

TOWN OF CANTON
RETIREMENT PLAN

for

FULL-TIME POLICE EMPLOYEES

Amended and Restated Effective July 1, 2001

**TOWN OF CANTON RETIREMENT PLAN
for
FULL-TIME POLICE EMPLOYEES**

PREAMBLE

WHEREAS, the Town of Canton, Connecticut by action of its Board of Selectmen, adopted the Retirement Plan for Full-Time Police Employees of the Town of Canton (the "Plan") effective July 1, 1971.

WHEREAS, the Plan has been amended from time to time and most recently restated effective July 1, 1995;

WHEREAS, the Board of Selectman in accordance with Article XI, Section 11.1 shall have the right to amend the Plan; and

WHEREAS, the Board of Selectmen desire to amend the Plan to incorporate certain legislatively required changes and benefit changes made pursuant to collective bargaining agreements.

NOW THEREFORE, effective July 1, 2001 unless otherwise indicated by legislation or as set forth in the Plan, the Board of Selectman hereby adopt and publish this Amended and Restated Plan for those of its Employees entitled to participate herein pursuant to the provisions hereof. This Plan has been amended to incorporate benefit changes pursuant to collective bargaining agreements between the Town and its employees and to comply with the following legislation: Uniformed Services Employment and Reemployment Rights Act (USERRA), the Small Business Job Protection Act of 1996 (SBJPA '96), the Taxpayer Relief Act of 1997 (TRA '97), the Community Renewal and Tax Relief Act of 2000 and the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA).

Each provision in this revised document is deemed to be effective as of the effective date required by each respective and applicable law unless otherwise stated in the Plan.

Eligibility for and amount of benefit payments for any employee, former employee, or the beneficiary of any such employee or former employee who retired, died, or terminated employment prior to July 1, 2001 shall be determined in accordance with the applicable provisions of the Retirement Plan, in effect at the time of such retirement, death or termination of employment and shall not be affected by any provision of this Amendment unless otherwise stated herein.

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ARTICLE I
DEFINITIONS

The terms as used herein have the following meanings, unless a different meaning is specified or plainly required by the context. In construing the text of this Plan, the masculine shall include the feminine; the singular shall include the plural; the plural, the singular wherever the context shall plainly so require.

Section 1.1 “**Actuary**” shall mean a member of the Society of Actuaries, or an organization employing such a member, appointed and compensated by the Town to render actuarial service with respect to this Plan.

Section 1.2 “**Actuarial Present Value and Actuarial Equivalent**” shall mean a benefit calculated to be of equal value to the benefit otherwise payable when computed on the basis of the 1983 Group Annuity Mortality Table at 7% interest.

Section 1.3 “**Annual Compensation**” or “**Compensation**” shall mean the annual salary or wages that is required to be reported for a Member as required for federal income tax purposes on any and all W-2 Forms completed by the Town for services performed during the calendar year. Compensation shall also include amounts contributed to any plan maintained by the Town pursuant to a salary reduction agreement when the Member could have elected to receive such amount as cash compensation. It shall also include any deferred salary or wages that are considered annual salary or wages during the period used to determine Final Average Compensation.

Notwithstanding the foregoing, for Plan Years beginning after December 31, 1997, the Employee’s Compensation for purposes of the limitation under §415 of the Code, shall include any elective deferral (as defined under Code §402(g)(3), and any amount which is contributed or deferred by the Employer at the election of the Employee and which, by reason of Code §§125 or 457, or 132(f)(4) (effective for Plan Years on and after July 1, 2001) is not includible in the gross income of the Employee.

Notwithstanding any other provision of the law, effective July 1, 1996, the amount of Compensation used to determine the retirement benefit of a Member of this Retirement Plan shall be limited to \$150,000, as indexed, in accordance with Section 401(a)(17) of the Internal Revenue Code (26 U.S.C. § 401(a)(17)).

Effective for Plan years beginning after December 31, 2001, the Annual Compensation of each Member taken into account in determining benefit accruals shall not exceed \$200,000. The \$200,000 limit on Annual Compensation shall be adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B) of the Code.

Section 1.4 “**Beneficiary**” shall mean any person who may be entitled to receive any death benefit which may be payable in accordance with Articles V or VI hereof.

Section 1.5 “**Contingent Annuitant**” shall mean the person entitled to receive a Retirement Benefit upon the death of the Retired Member in accordance with Article V, Section 5.2 hereof.

Section 1.6 “**Credited Interest**” shall mean interest to be credited to the Member’s contributions, compounded annually at the rate as the Town may from time to time prospectively determine.

Section 1.7 “**Credited Service**” shall mean the total period of full-time employment of a Member as shown on the payroll records of the Town commencing on the date of employment and continuing to the date of death, retirement or termination of such employment, except that in no event shall any periods be counted as Credited Service during which a Member does not receive Annual Compensation from the Town, or a Member was required to make Member Contributions under the Plan, but did not have a payroll deduction order in effect or did not make the required contributions. For the purpose of computations involving Credited Service, fractional parts of a year shall include all completed months of employment.

Periods of Absence. Periods of absence to the extent provided for and as defined in this Section and followed by reinstatement within six (6) months shall not

constitute a termination of employment of a Member and shall not constitute a break in the Credited Service of such Member. In the case of absence from employment for more than six (6) months but not greater than one (1) year, the Town will determine on a nondiscriminatory basis, the period within which the Member may return to work without breaking the continuity of such service. If a Member's service is terminated during a period of temporary absence, the provisions governing Termination of Employment will apply in accordance with Article VII hereof. Periods of absence within the meaning of this Section are:

- (a) Approved leave of absence,
- (b) Authorized vacation.
- (c) Temporary illness or temporary disability.
- (d) Voluntary or involuntary active service in the Armed Forces of the United States.
- (e) Other absences approved by the Town, in writing.

