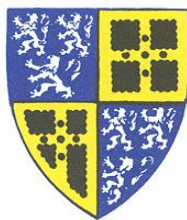




Defined Contribution Retirement Plan

Summary Plan Description

Town of Old Saybrook



This booklet is the summary plan description to assist employees in understanding their retiree benefit. It is not the Plan document and does not include every limitation or detail of the Plan. The booklet contains a summary of the Plan's main provisions and every attempt has been made to ensure that it is concise and accurate. In the event that a discrepancy is found between this booklet and the official Plan document, the Plan document shall control.

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Introduction

The Town of Old Saybrook maintains a defined contribution retirement program for eligible employees including individuals who are elected as well as union¹ and non-union employees. Participation in the program is mandatory for employees hired after July 1, 2017 and combines your personal contributions with contributions made on your behalf by the Town.

As a participant in this Plan, your contributions will be invested through the ICMA Retirement Corporation (ICMA-RC). Contributions accumulate with interest, earnings, and investment gains or losses and become retirement income for you from the Plan. This income can be paid to you when you retire in a variety of ways, or may be paid to your beneficiary if you should die before your retirement.

Please read this booklet carefully and share it with your spouse or any other designated beneficiary who may be eligible for a Plan benefit in the event of your death. For additional information about the Plan, a copy of the official Plan document, or if you have a specific question about how the Plan applies to you personally, please see the contact information at the end of this guide.

¹ At present the dispatcher and supervisor support unions of the Town are included in this Plan. Any collective bargaining agreements between the Town and its employees will supersede this Plan document.

Participation

Eligibility

To be considered eligible for this Plan you must be an employee of the Town of Old Saybrook who works a minimum of 1200 hours in a calendar year or consistently averages 23 hours or more per week. This includes individuals who are elected as well as union and non-union members.

Participation Duration

Participation Begins. Your participation in the Plan begins on your first day of work as an eligible employee. If you are not eligible on your first day of work, your participation will begin when you meet all of the eligibility requirements.

Participation Ends. Your active participation in the Plan will end when your service as an eligible employee ends because of a change in employment classification, separation from employment, death, retirement, disability or any other reason.

Enrollment

If you are an eligible employee, you will automatically be enrolled in the Plan and will be asked to complete an enrollment form with your personal information, including designation of your beneficiary and investment choices as well as voluntary election to participate in the Plan beyond the minimum requirements of the Town. If you do not immediately choose an asset allocation, you will automatically be placed in the VT Vantagepoint Milestone Fund associated with your age. These types of funds are an allocation of stocks and bonds, where the percentage of each changes as you age in order to best meet your personal retirement goals. Once you have completed your enrollment paperwork and submitted the documents to the Town, you will be able to manage your account online if you choose to do so.

Re-employment

If you were an active participant in the Plan, ended your employment with the Town of Old Saybrook or transitioned to a position that was not eligible for inclusion in the Plan, and have been subsequently re-employed as an eligible employee, you will again be eligible to participate in the Plan on your first day of work.

Contributions

Mandatory Contributions

As an eligible employee, 5% of your pre-tax income, not including over-time or bonuses, will be deducted from your pay during each pay period as a contribution to your Plan account. The Town of Old Saybrook will match your 5% contribution by adding a 5% contribution on your behalf to your Plan account. This minimum requirement is mandatory for all eligible employees.

Voluntary Contributions

If you choose to, you may contribute up to an additional 3% of your pre-tax income, not including over-time and bonuses, to your Plan account. If you opt to make this additional contribution, the Town of Old

Saybrook will match that additional contribution by contributing up to another 3% matching contribution on your behalf to your Plan account. You may contribute *more* than the additional 3% to your Plan if you choose, subject to federal regulations (see below), but the Town will not match those additional contributions.

General Contribution Limits

Contributions to your account under the Plan are federally regulated and cannot exceed certain limits; for example, for 2018, the general contribution limit for the 457(b) plan is \$18,500. This amount changes annually. Please go to www.irs.gov or visit the ICMA-RC web site at www.icmarc.org and select [Get to Know Your 457 Deferred Compensation Plan](#) to find out contribution limits for the applicable calendar year.

