

TOWN OF OLD SAYBROOK

RETIREMENT PLAN

Amended and Restated
Effective as of January 1, 2008

INTRODUCTION

WHEREAS, the Town of Old Saybrook has by action of its Board of Selectmen adopted the Town of Old Saybrook Retirement Plan (Plan) effective July 1, 1967; and

WHEREAS, under Article XIV of said Plan the right to amend such Plan at any time was reserved to the Selectmen; and

WHEREAS, said Plan was amended and restated effective July 1, 1989; and

WHEREAS, the Selectmen do now desire to further amend and restate the Plan; and

NOW, THEREFORE, the Selectmen acting for the Town of Old Saybrook hereby adopt and publish this amended and restated Plan for its Employees entitled to participate herein pursuant to the provisions hereof effective January 1, 2008. Eligibility for and amount of benefit payments for any Participant or the beneficiary of any Participant who retired, died, became disabled or terminated employment prior to January 1, 2008 shall be determined in accordance with provisions of the Plan in effect at the time of such retirement, death, disability or termination of employment and shall not be affected by any provision of this amendment and restatement, except as otherwise specifically provided in the Plan. The Plan is intended to be a governmental plan, as defined in Code Section 414(d), and is intended to qualify as a defined benefit plan under Code Section 401(a). The Plan is maintained for the exclusive benefit of eligible Employees and their Beneficiaries.

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ARTICLE I

Definitions

1. "Actuarial Equivalent" means an amount of equal value determined in accordance with the following actuarial assumptions:

Interest rate - 7%

Mortality - 1994 Unisex Pension Table
2. "Administrator" means the person or body which is to perform the administrative functions set forth in Article XIII hereof.
3. "Annual Earnings" means a Participant's basic rate of pay exclusive of overtime paid by the Employer to an Employee for a Plan Year for his/her services to the Employer. Annual Earnings includes vacation pay but does not include unused sick pay. Annual Earnings does not include any other compensation paid to the Employee.

In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, the Annual Earnings of each Participant taken into account under the Plan shall not exceed the annual compensation limit under Code section 401(a)(17). The annual compensation limit is \$230,000 (for 2008), as adjusted in subsequent years for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Code.
4. "Annuity Starting Date" means, with respect to any Participant, the first day of the month on which the payment of a Participant's Retirement Benefit is to commence, which date shall be his Normal Retirement Date unless an earlier or later Annuity Starting Date is applicable in accordance with the terms of the Plan.

5. "Appointing Authority" means for Employees of the Board of Education, the Board of Education; for Employees of the Police Department, the Board of Police Commissioners; for the Employees of the Board of Finance, the Board of Finance; and for all other Employees, the Board of Selectmen.
6. "Beneficiary" means the person designated pursuant to Article VII to receive the benefits which are payable under the Plan upon or after the death of a Participant.
7. "Benefit Attributable to Participant Contributions" means the amount of the Retirement Benefit derived from the Participant's accumulated contributions (Participant's after-tax Contributions made prior to July 1, 1998 plus interest, if any, payable thereon calculated pursuant to Code Section 411(c)(2)) expressed as an annual benefit in the form of a single life annuity commencing at the Participant's Normal Retirement Date, using the applicable interest rate under Code Section 417(e)(3) (as of the determination date). As used in this Section 7 "determination date" shall be the Annuity Starting Date.
8. "Benefit Attributable to Town Contributions" means the amount of the Retirement Benefit in the form of a single life annuity commencing at the Participant's Normal Retirement Date, determined by taking the excess of the Participant's Retirement Benefit in the form of a single life annuity over the Benefit Attributable to Participant Contributions as determined in Section 7 of this Article I.
9. "Code" means the Internal Revenue Code of 1986, as amended, as it may from time to time be amended.
10. "Contingent Annuitant" means the person designated pursuant to Section 2 of Article VII.

11. "Credited Interest" means interest earned on the Participant's contributions, posted every six months, based on an annual rate of 5% or based on an annual rate as the Retirement Board may from time to time prospectively determine.
12. "Effective Date" of this amended and restated plan means January 1, 2008, except as otherwise provided herein. The original Plan was effective July 1, 1967.
13. "Employee" means any person regularly employed by the Town on a permanent basis excluding: (1) temporary employees whose customary term of employment is less than ten (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, or (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.

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 Plan by such agency, authority or board, as the Board of Selectmen shall provide.
14. "Employer" means the Town of Old Saybrook, Connecticut.
15. "Final Average Earnings" means:

(a) On or before June 30, 2008, (1) for Non-Police Participants, the average of the highest consecutive 36 months of Annual Earnings preceding termination or retirement; and (2) for Police Participants, the average of Annual Earnings actually received over the final 3 years of employment.

(b) On and after July 1, 2008, for all Plan Participants, the average of the highest 36 months of Annual Earnings preceding termination of employment.

16. "Fund" means all funds received by the Funding Agent from the Employer for any Participant, pursuant to the terms hereof, together with all income, profits, and increments thereon, and any expenses, losses and payments therefrom.
17. "Funding Agent" means the Trustee, insurance company, or other entity, or any combination of the foregoing, which is maintaining custody of all or a portion of the Fund.
18. "Funding Agreement" means the trust agreement, group annuity contract or other insurance contract, or any combination of the foregoing, pursuant to which the Funding Agent maintains custody of the Fund.
19. "Non-Police Participant" means a Participant who is not a member of the Police Department.
20. "Participant" means any Employee who participates in the Plan pursuant to Article II.
21. "Participant's Contribution" means the required contribution made by a Participant in accordance with Article III.
22. "Plan" means the Town of Old Saybrook Retirement Plan as it may from time to time be amended for the purpose of providing Retirement Benefits for Employees of the

Employer who are eligible to participate herein in accordance with the provisions of this Plan.

