



TOWN OF ESSEX
POLICE RETIREMENT PLAN

EFFECTIVE AS OF
JULY 1, 2011

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TOWN OF ESSEX

POLICE RETIREMENT PLAN

Effective as of July 1, 2011

The Town of Essex Employees' Pension Plan ("Plan") was originally adopted effective as of July 1, 1969. Effective July 1, 2001, the Town of Essex, Connecticut (the "Employer") established the Town of Essex Police Retirement Fund to provide retirement benefits to full-time, permanent members of the Town of Essex Police Department. Effective July 1, 2011 the Plan is hereby amended and restated in its entirety to reflect current laws and regulations.

The Plan is intended to qualify as a defined benefit pension plan under Code Section 401(a) and is a governmental plan under Code Section 414(d). The Plan is maintained for the exclusive benefit of eligible employees and their beneficiaries. It is also intended that all Participant Contributions to the Plan be "picked-up" pursuant to Code Section 414(h).

SECTION 1

DEFINITIONS

As used herein, the words and phrases below shall have the following meanings:

1.1 “Accumulated Contributions” means the Participant’s contributions as of any date based on the total Participant Contributions, plus interest. Interest on the Participant Contributions shall be compounded annually from the July 1 following the Plan Year for which the contribution was made to the date of determination. Interest shall be compounded annually each July 1 at the normal passbook rate paid by the Essex Savings Bank (or its successor) on such date compounded annually from the end of the Plan Year in which each contribution was made up to the anniversary of the Plan immediately preceding the termination, disability, retirement or death of the Eligible Employee.

1.2 “Accrued Benefit” means that annual retirement pension payable to a Participant on his Normal Retirement Date which the Participant is deemed to have earned at any date prior thereto (hereinafter the “date of determination”) which is that amount computed as described in Section 5 based upon the Participant’s Average Earnings as of the date of determination multiplied by the number of years of Credited Service to the date of determination.

1.3 “Actuarial Equivalent” means a benefit of equivalent value when computed on the basis of the UP 1984 Mortality Table and a six percent (6%) pre and post-retirement interest assumption.

1.4 “Annuity Starting Date” means the first day of the first period for which an amount is received as an annuity whether by reason of retirement or by reason of Disability.

1.5 “Average Earnings” means a Participant’s annual salary or wage received from the Town as adjusted by those items listed in Schedule A. Average Earnings shall be calculated by adding the Participant’s annual salary or wage, as determined above, over the last forty-eight (48) consecutive calendar months of employment prior to retirement and dividing that number by four (4). Average Earnings for any calendar year shall not include compensation of an Employee in excess of \$245,000 (increased as permitted under Section 401(a)(17) of the Code to reflect cost-of-living adjustments).

1.6 “Code” means 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.

1.7 “Credited Service” means the period of uninterrupted employment of a Participant with the Town. Credited Service with the Town shall not be interrupted in the event of: (a) absence with consent of the Town or absence from employment because of occupational injury or illness (during any period not in excess of twelve (12) consecutive calendar months, except that the Town may consent to extend the period of leave), and, to the extent not covered by the foregoing, any period of absence which constitutes leave permitted under the Family and

Medical Leave Act of 1993; or (b) a lay-off whereby the Eligible Employee returns to active service with the Town within ten (10) days after he has been recalled. Any Participant whose employment terminates or is terminated shall lose all rights to benefits under this Plan, except as provided in Article 7. If a Disabled Employee returns to active employment with the Town, without in the interim having accepted any full-time employment elsewhere, he shall have his Credited Service restored upon his reemployment.

Notwithstanding any provision of this Plan to the contrary, Credited Service with respect to any Eligible Employee engaged in qualified military service will be provided in accordance with Section 414(u) of the Code.

1.8 “Disability” means that a Participant has been found, in the sole opinion of the Retirement Board, to suffer from any physical or mental condition that: (i) originated while the Participant was in the active service of the Town; (ii) is expected to be permanent; and (iii) which prevents the Participant from performing the usual duties of his or her employment, or such other duties as are acceptable to the Retirement Board. Notwithstanding the foregoing, “Disabled” or “Disability” shall not include any disability that: (i) arose while engaged in or as a result of having engaged in an illegal or criminal act or an act contrary to the best interests of the Town; (ii) resulted from habitual drunkenness or addiction or narcotics or a self-inflicted injury while sane or insane; and (iii) resulted from voluntary or involuntary service in the Armed Services of the United States, any of its allies or any other foreign country which prevents a return to employment with the Town, and for which the Participant received a military pension (except as otherwise provided herein). The Retirement Board may require that the Participant submit to examinations by one or more licensed and practicing physicians, as selected by the board, prior to the receipt of any disability benefits hereunder.

