



Benefit Summary

Monroeville Municipality

02-210-3 N

All Employees (CLS01)

April 1, 2020

The Summary of Plan Benefits is intended to identify the primary benefits of this PMRS plan for current and potential Plan Members. This document summarizes three important documents (if applicable): the Base Plan Document, the Defined Benefit Plan Adoption Agreement, and the Cash Balance Plan Adoption Agreement (collectively the "Plan Documents"). It is not intended, nor should it be assumed, to be a comprehensive reflection of the numerous provisions contained in those documents. If there is a conflict between the language in this Summary and the Plan Documents, the language in the Plan Documents shall control. If you, as an existing or potential Plan Member, have any questions or wish to inquire about anything contained in the Plan Documents please contact PMRS at 800.622.7968 or via email at ra-staff@pa.gov.

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WELCOME TO PMRS

Your employer has selected the Pennsylvania Municipal Retirement System (PMRS) to administer its retirement plan. This document provides general information about your plan. Please read this summary carefully and retain it for your records.

This document does not replace or amend the underlying plan document nor supersede any applicable laws or Internal Revenue Service (IRS) codes. While every attempt has been made to make this information as accurate and complete as possible, if this document differs from the provisions contained in the Plan Document, laws, or IRS codes, the Plan Document, laws, and IRS codes control.

For more information, please visit PMRS website at <http://www.pmrs.state.pa.us/> or contact PMRS at 800.622.7968 or via email at ra-staff@pa.gov.

PMRS OVERVIEW

Established in 1974, PMRS is an independent state agency based in Harrisburg, Pennsylvania. We help local government organizations throughout the commonwealth secure the future retirement of their employees by providing comprehensive, cost-efficient, pension administration services, and plans.

As the largest single administrator of Pennsylvania local government plans, PMRS administers more than 1,000 pension plans and serves approximately 17,000 active and retired members. PMRS offers flexible pension plans tailored to meet the needs of employers and their employees. Our members include police officers, firefighters, and non-uniform employees.

Plan assets total more than \$3 billion. These assets are allocated in a diverse mix of investments that include stocks, corporate and governmental bonds, and real estate. PMRS places great emphasis on the quality of investments, consistency of return, and value added to the municipal plan assets while placing them at minimum risk.

PMRS is governed by an 11-member board of directors who are responsible for the organization and administration of the pension system, offering oversight for the system's investments.

The Pennsylvania Municipal Retirement Board and PMRS staff thank our member municipalities for their continued support and welcome your feedback.

WHAT IS A DEFINED BENEFIT?

Your retirement plan includes a Defined Benefit Pension provision in accordance with section 401(a) of the Internal Revenue Code. This is considered the traditional "pension" retirement plan and is based on a three-part formula relating to your: (1) years of employment service; (2) annual salary amounts; and (3) the Plan's benefit accrual rate. Retirement benefits are, at a minimum, paid during your lifetime and payments can be extended to a single survivor beyond your death.

WHO WILL AND WILL NOT PARTICIPATE IN THE PLAN?

EMPLOYMENT STATUS	PLAN MEMBERSHIP	REQUIREMENT
Municipal Police Officers	Prohibited	
Municipal Firefighters	Prohibited	
Full Time Not In A Collective Bargaining Agreement	Mandatory	Full Time Hour Requirement Not In CBA. 40
Full Time in Collective Bargaining Agreement	Mandatory	Full Time Hour Requirement In CBA. 40
Elected Officials	Prohibited	
Temporary	Prohibited	
Seasonal	Prohibited	
Part-Time	Prohibited	
Specific Employees not Eligible	Defined Benefit Plan: None	

WHEN AM I ELIGIBLE FOR MEMBERSHIP?

Employees must serve a six-month eligibility period before being enrolled in the plan.

WHEN WILL I FIRST BE ELIGIBLE FOR RETIREMENT?

You will be eligible to retire when you reach age 65 or 20 years of service (whichever comes first).

HOW MUCH CAN I EXPECT TO RECEIVE?

Your annual Defined Benefit at retirement is determined by multiplying your years of credited service times your Final Average Salary times the Benefit Accrual Rate.

