In no event, however, will the Adjustment Factor exceed 1.03.

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

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

- (b) Change in Monthly Retirement Benefit. As of each Adjustment Date as to an Annuitant, the amount of monthly retirement benefit payments payable to such Annuitant will be increased by an amount determined by multiplying such payments by the Adjustment Factor as of such Adjustment Date, subject to the following provisions:
- (1) Any cost-of-living increase will not exceed the percentage increase in the Price Index from the year in which the Annuitant last worked and in no event will the amount of monthly retirement benefit payments for an Annuitant after the date of the increase be more than one hundred and thirty percent (130%) of the amount the Annuitant would have received had the provisions of this article not been in effect.
 - (2) No cost-of-living increase will result in a monthly retirement benefit which exceeds seventy-five percent (75%) of the Annuitant's Average Compensation as determined on the date the monthly retirement benefit was first calculated.
 - (3) No cost-of-living increase will be made if such increase would impair the actuarial soundness of the Plan.
 - (4) On and after the effective date of termination of the Plan pursuant to Article VIII, no further changes in monthly retirement benefit payments will be made in accordance with this article.

ARTICLE V OTHER BENEFITS

SECTION 5.01--DEATH BENEFITS.

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

(a) Survivor annuity death benefit:

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

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

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

If the Participant dies in the line of duty, any survivor benefit shall be payable outside of the Plan in accordance with Act 51 by the Commonwealth of Pennsylvania.

If the Participant does not die in the line of duty and the Participant dies 1) on or after the Annuity Starting Date, 2) before the Annuity Starting Date but after meeting the age and service requirements for Normal Retirement Date, or 3) after the date the Participant has met the requirements to receive a disability benefit in accordance with the DISABILITY BENEFITS SECTION of this article, the survivor annuity shall begin on the first day of the month after the date of the Participant's death. The survivor annuity shall be equal to fifty percent (50%) of the amount that was payable to the Participant or would have been payable to the Participant had they retired on the date of death.

If the Participant does not die in the line of duty and the Participant dies before the Annuity Starting Date and before meeting the age and service requirements for Normal Retirement Date, or becoming eligible for a disability benefit in accordance with the DISABILITY BENEFITS SECTION

of this article, the survivor annuity shall begin on the Participant's Superannuation Retirement Date. The survivor annuity shall be equal to fifty percent (50%) of the Participant's Accrued Benefit as of the date of his death.

(b) Single sum death benefit:

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

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

SECTION 5.02--VESTED BENEFITS.

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

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

This vested benefit will only be provided for a Participant who files written notification with the governing body of the Employer of their intention to vest within ninety (90) days of the date they ceased to be an Eligible Employee.

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

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

SECTION 5.03--DISABILITY BENEFITS.

An Active Participant who becomes Totally and Permanently Disabled before meeting the age and service requirements for Normal Retirement Date shall become eligible for a disability benefit.

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

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

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

SECTION 5.04--FORFEITURE

Rights under this Plan shall be subject to forfeiture as provided by the act of July 8, 1978 (P.L. 752, No. 140), known as the Public Employee Pension Forfeiture Act.

ARTICLE VI WHEN BENEFITS START AND DISTRIBUTION OF BENEFITS

SECTION 6.01--WHEN BENEFITS START.

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

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

SECTION 6.02-- FORM OF DISTRIBUTION.

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

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

ARTICLE VII DISTRIBUTION REQUIREMENTS

SECTION 7.01--APPLICATION.

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

SECTION 7.02--DEFINITIONS.

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

Required Beginning Date means, for a Participant, the April 1 of the calendar year following the later of (1) the calendar year in which he attains age 73 (or 72, if before January 1, 2023, or 70 ½, if before January 1, 2020), or (2) the calendar year in which he retires.

SECTION 7.03--DISTRIBUTION REQUIREMENTS.

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

SECTION 7.04--CONSENT FOR LUMP-SUM DISTRIBUTIONS.

Effective January 1, 2006, notwithstanding any other provision of the Plan, any distribution to a Participant made prior to the earlier of age sixty-two (62) or Normal Retirement Date of an amount in excess of one thousand dollars (\$1,000) that is an eligible rollover distribution as set forth in the Plan and the Code shall be made only upon consent of the Participant.

ARTICLE VIII TERMINATION OF PLAN

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

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

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

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

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

ARTICLE IX ADMINISTRATION OF PLAN

SECTION 9.01--ADMINISTRATION.

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

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

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

SECTION 9.02--EXPENSES.

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

SECTION 9.03--RECORDS.

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

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

SECTION 9.04--INFORMATION AVAILABLE.

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

SECTION 9.05--DELEGATION OF AUTHORITY.

