
**TOWN OF WETHERSFIELD
PENSION PLAN**

**Plan Document
As revised through January 31, 2011**

**TOWN OF WETHERSFIELD
PENSION PLAN**

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**TOWN OF WETHERSFIELD
PENSION PLAN**

DECLARATION

WHEREAS, effective July 1, 1966, the Town of Wethersfield, Connecticut (the “Town”) established the Town of Wethersfield Pension Plan (the “Plan”) for the exclusive benefit of its eligible Employees; and

WHEREAS, the Plan has been subsequently amended from time to time; and

WHEREAS, the Town desires to restate the Plan as of December 2010 and to submit the Plan to the Internal Revenue Service for a renewed determination as to its qualification for favorable treatment under the federal tax law.

NOW, THEREFORE, in consideration of the foregoing premises, the Town hereby restates the Plan as of December 20, 2010, with special effective dates for certain provisions as stated in the Plan.

DEFINITIONS

1.1 “Accrued Benefit” means an Employee’s monthly benefit payable at the Employee’s Normal Retirement Date determined in accordance with the formula specified in Section 5.1, based on Credited Service and Average Monthly Earnings as of the date of determination.

1.2 “Actuarial Equivalent” means an amount having equal value when computed on the basis of a 6% compound annual interest rate and the UP-1984 Mortality Table, provided that (i) for purposes of Section 7.4, a compound annual interest rate 7-1/2% shall be used, (ii) for purposes of benefit limitations under section 415 of the Code, a compound annual interest rate of 5% shall be used, and (iii) for purposes of Section 8.2 of the Plan the Table shall be applied with a 3-year age setback.

1.3 “Average Monthly Earnings” means an Employee’s highest average Monthly Earnings for any period of three consecutive years of employment with the Town.

1.4 “Basic Monthly Earnings” means an Employee’s monthly salary or wage at the Employee’s basic rate of pay.

1.5 “Beneficiary” means either (i) the person or persons designated by the Employee to receive benefits under the Plan in the event of the Employee’s death, or (ii) if no designated Beneficiary survives the Employee, the person or persons specified in Section 12.4.

1.6 “Board of Education Employee” means an Employee of the Board of Education of the Town of Wethersfield, Connecticut.

1.7 “Code” means the Internal Revenue Code of 1986, as amended from time to time.

1.8 “Committee” means the Pension Plan Committee appointed to administer the Plan in accordance with Article IX.

1.9 “Continuous Service” shall be as defined in Section 3.1.

1.10 “Credited Service” shall be as defined in Section 3.2.

1.11 “Deferred Retirement Date” means the first day of the calendar month on which an Employee retires if such date occurs subsequent to the Normal Retirement Date.

1.12 “Disabled” means that an active duty Police Employee is physically unable, as a result of bodily injury or illness, to engage in or perform his or her regular duties with the Police Department, provided that such disability is not the result of willful misconduct, intoxication, or drug use, abuse or addiction, and further provided that such disability is expected to be permanent and continuous for the remainder of his or her life. Willful misconduct shall be construed to include, but is not limited to, the following:

- (a) disability resulting from an intentionally self-inflicted injury; or

- (b) disability contracted, suffered or incurred while the Police Employee was engaged in or resulted from the Employee's having engaged in felonious conduct.

Mental incapacity shall qualify as a disability only in so far as it is recognized as a condition of eligibility for benefits under the Long-Term Disability insurance program.

1.13 "Early Retirement Date" means

- (a) with respect to a Town Employee or an eligible Board of Education Employee, the first day of any month coincident with or following the date upon which such employee has attained an age within 10 years of Normal Retirement Date and has completed at least 10 years of Continuous Service; and
- (b) with respect to a Police Employee, the first day of any month coincident with or following a date within 10 years of such Employee's Normal Retirement Date upon which he or she has attained age 45 and completed at least 15 years of Continuous Service.

1.14 "Effective Date", with respect to the Plan as herein amended and restated means December 20, 2010. There are special effective dates for certain provisions as specifically provided in the Plan.

1.15 "Employee" means a person permanently employed by the Town and on the active employment rolls of the Town whether or not such person is making contributions in accordance with the Federal Social Security Act. The term "Employee" shall include, unless the context provides otherwise, Town Employees, Board of Education Employees and Police Employees, provided, however, that, subject to any regulation promulgated under Section 3.2(b), persons in the following classifications shall be excluded:

- (a) persons whose customary employment is for less than an average of twenty (20) or more hours a week in any one year;
- (b) persons contributing to the Connecticut State Teachers Retirement System;
- (c) persons whose employment is classified as seasonal, except to the extent such persons are included pursuant to a collective bargaining agreement; and
- (d) members of Local 1303-40 AFSCME hired on or after July 1, 2010..

1.16 "Fund" means the assets of the Plan held as provided in Section 10.1.

1.17 "Library Employee" means the Library Director, the Assistant Library Director and any member of UE Local 222, CILU #81-4081 or UE Local 222, CILU #81-4082.

1.18 "Long Term Disability" or "LTD" means the disability income insurance program offered by the Town, as amended from time to time.

1.19 "Monthly Earnings" means an Employee's monthly salary or wage at the Employee's basic rate of pay including overtime, holiday pay, bonus pay, longevity pay and private Police duty pay, as determined by the Committee, but exclusive of any other special consideration or other extra compensation. In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, the annual compensation taken into account under the Plan shall not exceed \$245,000, as adjusted by the Commissioner of Internal Revenue for increases in the cost of living in accordance with section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

1.20 "Normal Retirement Date" means

- (a) with respect to a Town Employees and Board of Education Employees, the first day of the month coincident with or next following the date upon which such Employee attains age 65 and completes at least five years of Continuous Service; and
- (b) with respect to Police Employees, the first day of the month coincident with or next following the Employee's 55th birthday. Plus the completion of 15 years of Continuous Service or the completion of 25 years of Continuous Service, whichever occurs first.

1.21 "Plan" means the Town of Wethersfield Pension Plan as from time to time amended and restated.

1.22 "Police Employee " means an Employee duly sworn as a Police man or Police woman and includes animal control officers.

1.23 "Retired Employee" means an Employee who has retired with entitlement to a benefit under Article V.

1.24 "Social Security Benefit" means the monthly amount of an Employee's old-age insurance benefit provided under Title II of the Federal Social Security Act as now in effect and as may be hereafter amended and to which such Employee would be entitled upon timely application, as determined by the Committee.

1.25 "Town" means the Town of Wethersfield, Connecticut, as the employer hereunder.

1.26 "Town Employee" means an Employee who is other than a Police Employee or a Board of Education Employee.

ARTICLE II
Eligibility for Participation

2.1 Eligibility for Inclusion

Employees shall be eligible to participate in the Plan on their dates of hire.

2.2 Requirements for Inclusion

Upon becoming eligible to participate, an Employee shall be required to (a) sign such application forms as the Committee prescribes, (b) authorize payroll deductions in accordance with Article IV, (c) designate a Beneficiary to receive any death benefits payable hereunder, (d) provide satisfactory evidence of date of birth and (e) furnish such other data as the Committee deems necessary or desirable. Upon becoming eligible, Employees shall have a one-time opportunity to elect in writing, in such form as the Committee may prescribe, not to participate in the Plan. Thereafter, participation shall be a condition of employment.

