

**A SUMMARY OF BENEFITS
FOR POLICE OFFICERS**

**CITY OF NORWICH
EMPLOYEES' RETIREMENT FUND**



As Revised November 2018

PERSONNEL AND PENSION BOARD

2018

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YOUR RETIREMENT PLAN

RETIREMENT . . . IT'S NOT SO FAR AWAY

Dear Participant,

I am pleased to provide you with this Retirement Plan Summary of Benefits which describes the benefits available to you and your beneficiary under the City of Norwich Employees' Retirement Fund. A retirement plan is an essential part of your future financial security. It is important to understand how your plan works.

This booklet describes the main provisions of the plan. It explains when you are eligible for benefits under the plan and how those benefits are determined.

Please read this booklet carefully. Retirement plans are, by necessity, complicated. We have eliminated legal words and use everyday language whenever possible. You will find a number of examples throughout this booklet to help you understand how the plan works.

If you have any questions about the Retirement Plan that the booklet does not answer, contact:

The Human Resources Department
Retirement Plan Administrator
City Hall, 100 Broadway, Room 213
Norwich, CT 06360
(860) 823-3725
Monday through Friday 8:30 am - 4:30 pm

Brigid K. Marks
Director of Human Resources

November 2018

YOUR MEMBERSHIP

Benefits of this plan are described in this booklet. Key words are capitalized to call your attention to their special meanings. Keep this booklet for future reference on questions you have on the City of Norwich Police Retirement Plan.

Member

You are a Member if you are a regular full-time employee of the Police Department and a member of Union Local #104. Police Officers, Sergeants, Lieutenants and the Captain will be covered. In addition, the Chief and Deputy Chiefs may be covered by this plan. Animal Control Officers are covered by the General City Employees' Plan.

Relief Officers will not be covered by the pension plan. Non-uniformed employees of the city are covered by a separate plan administrated by the City.

Becoming a Member

If you meet the requirements, you become a Member automatically and contributions to the system will be deducted from your salary. You become a Member and begin contributions immediately after you successfully complete your probationary period.

Date of Participation

Your Date of Participation will be the date you finish your probationary period and begin making contributions to the plan. You may elect to buy back your service during the probationary period. If you do, your Date of Participation will be adjusted back to your date of hire. You may elect to purchase the probationary period at any time within one year of the time you finish your probationary period. You may make your payments over a two-year period.

CONTRIBUTIONS TO THE PLAN

YOU AND YOUR EMPLOYER SHARE THE COST OF YOUR RETIREMENT BENEFITS

The Cost of the Plan

The annual cost of the Plan is determined by an independent actuary. The actuary determines amounts to be contributed for the systematic buildup of funds during employees' working years. These funds then provide for the payment of retirement benefits to employees after retirement, as well as disability and death benefits.

Your Contributions

You share the plan costs with the City. You contribute 8.5% of your pensionable earnings.

Since November 1, 1993 the City has helped you take advantage of tax laws by "picking up" your contributions to the plan. The City "picks-up" these contributions by an equivalent reduction in the cash salary of employees. In this way, you pay taxes on the lower salary which will reduce your taxes for state and federal purposes.

The City makes the payment equal to your contributions immediately to the retirement fund. The contribution amounts that the City "picks up" for you are added back to your pay for the purpose of calculating your pension.

The City's Contributions

The contributions you make provide only a portion of the cost of your benefits. The City makes required contributions set by the Personnel and Pension Board and approved by the City Council to fund the remaining cost.

Who Handles the Pension Fund

The contributions you and the City make are administered by the Personnel and Pension Board who invests the funds for the exclusive benefit of the Members. Investment managers chosen by the Personnel and Pension Board hold the assets and are responsible for making investments at the direction of the Board.

SERVICE

YOUR YEARS OF SERVICE DETERMINE YOUR ELIGIBILITY FOR BENEFITS AND THE AMOUNT OF BENEFITS

How Service is Counted

Your service is the number of years, and completed months from your Date of Participation up to your termination or retirement date. It is the time you are receiving pay from which contributions to the plan have been deducted.

Your Date of Participation is your date of hire if you elected to buy back your probation service time or the day after your probationary service if you elected not to buy back that service.

