

RETIREMENT PLAN
FOR FULL-TIME EMPLOYEES OF THE
FIRE DEPARTMENT
OF THE TOWN OF EAST HARTFORD

July 1, 2015 – June 30, 2020



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PREAMBLE

WHEREAS, the Town of East Hartford, Connecticut (the “Town”), established the Retirement System for Employees of the Town of East Hartford (the “Plan”) for eligible employees, effective June 27, 1941, and has subsequently been amended from time to time.

WHEREAS, the Retirement Board, in accordance with its authority granted under the Ordinances of the Town of East Hartford, Connecticut and the Plan does hereby amended and restate the Plan in its entirety effective July 1, 2015, unless otherwise required by federal legislation or as set forth in the Plan.

NOW, THEREFORE, the Plan, as amended and restated effective July 1, 2015 is hereby adopted by the Retirement Board, amending and restating the Retirement Plan for Full-Time Firefighters of the Town of East Hartford. This Plan has been amended to incorporate changes made pursuant to collective bargaining and to comply with the following legislation: Tax Reform Act of 1986 (TRA '86), the Omnibus Budget Reconciliation Act of 1986 (OBRA '86), the Omnibus Reconciliation Act of 1987 (OBRA '87), the Technical and Miscellaneous Revenue Act of 1988 (TAMRA), the Omnibus Budget Reconciliation Act of 1989 (OBRA '89), the Unemployment Compensation Act of 1992 (UCA '92), the Omnibus Budget Reconciliation Act of 1993 (OBRA '93), the Family and Medical Leave Act, the Uniformed Services Employment and Reemployment Rights Act (USERRA), the Small Business Job Protection Act of 1996 (SBJPA '96) and the Taxpayer Relief Act of 1997 (TRA '97).

Each provision in this revised document is deemed to be effective as of the effective date required by each respective and applicable law unless otherwise stated in the Plan. Unless otherwise stated herein, the rights of Employees who terminated service on or before June 30, 2015, shall be governed by the terms of the Plan and/or applicable collective bargaining agreement in effect at the time of termination of service.

This Plan is intended to be a governmental plan under Section 414(d) of the Internal Revenue Code and “qualified” as such under Section 401(a) of the Internal Revenue Code.

ARTICLE I - DEFINITIONS

Section 1. The term "Dependents" shall mean either item (a) or item (b), whichever is applicable, subject to item (c):

- (a) the surviving widow of a deceased Employee of the Fire Department of the Town of East Hartford, during her legal status as such. The term "widow" shall mean the surviving spouse of a Firefighter who shall have been married to him and living with him as his wife at the time of his death, if he dies while in active service; or who shall have been married to him prior to his retirement and who shall have been living with him as his wife at the time of his death, if he dies after retirement. Pension benefits will be payable to the surviving widow until her death or remarriage. No benefits will be payable to the surviving widow if there has been a final decree of divorce at the time of the Employee's death.
- (b) if there is no widow - the dependent child or children of the deceased Employee. The term "dependent child or children" shall mean any unmarried child under the age of 18, or over said age if: (1) physically or mentally incapacitated from engaging in gainful employment, or (2) is a full-time undergraduate student at an accredited college or university. It shall not include any child born to a Firefighter more than nine months after his retirement from active service, but shall include natural children, adopted children, stepchildren and foster children living with the Firefighter at the time of such employee's death or retirement from active service.
- (c) if there is more than one child entitled to receive benefits, such sum shall be divided equally among them. Payments due to such child or children shall be made to their legal guardian, or, if they have no legal guardian, to such other person to expend for them as the Retirement Board may direct. Any monthly payments made to any surviving widow shall cease upon her death or remarriage, and any such payment or portion therefore due any child shall cease upon the date when she or he ceases to qualify for such payment in accordance with the requirements herein before provided, and such portion of such payment shall be divided equally among the remaining eligible children, if any.

Section 2. The term "Employee" shall mean a full-time active bargaining unit member in the service of the Town of East Hartford's Fire Department.¹

Section 3. The term "Retired Employee" shall mean a former Employee continuously employed by the Employer until the commencement of a Pension who meets the requirements to receive a Normal or Disability pension from the Employer and who is receiving a Pension provided for hereunder.

¹ "Employee" shall also include the Fire Chief and Assistant Chiefs currently serving in such position as of September 29, 2006.

Section 4. The term "Employer" shall mean the Town of East Hartford.

Section 5. The term "Plan Year" shall mean the 12 months from July 1st of any year to June 30th of the following year, both dates inclusive.

Section 6.

- (a) For Employees hired before December 31, 1994, "Final Average Salary" shall mean the Employees' average annual pay, including overtime, holiday, longevity payments, and vacation pay for the 36 consecutive months of service based upon the Plan Year with the Employer which gives the highest average. Final Average Salary shall also include any deferred salary or deferred wages that are considered annual salary or pay/wages during the period used to determine Final Average Salary. In addition, Final Average Salary shall also include any lump sum resulting from unused accrued terminal/sick leave and unused vacation subject to the maximums contained in the collective bargaining agreement.
- (b) For Employees hired after January 1, 1995, "Final Average Salary" shall mean the Employees' average annual pay, including overtime, holiday, longevity payments, and vacation pay for the 36 consecutive months of service based upon the Plan Year, with the Employer which gives the highest average. "Final Average Salary" shall also include any deferred salary or deferred wages that are considered annual salary or pay/wages during the period used to determine "Final Average Salary".

Section 7. The effective date of the Retirement System was originated by the State Legislature on June 27, 1941; however, as used hereafter, the term "Effective Date" shall mean July 1, 2015.

Section 8. The term "Insurance Company" shall mean the Aetna Life Insurance Company, or any legal reserve life insurance company organized or incorporated under the laws of any one of the United States of America and duly licensed in the State of Connecticut.

Section 9. The term "Interest" shall mean interest at the rate determined from time to time by the Retirement Board, and shall be substantially that which is earned net after expenses on the Retirement Fund, compounded annually on the last day of the Plan Year.