ARTICLE III
Service

3.1 Continuous Service

- (a) Except as hereinafter provided, an Employee's uninterrupted period of employment with the Town shall be considered as Continuous Service for the purposes of the Plan. Continuous Service shall begin on the Employee's latest date of employment and shall terminate on the earlier of the Employee's retirement, death or other termination of employment with the Town. Failure to return to the employ of the Town by the end of any period specific in paragraph (b) below shall be considered a termination of employment. Any other absence shall be considered a termination of employment.
- (b) Continuous Service with the Town shall not be broken in the event of:
 - (i) Absence with the consent of the Committee during any period not in excess of one year, except that the Committee may consent to extend the period of leave.
 - (ii) Absence from work because of occupational injury or disease, incurred as a result of employment with the Town, for which absence an Employee shall be entitled to Worker's Compensation payments.
 - (iii) Absence in the service of the armed forces-of the United States, provided the Employee shall re-enter the employ of the Town within six months after he has first become eligible for discharge or separation from active duty unless this period is further extended by the Committee by reason of disability incurred in the course of such service. Notwithstanding any provision of the Plan to the contrary, effective as of December 12, 1994, contributions, benefits and Continuous Service with respect to qualified military service will be provided in accordance with section 414(u) of the Code.

3.2 Credited Service

Credited Service shall mean the number of full years of Continuous Service with the Town, determined in accordance with Town records subject to the following rules:

- (a) An Employee shall not receive Credited Service in the case of any of the periods of absence set forth in Section 3.1(b) above but shall retain Credited Service accrued prior to such absence, except that any Employee who entered any branch of the armed forces of the United States and who is re-employed by the Town

within six months following the termination of such service, shall receive Credited Service for such period of service to the same extent as though he or she had been continuously employed by the Town and shall be considered to have made the contributions required in accordance with Article IV at his or her regular rate of pay, as determined by the Committee, at the time of commencement of such service. Notwithstanding any provision of the Plan to the contrary, effective as of December 12, 1994, contributions, benefits and Credited Service with respect to qualified military service will be provided in accordance with section 414(u) of the Code. Upon return to employment after an approved absence, the Employee will again receive Credited Service.

- (b) Except as provided in Section 3.2(a) and this Section 3.2(b), an Employee shall not receive Credited Service during any period for which he or she is eligible to participate in the Plan but does not make the necessary contributions. The Committee may, however, establish regulations under which an individual who in fact works a minimum required number of hours without having made contributions may “purchase” entry into the plan by retroactively paying in such contributions plus a reasonable rate of interest.
- (c) An Employee shall not receive Credited Service during any period for which the Employee is receiving Worker's Compensation payments except for the first ninety calendar days of such payments, and except for Police Employees as provided in Section 5.4.
- (d) Credited Service shall include all Credited Service awarded under special rules in effect under the Plan prior to the Effective Date.
- (e) Credited Service for Town Employees who are members of Locals 1303-40, 1303-408 and 818 AFSCME, members of the Town Administrative Group, or an eligible Board of Education Employee including a member of Local 2001 CSEA-SEIU, shall be limited to thirty-five years.

3.3 Transfers from the Plan

Any member leaving the employment of the Town on or after January 1, 1987 may transfer, if he is eligible for such transfer, to the Employees' retirement system of the Federal government of the United States, or the retirement system of a state or any political subdivision thereof within the United States, which is being operated on an actuarial basis with contributions made during the active service of new members which are computed to be sufficient to provide the reserves needed to cover the retirement benefits payable on their account. Upon approval of the Committee, the actuarial reserve for the member's vested annuity benefit, as determined by the Committee, shall be transferred to the retirement system under which the Employee will be covered in the Employee's new position.

3.4 Transfers to the Plan

Any person who is a member of the Employees' retirement system of the Federal government of the United States or the retirement system of a state or any political subdivision thereof within the United States which is being operated on an actuarial basis with contributions being made during the active service of new members which are computed to be sufficient to provide the reserves needed to cover the retirement benefits payable on their account and who accepts employment with the Town on or after January 1, 1987, may upon approval of the Committee, transfer his or her membership to the Plan. In order to transfer credit for such prior service, the member shall pay or cause to be paid into the Plan the amount of money required, as determined by the Committee, to purchase in full such credited service. In no event shall there be any Town contributions made toward the purchase of such service. Whenever such Employee enters the Plan, he or she must elect within thirty days of entrance into said plan or of the date of adoption of this Section, whichever is later, to purchase credit for such prior service. If the Committee approves the payment of money due on an extended payment basis, interest at a rate to be determined by the Committee, but not exceeding six and one-half percent per annum, may be charged. No credit under the Plan shall be granted, however, for any period of prior service for which the Employee is either receiving a retirement benefit or has retained a vested benefit. The minimum Cash Vesting payment available under Article VII of the Plan shall equal the amount of money paid or caused to be paid into the Plan under this Section 3.4.

ARTICLE IV
Employee Contributions

4.1 Town and Board of Education Employees

- (a) A Town Employee who is a member of Locals 1303-40, 1303-408 and 818 AFSCME, or of the Town Administrative Group, or who is an eligible Board of Education Employee including a member of Local 760 CSEA-SEIU-AFL-CIO, shall, while included in the Plan, contribute monthly through payroll deductions an amount equal to 5% of Monthly Earnings. Effective January 1, 2012, the contribution for members of Local 1303-40 shall increase to 5.5%, and effective January 1, 2013 to 6%.
- (b) Library Employees shall contribute through payroll deduction an amount equal to 5% of Monthly Earnings during the period July 1, 2006 through June 30, 2007; 5.5% for the period July 1, 2007 through June 30, 2008; and 6% during the period July 1, 2008 through June 30, 2009.

4.2 Police Employees

A Police Employee shall, while included in the Plan, contribute monthly through payroll deductions 8.5% of Monthly Earnings. Effective July 1, 2006, the portion of this contribution allocable to pension benefits shall be reduced to 7.5%, and the remaining 1% shall be contributed to the fund described in Section 4.4. Effective July 1, 2009, the portion of the overall 8.5% contribution allocated to the Section 4.4 fund shall be 1.25%, and effective July 1, 2011 it shall be 1.5%.

4.3 Pick up of Employee Contributions

With respect to all units described in Section 4.1(b), 4.1(c) and 4.2, the Town or the Board shall pick up the Employee contributions required by this section, and the contributions so picked up shall be treated as employer contributions in determining federal income tax treatment under the Code.

4.4 Retiree Health Insurance Reserve Fund

To the extent provided in applicable collective bargaining agreements, the Town shall apply a portion of picked up contributions under Section 4.3 to a health insurance reserve fund described in section 401(h) of the Code, to be administered according to such collective bargaining agreements.

