

SCHOOLCRAFT TOWNSHIP
COUNTY OF KALAMAZOO, STATE OF MICHIGAN
SCHOOLCRAFT TOWNSHIP ORDINANCE NO. 134

Adopted: December 10, 1991

Effective: December 18, 1991

(DEFERRED COMPENSATION PLAN ORDINANCE)

An Ordinance to provide for an eligible deferred compensation plan for officers, officials, or employees of the Township of Schoolcraft; to authorize the execution of agreements to implement same; and to provide for the establishment, maintenance and administration of said plan in conformity with the provisions of Section 457 of the Internal Revenue Code, as amended.

SCHOOLCRAFT TOWNSHIP
KALAMAZOO COUNTY, MICHIGAN

ORDAINS:

SECTION I: DEFERRED COMPENSATION PLAN

In order to permit an officer, official or employee of Schoolcraft Township to be eligible to defer a portion of that employee's compensation, said deferred compensation to be paid by the Township or its agent to said officer, official or employee according to the terms of an "Eligible Deferred Compensation Plan" as defined by Section 457 of the Internal Revenue Code, as amended, and thereby to provide future income for said officer, official or employee and to defer federal and state income tax liability resulting from said

deferred compensation to the time of receipt by said person, or beneficiary of said person, the Township of Schoolcraft hereby establishes an "Eligible Deferred Compensation Plan" as more fully set forth herein.

SECTION II: IMPLEMENTATION

The "Eligible Deferred Compensation Plan" established pursuant to this Ordinance shall be implemented by the execution of contracts and agreements setting forth the terms of the Plan in full compliance with the requirements of Section 457 of the Internal Revenue Code, as amended.

The Township Board, by Resolution, shall provide for the execution of such contracts and agreements complying with the Section 457 of the Internal Revenue Code, as amended, as it deems appropriate, and fully setting forth the provisions of the Plan.

SECTION III: DEFERRED COMPENSATION AGREEMENT

In the event that any eligible employee, as defined in the "Eligible Deferred Compensation Plan" implemented as provided for in this Ordinance, desires to be a participant in the deferred compensation plan of the Township, an agreement shall be entered into between the Township and said person which shall set forth the terms of said Eligible Deferred Compensation Plan as implemented pursuant to Section II of this Ordinance.

The terms of said agreement shall conform to the requirements of Section 457 of the Internal Revenue Code, as amended, and the provisions of the "Eligible Deferred Compensation Plan" as implemented by the Township Board pursuant to contract and Resolution as hereinbefore provided.

SECTION IV: EMPLOYMENT AND OTHER RIGHTS

A. Nothing contained herein shall be construed to limit the right of the Township to terminate the employment of any employee. The Plan, as implemented, shall comply in all respects with the requirements of law for eligible deferred compensation plans.

B. The benefits payable under any agreement executed pursuant to this Ordinance are independent of and in addition to any other retirement plan of the Township, or other Township fringe benefits plan or sheltered annuity program, to the extent same now exist or are hereafter established. Notwithstanding this provision, to the extent that Section 457 of the Internal Revenue Code, as amended, requires that the provisions of the "Eligible Deferred Compensation Plan" implemented pursuant to this Ordinance contain provisions which are inconsistent with the provisions of this subsection B, the provisions of said Section 457 of the Internal Revenue Code as amended shall be deemed to supersede the provisions of this subsection B.

SECTION V: ADMINISTRATION AND INTERPRETATION OF THE PLAN

The "Eligible Deferred Compensation Plan" established pursuant to this Ordinance shall be administered by the Township Board of Schoolcraft Township. The Board, or its authorized agent or official, shall screen and approve any insurance company seeking to act as agent for the Township in connection with the "Eligible Deferred Compensation Plan." The Township Board shall have full power and authority to adopt rules and regulations for the administration of the plan, provided that they are not inconsistent with the provisions of the "Eligible Deferred Compensation Plan" and to interpret, alter, amend or revoke any rules or regulations so adopted.

SECTION VI: TAX EXEMPTION

It is contemplated that the "Eligible Deferred Compensation Plan" authorized by this Ordinance and the contracts and agreements provided for herein for deferment of compensation shall comply with the Internal Revenue Code, as amended, and specifically Internal Revenue Code Section 457, as amended, pertaining to eligible deferred compensation plans. Any compensation of a participant which is deferred pursuant to the "Eligible Deferred Compensation Plan" adopted pursuant to this Ordinance is intended to not be taxable until actually received by said person or his beneficiary. The administration of the "Eligible Deferred Compensation Plan" and the operation and interpretation of the contracts and agreements provided for herein shall not be accomplished in such a manner as to result in said deferred compensation becoming taxable before the time of receipt by said person or beneficiary. Any provision contained in this Ordinance resulting in the taxability prior to receipt of said deferred compensation shall be deemed to be null and void. However, although it is the belief of Schoolcraft Township that the "Eligible Deferred Compensation Plan" and the contracts and agreements provided for herein will result in deferment of federal income tax and Michigan income tax for compensation deferred hereunder, no guarantee is given to any participant or beneficiary as to its non-taxability and Schoolcraft Township assumes no responsibility in the event of any adverse tax consequences to any participant or beneficiary.

Any provision of the "Eligible Deferred Compensation Plan" established pursuant to this Ordinance, or any contract or agreement executed pursuant to this Ordinance, or any Township regulations pertaining to deferred compensation which are contrary to

Internal Revenue Code sections or regulations shall be deemed to be superceded by such Internal Revenue Code sections or regulations.

SECTION VII: EFFECTIVE DATE

This Ordinance shall take effect immediately upon publication. Any Ordinances inconsistent herewith shall be deemed to be repealed by this Ordinance and shall be of no further force and effect.

JULIA CHAMBERLAIN
Schoolcraft Township Clerk