

TOWN OF STONINGTON

RETIREMENT PLAN

Original Effective Date August 1, 1967

Amended and Restated Effective 12/14/04

Table of Contents

ARTICLE I DEFINITIONS	1
ARTICLE II MEMBERSHIP IN THE PLAN	5
Section 2.1 Condition of Membership	5
Section 2.2 Member Status.....	5
Section 2.3 Member Contributions	5
Section 2.4 Credited Interest on Member Contributions	5
Section 2.5 Non-Contributory Members	5
ARTICLE III RETIREMENT DATES	6
Section 3.1 Normal Retirement Date.....	6
Section 3.2 Earlier Retirement Date.....	6
Section 3.3 Disability Retirement Date	6
Section 3.4 Deferred Retirement Date	6
ARTICLE IV AMOUNT OF BENEFIT	7
Section 4.1 Retirement at Normal Retirement Date	7
Section 4.2 Retirement at Earlier Retirement Date	7
Section 4.3 Retirement at Disability Retirement Date.....	7
Section 4.4 Retirement at Deferred Retirement Date	7
ARTICLE V OPTIONS.....	8
Section 5.1 Standard Retirement Benefits	8
Section 5.2 Optional Retirement Benefits	8
Section 5.3 Joint and Survivor Annuity Option	8
Section 5.4 120 Month Period Certain Option	9
Section 5.5 Lump Sum Option	10
ARTICLE VI DEATH BENEFITS	11
Section 6.1 Preretirement Survivor Annuity.....	11
Section 6.2 Optional 60 Month Death Benefit	12
Section 6.3 Death After Normal Retirement Date.....	12
Section 6.4 Death of Member Before Eligible to Retire	12
Section 6.5 Death While Member is Receiving Disability Benefits	13
ARTICLE VII TERMINATION OF EMPLOYMENT.....	14
Section 7.1 Benefit Upon Termination.....	14
Section 7.2 Terminated Vested Benefit.....	14
Section 7.3 Vesting	14
Section 7.4 Reemployment After Termination.....	15
ARTICLE VIII LIMITATIONS ON BENEFITS.....	16
Section 8.1 Basic Limitation	16
Section 8.2 Retirement Before Age 62.....	16
Section 8.3 Retirement After Age 65.....	16
Section 8.4 Other Limitations	16
Section 8.5 Section Definitions	17

ARTICLE IX CONTRIBUTIONS	18
Section 9.1 Town's Contributions.....	18
ARTICLE X ADMINISTRATION OF THE PLAN	19
Section 10.1 Retirement Board	19
Section 10.2 Interpretation of the Plan	19
Section 10.3 Procedures.....	19
Section 10.4 Advisors	20
Section 10.5 Majority Vote	20
Section 10.6 Duties of the Retirement Board	20
ARTICLE XI TRUST FUND	22
Section 11.1 Fund.....	22
Section 11.2 Designation of Trustee	22
Section 11.3 Designation of Funds	22
Section 11.4 Rights in Fund	22
Section 11.5 Expenses of Plan	22
ARTICLE XII AMENDMENT AND TERMINATION	23
Section 12.1 Amendment.....	23
Section 12.2 Termination	23
Section 12.3 Funds Remaining After Distribution of all Benefits.....	24
ARTICLE XIII MISCELLANEOUS.....	25
Section 13.1 Minors and Incompetents	25
Section 13.2 Fraud and Dishonesty	25
Section 13.3 Non-Assignability of Benefits.....	25
Section 13.4 Tenure of Employment.....	25
Section 13.5 Severability of Provisions	26
Section 13.6 Unclaimed Benefits or Member Contributions	26
Section 13.7 Forfeitures.....	26
Section 13.8 Applicable Law	26
APPENDIX A PROVISIONS APPLICABLE TO NONCONTRIBUTORY MEMBERS	27

ARTICLE I DEFINITIONS

The following words and phrases as used herein have the following meanings, unless a different meaning is specified or plainly required by the context:

Section 1.1 “Accrued Benefit” shall mean the benefit the Member would be entitled to receive in accordance with Section 4.1 based on the Member’s Credited Service as of the date of determination.

Section 1.2 “Actuarial Equivalent” shall mean a benefit of equivalent current value to the benefit which would otherwise have been provided to the Member under Section 5.1, determined based on the following assumptions:

- (a) Unisex Pension 1984 Mortality Table.
- (b) 6% annual interest rate.

Section 1.3 “Annual Compensation” shall mean the total salary or wages paid by the Town to an Employee, including Member Contributions under this Plan, over the Plan Year, any amounts deferred by the Employee under a cafeteria plan meeting the requirements of Section 125 of the Code or any amounts deferred by the Employee to a plan meeting the requirements of Section 457, and any elective amounts that are not includible in income under Section 132(f)(4) of the Code. Annual Compensation shall not include Compensation of any Employee in excess of \$205,000 (increased as permitted under Section 401(a)(17) of the Code to reflect cost-of-living adjustments). For all other purposes of the Plan, compensation shall have the meaning prescribed by such Section.

Section 1.4 “Appointing Authority” shall mean the Board of Education for Board of Education Employees and the Selectmen for all other Employees.

Section 1.5 “Beneficiary” shall mean one or more persons and/or trusts and/or estates designated in accordance with this Plan to receive benefits upon the death of a Member.

Section 1.6 “Code” shall mean the Internal Revenue Code of 1986 as it has been and as it may be amended from time to time and any regulations promulgated thereunder and interpretations thereof as such may affect this Plan.

