

A SUMMARY OF THE TREDYFFRIN TOWNSHIP MUNICIPAL PENSION PLAN

This pamphlet contains a summary of your retirement benefits. It has been prepared by the Pennsylvania Municipal Retirement System (PMRS) specifically for your municipality. Since this concerns an extremely important subject – your future - we hope you will familiarize yourself with your benefits.

If you have questions on the information please contact your employer or phone the Pennsylvania Municipal Retirement System at our toll free number 1-800-622-7968, or you may visit our website at: www.pMrs.state.pa.us.

WHEN WILL I FIRST BE ELIGIBLE FOR RETIREMENT?

Your normal retirement age is sixty (60).

HOW MUCH CAN I EXPECT TO RECEIVE?

Your annual benefit is determined by multiplying your years of credited service times your final salary times two percent (.02). However, in no event shall your basic retirement benefit equal more than seventy-five percent (75%) of your final salary. Example: Assume 20 years credited service and a final salary of \$40,000.

$$20 \times \$40,000 \times .02 = \$16,000 \text{ annual benefit}$$

Your final salary is the average annual compensation earned and paid during the final five (5) consecutive years prior to the effective date of retirement.

CAN I RETIRE EARLY AND STILL RECEIVE BENEFITS?

You may retire early if you are involuntarily terminated with eight (8) or more years of credited service or you voluntarily leave employment with at least twenty (20) years of credited service.

If you elect an early retirement, the monthly benefit will be actuarially reduced for each year prior to normal retirement age that you elect early retirement. The reduction will be approximately one-half percent (1/2%) of the benefit for each month under normal retirement age.

WHAT TYPE OF SURVIVOR BENEFITS CAN I PROVIDE?

You will select one of the following options at the time of retirement.

Single Life Annuity - Under this option you will receive a continual income throughout your lifetime with no beneficiary benefit. In the event of death, any member contributions and credited interest not already paid to you in the form of a benefit will be paid to your designated beneficiary.

Option 1 - Selecting this option provides you with a reduced lifetime benefit so that the remaining lump sum value of the account will go to your beneficiary. Under this option, if you die before receiving the present value of your retirement benefit (the accumulated member and municipal contributions), the remainder will be paid to your named beneficiary or to your estate. If the amount is more than five thousand dollars (\$5,000), your beneficiary may elect to receive it in (1) a lump sum, (2) an annuity, or (3) a lump sum with the remainder as an annuity.

Option 2 - Option 2 allows you to provide a joint and one hundred percent (100%) survivorship annuity. With this option, you choose a survivor annuitant, and as long as either you or your survivor annuitant is living, the benefit continues to be paid at the same dollar level.

Option 3 - Option 3 allows a joint and fifty percent (50%) survivorship annuity. Upon your death, if the survivor annuitant is still living, the annuitant receives a benefit that is one half (1/2) of your original benefit. If the survivor annuitant is no longer living, the benefit ceases.

Option 4 - Under Option 4, you elect to receive in one payment the full amount of your accumulated deductions (not to include excess investment monies) in your account. Your benefit is then recalculated based on remaining present value of your account (the municipal contributions and excess investment monies). You will then be paid the remaining value of your account as an annuity according to your choice from the above options: 1, 2, 3, or single life annuity.

Under Option 2 or Option 3, you must select your survivor annuitant at retirement. You may not change your survivor annuitant after retiring.

HOW WILL SOCIAL SECURITY AFFECT MY RETIREMENT BENEFIT?

The two benefits are not interdependent. What you receive from your pension plan will not be affected by any Social Security benefit to which you may be entitled.

HOW MUCH MUST I CONTRIBUTE TO THE RETIREMENT PLAN?

Your plan requires a deduction of four percent (4%) from your compensation. Your contributions will be treated as taxed at the time they are made to the System. These contributions are tracked separately and will not be treated as taxable when paid out to the member, subject to then-existing tax laws.