23. "Plan Year" means the fiscal year of the Plan, commencing on July 1 and ending on June 30 of the succeeding calendar year.
24. "Police Participant" means a Participant who is a member of the Police Department.
25. "Retired Participant" means a former Participant who is retired under this Plan and who is receiving Retirement Benefits provided for hereunder.
26. "Retirement Benefit" means the monthly payments to which Participant shall become entitled hereunder.
27. "Retirement Board" means the committee established pursuant to Article XIII hereof.
28. "Required Beginning Date" means the first of April of the calendar year following the calendar in which: (i) the Participant attains age 70½, or (ii) if later, the year the Participant terminates service with the Town.
29. "Selectmen" means the Board of Selectmen of the Town of Old Saybrook.
30. "Total and Permanent Disability" means a physical or mental condition of a Participant resulting from bodily injury, disease or mental disorder which renders him incapable of continuing any gainful occupation for wage or profit, except such employment as is found by the Retirement Board to be for the purpose of rehabilitation or not incompatible with the finding of total and permanent disability and taking into consideration whether the Participant has been approved for disability benefits under the federal Social Security Act, excluding disabilities resulting from (1) service in the armed forces of any country for which a government disability pension is payable, (2) chronic alcoholism or addiction

to narcotics, (3) engaging in a felonious criminal act, or (4) and effort to bring about injury or illness of himself or another person.

31. "Trustee" means any bank, trust, company or insurance company who may be designated Trustee by the Board of Selectmen.

Wherever used in the Plan, the masculine pronoun includes the feminine pronoun and the singular includes the plural unless otherwise required by the text.

ARTICLE II

Eligibility for Inclusion

1. Conditions of Participation - Employees hired before January 1, 2008 became Participants in the plan based on the conditions then in effect. Employees hired on or after January 1, 2008 shall become Participants in the plan after the completion of 6 months of continued employment. Each Employee eligible for participation shall file an application for participation in the Plan with the Retirement Board within such time as the Board may prescribe. Once an Employee becomes a Participant in the Plan, he/she may not withdraw his/her contributions with Credited Interest thereon unless such Participant terminates his/her employment with the Employer subject to the conditions as set forth in Article IX hereof.
2. Employees Declining Participation - In the event that any Employee hired prior to March 23, 1972 became eligible for participation in the Plan and declined to become a Participant in the Plan on the date as of which he/she was first eligible for participation, such Employee, provided he/she was otherwise still eligible for employment, may apply for participation as of any subsequent July 1 but all benefits provided such an Employee under this Plan shall be determined by reference only to his/her Credited Service after the July 1 as of which he/she becomes a Participant in the Plan.
3. Pensioners Under Special Acts - No person receiving or entitled to receive such benefit under any special act sponsored by the Town for the benefit of such person shall be a Participant in this Plan, and no such person shall receive any benefits by reason of the existence of this Plan.

ARTICLE III

Participant Contributions

1. Contributions for Police Participants - The Police Participant's annual contribution for each Plan Year of participation effective July 1, 1986 shall be four percent (4%) of his/her Annual Earnings for such Plan Year subject to a maximum contribution for thirty-five (35) such years. Effective January 1, 1994, the Police Participant's annual contribution shall be increased to four and one-half percent (4½%) of his/her Annual Earnings. Effective July 1, 1998, the Police Participant's annual contribution shall be increased to five percent (5%) of his/her Annual Earnings.
2. Contributions for Non-Police Participants - The Non-Police Participant's annual contribution for each Plan Year of participation commencing July 1, 1986 shall be three and one-half percent (3½%) of his/her Annual Earnings for such Plan Year subject to a maximum contribution for thirty-five (35) such years. Effective July 1, 1998, the Non-Police Participant's annual contribution shall be increased to five percent (5%) of his/her Annual Earnings.
3. Effective July 1, 1998, the required Participant Contributions will be treated as pre-tax and will be considered "picked up" for tax purposes and paid by the Employer pursuant to Internal Revenue Code Section 414(h)(2). Effective January 1, 2008, Participant Contributions shall not commence until the date the Employee is first eligible to participate in the Plan pursuant to Section 1 of Article II.

ARTICLE IV

Credited Service

1. "Credited Service" means the total period of employment as an Employee as shown on the payroll records of the Town commencing on the date of the Employee's employment and continuing to the date of his/her death, disability, retirement or termination of such employment. Except as otherwise indicated in Section 2 of this Article IV, in no event shall Credited Service include periods during which an Employee does not receive compensation from the Town.
2. Credited Service with the Employer shall not be broken in the event of -
 - (a) Approved leave.
 - (b) Authorized vacation.
 - (c) Temporary illness or temporary disability.
 - (d) Absence for qualified military service in the uniformed services of the United States in accordance with Section 414(u) of the Code.
 - (e) Other absences approved by the Appointing Authority and Retirement Board in writing.

If any Employee fails to return to work on the date fixed by the Appointing Authority with respect to any leave, his/her Credited Service shall be determined to have ended on the date next preceding such absence, except benefits and service credits with respect to qualified military service shall be provided in accordance with Section 414(u) of the Code.

Any Participant whose employment is terminated and who is rehired within six (6) months after such termination of employment shall be deemed for purposes of this Plan

to have been on an approved leave of absence. Notwithstanding anything above to the contrary, any period of absence in excess of one (1) year for any reason other than qualified military service shall constitute an interruption of Credited Service.

Notwithstanding any provision of the Plan to the contrary, an Employee who has taken an unpaid authorized leave of absence under the Family and Medical Leave Act, shall be entitled to all rights with respect to retirement credits pursuant to the Family and Medical Leave Act.