Section 10. The term "Permanently and Totally Disabled" shall mean that an Employee is physically or mentally unable, as a result of bodily injury or disease, to engage in or perform the regular duties of any position in the Fire Department, and such disability was not the result of the Employee's own willful misconduct and will be permanent and continuous for the remainder of his life. For the purposes of this Retirement System, willful misconduct shall be construed to include, but is not limited to, the following events:

- (a) disability resulting from an intentionally self-inflicted injury.
- (b) disability which was contracted, suffered or incurred while the Employee was engaged in or

resulted from having engaged in a felonious enterprise.

Further, no disability benefits will be payable if such disability results from service in the Armed Forces of any country for which a service connected government disability is payable.

Section 11. The term "Retirement Fund" shall mean the fund derived from contributions made as herein provided for the payment of Pension benefits to Retired Employees under this Retirement System.

Section 12. The term "Retirement Board" shall mean the Board herein created for the administration of the Retirement System. The Board shall consist of 5 members, not more than 3 of whom shall belong to any one political party as follows: A member of the Town Council; the Town Treasurer; and 3 citizens of the Town of East Hartford, 1 of whom shall be a member of the Retirement System as selected by a coalition of the various bargaining groups of the Town. All members, except the Town Treasurer, shall be appointed by the Mayor, with the consent of the Town Council. The Town Treasurer and the member representing the Town Council shall be appointed for a term of 2 years; the other 3 members shall be appointed for terms of 5 years, and their respective successors shall be appointed for 5 year terms; provided, the term of office of each member shall continue until his successor shall be appointed and shall have qualified. In the event of a vacancy on said Board, such vacancy shall be filled in the same manner as the member so to be succeeded was appointed or elected. In no event shall any person remain a member of said Board except during the time he continues to be a member of the Board or body from which he was appointed or elected. The members of the Retirement Board shall serve without compensation. The Board shall make bylaws and regulations not inconsistent with the law; shall employ such actuarial, medical, clerical and other services as may be necessary for the proper operation of the Retirement System and shall do all things necessary and proper toward carrying out the purpose for which the Retirement System was created. The Board shall submit annually to the Town Council a schedule of its estimated expenses necessary for the administration of this Retirement System, and all such expenses of administration shall be paid by the Town. The Board shall be the Trustee of the funds herein created and shall have full control and management thereof, with power to invest and reinvest the same in accordance with the laws of the state governing the investment of trust funds. The Retirement Board may enter into a group annuity contract with any insurance company authorized to transact business in the State of Connecticut to insure the entire Retirement Plan or such portion thereof as the Board shall deem advisable; provided, any such contract, before actually being consummated, shall be approved by a two-thirds (2/3) vote of the Town Council.

Section 13. The term "Retirement System" shall mean the plan of retirement and other benefits for Employees of the Town of East Hartford as set forth in and by this document and all subsequent amendments thereto.

Section 14. The term "Pension or Pensions" shall mean a payment made to a Retired Employee or his Dependent according to the provision of this Retirement System, other than a return of contributions with Interest.

Section 15. The term "Regular Compensation" shall mean the annual salary or wages of an Employee for services with the Town, including overtime, holiday, longevity payments and vacation pay. It shall also include any deferred salary or deferred wages that are considered annual salary or pay/wages during the period used to determine Final Average Salary.

Effective for Employees hired on or after July 1, 1996, the amount of pay, for purposes of this section shall be limited to a maximum of \$150,000 in a calendar year, or such other amount as prescribed by the Secretary of the Treasury pursuant to IRC §401(a)(17). In addition, Regular Compensation shall also include, only for Employees hired on or before December 31, 1994, any lump sum resulting from unused accrued terminal/sick leave and unused vacation (subject to the maximums contained in the collective bargaining agreements) when these items are included in the definition of Final Average Salary.

Section 16. The term "Service Connected Benefit" shall mean any benefit payable upon the death or disability of an Employee who dies or becomes disabled during the performance of essential duties pertaining to his employment by the Town.

Section 17. The term "Non-Service Connected Benefit" shall mean any benefit payable upon the death or disability of an Employee who dies or becomes disabled from causes not related to his employment by the Town.

Section 18. The term "Continuous Service" shall mean uninterrupted employment of an Employee with the Employer. Continuous Service with the Employer shall not be broken in the event of: (i) absence with the consent of the Retirement Board during any period not in excess of one year, except that the Retirement Board may consent to extend the period of leave; or (ii) absence from work because of occupational injury or disease incurred as a result of employment with the Employer, for which absence an Employee shall be entitled to Workers' Compensation payments.

In interpreting this section, the Employer will apply uniform rules in a like manner to all Employees under similar circumstances.

An Employee shall not receive Credited Service in the case of the period of absence set forth in (i) of the above section, but shall retain Credited Service accrued prior to such absence. Upon return to employment after an approved absence, the Employee will again accrue Credited Service.

- (1) Military Service. The Retirement Plan will grant Credited Service and years of vesting service in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) for a Participant who was an Employee immediately before the commencement of military service as defined in USERRA, provided such Participant returns to employment with the Town within the "Required Period" of time set forth in paragraphs (2)(A) through (D) below. Credited Service shall only be granted if the Participant fulfills the requirements of paragraph (3) below.