Unpaid periods of absence, if you are on an approved leave of absence, will not break your continuity of service. Since such periods are not considered active service, you will not receive credit for them, either in determining your eligibility for benefits or the amount of the benefit. However, your active service before and after the absence will be considered continuous service.

Military Service

If you are a Member and join a branch of the armed forces while the United States is at war or in a national emergency, and are re-employed within 90 days of your discharge, you will be credited with that period of service by the City and given the opportunity to make contributions for those military earnings. If you are disabled as a result of military service, the 90-day period for re-employment may be extended.

In addition, you will receive credit in calculating the amount of your benefit for certain periods of time you were in military service before you became a Member if you make contributions for that period. The Human Resources Department will help you determine which periods of your military service are covered and compute the amount you need to contribute to get full or partial credit for your years of military service.

You may buy this prior military service (minimum 6 months, maximum 48 months, in completed months) only when you have been working for the City for 12 years. The required contribution is the normal employee percentage at the time of purchase and salary multiplied by the years of military service to be purchased.

Notice of intent to buy back service must be given within one year of the twelfth anniversary of employment. Payment must be completed in five years and prior to retirement.

If you were hired on or after July 1, 2009, the purchased prior military time cannot be used to reduce the 20 or 25 years of service eligibility requirement.

Workers' Compensation Time

The State of Connecticut Workers' Compensation Statute requires that the City may not make any deductions from your Workers' Compensation payments.

When you return to work, you will have the opportunity to gain pension credit for the period you received Workers' Compensation. When you return, you may repay the Retirement Fund the amount of contribution you owed for the period. The Human Resources Department will calculate the amount owed for you. The contribution should be repaid within six months. When the amount owed has been paid, you will have "bought-back" this service, and it will be used in your benefit calculations. If you do not elect to buy back this period of time, you will not receive pension credit for this period. However, you will not lose service credit for the period before you became eligible for Workers' Compensation payments.

TYPES OF RETIREMENT

WHEN YOU MAY RETIRE AND RECEIVE BENEFITS

Normal Retirement

If you were hired on or before July 1, 2014, your Normal Retirement Age is your age when you complete at least 20 years of service.

If you were hired after July 1, 2014, your Normal Retirement Age is your age when you complete at least 25 years of service.

You may postpone retirement beyond your Normal Retirement Age, but not beyond age 70.

If you request and receive permission to do so, you may work until age 73. In that case, no contributions are required beyond age 70, and the benefit paid to you will be the benefit calculated as though you retired at age 70.

Disability Retirement

You may receive a non-service disability benefit, if you are permanently and totally disabled and have completed 10 years of continuous service. If your disability occurred as a result of your employment, you may receive a service-connected disability benefit and the 10 year service requirement is waived.

INCOME AT RETIREMENT

YOUR RETIREMENT BENEFIT IS BASED ON A FORMULA

How Your Benefit is Figured

The amount of pension you receive from the Plan depends on:

- your Final Average Pensionable Earnings
- your Years of Service, and
- your Date of Pension Participation

Final Average Pensionable Earnings

Your Final Average Pensionable Earnings is the average of your annual earnings subject to pension for the highest three years (out of the last 10) preceding your retirement. This excludes amounts contributed by the City to this Plan or any other employee benefit plan. It includes the employee contributions to this plan the City "picks up" for you.

The Benefit Formula - Hired on or Before July 1, 2014

50% of your Final Average Pensionable Earnings, for the first 20 years
plus
2.2% of your Final Average Pensionable Earnings
multiplied by your
Years of Service after the first 20 years
(to a maximum of 30 years)

More Than 30 Years of Service

Once you have achieved more than 30 Years of Service you will have reached the maximum of 72% of pay ($50\% + 10 \times 2.2\% = 72\%$). However, if you continue to work your pension will likely increase because your salary will probably increase.