$\text{Yrs.} \times \text{FAS} \times \text{BAR} = \text{Annual Defined Benefit}$

WHAT IS MY PLAN'S BENEFIT ACCRUAL RATE?

Your retirement benefit will accrue by 2.00 % of Final Average Salary for each Year of Service up to 32.50 y. of service

HOW IS MY FINAL AVERAGE SALARY DETERMINED?

Your Final Average Salary is based on Best Consecutive Thirty-Six (36) months out of Eighty-Four (84) .

CAN I RETIRE EARLY AND STILL RECEIVE BENEFITS?

Your plan does not have an early retirement option.

WHAT TYPE OF SURVIVOR BENEFITS CAN I PROVIDE?

The following is the actuarially unreduced normal form benefit.

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.

The following are actuarially reduced alternatives to the normal form benefit above.

Single Life Annuity with Guaranteed Present Value

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) a monthly benefit, or (3) a lump sum with the remainder as a monthly benefit.

Single Life with 10-Year Period Certain

Under this option you will receive a continual income throughout your lifetime or a minimum of 10 years - whichever is longer. In the event of your death prior to receiving 10 years of payments, your beneficiary(ies) will continue to receive payments for the remainder of the 10-year period. In the event of death after 10 years of receiving payments, any member contributions and credited interest not already paid to you in the form of a benefit will be paid to your designated beneficiary.

Single Life with 20-Year Period Certain

Under this option you will receive a continual income throughout your lifetime or a minimum of 20 years - whichever is longer. In the event of your death prior to receiving 20 years of payments, your beneficiary(ies) will continue to receive payments for the remainder of the 20-year period. In the event of death after 20 years of receiving payments, any member contributions and credited interest not already paid to you in the form of a benefit will be paid to your designated beneficiary.

50% Joint Survivor

This option allows a joint and fifty percent (50%) survivorship monthly benefit. 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.

This option will not appear on benefit estimates if a joint survivor is not identified. If you have named your spouse as a beneficiary, that person will be listed as the joint annuitant by default. If a spouse was not listed as a beneficiary, you must notify PMRS if you would like to use another person as joint survivor.

100% Joint Survivor

This option allows you to provide a joint and one hundred percent (100%) survivorship monthly benefit. 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.

This option will not appear on benefit estimates if a joint survivor is not identified. If you have named your spouse as a beneficiary, that person will be listed as the joint annuitant by default. If a spouse was not listed as a beneficiary, you must notify PMRS if you would like to use another person as joint survivor.

Last Updated April 1, 2020

Lump Sum Payout

Your plan allows for a lump sum withdrawal of your contributions and interest when you retire. In combination with any of the payment options above, you can receive a single lump sum payment of the contributions you made to the plan plus interest earned on those contributions. If the lump sum option is elected, the monthly payment option you also elect will be proportionally reduced by the ratio of the lump sum amount compared to the value of your total benefits (including the lump sum amount).

If you made after-tax contributions, a portion of your lump sum distribution will be non-taxable in accordance with IRS regulations. The non-taxable portion of the lump sum is equal to the ratio of total non-taxable contributions to the Present Value of the benefit at the time of retirement.

Example:

Lump Sum Refund of Contributions and Interest:	\$50,000
After-Tax Contributions Made to the Plan:	\$10,000
Present Value of the Benefit at Retirement:	\$100,000

$$\text{Non - Taxable Portion of Lump Sum} = \$50,000 \times \left(\frac{\$10,000}{\$100,000} \right) = \$5,000$$

HOW WILL SOCIAL SECURITY AFFECT MY RETIREMENT BENEFIT?

What you receive from your pension plan will not be affected by your Social Security benefit.

HOW MUCH MUST I CONTRIBUTE TO THE RETIREMENT PLAN?

The following are the contribution types applicable to your account:

Employee Required for Defined Benefit (Pre-Tax)	6.00%
Credited Interest Rate	Set Annually by PA Municipal Retirement Board

Employee Required for Defined Benefit (Pre-Tax):

Defined Benefit required contributions are used to offset the cost of the defined benefit plan. The employer picks up the remaining costs not covered by the employee contributions. The contributions you make are deducted from salary before taxes are deducted. That means when you retire, your benefit associated with these contributions will be fully taxable by the IRS.