Solely for the purpose of determining whether a Member has incurred a break in Credited Service, any leave of absence granted by the Town, up to 12 weeks, that qualifies under the Family and Medical Leave Act (FMLA) shall not be counted as a break in such service for purposes of determining benefit accrual, eligibility and vesting.

If a Member fails to return to work on the date fixed by the Town with respect to any leave (or within 90 days following military service or such required period as may be directed by law for the protection of his employment rights following military service), his Credited Service shall be determined to have ended on the date next preceding such absence.

Any Member whose employment is terminated and who is rehired within six (6) months after such termination of employment shall be deemed for purposes of this Plan to have been on an approved leave of absence and his Credited Service shall not be interrupted by such absence; however, such re-hired Employee shall not accrue any Credited Service for benefit purposes for such absence.

Military Service

- (a) Effective December 12, 1994, notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code. To the extent not inconsistent with Section 414(u) of the Code, as amended from time to time, the Plan will be administered in accordance with paragraphs (b) - (f) below.
- (b) The Plan will grant Credited Service and service for vesting purposes in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) for a Member who was an Employee immediately prior to the commencement of qualified military service as defined in USERRA ("Military Service"), provided such Member returns to employment with the Town within the "Required Period" of time set forth in paragraphs (1) through (4) of Section 1.7(c). Credited Service shall only be granted if the Member fulfills the requirements of paragraph (d) of this Section 1.7.
- (c) Under USERRA, the "Required Period" depends on the length of Military Service. In general, the Required Period is:
 - (1) 1 day after a Member's Military Service ends (if such service was less than 31 days);
 - (2) 14 days after a Member's Military Service ends (if such service was more than 30, but less than 181 days); and
 - (3) 90 days after a Member's Military Service ends (if such service was more than 180 days).
 - (4) If a Member is hospitalized for or recovering from an illness or injury which was incurred or aggravated during Military Service,

USERRA requires that such Member registers for reemployment with the Town as soon as he has recovered. Except as otherwise provided by USERRA, this recovery period cannot exceed two years.

- (d) A Member who enters the Armed Forces of the United States for a period of not more than five (5) years (consecutive or individual years), is separated from active duty under conditions other than a dishonorable discharge, and returns to or makes himself available for work within the period specified in provisions (1) through (4) of paragraph (b) of this Section, shall be granted not to exceed one (1) year of service for vesting purposes in any one Calendar Year, up to a maximum of five (5) years of Vesting Service, for such active duty in the Armed Forces.

- (e) A Member returning from military service who meets the requirements set forth above shall have the right to make up his Member Contributions and thereby receive Credited Service equal to his period of military service, to a maximum of five (5) years of Credited Service. Such Member must notify the Pension Committee upon reemployment of his desire to repay his Member Contributions. Such Contributions shall be made either in a lump sum payment or on a post-tax basis over a period equal to the lesser of (1) three times his military service or five (5) years. The amount of Member Contributions owed to the Plan shall be equal to the following:
 - (1) the Member contribution rate in effect immediately prior to the commencement of military service, multiplied by

 - (2) the Member's Compensation for the preceding twelve (12) month period prior to his military service, multiplied by

 - (3) the number of years and months of military service, to a maximum of five (5) years; plus

- (4) compounded interest at the interest rate as the Town may prospectively from time to time determine and which shall be applied to other member contributions.

- (f) To the extent required by USERRA, a Member must inform the Town in writing before entering Military Service in order to be eligible for years of service for vesting purposes as described above.

Notwithstanding anything above to the contrary, any period of absence in excess of one (1) year for any reason other than military service shall constitute an interruption of Credited Service.

In interpreting this Section 1.7, the Town shall apply uniform rules in a like manner to all Members under similar circumstances.

Section 1.8 “**Death Benefits**” shall mean the payments to a Member’s Beneficiary or surviving spouse which may be payable in accordance with Article VI hereof, if applicable.

Section 1.9 “**Effective Date**” of the Plan shall mean July 1, 1971.

Section 1.10 “**Employee**” shall mean any police officer regularly employed by the Town on a permanent basis whose customary employment is twenty (20) hours or more in any one week and five (5) months or more in any one calendar year.

No person employed by any agency, authority or board affiliated with the Town or any independent agency, authority or board performing a governmental function with the Town, shall be considered an “Employee” hereunder, unless the Town shall authorize the persons employed by such agency, authority or board to be eligible for membership hereunder, which authorization may be conditioned upon such terms and conditions including conditions for contributions to the Plan by such agency, authority or board, as the Town shall provide.

- Section 1.11 **Final Average Compensation** shall mean effective July 1, 1999, the average of the Annual Compensation including Severance Pay, if applicable, for the highest three annual periods of Compensation earned by the Member. In determining Final Average Compensation, the Member's Compensation during his last year shall be considered as shall his Compensation for any two preceding years, and his Compensation for any additional year prorated to reflect the portion of such year necessary in order to consider 36 months if that shall produce his highest Final Average Earnings. Prior to July 1, 1999, Final Average Compensation shall mean the average of the Annual Compensation of a Member for the last 36 consecutive months of service based on the calendar year with the Town immediately prior to his actual retirement date, death or termination of employment.
- Section 1.12 **"Finance Officer"** shall mean the Chief Financial Officer of the Town of Canton and his administrative staff who handle the day-to-day operations of the Plan as outlined in Article IX hereof.
- Section 1.13 **"Member"** shall mean any Employee who qualifies and continues to be qualified under Article II hereof..
- Section 1.14 **"Plan"** shall mean the Town of Canton Retirement Plan established on July 1, 1971, and as amended from time to time.
- Section 1.15 **"Plan Year"** shall mean the fiscal year of the Town, commencing on July 1 of a calendar year and ending on June 30 of the succeeding calendar year.
- Section 1.16 **"Pension Fund"** shall mean the Trust Fund provided under Article X hereof.
- Section 1.17 **"Retirement Benefits"** shall mean the monthly payments to a Retired Member which may be payable in accordance with Article IV, hereof.
- Section 1.18 **"Retirement Date"** shall mean the date as of which a Member actually retires in accordance with Article III hereof.