Section 1.7 “Credited Service” shall mean the total period of employment of an Employee as shown on the payroll records of the Town, commencing on the Employee’s first day of employment (or reemployment if applicable) and continuing to the date of the Employee’s death, retirement or termination of employment. In no event shall periods of employment during which a Member does not receive compensation from the Town be considered periods of Credited Service. However, Periods of Absence attributable to qualified military service as defined in Section 414(u) of the Code shall be considered Credited Service regardless of whether the Employee

receives pay from the Town during such absence. Credited Service shall be measured in completed years and months.

Section 1.8 "Effective Date" shall mean August 1, 1967.

Section 1.9 "Employee" shall mean any person regularly employed by the Town on a permanent basis including First Selectman, Town Clerk and Tax Collector, but excluding:

- (a) Temporary Employees;
- (b) Part-time Employees;
- (c) elected officials;
- (d) any teacher or other employee who is or has been eligible for membership in the Connecticut State Teachers' Retirement System; or
- (e) individuals employed by the Town of Stonington Police Department as a police officer.

No person employed by any agency, fire district, authority or board affiliated with the Town, or any board performing a governmental function within the Town, shall be considered as "employee" hereunder, unless the Selectmen shall authorize the persons employed by such agency, authority, fire district, or board to be eligible for membership hereunder, which authorization shall be conditioned upon the written agreement having first been furnished to the Town by the agency, fire district, authority or board to promptly reimburse the Town for all sums of money paid by the Town to the Plan, whether a direct or indirect expense, for the inclusion of such a person in the Plan and may be conditioned upon such other terms and conditions including conditions for contributions to the Plan by such agency, authority, fire district or board, as the Selectmen shall provide.

Section 1.10 "Final Average Compensation" shall mean the average of the Member's Annual Compensation over the sixty consecutive months of the one hundred and twenty (120) months prior to his termination of employment during which the Member has the highest Annual Compensation. If a Member has not been employed by the Town for 120 months as of the time of his termination of employment, such Member's Final Average Compensation shall be equal to the average of the Member's Annual Compensation over the sixty consecutive months of such Member's employment during which he averaged the highest amount of Annual Compensation.

Section 1.11 "Fund" shall mean the Trust Fund provided under Article XI.

Section 1.12 "Member" shall mean any Employee who qualifies to participate in the Plan and continues to be qualified under Article II. A "Contributory Member" shall mean a Member who is required to make Member Contributions to the Plan as set forth

in Section 2.3. A "Non-contributory Member" shall mean a Member who belongs to the group described in Appendix A who is not required to make Member Contributions to the Plan.

Section 1.13 "Member Contributions" shall mean the contributions described in Section 2.3.

Section 1.14 "Part-time Employee" shall mean an Employee with a customary term of employment of less than thirty (30) hours per week, excluding cafeteria employees whose customary term of employment is twenty-five (25) hours or more.

Section 1.15 "Periods of Absence" shall mean:

- (a) Approved unpaid leave not to exceed five (5) years;
- (b) Unpaid temporary illness or temporary disability;
- (c) Voluntary or involuntary active service (but not periods of re-enlistment) in the armed forces of the United States while any law requiring military service is in effect;
- (d) Other absences similar in nature specifically approved by the Appointing Authority and the Retirement Board in writing.

Periods of absence to the extent provided for and as defined in this Section shall not constitute a termination of employment of a Member and shall not result in a loss of the Member's Credited Service earned prior to such Member's Period of Absence. However, if any Employee fails to return to work on the date fixed by the Retirement Board and the Appointing Authority, with respect to any leave (or within the period specified under Section 414(u) of the Code with respect to qualified military service), his Credited Service shall be deemed to have ended on the day before the Member's Period of Absence began.

Section 1.16 "Plan" shall mean the Town of Stonington Retirement Plan hereby established and as amended from time to time hereafter.

Section 1.17 "Plan Year" shall mean the fiscal year of the Plan, commencing on July 1 and ending on June 30 of the succeeding calendar year.

Section 1.18 "Qualified Domestic Relations Order" shall mean the valid and lawful judgment, decree or order of a domestic relations court (including approval of a property settlement agreement) conforming to the requirements of Code Section 414(p).

Section 1.19 "Retirement Board" shall mean the Retirement Board which shall manage and administer the Plan, as provided for in Article X.

Section 1.20 "Selectmen" shall mean the Board of Selectmen of the Town of Stonington or a majority of such board.

Section 1.21 "Temporary Employee" shall mean an Employee with a customary term of employment of less than ten (10) months per year.

Section 1.22 "Totally and Permanently Disabled" shall mean a determination by the Social Security Administration that a Member is disabled and is eligible for Social Security disability insurance benefits.

Section 1.23 "Town" shall mean the Town of Stonington.

Section 1.24 "Trust" shall mean the trust created by the Town and the Trustee by a trust agreement to hold and invest the assets contributed under the terms of this Plan.

Section 1.25 "Trustee" shall mean the bank or trust company designated as Trustee by the 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
MEMBERSHIP IN THE PLAN**

Section 2.1 Condition of Membership

Each Employee employed by the Town on the effective date of the Plan shall be eligible for membership.

Section 2.2 Member Status

Each Member of the Plan who is an Employee on December 14, 2004 shall continue to be a Member as of that date. Each other employee shall become a Member on the date he becomes an Employee.

Section 2.3 Member Contributions

Each Contributory Member who is:

- (a) not represented by a collective bargaining unit, or
- (b) represented by a collective bargaining unit that has agreed to require contributions by Members,

is required to contribute three percent (3%) of his Annual Compensation to the Plan beginning on the later of: (i) his date of hire; or (ii) the date on which he becomes a Member. Members may not elect to receive the amount due as Member Contributions in cash rather than having such amount contributed to the Plan.

