

Active Employees

John Hancock Pension Plan – *Police, Fire & some Non-Public Safety Employees Hired on or after 7/1/72*

	<u>Benefit Prior to 8/1/11</u>	<u>Restructured Benefit</u>
<i>Employee Contribution:</i>	7% until 30 years of service	9.5% for current employees; 10.5% for new members
<i># Active Employees:</i>	77 as of June 21, 2011	70 as of December 1, 2011
<i>Eligibility:</i>	<ul style="list-style-type: none"> • Retirements prior to 7/1/92 – eligible at 25 years of service • Retirements on or after 7/1/92 – eligible at 20 years of service 	<ul style="list-style-type: none"> • Normal retirement: - eligible at age 57 with 25 years of service • Early retirement – eligible with 25 years of service • Any benefit payments made prior to age 57 are impacted by early retirement actuarial reduction (see table); applies to all active employees. • Employees may elect to retire prior to age 57, and defer benefit payments until age 57 without an early retirement actuarial reduction.
<i>Vesting Period:</i>	5 year vesting period	5 year vesting period
<i>Pension Benefit:</i>	<ul style="list-style-type: none"> • 50% of annual salary at 20 years <ul style="list-style-type: none"> ○ After 20 years an additional 2% benefit for each year up to 5 years ○ After 25 years an additional 1% benefit for each year up to 5 years ○ Maximum benefit of 65% of annual salary after 30 years • Final year annual salary includes base wages, adjustments, longevity, holiday pay (limited to 13 or 14; contract specific) <p>For Public Safety, COLA based on current active position amount in contract (compounded). No COLA for non-Public Safety</p>	<p>For all active employees</p> <ul style="list-style-type: none"> • 50% of employee’s average salary at 25 years <ul style="list-style-type: none"> ○ After 25 years an additional 1% for each year up to 5 years ○ Maximum benefit of 55% of annual salary after 30 years • “Average salary” means the highest five (5) consecutive years “annual salary” of the last ten years of employment • “Annual salary” includes base wages, adjustments, longevity, and holidays paid by contract • Up to 2% simple COLA (not compounded) each year

<p><i>Disability Pension:</i></p>	<ul style="list-style-type: none"> • Paid 66 2/3% of the salary being received by active members holding the same rank • Benefit continues until the member reaches the normal retirement date (contract/ordinance specific), at which time the member is transferred to the retirement list and receives normal retirement benefits • At age 62 or 65 (contract/ordinance specific) pension is reduced to no less than 50% • COLA based on current active position amount in contract (compounded) 	<p>Service Connected Disability (Accidental Disability)</p> <ul style="list-style-type: none"> • Eligibility: Active member incurring illness or sustaining injury as a result of performance of job duties • Benefit: <ul style="list-style-type: none"> ○ Permanent Total – 66.67% of annual salary of rank held at time of disability for life ○ Permanent Partial – 50% of annual salary of rank held at time of disability until Social Security retirement age • No reduction based on early retirement actuarial reduction • No change at normal retirement age for permanent total disability • Partially and permanently disabled may be placed on regular pension at Social Security retirement age. Member can elect higher of normal retirement benefit or 25% of salary • Up to 2% simple COLA applied prospectively (not compounded) each year <p>Non Service Connected Disability (Ordinary Disability)</p> <ul style="list-style-type: none"> • Eligibility: Active member becoming disabled that is not incurred as a result of the performance of his or her duties for the City of Central Falls. The member is unable to perform the essential requirements of the job and has completed at least 5 years of service. If the member does not have 5 years of service, the member shall be treated as if they terminated employment. • Benefit <ul style="list-style-type: none"> ○ Permanent Total – 50% of the employee’s highest salary, including longevity and holiday pay of the rank held at time of disability ○ Permanent Partial – Accrued benefit as of date of disability based upon a 2% per
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		<p>year of credited service of his or her highest salary at the time of disability</p> <ul style="list-style-type: none"> • Start Date: The disability benefit will be payable at age 57. However, if the member elects to commence payments prior to age 57, a reduced benefit applying the early retirement actuarial reduction for early commencement will be payable at the date elected by the member. • No change at normal retirement age • Up to 2% simple COLA applied prospectively (not compounded) each year.
<i>Double Dipping Prohibition:</i>	N/A	Cannot receive compensation from the City without sacrificing pension & OPEB
<i>Determination Of Disability</i>	<ul style="list-style-type: none"> • Unable to return to normal duties as police officer or firefighter 	<ul style="list-style-type: none"> • Total permanent disability from all gainful employment utilizing the same standards as Social Security disability • Partial permanent disability can no longer perform duties as police officer or firefighter, but is able to pursue other gainful employment based upon age, education or impairment
<i>Recertification Of Disability</i>	N/A	<ul style="list-style-type: none"> • Applicable to all partially disabled members, whether service connected or non-service connected • Not applicable to members determined to be totally and permanently disabled • Examination by City physician once a year within no more than four (4) years from placement on disability; no more than 2 examinations per year • City shall cancel disability pension upon evidence member is no longer disabled from service • If member does not reenter service with the City, he or she may elect to continue receiving a pension which benefit would be either 50% of the prior disability pension, or a normal retirement benefit with an accrual of 2% per year of service prior to disability, reduced by