ARTICLE V
Retirement Benefits

5.1 Normal Retirement Benefit

- (a) Except as provided in Section 5.1(b) or (c), the monthly Normal Retirement Benefit payable to a Town or Board of Education Employee who retires on the Employee's Normal Retirement Date shall be equal to 1% of that portion of Average Monthly Earnings which is not in excess of \$550 plus 2% of that portion of such earnings, if any, which is in excess of \$550, multiplied by the number of the Employee's full years of Credited Service.
- (b) The monthly Normal Retirement Benefit payable to a Police Employee who retired on a Normal Retirement Date that is:
 - (i) prior to the Effective Date shall be the Employee's Accrued Benefit under the terms of the Plan as of the time of the Employee's retirement.
 - (ii) on or after the Effective Date and prior to July 1, 2006, shall be equal to 2.25% of Average Monthly Earnings multiplied by the number of full years of Credited Service up to a maximum of 20 years and 2.50% for full years in excess of 20, subject to a maximum of 75% of Average Monthly Earnings.
 - (iii) on or after July 1, 2006, and the Police Employee was hired before July 1, 2006, shall be equal to 2% of his Average Monthly Earnings multiplied by the number of his full years of Credited Service which are fewer than 20 years. At the completion of 20 years of Credited Service the Employee shall be entitled to 50% of his Average Monthly Earnings plus an additional 2% for each full year of Credited Service in excess of 20 years. At the completion of 25 years of Credited Service the Employee shall be entitled to 65% of his Average Monthly Earnings plus an additional 2% for full years of Credited Service in excess of 25 years. At the completion of 30 years of Credited Service the Employee shall be entitled to 75% of his Average Monthly Earnings, which shall be the maximum percentage payable. The provisions of this clause (iii) in table form are as follows:

(Hired Prior to July 1, 2006)

| | |
|----------------|---------------|
| Under 20 Years | 2% a Year |
| 20 Years | 50% |
| 21-24 Years | + 2% a Year |
| 25 Years | 65% |
| 26-29 Years | + 2% a Year |
| 30 Years | 75% (maximum) |

- (iv) on or after July 1, 2006, and the Police Employee was hired on or after July 1, 2006, shall be equal to 2.25% of Average Monthly Earnings multiplied by the number of full years of Credited Service up to a maximum of 72% of Average Monthly Earnings for 32 or more years of Credited Service.
- (c) With respect to a Town Employee who is a member of Local 1303-40, 1303-408 or 818 AFSCME, or of the Town Administrative Group, or who is an eligible Library Employee, or an eligible Board of Education Employee including a member of Local 2001 CSEA-SEIU, the monthly Normal Retirement Benefit payable on the Normal Retirement Date shall be equal to 2% of Average Monthly Earnings multiplied by the number of full years of Credited Service. Notwithstanding the foregoing, the benefit for members of Local 1303-40 who were hired prior to July 1, 2010 shall be calculated by substituting 2.25% for the 2% factor in the formula; provided that the 2.25% multiplier shall only apply to years of Credited Service earned after July 1, 2010..

5.2 Early Retirement Benefit

- (a) The monthly Early Retirement Benefit payable to any Employee retiring on an Early Retirement Date shall be equal to the Employee's Accrued Benefit determined as of the Early Retirement Date.
- (b) An Employee's Early Retirement Benefit shall be payable at the Employee's election, either:
 - (i) in full commencing at Normal Retirement Date, or
 - (ii) commencing on the first day of the month coincident with or next following the Employee's Early Retirement Date, or on the first day of any calendar month thereafter but prior to Normal Retirement Date. If the Employee elects to have payments commence earlier than the Employee's Normal Retirement Date, then the benefit amount shall be reduced by 1/2 of 1% for each month that such Early Retirement Date precedes the Normal Retirement Date.
- (c) A Town Employee or a Board of Education Employee whose Early Retirement Date occurs no earlier than the first day of the calendar month coincident with or next following the Employee's attainment of age 55 and completion of at least 25 years of Credited Service, shall be eligible to receive an Early Retirement Benefit without the reduction specified in paragraph (b)(ii) above.
- (d) A Town Employee who is a member of Local 1303-40, 1303-408 or 818 AFSCME, or of the Town Administrative Group, or who is an eligible Library Employee having actively worked the required number of years, or who is an eligible Board of Education Employee including a member of Local 760 CSEA-

SEIU-AFL-CIO, and whose Early Retirement Date occurs no earlier than the first day of the calendar month coincident with or next following the later of the date on which the Employee has attained age fifty (50) (fifty-five (55) in the case of a Library Employee or a member of Local 1303-408) or the date on which the sum of the Employee's years of age plus years of Credited Service first equals at least eighty (80) shall be eligible to receive an Early Retirement Benefit without the reduction specified in paragraph (b)(ii) above.

- (e) An Employee who qualifies for an Early Retirement Benefit at the time of his termination of employment with the Town but does not qualify for an unreduced benefit under paragraph (d) may elect to postpone commencement of his Early Retirement Benefit until, by reason of advancing age, even though he is no longer accruing further Credited Service, he does so qualify. In that event he shall be deemed to have postponed his Early Retirement Date for purposes of qualifying for an unreduced Early Retirement Benefit under paragraph (d).
- (f) A Police Employee with 20 through 24 years of full Credited Service who was hired before July 1, 2006, and who retires or terminates employment may do so without any penalty for early retirement. Said Police Employee shall waive any cost of living adjustment pursuant to section 8.4.

5.3 Deferred Retirement Benefit

The monthly Deferred Retirement Benefit payable to any Employee retiring on the Employee's Deferred Retirement Date shall be equal to the Employee's Accrued Benefit based on the Employee's full years of Credited Service as of the Deferred Retirement Date.

5.4 Disability Retirement Benefit for Police Employee

- (a) A Disabled Police Employee seeking disability retirement benefits shall be examined by two physicians, one of whom shall be employed by the Police Employee at the Employee's expense and the other of whom shall be employed by the Town at its expense. If the two physicians selected do not concur in the determination of the extent of a Police Employee's disability, then a third physician acceptable to both physicians will be appointed, and that physician's decision shall be final and binding. The expense of such physician shall be equally shared by the Police Employee and the Town. Medical evidence derived from this shall serve as the basis for the determination of the extent of disability. The Police Employee's ability to continue as a Police Employee, given such extent of disability, shall be determined solely by the Town, with right of appeal under the Police Contract's Grievance Procedure.
- (b) A Police Employee with 5 or more years of Continuous Service or more who becomes Disabled for reasons which are not work related, as determined by Workers' Compensation; who applies for and receives Long Term Disability

benefits; who later is no longer Disabled; and who applies for and is granted reinstatement by the Town; shall be granted full seniority benefits based on Continuous Service for the period of absence, but shall not receive Credited Service for Normal Retirement Benefit purposes for the period of absence.