HOW MUCH DOES MY EMPLOYER CONTRIBUTE TO THE RETIREMENT PLAN?

In a Defined Benefit Pension Plan, the cost of funding the plan may vary, based on investment performance. The amount of plan expense not covered by the employee contributions is funded by the employer. Your employer may have to contribute more to fund your benefit if investment performance is poor. If investment performance exceeds expectations, your employer may have to contribute less.

HOW MUCH INTEREST DOES MY MONEY EARN?

Credited interest on your account is annually determined by the Pennsylvania Municipal Retirement Board. The credited interest rate is set by the PMRS Board every January.

WHAT HAPPENS IF I DIE BEFORE RETIREMENT?

Should you die before retirement, you will be eligible for a pre-retirement death benefit after reaching age 65 or 20 years of service regardless of age (whichever comes first).

If you meet the eligibility requirement for a pre-retirement death benefit, it will be assumed that you retired and elected the Single Life Annuity with Guaranteed Present Value the day before your death. This assumption allows for your beneficiary to receive the present value of your benefit as of the date of death. If you are eligible for the pre-retirement death benefit and want to select a different option, you may pre-file an application for your benefit. You would continue to work and the application will become effective only if you die. If you die before being eligible for the pre-retirement death benefit, your personal contributions, regular interest and excess interest will be paid to the most recently named beneficiary on file with PMRS.

CAN I GET CREDIT FOR MY MILITARY TIME?

If you leave the plan to serve 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 for which a DD-214 was issued when you have completed five (5) years of employment with the municipality after such service. This includes service in a branch of the US Military in the Active Duty component or the National Guard/Reserve component while on Active Duty for Training (ADT) or deployment as long as the service results in the issuance of a DD-214. For complete eligibility requirements and a cost estimate, contact PMRS.

WHAT HAPPENS TO MY BENEFITS IF I LEAVE MUNICIPAL 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. Your plan uses what is known as "Cliff Vesting", which means you will only be 100% vested after you meet the service requirement. Until that time, you will be 0% vested.

It will take 10 years of service to be vested.

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

Some PMRS member municipalities have agreements that allow members to move their credited service from one employer to another. This feature is called portability.

If you worked for another PMRS member employer prior to joining this employer, your service credits may be transferred unimpaired. The portability election must be made within one year of separation from your previous 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?

Some pension plans provide up to two types of disability retirement benefits: Service Connected and Non-Service Connected. In either case, the disability caused by sickness or injury must be total, it must be permanent, and it must prevent you from performing the material and substantial duties of any occupation for which you are reasonably qualified by education, training, or experience that would maintain your pre-disability standard of living.

Your plan provides for a service connected disability upon enrollment in the plan.

The service connected disability benefit is equal to 50% of your final average salary at the time of disability, less compensation received by worker's compensation.

Your plan provides for a non-service connected disability after 10 years of service.

The non-service connected disability benefit is equal to 30% of your final average salary at the time of disability.

The salary used to calculate the benefit is the same used in the retirement calculation. See "HOW IS MY FINAL AVERAGE SALARY DETERMINED?".

AM I ALLOWED TO WORK AFTER I START RECEIVING MY PENSION?

Your pension payments from this employer will not be affected by employment with another employer. However, some members return to work with the same employer. Each pension plan administered by PMRS has different rules about your ability to receive pension payments from an employer while you are also working for that employer. These payments are known by the IRS as "In-Service Distributions".

May I Begin Receiving Pension Payments While I Continue To Work?

You will not be able to commence retirement benefits without a termination of employment, even if you have reached normal retirement age.

May I Return To Work For This Employer After I have Retired?

As a member of this plan, you may return to work with this employer after retirement. To do so, however, your pension benefits will be frozen and you will be re-enrolled in the pension as an active member, making contributions to the pension (if applicable).

Careful consideration should be given to the decision to stop or continue pension payments upon re-employment after retirement. You are encouraged to seek the guidance of a financial advisor to determine which decision is right for you.