- (2) Required Period. Under USERRA, the “Required Period” depends on the length of Military Service. In general, the Required Period is:
- (A) one day after a Participant’s Military Service ends (if such service was less than 31 days);
 - (B) 14 days after a Participant’s Military Service ends (if such service was more than 30, but less than 181 days); and
 - (C) 90 days after a participant’s Military Service ends (if such service was more than 180 days).
 - (D) If a Participant is hospitalized for or recovering from an illness or injury that was incurred or aggravated during Military Service, USERRA requires that such Participant register for reemployment with the Town as soon as he has recovered. Except as otherwise provided by USERRA, this recovery period cannot exceed two years.
- (3) A Participant who enters the Armed Forces of the United States for a period of not more than five years (consecutive or individual years), is separated from active duty under conditions other than a dishonorable discharge, and returns to or makes himself available for work within the period specified in (2)(A)-(D), shall be granted not to exceed one year of Credited Service for vesting purposes only in any one Calendar Year, up to a maximum of five years of Credited Service for vesting purposes, for such active duty in the Armed Forces.
- (4) A Participant returning from military service who meets the requirements of (1)-(2) shall have the right to make up his Employee Contributions and thereby receive Credited Service for benefit accrual purposes equal to his period of military service, to a maximum of five years of Credited Service. Such Participant must notify the Retirement Board upon reemployment of his desire to repay his Employee Contributions. Such Contributions shall be made either in a lump sum payment or on a post-tax basis over a period equal to the lesser of (1) three times his military service or (2) five years. The amount of Employee Contributions owed to the Plan shall be equal to—
- (A) the Employee contribution rate in effect immediately before the commencement of military service, multiplied by
 - (B) the Employee’s Regular Compensation for the preceding 12- month period prior to his military service, multiplied by
 - (C) the number of years and months of military service, to a maximum of five years; plus
 - (D) compounded interest at the rate of four (4%) percent annually.
- (5) To the extent required by USERRA, a Participant must inform the Town in writing before entering Military Service to be eligible for years of Credited Service for vesting purposes as described above.

Section 19. The term "Credited Service" shall mean the number of full years of Continuous Service

and fractions thereof to the nearest completed month with the Employer, as determined by the Retirement Board, completed by the Employee from the date he is included in the Retirement System, as determined in Article III hereof, to the earlier of his date of termination of employment, or his actual retirement date. An Employee will not receive Credited Service for any period for which he is eligible hereunder if he does not make the necessary Employee contributions as described below in Article II.

A Participant may purchase additional years of Credited Service for military service that commenced prior to his employment with the Town as follows:

- (a) Military Service Buyback – Prior to Commencement of Employment with the Town. An Employee may purchase up to four (4) years of military service, defined as active duty service for the United States Government that occurred prior to his commencement of employment with the Town.
 - (1) The cost to purchase such Credited Service shall be 13% of the annual base salary at the time of the request.
- (b) The following terms and conditions shall apply to such purchase:
 - (1) There will be three (3) window periods within which a member may purchase military service time:
 - (A) Within ninety (90) calendar days of initial date of hire;
 - (B) Within ninety (90) calendar days from his date of vesting; or
 - (C) Within ninety (90) calendar days from the Town Council ratification of this signed agreement
 - (2) The purchased military leave cannot be used to establish a vested right to a pension benefit nor may it be used to establish eligibility for a Normal Retirement Pension.
 - (3) A participant may elect to pay the total cost of the purchased military leave time over three (3) years from his/her election to purchase time.
 - (4) Payroll contributions shall be made on a pre-tax basis. Direct payment to the Town shall be treated as post-tax contributions.
- (c) In the event that a Participant who has purchased military service under this provision terminates employment with the Town prior to attaining Vested Status, or dies, a return of all of his contributions attributable to the purchase of such military service shall be returned to him, or his beneficiary, with interest in accordance with the current rate specified in the Plan.

Section 20. The term "Actuary" shall mean a member of the Society of Actuaries, or an organization employing such a member, appointed and compensated by the Retirement Board to render actuarial

services with respect to the Retirement System.

Section 21. The term "Vested Employee" shall mean any former Employee who terminates employment and who subsequently qualifies for a deferred Pension under Article VII, Section 2 of this Retirement Plan.

ARTICLE II - CONTRIBUTIONS

Section 1. Contributions of Employees – Effective upon the date of the Interest Arbitration Award in Case No. 2016-MBA-1, the rate of contribution to be made by each Employee shall equal nine percent (9%) of his Regular Compensation. Such employee contribution will cease to be contributed at the end of the Plan Year when the allowable maximum pension benefit amount is attained as defined in Article IV, Section 4 of the Retirement Plan.

Effective July 1, 1999, pursuant to the provisions of Section 414(h)(2) of the Internal Revenue Code, the Employer shall pick-up and pay the contributions which would otherwise be payable under this Section by each Employee for Service on and after July 1, 1999. The contributions so picked-up shall be treated as Employer contributions for purposes of determining the amounts of federal and state income taxes to be withheld from each Employee's Regular Compensation.

The Employee's contributions picked-up by the Employer shall be paid from the same source of funds used for the payment of compensation to Employees. Each Employee's Regular Compensation shall be reduced by an amount equal to the amount of the Employee's Contributions picked-up by the Employer. The contributions picked-up by the Employer shall be deposited by the Employer into the Plan.

Employee Contributions picked-up by the Employer shall be credited to a separate account within each Employee's individual contribution account, so that amounts contributed by the Employee before July 1, 1999 may be distinguished from the Employee's Contributions picked-up by the Employer on and after July 1, 1999.

Section 2. Contributions of the Employer - The Retirement Board shall, at least once every 2 years, be required to have an actuarial valuation by an Actuary of the assets and liabilities of the Retirement System and of the required contributions from the Employer which, in addition to contributions of the Employees, will be adequate to finance the benefits under the Retirement System.

On the basis of each such valuation, the Employer shall pay each year to the Retirement Board an amount which will meet the actuarial cost of current service and, until it is amortized, the unfunded accrued liability. The annual appropriation by the Employer for each of the 25 Plan Years, beginning October 1, 1987, shall be the sum of the normal cost for the year and the annual payment that would be required, on a level basis, to amortize the unfunded accrued liability over 25 years from October 1, 1987. The appropriation for each Plan Year thereafter shall be the normal cost for the year.

Any proposal which will change the benefits payable or Employee contributions required under the Retirement System shall be accompanied by an estimate by the Actuary of the additional appropriations by the Employer which will be required to finance the additional normal cost and to amortize, on a level basis, the additional accrued liability over 30 years from the effective date of the change.