1.9 “Effective Date” of the Plan means July 1, 2011 unless otherwise provided herein.

1.10 “Eligible Employee” means any full-time, regular employee of the Town Police Department, but excludes supernumeraries, school guards, dog wardens/animal control officers, auxiliary police, fire police, and police boat drivers. For purposes of this Plan, an individual is a “full-time” employee if he is regularly scheduled to work at least thirty (30) hours per week and is regularly employed twelve (12) months per year

1.11 “Employee” means any Employee of the Town.

1.12 “Employment Commencement Date” means the date on which an Eligible Employee first performs an hour of service for the Town as a police officer.

1.13 “Participant” means an Eligible Employee who is eligible to be and becomes a Participant pursuant to the provisions of Section 2 hereof.

1.14 “Participant Contributions” means the required contribution made by an Eligible Employee in accordance with Section 4.

1.15 “Plan” means the Town of Essex Police Retirement Plan, amended and restated effective as of July 1, 2011.

1.16 “Plan Year” means the twelve (12) consecutive month period commencing each July 1st and ending the following June 30th.

1.17 “Retirement” or “Retire” refers to an Eligible Employee’s termination of employment with the Town, on or prior to one of the retirement dates specified in Section 3.

1.18 “Retirement Board” means the administering body appointed pursuant to Section 10.1.

1.19 “Spouse” means the legal spouse of a Participant as defined under the laws of the State of Connecticut.

1.20 “Town” means the Town of Essex, Connecticut.

1.21 “Trustee” shall mean the bank or trust company designated as Trustee by the Board of Selectman.

1.22 Wherever used in this Plan, the masculine pronoun shall be deemed to include the feminine and the singular shall include the plural.

SECTION 2

PARTICIPATION

2.1 Each Eligible Employee who was hired on or before June 30, 2001 shall become a Participant in the Plan as of such date. Each Eligible Employee hired after July 1, 2001 shall become a Participant in the Plan on his or her Employment Commencement Date unless such Eligible Employee makes an irrevocable election at the time of hire to not participate in the Plan.

2.2 A Participant shall cease to be a Participant only as follows:

- (a) if a non-vested Participant ceases to be an Eligible Employee;
- (b) if he dies prior to Retirement; or
- (c) if he Retires under this Plan.

SECTION 3

RETIREMENT DATES

3.1 Normal Retirement Date. A Participant's Normal Retirement Date is the first day of the month coinciding with or next following the earlier of the Participant's attainment of age fifty-five (55) or the date he completes twenty (20) Years of Credited Service.

3.2 Early Retirement Date. A Participant's Early Retirement Date is the date upon which he terminates employment after he has completed at least five (5) Years of Credited Service.

3.3 Disability Retirement Date. A Participant's Disability Retirement Date is the date upon which (a) the Eligible Employee incurs a Disability, as defined in Section 1.9 and terminates employment as a result of such Disability.

3.4 Deferred Retirement Date. A Participant may continue to work beyond his Normal Retirement Date in which case he shall continue to accrue Years of Credited Service (up to a maximum of twenty-five (25) Years of Credited Service). In no event may a Participant continue to work beyond age sixty (60).

SECTION 4
CONTRIBUTIONS

4.1 Town Contributions

The Town shall contribute and pay to the Trustee such amounts as are deemed necessary in its discretion to provide the retirement benefits accrued under the Plan for its Eligible Employees on the basis of the advice of the Plan's actuary.

4.2 Participant Contributions

Each Participant shall be required to contribute three percent (3%) of his straight-time and overtime pay by payroll deduction each pay period. The Town shall pick-up these contributions pursuant to Code Section 414(h).

4.3 Contributions for Periods Spent in the Military

(a) A Participant who is absent from his employment with the Town due to qualified military service, as defined in Section 414(u) of the Code, shall have the option of making up the Participant Contributions that he would have made had he not been engaged in qualified military service upon his return to employment with the Town.

