

TOWN OF ESSEX
MERIT SERVICE RETIREMENT PLAN

SUMMARY PLAN DESCRIPTION

February 2017

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I. INTRODUCTION

The Town of Essex's Merit Service Plan (the "Plan") has been adopted to provide a measure of security for you and your family.

This booklet contains a convenient summary of the Plan in simple language. It does not give full details, nor does it cover all aspects of the Plan. Therefore, it should be understood that the statements in this booklet are governed by the language of the Plan, and should the booklet differ in any respect from the Plan, then the Plan will control.

You should read this booklet carefully to obtain an explanation of the benefits to which you may be entitled, as well as the circumstances that affect the availability of those benefits. Where a specific interpretation of the Plan is involved, or a provision of the Plan is related to a specific situation, you should consult the Retirement Board.

Your Plan is administered by a Retirement Board. The Retirement Board performs a wide range of activities including making rules and regulations for the administration of your Plan, keeping records, determining rights of participants in the Plan and authorizing payment of all benefits.

If there is any conflict between this Summary Plan Description booklet and the formal Plan documents, the terms and conditions of the Plan documents will govern. The Plan documents are available for inspection by Participants and their beneficiaries upon request to the Retirement Board.

II. DEFINITIONS

Whenever used, the singular form of any word includes the plural and whenever a pronoun in the masculine gender is used, it includes the feminine, unless the context indicates otherwise.

"Accrued Benefit" means the annual retirement pension payable on your Normal Retirement Date, as described in Section V.

"Plan" means the Town of Essex's Merit Service Plan.

"Plan Year" means each July 1 through June 30.

"Town" means the Town of Essex, Connecticut.

"Volunteer" means any individual who is performing firefighting, administration, prevention, public relations, or emergency medical and rescue services and other related duties for the Town and who is an active member of one of Essex Fire Engine Co. #1.

"Year of Eligibility Service" means a 12 consecutive month period during which time a Volunteer is credited with at least 50 Points, as described in the Appendix.

"Years of Credited Service" means a calendar year during which a Volunteer is credited with at least 50 Points, as described in the Appendix.

“Year of Vesting Service” means a calendar year during which a Volunteer is credited with at least 50 Points, as described in the Appendix and is a Volunteer on the last day of the calendar year.

III. ELIGIBILITY AND PLAN PARTICIPATION

1. Am I eligible to participate in the Plan?

You are eligible to become a Participant in the Plan if you are a Volunteer and have completed one (1) Year of Eligibility Service.

2. When will participation begin?

You will become a Participant in the Plan on the July 1st following the date you meet the above eligibility requirements.

IV. CONTRIBUTIONS

1. Who pays for the retirement benefits provided by the Plan?

The Town pays the entire cost of providing retirement benefits under the Plan.

2. What method is used to calculate the amount the Town will contribute to the Plan?

A person experienced in the calculation of pension costs (an actuary) is responsible for recommending the Town’s annual contribution to the Plan. The actuary will recommend a contribution in order to accumulate sufficient funds that will maintain benefits as required by the Plan.

3. May I make a voluntary contribution to the Plan?

No. You are not permitted to make contributions to the Plan.

4. Where are the contributions to the Plan invested?

A Trust has been established for the purpose of investing and accumulating Plan assets to provide retirement benefits. The Trustee maintains the Trust on behalf of the Plan.

V. NORMAL RETIREMENT DATE AND BENEFITS

1. What is my Normal Retirement Date?

Your Normal Retirement Date is the first date upon which you attain age 65 and you have at least ten (10) Years of Vesting Service.

2. What is my Normal Retirement Benefit?

The monthly normal retirement pension payable for your life commencing at your Normal Retirement Date shall be determined as follows:

(a) PAST SERVICE = \$16.65 per month for each Year of Credited Service prior to the effective date, not to exceed fifteen (15) years; plus

(b) FUTURE SERVICE = \$16.65 per month for each Year of Credited Service subsequent to the effective date, not to exceed thirty (30) years.

(c) No Participant shall receive more than thirty (30) Years of Credited Service.

3. Can I receive my Normal Retirement Pension Early?

If you meet the requirements for a Normal Retirement Pension but have not Retired on your Normal Retirement Date you may elect to commence to receive the Normal Retirement Pension calculated in the same manner as your Normal Retirement Pension commencing on his Normal Retirement Date but with such Normal Retirement Pension reduced by ten percent (10%). If you elect this option, you shall continue to accrue Years of Credited Service after your Normal Retirement Date but your benefit shall not be adjusted for such additional service and accruals related thereto until you Retire. At the time of the Retirement, your Normal Retirement Pension shall be increased to reflect the additional Years of Credited Service earned after the Normal Retirement Date by adding the additional benefit accrued after your Normal Retirement Date to the benefit which commenced on your Normal Retirement Date (as reduced and provided above).