(c) Additional rules

- (i) A Police Employee, regardless of length of service, who becomes Disabled for reasons which are work related, as determined by Workers Compensation, shall apply for LTD benefits. If granted (if not granted see paragraph (iv) below), the Town shall continue to grant Credited Service for Normal Retirement Benefit purposes at no cost to the Police Employee. Such Credited Service shall be granted for the term of LTD benefits or until the Police Employee reaches a maximum of 25 years of Credited Service, whichever is less, at which time, at the option of the Police Employee, the Employee may receive Normal Retirement Benefits based on 2% of Average Monthly Earnings per year of service to a maximum of 25 years. Such retirement calculation shall be based on the Average Monthly Earnings then in effect for the Employee's rank; other retirement Plan provisions shall be those in effect as of the date of the Employee's disability.
- (ii) A Police Employee who no longer has a work-related disability and who applies for and is granted reinstatement by the Town shall be granted full seniority benefits based upon Continuous Service and Credited Service for Normal Retirement Benefit purposes for the period of the Employee's absence.
- (iii) When LTD benefits are discontinued, the Town shall consider reinstatement of the Police Employee. If approved by the Town, the Police Employee shall be granted full seniority benefits based upon Continuous Service and Credited Service for Normal Retirement Benefit purposes for the period of the Employee's absence. If denied reinstatement, the Police Employee shall receive a Disability Retirement Benefit based on 2% of Average Monthly Earnings for each full year of Credited Service, provided, however, that such benefit shall not be less than 50% of the Employee's Average Monthly Earnings. Cost-of-living adjustments and other retirement Plan provisions shall be those in effect for Normal Retirement, subject to the limitation of Section 5.4(g).
- (iv) If a Police Employee with a work-related disability is denied LTD benefits under paragraph (i) above, the Employee shall receive a Disability Retirement Benefit as provided for in paragraph (3) above.
- (v) Subject to the limitations of Section 5.4(g), at a Police Employee's death, Disability Retirement Benefits shall continue in accordance with the

benefit payment option selected by the Police Employee at the time of the Employee's disability.

- (d) If a Police Employee dies while receiving LTD benefits pursuant to Section 5.4(b) or 5.4(c)(i) as a result of the Employee's disability incurred while an active Police Employee, the Employee's survivor(s) shall be eligible for the active service death benefit in accordance with Section 6.1(c) and based on the Employee's Basic Monthly Earnings as of the commencement of LTD benefits.
- (e) The sum of a former Police Employee's (i) earnings from wages and salary and (ii) Disability Retirement Benefit for each calendar year shall not exceed the salary scale in effect for that calendar year for the rank of the former Police Employee. By the May 1 following the end of each calendar year, any former Police Employee receiving a Disability Retirement Benefit shall submit certified copies of the Employee's wage and tax statement(s) (Form W-2) for the previous calendar year for review, or the Employee's Disability Retirement Benefit shall cease as of June 30 following such calendar year. One-half of any excess earnings shall be returned by the former Police Employee to the Plan within twelve months or will be deducted from the next twelve months retirement benefits. When the Police Employee reaches what would have been the Employee's Normal Retirement Date, such limitation as to combined earnings and disability benefit shall cease, and thereafter no limitation shall be imposed.
- (f) The Disabled Police Employee shall from time to time at the discretion of the Committee, but not more than once annually, submit to an examination by an impartial physician selected pursuant to Section 5.5(a) in the physician's office at the Town's expense. Such examination shall be used to determine if the Police Employee's disability is continuing. If the disability is not continuing, Disability Retirement Benefits payable to such Police Employee shall be discontinued with the next payment following such determination. In such case, the Police Employee may seek reinstatement as provided for in Section 5.5(c)(ii).
- (g) At no time shall any Disability Retirement Benefit payable to a Disabled Police Employee, or to the Employee's spouse or other dependents, exceed that benefit which would have been payable had the Police Employee been eligible for and received Normal Retirement Benefits at the time of the Employee's disability. There shall be no duplicate benefit payments under the Plan.
- (h) Disability Retirement Benefits shall be reduced by any Worker's Compensation and/or heart and hypertension payments to which the Police Employee may be entitled by law, excluding lump sum awards.

5.5 Re-employment of Retired Employee

If a Retired Employee is re-employed by the Town on the basis that the Retired Employee will work an average of 20 or more hours per week over the course of a year, the

Employee's retirement benefit payments shall cease with the last payment due prior to the Employee's re-employment. Retirement benefit payments shall again become payable on the first day of the month following:

- (a) completion of a 12-month period of employment in which the Employee did not in fact average at least 20 hours a week; or
- (b) such Employee's subsequent termination of employment.

In either case, the Employee's retirement benefits shall be recomputed based on the Employee's latest Credited Service and earnings but in no event shall retirement benefits be less than the initial retirement benefit.

ARTICLE VI
Death Benefits

6.1 Death Prior to Date Benefit Payments Commence

- (a) Subject to the provisions of paragraph (b) below, in the event an Employee who has not elected the return of the Employee's Contributions dies prior to the date the Employee's benefit payments are scheduled to commence, there shall be payable to the Employee's Beneficiary the total of the Employee Contributions plus interest thereon compounded at the rate of 3% per annum, or at such other rate or rates as may be specified by the Committee. Members of the Town Administrative Group shall have interest compounded at 6% per annum.

- (b) In the event a Town Employee or a Board of Education Employee who is otherwise eligible for a death benefit under paragraph (a) above dies on or after attaining age 55 with at least 15 years of Credited Service, the Employee's surviving spouse, if any, shall be entitled to receive, in lieu of the death benefit payable under paragraph (a) above, a survivor's benefit in an amount equal to 50% of the monthly retirement benefit to which the deceased Town Employee or Board of Education Employee would have been entitled if the Employee had retired on the day before the date of the Employee's death.

The survivor's benefit shall be payable monthly commencing on the first day of the month following such Employee's date of death and shall cease with the last payment due immediately preceding the spouse's date of death.

- (c) In the event an active Police Employee dies prior to the Employee's Normal Retirement Date there shall be payable to the Employee's Spouse and/or children a monthly benefit in accordance with the following schedule:
 - (i) "In the line of duty." Whether on duty or off duty at the time of death, a Police Employee shall be deemed to have died "in the line of duty," if death ensues as a result, directly or indirectly, of the performance of the Employee's duties and/or capacities as an officer of the law or for the mere fact that the Employee is an officer, provided that such death is not the result of willful misconduct; intoxication; or illicit drug use or abuse. Willful misconduct shall be construed to include, but not limited to, an intentionally self-inflicted injury or incurred while the Employee was engaged in or resulted from having engaged in a felonious conduct.

The spouse of a Police Employee who has died in the line of duty shall receive a survivor's benefit equal to 100% of the Police Employee's Basic Monthly Earnings as of the date of the Employee's death, with COLA.

The monthly benefit to the spouse shall commence on the first day of the month coincident with or next following the Police Employee's death and shall cease with the last payment due immediately preceding the spouse's date of death or remarriage.

The monthly benefit payable on behalf of each child, in the event of the Police Employee's spouse's death, shall commence on the first day of the month coincident with or next following the Police Employee's spouse's death and shall cease with the last payment due immediately preceding the earliest of the child's death, 18th birthday, or otherwise ceasing to have been a dependent of the Police Employee's spouse. If the child is attending a recognized educational institution, such benefit shall cease with the last payment due immediately preceding the earliest of the child's death, 23rd birthday, or otherwise ceasing to be a dependent of the Police Employee's spouse, as determined by the Committee.