ARTICLE V

Retirement Dates

1. Normal Retirement Date - The Normal Retirement Date of any Police Participant shall be the first day of the month coinciding with or next following the earlier of his/her sixtieth (60th) birthday or the attainment of 25 years of Credited Service. For any Non-Police Participant, the Normal Retirement Date shall be the first day of the month coinciding with or next following his/her sixty-second (62nd) birthday and the completion of 5 years of Credited Service.
2. Early Retirement Date -- The Early Retirement Date of any Participant who is 55 years of age and has completed at least 15 years of Credited Service shall be the first day of any month on or after such date in which the Participant elects to terminate employment and retire prior to his or her Normal Retirement Date.
3. Disability Retirement Date
 - (a) Any Police Participant who has completed at least 5 years of Credited Service and who is determined to be totally and permanently disabled by the Retirement Board, may retire and commence to receive his/her benefits (herein referred to as Disability Retirement Date), prior to his/her Normal Retirement Date, which date may be the first day of any month six (6) months subsequent to the date of such determination.
 - (b) Any Non-Police Participant who has completed at least 15 years of Credited Service and who is determined to be totally and permanently disabled by the Retirement Board, may retire and commence to receive his/her benefits (herein referred to as Disability Retirement Date), prior to his/her Normal Retirement

Date, which date may be the first day of any month six [6] months subsequent to the date of such determination.

4. Deferred Retirement Date – A Participant who is satisfactorily able to perform his/her duties may elect to defer his/her Retirement and retire on the first day of any month following his/her Normal Retirement Date.

ARTICLE VI

Retirement Benefits

1. Retirement at Normal Retirement Date - A Participant who retires on his/her Normal Retirement Date shall receive a "Normal Retirement Benefit" which shall be an annual retirement annuity in an amount equal to:
 - (a) For Police Participants with 25 or more years of Credited Service:

2% of such Participant's Final Average Earnings multiplied by such Participant's years of Credited Service. Credited Service will include 1/12th of a year for each completed month in excess of completed years provided that the maximum multiple for years of Credited Service shall be thirty-five (35) years.
 - (b) For Police Participants who retire prior to age 62 and have not completed 25 years of Credited Service:
 - (i) Benefit Payable Prior to attainment of age 62: 2% of such Participant's Final Average Earnings multiplied by such Participant's years of Credited Service. Credited Service will include 1/12th of a year for each completed month in excess of completed years provided that the maximum multiple for years of Credited Service shall be thirty-five (35) years.
 - (ii) Benefit Payable After attainment of age 62: 1.5% of such Participant's Final Average Earnings multiplied by such Participant's Final Average Earnings multiplied by such Participant's years of Credited Service. Credited Service will include 1/12th of a year for each completed month in excess of completed years provided that the maximum multiple for years of Credited Service shall be thirty-five (35) years.

(c) For Non-Police Participants: $1\frac{1}{2}\%$ of such Participant's Final Average Earnings multiplied by such Participant's years of Credited Service prior to July 1, 1988 plus 2% of such Participant's Final Average Earnings multiplied by such Participant's years of Credited Service after June 30, 1988 to such Participant's Retirement Date. Credited Service will include $\frac{1}{12}$ th of a year for each completed month in excess of completed years provided that the maximum multiple for years of Credited Service shall be thirty-five (35) years.

2. Retirement at Early Retirement Date – The annual retirement annuity of a Participant who retires on an Early Retirement Date and who elects to have retirement benefits commence on his/her Normal Retirement Date shall be computed in accordance with Section 1 of this Article VI based on his/her Credited Service to his/her Early Retirement Date. In the event a Participant elects to have retirement benefit payments commence prior to his/her Normal Retirement Date, such "Early Retirement Benefit" shall be computed as though it were to have commenced on his/her Normal Retirement Date, but shall be reduced by one-half percent ($\frac{1}{2}\%$) for each month by which such Participant's Early Retirement Date precedes his/her Normal Retirement Date.
3. Retirement at Disability Retirement Date – The annual retirement annuity of a Participant who retires on a Disability Retirement Date shall be computed in accordance with Section 1 of this Article VI based on his/her Credited Service and Final Average Earnings to his/her Disability Retirement Date. The annual retirement benefit so computed will be reduced by any payments received under the Worker's Compensation Act.
4. Retirement at Deferred Retirement Date – The annual retirement annuity of a Participant who retires on a Deferred Retirement Date shall be determined in the same manner as

his/her Normal Retirement Benefit but based on his/her Credited Service and Final Average Earnings to his/her Deferred Retirement Date.

5. Retirement Benefits - The Participant's annual retirement annuity payable under this Article VI shall be distributed in monthly payments equal to one-twelfth ($1/12^{\text{th}}$) of the Participant's annual amount.

6. Additional Pension for Retired Participants - Effective November 1, 2006 there will be a one time cost of living adjustment equal to the following:

Retirement date on or after July 1, 1998 and on or before June 30, 2003	2.5%
Retirement date on or after July 1, 1993 and on or before June 30, 1998	5.5%
Retirement date on or after July 1, 1988 and on or before June 30, 1993	8.5%
Retirement date on or after July 1, 1983 and on or before June 30, 1988	11.5%
Retirement date on or before June 30, 1983	14.5%

7. Forfeitures - No part of any forfeitures resulting from the application of any provision of this Plan shall be applied to increase the benefits any Employee would otherwise receive under this Plan.

8. Military Service Benefit - Notwithstanding any provision of this Plan to the contrary, effective December 12, 1994, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code.