Section 1.19 “**Retired Member**” shall mean a former Member who is retired under this Plan, and who is receiving Retirement Benefits in accordance with Article IV hereof.

Section 1.20 “**Selectmen**” shall mean the Board of Selectmen of the Town of Canton.

Section 1.21 “**Severance Pay**” shall mean a lump sum payment received upon termination of employment which includes, if applicable, a payout of unused compensatory time, sick days, vacation days, and earned days.

Section 1.22 “**Terminated Member**” shall mean a person who has been a Member, but who is no longer an Employee, and whose status as an Employee has been terminated other than by death, retirement, or leave of absence. A Terminated Member shall have no status whatsoever under this Plan, except as provided in Article VII hereof.

Section 1.23 “**Town**” shall mean the Town of Canton.

Section 1.24 “**Vested Member**” shall mean a Member who has met the requirements of Article VII, Section 7.2 hereof.

ARTICLE II
MEMBERSHIP IN THE PLAN

Section 2.1 **Conditions of Membership** - Each Employee who was a Member of this Plan on the day before July 1, 2001, and whose employment with the Town had not previously ceased will continue to be a Member under this Plan on and after July 1, 2001.

Each other Employee shall participate in the Plan as a condition of employment with the Town and make the mandatory Member Contributions, on the first day of the month following the completion of one (1) month of employment.

Each participating Member, when applicable, shall sign an application form as the Plan Administrator prescribes, authorize payroll deductions, designate a Beneficiary to receive any Death Benefits hereunder, and furnish such other data as the Plan Administrator deems necessary and desirable.

Section 2.2 **Re-employed Employees** - A re-employed Employee shall be considered a new Employee for the purposes of this Plan (see Article VII for certain Terminated Vested Employees).

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ARTICLE III
RETIREMENT DATES

Section 3.1 **Normal Retirement Date** - A Member's Normal Retirement Date shall be the first day of the month coinciding with or next following the earliest of the following:

- the Member reaches age 55 and 10 years of Credited Service.
- Effective January 1, 2003, the combination of the Member's age plus Credited Service equal or exceed 80.
- the Member reaches the later of age 65 or five years of participation in the Plan.

Section 3.2 **Early Retirement Date** - Members who have attained age 45 and completed ten (10) years of Credited Service may elect to retire as of the first day of any month thereafter, hereinafter termed "Early Retirement Date", and at their option, commence to receive retirement benefits commencing on such Early Retirement Date, or the first day of any subsequent month, but not later than their Normal Retirement Date after January 1, 2003 ten (10) years prior to rule of 80. For Members who retired or terminated prior to July 1, 1999, Early Retirement Date means age 48 and 10 years of Credited Service.

Section 3.3 **Deferred Retirement Date** - A Member who is satisfactorily able to perform his duties may remain in active employment with the Town after his Normal Retirement Date up to his sixty-fifth (65) birthday. The first day of the calendar month following his actual retirement shall be his Deferred Retirement Date. In no event shall a Member defer receipt of his benefits beyond his Required Beginning Date as defined in Section 5.6.

Section 3.4 **Application for Retirement** - Each Member eligible to retire must make written application for retirement at least 90 days prior to his intended retirement date on such forms and in such manner as the Plan Administrator shall prescribe.

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ARTICLE IV
RETIREMENT BENEFITS

Section 4.1 **Normal Retirement Benefit** - .An active Member on and after July 1, 1999 who retires on his Normal Retirement Date shall receive during his lifetime, an annual Retirement Benefit in an amount equal to 2.25% of his Final Average Compensation multiplied by his years of Credited Service. A Member who terminated service or retired prior to July 1, 1999 shall receive, during his lifetime, an annual Retirement Benefit in an amount equal to 1.75% of his Final Average Compensation multiplied by his years of Credited Service or such amount as in effect under the Plan when he terminated employment. Section 4.2

Early Retirement Benefit - A Member who retires on his Early Retirement Date as defined in Article III, Section 3.2 and who elects to have Retirement Benefits commence prior to his Normal Retirement Date shall receive, during his lifetime, an annual Retirement Benefit which shall be computed in accordance with Section 4.1, and based on his Credited Service to his Early Retirement Date. In the event a Member elects to have his Early Retirement Benefit commence prior to his Normal Retirement Date, such retirement benefit shall be reduced by the appropriate Early Retirement Adjustment Factor from the Exhibit for each month by which such Member's Early Retirement Date precedes his Normal Retirement Date.

Section 4.3 **Deferred Retirement Benefit** - A Member who retires on his Deferred Retirement Date shall receive, during his lifetime, an annual Retirement Benefit which shall be computed in accordance with Section 4.1, and based on Credited Service to his Deferred Retirement Date.

Section 4.4 **Limitations on Benefits** - Benefits with respect to a Member may not exceed the maximum benefits specified under section 415 of the Internal Revenue Code for governmental plans. The section does not constitute an election under section 415(b)(10)(C) of the Internal Revenue Code.

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ARTICLE V
PAYMENT OF BENEFITS

Section 5.1 **Normal Form of Payment** - Retirement Benefits equal to one-twelfth (1/12) of the Member's annual Retirement Benefit shall be made monthly commencing on the Member's Normal, Early or Deferred Retirement Date, and continuing to the first day of the month in which the Member's death occurs.