In instances of a Police Employee's death and then the subsequent death of the Employee's spouse, the children of such union shall share in such monthly benefit in equal part.

- (ii) "Not in the line of duty" - The spouse of a Police Employee who has died other than in the line of duty shall receive a survivor's benefit equal to 50% of the Police Employee's Basic Monthly Earnings as of the date of the Employee's death, with COLA.

The monthly benefit to the spouse shall commence on the first day of the month coincident with or next following the Police Employee's death and shall cease with the last payment due immediately preceding the spouse's date of death or remarriage.

The maximum "not in the line of duty" benefit payable for all children combined is 25% of the Police Employee's Basic Monthly Earnings as of the date of the Employee's death. The monthly benefit payable on behalf of each child, in the event of the Police Employee's spouse's death, shall commence on the first day of the month coincident with or next following the Police Employee's spouse's death and shall cease with the last payment due immediately preceding the earliest of the child's death, 18th birthday, or otherwise ceasing to have been a dependent of the Police Employee's spouse. If the child is attending a recognized educational institution, such benefit shall cease with the last payment due immediately preceding the earliest of the child's death, 23rd birthday, or otherwise ceasing to be a dependent of the Police Employee's spouse, as determined by the Committee.

6.2 Death of a Retired Employee with the Contingent Annuity Option Not Operative.

Upon the death of a Retired Employee, provided the Contingent Annuity Option is not operative, there shall be payable to the Beneficiary the amount, if any, by which the total of the Retired Employee's Employee Contributions to the Plan, together with interest credited thereon at the rate of 3% per annum or at such other rate or rates as may be specified by the Committee to the Date of Death, exceeds the amount of retirement benefits paid before the Retired Employee's death. A Retired Employee of the Town Administrative Group shall have interest credited at the rate of 6% per annum.

6.3 Death of a Retired Employee with the Contingent Annuity Option Operative.

If the Contingent Annuity Option is operative, no death benefit is payable upon the death of the last surviving of the Retired Employee and the Employee's Beneficiary.

ARTICLE VII
Termination of Employment

7.1 Requirements to Retain Vested Benefits

An Employee who has completed at least five years of Continuous Service and who terminates employment with the Town prior to the earliest date on which he could retire under the provisions of Article V shall be entitled to receive the Employee's Accrued Benefit multiplied by a vested percentage determined in accordance with the following table:

| <u>Number of Full Years of Continuous Service Prior to Date of Termination</u> | <u>Vested Percentage</u> |
|----------------------------------------------------------------------------------------|------------------------------|
| 5 years but less than 6 | 50% |
| 6 years but less than 7 | 60% |
| 7 years but less than 8 | 70% |
| 8 years but less than 9 | 80% |
| 9 years but less than 10 | 90% |
| 10 years or over | 100% |

The vested benefit payable to a Town or Board of Education Employee shall be payable commencing on the first day of the month coincident with or next following the later of (a) the Employee's 65th birthday or (b) the Employee's date of termination. The vested benefit payable to a Police Employee shall be payable commencing on what would have been the Employee's Normal Retirement Date had the Employee remained in service to the Town. Any amount forfeited by an Employee shall not increase the benefit of any other Employee but may be taken into account in determining subsequent Town contributions.

7.2 Termination of Employment Prior to Becoming Vested

If an Employee's employment with the Town is terminated for reasons other than retirement or death and such Employee has not completed at least five years of Continuous Service, the Employee shall receive the return of the Employee's Contributions in lieu of all other benefits payable under this Plan.

7.3 Cessation of Employee Contributions

Except as provided in Article III, if an Employee ceases to make Employee Contributions to the Plan prior to the Employee's retirement or termination of employment, the Employee shall be deemed to have permanently terminated employment for the purposes of this Plan as of the date

the Employee ceases to make such Employee Contributions and shall thereupon be entitled to receive benefits in accordance with Section 7.1 or Section 7.2, whichever is applicable.

7.4 Cash Vesting

An Employee who is entitled to receive a vested benefit described in Section 7.1 hereof and who is a Town Employee or a Board of Education Employee who terminates employment prior to the Employee's 55th birthday, or who is a Police Employee who terminates employment prior to the Employee's 45th birthday, may elect to receive a return of the Employee's Contributions with interest as specified by the Pension Committee, plus the Actuarial Equivalent of a proportionate part of any unallocated Town funds being held by an insurance company or the Plan Trustee. The proportion of the Town Funds payable to any Employee shall be determined by the Committee by determining the actuarial value of the excess, if any, of the Employee's total Vested Benefit over the Employee-provided benefit. Such Employee-provided benefit shall be the actuarial equivalent of the Employee Contributions with interest projected to Normal Retirement Age. Cash Vesting will not apply to members of the Town Administrative Group effective January 1, 1992.

In order for this section to be effective, the Employee must make such election at the time of the Employee's termination of employment. The benefit payable under this Section 7.4 shall be in lieu of all other benefit payable under the Plan, and if the Employee should be rehired subsequent to receiving such benefit, the Employee shall be treated as a new Employee for purposes of the Plan..

In addition, an Employee who is entitled to receive the benefits described in Section 7.1 hereof but terminates employment after the applicable ages in the first paragraph of this Section may elect to receive the return of the Employee's contributions with interest in lieu of all other benefits under this Plan.

7.5 Certain Vesting Events

An Employee shall be vested in the applicable benefit as of the Employee's retirement under Article VI. In addition to the vesting by reason of years of service as provided in Section 7.1, affected Employees shall also be fully vested in the applicable benefit:

- (a) upon the complete or partial termination of the Plan, to the extent the benefit is then funded;
- (b) upon attaining normal retirement age as defined in section 411(a)(8)(B) of the Code; or
- (c) where otherwise required by the application of Sections 401(a)(4) and 401(a)(7) of the Internal Revenue Code or the regulations thereunder as in effect on September 1, 1974.

ARTICLE VIII
Form and Payment of Benefits

8.1 Normal Form of Benefit Payment

Unless the Employee elects otherwise, an Employee who retires under Article V shall receive a retirement benefit in the form of a monthly Life Annuity which provides an amount of monthly income for the life of the Retired Employee. Payment of the Life Annuity shall commence on the Employee's Normal, Early, Deferred or Disability Retirement Date and shall cease with the last payment due immediately preceding the Retired Employee's date of death.

8.2 Optional Forms of Benefit Payment

An Employee may elect to receive the benefit payments under either of the optional forms of benefit payments described below. The benefit amount shall be adjusted so that the benefit payment is the Actuarial Equivalent of the benefit payable as a Life Annuity.

- (a) A Contingent Annuity form of payment which provides a reduced amount of monthly income which shall be payable during the life of the Employee and which shall continue to be paid after the Employee's death to the Employee's designated Beneficiary in either the same amount or in a reduced amount (50% or 66 2/3% as elected by the Employee) for the life of such Beneficiary.