VI. DEATH BENEFITS

1. Death Benefits Prior to Retirement Date

If you are a married Participant who has not attained age fifty-five (55) but who has completed ten (10) Years or Credited Service who dies, a death benefit shall be paid to your designated beneficiary commencing on the first day of the month following the date you would have attained age fifty-five (55). The death benefit payable shall be a survivor annuity payable to your designated beneficiary for life as if you had separated from service on the date of death and retired with the Joint and Full (100%) Survivor benefit.

If you are an unmarried Participant who has attained age fifty-five (55) and completed ten (10) Years of Credited Service, a death benefit shall be paid to your designated beneficiary in an amount determined as if you retired on the first day of the month in which you died with the Joint and Full (100%) Survivor benefit.

If you are an unmarried Participant who has not attained age fifty-five (55) but who has completed ten (10) Years of Credited Service who dies, a death benefit shall be paid to your designated beneficiary commencing on the first day of the month following the date you would have attained age fifty-five (55). The death benefit shall be a lifetime pension with 120 payments guaranteed as if you had separated from service on the date of death and retired with the Lifetime Pension with 120 Payments Guaranteed benefit.

2. Death Benefits After Retirement Date

If you are a married Participant who has attained age fifty-five (55) and completed ten (10) Years of Credited Service a death benefit shall be paid to your designated beneficiary. The death benefit payable shall be a survivor annuity payable to your designated beneficiary for life as if you had retired on the first day of the month in which you died with the Joint and Full (100%) Survivor benefit.

If you are not married, your designated beneficiary will receive the same survivor annuity.

VII. TERMINATION OF SERVICE

1. If I cease working for the Town as a Volunteer, am I entitled to any benefit?

Your interest in your retirement benefit from the Plan is based upon whether you are vested in that benefit. “Vested” means that you have a nonforfeitable right to a benefit. You will be vested in your retirement benefit once you have completed 10 Years of Vesting Service.

You may lose credit for your prior Years of Vesting Service if you have a Break in Service which exceeds the greater of five or your prior Years of Vesting Service. A “Break in Service” occurs if you fail to maintain your status as a Volunteer for a calendar year. If you have a Break in Service, you will only receive credit for Years of Vesting Service if you make the required number of points unless an exception with respect to medical reasons is granted.

VIII. RETIREMENT BENEFIT PAYMENT OPTIONS

1. What are the forms of benefit available under the Plan?

There are various methods that benefits may be distributed to you from your Plan. The method depends on your marital status and elections you and your spouse make. All methods of distribution, however, have equivalent values.

The following options are available:

- (a) Joint & 100% Survivor Annuity. A reduced pension shall be paid to you, after all the conditions of Retirement and eligibility have been satisfied, and continued each month for life with the provision that after your death such reduced pension shall be continued to be paid monthly to your designated beneficiary.
- (b) Straight Life. A pension shall be paid to you, after all the conditions of Retirement and eligibility have been satisfied, and continued each month for life with the provision that the last payment on your behalf shall be for the month in which death occurs.
- (c) Ten Year Certain and Life Annuity. A pension shall be paid to you after all the conditions of Retirement and eligibility have been satisfied, and continued each month for life with the provision that after your death and before 120 monthly payments have been reduced by the you such reduced monthly pension shall be

continued to your beneficiary or beneficiaries until the total number of pension payments on behalf of you shall equal 120. In the event you die within the guaranteed pension payment period without leaving a surviving beneficiary or in the event the beneficiary or beneficiaries survive you but nevertheless all have died within the guaranteed pension payment period, then the Actuarial Equivalent of the then remaining guaranteed monthly payments shall be payable to the estate of the last surviving Participant or beneficiary, as the case may be.

If your Accrued Benefit is less than \$5,000, a single lump sum payment will be made in lieu of the above payment options.

If you are married, you may select one of the alternative forms of benefits if your spouse consents to your waiving of the Joint & 100% Survivor Annuity option. The designated plan representative will provide you with forms to make these elections. You must immediately inform the Retirement Board of any change in your marital status.

IX. WHEN YOU RETIRE, THE RETIREMENT BOARD WILL PROVIDE YOU WITH A MORE DETAILED EXPLANATION

1. What happens when I cease working for the Town as a Volunteer?

When you terminate service, the Retirement Board will receive notification from the Town and will determine if you are entitled to benefits.

If you are not vested at the time of your termination, the Retirement Board will notify you in writing.

If you are vested but not eligible to begin receiving benefits, the Retirement Board will provide you with a Vested Participant Information Form for you to review and complete.

If you are eligible for Early Commencement of your Normal Retirement Benefit or Normal Retirement Benefit, the Retirement Board will provide you with a Retirement Option Selection Form.