Pursuant to the provisions of Section 414(h)(2) of the Internal Revenue Code, the Town shall pick up and pay Member Contributions through regular payroll deduction. Such Member Contributions will continue to be made until the Member terminates employment. Members are not required to contribute during periods of unpaid leaves of absence.

Section 2.4 Credited Interest on Member Contributions

Member Contributions shall be paid by the Town to the Trust Fund and shall be accumulated therein with Credited Interest. Credited Interest will be credited at the rate of 5% per year, compounded annually for full years. For periods of less than a full year, simple interest will be used.

Section 2.5 Non-Contributory Members

Noncontributory Members shall be subject to certain special provisions regarding vesting and the calculation of benefits as set forth in Appendix A.

ARTICLE III RETIREMENT DATES

Section 3.1 Normal Retirement Date

The Normal Retirement Date of any Member in the Plan shall be the earlier of (a) or (b):

- (a) The first day of the month coincident with or next following his 62nd birthday.
- (b) The first day of the month following his completion of thirty-five (35) years of Credited Service.

Section 3.2 Earlier Retirement Date

Any Member who has attained his fiftieth (50th) birthday and who has completed fifteen (15) years of Credited Service may elect to retire as of the first day of any month thereafter, which date shall be hereinafter termed the "Earlier Retirement Date," and at his option, may commence receiving his benefits on such Earlier Retirement Date, or on the first day of any subsequent month, but in no event later than his Normal Retirement Date.

Section 3.3 Disability Retirement Date

Any member who is Totally and Permanently Disabled and who has:

- (a) attained his fiftieth (50th) birthday and completed fifteen (15) years of Credited Service,
- (b) attained his fifty-fifth (55th) birthday and completed ten (10) years of Credited Service, or
- (c) attained his sixtieth (60th) birthday and completed five (5) years of Credited Service,

may retire and commence receiving benefits from the Plan prior to his Normal Retirement Date. Such benefits shall commence on the first day of the first month beginning six (6) months after the date the Member became Totally and Permanently Disabled (herein referred to as the Member's "Disability Retirement Date").

Section 3.4 Deferred Retirement Date

A Member's Deferred Retirement Date is the first day of the month following the date on which a Member elects to retire, provided that such date occurs after the Member's Normal Retirement Date.

**ARTICLE IV
AMOUNT OF BENEFIT**

Section 4.1 Retirement at Normal Retirement Date

A Contributory Member who retires on his Normal Retirement Date shall receive an annual retirement benefit equal to 1.75% of such Member's Final Average Compensation multiplied by the Member's Credited Service determined as of such Contributory Member's Retirement Date.

Section 4.2 Retirement at Earlier Retirement Date

The annual retirement benefit of a Member who retires on an Earlier Retirement Date and who elects to have retirement benefits commence on his Normal Retirement Date shall be computed in accordance with Section 4.1 based on his Credited Service to his Earlier Retirement Date. In the event a Member elects to have retirement benefit payments commence prior to his Normal Retirement Date, such retirement benefit shall be reduced such that the Member's Earlier Retirement Benefit is the actuarial equivalent of the benefit that would be payable at the Member's Normal Retirement Date.

Section 4.3 Retirement at Disability Retirement Date

The annual retirement benefit of a Member who retires on a Disability Retirement Date shall be computed in accordance with Section 4.1 based on his Credited Service to his Disability Retirement Date. The annual retirement benefit so computed will be reduced by any payments received under the Workmen's Compensation Act.

Section 4.4 Retirement at Deferred Retirement Date

The annual benefit of a Member who retires on a Deferred Retirement Date shall be computed in accordance with Section 4.1 based on his years of Credited Service to his Deferred Retirement Date.

ARTICLE V OPTIONS

Section 5.1 Standard Retirement Benefits

The standard form of retirement benefit paid from the Plan is a monthly life annuity (the "Standard Retirement Benefit"). This form of benefit provides unreduced monthly payments to the Member for each month of the Member's life. This form of benefit does not provide any benefits after the Member's death.

Payment of the Standard Retirement Benefit shall commence as of the time specified in Article III, and shall terminate with the payment made immediately before or coincident with the date of the Member's death.

Section 5.2 Optional Retirement Benefits

In lieu of the Standard Retirement Benefit described in Section 5.1, a Member may, subject to the provisions hereof, elect to receive his benefits in one of the optional forms described in Section 5.3, 5.4 or 5.5. However, a Member who retires under Disability Retirement may not elect an optional form of benefit as described in this Section 5.2 and may only receive the Standard Retirement Benefit described in Section 5.1.

A Member may elect to receive his benefit in one of the optional forms described in Section 5.3, 5.4 or 5.5 if the Member submits an application in writing to the Retirement Board within the time period required by the Retirement Board. A Member may change his election of an optional form of benefit at any time prior to the date benefit payments commence.

Section 5.3 Joint and Survivor Annuity Option

- (a) In lieu of receiving the Standard Retirement Benefit described in Section 5.1, a Member may elect to receive his retirement benefit in the form of a Joint and Survivor Annuity. The Joint and Survivor Annuity form of benefit provides a reduced monthly payment during the Member's life. After the Member's death, payments are continued to the payee designated by the Member ("Provisional Payee") in the same amount payable to the Member each month during his life. These payments will terminate with the payment made immediately before or coincident with the date of the death of the Provisional Payee.
- (b) The Member's benefit under this Section 5.3 shall be the Actuarial Equivalent of:
 - (i) If the Member begins receiving benefits on or after his Normal Retirement Date, the Standard Retirement Benefit payable on his Normal Retirement Date or Deferred Retirement Date, whichever is applicable.