		<p>the early retirement actuarial reduction</p> <ul style="list-style-type: none"> • Member may elect in lieu of pension to receive a refund of any excess contributions over disability payments made • Refusal to submit to an examination for one year may result in suspension of disability benefits
<i>Outside Income Offset</i>	N/A	<ul style="list-style-type: none"> • Disability pension reduced dollar for dollar by any amount by which earned income plus the disability pension exceeds the salary, including paid holidays and longevity, to a permanent member with the same rank and seniority • Not applicable to any member determined to be totally and permanently disabled.

Early Retirement Reductions

Employees commencing benefits before age 57 will be subject to a reduction in the benefit payable based on the following table. The table represents the fraction of the benefit to be paid at whole ages. If the benefit commences at a fractional age such as 55 and 3 months, then the appropriate factor will be determined that would be between the factors of 55 and 56.

Early Retirement Actuarial Reduction Factor

ERF	
30.00	0.1072
31.00	0.1159
32.00	0.1252
33.00	0.1354
34.00	0.1464
35.00	0.1584
36.00	0.1713
37.00	0.1854
38.00	0.2007
39.00	0.2174
40.00	0.2354
41.00	0.2551
42.00	0.2766
43.00	0.2999

44.00	0.3254
45.00	0.3532
46.00	0.3836
47.00	0.4169
48.00	0.4533
49.00	0.4932
50.00	0.5370
51.00	0.5852
52.00	0.6382
53.00	0.6967
54.00	0.7613
55.00	0.8327
56.00	0.9120
57.00	1.0000
58.00	1.0000
59.00	1.0000
60.00	1.0000

Retired Employees

John Hancock Pension Plan – *Police, Fire & some Non-Public Safety Employees Hired on or after 7/1/72*

	<i>Benefit as of 8/1/11</i>	<i>Restructured Benefit</i>
<i>Employee Contribution:</i>	7% until 30 years of service	N/A (No active employees)
<i># Retirees:</i>	85 retirees & beneficiaries as of July 14, 2011 (and those that have given notice)	85 retirees and beneficiaries as of December 1, 2011 (and those that have given notice)
<i>Eligibility:</i>	<ul style="list-style-type: none"> • Retirements prior to 7/1/92 – eligible at 25 years of service • Retirements on or after 7/1/92 – eligible at 20 years of service 	<ul style="list-style-type: none"> • Normal retirement: - eligible at age 60 with 10 years of service • Early retirement – eligible at age 55 with 10 years of service or at any age with 25 years • Any benefit payments prior to age 60 are impacted by early retirement actuarial reduction (see table); applies retroactively to all retirees/beneficiaries receiving benefits.
<i>Vesting Period:</i>	5 year vesting period	5 year vesting period
<i>Pension Benefit:</i>	<ul style="list-style-type: none"> • 50% of annual salary at 20 years <ul style="list-style-type: none"> ○ After 20 years an additional 2% benefit for each year up to 5 years ○ After 25 years an additional 1% benefit for each year up to 5 years ○ Maximum benefit of 65% of annual salary after 30 years • Final year annual salary includes base wages, adjustments, longevity, holiday pay (limited to 13 or 14; contract specific) • For Public Safety, COLA based on current active position amount in contract (compounded). No COLA for non-Public Safety 	<p>Applied retroactively for all retirees</p> <ul style="list-style-type: none"> • 40% of annual salary at 20 years <ul style="list-style-type: none"> ○ After 20 years an additional 2% for each year up to 5 years ○ After 25 years an additional 1% for each year up to 5 years ○ Maximum benefit of 55% of annual salary after 30 years
<i>Disability Pension:</i>	<ul style="list-style-type: none"> • Paid 66 2/3% of the salary being received by active members holding the same rank • Benefit continues until the member 	<ul style="list-style-type: none"> • Retroactive calculation applied to all retirees: paid 45% of salary being received at time of retirement (no refunds from retirees of previously paid benefits)