ARTICLE VII

Form and Payment of Benefits

1. Normal Form of Retirement Benefit – A Retired Participant's Retirement Benefit shall normally be payable in the form of a monthly Life Annuity commencing on his/her actual Retirement Date and ceasing with the last payment due immediately preceding the Retired Participant's death. This form of payment shall be referred to as the Normal Form. Any Death Benefit payable under this Section will be determined in accordance with Article VIII hereof.
2. Contingent Annuitant Option –
 - (a) In lieu of the Normal Form of Retirement Benefit described in Section 1 above, a Retired Participant may elect a Contingent and 50%, 75% or 100% Annuitant Option which provides for a benefit, which is the Actuarial Equivalent of the Normal Form of Retirement Benefit, payable to the Retired Participant during his/her lifetime and for the continuance of such payments of 50%, 75% or 100% of such benefit to a Contingent Annuitant, if living, after the Retired Participant's death.
 - (b) If the Contingent Annuitant is the spouse of the Retired Participant or if the Contingent Annuitant is any other person not more than 30 years younger than the Retired Participant, the benefit payable under this option is payable without restriction. If, however, the Contingent Annuitant is a person other than the spouse of the Retired Participant and is more than 30 years younger than the Retired Participant, the benefit otherwise payable under this option to the Contingent Annuitant shall be limited so that the value of the annuity payable to

the Contingent Annuitant shall be less than fifty percent (50%) of the value of the Retired Participant's total original benefit, both calculated as of the Retired Participant's actual retirement date.

- (c) The monthly payment to the Contingent Annuitant shall commence on the first day of the month following the month in which the Retired Participant dies, if the Contingent Annuitant is then living, and shall continue monthly with the last payment due for the month in which the Contingent Annuitant's death occurs.
- (d) No monthly benefit will be payable to a Contingent Annuitant if the Participant dies before his/her first Retirement Benefit payment becomes due. If the Contingent Annuitant predeceases the Retired Participant after retirement, the Retirement Benefit payments will cease upon the Retired Participant's death.
- (e) At the time a Participant designates his/her retirement date he/she must elect the form of Retirement Benefit. If no election is made, the Participant shall be deemed to have elected the Normal Form. Once an optional form of Retirement Benefit is elected and accepted by the Administrator, it cannot be rescinded by the Participant without the written consent of the Administrator. In no event shall the consent of any person entitled to receive payments upon the death of the Participant be required as a condition to the right of a Participant to revoke or change, prior to his/her retirement date, any option previously elected. Once a Participant has retired, his/her optional form of Retirement Benefit shall be irrevocable and may not be changed in any way whatsoever except as provided for in subsection (f) of this Section 2.

- (f) If a Retired Participant elects a Contingent Annuitant Option for a Contingent Annuitant other than his or her spouse and the Contingent Annuitant dies after the Retired Participant's retirement date, predeceasing the Retired Participant, there shall be paid only the *reduced* retirement benefit payable to the Retired Participant in accordance with his or her Contingent Annuitant Option election. If the Contingent Annuitant is the Retired Participant's spouse and the Contingent Annuitant dies after the Retired Participant's retirement date, predeceasing the Retired Participant, the Retired Participant may nullify his or her Contingent Annuitant Option by submitting a written request to the Retirement Board, together with the spouse's death certificate, no later than 24 months following the death of his or spouse. The Contingent Annuitant Option shall become null and void effective the first of the month following receipt of a written request for nullification; the Retired Participant shall thereafter be paid in accordance with the Normal Form of Retirement Benefit payment under Section 1 of this Article VII.

3. General – Anything in this Plan to the contrary notwithstanding, the Participant shall not have the right prior to his/her retirement irrevocably to elect to have all or a part of his/her interest in this Plan, which would otherwise become available to him/her during his/her lifetime, paid only to his/her Beneficiary after his/her death.
4. Payment of Small Benefits - Notwithstanding any provision in this Plan for the monthly payment of a benefit to a Participant, if such monthly payment is less than twenty dollars (\$20) the same may be made quarterly, or semi-annually, as determined by the Retirement Board.

5. Re-employment - If a Retired Participant is re-employed on a full time basis by the Employer, his/her Retirement Benefit payments shall cease with the last payment due prior to his/her re-employment.

Retirement Benefit payments shall again become payable on the first day of the month following subsequent termination of employment.

6. Required Distributions - The entire interest of a Participant must be distributed or begin to be distributed no later than the Participant's Required Beginning Date. All distributions required under this Article shall be determined and made in accordance with Section 401(a)(9) of the Code and its accompanying regulations, including the minimum incidental benefit requirement set forth in Treas. Reg. Section 1.401(a)(9)-6.

7. Direct Rollover -

- (a) This Section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an eligible retirement plan specified by the Distributee in a Direct Rollover.

- (b) Definitions.

- (i) Eligible Rollover Distribution: 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's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.)

- (ii) Eligible Retirement Plan: An Eligible Retirement Plan is (a) an individual retirement account described in Section 408(a) of the Code; (b) an individual retirement annuity described in Section 408(b) of the Code; (c) an annuity plan described in Section 403(b) of the Code; (d) an eligible plan under Section 457(b) of the Code maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; or (e) a qualified plan described in Sections 401(a) or 403(a) of the Code that accepts the eligible rollover distribution.
- (iii) Distributee: A Distributee includes: (i) the Participant's or former Participant's surviving spouse; (ii) the Participant's or former Participant's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code; and (iii) the Participant's or former Participant's non-spouse Beneficiary. However, in the case of a non-spouse Beneficiary, direct rollover distributions may only be made to an individual retirement account or individual retirement annuity (IRA) that has been established on behalf of

the Beneficiary as an inherited IRA within the meaning of Section 408(d)(3)(C) of the Code

(iv) Direct rollover: A direct rollover is a payment by the Plan to the eligible retirement plan specified by the Distributee.

8. Maximum Benefit - Notwithstanding anything in this Plan to the contrary, benefits provided hereunder shall comply with the limitations of Section 415 of the Code and the Treasury Regulations thereunder applicable to governmental plans, the provisions of which are included in the Plan's Article XI, and are otherwise specifically incorporated herein.