- (ii) If the Member begins receiving benefits prior to his Normal Retirement Date, the Earlier Retirement benefit payable on the Member's Earlier Retirement Date.
- (c) Death of the Provisional Payee, Beneficiary or Member
 - (i) If the Provisional Payee dies before the Member's Normal, Deferred or Earlier Retirement Date, whichever is applicable, the Member's election of this option shall be void and the Member shall receive the Standard Retirement Benefit described in Section 5.1.
 - (ii) If the Member who has reached his Normal Retirement Date dies prior to his Deferred Retirement Date, the retirement benefit payable to his Provisional Payee under this option shall be determined as if the Member had retired on the day before his death. Payments to the Provisional Payee shall commence on the first day of the month coinciding with or next following the date of death of the Member.
- (d) A Member may rescind his election of the Joint and Survivor Annuity form of benefit at any time prior to his actual retirement date.

Section 5.4 120 Month Period Certain Option

- (a) In lieu of receiving the Standard Retirement Benefit described in Section 5.1, a Member may elect to receive his retirement benefit in the form of a 120 Month Period Certain Option. The 120 Month Period Certain Option provides the Member with a reduced monthly payment during the Member's life. If the Member dies prior to 120 monthly payments being made, such monthly payments shall continue to the Member's Beneficiary until a total of 120 payments have been made to the Member and Beneficiary.
- (b) The Member's benefit under this Section 5.4 shall be the actuarial equivalent of:
 - (i) If the Member begins receiving benefits on or after his Normal Retirement Date, the Standard Retirement Benefit payable on his Normal Retirement Date or Deferred Retirement Date, whichever is applicable.
 - (ii) If the Member begins receiving benefits prior to his Normal Retirement Date, the Earlier Retirement benefit payable on the Member's Earlier Retirement Date.
- (c) At the time the Member notifies the Retirement Board of his election of the option described in this Section 5.4, the Member shall designate his Beneficiary for purposes of this Section 5.4 in writing and submit such designation to the Retirement Board.

- (d) The election of this option may be rescinded by the Member at any time prior to his actual retirement date. The Member may also elect to revoke, change or amend his Beneficiary designation at any time prior to his death, regardless of whether benefits have commenced, by submitting a written designation to the Retirement Board in the form required by the Retirement Board.
- (e) Death of the Member or Beneficiary
 - (i) In the event that both the Member and his surviving Beneficiary die before a total of 120 monthly payments are made from the Plan, the Actuarial Equivalent of the balance of such remaining payments shall be paid in a lump sum to the executor or administrator of the estate of the Member, if the Beneficiary predeceases the Member, or the Beneficiary, if the Member predeceases the Beneficiary.
 - (ii) If a Member who has elected to receive benefits under this Section 5.4 dies after his Normal Retirement Date but prior to his Deferred Retirement Date, the Member's Beneficiary shall be entitled to receive all 120 monthly payments payable under this Section 5.4 as though the Member had retired on the day before his death. Such payments shall commence on the first day of the month coinciding with or next following the date of death of the Member and shall end with the 120th monthly payment, or if the Beneficiary dies before 120 payments have been made, with the lump sum payment of the remaining benefits to the Beneficiary's estate in accordance with Section 5.4(e)(i).

Section 5.5 Lump Sum Option

If the present value of a Member's accrued benefit does not exceed \$5,000 at the time the Member wishes to retire, the Member shall have the option of electing to receive his benefit from the Plan in the form of a single lump sum payment. Payment of a lump sum benefit under this Section 5.5 shall be in full satisfaction of any benefit payable under this Plan to such Member.

A Member may not rescind his election of this option once payment of such lump sum benefit has been made.

ARTICLE VI DEATH BENEFITS

Section 6.1 Preretirement Survivor Annuity

In the event a Member who is eligible for a Terminated Vested Benefit pursuant to Article VII dies prior to his Normal Retirement Date and prior to the commencement of retirement benefits under this Plan, and such Member is survived by a spouse to whom he had been married throughout the one year period ending on the date of his death, such surviving spouse shall be entitled to a preretirement survivor annuity determined and paid as follows:

- (a) Member Dies After Eligible for Earlier Retirement. In the event a Member dies after he reaches the date on which he could retire early as described in Section 3.2, the Member's spouse shall receive a monthly pension benefit equal to the benefit the spouse would have received if the Member had retired on the day before his death and had elected to have his benefits paid in the form of Joint and Survivor Annuity, with payments made to the spouse after the Member's death in an amount equal to fifty percent (50%) of the amount payable to the Member during his life. Pursuant to the election of the spouse, payment of the preretirement survivor annuity shall commence as of the first day of the month coinciding with or next following the Member's death, or at some later date, provided that payments may not commence later than the date that would have been the Member's Normal Retirement Date.
- (b) Member Dies After Earlier Retirement but Before Benefits Commence. In the event that a Member dies after he has retired on his Earlier Retirement Date but before he has begun receiving benefits, his spouse shall receive the spouse's portion of the benefit, if any, that the Member elected under Article V on his Earlier Retirement Date and shall not be eligible for the preretirement annuity in Section 6.1(a).
- (c) Member Dies Before Eligible for Earlier Retirement. In the event that a Member dies before reaching his Earliest Retirement Date as described in Section 3.2, the Member's spouse shall receive a monthly pension benefit equal to the benefit the spouse would have received if the Member had terminated employment on the date of his death, survived to his Earlier Retirement Date, retired on that date, and elected to have his benefits paid in the form of Joint and Survivor Annuity, with payments made to the spouse after the Member's death in an amount equal to fifty percent (50%) of the amount payable to the Member during his life. Pursuant to the election of the spouse, payment of this Actuarial Equivalent preretirement survivor annuity shall commence as of the date of the Member's death, or at some later date, provided that payments may not commence later than the date on which the Member would have attained his Normal Retirement Date.