Section 5.2 **Contingent Annuitant Option** - In lieu of the **Normal Form of Payment** as set forth in Section 5.1 above, a retiring Member may elect the Contingent Annuitant Option which provides for an actuarially **reduced** Retirement Benefit payable monthly to the Retired Member during his lifetime, and with payments to continue after his death to his Contingent Annuitant in a percentage (100%, 75%, or 50%) specified by the Member, until the death of such Contingent Annuitant. The reduced Retirement Benefit shall be the equivalent actuarial value, calculated in accordance with the appropriate table set forth in the Plan, of the Retirement Benefit the Member would otherwise have been entitled to receive in accordance with Article IV of the Plan.

If the Contingent Annuitant is the spouse of the Retired Member, or if the Contingent Annuitant is any other person not more than thirty (30) years younger than the Retired Member, the benefit payable under this option shall be payable without restriction. If, however, the Contingent Annuitant is a person other than the spouse of the Retired Member and is more than thirty (30) years younger than the Retired Member, the benefit otherwise payable under this option to the Contingent Annuitant shall be limited so that the value of the benefit payable to the Contingent Annuitant shall not be more than fifty percent (50%) of the value of the Retired Member's total original benefit, both calculated as of the Retired Member's Retirement Date.

The monthly payment to the Contingent Annuitant shall commence on the first day of the month following the month in which the Retired Member dies, if the Contingent Annuitant is then living, and shall continue monthly with the last payment due for the month in which the Contingent Annuitant's death occurs.

If a Contingent Annuitant dies before the Member's actual Retirement Date, the Normal Form of Payment shall automatically become payable as if a Contingent Annuitant Option had not been elected. If the Contingent Annuitant predeceases the Retired Member after retirement, the Retirement Benefit payments shall cease upon the Retired Member's death. No monthly benefit shall be payable to a Contingent Annuitant if the Member dies before his first Retirement Benefit payment becomes due except as stated below.

If a Member who has duly elected this option as provided in Section 5.5 should die after his Normal Retirement Date and prior to his Deferred Retirement Date, the Contingent Annuitant, if living, shall become a survivor annuitant and shall be entitled to benefits, payable for such survivor annuitant's further lifetime, in a monthly amount equal to the amount which would have been payable to the Contingent Annuitant had the Member retired on the date of his death with the Contingent Annuitant Option operative.

Section 5.3 **Option for Life Annuity with 120 Payments Guaranteed** - In lieu of the **Normal Form of Payment** as set forth in Section 5.1 above, a retiring Member may elect an Option for Life Annuity with 120 Payments Guaranteed which provides for an actuarially **reduced** Retirement Benefit payable monthly to the Retired Member during his lifetime and with the guarantee that not less than a combined total of 120 monthly Retirement Benefit payments shall be made to the Retired Member and his named Beneficiary. The reduced Retirement Benefit shall be the equivalent actuarial value calculated in accordance with the appropriate table set forth in the Plan of the Retirement Benefit the Member would otherwise here been entitled to receive in accordance with Article IV of the Plan.

If this option is elected and the Retired Member dies prior to the receipt of the 120 guaranteed monthly payments, the balance of the guaranteed monthly payments shall be paid to the Retired Member's named Beneficiary until a total of 120 monthly payments has been made to the Retired Member and his named

Beneficiary. The first such payment to the Beneficiary shall be due and payable as of the first day of the month following the Retired Member's death.

If the Beneficiary of a deceased Retired Member should die prior to receiving the balance of the 120 guaranteed monthly payments, the balance of the 120 guaranteed monthly payments which would otherwise have become payable to the Retired Member's Beneficiary shall be commuted to a single sum and shall be paid to the Beneficiary's executors or administrators.

If a Member who has duly elected this option as provided in Section 5.5 should die after his Normal Retirement Date and prior to his Deferred Retirement Date, his Beneficiary shall become a beneficiary annuitant and shall be entitled to benefits payable for 120 months in an amount equal to the amount which would have been payable to the Member had the Member retired on the date of his death with the Option for Life Annuity with 120 Payments Guaranteed operative.

Section 5.4 **Social Security Option** - The Member who elects this option will receive *increased Retirement Benefits before his Social Security Commencement Date* and reduced Retirement Benefits thereafter, so that the Member's total benefit under this Plan and the Social Security Act will be paid in a generally level amount throughout his retirement.

For the purposes of this option, the following terms are defined:

- (a) Social Security Amount means the yearly Primary Insurance Amount, or portion thereof, which the Member is expected to receive under the Social Security Act.
- (b) Social Security Commencement Date means the first day of the month coinciding with or next following the date the Member's Social Security Amount is expected to commence, or the first day of the month next following his 65th birthday, whichever is earlier.

A Member may elect this option if his Retirement Date precedes his Social Security Commencement Date. Upon such election, the Town will determine the Participant's Social Security Amount and Social Security Commencement Date on the basis of the Social Security Act as then constituted.

The amount of increased Retirement Benefit will be equal to the amount of Retirement Benefit which would have been payable to the Member if this option had not been elected, assuming the Normal Form described in Section 5.1 is effective, plus his Social Security Amount multiplied by the appropriate Adjustment Factor. The amount of reduced Retirement Benefit will be equal to the increased amount of Retirement Benefit payable to the Member before his Social Security Commencement Date minus his Social Security Amount.

The terms of this option shall be modified with respect to any Member if the yearly amount of reduced Retirement Benefit payable to him would be less than \$120.

Section 5.5 **Elections of Options** - A Member may, by written notice to the Town, make or revoke his election under these Options at any time prior to his actual Retirement Date.

In no event shall the consent of any person entitled to receive payments upon the death of the Member be required as a condition to the right of a Member to revoke or change any option previously elected.

Anything in this Plan to the contrary notwithstanding, a Member shall not have the right prior to his retirement irrevocably to elect to have all or part of his interest in this Plan, which would otherwise become available to him during his lifetime, paid only to his Beneficiary after his death.

