

**APPENDIX E
PROVISIONS FOR PARTICIPANTS EMPLOYED AS
NON-CERTIFIED BOARD OF EDUCATION EMPLOYEES**

This Appendix E lists the provisions applicable to Eligible Employees of the Town who are employed as non-certified employees of the Town Board of Education and who are represented by a collective bargaining unit. In the event that the provisions of this Appendix E are inconsistent with the terms contained in the remainder of the Plan, the provisions contained in this Appendix E shall take precedence.

1. Definitions

1.1. “Average Annual Earnings” means the average of the Participant’s annual Earnings received during the three (3) consecutive Plan Years immediately preceding the date on which the Participant’s employment terminates (or the Participant’s period of employment, if shorter). In the event a Participant has not completed three (3) full, consecutive Plan Years prior to the date on which the Participant’s employment terminates, for purposes of determining a Participant’s Average Annual Earnings, the Participant’s Earnings for any partial Plan Year shall be determined by dividing the Participant’s Earnings for such partial Plan Year by the Participant’s number of completed months of Service and by multiplying that number by twelve (12).

1.2. “Electing Tier A Participant” means a Tier A Participant who has timely elected to participate in Tier B pursuant to section 2.1 of this Appendix E.

1.3. “Entry Date” means the first day of the Plan Year on which an Eligible Employee becomes an Active Participant which shall occur coinciding with or following the later of (i) the date he or she attains age twenty-one (21); or (ii) the date he or she completes one Year of Service measured from the Eligible Employee’s date of hire.

1.4. “Normal Retirement Age” means the age at which a Participant attains the later of age sixty-five (65) or 60 calendar months of service.

1.5. “Tier A Participant” means any Eligible Employee initially hired on or before July 31, 2021.

1.6. “Tier B Account” means the notional account maintained for each Tier B Participant and each Electing Tier A Participant as set forth in section 4.2 of this Appendix E.

1.7. “Tier B Allocation” means the notional allocation made to the Participant’s Tier B Account pursuant to section 4.2(a) of this Appendix E.

1.8. “Tier B Participant” means any Eligible Employee initially hired on or after August 1, 2021.

2. Participation

2.1. **Mandatory Participation.** Each Eligible Employee who has met the Plan’s eligibility requirements as set forth in section 2.1 of the Plan document shall be required to participate in the Plan as a condition of employment upon his or her Entry Date. Tier A Participants shall participate in Tier A, provided, however, that a Tier A Participant as of July 31, 2021, shall have the right to participate in Tier B, provided the Tier A Participant submits an election form (in a form provided by the Pension Board) no later than 4:00 p.m. on July 30, 2021. A Tier B Participant shall participate in Tier B.

2.2. **Participation Upon Reemployment.** If a former Active Participant is reemployed as an Eligible Employee, he or she shall again become an Active Participant as of his or her reemployment date. Such a reemployed Eligible Employee shall be a Tier B Participant; except a former Tier A Participant who is reemployed shall return as a Tier A Participant if any of the following apply:

- a. the Participant earned and retained the right to a vested retirement benefit as a Tier A Participant.
- b. the Participant returns to service after a period during which he or she was receiving retirement benefits under this Plan, including disability retirement benefits; or
- c. the time the Participant was away from Town service is less than Participant’s prior actual Town service or 60 calendar months, whichever is greater.

3. Participant Contributions

3.1. **Tier A:** Subject to section 3.3, A Tier A Participant’s Picked-up Contributions shall be equal to the following:

- 3% of Earnings per pay period effective on and after August 1, 2021
- 3.25% of Earnings per pay period effective on and after January 1, 2022
- 3.50% of Earnings per pay period effective on and after January 1, 2023

3.2. **Tier B and Electing Tier A:** A Tier B Participant’s and Electing Tier A Participant’s Picked-up Contributions shall be 3% greater than the contribution rates set forth in 3.1 above for Tier A Participants, as adjusted pursuant to 3.3 below.