In the case of an employee who had less than fifteen years of Credited Service as of the date of his death, his earliest retirement date shall be deemed to be the date on which he would have attained age 50 and completed fifteen years of Credited Service had he continued in employment.

- (d) Coordination with Death Benefit. A Member whose spouse is eligible to receive a benefit after the Member's death under this Section 6.1 may opt to instead receive the benefit payable under Section 6.2 if: (i) the Member meets the requirements for the Section 6.2 benefit; (ii) the Member elects that such death benefit shall apply prior to his death; and (iii) the Member's spouse consents to such election in writing and the terms of such spousal consent acknowledge the effect of the election; and (iv) the spouse's consent to the election is witnessed by a representative of the Retirement Board or a Notary Public. If a Member elects to receive a benefit under Section 6.2, no benefit shall be payable to such Member's spouse under this Section 6.1.

Section 6.2 Optional 60 Month Death Benefit

In the event that a Member dies while an employee and after the date on which he becomes eligible for Earlier Retirement but prior to his Normal Retirement Date, his Beneficiary shall receive sixty (60) monthly payments equal to the amount the Member would have received if the Member had retired on his Earlier Retirement Date on the date of his death and had selected the Standard Retirement Benefit described in Section 5.1. In the event that the Member's Beneficiary dies before a total of sixty (60) monthly payments have been made, the balance of the payments shall be made to the secondary beneficiary selected by the Member.

The beneficiary of a Member whose spouse would otherwise be eligible to receive a benefit under Section 6.1 shall not be eligible to receive a benefit under this Section 6.2 unless the requirements of Section 6.1(d) are met.

Section 6.3 Death After Normal Retirement Date

In the event that a Member continues in the active service of the Town after his Normal Retirement Date but dies prior to his actual retirement date, the applicable Beneficiary or Provisional Payee of such Member shall be entitled to receive benefits as provided in Article V.

Section 6.4 Death of Member Before Eligible to Retire

In the event that a spouse or beneficiary of a deceased Member is not eligible to receive a death benefit under Section 6.1 or 6.2, such Member's Beneficiary shall not be eligible for any benefit from the Plan other than the return of the Member's Member Contributions, with Credited Interest.

Section 6.5 Death While Member Is Receiving Disability Benefits

In the event that a Member who is currently receiving a Disability Retirement benefit pursuant to Section 3.3 dies, and such Member is survived by a spouse to whom he had been married throughout the one year period ending on the date of his death, such spouse shall be entitled to a monthly death benefit until his or her death. Such benefit shall be equal to fifty percent (50%) of the amount of the Disability Benefit payable to the Member prior to his death had such Member been receiving his benefit as a Joint and Survivor Annuity rather than the Standard Form of Benefit.

**ARTICLE VII
TERMINATION OF EMPLOYMENT**

Section 7.1 Benefit Upon Termination

- (a) Partially or Fully Vested at Time of Termination. A Member who terminates employment with the Town for reasons other than death or retirement and who is partially or fully vested in his benefit from the Plan at the time of his termination shall be eligible to receive a Terminated Vested Benefit from the Plan at such Member's Normal Retirement Date or Earlier Retirement Date.

- (b) Not Vested at Time of Termination. A Member who terminates employment with the Town for reasons other than death or retirement and who is not vested in his benefit from the Plan at the time of his termination will not be eligible for a Terminated Vested Benefit, but will instead receive a return of his Member Contributions, with Credited Interest.

Section 7.2 Terminated Vested Benefit

A Member who is partially or fully vested, as determined under Section 7.3, shall receive an annual benefit as calculated under Section 4.1 or Section 4.2, depending upon whether the Member elects to receive a Normal Retirement Benefit or Earlier Retirement Benefit. In the event that the Member is not fully vested in his benefit from the Plan, such Member's benefit shall be reduced such that the percentage of the Member's reduced benefit relative to the Member's unreduced benefit is equal to the Member's vested percentage. A Member's benefit will be calculated based on the Member's Credited Service as of his date of termination of employment.

Section 7.3 Vesting

A Contributory Member's vested percentage shall be based upon such Contributory Member's years of Credited Service with the Town as follows:

YEARS OF CREDITED SERVICE WITH THE TOWN		
<u>At Least</u>	<u>But Less Than</u>	<u>Percentage of Accrued Benefit</u>
0	5	0%
5	6	50%
6	7	60%
7	8	70%
8	9	80%
9	10	90%
10 or more	---	100%

Regardless of his number of years of service, a Member will be considered 100% vested in his benefit from the Plan upon his attainment of his Normal Retirement Date while such Member is employed by the Town.

Section 7.4 Reemployment After Termination

If a Member's employment with the Town terminates for any reason other than death or retirement, and the Member returns to employment with the Town before the fifth anniversary of the date the Member terminated his service with the Town, the Member shall retain his Credited Service earned during the Period of Service occurring prior to his termination of employment, provided that the Member reimburses the Fund for any distribution of Member Contributions and Credited Interest received by the Member as a result of his termination of employment.

If a Member's employment with the Town terminates for any reason other than death or retirement, and the Member returns to employment with the Town before the fifth anniversary of the date the Member terminated his service with the Town, but the Member does not repay to the Plan any Member Contributions and Credited Interest distributed to the Member as a result of his termination of employment, the Member shall not be credited with Credited Service earned during his Period of Service occurring prior to his termination of employment.