Section 5.6 **Minimum Distribution Requirements** - Benefit payments under this Plan must begin by a Member's Required Beginning Date which is **the later of** April 1 of the calendar year following the year in which the Member reaches age 70-1/2 or the calendar year in which the Member retires under the Retirement Plan. In any case where a lump sum death benefit is payable to the deceased Member's Beneficiary, such death benefit shall be paid no later than 60 days following the

Member's date of death. The Member's entire interest in the Plan must be distributed over the life of the Member or the lives of the Member and a designated Beneficiary, over a period not extending beyond the life expectancy of the Member or the life expectancy of the Member and designated Beneficiary. When a Member dies after the distribution of benefits has begun, the remaining portion of the Member's interest shall be distributed at least as rapidly as under the method of distribution prior to the Member's death. When a Member dies before distribution of benefits has begun, the entire interest of the Member shall be distributed within five years of the Member's death. The five year payment rule does not apply to any portion of the Member's interest which is payable to a designated Beneficiary over the life or life expectancy of the Beneficiary and which begins within one year after the date of the Member's death. The five year payment rule does not apply to any portion of the Member's interest which is payable to a surviving spouse payable over the life or life expectancy of the spouse which begins no later than the date the Member would have reached age 70-1/2. The benefits payable hereunder must meet the minimum distribution incidental benefit requirements of Internal Revenue Section 401(a)(9)(G).

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ARTICLE VI
DEATH BENEFITS

Section 6.1 **Death Benefit** - Upon the death of a Member who is not eligible for the Spouse's Benefit as described below, his accumulated Member Contributions with Credited Interest thereon shall be paid in a lump sum to such deceased Member's Beneficiary.

Section 6.2 **Spouse's Benefit** - Upon the death of a married Active Member, the spouse of such member will be eligible for annuity payments for life (or until remarriage) if one of the following conditions have been met:

- (a) the Member had reached his early retirement date and was married for at least one year at the time of death, or
- (b) Effective July 1, 1997, the Member had completed 20 years of Credited Service and was married for five (5) or more years at the time of death.

The monthly Death Benefit will equal 50% of the Early Retirement Benefit in accordance with Section 4.2 of the Plan that the deceased Member would have received had he retired early from the Town the day before he died. If (b) than benefit payable at Early Retirement Date. No benefit shall be payable to the spouse if there is a final decree of divorce or if divorce proceedings are in the process at the time of the Member's death.

If there is no spouse, or should the spouse die before remarrying, a Death Benefit shall be paid to the Member's surviving children. The benefit shall be paid monthly in equal shares to the surviving children until the youngest child attains his 21st birthday.

Section 6.3 **Death Benefits After Retirement** - If a Retired Member dies after his Retirement Date, provided he has not elected an optional form of payment as described in Article V hereof, there shall be payable to his named Beneficiary an amount, if any, by which the total of the deceased Retired Member's accumulated Contributions with Credited Interest thereon to such Retired

Member's actual retirement date exceeds the total amount of monthly Retirement Benefits paid before his death.

Section 6.4 **Designation of Beneficiary** - Each Member shall designate a Beneficiary on a form prescribed by the Plan Administrator to receive any payments which may become payable to any person in accordance with this Plan. The Member may change such designation by signing such form as may be furnished by the Plan Administrator.

Section 6.5 **Failure of Beneficiary to Survive** - In the event there is a Death Benefit payable under this Plan, and there is no Beneficiary surviving the Member or Retired Member, the Death Benefit shall be payable in a lump sum to the Member's or Retired Member's executors or administrators.

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ARTICLE VII
TERMINATION OF EMPLOYMENT

Section 7.1 **Termination - Return of Contributions** - A Member whose employment with the Town is terminated for any reason other than death or retirement shall be entitled to a lump sum payment equal to his accumulated Member Contributions, if applicable, with Credited Interest thereon to the date of such termination, payable within sixty (60) days after such termination.

Section 7.2 **Vested Rights** – A Member shall become vested upon achieving 5 years of credited service for vesting purposes. A Member whose employment with the Town is terminated after attaining the status of Vested Member may elect to leave his Member Contributions in the Plan, in which event he shall be entitled to a vested interest subject to the provisions of this Article. Such vested interest shall consist of a Deferred Retirement Benefit to commence on the Terminated Member's Normal Retirement Date in an amount determined in the same manner as his Normal Retirement Benefit in accordance with Section 4.1 of Article IV, but based on the number of years of Credited Service and Final Average Compensation as of the date of his termination of employment. Such vested Member shall not be eligible for the Death Benefit provisions of Article VI, Section 6.2, hereof, if applicable.

A Terminated Member who is eligible to retire must elect to receive his vested Retirement Benefit by written notice to the Town on forms prescribed for such purpose.

If a Terminated Member, entitled to a vested Retirement Benefit, shall request the return of his Member Contributions before his Normal Retirement Date, the amount of such accumulated Member Contributions with Credited Interest thereon, shall be paid to such Terminated Member or his legal representative, and upon such payment his vested Retirement Benefit shall be canceled. In case of the death of a Terminated Member entitled to a vested Retirement Benefit, the provisions of Article VI, Sections 6.1 or 6.3, whichever is applicable, shall

apply as to the return of such deceased Member's Contributions due his designated Beneficiary or to his legal representative.

If a Member's (other than a Terminated Member with a vested Retirement Benefit) employment with the Town terminates for any reason other than retirement and he is later re-employed, he shall be considered a new Member as of the date of re-employment for all purposes of the Plan except as provided in the following paragraph.

If a Terminated Member (vested or non-vested) returns to full-time employment with the Town before the number of consecutive years of such Terminated Member's break in employment exceeds the total number of years of prior employment or Credited Service, such Terminated Member's Credited Service may be reinstated. In order to reinstate such Credited Service, the terminated Member must pay back to the Town such Member's previously elected return of Member Contributions with Credited Interest thereon from the date of such prior election to the date of such buy-back of Credited Service.