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

SECTION 9.06--EXERCISE OF DISCRETIONARY AUTHORITY.

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

ARTICLE X
PROVISIONS TO COMPLY WITH THE MUNICIPAL PENSION PLAN
FUNDING STANDARD AND RECOVERY ACT OF 1984

10.01--ACTUARIAL VALUATIONS.

The Plan's Actuary shall perform an actuarial valuation at least biennially and such biennial actuarial valuation report shall be made as of the beginning of each Plan Year occurring in an odd-numbered calendar year.

The expenses attributable to the preparation of any actuarial valuation report or investigation required by Act 205 or any other expense which is permissible under the terms of Act 205, and which are directly associated with administering the Plan shall be an allowable administrative expense payable from the assets of the Pension Fund. Such allowable expenses shall include but not be limited to the following:

- (a) investment costs associated with obtaining authorized investments and investment management fees;
- (b) accounting expenses;
- (c) premiums for insurance coverage on Fund assets;
- (d) reasonable and necessary counsel fees incurred for advice or to defend the Fund; and
- (e) legitimate travel and education expenses for Plan officials; provided, however, that the officials of the Employer, in their fiduciary role, shall monitor the services provided to the Plan to ensure that the expenses are necessary, reasonable and benefit the Plan; and further provided, that the Plan Administrator shall document all such expenses item by item, and where necessary, hour by hour.

10.02--DUTIES OF CHIEF ADMINISTRATIVE OFFICER.

Such actuarial reports shall be prepared and filed under the supervision of the Chief Administrative Officer.

The Chief Administrative Officer of the Plan shall determine the financial requirements of the Plan on the basis of the most recent actuarial report and shall determine the Minimum Municipal Obligation of the Employer with respect to funding the Plan for any given Plan Year. The Chief Administrative Officer shall submit the financial requirements of the Plan and the Minimum Municipal Obligation of the Employer to the Employer annually and shall certify the accuracy of such calculations and their conformance with the Act.

10.03--BENEFIT PLAN MODIFICATIONS.

Prior to the adoption of any benefit plan modification by the Employer, the Chief Administrative Officer of the Plan shall provide to the Employer a cost estimate of the proposed benefit plan modification. Such estimate shall be prepared by an approved Actuary, which estimate shall disclose to the Employer the impact of the proposed benefit plan modification on the future financial requirements of the Plan and the future Minimum Municipal Obligation of the Employer with respect to the Plan.

ARTICLE XI GENERAL PROVISIONS

SECTION 11.01--AMENDMENTS.

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

SECTION 11.02--DIRECT ROLLOVERS.

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

Effective January 1, 2010, if a Beneficiary who is not a surviving spouse is entitled to receive what would otherwise be an "eligible rollover distribution", the Beneficiary may, in accordance with Code Section 402(c)(11), make a trustee-to-trustee transfer of that amount to an IRA or individual retirement annuity (other than an endowment contract); provided that:

- (a) the transfer is made not later than the end of the fourth year after the year of the Participant's death; and
- (b) the account or annuity to which the amount is transferred is treated as an inherited IRA or individual retirement annuity in accordance with Code Section 408(d)(3)(C).

SECTION 11.03--EMPLOYMENT STATUS.

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

SECTION 11.04--RIGHTS TO PLAN ASSETS.

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

Any final payment or distribution to a Participant or his legal representative or to any Beneficiaries or spouse of such Participant under the Plan provisions shall be in

full satisfaction of all claims against the Plan, the Plan Administrator, the Insurer, and the Employer arising under or by virtue of the Plan.

SECTION 11.05--BENEFICIARY.

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

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

SECTION 11.06--NONALIENATION OF BENEFITS.

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

SECTION 11.07--QUALIFIED DOMESTIC RELATIONS ORDERS.

All rights and benefits, including elections, provided to a Participant in this Plan shall be subject to the rights afforded to any "alternate payee" under what is recognized pursuant to State law support provisions or as a "qualified domestic relations order."

SECTION 11.08--CONSTRUCTION.

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

SECTION 11.09--LEGAL ACTIONS.

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

SECTION 11.10--WORD USAGE.

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

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

SECTION 11.11--MILITARY SERVICE.

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

SECTION 11.12--HEART ACT.

Effective for participant deaths occurring while performing qualified military service (as defined in Code Section 414(u)) on or after January 1, 2007, the Plan will provide retirement benefits and service credit to the extent required by the Heroes Earning Assistance Relief Tax (HEART) Act. Notwithstanding anything in this Plan to the contrary, this Plan shall be interpreted so as to comply with the applicable required provisions of the Pension Protection Act of 2006 (PPA) and the HEART Act.