The payment of benefits to the Beneficiary under the Contingent Annuity form of payment shall commence on the first day of the month following the month in which the Retired Employee dies and shall cease with the payment due for the month in which the Beneficiary dies. In the event the Beneficiary under the Contingent Annuity option predeceases the Employee before benefit payments have commenced, the Life Annuity form shall automatically become payable to the Employee as if the Contingent Annuity option had not been elected. If the Beneficiary predeceases the Employee after benefit payments under the Contingent Annuity option have commenced, benefit payments will cease with the payment due for the month in which the Employee dies.

If an active Employee elects the Contingent Annuity option and dies after the Employee's Normal Retirement Date and prior to the Employee's Deferred Retirement Date, the Beneficiary designated by the Employee under the Contingent Annuity option, if living, shall be entitled to receive the amount of monthly income that would have been payable to such Beneficiary had the Employee retired on the Employee's date of death with the Contingent Annuity option in effect.

- (b) A Social Security Adjustment form of payment which provides that in the event an Employee's retirement benefit becomes payable before the Employee's Social Security Benefit becomes available, the Employee may elect to receive benefit payments in an Actuarially Equivalent amount providing insofar as possible

substantially uniform payments both before and after the Employee's Social Security Benefit becomes payable.

8.3 Rescission of Optional Form of Payment

Once a choice as to a form of retirement benefit or a retirement date is made and accepted by the Committee, it cannot be rescinded by the Employee without the written consent of the Committee conditioned upon satisfactory evidence of the Employee's and the Employee's Beneficiary's good health. In no event shall the consent of a designated Beneficiary be required as a condition to the right of an Employee to revoke or change any option previously elected.

8.4 Cost-of-Living Adjustment for Police Employees

With respect to any Police Employees, the retirement benefits payable hereunder shall be subject to annual cost-of-living adjustments as follows:

- (a) For those Employees who were employed before July 1, 1976, Retirement Benefits shall be subject to annual cost-of-living adjustment to a maximum of 4% payable in April of the year following the calendar year in which the Employee retires, and annually thereafter, to include the Employee's contingent annuitant.
- (b) For those Employees who were employed on or after July 1, 1976, and retired before July 1, 2006, Retirement Benefits shall be subject to annual cost-of-living adjustment to a maximum of 4%, payable in April of the year following the calendar year in which the Employee reaches age 62 and annually thereafter, to include the Employees' contingent annuitant. Effective July 1, 1995, Retirement Benefits shall be subject to annual cost-of-living adjustment to a maximum of 3% payable in April of the year following the calendar year in which the Employee reaches age 58, and annually thereafter, to include the Employee's contingent annuitant.
- (c) For those Employees who were employed on or after July 1, 1976 but prior to July 1, 2006, and who retire on or after July 1, 2006 and have completed a minimum twenty-five (25) years of service, Retirement Benefits shall be subject to annual cost-of-living adjustment to a maximum of 4%, payable in April of the year following the calendar year in which the Employee retires and annually thereafter, to include the Employee's contingent annuitant.
- (d) For those Employees who were employed on or after July 1, 2006, and who retire with a minimum of 25 years of Credited Service, Retirement Benefits shall be subject to annual cost-of-living adjustment to a maximum of 3%, payable in April of the year following the calendar year in which the Employee reaches age 55 and annually thereafter, to include the Employee's contingent annuitant.

Subsequent cost-of-living adjustments shall be made effective with the retirement benefit payment payable for the month of April of each year after the first such cost-of-living adjustment.

The cost-of-living adjustment made in the month of April to any retirement benefit shall apply to such retirement benefit through the month of March of the following year.

At each date when cost-of-living adjustments are to be made hereunder, the Committee shall authorize the determination of the change (expressed as a percentage increase or decrease to the nearest one-tenth of one percent, but subject to a maximum change of four percent) of the Bureau of Labor Statistics Consumer Price Index (all items - United States average) for the month of December of the immediately preceding year from that for the month of December of the second preceding year.

The amount of Retirement Benefit to be payable to any person hereunder from an adjustment date, as a result of a cost-of-living adjustment shall be the amount of Retirement Benefit otherwise payable at such date, including the current cost-of-living adjustment, increased or decreased by the appropriate percentage determined in accordance with this Section; provided, however, that in no event shall any decrease be applied which would reduce such Retirement Benefit to an amount less than that which would then have been payable under the applicable form of Retirement Benefit if the provisions of this Section had never been applicable to such Retirement Benefit

The amount of Retirement Benefit payable to a. Contingent Annuitant in accordance with Section 8.2 of a Police Employee shall be subject to annual cost-of-living adjustments.

8.5 Timing of Distribution of Benefits

Benefits under the Plan must begin not later than April 1 of the calendar year following the later of the calendar year in which the Employee attains age 70-1/2 or the calendar year in which the Employee retires, whichever is later. Notwithstanding any other provision of the Plan, all distributions from the Plan shall conform to Code Section 401(a)(9), including the incidental death benefit provisions of Code Section 401(a)(9)(G), provided that the exceptions for government plans contained in Code Section 401(a)(9)(C)(iv) shall apply. If an Employee dies after payments have commenced, any payments continuing on to the Employee's spouse or other Beneficiary shall be distributed at least as rapidly as under the method of distribution being used as of the Employee's date of death.

8.6 Payment of Small Benefits

If any retirement benefit payments to an Employee or other payee are less than ten dollars (\$10.00) per month, the Committee may direct that such payments be made quarterly or annually in advance.

In the event retirement benefit payments to an Employee or other payee are less than five dollars (\$5.00) per month and the resulting lump sum payment will be less than \$1,000, the Committee may direct that the Actuarial Equivalent of such monthly retirement benefits be paid to such Employee or other payee in a lump sum payment. In such event no further payments shall be due the Employee or other payee under the Plan.

8.7 Direct Rollovers.

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, and in addition to the transfer possibility under Section 3.3, a distributee may elect, at the time and in the manner prescribed by the Committee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

- (a) **Eligible Rollover Distribution.** For purposes of this Section, an eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten (10) years or more; and the portion of any distribution that is not includible in gross income.
- (b) **Eligible Retirement Plan.** For purposes of this Article, an eligible retirement plan is:
 - (i) an individual retirement account described in Code Section 408(a);
 - (ii) an individual retirement annuity described in Code Section 408(b);
 - (iii) an annuity plan described in Code Section 403(a);
 - (iv) a qualified trust described in Code Section 401(a);
 - (v) an annuity contract described in Code Section 401(b); or
 - (vi) an eligible governmental plan under Code Section 457;

that accepts the distributee's eligible rollover distribution. Effective as of January 1, 2008 an Eligible Plan shall include a Roth IRA in accordance with Code section 408A(e). Effective as of January 1, 2010, the Participant income ceiling of Code section 408A(c)(3)(B) shall no longer apply to prevent the establishment of a Roth IRA as an Eligible Plan. A nonqualified foreign trust or a trust that satisfies § 1165 of the Puerto Rico Code shall not be an Eligible Plan, and any transfer of assets from this Plan to such a trust shall be treated as a distribution to the relevant Participant or Beneficiary.