Upon re-employment, you must notify PMRS immediately.

AM I ELIGIBLE TO RECEIVE EXCESS INTEREST?

When the performance of PMRS investments exceeds 100% of the funding requirement, interest in excess of the requirement amount may be paid to the participating employers. Each participating employer then has the option to use that interest to offset costs of the plan or pass the money on to employees.

Excess interest allocated to you as an active or deferred member will provide a cash balance benefit when you retire. Excess interest allocated to you as a retired member will provide an increase in your monthly benefit.

Your employer has elected the following allocation of excess interest, should such a distribution occur:

- ✓ In Specified Percentages by Account Type:
 - 100% to the Municipal Account
 - 0% to the Active and Deferred-Vested Members
 - 0% to the Retiree Accounts

WILL I RECEIVE COST-OF-LIVING ADJUSTMENTS WHEN I RETIRE?

Your plan does not include a cost-of-living provision. This simply means that the monthly pension payment you receive at retirement will remain the same for the rest of your life. You are encouraged to consider the effects of inflation on your financial planning to ensure you have adequate income among your various sources of retirement benefits.

GLOSSARY

Specific language relating to definitions of terms can be found in Article I of the Base Plan Document and throughout various sections of Adoption Agreement approved by your Employer. Request a copy of these documents from your Employer if you would like more detailed information.

Accrued Benefit: The lifetime retirement benefit that you have earned during your participation in this Retirement Plan. Prior to becoming Vested, your earned benefit may be forfeited if you do not become Vested. Once you are Vested, your accrued benefit is not subject to forfeiture if you leave it in the plan and begin collecting it at Normal or Early Retirement.

Credited Service: Years of Employment with your Employer for which you were compensated including paid leave of absences. For cash balance plans, it is used to determine if an employee is entitled to an Employer contribution credit to their account.

Death Benefits: Supplemental amounts paid to one or more beneficiaries generally in the event of the unanticipated or premature death of the Member. The minimum Pre-Retirement Death Benefit is the Refund of Member Contributions with Interest Earnings. Once the Death Benefit eligibility is met, the minimum Pre-Retirement Death Benefit increases to the net present value of your Accrued Benefit (includes both the Employee and Employer Contributions and Interest Earnings) and can be distributed in accordance with the allowable distribution methods specified previously in this Summary.

Disability Retirement: Eligibility is determined by a medical examination from a licensed physician of the employee's choice and subsequently reviewed by an independent physician selected by PMRS. The standard for a disability retirement benefit is that the employee is permanently disabled and not capable of performing "any gainful employment". In some plans, there is also an eligibility period as found in section "DOES THE PLAN HAVE ANY DISABILITY BENEFITS".

Final Average Salary (FAS): The average compensation used to determine the accrued benefit for each year of service in Defined Benefit Pension calculations.

Military Service Purchases: "Intervening Service" is military service during the time you would have otherwise been employed by your current employer, you were employed at the time you reported for service, and after ending deployment you rejoined your employer within a specified time identified in federal law. "Non-intervening service" is military service prior to becoming employed by your current employer. It is available to purchase in an amount not to exceed five years and only if those years are not included or will not be included in any military retirement benefit or has not been used in any other retirement plan that allows inclusion of such military service.

Normal Form of Benefit: The calculated gross retirement benefit amount based on the formula or method specified in the Plan Document. The most common Normal Form is a single life monthly benefit for the life of the Member. An alternative form is a joint life benefit for the life of the Member and either their Spouse or minor children at the time of the Member's death.

Optional Form of Benefit: Alternative forms and amounts of retirement benefit amounts that are reduced from the Normal Form of Benefit based on specific features of each alternative. Each different optional form generally provides additional protection in the form of one or more benefit payments after the Member's death.

Vesting/Vested: A status reached by the Member that entitles them to a nonforfeitable accrued benefit that includes both the employer and employee contributions.

Vesting Service: Years of Employment with your Employer including certain approved unpaid and paid leaves of absence. It is used to determine when an employee is Vested and when they are eligible for Plan benefits that have a minimum years of service as part of the eligibility requirement.