(b) Such Participant shall have a period equal to the lesser of three times his length of service or five years to make-up his Participant Contributions as described in paragraph (a). Such period shall begin on the date the Participant returns to employment with the Town. The Participant shall receive Credited Service for such period in which he or she engaged in qualified military service by making a three percent (3%) contribution of his or her Earnings during such period.

(c) If a Participant does not elect to make contributions to the Plan for periods during which the Participant was engaged in qualified military service, the Participant will not receive Credited Service for the period of qualified military service.

(d) For purposes of determining the amount of a Participant's make-up contributions under this Section 4.3, "Earnings" shall be equal to the base pay of an Eligible Employee for that Plan Year who is employed at the same rank and on the same step as the Participant would be if not engaged in qualified military service.

4.4 Special Participant Contribution

(a) A Participant may purchase additional years of Credited Service for time spent in past service that qualifies as employment of a similar nature with any state, municipal, or Federal government (excluding qualified military service). To receive credit for such other past service, the following conditions must be satisfied:

- (i) no more than six (6) months may elapse between such prior qualifying service and service with the Town; and
- (ii) the Participant must become vested under this Plan with five (5) years of Credited Service.

(b) A Participant may purchase one (1) additional year of Credited Service for each continuing year of employment with the Town after becoming vested in his Accrued Benefit. In no event shall a Participant purchase more than ten (10) years of Credited Service under this Section 4.4.

(c) Notwithstanding the foregoing, a Participant may not purchase additional years of Credited Service for any past employment with respect to which the Participant has acquired a vested pension right.

(d) The Retirement Board shall determine in its sole discretion whether a Participant is eligible to purchase additional years of Credited Service for time spent in past service.

(e) The manner in which a Participant shall be able to purchase such additional Credited Service shall be determined by the Retirement Board. The cost of any such purchase shall be determined by the Plan's actuary on a cost neutral basis.

(f) On or prior to August 31, 2011, the Town shall permit each Participant who is eligible to purchase additional Credited Service to purchase up to a maximum of three years of Credited Service with the Town paying up to a maximum of 66.67% of the cost of such purchase.

SECTION 5

AMOUNT OF PENSION

5.1 Normal Retirement Pension. The monthly amount of pension benefit payable to a Participant who retires on his Normal Retirement Date shall be an annuity for life equal to:

- (a) For a Participant who completes less than 20 years of Credited Service:
 - (i) 2.5% of the Participant's Average Earnings, multiplied by
 - (ii) the Participant's total number of years of Credited Service.
- (b) For a Participant who completes 20 or more years of Credited Service:
 - (i) 2.5% of the Participant's Average Earnings for the first 20 years of Credited Service plus 2% of the Participant's Average Earnings for each of year of Credited Service over 20 years, multiplied by
 - (ii) the Participant's total number of years of Credited Service.

Notwithstanding the foregoing, a Participant's annual pension under this Section 5.1 shall not exceed sixty percent (60%) of his Average Earnings at the time of his Normal Retirement Date.

5.2 Early Retirement Pension.

The monthly amount of pension benefit payable to a Participant who retires on his Early Retirement Date shall be equal to:

- (a) The Participant's pension benefit as calculated pursuant to Section 5.1, reduced by
- (b) 0.5% for each month by which the Participant's Early Retirement Date precedes his Normal Retirement Date.

5.3 Disability Pension. The amount of Disability pension is an amount computed in accordance with Section 5.1 but based on his Average Earnings and years of Credited Service at the time of Disability. Notwithstanding the foregoing, a Participant who retires as a result of his Disability incurred as a result of performing duties as a member of the Town Police shall receive a Disability pension benefit of seventy-five percent (75%) of the Participant's Average Earnings at the time of his Disability.

- (a) At the Retirement Board's discretion, any Participant receiving Disability pension benefits shall be required to undergo a medical examination at such times as the board shall determine to be appropriate to verify the continuing nature of the Participant's Disability. If a Participant receiving Disability pension benefits refuses to submit to such medical examinations, or submit any related information requested, the Retirement Board shall have the power to suspend or withhold the payment of any benefit until the

Participant does submit to such examination or provide such information. Should a Participant receiving Disability pension benefits knowingly provide any false information or knowingly withhold any relevant information with respect to a claim for such benefits, his benefits shall immediately terminate.

