

BOROUGH OF LEMOYNE
CUMBERLAND COUNTY, PENNSYLVANIA

ORDINANCE NO: 762

AN ORDINANCE REDEFINING EARLY RETIREMENT DATE,
NORMAL RETIREMENT DATE, VESTING PERCENTAGE AND AMOUNT OF
BENEFIT AT RETIREMENT

WHEREAS, the Borough of Lemoyne (the “Employer”), on January 1, 1973, established a retirement plan for certain of its employees known as the Borough of Lemoyne Non-Uniformed Employee’s Pension Plan.

WHEREAS, the Non-Uniformed Employee’s Pension Plan is governed by a plan document which was prepared by the Principal Financial Group effective as of January 1, 2013; and

WHEREAS, “Section 1.02 -- DEFINITIONS” pertaining to Early Retirement Date, Normal Retirement Date, Vesting Percentage and “Section 4.03-- AMOUNT OF BENEFIT AT RETIREMENT” are defined in this plan document; and

WHEREAS, the Council of the Borough of Lemoyne wishes to redefine the “Section 1.02-- DEFINITIONS” pertaining to Early Retirement Date, Normal Retirement Date and Vesting Percentage; and “Section 4.03-- AMOUNT OF BENEFIT AT RETIREMENT”; and

NOW, THEREFORE, the Council of the Borough of Lemoyne, County of Cumberland, Commonwealth of Pennsylvania, does hereby ordain and enact that the “Section 1.02-- DEFINITIONS” pertaining to Early Retirement Date, Normal Retirement Date, Vesting Percentage and “Section 4.03 -- AMOUNT OF BENEFIT AT RETIREMENT” within the Non-Uniformed Employee’s Pension Plan, shall be amended as follows:

“Section 1.02 -- DEFINITIONS - Early Retirement Date” – Early retirement date means the first day of any month before a Participant’s Normal Retirement Date that he selects for the start of his retirement benefits. This day shall be on or after the date he has a Severance from Employment and the date he meets the following requirements:

- (a) He has attained age 55 and has completed 25 years of service.
- (b) He has attained age 63 and has completed 5 years of service on or after October 1, 2020 and on or prior to October 31, 2020.

“Section 1.02 -- DEFINITIONS - Normal Retirement Date” – For employees who terminate employment prior to January 1, 2021, Normal Retirement Date means the later of the date the Participant reaches his 62nd birthday or the date he completes 15 years of Vesting Service. For employees who terminate employment on or after January 1, 2021, Normal Retirement Date means the later of the date the Participant reaches his 62nd birthday or the date he completes 5 years of Vesting Service. Unless otherwise provided in this Plan, a Participant’s retirement benefits shall begin on his Normal Retirement Date if he has had a Severance from Employment on such date:

“Section 1.02 -- DEFINITIONS - Vesting Percentage” – Vesting Percentage means the percentage used to determine that portion of a Participant’s Accrued Benefit resulting from Employer Contributions which is nonforfeitable (cannot be lost since it is vested).

For employees who terminate employment prior to January 1, 2021, the Participant’s Vesting Percentage is shown in the following schedule:

| <u>Vesting Service</u> <u>(whole years)</u> | <u>Vesting Percentage</u> |
|--|----------------------------------|
| Less than 1 | 0% |
| 1 | 10% |
| 2 | 20% |
| 3 | 30% |
| 4 | 40% |
| 5 | 50% |
| 6 | 60% |
| 7 | 70% |
| 8 | 80% |
| 9 | 90% |
| 10 | 100% |

For employees who terminate employment on or after to January 1, 2021, the Participant's Vesting Percentage is shown in the following schedule:

Vesting Service
(whole years)

Vesting Percentage

| | |
|-------------|------|
| Less than 1 | 0% |
| 1 | 20% |
| 2 | 40% |
| 3 | 60% |
| 4 | 80% |
| 5 | 100% |

The Vesting Percentage for a Participant who is an Employee on or after his Normal Retirement Date shall be 100%.

If the schedule used to determine a Participant's Vesting Percentage is changed, the new schedule shall not apply to a Participant unless he is credited with an hour of service with the Employer on or after the date of the change.

“Section 4.03-- AMOUNT OF BENEFIT AT RETIREMENT”

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

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

Early Retirement Date. For an Active Participant who retires on or prior to October 31, 2020 and is at least age 63 with 5 years of service, his retirement benefit on his Early Retirement Date shall be equal to his Vested Accrued Benefit with no reduction for early commencement. For an Active Participant who retires on or after October 1, 2020 and is at least age 55 with 25 or more years of service, his retirement benefit on his Early Retirement Date shall be equal to his Accrued Benefit on such date, multiplied by the factor

shown below corresponding to the number of years his Early Retirement Date precedes his Normal Retirement Date.

| <u>Number of Years Early Retirement Date Precedes Normal Retirement Date</u> | <u>Factor</u> |
|---|----------------------|
| 1 | .9333 |
| 2 | .8667 |
| 3 | .8000 |
| 4 | .7333 |
| 5 | .6667 |
| 6 | .6333 |
| 7 | .6000 |

The above factors shall be prorated for a partial year (counting a partial month as a complete month).

Late Retirement Date. An Active Participant's retirement benefit on his Late Retirement Date shall be equal to the greater or (a) or (b) below:

- (a) His Accrued Benefit on his Late Retirement Date.
- (b) His Accrued Benefit on his Normal Retirement Date, multiplied by the factor shown below corresponding to the number of years his Late Retirement Date follows his Normal Retirement Date

| <u>Number of Years Late Retirement Date Follows Normal Retirement Date</u> | <u>Factor</u> |
|---|----------------------|
| 1 | 1.0600 |
| 2 | 1.1200 |
| 3 | 1.1900 |
| 4 | 1.2600 |
| 5 | 1.3400 |
| 6 | 1.4200 |
| 7 | 1.5000 |
| 8 | 1.5900 |
| 9 | 1.6900 |
| 10 | 1.7900 |

The above factors shall be prorated for a partial year (counting a partial month as a complete month). Factors for years beyond 10 shall be determined using a consistently applied reasonable actuarially equivalent method.

The Participant's retirement benefits shall be distributed to the Participant according to the distribution of benefits provisions of Article VI and the small amounts provisions of the SMALL AMOUNTS SECTION of Article X. The amount of payment under any form (other than the Normal Form) shall be determined as provided under the OPTIONAL FORMS OF DISTRIBUTION SECTION of Article VI.

All Ordinances and parts of Ordinances heretofore adopted, to the extent that the same are inconsistent herewith, are hereby repealed;

The effective date of this ordinance shall be October 15, 2020.

ENACTED AND ORDAINED this 15th day of October 2020.

ATTEST:

BOROUGH OF LEMOYNE

Secretary
(seal)

President of Council

EXAMINED AND APPROVED this 15th day of October 2020.

Mayor