X. PARTICIPANT AND BENEFICIARY OBLIGATIONS

1. What are my obligations as a Participant under the Plan?

- (a) An option election may not be made nor will it be accepted by the Retirement Board, or if accepted it shall become null and void, if the pension to any payee under the selected option would be less than twenty-five dollars (\$25) per month. If the pension benefit under all options is less than twenty-five dollars (\$25) per month, then in lieu of any such payments, the Actuarial Equivalent of such Participant's Accrued Benefit shall be payable in a single lump sum payment on the Annuity Starting Date.
- (b) If you die prior to the Annuity Starting Date, or if the Joint and Survivor Option is elected and your designated beneficiary dies before the Annuity Starting Date, the

election shall become null and void. If a Lifetime Pension with 120 Payments Guaranteed Option is elected and the designated beneficiary dies prior to the Annuity Starting Date, you may cancel the option or name a new beneficiary within sixty (60) days.

- (c) The Straight Life Option, Joint and Full (100%) Survivor Option, and the Lifetime Pension with 120 Payments Guaranteed Option may be cancelled or modified any time prior to the Annuity Starting Date; thereafter, no change or modification may be made except that, in the case of Lifetime Pension with 120 Payments Guaranteed Option, the designated beneficiary or beneficiaries can be changed at any time.

2. What are the obligations of my named beneficiary(ies)?

If the Joint and Survivor Option is elected, the sex and date of birth of your designated beneficiary must be stated on the election form, and proof of said date of birth acceptable to the Retirement Board must be submitted within ninety (90) days after the election is filed.

XI. PLAN INFORMATION

- 1. Plan Name: Town of Essex Merit Service Retirement Plan
- 2. Effective Date: July 1, 1993; amended and restated July 1, 2011
- 3. Plan Sponsor: Town of Essex
29 West Avenue
Essex, CT 06426
(860) 767-4348
- 4. Ending Date of Plan's Fiscal Year: June 30
- 5. Plan Administrator: Retirement Board
Town of Essex
29 West Avenue
Essex, CT 06426
(860) 767-4348
- 6. Future of the Plan: It is expected that the Plan will continue indefinitely, but the Town of Essex reserves the right to modify, suspend or discontinue the Plan by action of the Town Council per recommendation of the Retirement Board. If the Plan is terminated, Participants will become 100% vested in their Accrued Benefit.

XII. POINT REQUIREMENT

The following Point System shall be used for the purpose of determining whether a member shall be an active or inactive member of the Company. As per the nature of their Position, the

Treasurer, Recording Secretary and the Company Chaplain(s) shall be exempt from the Point System and shall receive both the Retention Retirement Benefit and The Annual Property Tax Exemption Benefit. In addition, all members of the Company must have a current physical as required by the Company's Standard Operating Guidelines.

Only active senior members of the Company shall be allowed to hold office, allowed to vote at meetings or take any active part in the business meetings of the Company. Inactive members may take part in discussions at the discretion of the Chief. Any inactive member's social privileges may be regulated by a majority vote of the members present at any regular meeting.

Members of the Company shall be required to earn a minimum number of points based on years of active service each calendar year as listed below in order to maintain active status.

- | | | |
|----|----------------|-----------|
| 1. | 1 to 10 years | 50 points |
| 2. | 10 to 20 years | 40 points |
| 3. | 20 to 30 years | 30 points |
| 4. | 30 to 40 years | 20 points |
| 5. | over 40 years | 0 points |

Points may be accumulated in the following manner:

- | | |
|---------|------------------|
| 1 point | meetings |
| 1 point | drills |
| 1 point | calls |
| 1 point | work details |
| 1 point | community events |

In addition to the point requirements, Members must accumulate a percentage of points as set forth by the Company's Standard Operating Guidelines.

The point system shall be administered by the Membership Committee. The Membership Committee shall notify members that did not accumulate the minimum number of points that they have been placed on the inactive list prior to the January meeting in writing. Members with extraordinary circumstances may request for an exception by notifying the Membership Committee in writing and the Membership Committee shall make recommendation to the Company no later than the March meeting at which time a two-thirds vote of the members present shall be required to be reinstated as an active member. In addition, an inactive member will be required to do a minimum of 25 points plus attending three drills by the June meeting. If the requirements are met by the June meeting they may be reinstated by a two-thirds vote of the members present as an active member. If the requirements are not met the member will be dropped from the Company rolls. The Membership Committee shall make a determination of vested service as it related to the Essex Fire Engine Company, No. 1 Pension Plan and Tax Abatement. Credit for vested service may only be given to members that make the required number of points unless an exception is granted for medical reasons. The Membership

Committee shall make a recommendation to the Company on the granting of an exception without disclosing confidential information, a majority vote at a regular meeting shall so grant him. The member may address the Company at his sole discretion.