HOW MUCH INTEREST DOES MY MONEY EARN?

Regular interest on your account is annually determined by the Pennsylvania Municipal Retirement Board. Effective January 1, 2005, that rate is now six percent (6.0%).

Your municipality will also have the option to allocate excess investment monies to you. Excess investment money is the amount of investment earnings remaining in the Pennsylvania Municipal Retirement Fund after the required regular interest and expenses have been paid. Your annual member statement will indicate the amount of excess investment money allocated to your account, if any.

Excess interest monies in your active member account will increase your retirement benefit and will be in addition to the contracted defined benefit described above. Should your employer allocate excess interest monies to you as a retired member, this will produce an increase in your monthly retirement benefit.

WHAT HAPPENS IF I DIE BEFORE RETIREMENT?

If you are eligible for a normal or voluntary early retirement benefit and prior to death did not pre-select a survivor option (See Below) it will be assumed that you retired and elected Option 1 from the benefit payment options the day before your death. This assumption allows for your beneficiary to receive the present value of your account.

If you meet the qualifications for a normal or voluntary early retirement benefit but do not yet want to receive it, you may pre-file an application for your benefit. You would continue to work and the application will become effective only if you die. You may change the option at any time prior to actual retirement.

If you die before being eligible for a normal or voluntary early retirement benefit, your accumulated deductions will be paid to the most recently named beneficiary on file with PMRS. If there are no employee contributions, there is no benefit.

CAN I GET CREDIT FOR MY MILITARY TIME?

If you were a member of the plan and left for service in the uniformed services, upon your re-employment (within designated time periods) you are eligible to receive credit for pension purposes of up to five (5) years of time spent in the uniformed services. Depending upon your plan provisions, this benefit may involve restoring the employee contributions which would have been made during the time in the uniformed service.

Separately, you may purchase credit for up to five (5) years of non-intervening military service time provided the service was in the time of war, armed conflict or National emergency as so declared by the President and that you have completed five (5) years of employment with the municipality after such service. For complete eligibility requirements and a cost estimate, contact the Pennsylvania Municipal Retirement System.

WHAT HAPPENS TO MY BENEFITS IF I LEAVE MUNICIPAL SERVICE?

Your plan allows for vesting after eight (8) years of credited service. Vesting allows you to leave your municipal employer before normal retirement age and defer receipt of any monies until normal retirement age is attained. When you receive your benefits, the monthly checks will include both the municipal and member contributions, if applicable.

You must file the form PMRB-8 (Application for Retirement Benefits) which is available from your employer or by contacting the PMRS office within ninety (90) days of separation to insure your eligibility for a vested benefit.

WHAT HAPPENS TO MY BENEFITS IF I GO TO WORK FOR ANOTHER MUNICIPALITY?

If you terminate employment and go to work for another PMRS member municipality within one year of separation, your service credits may be transferred unimpaired to your new employer. This feature is called 'portability'. You must notify PMRS that you are electing to institute the benefit when you join your new employer.

WHAT IF I AM NOT ELIGIBLE FOR BENEFITS?

If you terminate employment and are not eligible for a retirement benefit all of your personal contributions, the interest earned, and the excess investment monies credited as of the severance date will be returned to you.

DOES THE PLAN HAVE ANY DISABILITY BENEFITS, AND IF SO, WHAT KIND?

The plan does provide for a disability retirement. The disability must prevent you from being gainfully employed and be permanent and total. For a service-connected disability, your annual benefit will equal fifty percent (50%) of your final salary. The benefit is offset by applicable Worker's Compensation Benefits.

For a non-service connected disability you must have ten (10) years of credited service. The annual benefit will equal thirty percent (30%) of your final salary.

The above is intended as a summary of the contracted retirement plan. In case of misunderstanding or conflict with the administration of the benefits, the actual contract language will be the determinant of your benefits.

15-153-5 N.bsc
PSW:LEH:psw
05/25/2005