ARTICLE VIII

Death Benefits

1. Designation of a Beneficiary – Each Participant shall designate a Beneficiary or Beneficiaries on a form prescribed by the Retirement Board to receive any payments which may become payable to any person in accordance with this Plan. The Participant may change such designation by signing such form as may be furnished by the Retirement Board.
2. Failure of a Beneficiary to Survive – In the event there is a Death Benefit payable under this Plan and there is no Beneficiary surviving the Participant, the Death Benefit shall be payable in a lump sum to one or more of the surviving persons designated by the Retirement Board in the order of preference named: (i) spouse, (ii) children, (iii) grandchildren, (iv) parents, (v) brothers and/or sisters, and (vi) executors and administrators.
3. Death Prior to Retirement or Prior to the Date Payments Commence – Except as provided in Section 6 of this Article VIII, if a Participant should die prior to his/her Retirement Date, the total of his/her Participant Contributions with Credited Interest shall be paid to his/her named Beneficiary in one lump sum payment.
4. Death After Retirement – If a Participant should die after his/her Retirement Date and has not elected one of the optional forms of Annuity in Article VII hereof, a Death Benefit shall be payable to his/her named Beneficiary in one lump sum payment which shall be the excess, if any, of (a) over (b) below:
 - (a) The total amount of Participant Contributions actually made by the Participant with Credited Interest to his/her actual Retirement Date

- (b) The total amount of Retirement Benefit payments and Disability Benefits already made to the Participant.
- 5. Death of a Contingent Annuitant – If a Participant's Contingent Annuitant should die while receiving benefits in accordance with Article VII hereof, a Death Benefit shall be payable to the estate of the Contingent Annuitant in one lump sum payment which shall be the excess, if any, of (a) over (b) below:
 - (a) The total amount of Participant Contributions actually made by the Participant with Credited Interest to his/her actual Retirement Date.
 - (b) The total amount of Retirement Benefit payments and Disability Benefits already made to the Participant and the Contingent Annuitant.
- 6. Pre-Retirement Spouse's Death Benefit – Upon the death of an active Participant who has attained age fifty-five (55) and completed fifteen (15) years of Credited Service, his/her surviving spouse shall receive a Death Benefit. The amount of such Death Benefit shall be equal to the deceased Participant's Early Retirement Benefit as described in Section 2 of Article VI hereof, determined as of the first day of the month coincided with the next following the Participant's date of death. The benefit shall be further reduced as though the deceased Participant had elected a 50% Joint Contingent Annuity Option as described in Section 2 of Article VII hereof. One-half (50%) of this benefit shall be payable to the deceased Participant's surviving spouse until death or remarriage; provided, however if the benefit is payable to a spouse of a Police Participant killed in the line of duty it shall continue until the death of the surviving spouse whether or not such spouse is remarried, provided such Death Benefits may be adjusted in accordance with Conn. General Stat., Section 7-433b. If a Death Benefit is payable in accordance with this Section 6 of Article

VIII there shall be no Death Benefit payable to the deceased Participant's Beneficiary as described in Sections 3 and 4 of this Article VIII.

ARTICLE IX

Termination of Employment

1. A Participant who terminates employment with the Employer prior to his/her Early or Normal Retirement Date, after meeting the following requirements, shall be entitled to a Retirement Benefit as determined in Section 4 of this Article IX. Such benefit is subject to the vesting and other requirements indicated in this Section 1 and shall be payable commencing on what would have been his/her Normal Retirement Date in the same form as his/her Normal Retirement Benefit.

Vesting Percentage and Requirements:

Years of Credited Service

Vested Percentage

Less than 10 years

0%

10 or more years

100%

2. Any Participant who terminates his/her employment with the Employer prior to his/her Early or Normal Retirement Date for reasons other than death or disability and who does not meet the requirements under Section 1 above shall receive the return of his/her Participant Contributions with Credited Interest to his/her date of Termination of Employment.
3. If a Participant described in Section 2 above is later re-employed, that Participant can regain his/her prior service by paying back his/her Participant Contributions with interest within one year of his/her reemployment date. The Retirement Board will determine the rate of interest.

4. The monthly amount of Normal Retirement Benefit payable to a Participant in accordance with this Article, subject to the provisions of Section 1 above, shall be determined in the same manner as his/her Normal Retirement Benefit based on Credited Service to his/her date of termination of employment.
5. A Participant who meets the requirements of Section 1 hereof may upon request receive a return of his/her Participant Contributions with Credited Interest in lieu of all other benefits under this Plan.

ARTICLE X

Permanent and Total Disability

1. Eligibility for a Disability Benefit – A Non-Police Participant who has completed at least 15 years of Credited Service and is deemed to be permanently and totally disabled by the Retirement Board or a Police Participant who has completed at least 5 years of Credited Service and is deemed to be permanently and totally disabled by the Retirement Board shall be entitled to a “Disability Benefit” as provided in this Article X.
2. Determination of Disability – The determination of Total and Permanent Disability shall be made by the Retirement Board based on competent medical advice which may include the opinion of a licensed physician. The Retirement Board will also take into consideration in its determination of such disability whether the Participant has been applied for, approved for, or is eligible for, Social Security disability benefits. The Retirement Board may require proof of continued disability. Such proof may be required from time to time but not more frequently than once a year.
3. Amount of Disability Benefit – The annual amount of Disability Benefit payable to a Participant eligible for such benefit shall be determined in the same manner as his Normal Retirement Benefit based on the number of years of Credited Service and Final Average Earnings as of the date of his/her disability. The annual retirement benefit so computed shall be reduced by any payments received under the Worker’s Compensation Act.
4. Duration of Disability Benefits – The Disability Benefit shall be payable monthly commencing with the first day of the month following establishment of Disability and

shall terminate with the last monthly payment due preceding the earliest of the following dates:

- (a) the date of the death of the Participant, or
- (b) the date the Participant is deemed to be no longer permanently and totally disabled, or
- (c) the Participant's Normal Retirement Date.