If you will be 50 years of age or older by the end of a calendar year, or if you are within three years of retirement, you may be eligible to make additional contributions above the general contribution limit. Please contact the Plan advisor or your personal financial advisor for guidance.

Distribution of Contributions

ICMA-RC will maintain two retirement accounts on your behalf, a 401(a) plan and a 457(b) plan. Contributions will be allocated between the two plans as illustrated in the following table. Your money is divided in this way to allow you to make contributions beyond those required by the Town if you choose.

401(a) Plan	457(b) Plan
Required 5% employee contribution and Town 5% matching contribution	
Town matching contribution of voluntary 3% employee contribution	Voluntary 3% additional employee contribution
	Any <i>other</i> voluntary employee contributions above additional 3% of salary up to annual contribution limit permitted by IRS

Tax-Deferral

Your contributions, the Town of Old Saybrook's contributions, and any investment earnings or interest are not taxed until you begin to receive your benefits. Tax deferral can help your account grow because earnings compound without income taxes while in your account. In addition, you might be in a lower tax bracket when you retire.

Rollover Contributions

If you have a pre-existing 401(a) or 401(k) account you may elect to rollover the balance of that plan account into your Town of Old Saybrook 401(a) Plan. Please visit the ICMA-RC web site to download the direct rollover checklist and transfer form or contact your ICMA-RC Plan administrator for guidance.

Vesting

“Vesting” means ownership of the amount in your Plan account. Once you are “vested” in your Plan account, you have an irrevocable right to the amount in your account (subject to investment gains or losses), even if you leave the Town of Old Saybrook before you retire.

As a Plan participant, you are fully vested with regard to all contributions you make to your Plan account from the day you are eligible to participate. Contributions made on your behalf by the Town of Old Saybrook will be vested according to the following schedule.

Period of Service Completed in Years	Percent Vested
Zero	0%
One	20%
Two	40%
Three	60%
Four	80%
Five	100%

If you leave employment before being fully vested, the Town will revoke its contribution based on the vesting percentages above. However, if you are re-employed by the Town within five years in a qualified position, your vesting will resume where it left off and your Town contributions will be restored (without interest or earnings).

Payment of Benefits

Distribution Eligibility

While you are an active employee, you may not take distributions from your Plan unless you have reached age 70½. If you are no longer employed, you are eligible to begin receiving payments from your Plan.

Withdrawals from a 457 plan never have a penalty; however, depending on your age, if you withdraw funds from a 401(a) plan prior to age 59½ you may be assessed an IRS penalty. You should consider asking the advice of a financial professional prior to taking an early distribution.

All early distributions will be initiated by you contacting the Plan administrator. However, as long as the Town has notified ICMA-RC that you have separated from employment, your minimum required distributions will be automatically mailed out to you once you reach age 70½ even if you do not initiate them.

Loans

The Plan does not provide for loans.

Spousal² / Beneficiary Right to Plan Benefits

You are free to choose a beneficiary for your retirement Plan benefits; however, should you choose someone other than your spouse you will need to provide the Town with a spousal consent form. The election of your spouse as the beneficiary is automatic unless he or she consents to you naming another beneficiary. The beneficiary you choose will receive your Plan benefits if you precede him or her in death. The normal form of payment of benefits under the Plan is a lump sum.

If You Leave Employment with the Town of Old Saybrook

If you leave employment with the Town of Old Saybrook, you retain the right to receive your vested account balance. You may retain your account with the Town, or rollover funds from other qualified tax deferred plans, but the Town will no longer contribute to your Plan.

Public Safety Officers Insurance Provision

Tax-free distributions of up to \$3,000 for the direct payment of qualifying insurance premiums for eligible retired public safety officers are available under the Plan. You must provide the appropriate paperwork to establish your right to this benefit. Contact your Plan administrator to access this benefit.