3.3. **Risk Sharing**

a. Notwithstanding the above, effective as of August 1, 2021, for the period August 1 through December 31, 2021 and each calendar year thereafter, Participants shall share

with the Employer the Plan's investment performance risk as provided in this section 3.3 (the "Risk Sharing Adjustment"). Tier B Participants' Risk Sharing Adjustment shall be the same as for current employees.

b. There shall be a Risk Sharing Adjustment to the Picked-up Contribution rates set forth in 3.1 for 2022 and 2023 and each calendar year thereafter in an amount not to exceed an annual cap of 1% over the respective year's Picked-up Contribution Rate set forth in 3.1. Therefore, effective each January 1, a Participant's Picked-up Contribution Rate shall be set equal to the Participant's Picked-up Contribution Rate for the applicable year as set forth in 3.1, plus the lesser of (i) 1% and (ii) one-half (1/2) of x minus y , where x is the Expected Investment Rate of Return and y is the Actual Investment Rate of Return. If y is greater than x , then no adjustment is made. The following additional definitions apply:

(i) **Expected Investment Rate of Return** - The Expected Investment Rate of Return is that rate determined for the valuation performed as of the first day of the fiscal year that ends on June 30th immediately prior to the effective date of the Picked-up Contribution Risk Sharing Adjustment described in (b) above.

(ii) **Actual Investment Rate of Return** - The Actual Investment Rate of Return is the actual investment performance of the Pension trust for the fiscal year ending on June 30th immediately prior to the effective date of the Picked-up Contribution adjustment describe in (b) above, as determined using the GASB 68 Money-Weighted Rate of Return.

(iii) For, example, the Risk Sharing Adjustment for 2022 shall be based on the Expected Investment Rate of Return determined by the Pension Board for the July 2020 funding valuation and the Actuarial Investment Rate of Return for the fiscal year ending June 30, 2021

4. Retirement Benefits

4.1. Normal Retirement Benefit. Each Participant shall be entitled to receive, commencing on his or her normal Retirement Date, an annual retirement benefit equal to such Participant's Accrued Benefit which shall be an amount determined as one and three quarters percent (1.75%) of the Participant's Average Annual Earnings multiplied by the number of years (or complete calendar months as applicable) of his or her Benefit Service (herein called such Participant's "Normal Retirement Benefit"), provided, that in no event shall a Participant's Normal Retirement Benefit be equal to more than seventy percent (70%) of the Participant's Average Annual Earnings.

4.2. Tier B Benefit

a. In lieu of the benefits set forth in section 4.1 (Normal Retirement Benefit) above, section 4.2 (Early Retirement Benefit) and section 4.3 (Disability Retirement Benefit) of

the Plan Document, Tier B Participants and Electing Tier A Participants may elect to receive as a benefit their Tier B Account balance.

(i) A Participant's Tier B Account is the sum of the Participant's Tier B Account Allocations and Interest Credits as of the date of determination:

(A) Tier B Account Allocations. For each Plan Year, a Participant shall have such Participant's Tier B Account credited for that Plan Year with a Tier B Allocation equal to the following amounts:

- (1) The Employee's Picked-up Contributions during the Plan Year,
- (2) The Employer's Contributions equal to 5% of Earnings (as defined in Section 1.5 of the Plan document) for the Plan Year while a Participant and
- (3) Interest Credit as defined below.

(B) Eligibility for Allocation. Eligible Participants shall be eligible to receive the Tier B Allocation made under this subsection based on actual Earnings with no minimum for hours worked.

(C) Time of Allocation. Tier B Allocation shall be credited as of the last day of the Plan Year. (However, the Participant does not have to be employed as of the last day of the Plan Year). Pro-rata credit will be applied in the event that a Participant or Beneficiary receives a lump sum form of benefit under the Plan for any reason, including a death benefit under Section 7 of the Appendix E, mid-year.