- (c) **Distributee.** For purposes of this Article, a distributee includes an Employee or former Employee. In addition, the employee's or former employee's surviving

spouse and an alternate payee under a domestic relations order, including a qualified domestic relations order as defined in Code Section 414(p), which has been honored by the Plan are distributees with regard to the interest of the spouse or former spouse. Effective for distributions after December 31, 2006 an Eligible Recipient shall include a nonspouse Beneficiary in accordance with Code section 402(c)(11).

- (d) Direct Rollover. For purposes of this Article, a direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

8.8 Ad Hoc Cost-of-Living Adjustment

Effective July 1, 1984, Retired Employees who retired on or before July 1, 1984 and who were previously Town Employees or Board of Education Employees, received a three percent (3%) increase in their Retirement Benefit as in effect just prior to July 1, 1984, but not less than ten dollars (\$10) a month.

Effective July 1, 1990, Retired Employees and Beneficiaries of former Retired Employees, other than Retired Police Employees and their Beneficiaries, who retired on or before July 1, 1990 received a three percent (3%) increase in their Retirement Benefit as in effect just prior to July 1, 1990, but not less than ten dollars (\$10) a month.

Effective July 1, 1997, Retired Employees and Beneficiaries of former Retired Employees, other than Retired Police Employees and their Beneficiaries and other than those Retired Employees (or their Beneficiaries) who took the 1995 early retirement incentive, who retired on or before July 1, 1997 received a three percent (3%) increase in their Retirement Benefit as in effect just prior to July 1, 1997, but not less than ten dollars (\$10) a month.

ARTICLE IX
Administration

9.1 Committee

There shall be a Committee to administer the Plan, consisting of the Town Manager. (or the Town Manager's designee), the Chairman of the Town Council (or designee) and the Town Treasurer (or designee). There shall be, as additional members of the Committee, representatives of the following units with the right to vote on matters involving the Employees in their respective units:

- (a) UE Local 222, CILU, #81-4081;
- (b) UE Local 222, CILU, #81-4082;
- (c) Local 391, IBPO;
- (d) Local 818 AFSCME;
- (e) Local 1303-40 AFSCME;
- (f) Local 1303-408 AFSCME;
- (g) Local 2001 CSEA-SEIU (BOE Custodian's Union)
- (h) Local 2001 CSEA-SEIU (BOE secretarial/clerical/paraprofessional group);
- (i) Board of Education employees other than members of Local 2001; and
- (j) Non-bargaining unit employees other than Board of Education employees.

With the consent of the units involved, an individual may represent more than one of the foregoing units as their representative on the Committee.

9.2 Duties of the Committee

This Plan shall be administered by the Committee in accordance with the provisions of the Plan. All decisions of the Committee with respect to the administration of this Plan shall be conclusive, binding and consistent in all respects with the intent and purposes of this Plan. The Committee shall have the right to make rules as may be necessary for such administration and shall require Employees to file written applications for retirement, to produce satisfactory evidence of their date of birth, to designate a Beneficiary, and furnish such other information as may from time to time be deemed necessary.

ARTICLE X
Funding

10.1 The Fund

The Town has entered into an agreement with a Trustee, for the purpose of holding the assets of the Fund. The agreement shall provide, among other things, that all funds received by the Trustee shall be held, administered, invested and distributed by the Trustee, and that no part of the corpus or income shall be used for, or diverted to, purposes other than for the exclusive benefit of Employees or their Beneficiaries covered under this Plan prior to the satisfaction of all liabilities thereunder with respect to them. No person shall have any interest in or right to any of the funds contributed to or held by the Trustee under this Plan, except as expressly provided in the Plan and the agreement, and then only to the extent that such funds have been contributed by the Town to the Trustee. The Town shall have the authority to remove such Trustee or any successor, and the Trustee or any successor may resign. Upon removal or resignation of Trustee, the Town shall appoint a successor Trustee. Employee contributions shall be forwarded by the Town to the Trustee.

The Town shall have the authority to appoint more than one Trustee and to determine the portion of asset of the Fund to be held by each such Trustee. If such direction is given, the Town shall designate the additional Trustees(s) and each Trustee shall hold and invest and keep records with respect to the portion of such assets held by it.

ARTICLE XI
Amendment or Termination of the Plan

11.1 Contractual Obligation

The Town intends to continue this Plan and payment of contributions hereunder indefinitely, but continuance of this Plan is not assumed as a contractual obligation of the Town and the right is reserved by the Town to reduce, suspend, or discontinue its contributions hereunder at any time with respect to Employees included under this Plan subsequent to the date of such change.

Any grievance submitted by Local #391 or a bargaining unit member with respect to the administration of benefits shall be processed through the grievance procedure, beginning at Step #2, as provided in Article XVIII of the collective bargaining agreement.

11.2 Restrictions on Plan Amendment

The Town shall have the right to amend this Plan at any time and to any extent that it may deem advisable. No such amendment, however, shall:

- (a) Vest in the Town any interest in or control over the funds accumulated in accordance with this Plan or the retirement benefits provided hereunder, or,
- (b) Deprive any Employee who has retired under this Plan, prior to the date of amendment, of any retirement benefit under this Plan or change the provisions thereof, provided, however, that any change or modification for the purpose of conforming this Plan to the requirements of the Code or of any other pertinent provisions of Federal or State law, or of any regulation or ruling of any duly constituted authority in connection therewith, may be made effective at any time with retroactive effect.
- (c) Anything to the above contrary notwithstanding, all retirement benefits in force hereunder at the discontinuance of this Plan shall remain in full force. Annual cost-of-living adjustments to the retirement benefit of Police Employees shall continue to be made in accordance with the provisions of Section 8.4 as if this Plan had not been discontinued.

11.3 Procedure Upon Plan Termination

- (a) This Plan shall be discontinued upon written notice by the Town to the Employees covered hereunder and upon written notice to the Trustee of discontinuance of this Plan.
- (b) In the event this Plan shall be discontinued, no further Town or Employee Contributions shall be made. At the date of discontinuance of this Plan, Employees shall be entitled to the return of their contributions plus interest as

specified by the Committee or in lieu thereof may elect paid-up deferred retirement benefits. In addition thereto, the Town payments available for the purchase of retirement benefits for Employees remaining in the hands of the Trustee shall become vested in said Employees covered under this Plan at the date of discontinuance in the manner hereinafter indicated.

