

**LIBERTY TOWNSHIP
ADAMS COUNTY, PENNSYLVANIA
RESOLUTION NO. 2018-06**

A RESOLUTION ADOPTING:

Amendment No. 1-2018: Amends Article VI Section 6.01 (Loans from the 457 Deferred Compensation Plan.)

BE IT ORDAINED AND ENACTED: by the Authority of Liberty Township, Adams County, Commonwealth of Pennsylvania, by the Supervisors of Liberty Township, it is hereby Ordained and Enacted, as follows:

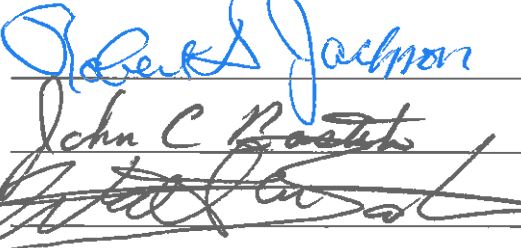
SECTION I: ESTABLISHMENT

This Resolution establishes the adoption of Amendment No.1-2018:


Effective: 07-17-2018

ENACTED AND ORDAINED THIS 17 DAY OF July, 2018

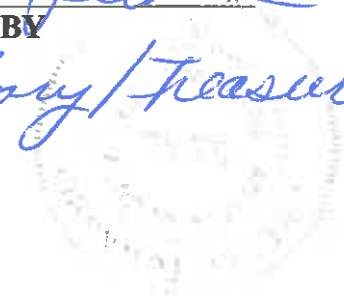
**TOWNSHIP SUPERVISORS
LIBERTY TOWNSHIP**



CERTIFIED TO BE A TRUE COPY OF LIBERTY TOWNSHIP 457 DEFERRED COMPENSATION PLAN RESOLUTION NO. 2018-06 ADOPTED BY THE SUPERVISORS ON 17 July, 2018.



ATTESTED BY
Secretary/Treasurer



AMENDMENT NO.1-2018

LIBERTY TOWNSHIP, ADAMS COUNTY

457 DEFERRED COMPENSATION PLAN

The Plan named above gives the Employer the right to amend it at any time. According to that right, the plan is amended effective retroactively to January 1, 2018, as follows:

By amending **ARTICLE 6: SECTION 6.01 – LOANS FROM THE PLAN** and substituting the following:

“Loans from the Participant Account are allowed, based on the following:”

A. Approved By Plan Administrator

B. The balance of the loan must be repaid within 5 years unless it is designated for purchase of a primary residence.

1. Loan payments are typically made on a quarterly schedule. If a quarterly loan payment is not paid by the end of the next quarter the loan will default.
2. A defaulted loan becomes a “deemed distribution” for tax reporting purposes. If the defaulted loan distribution does not coincide with a distributable event, a 10% excise tax may be required. The defaulted loan will remain on the participant’s records until a distributable event has been met, or the participant pays back the loan balance. The most common distributable events include reaching age 59 1/2 or discontinuing your service with the employer.

C. Loan payments must include principal and interest and be paid quarterly.

1. Maximum loan amount of \$50,000 per participant within all plans under employer per year (from all providers combined). Meaning, if a participant has a 403(b) and a 457(b) account with the same employer, the rules are combined across both of those plans.
2. Repayments of a defaulted loan must be made with after-tax funds. These defaulted repayments are not included in yearly contribution limits, however, the defaulted loan on a 403(b) or 457(b) account can prevent a participant from obtaining future loans from the plan and is also included in the \$50,000 maximum loan limit per year.
3. A participant with a defaulted loan will be prevented from taking a new loan unless the employer permits payroll deducted payments on the new loan or unless the plan will permit outside collateral.

By amending **ARTICLE 6: SECTION 6.01 – LOANS FROM THE PLAN** and replacing it with the above paragraphs, all other aspects of the Liberty Township, Adams County 457 Deferred Compensation Plan remains unchanged.

This amendment is made an integral part of the aforesaid Plan and is controlling over the terms of said Plan with respect to the particular items addressed expressly herein. All other provisions of the Plan remain unchanged and controlling. Unless otherwise stated on any page of this amendment, eligibility for benefits and the amount of any benefits payable to or on behalf of an individual who is an Inactive Participant on the effective date(s) stated above, shall be determined according to the provisions of the aforesaid Plan as in effect on the day before he became an Inactive Participant.

Signing this amendment, the Employer, as plan sponsor, has made the decision to adopt this plan amendment. The Employer is acting in reliance on its own discretion and on the legal and tax advice of its own advisors.

Date Approved: July 17, 2018

Liberty Township

Approved By: John C Bostick

Title: Chairman

Attested By:

Kandy Peck
Secretary/Treasurer