

benefit is an amount equal to three and one-half percent (3 ½%) of his Average Monthly Earnings multiplied by the length of his Credited Service as of September 30, 2001. His benefit amount is \$4,284.46 monthly payable for his life with a 75% Joint and Survivor Benefit.

3. Disability Retirement.

a. Definition of Disability. For purposes of this Plan, total and permanent disability shall mean an injury, disease or condition which permanently incapacitates a Member, either physically or mentally, from his regular and continuous duty as a Police Officer. A total and permanent disability arising directly from the performance of service to the Town by a Member as a Police Officer shall be considered to be a Service Incurred Disability. A total and permanent disability arising from any other cause or source shall be considered to be a Non-Service Incurred Disability.

b. The Retired members entitled to disability benefits are:

1. Jake Ciliberto - Sixty-six and two-thirds percent (66 2/3%) of his monthly Earnings in effect on the date of disability. His benefit amount is \$1,725.38 monthly, payable for his life with \$862.69 payable for life to Debra A. Ciliberto, his wife, should she survive him.
2. William Evans - Sixty-six and two-thirds percent (66 2/3%) of his monthly Earnings in effect on the date of disability. His benefit amount is \$1,202.12 monthly, payable for his life with \$1,202.12 payable for life to Paula J. Evans, his wife, should she survive him.
3. Patricia Gordon - Sixty-six and two-thirds percent (66 2/3%) of her monthly Earnings in effect on the date of disability. Her benefit amount is \$2,439.65

monthly, payable for her life with 10 years certain.

4. Michael Lewis - Sixty-six and two-thirds percent (66 2/3%) of his monthly Earnings in effect on the date of disability. His benefit amount is \$2,011.72 monthly, payable for his life.

c. Authority for Reexamination. Each person who first qualifies for disability retirement benefits on or after the Effective Date shall be subject to periodic reexamination by a medical board selected by the Board of Trustees to determine if such disability has ceased to exist. Such reexaminations shall not be permitted more often than twice in any calendar year.

4. Death Benefits. In the event of the death of a retiree, death benefits, if any, shall be paid in accordance with the form of benefit chosen at the time of retirement.

5. Termination Benefits and Vesting. There is one member (Carl D. Applebaum) who is entitled to a refund of accumulated contributions because at the time of his termination he did not have ten years of service and was therefore not eligible for any benefit including the Early Retirement Incentive Program.

6. Limitation on Benefits

(a) In no event may a member's annual benefit exceed the limits contained in Internal Revenue Code (IRC) section 415(d), as may be amended from time to time, but only for the year in which such adjustment is effective.

(b) Compensation in excess of limitations set forth in Section 401 (a) (17) of the Internal Revenue Code shall be disregarded. The limitation on compensation for an "eligible employee" shall not be less than the amount which was allowed to be taken into account hereunder as in effect on

July 1, 1993. "Eligible employee" is an individual who was a member before the first plan year beginning after December 31, 1995.

(c) Distributions in Plan Years Beginning After December 31, 1995. Commencing with the first Plan Year beginning the first Plan Year beginning after December 31, 1995, the entire interest of a Member shall either be distributed to him not later than April 1 of the calendar year in which he attains age 70 ½ or the calendar year in which he retires, whichever is later. In the alternative, distribution shall commence no later than the above specified commencement date and be distributable over a period of time not exceeding the limitations hereinafter set forth:

1. Distributions to a Member shall not extend beyond the life of the Member or the lives of the Member and his designated Beneficiary, or over a period not extending beyond the life expectancy of the Member or the life expectancy of the Member and his designated Beneficiary.
2. If distribution has commenced to a Member, and such Member dies before receiving his entire interest, the remainder of such interest shall be distributed over a period at least as rapidly as under the method of distribution in effect prior to such Member's death (e.g., remainder of period certain basis).
3. Any method of distribution selected and made in writing by a Member prior to January 1, 1984, and which is in compliance with Plan provisions prior to said date, shall be permitted hereunder even though not in accordance with the above provisions as applied to Plan Years beginning after December 31, 1983.

Section 6. Contributions.

1. Member Contributions