Section 7.3

Re-employment of Retired Members - In the event a Retired Member accepts any employment with the prior approval of the Town, subsequent to his actual retirement, his Retirement Benefit payments shall cease with the last payment due prior to his re-employment unless such approved employment is for less than five (5) calendar months in any fiscal year. Under no circumstances shall such temporarily re-employed individual become a Member of the Plan or accrue any additional benefits for any such periods of temporary re-employment. In the event a Retired Member returns to regular full-time employment with the Town, his Retirement Benefits shall cease and the Member shall make contributions, if applicable, and accrue additional benefits for the period of reemployment. Upon subsequent retirement or death, the benefit payable under the Plan shall be based upon his total Credited Service and Final Average Compensation offset by the Actuarial Present Value of the retirement benefit payments received prior to re-employment.

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ARTICLE VIII
MEMBER CONTRIBUTIONS

Section 8.1 **Member's Contributions.** As a condition of employment, Members are required to make mandatory Member contributions to the Plan. Contributions shall be based on a percentage of the Member's Annual Compensation and shall be equal to the following:

Effective Date	Contribution Rate
January 1, 1995	3%
January 1, 1998	4%
July 1, 1999	5%
July 1, 2000	6%
January 1, 2003	6.5%

Such contributions shall be automatically deducted from the Member's Compensation each pay period.

Section 8.2 **Employer Pick-Up Contributions** – Effective January 1, 2003 pursuant to §414(h)(2) of the Internal Revenue Code, the Town shall pick-up and pay the Contributions that otherwise would be payable by each Member. The Contributions so “picked-up” shall be treated as employer contributions for purposes of determining the amounts of federal income taxes to withhold from each Member's Compensation.

Member Contributions picked up by the Town shall be paid from the same source of funds used for the payment of salaries to Employees. A deduction shall be made from each Member's Compensation equal to the amount of the Member Contributions picked up by the Town, provided that such deduction shall not reduce the Member's Compensation for purposes of computing benefits under this Plan.

Member Contributions picked-up by the Town shall be credited to a separate account for each Member, so that Member Contributions made prior to January 1, 2003 may be distinguished from the Member Contributions picked up by the Town on and after January 1, 2003.

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ARTICLE IX
ADMINISTRATION OF THE PLAN

Section 9.1 **Appointment and Acceptance** - The Town of Canton, as plan sponsor, is the Plan Administrator, acting through its Board of Selectmen. The Board of Selectmen shall designate the Chief Financial Officer or the Chief Administrative Officer to act as its designee to handle the administrative operations of the Plan.

Section 9.2 **Duties and Authority** - The Plan Administrator shall administer the Plan in a nondiscriminatory manner for the exclusive benefit of Members and their Beneficiaries.

The Plan Administrator shall perform all such duties as are necessary to operate, administer, and manage the Plan in accordance with the terms thereof, including but not limited to the following:

- (a) To determine all questions relating to a Member's coverage under the Plan,
- (b) To maintain all necessary records for the administration of the Plan.
- (c) To compute and authorize the payment of Retirement Benefits and other benefit payments to eligible Members and Beneficiaries.
- (d) To interpret and construe the provisions of the Plan and to make regulations which are not inconsistent with the terms thereof,
- (e) To advise or assist Members regarding any rights, benefits, or elections available under the Plan.

The Plan Administrator shall take such actions as are necessary to establish and maintain the Plan as a retirement program which is at all times in full and timely compliance with any law or regulation having pertinence to this Plan.

The Plan Administrator may allocate certain specified duties of plan administration to a Pension Committee or service provider who, with respect to such duties, shall have all reasonable powers necessary or appropriate to accomplish them.

Section 9.3 **Expenses and Assistance** - All reasonable expenses necessary to operate and administer the Plan shall be borne by the Town.

Section 9.4 **Members and Other Payees - Data**

Members and other persons affected by the Plan shall furnish the Plan Administrator upon request such documents, evidence, or information which the Plan Administrator considers necessary or desirable for the purpose of administering the Plan. The Plan Administrator may cause to be withheld any benefit payment otherwise due the Member or other person until the required document, evidence, or other information is so furnished.

Section 9.5 **Plan Administration - Miscellaneous**

- (a) **Filing a Claim for Benefits.** A Member, Terminated Member or Beneficiary shall notify the Plan Administrator of a claim for benefits under the Plan at least 90 days prior to such Member's intended retirement date. Such request may be in any form adequate to give reasonable notice to the Plan Administrator, shall set forth the basis of such claim, and shall authorize the Plan Administrator to conduct such examinations as may be necessary to determine the validity of the claim and to take such steps as may be necessary to facilitate the payment of any benefits to which the Member or Beneficiary may be entitled under the Plan.
- (b) **Denial of Claim.** Whenever a claim for benefits by any Member, Terminated Member or Beneficiary has been denied, written notice prepared in a manner calculated to be understood by the Member or Beneficiary will be provided, setting forth the specific reasons for the denial and explaining the procedure for an appeal and review of the decision by the Board of Selectmen.
- (c) **Governing Law.** The Plan shall be governed and construed in accordance with the laws of the State of Connecticut and the Internal Revenue Code.

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ARTICLE X
TRUST FUND

- Section 10.1 **Fund** - All contributions hereunder made by the Town and the Members 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.
- Section 10.2 **Designation of Trustee** - The Trustee may be officials of the Town, acting ex officio by majority vote, or may be a bank, insurance company, investment manager, or trust company having power to act as Trustee in the State of Connecticut appointed by the Town or to whom the ex officio Trustees have delegated their powers and duties. The designation of such bank, insurance company, investment manager, or trust company shall be made by a majority of the Board of Selectmen and the Chief Financial Officer, or Chief Administrative Officer.
- Section 10.3 **Designation of Funds** - The Trustee shall hold contributions made hereunder by the Town and contributions made by Members upon their being forwarded to the Trustee by the Chief Financial Officer 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 any applicable agreement, or group annuity contract.
- Section 10.4 **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 any applicable trust agreement or group annuity contract, except as and to the extent expressly provided in the Plan and any such applicable agreement.
- Section 10.5 **Forfeitures** - No part of any forfeitures resulting from the application of any provision of this Plan shall be applied to increase the benefits any Member would otherwise receive under this Plan.