(b) Upon the determination by the Retirement Board that a Participant receiving Disability pension benefits has recovered from such Disability sufficiently to have a percentage of his earning ability partially restored, the Participant's Disability pension benefits shall be reduced pro rata. No further reduction shall be made to the pension benefit of a Participant receiving reduced Disability pension benefits after the Participant's Normal Retirement Date but such reduced benefits shall continue after the Participant's Normal Retirement Date.

(c) If a Participant has reached his Early Retirement Date, in no event shall a Participant's reduced Disability pension benefit be less than the benefit that would be payable on his Early Retirement Date.

5.4 Deferred Retirement Pension. The amount of Deferred Retirement Pension is an amount computed in accordance with the formula in Section 5.1 but based upon Average Earnings and years of Credited Service at the Deferred Retirement Date.

SECTION 6

VESTING

6.1 Except as otherwise provided herein, a Participant's nonforfeitable percentage of his Accrued Benefit shall be determined as follows:

Years of Credited Service	Percentage of Accrued Benefit
Less than 5	None
5 or more	100%

A Participant shall always be 100% vested in his Participant Contributions.

6.2 A Participant who ceases to be a Participant and whose vesting percentage is greater than zero percent (0%) shall be eligible for a pension benefit commencing on the Normal Retirement Date. The amount of such Participant's deferred monthly pension shall be based on the Plan as in effect on the last day on which the Participant was employed by the Town and on Average Earnings and years of Credited Service to the date he ceased to be a Participant.

6.3 A Participant who is eligible for a pension benefit, and who has satisfied the years of Credited Service requirement for early retirement at the time of separation from service, may elect to commence benefits on his Early Retirement Date. Any such benefit shall be reduced as provided in Section 4.3 and be payable pursuant to terms of Section 7.

6.4 If the value of the Participant's pension benefit does not exceed \$1,000, the Retirement Board shall direct the Trustee that such amount be immediately distributed in a lump sum without such Participant's consent in lieu of any other payments under the Plan.

6.5 If a Participant terminates employment, he may elect to receive a cash distribution of his Accumulated Contributions in a single lump sum payment at any time prior to the date payment of his pension benefit begins in lieu of the payment of any other benefits that the Participant is entitled to receive under the Plan.

6.6 Upon termination of the Plan, an affected Participant's right to his Accrued Benefit is one hundred percent (100%).

SECTION 7

OPTIONAL FORMS OF PENSION AFTER RETIREMENT

7.1 With respect to each Participant that is eligible to receive a pension benefit under the Plan, a pension shall be paid to the Participant and continued each month for life with the provision that the last payment on his behalf shall be for the month in which death occurs.

7.2 Notwithstanding any other provision herein to the contrary, if the present value of any Participant's Accrued Benefit is less than \$1,000, the Retirement Board shall direct the Trustee to distribute the Participant's Accrued Benefit in a lump sum without the Participant's consent in lieu of any other payments under the Plan.

7.3 Lump Sum Distribution Requirements. In the case of a lump sum distribution of all of a Participant's retirement benefit, the provisions of this Section shall apply.

- (a) The Retirement Board shall furnish each Participant no less than thirty (30) days and no more than ninety (90) days prior to the date such Participant may receive a lump sum distribution with a written explanation of his right to elect a Direct Rollover and the withholding consequences of not making such election. A Participant may elect to waive the thirty (30) day time period set forth in the preceding sentence.
- (b) Unless a Participant elects a Direct Rollover, twenty percent (20%) of the amount of the distribution shall be subject to Internal Revenue Service Income Tax Withholding. If a Participant's retirement benefit has a lump sum cash value of less than \$200 (or such other amount as prescribed by the Internal Revenue Service), the foregoing withholding requirement shall not apply.
- (c) A "Direct Rollover" is an eligible rollover distribution (as defined in Treasury Regulations issued pursuant to Sections 401(a)(31) or 402(c) of the Code) that is paid directly to: (i) an individual retirement account described in Section 408(a) of the Code; (ii) an individual retirement annuity described in Section 408(b) of the Code; (iii) an annuity plan described in Section 403(b) of the Code; (iv) an eligible plan under Section 457(b) of the Code maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; (v) a qualified plan described in Sections 401(a) and 403(a) of the Code that accepts the eligible rollover distribution; or (vi) a Roth individual retirement account described in Section 408A of the Code. A Participant may elect to have a portion of an eligible rollover distribution distributed to him and a portion distributed as a Direct Rollover. A Direct Rollover of a Participant's retirement benefit or a portion thereof may only be made to a single recipient plan. A Participant may not elect a Direct Rollover of a distribution less than \$200. A Participant electing a Direct