The Benefit Formula - Hired After July 1, 2014

50% of your Final Average Pensionable Earnings, for the first 25 years
plus
2.5% of your Final Average Pensionable Earnings
multiplied by your
Years of Service after the first 25 years
(to a maximum of 30 years)

More Than 30 Years of Service

Once you have achieved more than 30 Years of Service you will have reached the maximum of 62.5% of pay ($50\% + 5 \times 2.5\% = 62.5\%$). However, if you continue to work your pension will likely increase because your salary will probably increase.

Pensionable Earnings Cap

You will not be entitled to a pension that exceeds the following:

- Effective July 1, 2019, 85% of your base pay at retirement.
- Effective July 1, 2020, 80% of your base pay at retirement.
- Effective June 30, 2023, 75% of your base pay at retirement.

If you are subject to the earnings cap in your pension calculation, you will receive an additional 0.10% for each additional full month of service up to to maximum of 30 years. You will also be refunded any excess contributions made during those years subject to the earnings cap.

IF YOU LEAVE BEFORE RETIREMENT

If You Terminate

If you terminate your employment before you are eligible for any pension benefits you will receive a refund of all your contributions to the plan with interest. The interest is determined by the Personnel and Pension Board.

Re-employment

In order to have your prior service count towards your Years of Service, your refunded contributions must be repaid with interest upon completion of your probationary period.

PAYMENT OF BENEFITS

HOW YOU WILL RECEIVE YOUR BENEFIT PAYMENTS

Pension for Life

A Pension for Life means you will receive 1/12 of your annual pension each month after you retire and continuing every month thereafter for the rest of your life. All pension payments are by direct deposit in a single monthly payment.

Unmarried Members

When you die all payments will stop. The only exception is if the total of the benefits you have received is less than your contributions plus interest. In that case, your beneficiary will receive the remaining contributions plus interest.

If you were hired on or before July 1, 2014 and at the time of your death you are not married, but have children under the age of 18, your children will receive 90% of your pension. These payments are to be shared equally by all your children who are under age 18. Payment will not be made to a child after they reach their 18th birthday.

Married Members Spousal Benefit

Members hired on or before July 1, 2014 who have been married for one year or more, upon the Member's death will automatically receive a spousal survivorship benefit which provides for your spouse/civil partner to continue to receive a portion of your pension. After your death, your spouse will begin receiving a lifetime monthly pension equal to 90% of your benefit. Benefits will stop if your spouse remarries after your death.

Members hired after July 1, 2014 will be given the option to provide for a spousal survivorship benefit. When you retire, you will be given the opportunity to make a one-time irrevocable election. These are the survivor benefit options:

1. No Survivor Benefit: There is no reduction in benefit.
2. 50% Survivor Benefit: There is a reduction factor of 94% plus 0.3% for each year the spouse's age is greater than yours or minus 0.3% for each year the spouse's age is less than yours.
3. 90% Survivor Benefit: There is a reduction factor of 90% plus 0.5% for each year the spouse's age is greater than yours or minus 0.5% for each year your spouse's age is less than yours.
4. 100% Survivor Benefit: There is a reduction factor of 89% plus 0.6% for each year your spouse's age is greater than yours or minus 0.6% for each year your spouse's age is less than yours.

The maximum factor is 99% for options 2-4. Examples are shown in the Actuarial Chart.

Actuarial Chart

Retiree A

Retiree is older than Spouse

Retiree's age at retirement	60		
Spouse's age at retirement	50		
Retiree's Normal Retirement Benefit	\$ 50,000		
	Retiree's Annual Benefit	Surviving Spouse's Annual Benefit upon Retiree's Death	
Single Life Annuity	\$ 50,000.00	\$ -	
50% Joint & Survivor	\$ 45,500.00	\$ 22,750.00	
90% Joint & Survivor	\$ 42,500.00	\$ 38,250.00	
100% Joint & Survivor	\$ 41,500.00	\$ 41,500.00	

Retiree B

Retiree and Spouse are the same age

Retiree's age at retirement	60		
Spouse's age at retirement	60		
Retiree's Normal Retirement Benefit	\$ 50,000		
	Retiree's Annual Benefit	Surviving Spouse's Annual Benefit upon Retiree's Death	
Single Life Annuity	\$ 50,000.00	\$ -	
50% Joint & Survivor	\$ 47,000.00	\$ 23,500.00	
90% Joint & Survivor	\$ 45,000.00	\$ 40,500.00	
100% Joint & Survivor	\$ 44,500.00	\$ 44,500.00	