Section 10.6 **Expenses of Plan** - Expenses of administration of the Plan including actuarial fees may be paid from the Trust upon direction by the Chief Financial Officer.

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ARTICLE XI
AMENDMENT AND TERMINATION

Section 11.1 **Amendment** - The Town shall have the right by action of the Board of Selectmen to amend the Plan at any time provided that no amendment shall: (i) cause or permit any portion of the Fund to become the property of the Town until liabilities to Members and Beneficiaries are satisfied, or (ii) deprive any Member or Beneficiary retroactively of rights already accrued under the Plan.

Section 11.2 **Termination** - The Town shall have the right by action of the Board of Selectmen to terminate the Plan, in whole or in part, at any time. The rights of all affected Members to benefits accrued to the date of termination, partial termination, or discontinuance, or cessation of contributions by the Town shall be 100% vested and non-forfeitable to the extent funded, subject to the following:

- (a) If the Plan is terminated in its entirety, or if 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 date of termination or discontinuance of contributions have been satisfied.
- (b) If the Fund is insufficient to satisfy all liabilities in full, then the assets of the Fund shall be applied in the following order:

FIRST: To provide to each Member an amount equal to his contributions, with Credited Interest thereon, to the earliest of his Normal or Early Retirement Date, whichever is applicable, or the date of termination, reduced by the amount of any payments made to such Member, which amount shall reduce the amounts necessary to provide Retirement Benefit payments set forth in subparagraphs SECOND through SIXTH below:

SECOND: To provide Retirement Benefit payments to Retired Members and other Members who have attained Normal Retirement Date;

THIRD: To provide Retirement Benefit payments to Members who are eligible to retire at Early Retirement Date, but have not retired;

FOURTH: To provide Retirement Benefit payments to Members who have terminated employment with the Town, or could have terminated such employment, with a right to termination benefits under Article VII hereof; and

FIFTH: To provide Retirement Benefit payments to all remaining Members. Each of the foregoing five categories with the exception of the SECOND shall be determined as of the date of termination of the Plan, and such categories other than the FIRST 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 four 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 or 2 below, or a combination thereof:
 - (1) 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
 - (2) By the purchase of annuity contracts from an insurance company or companies for the Members and Beneficiaries of such type(s) as the Town shall determine.

Section 11.3 **Funds Remaining After Distribution of all Benefits** - After the fulfillment of all obligation to Members and their Beneficiaries provided for in this Article XI, any portion of the Fund remaining as a result of actuarial error may be returned to the Town.

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ARTICLE XII
MISCELLANEOUS

Section 12.1 **Minors and Incompetents** - If any person to whom a benefit is payable from the Fund is a minor, or if the Town determines that any person to whom such benefit is payable is incompetent by reason of physical or mental disability, any payment due (unless a proper claim therefore shall have been made by a duly appointed guardian, conservator or legal representative) may be made to the spouse, a child, a parent or a brother or sister of such person, or to any person deemed by the Town to have incurred expenses for such person otherwise entitled to payment. Any such payment shall be a complete discharge of any liability for such payment under the Plan.

Section 12.2 **Fraud and Dishonesty** - If any Member in the course of employment with the Town shall commit any act of fraud or dishonesty, in the discretion of the Board of Selectmen, he shall forfeit to the Fund any and all payments and benefits due or becoming due to him from the Fund other than his contributions with Credited Interest. Any forfeiture under the provisions of this paragraph shall be forfeited to the Town and treated thereafter as amounts contributed by the Town in the current or next succeeding year.

In the event of the termination of the employment of a Member for any of the reasons set forth in this Section, the Board of Selectmen shall notify such Member, in writing, that his Retirement Benefits under this Plan have been forfeited and the reason or reasons therefor. Any Member who deems himself aggrieved by such decision may, within thirty (30) days of the date of such notice, in writing, request a hearing on the question of the forfeiture of his Retirement Benefits. The Board of Selectmen and the Member shall each thereupon nominate a hearing officer and those two shall nominate a third hearing officer.

These three persons shall constitute a Hearing Board which shall arrange for and hold a hearing at such time and place as the Hearing Board shall determine, first giving reasonable notice to the Member and the Board of Selectmen. The Hearing Board shall receive such evidence and other information as it shall deem necessary. The Hearing Board shall, in writing, within thirty (30) days after such

hearing advise the Member and the Board of Selectmen of its decision, which decision shall be final and from which there shall be no appeal.

- Section 12.3 **Non-Assignability of Benefits** - Members and Beneficiaries shall be entitled to all the benefits specifically set out under the terms of the Plan, but to the extent permitted by law, said benefits or any of the 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 moneys or benefits or other property which may be payable to him. Notwithstanding any of the foregoing, benefits shall be paid in accordance with any applicable requirements of any state domestic relations order; provided that such state of Connecticut domestic relations orders comply with written procedures adopted by the Town.
- Section 12.4 **Non-Liability of Town** - All benefits under the Plan shall be paid or provided for solely from the Fund, and the Town assumes no liabilities or responsibilities therefore.
- Section 12.5 **Tenure of Employment** - Neither the action of the Town in the establishment of this Plan, nor any action taken by it 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 12.6 **Separability 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 provision had never been inserted herein.
- Section 12.7 **Unclaimed Benefits** - Whenever reasonable efforts fail to locate any Member or Beneficiary entitled to benefits under the Plan within three (3) years from the time notice is first received that he is not to be found at the address in the records of the Town or the Trustee, the Town may direct that any benefits to which he may be entitled shall thereupon be canceled and no payment shall be made thereafter to anyone with respect to the benefits so canceled.