Rollover shall be required to furnish the Retirement Board with adequate information with respect to the recipient plan, including, but not limited to, the name of the recipient plan and a representation that the recipient plan is an eligible individual retirement plan or qualified defined contribution plan and that it will accept the Participant's Direct Rollover. If a Participant fails to elect a Direct Rollover or provide the Retirement Board with adequate information in order to make a Direct Rollover prior to the date distribution is to be made to such Participant, such Participant shall be deemed not to have elected a Direct Rollover.

- (d) The foregoing requirements of this Section apply to distributions made to the Spouse of a Participant as a result of the death of the Participant.
- (e) The non-Spouse beneficiary of a deceased Participant shall be eligible to directly roll over his or her interest in the Plan to an individual retirement account described in Section 408(a) of the Code.

SECTION 8

DEATH BENEFITS

8.1 Death of Active Participant

(a) A Participant in the Plan who dies while still employed by the Town shall have a death benefit paid to the Participant's Spouse. The Participant's Spouse shall be entitled to a monthly pension with payment commencing on the first of the month coincident with or following death, equal to 100% of the Participant's Accrued Benefit calculated as though the Participant had become Disabled and was entitled to a pension due to Disability. The benefit is payable for the remainder of the Spouse's life.

(b) If payment of benefits has not commenced and if the Actuarial Equivalent of the Spouse's benefit provided in this Section does not exceed \$1,000, the Retirement Board shall direct the Trustee to pay the benefit provided under this Section to the Spouse in a lump sum without such Spouse's consent.

(c) No other death benefits shall be payable under the Plan.

SECTION 9

LIMITATIONS ON BENEFITS

9.1 **Basic Limitation.** Regardless of any other provision of this Plan other than Section 9.4, an annual benefit payable hereunder shall not exceed \$195,000, or such other amount as may be prescribed under the Section 415(d) of the Code and Treasury Regulations issued thereunder. For purposes of this Section 9, "Compensation" shall be compensation as defined in Section 415 of the Code and Treasury Regulations issued thereunder.

9.2 **Retirement After Age 65.** In the case of a benefit beginning after the Participant attains age 65, the \$195,000 limitation shall be actuarially increased so that it is equivalent (on the basis of an interest rate assumption not greater than the lesser of five percent (5%) or the rate specified in the Plan) to a benefit beginning at the Participant's attainment of age 65.

9.3 **Retirement Before Age 62.** In the case of a benefit beginning prior to the Participant's attainment of age 62, the \$195,000 limitation shall be actuarially reduced so that it is equivalent (on the basis of an interest rate assumption not less than the greater of five percent (5%) or the rate specified in the Plan) to a \$195,000 annual benefit beginning at age 62. However, such adjustment shall not be applied to reduce the benefit of a Participant who is under age 62 and who is a uniformed member of the police department who has at least fifteen (15) years of Credited Service as a full-time employee of the police department providing police protection services.

9.4 **Exception to Basic Limitation.** The limitation in Sections 9.1, 9.2 and 9.3 shall not be applied to reduce a Participant's benefit if the unreduced annual amount of such benefit is \$10,000 or less, except in the case of a Participant who has at any time been a member in a defined contribution plan maintained by the Town as provided in this Section 9.

9.5 **Secondary Limitation.** The limitation in Section 9.1 shall be reduced, in the case of any Participant who has had less than ten (10) years of participation in the Plan, by multiplying the limitation by a fraction whose numerator is the number of years (or part thereof) of participation in the Plan and the denominator of which is ten (10).

9.6 **Cost of Living Limitation Adjustment.** If the Secretary of the Treasury shall, by regulations, have raised the \$195,000 limitation of Section 9.1 to reflect increases in the cost-of-living, such new limitation shall apply at the time of a Participant's Annuity Starting Date.