Upon occurrence of the earliest of the above events, the Disability Benefit shall cease. If such occurrence is (c) above, payment of the Normal Retirement Benefit shall commence on such date in the same amount as the Disability Benefit.

ARTICLE XI

Limitations on Contributions & Benefits

1. Basic Limitation - Regardless of any other provision of this Plan, an annual benefit payable hereunder (expressed as a straight life annuity with no ancillary benefits, as provided in regulations pursuant to Section 415(b)(2)(B) of the Code) shall not exceed \$185,000 (for 2008), as adjusted in subsequent years pursuant to Section 415(d) of the Code.
2. Annual Benefit Defined - For the purpose of Section 1 of this Article XI, "Annual Benefit" means the Benefit Attributable to Town Contributions payable in the form of a straight life annuity with no ancillary benefits. If the Annual Benefit is payable in any form other than a straight life annuity with no ancillary benefits, then for the purposes of applying the general limitations of Section 1 of this Article XI, the Annual Benefit shall be adjusted to a value equivalent to the straight life annuity. The value of the equivalent straight life annuity shall be determined as set forth in Treas. Reg. §1.415(b)-1(c) provided, however, that no adjustment shall be required by reason of benefits not directly related to retirement or by reason of payment of that portion of any Joint and Survivor Annuity which constitutes a Qualified Joint and Survivor Annuity within the meaning of Section 417 of the Code.
3. Adjustment for Retirement After Age Sixty-Five (65) - In the case of a benefit beginning after the Participant attains age sixty-five (65), the limitation in Section 1 of this Article XI shall be actuarially increased so that it is equivalent (on the basis of an interest rate of five percent (5%) and the applicable mortality table under Code Section 417(e)(3) that is

effective for the Annuity Starting Date) to the Annual Benefit beginning at the Participant's attainment of age sixty-five (65).

4. Adjustment for Retirement Before Age Sixty-Two (62) - In the case of a benefit beginning prior to the Participant's attainment of age sixty-two (62), the limitation in Section 1 of this Article XI shall be actuarially reduced so that it is equivalent (on the basis of an interest rate of five percent (5%) and the applicable mortality table under Code Section 417(e)(3) that is effective for the Annuity Starting Date) to the Annual Benefit beginning at the Participant's attainment of age sixty-two (62).
5. Exception to Basic Limitation - The limitation in Sections 1, 3 and 4 of this Article XI shall not be applied to reduce a Participant's benefit if the unreduced annual amount of such benefit is \$10,000 or less and the Employer had not at any time maintained a defined contribution plan in which the Employee was a participant.
6. Exception for Certain Police Participants - The limitation in Section 4 of this Article XI shall not be applied to reduce the benefit of a Participant who is a uniformed member of the Town's Police Department who has at least fifteen (15) Years of Credited Service as a full-time employee of the Police Department providing police protection services.
7. Exception for Survivor and Disability Benefits - The adjustment in Section 4 of this Article XI shall not be applied to reduce (i) the benefit of a Participant who receives Disability Benefits in accordance with Article X of the Plan, or (ii) the Pre-retirement Death Benefit payable to the spouse under Section 6 of Article VII of the Plan.

8. Secondary Limitation - The limitation in Section 1 of this Article XI shall be reduced, in the case of any Participant who has had less than ten (10) years of participation in the Plan, by multiplying the limitation by a fraction whose numerator is the number of years (or part thereof) of participation in the Plan and the denominator of which is ten (10).
9. Cost-of-Living Limitation Adjustment - The dollar limit under Code Section 415(b), \$185,000 (for 2008), shall be increased in subsequent years pursuant to Code Section 415(d) to reflect cost-of-living increases and such subsequent annual increases shall apply with respect to a Participant if the increase is effective after the Participant's termination of employment or, if earlier, after the Annuity Starting Date in the case of a Participant who has commenced benefits.

ARTICLE XII

Funding

1. For the purpose of funding the Retirement Benefits provided for herein, the Administrator shall enter into one or more Funding Agreements with one or more Funding Agents as may be selected by, the Retirement Board from time to time, with such powers in each Funding Agent as to investment, reinvestment, control and disbursement of all or part of the Fund as shall be in accordance with the provisions hereof, and approved by the Board of Selectmen.
2. The Employer will make periodic payments to each Funding Agent, including Participant Contributions paid in accordance with Article III hereof. The amount of such payments shall be based upon actuarial estimates furnished by a qualified actuary selected by the Administrator.
3. No part of the funds held by a Funding Agent shall be used for or diverted to purposes other than for the exclusive benefit of Employees covered under this Plan prior to the satisfaction of all liabilities hereunder with respect to them.
4. No person shall have any interest in or right to any of the funds contributed to or held by a Funding Agent except as expressly provided in this Plan and then only to the extent that such funds have been contributed by the Employer and Participants to the Funding Agent.
5. The Retirement Board expressly reserves the right to change the method of funding and investing at any time at its own election and without the consent of any person or organization of any kind.