Section 12.8 **Forfeitures** - As required by Section 401(a)(8) of the Federal Internal Revenue Code, any 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 12.9 **Clerical Error**. If any fact pertaining to eligibility for or amounts of benefits payable under the Plan to a Member or other payee has been misstated, or in the event of clerical error, the benefits shall be adjusted on the basis of the correct facts in a manner precluding individual selection.

Section 12.10 **Payment of Small Benefits** - Notwithstanding any provision in this Plan for the monthly payment of a benefit to a Member, Terminated Member, or Beneficiary, if the actuarial value of such benefit at his termination of employment date, date of death, or retirement date is \$5,000 or less, a lump-sum payment of such value shall be made in lieu of all future benefits (\$3,500 effective for Retirement Dates before July 1, 2001). If a Member has no vested interest in a benefit, the Member shall be deemed to have a distribution of zero dollars on the Member's termination of employment date.

Section 12.11 **Direct Rollovers** - This provision applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Retirement Plan to the contrary that would otherwise limit a distributee's election under this provision, a distributee may elect, at the time and in the manner prescribed by the Town to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

For the purposes of this Section, the following definitions will apply:

- (a) **Eligible Rollover Distributions.** An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such

distribution is required under Section 401(a)(9) of the Internal Revenue Code; and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net realized appreciation with respect to employer securities).

Effective for distributions after December 31, 2001, an Eligible Rollover shall include after-tax employee contributions. For purposes of the Direct Rollover provisions of this Section, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax Member Contributions which are not includible in gross income. However, such portion may only be paid to an individual retirement account or annuity described in Section 408(a) or (b) of the Code or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

A distribution of less than \$200 that would otherwise be an Eligible Rollover Distribution within the meaning of this subsection (a) shall not be an Eligible Rollover Distribution if it is reasonable to expect that all such distributions to the Distributee from the Plan during the same calendar year will total less than \$200.

- (b) **Eligible Retirement Plan.** An eligible retirement plan is an individual retirement account described in Section 408(a) of the Internal Revenue Code, and individual retirement annuity described in Section 408(b) of the Internal Revenue Code, an annuity plan described in Section 403(b) of the Internal Revenue Code, or a qualified trust described in Section 401(a) of the Internal Revenue Code, that accepts the distributee's eligible rollover distribution.

Effective for Distributions after December 31, 2001 an eligible retirement plan shall also mean an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state political subdivision of a state, or any agency or

instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of Eligible Retirement Plan shall also apply to a spouse.

- (d) **Distributee.** A distributee includes a Member or former Member. In addition, the Member's or former Member's surviving spouse and the Member's former spouse who is the alternate payee under a state domestic relations order determined by the Town, based on written procedures, to be a Qualified Domestic Relations Order, are distributees with regard to the interest of the spouse or former spouse.
- (e) **Direct Rollover.** A direct rollover is a payment made by the Plan to the eligible retirement plan specified by the distributee.

Section 12.12 **Rollovers to the Plan**

In no event shall the Plan accept Eligible Rollovers from any source unless a reemployed Member is making a repayment of his/her Member Contributions in accordance with the provisions of Section 7.1.

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IN WITNESS WHEREOF, the Town of Canton, and its Selectmen duly authorized, does hereby amend and restate the Town of Canton Retirement Plan for Full-Time Police Employees this 19th day of August 2002.

John S. Fyfe

Frederic E. Turkington, Jr.

Chief Administrative Officer

EARLY RETIREMENT ADJUSTMENT FACTORS

To use this table, enter column 1 with the number of years, taken to completed twelfths, by which the Early Retirement Date of the Member precedes his Normal Retirement Date. Determine from column 2 the corresponding percentage.

(Column 1) Number Of Years	(Column 2)
0	100.0%
1	93.0
2	86.0
3	79.0
4	74.0
5	69.0
6	64.0
7	60.0
8	56.0
9	53.0
10	50.0

The actuarial assumptions used in this table are:

Mortality: 1983 Group Annuity Table – 50% male; 50% female

Interest: 8%

OPTION FACTORS

To be Multiplied by Benefit Payable under Normal Form
TOWN OF CANTON FULL-TIME POLICE

50% Contingent Pensioner Option

90.0% plus 0.4% for each year that beneficiary's age is greater than employee's age or minus 0.4% for each year that beneficiary's age is less than the employee's age with a maximum factor of 99%.

Example: Employee is age 65 and spouse is age 62;
factor = 88.8%

75% Contingent Pensioner Option

85.0% plus 0.5% for each year that beneficiary's age is greater than employee's age or minus 0.5% for each year that beneficiary's age is less than the employee's age with a maximum factor of 99%.

Example: Employee is age 65 and spouse is age 70;
factor = 87.5%

100% Contingent Pensioner Option

81.0% plus 0.6% for each year that beneficiary's age is greater than employee's age or minus 0.6% for each year that beneficiary's age is less than the employee's age with a maximum factor of 99%.

Example: Employee is age 62 and spouse is age 65;
factor = 82.8%

OPTION FACTORS
To Be Multiplied by Benefit Payable under Normal Form
Ten-Year Certain Adjustment Factors

Participant's Age*	Ten-Year Certain Percentage
49	99.0%
50	99.0
51	99.0
52	98.5
53	98.0
54	97.5
55	97.0
56	96.5
57	96.0
58	95.5
59	95.0
60	94.5
61	94.0
62	93.5
63	93.0
64	92.5
65	92.0
66	90.9
67	89.8
68	88.7
69	87.6
70	86.5
71	85.4
72	84.3
73	83.2

*Age nearest birthday on Retirement Date, or on the date the Ten-Year Certain and Life Option becomes effective, if later.

Factors for other ages will be determined in a manner consistent with the manner used in determining these factors.

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