SECTION 10

PAYMENT OF PENSIONS

10.1 Each application for any pension under the Plan shall be made in writing on a form provided by the Retirement Board and shall be filed with the Retirement Board. No application shall be valid until approved by the Retirement Board. A condition precedent to the payment of any pension under the Plan is the approval of the application by the Retirement Board. The Retirement Board may require any applicant for a pension to furnish to it such information as in its discretion it shall require.

10.2 All pension payments to Participants and Spouses shall be in monthly installments ceasing with the month in which the Participant or Spouse dies, whichever is applicable. Participants shall be entitled to pension payments beginning the month immediately following Retirement.

10.3 If the Retirement Board shall find that any person to whom a pension or benefit is payable under this Plan is adjudged incompetent, any payment due him (unless a prior claim shall have been made by a duly appointed guardian, committee or other legal representative) shall be made payable to his duly appointed guardian. Any such payment shall be a complete discharge of any liability under this Plan in respect of the amount of pension or benefit so paid.

10.4 No pension or benefit payable at any time under this Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment or encumbrance of any kind except pursuant to a Qualified Domestic Relations Order under Section 414(p) of the Code. Any attempt to otherwise alienate, sell, transfer, assign, pledge or otherwise encumber any such pension or benefit, whether presently or thereafter payable, shall be void. No pension or benefit, in any manner, shall be liable for or subject to the debts or liability of any Participant included in this Plan or of his or her Spouse. If any Eligible Employee included in this Plan or any Participant or Spouse shall attempt to or shall alienate, sell, assign, pledge, or otherwise encumber his rights, pension or benefits under this Plan or any part thereof, or if by reason of bankruptcy or otherwise the rights, pension or benefits of any Participant included in this Plan or of any Spouse would devolve upon anyone else or would not be enjoyed by him, then the Retirement Board, in its discretion may terminate his interest in any such right, pension or benefit and hold or apply it for his use or account or for the use or account of his Spouse, in such manner as the Retirement Board deems proper.

10.5 Notwithstanding anything to the contrary stated herein, unless the Participant makes a written election to have benefits commence at a later date, payment of benefits will commence not later than the sixtieth (60th) day after the latest of (1) the close of the Plan Year in which the Participant attains the Normal Retirement Date, (2) the close of the Plan Year during which occurs the tenth (10th) anniversary of the year in which the Participant commenced participation or (3) the close of the Plan Year in which the Participant terminates his service with the Town.

10.6 No distribution commencement date described under the Plan, either by Plan provision or by Participant election (or nonelection), can be later than the Participant's Required Beginning Date. A Participant's Required Beginning Date is the April 1 of the calendar year following the calendar year in which the Participant Retires. The method of payment elected must, as of the Required Beginning Date, satisfy the minimum distribution requirements under Code Section 401(a)(9) and the applicable Treasury regulations.

10.7 The benefits of each Participant shall not be decreased in the event this Plan merges or consolidates with any other Plan or there is a transfer of assets or liabilities to any other Plan. The benefit each Participant in this Plan would (if the Plan then terminated) receive immediately after the merger, consolidation or transfer of assets shall be equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer of assets (if the Plan had then been terminated).

SECTION 11

RETIREMENT BOARD

11.1 There shall be established a Retirement Board pursuant to Connecticut General Statutes Section 7-450.

- (a) The Retirement Board shall consist of at least three (3) but not more than five (5) members appointed by the First Selectman for the purpose of administering the Plan.
- (b) Appointment, terms of members. The First Selectman shall appoint members for five-year terms to fill vacancies created by the expiration of terms, provided, however, that each member of the Retirement Board shall continue to serve until his successor in office is appointed. Notwithstanding the foregoing, effective for appointments made and effective in 2010, the First Selectman shall appoint two individuals to serve for a one-year term, two individuals to serve for a three-year term and one individual to serve for a five-year term so that future appointments shall be staggered.
- (c) Vacancies. Any vacancy in the Retirement Board shall be filled for the unexpired portion by the First Selectman.
- (d) Removal of members. Members of the Retirement Board may be removed from office, for cause, after hearing, by the First Selectman.