ARTICLE XIII

Administration

1. The Retirement Board shall be appointed by the Selectmen and shall consist of at least five members but not more than seven, including the First Selectman. The Board of Selectmen shall appoint one member for five years, one member for four years, one member of three years, one member for one year, and the First Selectman shall be a member for his/her term of office. If the Retirement Board is expanded beyond five members, the additional members appointed by the Board of Selectmen shall serve for five years. After the expiration of a member's term, other than the First Selectman, the Board of Selectmen shall appoint new members for five year terms. Upon the death or resignation of any member prior to the expiration of his term, the Board of Selectmen shall appoint a replacement to serve the remainder of such member's term. The members of the Retirement Board shall annually select one of their members to act as Chairman. Members of the Retirement Board shall serve without compensation for acting as such.
2. The Retirement Board shall have all powers necessary to determine in its sole discretion all questions concerning the administration of the Plan, including without limitation questions of eligibility of Employees, funding and investment policies, and the amount of the benefits payable hereunder. In addition, the Retirement Board shall have full authority to interpret and apply the provisions hereof, including, without limitation, authority to correct any defects or omissions or reconcile any inconsistencies herein, in such a manner and to such an extent as it shall deem necessary or desirable to effectuate the Plan. The Retirement Board may make such rules and regulations for the administration of the Plan and the interpretation and application of the provisions hereof as it deems necessary or

desirable. Any determination by the Retirement Board within the scope of its authority and any action taken thereon in good faith shall be conclusive and binding on all persons.

3. The Retirement Board shall have authority, in its sole discretion, to designate or appoint, from time to time, in writing, (a) persons to render advice to it with regard to any responsibility it has under the Plan, (b) persons to carry out specified responsibilities for the operation and administration of the Plan, other than any responsibility to manage or control the assets of the Plan provided for in any Funding Agreement, and (c) persons to act as investment managers to manage (including the power to acquire and dispose of) any assets of the Plan. Any such person shall serve at the pleasure of the Retirement Board and may resign by delivering written notice to the Retirement Board. The Retirement Board may delegate any of its powers and duties to any person referred to in clause (b) above, subject to the limitation contained therein. Any such delegation of powers and duties shall be made and acknowledged in writing.
4. The Retirement Board shall designate the Administrator of the Plan. The Administrator shall carry out the duties required of the Administrator by applicable provisions of the Plan. The Administrator shall serve at the pleasure of the Retirement Board and may resign by delivering written notice to the Retirement Board.
5. Any action which the Retirement Board is authorized or required to take may be taken by a majority of the members of the Retirement Board then holding office. The action of such majority of the members of the Retirement Board, expressed by a vote at a meeting, or in writing without a meeting, shall constitute the action of the Retirement Board, and shall have the same effect for all purposes as if assented to by all the members of the Retirement Board then holding office.

6. The Retirement Board may from time to time appoint a secretary, who may or may not be a member of the Retirement Board and who shall serve at the pleasure of the Retirement Board and may resign by delivering written notice to the Retirement Board. The Retirement Board may from time to time authorize any one or more of its members to execute any document on behalf of the Retirement Board.
7. A member of the Retirement Board who is also a Participant in the Plan shall not vote on the exercise of any rights or options or on any other matter with respect to his/her rights as a Participant; provided, however, that this prohibition shall not be construed as preventing such member from voting on matters which affect all Participants.
8. The Retirement Board shall keep such records of its proceedings and acts as may in its discretion be necessary or desirable for the proper administration of the Plan. The Employer may at any time inspect the records of the Retirement Board or have the same inspected by any agent or Employee and may at any time demand an accounting from the Retirement Board.

ARTICLE XIV

Right of the Employer to Discontinue or Amend this Plan

1. The Employer intends to continue this Plan and payment of contributions therefor indefinitely; but continuance of this Plan is not assumed as a contractual obligation, or other obligation, of the Employer, and the right is reserved by the Employer to reduce, suspend, or discontinue its contributions hereunder at any time. In the event of a suspension which ripens into a discontinuance, such discontinuance shall be retroactive to the date the last suspension of contributions commenced.
2. The Employer 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 Employer any interest in the funds accumulated in accordance with this Plan or the Retirement Benefits provided hereunder, or
 - (b) deprive any Participant who has retired under this Plan, prior to the date of amendment, of the right to receive 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.

ARTICLE XV

Procedure on Discontinuance of this Plan

1. This Plan shall be discontinued upon written notice by the Employer to the Participants covered hereunder of discontinuance of this Plan.
2. In the event this Plan shall be discontinued, no further payments shall be made to a Funding Agent. At the date of discontinuance of this Plan, Participants shall be entitled to the return of their Participant Contributions to this Plan plus Credited Interest, or in lieu thereof may elect paid up Deferred Retirement Benefits. The funds available for the purchase of Retirement Benefits for Participants and former Participants retaining a vested interest under this Plan remaining in the hands of a Funding Agent shall become vested in said Participants covered under this Plan at the date of discontinuance in the manner hereinafter indicated.
 - (a) Any funds which shall be available for distribution upon discontinuance of this Plan shall be applied to guarantee continuity of benefits for Retired Participants receiving benefits at the date of such discontinuance.
 - (b) Any funds which shall be available for distribution upon discontinuance of this Plan after the purchase of benefits described in (a) above, shall be applied to purchase Retirement Benefits, at the date of such discontinuance, for Participants eligible on that date for normal retirement hereunder in amounts to which said Participants shall be entitled under this Plan to the extent that sufficient funds therefor shall be available.
 - (c) Any funds which shall be available for distribution after the purchase of Retirement Benefits described in (a) and (b) above shall be applied to purchase

Retirement Benefits, at the date of such discontinuance, for persons who are receiving Disability Benefits under this Plan in amounts to which said persons were receiving to the extent that sufficient funds therefor shall be available.

- (d) Any funds which shall be available for distribution after the purchase of the Retirement Benefits described in (a), (b) and (c) above shall be applied to purchase Retirement Benefits, at the date of such discontinuance, for Participants eligible on that date for early retirement hereunder in amounts to which said Participants shall be entitled under this Plan to the extent that sufficient funds therefor shall be available.
- (e) Any funds which shall be available for distribution after the purchase of the Retirement Benefits described in (a), (b), (c) and (d) above shall be applied to purchase Retirement Benefits, at the date of such discontinuance, for Participants who would have met the requirements for vesting had they terminated employment on the date of discontinuance and former Participants not included in (a), (b), (c) and (d) above but who retain a vested interest in this Plan to the extent that sufficient funds therefor shall be available.
- (f) Any funds which shall be available for distribution after the purchase of the Retirement Benefits described in (a), (b), (c), (d) and (e) above shall be applied to purchase Retirement Benefits, at the date of such discontinuance, for all other Participants in amounts to which said Participants shall be entitled under this Plan to the extent that sufficient funds therefor shall be available.