(D) Interest Credit. For each Plan Year, each Participant's Tier B Account shall be credited, whether or not the Participant remains an Employee, with a notional Interest Credit determined by multiplying the dollar amount of the Participant's Tier B Account as of the beginning of the Plan Year, by 4%. A Participant shall be credited with a pro-rata Interest Credit in the Plan Year in which the Participant's distributions commence based on a rate of $4\% \div 12 \times$ the number of completed calendar months between the beginning of the Plan Year and the date distributions commence. Pro-rata interest credit will be applied at the time that a Participant or Beneficiary receives a lump sum form of benefit under the Plan for any reason, including a death benefit under Section 7 of this Appendix E, mid-year. However, no interest shall be credited for any period after payment of the distribution of the Tier B Account Balance is made as a lump sum.

5. Distribution of Benefits

5.1. Tier B Account Distributions. Tier B Participants and Electing Tier A Participants may elect to receive their Tier B Account Balance in accordance with the forms of

benefit described in section 5.1 of the Plan document, any of the optional forms of benefits described in section 5.2 of the Plan document, or as a lump sum payment.

6. Termination of Benefits

6.1. Vesting

- a. A Tier A Participant (including an Electing Tier A Participant) shall become vested in his or her benefit under the Plan in accordance with the following schedule:

<u>Years of Service</u>	<u>Percentage Vested</u>
Less than 5 Years	0%
5 or more Years	100%

- b. A Tier B Participant shall become vested in his or her benefit under the Plan in accordance with the following schedule:

<u>Years of Service</u>	<u>Percentage Vested</u>
Less than 10 Years	0%
10 or more Years	100%

- c. Notwithstanding the above, a Participant's Tier B Account shall always be 100% vested.

6.2. Non-Vested Termination

a. Any Tier A Participant, other than an Electing Tier A Participant, whose employment is terminated prior to becoming vested shall receive a refund of his or her Participant Contributions in lieu of any other benefit provided under this Plan. Such refund shall be in the form of a single sum payment as soon as administratively practicable following the Participant's termination.

b. A Tier B Participant and an Electing Tier A Participant whose employment is terminated prior to becoming vested shall receive a single lump sum payment equal to the greater of his or her Participant Contributions or his or her Tier B Account balance as soon as administratively practicable following the Participant's termination.

6.3. Deferred Vested Pensions. A Tier B Participant and an Electing Tier A Participant may elect to receive his or her Tier B Account in accordance with the forms of benefit described in section 5.1 of the Plan document, any of the optional forms of benefits described in section 5.2 of the Plan document, or as a lump sum payment.

7. Death Benefits

7.1. Special Death Benefit. Upon a Participant's death, his or her Beneficiary may be eligible for a death benefit as set forth in this section 7.1.

a. Death Prior to Commencement of Benefit Payments. If a Participant dies prior to his or her Annuity Starting Date and no Pre-retirement Survivor Annuity is payable under the provisions of Article VII of the Plan document, then the following applies

(i) A Tier A Participant's Beneficiary shall receive a death benefit, payable in a single lump sum that is equal to the Participant's Participant Contributions determined as of the Participant's date of death.

(ii) A Beneficiary of a Tier B Participant or an Electing Tier A Participant shall receive a death benefit, payable in a single lump sum, that is equal to the greater of the Participant's Participant Contributions or the Participant's Tier B Account determined as of the Participant's date of death.

This special death benefit shall be administered in accordance with section 5.11 of the Plan document and 401(a)(9) of the Code.

8. Nothing in the Plan document shall disqualify a person who otherwise would have been entitled to participation, accrued service, vesting, and benefits under the prior Plan document as amended and restated January 1, 2009.

9. Duration

The retirement plan, as revised per the above provisions, will remain in place for 3 years, then will automatically renew for a 3-year term unless mutually agreed otherwise.