11.2 It shall be the function of the Retirement Board to administer this Plan to the extent set forth herein. The Retirement Board shall meet at such times and places as may be agreed upon by its members for the expeditious transaction of business. There shall be required to be present at any meeting of the Retirement Board a majority of its members. Written and approved minutes of each meeting shall be kept by the Retirement Board. Decisions of the Retirement Board shall be made by a majority of the votes cast. The Retirement Board shall serve without compensation. The expenses of any expert or advisor selected by the Retirement Board shall be borne by the Town unless paid from the Plan. The Retirement Board and any member thereof shall be entitled to rely upon the correctness of any information furnished by the Town's records. Neither the Retirement Board nor any of its members nor any official of the departments shall be liable because of any act, or failure to act, on the part of the Retirement Board or any of its members to any person whatsoever, except that nothing herein shall be deemed to relieve any such individual from liability for his own fraud or bad faith.

11.3 The Retirement Board shall have the powers and duties with respect to the following matters or as specifically set forth elsewhere herein:

- (a) To prescribe procedures to be followed by Eligible Employees in filing applications for benefits, and for the furnishing of evidence necessary to establish Eligible Employee's rights to such benefits.
- (b) To make determinations as to the rights of any Eligible Employee applying for or receiving retirement benefits, and to afford any such individual dissatisfied with any such determination the right to a hearing.
- (c) To adopt procedures for the establishment of the date of birth and Years of Credited Service of Eligible Employees, and after affording an Eligible Employee an opportunity to make objection with respect thereto, to establish such service conclusively in advance of retirement.
- (d) To obtain from the Town or from the Eligible Employees such information as shall be necessary for the proper administration of benefit provisions of the Plan.
- (e) To prepare and distribute information explaining the Plan.
- (f) To construe this Plan as it affects the Employees and to establish such rules, regulations, and policies as may be necessary to carry out the provisions of this Plan; providing such rules, regulations, and policies shall in no way discriminate among the Eligible Employees.
- (g) To appoint an investment advisor/consultant to assist the Retirement Board in the investment or reinvestment of any or all available funds and/or may invest or reinvest any or all available funds with an appropriate investment agency.

11.4 The Retirement Board shall have no power to add to or subtract from, or modify, any of the terms of this Plan, or to change or add to any benefit except as provided by this Plan, or to waive or fail to apply any requirement of eligibility for a benefit under this Plan. If the Retirement Board shall find that it has no power to rule on a particular case referred to it, it shall make a determination to that effect and shall make no other ruling with respect to such case. No ruling or decision of the Retirement Board on any one case shall create a basis for any adjustment in any other case. In making any ruling or decision, the Retirement Board shall act in such a way as not to discriminate in favor of any Employee or Eligible Employees or class or classes of Eligible Employees. There shall be no appeal from any ruling by the Retirement Board which is within its authority. Each such ruling shall be final and binding on any applicant, on the Town and on the Retirement Board.

SECTION 12

AMENDMENTS TO THE PLAN

The Town expressly reserves the right to amend, modify, suspend, or terminate the Plan by action of its voters at a duly called town meeting. No such action shall adversely affect the benefits of the Eligible Employees already retired and securing such benefits.

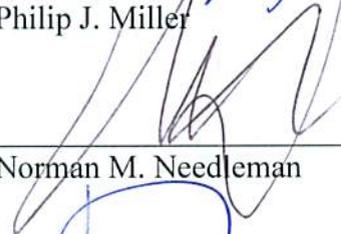
Dated at Essex, Connecticut as of this 15th day of June, 2011.

TOWN OF ESSEX

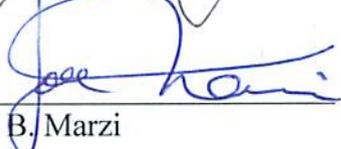
BY:



Philip J. Miller



Norman M. Needleman



Joel B. Marzi

SCHEDULE A

Items to be Included in “Average Earnings”

- Overtime
- Longevity
- Deferred Compensation Plan deductions
- Contributions to a cafeteria plan qualified under Section 125
 - Flexible Spending Account (FSA) deductions
 - Health & Dental Insurance premiums
- Contributions to Police Retirement Plan
- Elective contributions under Section 132(f)(4)
 - Qualified transportation deductions

Items to be Excluded from “Average Earnings”