ARTICLE III - ELIGIBILITY

Section 1. An Employee who was an eligible Employee in the Retirement System on July 1, 2015, will remain an eligible Employee thereafter, subject to the provisions of this Retirement System.

Section 2. An Employee who enters the service of the Employer on or after July 1, 2015, will become an eligible Employee if the following conditions are met:

- (a) under age 45 - as a condition of employment, it is mandatory that an Employee becomes covered under the Retirement System within 3 months after his employment commences.
- (b) he has reached his 45th birthday - as a condition of employment, it is not mandatory that an Employee becomes covered under the Retirement System; however, he must apply within 3 months of entering the service of the Town. If such Employee does not apply then, he must do so within 2 years of his employment date, and in order to be credited with such service, he must pay all back contributions with Interest thereon.
- (c) All Employees must make their required Employee contributions while eligible to do so. No credit will be granted during any period when the Employee does not make the necessary contributions to the Retirement System.

ARTICLE IV - AMOUNT OF PENSION

Section 1. Subject to the maximum and minimum limitations herein set forth, the Retirement Board shall pay to each Employee who has retired in accordance with Article VI, a Normal Retirement Pension for life. The yearly amount of such Pension will equal two and one-half percent (2.5%) of his Final Average Salary multiplied by the number of years of his Credited Service with the Employer as an employee of the fire department. For all employees hired on or after the date of the Interest Arbitration Award in Case No. 2016-MBA-1, the yearly amount of such Pension will equal two and thirty-three one hundredths percent (2.33%) of his/her Final Average Salary multiplied by the number of years of his Credited Service with the Employer as an employee of the fire department. One-twelfth (1/12) of this amount will be paid monthly.

Section 2. Current Employees as of the date of the Interest Arbitration Award in Case No. 2016-MBA-1, shall receive a cost-of-living adjustment of one percent (1%) per annum beginning on the

July 1st in the fifth (5th) calendar year after the calendar year in which a participant retires. The cost-of-living adjustment will be increased to two percent (2%) per annum beginning on the July 1st in the ninth (9th) year of actual retirement. All employees hired on or after the date of the Interest Arbitration Award in Case No. 2016-MBA-1 shall receive a cost-of-living adjustment of one percent (1%) per annum beginning on the July 1st in the seventh (7th) calendar year after the calendar year in which a participant retires.

Section 3. The minimum monthly Pension for an Employee who retires on or after the Effective Date on his Normal Retirement Date, in accordance with Article VI, will equal one hundred and twenty-five dollars (\$125) per month.

Section 4. For current employees as of the date of the Interest Arbitration Award in Case No. 2016-MBA-1, the maximum yearly Pension for an Employee who retires under this Retirement System will equal seventy-five percent (75%) of his Final Average Salary as defined in Article I, Sections 6a and 6b.

For all employees hired on or after the date of the Interest Arbitration Award in Case No. 2016-MBA-1, the maximum yearly Pension for an Employee who retires under this Retirement System will not exceed one-hundred percent (100%) of the employee's base salary at the time of retirement. For purposes of this Section only – for all employees hired on or after the date of the Interest Arbitration Award in Case No. 2016-MBA-1, base pay shall mean the salary applicable to the employee's classification and labor grade step at the time of retirement plus any annual stipends or payments including, but not limited to, annual holiday pay and paramedic stipend as specified in the Contract between the Town and the Union.

Section 4.01. In General.

This Retirement Plan shall follow the requirements of IRC §415 as applicable to government plans within the meaning of IRC §414(d).

Section 4.02. Annual Benefit.

The Annual Benefit of a Participant hereunder (adjusted to an Actuarially Equivalent straight life annuity as defined in Section 4.05(d) shall not at any time within the Limitation Year exceed the lesser of—

- (a) \$90,000, as that amount shall be adjusted from time to time, or
 - (b) 100 percent of the Participant's average Compensation for his high 3 years
- Effective July 1, 1995, subsection (b) shall not apply.

Section 4.03. Adjustment for Less than 10 Years of Participation.

- (a) In the case of a Participant who has less than 10 years of participation in this Plan, the

\$90,000 limitation set forth in Section 4.02 shall be multiplied by a fraction, the numerator of which is years of participation in this Plan and the denominator of which is 10. This shall also apply to the Compensation limitation in Section 4.02 except that the numerator shall be years of service with the Town rather than years of participation in this Plan.

- (b) The limitations of section 4.03(a), above, however, do not apply if the Pension amounts do not exceed \$10,000 for the current or prior Plan Year and the Participant has not been covered at any time by a defined contribution plan to which the Town contributed on his or her behalf.

Section 4.04. Maximum Benefit Limitation Definitions.

For purposes of this Article XII, the following definitions shall apply:

- (a) “Pension” shall mean an annual benefit payable at Normal Retirement Age as a straight life annuity with no ancillary benefits or an annuity payable in a joint and survivor payment form where the Participant’s spouse is the Joint Pensioner. A benefit payable in any other form shall be converted to the actuarial equivalent of a straight life annuity, for purposes of applying these limits, based on a five percent (5%) interest assumption. Other required adjustments are provided for below.
- (b) “Compensation” shall mean all earnings reported on W-2 forms completed by the Town in respect to the Plan Year specified.
- (c) “Annual Benefit” shall mean the benefit to which the Participant would be entitled to at his or her Normal Retirement Date assuming he or she continues employment until such date and that all other relevant facts used to determine benefits under the Plan remain constant as of the current Limitation Year for all future Limitation Years.
- (d) The term “Limitation Year” shall mean a Plan Year.
- (e) The term “Qualified Participant” shall mean that term as defined in Section 4.05, below.

Section 4.05 Adjustment for Early or Late Commencement of Benefits.