	<p>reaches the normal retirement date (contract/ordinance specific), at which time the member is transferred to the retirement list and receives normal retirement benefits</p> <ul style="list-style-type: none"> • At age 62 or 65 (contract/ordinance specific) pension is reduced to no less than 50% • COLA based on current active position amount in contract (compounded) 	<ul style="list-style-type: none"> • No change at normal retirement age • Up to 2% simple COLA applied prospectively (not compounded) each year • Service Connected Disability (Accidental Disability) <ul style="list-style-type: none"> ○ No reduction for the actuarial early retirement reduction • Non Service Connected Disability (Ordinary Disability) <ul style="list-style-type: none"> ○ Eligibility: Active member becoming disabled that is not incurred as a result of the performance of his or her duties for the City of Central Falls. The member is unable to perform the essential requirements of the job and has completed at least 10 years of service. ○ The disability benefit will be payable at age 60. Those members who elected to receive disability benefits prior to age 60 have had their benefit reduced by the early retirement actuarial reduction
<i>Circuit Breaker:</i>	N/A	No pension currently being received shall be reduced by more than 55% based on restructured plan, nor shall the benefit be reduced if the current pension is less than \$10,000 per year.
<i>Double Dipping Prohibition:</i>	N/A	Cannot receive compensation from the City without sacrificing pension & OPEB
<i>Determination of Disability</i>	Unfit to return to normal duties as a police officer or firefighter	Unfit to return to normal duties as a police officer or firefighter
<i>Recertification of Disability</i>	N/A	City may review disability determination for fraud.
<i>Outside Income Offset</i>	N/A	N/A

1% Plan – Police, Fire & some Non-Public Safety Employees Hired before 7/1/72

	<u>Current Benefit</u>	<u>Restructured Benefit</u>
Employee Contribution:	1%	N/A (no active employees)
# Active Employees:	0 All participants have retired	0 All participants have retired
# Retirees:	56 as of July 14, 2011	48 as of December 1, 2011 (8 guaranteed pensions through John Hancock not subject to restructuring)
Eligibility:	20 years of service	Any retirements prior to age 60 impacted by early retirement actuarial reduction (see table); applies retroactively to all retirees/beneficiaries receiving benefits.
Pension Benefit:	50% of annual salary at 20 years <ul style="list-style-type: none"> • After 25 years an additional 2% for each year • Maximum benefit of 65% of salary after 33 years • Annual salary includes base wages, longevity, holiday pay 	40% of annual salary at 20 years <ul style="list-style-type: none"> • Additional 2% for years 20-25 • Additional 1% for years 25-30 • Maximum benefit of 55% of annual salary after 30 years • Up to 2% simple COLA (not compounded) each year
Disability Pension:	<ul style="list-style-type: none"> • Paid 66 2/3% of the salary being received by active members holding the same rank • Benefit continues until the member reaches the normal retirement date (contract/ordinance specific), at which time the member is transferred to the retirement list and receives normal retirement benefits • At age 62 or 65 (contract/ordinance specific) pension is reduced to no less than 50% 	Retroactive calculation applied to all retirees, paid 45% of the salary being received at time of disability retirement (no refunds from retirees for previously paid benefits) <ul style="list-style-type: none"> • No change at retirement age • Up to 2% simple COLA applied prospectively (not compounded) each year • Service Connected Disability <ul style="list-style-type: none"> ○ No reduction for the actuarial early retirement reduction • Non Service Connected Disability (Ordinary Disability) <ul style="list-style-type: none"> ○ Eligibility: Active member becoming disabled that is not incurred due to the performance of his or her duties for the City of Central Falls. The member is unable to perform the essential requirements of the job and has completed at least

		<p>10 years of service.</p> <ul style="list-style-type: none"> ○ The disability annuity benefit will be payable at age 60. Those members who elected to receive disability benefits prior to age 60 have had their benefit reduced by the early retirement actuarial factor.
<i>Vesting:</i>	Five year vesting	Five year vesting
<i>Circuit Breaker:</i>	N/A	No pension currently being received shall be reduced by more than 55% based on reform, nor shall the benefit be reduced if the current pension is less than \$10,000 per year.
<i>Double Dipping Prohibition:</i>	N/A	Cannot receive compensation from the City without sacrificing pension & OPEB

Early Retirement Reductions

Employees commencing benefits before age 60 will be subject to a reduction in the benefit payable based on the following table. The table represents the fraction of the benefit to be paid at whole ages. If the benefit commences at a fractional age such as 57 and 3 months, then the appropriate factor will be determined that would be between the factors of 57 and 58.

Age at Commencemnt	Reduction Multiplier
30	0.0806
31	0.0871
32	0.0942
33	0.1018
34	0.1101
35	0.1191
36	0.1289
37	0.1395
38	0.1510
39	0.1635
40	0.1771
41	0.1919
42	0.2080
43	0.2256
44	0.2447
45	0.2657
46	0.2885
47	0.3135
48	0.3409
49	0.3709
50	0.4039
51	0.4401
52	0.4800
53	0.5240
54	0.5726
55	0.6263
56	0.6859
57	0.7521
58	0.8258
59	0.9080
60	1.0000