Taxation of Benefit Payments

Because the funds that are placed in your Plan are tax-exempt at the time of contribution, distributions received from your Plan account are subject to federal income tax as you receive payments.

Federal law requires investment companies to withhold income taxes from benefit payments unless you instruct them to do otherwise (withholding may be mandatory under certain circumstances). Besides normal federal income taxes, an additional 10% tax applies, with certain exceptions, to benefits received before age 59½.

IRS rules on distributions from your Plan account and the income tax impact can have important financial and estate planning implications. Consult a qualified professional advisor for assistance if needed.

Investment Strategy

Changing Investments

You can change your investment election choices at any time during the year by administering your account online or contacting IMCA-RC using the contact information at the end of this guide.

Goals and Timing

It is helpful to have an investment strategy when saving for retirement. Remember to consider when you'll need your money. For example, someone retiring in 30 years will probably have a different investment strategy than someone retiring in three years.

² Unless stated otherwise, references to "spouse" refer only to an individual whose marriage is recognized under federal law.

Compounding

Compounding is what happens when the earnings on your investments are reinvested and earn additional returns. To get the most benefit from compounding, begin investing as early as possible so compounding has more time to work for you. The sooner you begin saving, the more time your investments have to compound and grow.

Risk

To choose the right investment options you need to decide what level of risk you are willing to accept based on your age, retirement goals, and personal preference. Diversification is a way to limit risk while achieving your investment goals by allocating your retirement savings among a number of different types of investments, some with greater risk than others. Using this strategy, if some investments drop in value, other investments may increase in value or hold steady to offset any losses. To help you make decisions about how to diversify your investment and limit risk, you may wish to contact a qualified financial professional for advice.

Fees

Fees and expenses are assessed on all retirement plans. The amount is determined by the funds in your Plan that you choose to invest in. Different funds may have different expenses. Your IMCA-RC enrollment booklet details the administrative fees associated with each investment choice.

Additional Resources³

For more information on investing your retirement savings, consider visiting the following links:

<https://www.usatoday.com/story/money/personalfinance/2016/06/14/investment-fees-costs/84862656/>

http://money.cnn.com/retirement/guide/401k_basics.moneymag/index2.htm

<https://www.fool.com/knowledge-center/what-is-a-defined-contribution-plan.aspx>

<https://www.forbes.com/sites/robclarfeld/2018/01/23/do-target-date-funds-make-sense-undoubtedly-maybe/#61245ff0512e>

<https://www.investor.gov/introduction-investing/basics/investment-products/target-date-funds>

³ Articles are provided for informational purposes only and do not constitute financial advice by the Town of Old Saybrook or its representatives. For personal investment or retirement planning guidance, consult a qualified professional.

Contact Information

Account Set-up & Maintenance

Upon your employment, the Town will give you an information packet so that you can enroll in the retirement program and select your investment and beneficiary choices.⁴ Questions concerning the enrollment process should be directed to:

Town of Old Saybrook
Janet Vinciguerra, Employee Benefits Administrator
Old Saybrook Town Hall
302 Main Street
Old Saybrook, CT 06475
860-395-3516
Janet.Vinciguerra@oldsaybrookct.gov

Investment Information

After your retirement account has been established, questions concerning your investments with ICMA-RC should be directed to:

ICMA Retirement Corporation
777 North Capitol Street, NE
Washington, DC 20002-4240
800-669-7400
www.icmarc.org
Attn: Laura Hancock
866-792-3260

The ICMA-RC web site has many resources to help educate you on your retirement and investment choices. Below are some choices that are particularly relevant to public sector employees:

[Charting Your Course: Investing for Retirement](#)

[Charting Your Course - Saving for Retirement](#)

[Get to Know Your 457 Deferred Compensation Plan](#)

[Get to Know Your 401\(a\) Money Purchase Plan](#)

[Charting Your Course – 10 Question Retiree Guide](#)

⁴ The Town of Old Saybrook and its representatives are unable to provide investment and retirement planning advice. For assistance with those topics, contact the Plan administrator at ICMA-RC or a professional investment advisor.