

**2018-First Plan Amendment to**  
**The Town of Old Saybrook Retirement Plan**

The Town of Old Saybrook Retirement Plan (" Defined Benefit Plan") is hereby amended, effective as of July 1, 2018, pursuant to the action approved by the Board of Selectman of the Town of Old Saybrook ("Town") at such Board's meeting held on October 9, 2018, as follows:

1. Article I, Section 13, **Employee**, is deleted in its entirety, and replaced with a new Section 13, **Employee**, to provide as follows:

13. "**Employee**" means any person regularly employed by the Town on a permanent basis excluding: (1) temporary employees whose customary terms of employment is less than the (10) months per year, (2) part-time employees whose customary term of employment is less than 1,500 hours per year on and before June 30, 2008, and whose customary term of employment is less than 1,200 hours per year effective on and after July 1, 2008, (3) any teacher or other employee who is or has been eligible for membership in the Connecticut State Teacher's Retirement system during the period that such Employee is eligible for membership in such Plan, (4) any employee hired by the Town prior to July 1, 2017, who previously was a participant in the Defined Benefit Plan who elects in writing to opt out of the Defined Benefit Plan pursuant to Article II, Section 4, of the Defined Benefit Plan and thereby waive his or her further participation in the Defined Benefit Plan in favor of participation in the Town Defined Contribution Plan adopted by the Town effective July 1, 2017, (5) any employee who is hired by the Town on or after July 1, 2017, who is not a member of a collective bargaining unit (e.g., a non-union employee of the Town) that represents employees of the Town, or (6) any employee hired by the Town on or after July 1, 2017, who is a member of one of the following unions listed below, and is covered by an agreement between his or her union and the Town which provides that such employee shall be covered by the Town Defined Contribution Plan:

- The United Public Service Employees' Union- Emergency Telecommunicators Unit 911;
- Local 818 of Connecticut Council #4 AFSCME, AFL-CIO (Supervisors); and
- Local 1303-278 of Council #4 AFSCME, AFL-CIO (Support Staff).

No person employed by any agency, authority or board affiliated with the Town or any independent agency, authority or board performing a governmental function within the Town, shall be considered an "Employee" hereunder, unless the Board of Selectmen shall authorize the persons employed by such agency, authority or board to be eligible for membership hereunder, which authorization may

be conditioned upon such terms and conditions including conditions for contributions to the Defined Benefit Plan by such agency, authority or board, as the Board of Selectmen shall provide.

2. A new Article I, Section 22A, **Town Defined Contribution Plan**, is added to the Defined Benefit Plan, to provide as follows:

22A. **"Town Defined Contribution Plan"** means the defined contribution plan of the Town named the Town of Old Saybrook 401a Plan, as it may be amended from time to time. Any additional terms and conditions applicable to the Town Defined Contribution Plan shall be set forth in the applicable plan document governing such Defined Contribution Plan which may include a customized or prototype or other standard plan document furnished to the town by the vendor or other service provider hired by the Town to provide services with respect to such Town Defined Contribution Plan, as such plan document may be amended or modified from time to time.

3. A new Article II, Section 4, **Employee**, is added to the Defined Benefit Plan, to provide as follows:

4. **Opt-Out Election by a Participant in the Defined Benefit Plan.**

(a) Any non-vested Employee hired prior to July 1, 2017, who is a Participant in the Defined Benefit Plan may elect to opt out of further participation in the Defined Benefit Plan, and as a result of such election, the greater of either (1) the lump sum value as calculated by the Town's actuary of the Participant's non-vested accrued pension benefit up to the opt out date, or 2) the lump sum amount of the Participant's total employee contributions, plus 5% interest on those employee contributions as calculated by the Town's actuary (earned as of the time of such election to opt out) shall automatically be transferred in the form of a lump-sum amount directly from the Defined Benefit Plan to the Participant's account Town Defined Contribution Plan.