Retiree C

Spouse is older than Retiree

Retiree's age at retirement	60		
Spouse's age at retirement	70		
Retiree's Normal Retirement Benefit	\$ 50,000		
	Retiree's Annual Benefit	Surviving Spouse's Annual Benefit upon Retiree's Death	
Single Life Annuity	\$ 50,000.00	\$ -	
50% Joint & Survivor	\$ 48,500.00	\$ 24,250.00	
90% Joint & Survivor	\$ 47,500.00	\$ 42,750.00	
100% Joint & Survivor	\$ 47,500.00	\$ 47,500.00	

EXAMPLES

Employees Hired On or Before July 1, 2014

Normal Retirement

Suppose you are an employee retiring at age 49 with 20 Years of Service. Your pay for your 3 highest years is:

$$\begin{array}{r} \$ 66,358 \\ 67,637 \\ \underline{69,333} \\ \$203,328 \div 3 = \$67,776 = \text{Final Average Pensionable Earnings} \end{array}$$

Your benefit then is figured as follows:

1. Annual Pension payable at age 49
 $50\% \times \$67,776 = \$33,888/\text{year}$
2. Monthly Pension payable at age 49
 $\$33,888 \div 12 \text{ months} = \$2,824/\text{month}$

Long Service Retirement

Suppose you retire at age 62 with 40 Years of Service. Your pay for the highest 3 years, even counting years beyond your Normal Retirement Age is:

$$\begin{array}{r} \$ 80,000 \\ 81,000 \\ \underline{82,000} \\ \$243,000 \div 3 = \$81,000 = \text{Final Average Pensionable Earnings} \end{array}$$

Your benefit then is figured as follows:

1. Annual Pension payable at age 62
 $50\% \times \$81,000 + (2.2\% \times \$81,000 \times 10 \text{ years}) = \$58,320/\text{year}$
2. Monthly Pension payable at age 62
 $\$58,320 \div 12 \text{ months} = \$4,860/\text{month}$

Note that Years of Service have been maximized at 30. This gives the maximum benefit of 72% of Final Average Pay.

Employees Hired After July 1, 2014

Normal Retirement

Suppose you are an employee retiring at age 49 with 25 Years of Service. Your pay for your 3 highest years is:

$$\begin{array}{r} \$ 66,358 \\ 67,637 \\ \underline{69,333} \\ \$203,328 \div 3 = \$67,776 = \text{Final Average Pensionable Earnings} \end{array}$$

Your benefit then is figured as follows:

1. Annual Pension payable at age 49
 $50\% \times \$67,776 = \$33,888/\text{year}$
2. Monthly Pension payable at age 49
 $\$33,888 \div 12 \text{ months} = \$2,824/\text{month}$

Long Service Retirement

Suppose you retire at age 62 with 40 Years of Service. Your pay for the highest 3 years, even counting years beyond your Normal Retirement Age is:

$$\begin{array}{r} \$ 80,000 \\ 81,000 \\ \underline{82,000} \\ \$243,000 \div 3 = \$81,000 = \text{Final Average Pensionable Earnings} \end{array}$$

Your benefit then is figured as follows:

1. Annual Pension payable at age 62
 $50\% \times \$81,000 + (2.5\% \times \$81,000 \times 5 \text{ years}) = \$50,625 / \text{year}$
2. Monthly Pension payable at age 62
 $\$50,625 \div 12 \text{ months} = \$4,218.75/\text{month}$

Note that Years of Service have been maximized at 30. This gives the maximum benefit of 62.5% of Final Average Pay.

DEATH BENEFITS

Before You Retire

If you had not yet begun to receive pension benefits and you die, your beneficiary will receive the entire amount of your contributions with interest.

If your death occurs in the line of duty and you are married, your spouse will receive monthly benefits instead of your contributions with interest. If you and your spouse have been married for at least one year at the time of your service-connected death, your spouse will receive 90% percent of your budgeted base rate of pay. These monthly payments will continue until your spouse dies or remarries.