If a Member's employment with the Town terminates for any reason other than death or retirement, and the Member returns to employment with the Town after the fifth anniversary of the date the Member terminated his service with the Town, such Member shall be treated as if he was a new Member of the Plan and such Member's Credited Service earned during his Period of Service prior to his termination of employment shall not be considered for purposes of determining such Member's benefit from the Plan, if any.

ARTICLE VIII LIMITATIONS ON BENEFITS

Section 8.1 Basic Limitation

Notwithstanding 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 \$165,000, as adjusted by multiplying such limit by the cost of living adjustment prescribed by the Secretary of the Treasury under Section 415(d) of the Code. Such new limitation shall apply to limitation years ending within the calendar years of the date of adjustment. For purposes of this Article VIII, "Compensation" shall be compensation as defined in Section 415 of the Code and the Treasury Regulations issued thereunder.

Section 8.2 Retirement Before Age 62

If the annual benefit of a Member commences prior to age 62, the defined benefit dollar limitation shall be the Actuarial Equivalent of an annual benefit beginning at age 62, as determined above, reduced for each month by which benefits commence before the month in which the Member attains age 62. To determine actuarial equivalence, the interest rate assumption is the greater of the rate provided in Section 1.2 or five percent (5%).

Section 8.3 Retirement After Age 65

In the case where a benefit commences after a Member has attained age 65, the dollar limitation in Section 8.1 above shall be actuarially increased so that it is equivalent to a benefit beginning at the Member's attainment of age 65. For purposes of determining actuarial equivalence hereunder, the interest assumption shall not be greater than the lesser of 5 percent per year or the rate specified in Section 1.2.

Section 8.4 Other Limitations

- (a) Adjustment. The limitations of this Article VIII shall be adjusted using an interest rate assumption not less than the greater of 5% or the interest rate described in Section 1.2 of the Plan to take into account the payment of a pension in a form other than that of a straight life annuity; provided, however, that no adjustment shall be required by reason of the payment of benefits which do not directly relate to retirement, or by reason of a qualified joint and survivor annuity within the meaning of Section 417 of the Code.
- (b) Exception to Basic Limitation. This Article VIII shall be inapplicable if the benefits are payable as a result of disability or death. Sections 8.2, 8.3 and this Section 8.4 shall be inapplicable if the retirement benefits payable with respect to the Member under the Plan and all other defined benefit plans of the Town do not exceed \$10,000 for the Plan Year and

the Town had not at any time maintained a defined contribution plan in which the Member participated.

- (c) Secondary Limitation. The limitation specified in Section 8.1 and the \$10,000 limitation specified in Section 8.4(b) shall be reduced by 10% for each year of participation in the Plan (or part thereof) less than 10. To the extent provided in Treasury Regulations or in other guidance issued by the Internal Revenue Service, the preceding sentence shall be applied separately with respect to each change in the benefit structure of the Plan. If the Member has less than ten years of participation, the compensation limitation is reduced by one-tenth for each year of participation in the Plan (or part thereof) less than ten.

Section 8.5 Section Definitions

As used in this Article, the following definitions shall apply:

- (a) "Limitation Year" shall mean the Plan Year.
- (b) "415 Compensation" shall mean the Member's wages, salaries, fees for professional service and other amounts for personal services actually rendered in the course of employment with an Town (or an Affiliated Town) maintaining the Plan, including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commission on insurance premiums, tips and bonuses, any contributions made on behalf of such Member to the Town's cafeteria plan or any successor plans thereto, for qualified transportation fringe benefits as set forth in Section 132(f)(4) of the Code, or any other Plan maintained by the Town which meets the requirements of Code Section 401(a) and 401(k) or any other plan maintained by the Town which meets the requirements of Code Section 125 and which provides for pre-tax contributions as provided in Section 415 and the regulations thereunder.

ARTICLE IX CONTRIBUTIONS

Section 9.1 Town's Contributions

The Town shall contribute such amounts as may be determined by its actuarial advisor as sufficient to provide the retirement benefits payable under the Plan. Payments by the Town shall be subject to annual budgetary and appropriation requirements of the Connecticut General Statutes and/or any Charter adopted by the Town. The Town shall not directly or indirectly receive any refund of any contribution made by it, nor shall the Town directly or indirectly participate in the distribution by the trustee, at any time prior to the satisfaction of all liabilities to Members and their Beneficiaries.

**ARTICLE X
ADMINISTRATION OF THE PLAN**

Section 10.1 Retirement Board

The general administration of the Plan and the responsibility for carrying out the provisions of the Plan shall be placed on the Retirement Board. The Retirement Board shall consist of five (5) members. All members of the Retirement Board shall be appointed by the Selectmen; however, the Selectmen shall be required to appoint two (2) members nominated by the Board of Education and one (1) member nominated by the Board of Finance. The remaining two members of the Retirement Board shall be nominated and appointed by the Selectmen.

All Retirement Board members shall be appointed for a five (5) year term. Upon the death or resignation of any member prior to the expiration of his term, the Selectmen shall appoint a replacement for the remainder of such member's term, provided that if such appointment is required as a result of the resignation or removal of a member nominated by the Board of Education or Board of Finance, the Selectmen shall appoint the individual nominated by the appropriate Board. The members of the Retirement Board shall select one of their members to act as Chairman. Members of the Retirement Board shall serve without compensation.