(b) Any vested Employee hired prior to July 1, 2017, who is a Participant in the Defined Benefit Plan, may elect to opt out of further participation in the Defined Benefit Plan and such Employee will then automatically become enrolled in the Town Defined Contribution Plan. The Participant's defined pension benefits accrued up to the opt out

date will be frozen in the Defined Benefit Plan and may be collected from the Defined Benefit Plan upon retirement according to the terms of retirement as set forth in the Defined Benefit Plan.

(b) Upon the effective date of such election to opt-out, the Employee thereafter shall participate in the Town Defined Contribution Plan, and at all times during such participation, the Employee shall be required to make mandatory contributions for each year, determined as a percentage of the Employee's Compensation in such year, into the Town Defined Contribution Plan that is at least equal to the percentage used to determine such Employee's mandatory contributions, if any, to the Defined Benefit Plan.

(c) Such election to opt-out of the Plan must be made in writing, on a form provided by the Employer, at least sixty (60) days prior to the proposed effective date of the election.

(d) An election to opt-out of the Plan under this Section 4 shall constitute an irrevocable waiver of the Employee's right to further participate in or receive any further benefit from the Defined Benefit Plan.

(e) For purposes of determining an Employee's eligibility for other benefits, if any, payable to retirees of the Town, an Employee who opts out of the Defined Benefit Plan shall be treated as a retiree of the Town to the same extent as if such Employee had elected or received an annuity form of payment, or payment in the form of periodic installments, from such Defined Benefit Plan.

(f) For purposes of determining an Employee's vested status under the Town Defined Contribution Plan's vesting schedule specified in the plan documents governing the Town Defined Contribution Plan, Employees that opt out of the Defined Benefit Plan shall be immediately 100% vested in the Town Defined Contribution Plan.

4. A new Article II, Section 5, Distributions for Health and Long-Term Care Insurance for Public Safety Officers, is added to the Defined Benefit Plan to provide as follows:

5. Distributions for Health and Long-Term Care Insurance for Public Safety Officers.

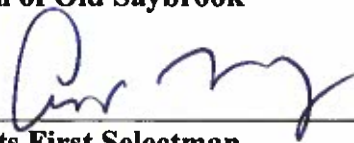
(a) Effective January 1, 2019, Eligible Retired Public Safety Officers may elect after separation from service to have up to \$3,000 distribution tax-free annually from the Defined Benefit Plan in order to pay for Qualified Health Insurance Premiums for an accident or health plan (including a self-insured plan) or a qualified long-term care insurance contract. The Defined Benefit Plan shall make such distributions directly to the provider of the accident or health plan or qualified long-term care insurance contract.

(b) The term "Eligible Retired Public Safety Officer" means an individual who, by reason of disability or attainment of normal retire age, is separated from service as a Public Safety Officer with the Town that maintains the eligible retirement plan from which distributions pursuant to this Section are made. The term "Public Safety Officer" has the same definition that is referenced in Section 402(l)(4)(C) of the Code.

(c) The term "Qualified Health Premiums" means premiums for coverage for the Eligible Retired Public Safety Officer, his spouse, and dependents (as defined in Section 152 of the Code), by an accident or health insurance plan or qualified long-term care insurance contract (as defined in Code Section 7702(b)).

Dated this 9<sup>th</sup> day of October, 2018, at Old Saybrook, Connecticut.

**Town of Old Saybrook**

By   
**Its First Selectman**

## **Memorandum**

During 2018, and associated with the launching of the new Defined Contribution Plan, the Town offered an incentive program. In concert with negotiated collective bargain agreements, this incentive allows a one-time incentive payment for NON-vested members that transfer from the Defined Benefit Plan to the Defined Contribution Plan. Specifically, a Participant who opts out of further participation in the Defined Benefit Plan will be granted an incentive amount, as calculated by the Town, which will be contributed by the Town in the form of a lump-sum amount directly into the Participant's account in the Town Defined Contribution Plan. This incentive program is discretionary and may be discontinued by the Town at any time.