

**A SUMMARY OF BENEFITS  
FOR FIREFIGHTERS**

**CITY OF NORWICH**

**EMPLOYEES' RETIREMENT FUND**



**As Revised January 2017**

**PERSONNEL AND PENSION BOARD**

**2017**

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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. Your 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 a.m. – 4:30 p.m.

**Brigid K. Marks**  
Director of Human Resources

**January 2017**

## **YOUR MEMBERSHIP**

Members are eligible for all benefits 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 Firefighters' Retirement Plan.

### **Member**

You are a Member if you are a regular full-time employee of the Norwich Fire Department and a member of the International Association of Firefighters, Local 892. In addition, the Chief may be covered by this plan. Non-uniformed employees of the City are covered by a separate plan administered 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 have successfully completed 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 costs of the Plan are determined by an independent actuary. The actuary determines amounts to be contributed for the systematic build up 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 are asked to share the plan costs with the City. You contribute 9% of your pay with an earnings cap of 50% over annual base salary.

Since December 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 so you do not lose retirement benefits.

### **The City's Contributions**

The contributions that 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 probationary service time, or the day after your probationary service if you elected not to buy back that service.

Periods of absence totaling 90 days or less in a calendar year, or longer periods 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 any 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 the period. The Human Resources Department will help you to determine which periods of your military service are covered and to 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 10 years. The required contribution is the normal employee percentage and salary in effect on the 10<sup>th</sup> anniversary of employment multiplied by the years of military service to be purchased.

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

### **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. You will have an equivalent amount of time to purchase the pension credit as the amount of time you were out of work due to the injury. When the contribution has been made, you will have "bought-back" this service, and it will be used in your benefit calculations. If you do not elect to make these contributions, 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 prior to July 1, 2013, your Normal Retirement Age is your age when you complete at least 20 years of service.

If you were hired on or after July 1, 2013, 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 years 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 Pay
- your Years of Service, and
- your Date of Pension Participation

### **Final Average Pay**

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

### **The Benefit Formula – Hired Prior to July 1, 2013**

48% of your Final Average Pay, for the first 20 years  
plus  
2.2% of your Final Average Pay  
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 70% of pay (48% + (10 x 2.2%) = 70%). However, if you continue to work your pension will likely increase because your salary will probably increase.

### **The Benefit Formula – Hired On or After July 1, 2013**

59% of your Final Average Pay, for the first 25 years  
plus  
2.2% of your Final Average Pay  
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 70% of pay ( $59\% + (5 \times 2.2\%) = 70\%$ ). However, if you continue to work your pension will likely increase because your salary will probably increase.

### **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 and is the calculated average on a rolling five-year basis of the ten-year US Treasury Bond.

#### **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.

#### **Unmarried Members**

You will receive a pension for life. When you die all payments will stop. If the total of the benefits you have received is less than the sum of your contributions plus interest, your beneficiary will receive the remaining contributions.

If 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 18<sup>th</sup> birthday.

#### **Married Members Spouse's Benefit Pension**

Along with your pension for life, members who are married automatically receive a spouse's benefit which provides for your spouse to continue to receive a portion of your pension if you should die first. After your death, if you have been married for at least one year at that time, your spouse will begin receiving a lifetime monthly pension equal to 90% of what you had been receiving. Benefits to your spouse will stop if your spouse remarries after your death.

If your spouse remarries and you 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 18<sup>th</sup> birthday.

## **EXAMPLES**

### **Employees Hired Prior to July 1, 2013**

#### **Normal Retirement**

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

$$\begin{array}{r} \$ 69,000 \\ 68,100 \\ \underline{66,300} \\ \$203,400 \div 3 = \$67,800 = \text{Final Average Pay} \end{array}$$

Your benefit then is figured as follows:

1. Annual Pension payable at age 49  
 $48\% \times \$67,800 = \$32,544/\text{year}$
2. Monthly Pension payable at age 49  
 $\$32,544 \div 12 \text{ months} = \$2,712/\text{month}$

#### **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:

$$\begin{array}{r} \$ 69,000 \\ 68,100 \\ \underline{66,300} \\ \$203,400 \div 3 = \$67,800 = \text{Final Average Pay} \end{array}$$

Your benefit then is figured as follows:

1. Annual Pension payable at age 62  
 $48\% \times \$67,800 + (2.2\% \times \$67,800 \times 10 \text{ years}) = \$47,460/\text{year}$
2. Monthly Pension payable at age 62  
 $\$47,460 \div 12 \text{ months} = \$3,955/\text{month}$

Note that Years of Service have been maximized at 30. This gives the maximum benefit of 70% of Final Average Pay.

## **EXAMPLES**

### **Employees Hired On or After July 1, 2013**

#### **Normal Retirement**

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

$$\begin{array}{r} \$ 69,000 \\ 68,100 \\ \underline{66,300} \\ \$203,400 \div 3 = \$67,800 = \text{Final Average Pay} \end{array}$$

Your benefit then is figured as follows:

1. Annual Pension payable at age 49  
 $59\% \times \$67,800 = \$40,002/\text{year}$
2. Monthly Pension payable at age 49  
 $\$40,002 \div 12 \text{ months} = \$3,333.50/\text{month}$

#### **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:

$$\begin{array}{r} \$ 69,000 \\ 68,100 \\ \underline{66,300} \\ \$203,400 \div 3 = \$67,800 = \text{Final Average Pay} \end{array}$$

Your benefit then is figured as follows:

1. Annual Pension payable at age 62  
 $59\% \times \$67,800 + (2.2\% \times \$67,800 \times 5 \text{ years}) = \$47,460/\text{year}$
2. Monthly Pension payable at age 62  
 $\$47,460 \div 12 \text{ months} = \$3,955/\text{month}$

Note that Years of Service have been maximized at 30. This gives the maximum benefit of 70% of Final Average Pay.

## **DEATH BENEFITS**

### **Before You Retire**

If you die before you begin to receive pension benefits, 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 (1) year at the time of your service-connected death, your spouse will receive ninety (90%) percent of your budgeted base rate of pay. These monthly payments will continue until your spouse dies or remarries.

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.

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 18<sup>th</sup> birthday.

### **After Retirement Benefits Have Started**

If you die after you have started receiving pension benefits, your spouse (if you have been married at least one year) will receive 90% of what you had been receiving. These monthly payments will continue until your spouse dies or remarries. If, at the time of your death, you are not married or your spouse dies or remarries, 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. Payments will not be made to a child after they reach their 18<sup>th</sup> birthday.

If you are not married, been married less than one year or have no eligible children, the beneficiary of your choice will receive any excess of your contributions over the amount of benefits you received.

### **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 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 RECEIVE 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 (10) years of Continuous Service, you are eligible for a non-service related disability pension.

If your disability occurred as a result of your employment, the ten (10) 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 Pay 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 at some other job. 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 since you became disabled.

You will be required to provide the Personnel and Pension Board with your Federal Income Tax Returns and other information. Based on the review of your tax returns, the Board will determine whether or not your disability benefits plus outside income exceeded your limit. If so, your disability benefits will stop until the amount of 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**

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.

## **A FINAL NOTE**

What you are reading is a summary of the City of Norwich Employees' Retirement Fund Plan for Firefighters. 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](http://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.