The Retirement Board shall serve as the Plan Administrator. The Retirement Board shall have the authority to delegate in its discretion any or all of its duties as Plan Administrator to Town departments or employees. If the Retirement Board elects to delegate any or all of its duties, references in this Plan to the Retirement Board that pertain to such delegated duties shall be deemed to include the individual or department to whom such duty has been delegated.

Section 10.2 Interpretation of the Plan

The Retirement Board shall have sole discretion to make decisions regarding a Member's or Beneficiary's benefits and such decision shall be conclusive and binding on all parties. The Retirement Board, in its discretion, shall have the authority to interpret all provisions of this Plan, and to make all decisions regarding administration of the Plan and eligibility for benefits under the Plan, and such interpretation shall be conclusive and binding on all parties. All decisions of the Retirement Board with respect to this Plan shall be respected unless arbitrary and capricious.

Section 10.3 Procedures

The Retirement Board shall adopt such bylaws as it deems desirable and shall keep all such books of account, records and other data as may be necessary for proper administration of the Plan. The Retirement Board shall keep a record of all actions and forward all necessary communications to the Trustee and the Town. The Retirement Board shall keep records containing all relevant data pertaining to any person affected hereby and such person's rights under the Plan.

The Retirement Board shall from time to time issue rules and regulations regarding the administration of the Plan. Such rules and regulations shall not be inconsistent with the terms and provisions of the Plan.

Section 10.4 Advisors

The Retirement Board may employ such agents to perform clerical and other services, and such counsel, accountants and actuaries as it may deem necessary or desirable for administration of the Plan. The Retirement Board may rely upon the written opinions or certificates of any agent, counsel, actuary or physician.

Section 10.5 Majority Vote

The Retirement Board shall act by a majority vote of its members at a meeting.

Section 10.6 Duties of the Retirement Board

The Retirement Board shall have such powers and duties as may be necessary to discharge its function hereunder, including, but not by way of limitation, the following:

- (a) To construe and interpret the Plan, to decide all questions which may arise relative to the rights of Employees, past and present, and their Beneficiaries, under the terms of the Plan;
- (b) To obtain from the Town and from Employees such information as shall be necessary for the proper administration of the Plan, and, when appropriate, to furnish such information promptly to the Trustee or other persons entitled thereto;
- (c) To prepare and distribute, in such manner as the Retirement Board determines to be appropriate, information explaining the Plan;
- (d) To furnish the Town, upon request, such reports with respect to the administration of the Plan as are reasonable and appropriate;
- (e) To obtain and review reports of the Trustee pertaining to the receipts, disbursements and financial condition of the Trust;
- (f) To establish and maintain such accounts as are necessary;
- (g) To delegate in writing all or any part of its responsibilities under the Plan to the Trustee and in the same manner revoke any such delegation of responsibility. Any action of the Trustee in the exercise of such delegated responsibilities shall have the same force and effect for all purposes as if such action had been taken by the Retirement Board. The Trustee shall have the right, in its sole discretion, by written instrument delivered to the Retirement Board, to reject and to refuse to exercise any such delegated authority; and

- (h) To advise the Trustee, in writing, with respect to investment and reinvestment of the Members' and Town's contributions under the Plan; if instructions are not forthcoming, however, the Trustee shall have full power to invest and reinvest any funds under its control. The Trustee's rights and duties relative to investments which are contained in the Trust Agreement shall inure to the benefit of, and are binding upon, the Retirement Board when it renders investment advice.

ARTICLE XI TRUST FUND

Section 11.1 Fund

All contributions hereunder made by the Town 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.

Section 11.2 Designation of Trustee

The Trustee shall be a bank or trust company having the power to act as Trustee in the State of Connecticut. The designation of such bank or trust company shall be made by the Selectmen.

Section 11.3 Designation of Funds

The Trustee shall hold contributions made hereunder by the Town upon 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 rights, privileges, duties and immunities conferred upon it by the Trust Agreement.

Section 11.4 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 benefit of the Members 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.

Section 11.5 Expenses of Plan

Expenses of administration of the Plan, including actuarial fees, shall be paid out of the Trust Fund as directed by the Retirement Board.

**ARTICLE XII
AMENDMENT AND TERMINATION**

Section 12.1 Amendment

The Town shall have the right by action of the Selectmen (which action shall not be effective until approved by the legislative body of the Town, except as described below) to amend the Plan at any time provided that no amendment shall:

- (a) cause or permit any portion of the Fund to become the property of the Town until liabilities to Members and Beneficiaries are satisfied, or
- (b) deprive any Member or Beneficiary retroactively of rights already accrued under the Plan.

The approval of the legislative body of the Town shall not be required with respect to amendments required by the terms of a collective bargaining agreement.

Section 12.2 Termination

The Town shall have the right by action of the Selectmen to terminate the Plan at any time, subject to the following:

- (a) If the Plan is terminated in its entirety, or if the Town contributions are discontinued (not merely a suspension thereof), the Fund shall be used, subject to the payment of expenses, for the benefit of Members and Beneficiaries and for no other purpose until all liabilities to Members and Beneficiaries for benefits under the Plan to the date of termination or discontinuance of contributions have been satisfied.
- (b) If the Fund is sufficient to satisfy all liabilities in full, then the assets of the Fund shall be applied in the following order:

FIRST: To Provide retirement benefit payments to retired Members, and other Members who have attained their Normal Retirement Date;

SECOND: To provide retirement benefit payments to Members who are eligible to retire under Earlier Retirement but have not retired;

THIRD: To provide retirement benefit payments to Members who have terminated employment with the Town, or could have terminated such employment, with a right to Terminated Vested Benefits for themselves or their Beneficiaries under Article VII hereof; and

FOURTH: To provide retirement benefit payments to all remaining Members.