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.

Any funds paid by the Employer to a Funding Agent which shall be available for distribution after the purchase in full of all the Retirement Benefits described in Section 2 of this Article XV shall be deemed to have become available as a result of actuarial error and shall be paid in cash to the Employer.

ARTICLE XVI

Miscellaneous

1. No Employment Rights - Inclusion in this Plan shall not be construed as giving the Employee any right to be retained in the service of the Employer without its consent, nor shall it interfere with the right of the Employer 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.
2. No Assignment of Benefits - No person entitled to benefits under this Plan 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 person-- provided, however, that the Administrator shall be authorized to comply with the terms of a qualified domestic relations order within the meaning of Section 414(p) of the Code.
3. Minors and Incompetents - If any person to whom a benefit is payable from the fund is a minor, or if the Retirement Board determines that any person to whom such benefit is payable is incompetent by reason of physical or mental disability, any payment due (unless a proper claim thereof shall have been made by a duly appointed guardian, conservator or legal representative) may be made to the spouse, a child, a parent or a brother or sister of such person, or to any person deemed by the Retirement Board to have incurred expenses for such person otherwise entitled to payment. Any such payment shall be a complete discharge of any liability for such payment under the plan.

4. Fraud and Dishonesty – If any Participant in the course of employment with the Town shall commit any act of fraud or dishonesty in the discretion of the Retirement Board, he/she shall forfeit to the Fund any and all payments and benefits due or becoming due to him/her from the Fund other than his/her Participant Contributions with Credited Interest. Any forfeitures under the provisions of this paragraph shall be forfeited to the Town and treated thereafter as amounts contributed by the Town in the current or next succeeding year. In the event of the termination of the employment of an Employee for any of the reasons set forth in this paragraph, the Retirement Board, shall notify such Participant in writing that his/her retirement benefits under this plan have been forfeited and the reason or reasons therefor. Any Participant who deems himself/herself aggrieved by such decision may, within thirty (30) days of the date of such notice, in writing request a hearing on the question of the forfeiture of his/her retirement benefits. The Retirement Board and the Participant shall each thereupon nominate a hearing officer and those two shall nominate a third hearing officer. These three shall constitute a Hearing Board which shall arrange for and hold a hearing at such time and place as the Hearing Board shall determine, first giving reasonable notice to the Participant and the Town and the Retirement Board. The Hearing Board shall receive such evidence and other information as it shall deem necessary. The Hearing Board shall in writing within thirty (30) days after such hearing advise the Participant, the Town and the Retirement Board of its decision which shall be final and from which no appeal shall lie.
5. Non-Liability of Town - All benefits under the Plan shall be paid or provided for solely from the Fund and the Town assumes no liabilities or responsibilities therefor.

6. Tenure of Employment - Neither the action of the Town in the establishment of this Plan nor any action taken by it or by the Retirement Board hereunder shall be construed as giving any Employee or Participant the right to be retained in the employ of the Town or any other right whatsoever except to the extent of the benefits provided by the Plan to be paid or made available from the Fund.
7. Separability of Provisions - If any provisions of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of the Plan but the Plan shall be construed and endorsed as if said illegal or invalid provisions had never been inserted herein.
8. Unclaimed Benefits - Whenever reasonable efforts fail to locate any Participant or Beneficiary entitled to benefits under the Plan within seven (7) years from the time notice is first received that he/she is not to be found at the address in the records of the Town, or the Trustee, the Retirement Board may direct that any benefits to which he may be entitled shall thereupon be cancelled and no payment shall be made thereafter to anyone with respect to the benefits so cancelled.
9. Forfeitures - Forfeitures arising from death, termination of employment or otherwise under the Plan shall not be applied to increase the benefit any Participant would otherwise receive under the Plan prior to the Plan's termination but shall be used as soon as possible to reduce the Town's contributions.
10. Applicable Law - The validity of the provisions of this Plan shall be determined under and said provisions shall be construed to the laws of the State of Connecticut.

ARTICLE XVII

Trust Fund

1. Fund - All Contributions hereunder made by the Town and the Participants shall be held and administered by the Trustee in trust for use in accordance with the Plan. The responsibility for the holding and investment of the Fund shall lie with the Trustee and not with the Retirement Board.
2. Designation of Trustee - The Trustee shall be a bank, trust company, investment company, or insurance company having power to act as such in the State of Connecticut. The designation of such bank, trust company or insurance company shall be made by the Board of Selectmen.
3. Designation of Funds - The Trustee shall hold contributions made hereunder by the Town and contributions made by Participants upon their being forwarded to the Trustee by the Town Treasurer in accordance with the terms of a written agreement between the Town and the Trustee. The Trustee shall have all right, privileges, duties and immunities conferred upon it by the Trust Agreement.
4. Rights in Fund - No part of the corpus or income of the Fund shall be used for, or directed, or diverted to any purpose, subject to the payment of expenses, other than for the exclusive benefits of the Participants and their Beneficiaries prior to the satisfaction of all liabilities for benefits under the Plan; and provided further that no person shall have any interest in or right to any part of earnings or principal of the Fund, or any rights in, to or under the Trust Agreement, except as and to the extent expressly provided in the Plan and in the Trust Agreement.
5. Expense of the Plan - Expenses of Administration of the Plan including actuarial fees may be paid out of the Trust Fund upon direction by the Retirement Board.