- (a) In General. If the annual pension benefit of a Participant begins before age 62, as described in IRC §415(b)(8) the \$90,000 limitation set forth in Section 4.02, above shall be reduced so that it is equivalent to such a benefit beginning at age 62. The reduction of this paragraph shall not reduce the limitation of Section 4.05(a), below—
 - (1) \$75,000 if the benefit begins at or after age 55, or
if the benefit begins before age 55, the equivalent of the \$75,000 limitation for age 55.
- (b) In the case of a “qualified Member”, the limitations of Section 4.05(a) shall not apply. A qualified Member means a Member:
 - (1) in a defined benefit plan which is maintained by a State or political subdivision therefore; and

- (2) with respect to whom the period of service taken into account in determining the amount of the benefit under such defined benefit plan includes at least 15 years of service of the Member; and
 - (3) is a full-time employee of any police department or fire department which is organized and operated by the State or political subdivision maintaining such defined benefit plan to provide police protection, firefighting services for any area within the jurisdiction of such State or political subdivision; or
 - (4) is a member of the Armed Forces of the United States.
- (c) **Benefits Beginning after Age 55.** If the annual pension benefit of a Participant begins after age 65, the \$90,000 limitation set forth in 4.02 above shall be increased so that it is equivalent to such a benefit beginning at age 65.
 - (d) **Actuarial Equivalence.** Actuarial Equivalence under this Section 4.05 shall be determined using a five percent (5%) interest assumption, and the term “\$90,000” shall include any higher amounts prescribed pursuant to the Internal Revenue Code for purposes of these limitations.
 - (e) In the case of disability or survivor benefits provided under the Plan, the limitations of Section 4.03(a) and 4.05(a) shall not apply to:
 - (1) income received from the Plan as a pension, annuity, or similar Pension as the result of the recipient becoming disabled by reason of personal injuries or sickness, or
 - (2) amounts received from a governmental plan by the beneficiaries, survivors or the estate of an Employee as the result of the death of the Employee.

Section 4.06 Combined Plan Limits.

- (a) If a Participant also participates in another defined benefit plan of the Town obligated to contribute under this Plan, and such Plan is a qualified plan under IRC §401(a), such plan shall be combined with this Plan in accordance with Treas. Reg. §1.415-8(e) for purposes of determining compliance with the limitations of IRC §415(b).
- (b) If a Participant also participates in a defined contribution plan of the Town obligated to contribute under this Plan, and such Plan is a qualified plan under IRC §401(a), such plan will be combined with this Plan in accordance with Treas. Reg. §1.415-8(e) for purposes of determining compliance with the limitations under IRC §415(e).
- (c) Effective for Limitation Years beginning on and after July 1, 2000, Section 4.06(b) shall no longer apply.

Section 4.07 Protection of Prior Benefits.

For any year before 1986, the limitations prescribed by IRC §415 as in effect before enactment of

the Tax Reform Act of 1986 and all subsequent legislation shall apply, and no Pension earned under this Retirement Plan prior to 1986 shall be reduced on account of the provisions of Sections 4.03 through 4.08 if it would have satisfied those limitations under that prior law.

Section 4.08 Application of Maximum Limitations.

- (a) The benefit paid under this Retirement Plan shall not exceed the limitations set forth in Section 4.02.
- (b) If a Participant on his or her annuity starting date is not eligible for full monthly benefits under this Retirement Plan because of the operation of Section 4.02, the monthly benefit thereafter shall be recalculated annually until the Participant is receiving a full monthly benefit under the Retirement Plan's terms without the operation of this Section 4.08. Each such recalculation shall be based on this Section 4.08 with any applicable adjustment to reflect cost of living increases as permitted by the Treasury Regulations.

Section 5. The amount of Pension to be provided for a terminated Employee who has met the vesting requirement in Section 2 of Article VII will be the amount of Pension accrued to the date of his termination using Final Average Salary and Credited Service to such date. Such Pension shall be based on the Retirement Plan provisions in effect at the time the Employee terminated his Employment with his Employer.

ARTICLE V - DISABILITY PAYMENTS

Section 1. An Employee shall be deemed to be Permanently and Totally Disabled within the meaning of this Retirement System only if the Retirement Board, in its sole and absolute discretion, shall determine on the basis of medical evidence that the Employee is Permanently and Totally Disabled.

Section 2. Employees applying for disability retirement shall be required to submit to examination, at the expense of the Retirement Board, by at least 2 impartial physicians or psychiatrists selected by the Retirement Board, and such Employees may be required to submit to re-examination no more than once in each 12 month period. Should the results of such examination indicate that an Employee retired on account of a disability, is physically and mentally able to perform the regular duties required of such Employee, then such Employee, at the option of the Retirement Board, may remain retired or may be returned to duty at the same rank held by such Employee at the time of his disability retirement and, upon returning to duty, such Employee will be credited with all service time for the period of his disability retirement, provided he makes payment of the amount he would have been required to contribute to the Retirement System during the period of his disability, with Interest thereon. All presently disabled Employees of the Fire Department shall be governed by the foregoing.

Section 3. Service Connected Disability - Any Employee covered under this Retirement System who

becomes Permanently and Totally Disabled during the performance of essential duties pertaining to his employment shall be eligible to retire and receive a Service Connected Disability Pension equal to fifty percent (50%) of the disabled Employee's Final Average Salary or his annual rate of Regular Compensation at the time of such disability (whichever is greater) if the Employee has completed less than 20 years of Credited Service. If the Employee has completed 20 or more years of Credited Service at his date of disability, the amount of the Service Connected Disability Pension shall be determined in the same manner as his Normal Pension as described in Article IV, Section 1 hereof using Credited Service and Final Average Salary or Regular Compensation as of the date of disability. In no event shall payments under this section, together with any benefits awarded under the Connecticut Workers' Compensation Act, exceed one hundred percent (100%) of the Final Average Salary or the Regular Compensation being paid to the disabled Employee at the time of his disability.