Each of the foregoing four categories with the exception of the FIRST shall be determined as of the date of termination of the Plan, and such categories are hereinafter referred to as "Classes."

- (c) If upon the application of the assets of the Fund in the order of priority to provide payment in part of liabilities to Members and Beneficiaries in one of the three (3) Classes, there are assets available for that Class but not sufficient to satisfy such liabilities in full, the assets available for that Class shall be applied on the basis of the proportions which the available assets bear to the present values of the accrued retirement benefits of all Members and Beneficiaries in that Class.
- (d) Upon the termination of the Plan, the Fund may be continued in existence and the assets applied to the benefit of the several Classes above set forth, or the Fund may be distributed in the manner set forth in Classes 1 and 2 below, or in a combination thereof:
 - (i) By the distribution to each Member or Beneficiary of the present value of what such Member or Beneficiary is entitled to receive, either in one lump sum or in installments over a period of not more than five (5) years; or
 - (ii) By the purchase of annuity contracts of such type(s) as the Retirement Board shall determine for the Members and Beneficiaries from an insurance company or companies.

Section 12.3 Funds Remaining After Distribution of all Benefits

After the fulfillment of all obligations to Members and their Beneficiaries provided for in this Article XII, any portion of the Fund remaining as a result of actuarial error may be returned to the Town.

ARTICLE XIII MISCELLANEOUS

Section 13.1 Minors and Incompetents

If the Retirement Board is presented with evidence that it deems sufficient to demonstrate that any person to whom a benefit is payable from the Fund is a minor, or is incompetent by reason of physical or mental disability, any payment due may be made to the spouse, child, parent, 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, unless a proper claim for benefits shall have been made by a duly appointed guardian, conservator or legal representative. Any such payment shall be a complete discharge of any liability for such payment under the Plan.

In all circumstances the burden of demonstrating that an individual entitled to payment is a minor or is incompetent is upon the party making such claim. Under no circumstance shall the Retirement Board be required to independently investigate an individual's age or competence with respect to that individual's right to a benefit from the Plan.

Section 13.2 Fraud and Dishonesty

If any Member in the course of employment with the Town shall commit any act of fraud, or dishonesty resulting in involuntary termination of employment, in the discretion of the Retirement Board, the Member shall forfeit to the Fund any and all payments and benefits due or becoming due to him from the Fund.

Any forfeiture under the provisions of the paragraph shall be forfeited to the Town and treated thereafter as amounts contributed by the Town in the current or next succeeding year.

Section 13.3 Non-Assignability of Benefits

Except as may otherwise be provided by law or by a Qualified Domestic Relations Order, Members and Beneficiaries shall be entitled to all the benefits specifically set out under the terms of the Plan, and said benefits or any property rights therein shall not be assignable or distributable to any creditor or other claimant of such Member or his Beneficiary. No Member or his Beneficiary shall have the right to anticipate, assign, pledge, accelerate, or in any way dispose of any of the monies or benefits or other property which may be payable to him. However, the Retirement Board shall cause any benefits under this Plan that are subject to a Qualified Domestic Relations Order to be paid in accordance with the applicable requirements of that order.

Section 13.4 Tenure of Employment

Neither the action of the Town in the establishment of the Plan nor any action taken by it or by the Retirement Board hereunder shall be construed as giving any Employee 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.

Section 13.5 Severability 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.

Section 13.6 Unclaimed Benefits or Member Contributions

Whenever reasonable efforts fail to locate any member or Beneficiary entitled to benefits under the Plan, or a return of his Member Contributions plus Credited Interest, within the time set forth in the applicable escheat provision set forth in the Connecticut General Statutes, the Retirement Board shall pay such amounts to the State of Connecticut as required by the Connecticut General Statutes. Upon payment of such amounts to the State of Connecticut, all amounts to which the Member may be entitled to under the Plan shall thereupon be canceled and no payment shall be made from the Plan thereafter to anyone with respect to the benefits so canceled.

Section 13.7 Forfeitures

Forfeitures arising from death, termination of employment or otherwise under the Plan shall not be applied to increase the benefit any Member would otherwise receive under the Plan prior to the Plan's termination but shall be used to reduce the Town's contributions.

Section 13.8 Applicable Law

The validity of the provisions of this Plan shall be determined under and said provisions shall be construed according to the laws of the State of Connecticut.

**APPENDIX A
PROVISIONS APPLICABLE TO NONCONTRIBUTORY MEMBERS**

The following provisions shall be applicable to Noncontributory Members of the Plan:

I. Definitions

“Noncontributory Member” shall mean a custodial and maintenance bargaining unit member, employed by the Town of Stonington Board of Education, who is not required to make the Member Contributions described in Section 2.3 as a condition of participating in the Plan.

II. Amount of Benefit

Retirement at Normal Retirement Date. A Noncontributory Member who retires on his Normal Retirement Date shall receive an annual retirement benefit equal to 1.5% of such Member’s Final Average compensation, multiplied by such Member’s years of Credited Service to such Member’s Retirement Date.

III. Vesting

A Noncontributory Member’s vested percentage shall be based upon such Member’s years of Credited Service with the Town as follows:

YEARS OF CREDITED SERVICE WITH THE TOWN		
<u>At Least</u>	<u>But Less Than</u>	<u>Percentage of Accrued Benefit</u>
0	10	0%
10	11	50%
11	12	60%
12	13	70%
13	14	80%
14	15	90%
15 or more	---	100%

IV. Inapplicable Provisions

The following sections of the Plan shall not be applicable to Noncontributory Members: Section 2.3; Section 2.4; Section 6.4; and Section 7.1(b).