- Workers Compensation
- Private Duty Compensation
- Payments in lieu of insurance
- Reimbursement of business expenses
- Amounts paid for services not in the regular course of employment
- Imputed Income

Examples of Imputed Income

(list provides examples and should not be considered a complete list of imputed income items)

- Taxable value of employer provided life insurance in excess of \$50,000
- Educational assistance above excluded amount
- Unsubstantiated employee business expense

**AMENDMENT NO. 1
TO THE
TOWN OF ESSEX POLICE RETIREMENT PLAN**

The Town of Essex Police Retirement Plan (the "Plan") is hereby amended, pursuant to Section 11 of the Plan, effective August 1, 2012, as follows:

I.

Section 11.4 of the Plan is amended in its entirety to read as follows:

11.4 The Retirement Board shall have no power to add to or subtract from, or modify, any of the terms of this Plan, or to change or add to any benefit, or to waive or fail to apply any requirement of eligibility for a benefit under this Plan, except as provided by this Plan. If the Retirement Board shall find that it has no power to rule on a particular case referred to it, it shall make a determination to that effect and shall make no other ruling with respect to such case. No ruling or decision of the Retirement Board on any one case shall create a basis for any adjustment in any other case. In making any ruling or decision, the Retirement Board shall act in such a way as not to discriminate in favor of any Employee or Eligible Employees or class or classes of Eligible Employees. There shall be no appeal from any ruling by the Retirement Board which is within its authority. Each such ruling shall be final and binding on any applicant, on the Town and on the Retirement Board.

II.

Section 11 of the Plan is amended by adding the following new Section 11.5 at the end thereof:

11.5 If any Employee or Spouse shall dispute the amount of, or eligibility for, any type of benefits under the Plan and the Board of Selectmen of the Town shall recommend the settlement of such dispute and the terms of such settlement that apply to the Plan to the Retirement Board, then the Retirement Board shall have the authority to approve such proposed settlement. In no event shall the benefit payable from the Plan pursuant to such settlement exceed the maximum payment that could be made pursuant to Section 5 or 8 of the Plan, whichever is applicable, as limited by Section 9 of the Plan. If the Retirement Board approves the settlement of such dispute and there is a signed agreement between the Town and the Employee and/or Spouse with respect to such dispute, then the such Employee and his Spouse shall receive (i) benefits from the Plan in accordance with the terms of such settlement regardless of whether or not such Employee and/or Spouse would be entitled to a benefit from the Plan and regardless of the amount otherwise payable from the Plan to such Employee and/or Spouse and (ii) such Employee and his Spouse shall only be entitled to receive the benefits specified in the settlement

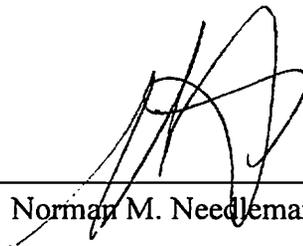
agreement in lieu of any other benefits that the Employee and his Spouse may be entitled to receive under the Plan.

III.

If there shall be any inconsistency between the provisions of this Amendment, and the provisions of the Plan, this Amendment shall control.

Date: September 5, 2012.

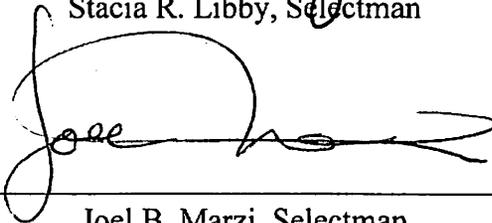
TOWN OF ESSEX



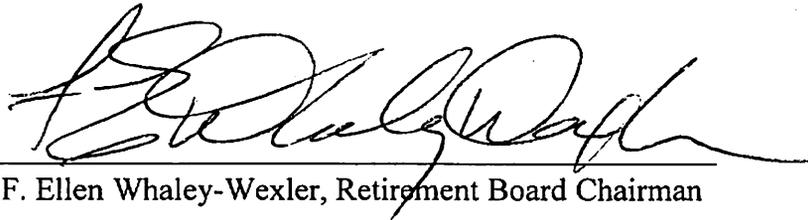
Norman M. Needleman, First Selectman



Stacia R. Libby, Selectman



Joel B. Marzi, Selectman



F. Ellen Whaley-Wexler, Retirement Board Chairman