Section 4. Non-Service Connected Disability - Any actively employed Employee under this Retirement System who has 5 years of Credited Service and becomes Permanently and Totally Disabled shall be eligible to retire and receive a Non-Service Connected Disability Pension. The amount of such Non-Service Connected Disability Pension shall be equal to the disabled Employee's accrued benefit at the time of such disability as determined in the same manner as his Normal Pension as described in Article IV, Section 1, but based on Credited Service to the date of his disability subject to a minimum of twenty percent (20%) of his Final Average Salary.

Section 5. Cessation of Disability - Such disability payments will end immediately on the date the Employee ceases to be Permanently and Totally Disabled by death or recovery.

ARTICLE VI - RETIREMENT DATE

Section 1. The Normal Retirement Date of an Employee is the day of the month named by the Employee on which he has completed 25 years of Credited Service with the Employer.

Section 2. An Employee will not be permitted to work as a full-time permanent Employee of the Town after he has reached his 65th birthday. An Employee who reaches his 65th birthday before completing 25 years of Credited Service with the Employer will be eligible to retire when he reaches his 65th birthday, provided he has completed at least 10 years of Credited Service. Such Employee's Pension shall be determined as provided in Article IV, Section 1. All Pension payments shall become due and payable on the last day of each calendar month, provided the initial Pension payment shall be computed as the pro rata of the amount of Pension corresponding to the fraction of the month elapsed since the effective date of retirement.

Section 3. If a Retired Employee is re-employed by the Employer, his Pension shall cease with the last payment due prior to his re-employment. Pension payments shall again become payable following subsequent termination of employment.

ARTICLE VII - TERMINATION OF SERVICE

Section 1. An Employee who terminates employment before he has completed at least 10 years of Credited Service with the Employer will lose his eligibility for Retirement System benefits, and he will receive his Employee contributions with Interest up to his date of termination of employment.

Section 2. An Employee who has completed at least 10 years of Credited Service and who does not elect to receive his Employee contributions with Interest may elect to receive a Pension equal to the amount determined from Section 1 and 5 of Article IV. The Pension will be provided when the terminated Employee would have normally been eligible to retire as determined in Section 1 of Article VI had he continued in employment with the Employer rather than terminated his employment. Terminated vested Employees who die before or after retirement will receive a Death Benefit, as determined in Section 4 of Article VIII, namely, the return of their contributions with Interest up to their date of death or retirement, whichever is earlier, less any Pension payments received after retirement.

Section 3. An Employee who terminates service after the completion of at least 10 years of Credited Service will not be eligible for the Non-Service Connected Disability Benefit or the Non-Service Connected Death Benefit.

ARTICLE VIII - DEATH BENEFITS

Section 1. Service Connected Death - Upon the death of an Employee who dies during the performance of essential duties pertaining to his employment, his Dependents shall receive a Service Connected Death Benefit equal to fifty percent (50%) of such deceased Employee's Final Average Salary or his annual rate of Regular Compensation (whichever is greater) if the deceased Employee had completed less than 20 years of Credited Service. If the deceased Employee had completed 20 or more years of Credited Service at his date of death, the amount of the Service Connected Death Benefit shall be determined in the same manner as his Normal Pension as described in Article IV, Section 1 hereof using Credited Service and Final Average Salary or Regular Compensation as of the date of death. This benefit will also be payable to the Dependents of an Employee who dies as a result of a Service Connected Disability Benefit, the total benefits payable under this section to the deceased Employee's Dependents during their compensable period, together with any benefits awarded under the Connecticut Workers' Compensation Act, shall not exceed one hundred percent (100%) of the Regular Compensation being paid to the deceased Employee at the time of his death.

Section 2. Non-Service Connected Death - Upon the death of an actively employed Employee who dies from causes not related to his employment with his Employer, and who has completed at least 5 years of Credited Service, his Dependents will receive a Death Benefit equal to the deceased Employee's accrued benefit at the time of his death, as determined in the same manner as his Normal Pension, as described in Article IV, Section 1 hereof, but based on Credited Service on the

date of his death, subject to a minimum of twenty percent (20%) of his Final Average Salary.

Section 3. Post-Retirement Death - Upon the death of a Retired Employee, his Dependents will receive a Death Benefit equal to seventy-five (75%) of the Pension the deceased Employee was receiving at his date of death. If the Retired Employee and his Dependents should die before the total of the Retired Employee's contributions with Interest have been received by the Retired Employee and his Dependents, the excess of such contributions and Interest will be payable to the estate of the last surviving Dependent.

Section 4. Death Benefits - No Dependents - Upon the death of a Retired Employee who has no Dependents, his beneficiary will receive a Death Benefit equal to such deceased Employee's contributions with Interest less any Pension benefits received by the Employee prior to his death. If there is no named beneficiary, any such Death Benefits will be paid to the estate of the deceased Employee.

Section 5. Beneficiaries - An Employee may name a beneficiary to receive the Death Benefit due on or after his death, as described in Section 4 above, by written request filed with the Employer. With the consent of the Employer, he may name 2 or more co-beneficiaries or successor beneficiaries. If an Employee names 2 or more persons as beneficiaries, such persons or their survivors will be considered co-beneficiaries unless he provides otherwise. An Employee may change any named beneficiary from time to time by written request filed with the Employer. The consent of his beneficiary is not required to any naming or change thereof. Such request is effective when the Employee signs it whether or not he is living at the time the request is received by the Town, but without prejudice for any payments made before receipt of the request.

ARTICLE IX - AMENDMENT TO THE RETIREMENT SYSTEM

Section 1. This Retirement System is established and maintained for the exclusive benefit of Employees of the Employer and their beneficiaries. Subject to this limitation, any provisions of this Retirement System may be amended by the Employer at any time if, with respect to payments resulting from Pensions provided before the effective date of the amendment, the amendment does not reduce the amount of any payment, or the term of monthly payments, or delay the due date of any payment.