- (i) Any Funds paid by the Town to the trustee that are available for distributions upon discontinuance of this Plan shall be applied to purchase retirement benefits For Employees eligible on that date for Normal Retirement hereunder in amounts to which said Employees shall be entitled under this Plan to the extent that sufficient funds therefore shall be available.
 - (ii) Any funds paid by the Town to the Trustee which shall be available for distribution after the purchase of the retirement benefits described in (i) above shall be applied to purchase retirement benefits for Employees eligible on that date for Early Retirement hereunder in amounts to which said Employees shall be entitled under this Plan to the extent that sufficient funds therefore shall be available.
 - (iii) Any funds paid by the Town to the Trustee which shall be available for distribution after the purchase of the retirement benefits described in (i) and (ii) above shall be applied to purchase retirement benefits at the date of discontinuance for Employees and former Employees retaining a vested interest under this Plan, as described in Article VII hereof, in amounts to which said Employees or Former Employees shall be entitled under this Plan to the extent that sufficient funds therefore shall be available.
 - (iv) Any Funds paid by the Town to the Trustee which shall be available for distribution after the purchase of the retirement benefits described in (i), (ii), and (iii) above shall be applied to purchase retirement benefits at the date of such discontinuance for all other Employees in amounts to which said Employees shall be entitled under this Plan to the extent that sufficient funds therefore shall be available.
- (c) Said available funds shall be used to completely purchase the retirement benefits in any one class as described above before being used for subsequent classes. In the event the funds available for a class are insufficient to completely purchase the retirement benefits for such class, they shall be applied pro-rata within the class to purchase such benefits to the extent that such funds are sufficient.
 - (d) Any funds paid by the Town to the Trustee which shall be available for distribution after the purchase in full of all the retirement benefits described in paragraph (b) above shall be deemed to have become available as a result of actuarial error and shall be paid in cash to the Town.

- (e) Notwithstanding anything to the contrary above the Town reserves the option to distribute the assets for purposes of providing annuities through any life insurance company licensed to do business in the State of Connecticut. To affect such option the Town may transfer funds from a Trustee or other insurance company. Retirement Benefits will no longer be subject to cost-of-living adjustments as provided in Section 8.4 but such Retirement Benefits shall be subject to an automatic cost-of-living of three percent, compounded annually. Such automatic increases shall be effective at the applicable date as provided in Section 8.4 if this Plan had not been discontinued.

ARTICLE XII
Limitation of Benefits

12.1 Annual Benefit.

For purposes of this Article, "annual benefit" means the benefit payable annually under the terms of the Plan (exclusive of any benefit not required to be considered for purposes of applying the limitations of Code Section 415 to the Plan) payable in the form of a straight life annuity with no ancillary benefits. If the benefit under the Plan is payable in any other form, the "annual benefit" shall be adjusted to the equivalent of a straight life annuity pursuant to Section 13.4(c).

12.2 Maximum Annual Benefit.

- (a) Notwithstanding the foregoing and subject to the exceptions below, the maximum "annual benefit" payable to an Employee under this Plan in any "limitation year" shall be \$195,000.
- (b) For purposes of applying the limitations of Code Section 415, the "limitation year" shall be the calendar year.
- (c) Notwithstanding anything in this Article to the contrary, if the Plan has complied at all times with the requirements of Code Section 415, the maximum "annual benefit" for any individual who was a participant in the Plan before January 1, 1990, shall not be less than the Employee's accrued benefit under the Plan determined without regard to any amendment of the Plan made after October 14, 1987 provided the necessary election under Code Section 415(b)(10) was made and not revoked.
- (d) The dollar limitation under Code Section 415(b)(1)(A) stated in subsection (a)(1) above shall be adjusted annually as provided in Code Section 415(d) pursuant to the applicable regulations of the Secretary of the Treasury. The adjusted limitation is effective as of January 1 of each calendar year and is applicable to "limitation years" ending with or within that calendar year.
- (e) The dollar limitation under Code Section 415(b)(1)(A) stated in subsection (a)(1) above shall be adjusted according to Code Section 415(b)(2)(C) and (D) for benefits that start before the Employee reaches age 62 or after the Employee reaches age 65; provided that in the case of a Police Employee, or in the case of a benefit payable to any Employee or Beneficiary on account of the Employee having been Disabled or on account of the Employee's death, there shall be no reduction in such Employee's benefit pursuant to Code Section 415(b)(2)(C).
- (f) For the purpose of this Article, all qualified defined benefit plans (whether terminated or not) ever maintained by the Town shall be treated as one defined benefit plan.

12.3 Adjustments to Annual Benefit and Limitations.

For purposes of adjusting the "annual benefit" to a straight life annuity, the adjustment shall be made on the basis of the interest rate assumption provided in Code Section 415(b)(2)(E).

12.4 Participation or Service Reductions.

If an Employee has fewer than ten (10) years of participation in the Plan at the annuity starting date, the Section 12.2(a) limitation shall be reduced by multiplying such limitation by a fraction. The numerator is the number of years of the Employee's participation (or part thereof) in the Plan and (b) the denominator of which is ten (10), but such fraction shall in no event be less than 1/10th. Additionally, to the extent provided in regulations of the Secretary of the Treasury, the above-described reductions shall be applied separately with respect to each change in the benefit structure of the Plan. This Section 12.4 shall be inapplicable to benefits payable to any Employee or Beneficiary on account of the Employee having been Disabled or on account of the Employee's death.

12.5 Incorporation of IRC § 415 by Reference.

Notwithstanding anything contained in this Article to the contrary, the limitations, adjustments and other requirements prescribed in this Article shall at all times comply with the applicable provisions of Code Section 415 and the regulations thereunder, the terms of which are specifically incorporated herein by reference.

ARTICLE XIII
Miscellaneous

13.1 Right to Employment

Inclusion in this Plan shall not be construed as giving the Employee any right to be retained in the service of the Town without its consent, nor shall it interfere with the right of the Town to discharge the Employee, nor shall it give the Employee any right, claim or interest in any retirement benefits herein described except upon fulfillment of the provisions and requirements of this Plan.

13.2 Assignment of Benefits

No Employee, Retired Employee, Beneficiary, spouse or child shall have the right to assign, commute or encumber the benefits herein provided. To the maximum extent permitted by law, the benefits or payments herein provided shall not in any way be liable to attachment, garnishment or other process, or to be seized, taken, appropriated or applied by any legal or equitable process, to pay any debt or liability of such Employee, Retired Employee, Beneficiary, spouse or child.

13.3 Return of Contributions to the Town

Nothing herein shall prohibit a return to the Town, within one year after payment, of excess sums contributed to the Fund as a result of a mistake of fact.

13.4 Designation of Beneficiary

Each Employee shall file with the Committee a written designation of a Beneficiary, on a form approved by the Committee, who shall receive payment of the Participant's benefit under the Plan in the event of the Employee's death. In the event the Participant shall die having failed to designate a Beneficiary, or if a designation of Beneficiary lapses or fails for any reason, the Beneficiary shall be deemed to be the following person or persons in the order of priority indicated: the deceased Employee's (a) spouse, (b) issue per stirpes, or (c) estate.

13.5 Application of Plan Provisions

This Plan shall be binding upon all Employees and their Beneficiaries and upon the heirs, executors, administrators, successors and assigns of all persons having an interest herein.

13.6 State Laws Apply

This plan shall be construed and enforced under the laws of the State of Connecticut and all of the provisions hereof shall be administered in accordance with the laws of that State.

IN WITNESS WHEREOF, the Town of Wethersfield has caused this instrument to be executed by its duly authorized officer as of the Effective Date.

TOWN OF WETHERSFIELD

Revision Date

By _____
Its Town Manager