If, at the time of your death you were not married, but have children under the age of 18, your children will receive 90% of your budgeted base rate of pay. These payments are to be shared equally by all your children who are under age 18. Payments will not be made to a child after they reach their 18th birthday.

The maximum pension paid to your spouse under this plan will be adjusted so that the total paid from Workers' Compensation, Heart and Hypertension Law and this plan will not exceed 100% of the base weekly wage of an employee in the same position which you held at the time of your death.

Beneficiaries

When you first enroll as a Member, you designate your beneficiary or beneficiaries. You may change this designation at any time. Consider making a change in your beneficiary whenever there is a birth, death, or marriage/legal civil union in your family. It is important to have your beneficiary designation up to date.

DISABILITY RETIREMENT

IF YOU HAVE 10 YEARS OF SERVICE OR HAVE A JOB-RELATED DISABILITY YOU MAY BE ELIGIBLE FOR A DISABILITY PENSION.

Eligibility for Disability Benefits

If you are permanently and totally disabled, as determined by the Personnel and Pension Board, and have completed at least ten years of Continuous Service, you may be eligible for a non-service related disability pension.

If your disability occurred as a result of your employment, the ten year service requirement is waived. A disability cannot be the result of your own willful misconduct.

Applying for Disability Benefits

You must apply to the Personnel and Pension Board in writing. The Board will notify you of requirements as to doctor's certification. If the benefit is approved, the benefit payments begin at the date the Board approves your disability pension.

The Non-Service Connected Disability Benefit

Your non-service connected disability benefit is figured as if you were entitled to your Retirement benefit as of the date of your disability. It is based on your Final Average Pensionable Earnings and Years of Service at disability.

Non-service disability benefits are subject to the same maximum and minimums as retirement benefits.

The Service Connected Disability Benefit

If your disability is job related, your benefit will be 50% of your budgeted base rate of pay at the time the disability began.

Adjustments to Disability Benefits

If you were disabled as a result of a service connected disability, your disability benefit may be reduced if you begin to earn income. The sum of your disability benefits plus your outside income may not be more than your base salary at the time you became disabled. To give you some protection from inflation, this limit is increased by 2% for each full calendar year after you became disabled.

You will be required to provide the Personnel and Pension Board with your IRS Transcripts and other information. Based on the review of these documents, the Board will determine if your disability benefits plus outside income exceeded your limit. If so, your disability benefits will stop until the amount of the excess has been met.

No reduction will be made in your disability benefit for the first 12 months, even if you have other income.

CLAIMING YOUR BENEFITS

Applying for Benefits

Your application requesting retirement should be filed with the Personnel & Pension Board 60 days before you retire. Be sure to see the Human Resources Department well in advance of your planned retirement date. They will help you understand your benefits and other retirement issues. In that way, the Board can be sure that your pension is processed so benefits will begin when you wish.

If a Benefit is Denied

If for some reason all or part of a benefit claim is denied, the Personnel and Pension Board will give you a written notice of the denial. This notice will contain:

- Specific reasons for the denial.
- The specific provisions of the ordinance on which the denial was based.
- Steps you need to take to request a review of the claim.
- Description of the review procedures.

Protection of Pension Payments

Unless a Qualified Domestic Relations Order is in effect, your retirement or disability benefit is not assignable. It cannot be transferred to another person. Neither these benefits nor any lump sum payment can be attached by creditors, unless required by law.

A FINAL NOTE

What you are reading is a summary of the City of Norwich Employees' Retirement Fund Plan for Police Officers. It may not answer all your questions about the details and particulars of the Plan. You are entitled to examine the actual Ordinance and collective bargaining agreements. Copies of these are available on the City of Norwich website (www.norwichct.org) or upon request to the Human Resources Department of the City of Norwich.

In the event of an inconsistency between this booklet and the legislation governing the Fund, that Ordinance and collective bargaining agreement will govern.

The City expects to continue the Retirement Plan indefinitely, but the City does reserve the right to modify, suspend or discontinue it.

In the event the Plan discontinues, the assets of the Plan will be used to provide benefits to Members. Only when all benefits earned by members have been guaranteed can any assets revert to the City.