Section 2. Any provision of this Retirement System may be amended in any respect, without regard to the above limitation, if the amendment is required for qualification or continued qualification of the Retirement System under income tax law, or is necessary for this Retirement System to meet the requirements of any other applicable law.

Section 3. Neither the consent of the Employee nor that of any other payee is required for any amendment to the Retirement System made as provided above.

ARTICLE X - ADMINISTRATION OF PLAN

Section 1. Annual Report. The Retirement Board shall, on or before March 31st of each year, file with the Town Council an Annual Report showing the financial condition of the Retirement System as of the end of the last completed fiscal year, including an actuarial valuation of assets and liabilities, and setting forth such other facts, recommendations and data as may be of value to the members of the Retirement System of the Town of East Hartford.

Section 2. If there shall arise any misunderstanding or ambiguity concerning the meaning of any of the provisions of the Retirement System, the Retirement Board shall have the sole right to construe such provisions, and the Retirement Board's decision shall be final. The Retirement Board may establish such rules and regulations supplementing the Retirement System as it considers desirable.

Section 3. The finding of facts by the Retirement board as to matters relating to an Employee's employment record are binding on him for the purposes of the Retirement System. The Retirement System shall confer no right upon any Employee to be retained as an Employee by the Employer.

Section 4. All persons shall promptly furnish information and proofs to the Retirement Board as to any and all facts which the Retirement Board may reasonably require concerning any person affected by the terms of the Retirement System (including date of birth and satisfactory proof, by personal endorsement of the pension checks or otherwise, of the survival of any payee to the due date of any pension payment).

Section 5. Each Employee who has terminated service with the Employer and who has met the vesting requirements in accordance with Article VII, will inform the Retirement Board of his changes of address. Such terminated Employees must inform the Retirement Board of their desire to retire and must make an appropriate application. All notices to any person from the Retirement Board will be sent to the last address of such person which the Retirement Board has on record, and the Retirement Board has no further obligation to such person in the event any such communication, sent by registered or certified mail, is not received by the person.

Section 6. If any fact relating to an Employee or any other payee has been misstated, the correct fact may be used to determine the amount of Pension payable to him or such other payee. If overpayments or underpayments have been made because of such incorrect statement, the amount of any future payments may be appropriately adjusted.

ARTICLE XI - GENERAL PROVISIONS

Section 1. An application for a Pension must be made in writing on a form and in a manner prescribed by the Retirement Board and shall be filed with the Retirement Board at least 2 months

in advance of the final month for which benefits are payable.

Section 2. A single sum payment in an actuarially equivalent amount may be made in lieu of monthly payments if the amount of each monthly Pension payment would be less than \$20.00.

Section 3. No payee may sell, assign, discount, or pledge as collateral for a loan or as a security for the performance of an obligation or for any other purpose, any payment due to him. If the payee for any payment is a minor or incompetent person, payment may be made to the person, or persons, caring for or supporting such payee, in full discharge of all obligations, as determined by the Retirement Board.

Section 4. There will be no obligation to make any payment to a payee herein unless the payer has received proof that the payee was living on the due date of the payment. If such proof is not received within 7 years after the due date of the payment, and if no proof of the death of the payee is received during such 7 year period, the obligations of the payer as to the payment and as to the Pension payments, if any, from which the payments results will be the same as if the payee had died immediately before the due date of the payment.

Section 5. The use of the singular herein shall be deemed to include the plural, the use of the plural shall include the singular, and all references to gender shall be interchangeable where the context so requires.

Section 6. In no event will any Employee receive at retirement anything less than what he would have received under the provisions of this Plan as constituted prior to July 1, 2015, as a result of this plan amendment.

ARTICLE XII - DURATION OF AGREEMENT

Either party may request the other party, in writing, to meet for the purpose of negotiating changes in the Town's Retirement Plan, to take effect no sooner than January 1, 2020, unless an earlier date is mutually agreed in writing.

The signature lines have been omitted from this Agreement as this Agreement represents the Arbitration Panel's Award in Case. No. 2016-MBA-1 which was issued on May 18, 2017.

The Parties agree that this document is a best effort to accurately reflect the arbitration award issued by the arbitration panel in case number 2016-MBA-1. Any dispute as to accuracy or content of this document shall be governed by the Agreed Language document and the Award on the Issues in Dispute in the above referenced case.

ARTICLE XIII - ROLLOVER PROVISIONS

Section 1.1 Direct Rollovers

This section applies to distributions made on or after July 1, 1993. Notwithstanding any provisions 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 Retirement Board in accordance with applicable regulations, 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) A Distributee who is entitled to elect a Direct Rollover with respect to all or any portion of a distribution, but who does not make any election shall be deemed to have rejected the Direct Rollover option.
- (b) A Distributee who elects a Direct Rollover with respect to any Eligible Rollover Distribution that is one in a series of installment payments made at least annually over a period of less than 10 years shall be deemed to have made the same election with respect to all subsequent Eligible Rollover Distributions in the series unless and until the Distributee changes the election. A change of election shall be accomplished by notifying the Retirement Board of the change in the form and manner prescribed by the Retirement Board.
- (c) Within a reasonable period of time before an Eligible Rollover Distribution is to be made, the Retirement Board shall provide to the Distributee an explanation of the right to elect a Direct Rollover and the federal tax withholding consequences of failing to elect a Direct Rollover. A Distributee who elects a Direct Rollover must provide all information that the Retirement Board may require to complete the Direct Rollover.
- (d) For the purposes of this Section, the following definitions shall apply:
 - (1) An "Eligible Rollover Distribution" is any distribution of all or any portion of the balance of 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 (at least annually) made for the life (of the life expectancy) of the Distributee or the joint lives (of joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specific 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 includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).
 - (2) A distribution of less than \$200 that would otherwise be an Eligible Rollover Distribution within the meaning of paragraph (d-1) shall not be an Eligible Rollover Distribution if it is reasonable to expect that all such distributions to the Distributee from the Plan during the same calendar year will total less than \$200.
 - (3) An "Eligible Retirement Plan" is an individual retirement account described in

Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code or a qualified trust described in Section 401(a) of the Code, that accepts the Distributee's Eligible Rollover Distribution. However, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

(4) "Distributee" includes a Town or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee'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, are Distributees with regard to the interest of the spouse or former spouse.

(5) A "Direct Rollover" is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

Section 1.2 Rollovers to the Plan

In no event shall the Plan accept Eligible Rollovers from any source unless a reemployed Employee is making a repayment of his Employee Contributions.

ARTICLE XIV – Deferred Retirement Option Plan (DROP) / PARTIAL LUMP SUM OPTION (PLUS)

Section 1. The Deferred Retirement Option Plan will be offered only to employees employed on or after July 1, 2005. The DROP is intended to provide an alternative retirement option to employees who are eligible to retire. The Town and Local #1548 agree that the DROP and PLUS options are considered to be cost-neutral as confirmed by the Town's actuary (Segal Company).

Section 2. An employee, who is a member of the Retirement Plan for full-time employees of the Fire Department of the Town of East Hartford, upon completing his/her 25th year of Credited Service may elect the DROP at anytime up to and through the completion of his/her 29th year of Credited Service. The employee must provide the Town with at least 60 days advanced notice, in writing, that he/she has elected the DROP. No employees may elect the DROP after completion of his/her 29th year of Credited Service.

Section 3. Any employees electing DROP will be considered retired with respect to the Pension Plan but will not have separated from Town service. Notwithstanding any other provision within the Retirement Plan to the contrary, a member does not need to leave Town service to qualify for pension benefits as long as that member has elected DROP. The employees who have elected the DROP may remain in Town service at their current rank, with all the benefits of their Collective Bargaining Agreement, including promotional opportunities, through and including the completion of their DROP period.

Section 4. The DROP period is defined as the time after the employees have elected the DROP commencing on the date of the first payment to the DROP through the date that the member separates from Town service.

Section 5. No further pension benefits will accrue after the DROP effective date.

Section 6. When employees elect the DROP they will be entitled to all the benefits they would have received under the Normal Retirement provisions of the Retirement Plan (during the DROP period) with the following exceptions:

- (a) During the DROP period the employee's monthly pension payments will be made to the employee's separately designated DROP account established for the benefit of that member. During the DROP period, the monthly pension payments will be 96% of the monthly pension payment the employee was entitled to receive had the member retired without electing the DROP. Upon separation from Town service, the monthly pension payment shall increase to 100% of the monthly pension, as though the member had retired and not elected the DROP.
- (b) During the DROP period, the employees will continue to make the same employee contributions from earnings while employed with the Town as was in effect at the time the DROP was elected by such employee. These contributions are made to the pension fund, not the member's separate DROP plan account.
- (c) Commencement of the COLA waiting period is the date the employee physically separates from Town service, not the DROP date.

Section 7. Any member who has elected and commenced the DROP may not withdraw unless:

- (a) the member separates from Town service (see Section 9); or
- (b) the member applies in writing to the Retirement Board to seek permission to be released/withdraw from the DROP election and the Retirement Board grants that request, which decision will be final.

Section 8. The minimum length of DROP will be one (1) year and the maximum length of the DROP will be five (5) years. Upon electing the DROP the employees will select the length of his/her respective DROP. Military time purchased by a member shall be included in the calculation of the member's pension benefit under the Retirement Plan. (For example, an employee who has completed his 25th year of service may elect the DROP and purchase two (2) years of military service and, if so, shall receive credit for 27 years of service.) Under no circumstances will an employee be credited with more than 30 years of service.

Section 9. Any member who has elected the DROP may separate from Town service at anytime during the DROP period and such separation will mark the termination of the DROP period and the commencement of Normal Pension benefits at 100%. The maximum length of Town service for any member who has elected the DROP is defined as the completion of the 30th year of Credited Service. No member will be allowed to continue Town service after the completion of the 30th year of service.

Section 10. The Town has selected an Administrator through the Ordinance Bidding process to custody the funds for all members who elect the DROP. The choice between investment vehicles offered by the administrator shall be with the member. The cost of such custody administration will be paid for by members as an account charge. Upon completion of the DROP period, the member will be considered a retired employee and will receive non-adjusted payments (100% of their Normal Retirement benefits as accrued on the DROP effective date plus a lump sum equal to the DROP accumulation). The lump sum will be made available to the employee/member within a reasonable period of time after the member terminates service with the Town.

Section 11. When a member elects the DROP, their accrued terminal, sick and vacation leave payout will be included in the calculations of their final average salary as provided in the Retirement Plan. When the member elects the DROP the member will be paid for 50% of their contractually (the collective bargaining agreement) compensable accrued sick time at the commencement of the DROP and will be paid the remaining 50% of the accrued sick time when they separate from Town service. Sick leave accrual will be adjusted to reflect the 50% payout, leaving the other 50% of the max plus any overage. In the event insignificant accrued sick time is available to pay the remaining 50%, whatever balance is available at separation will be paid out at 50% and a corresponding retroactive adjustment to the final average salary calculation, which will impact the final pension amount paid to the retiree. Sick time in excess of any amount includable in the contractual buy-out provision shall be forfeited.

Section 12. Any member who elects the DROP shall not be eligible for the Plus Option.

Section 13. In lieu of receiving a pension in the form of an annuity, an employees may elect a Partial Lump Sum Option whereby a portion of his/her pension benefit will be paid as a lump sum benefit upon retirement from the Town. The amount of the lump shall be equal to 10% of the actuarial present value of the benefit as determined by the Plan's actuary, based upon actuarial factors in effect at the time of distribution to determine actual funding. The remaining portion of the employee's benefit shall be paid monthly for such employee's lifetime, in accordance with the Retirement Plan provisions. Upon the death of the employee, 75% of the monthly benefits that the employee was receiving shall be continued for an eligible dependent, if any, as described in the Retirement Plan.