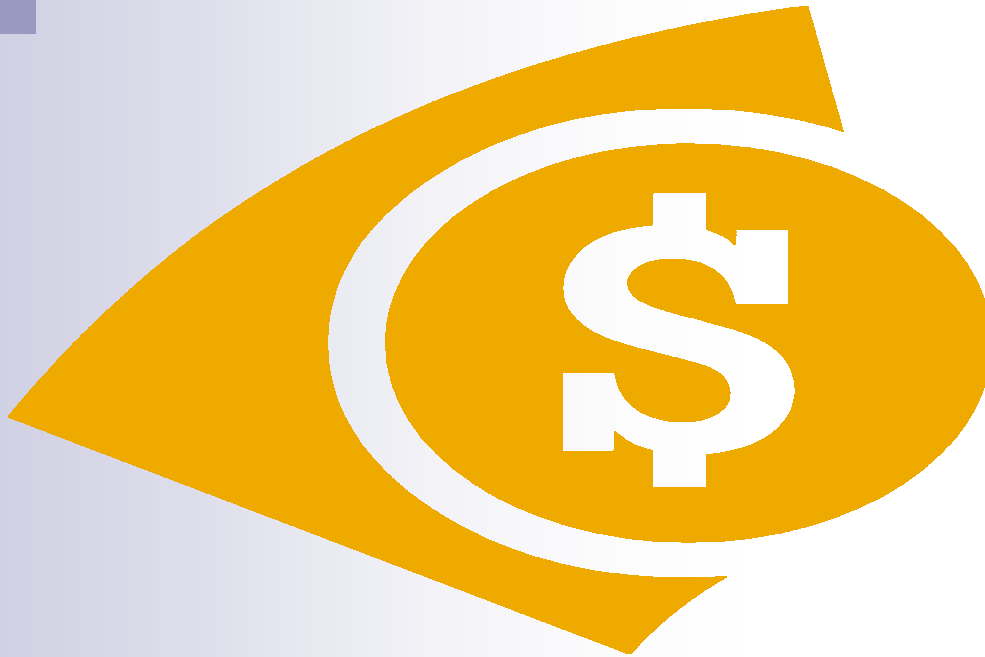


Serving Employees of the City of Manchester since 1974.

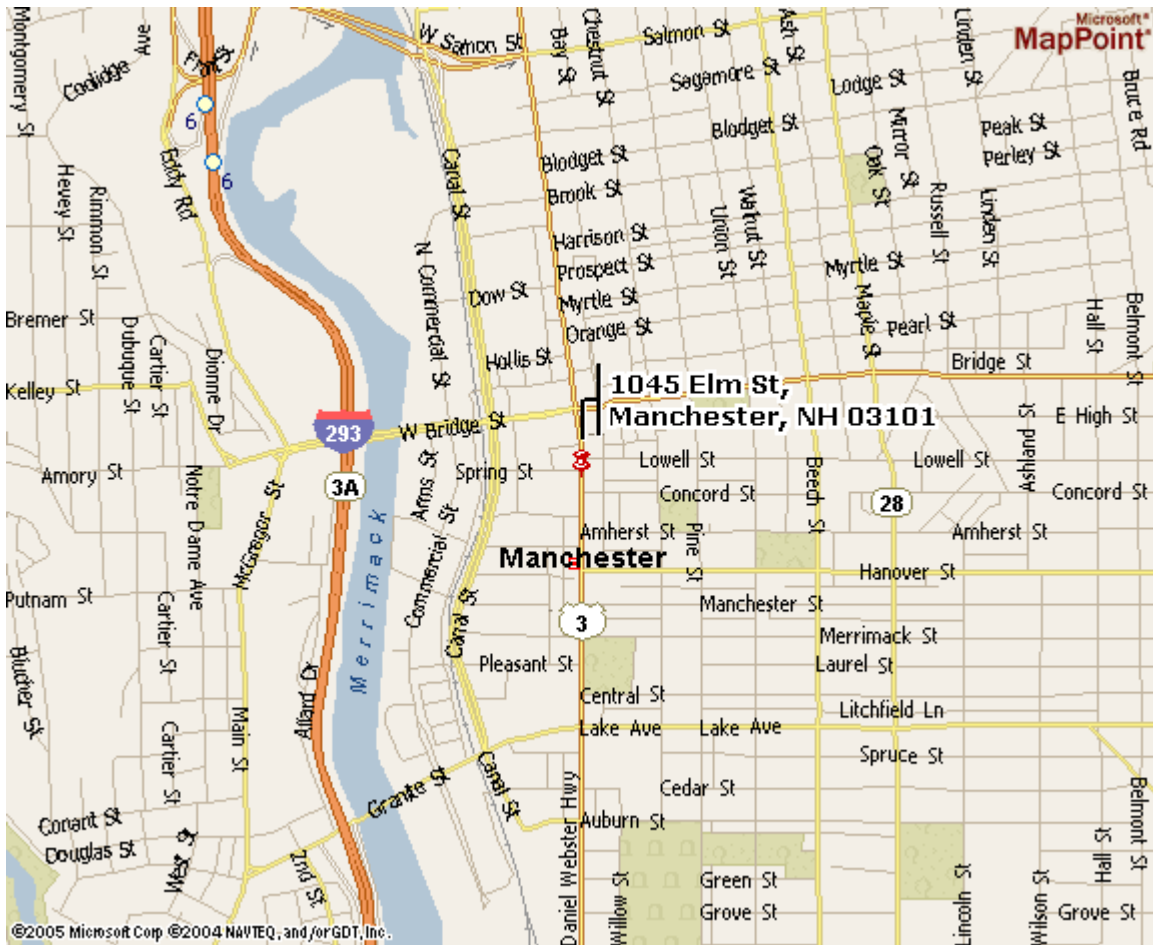


Manchester Employees' Contributory Retirement System

SUMMARY PLAN DESCRIPTION

January 2020 Edition—Version 11.1

— For Distribution to New Members —
— And Periodic Re-issuance to All Members —



Looking to find us?

The MECRS is located at the corner of Elm and Concord Streets, just across from Hampshire Plaza. We are on the fourth floor of the Chase Building.

MECRS 2020 Summary Plan Description - Version 11.1

What type of Retirement Plan is the MECRS and how is it governed?	4
Who is entitled to participate in the Plan?	5
Can service earned between January 1, 1974 and December 31, 1998 be upgraded to the service credit accrual rate of 2 percent per year?	5
What are the duties of the governing Board of Trustees?	5
Who contributes to the fund, at what rate, and how is that determined?	6
Can a member make additional contributions to their plan beyond the required level?	6
Are contributions to the Plan tax sheltered?	7
Are contributions & interest always fully recovered after retirement?	7
Can my Retirement Contributions or Benefits be Garnished or Attached?	7
What is Creditable Service and what does it include?	7
If I am married, can I make irrevocable benefit decisions on my own?	8
What is a Normal Service Retirement and what is needed in order to qualify for it?	8
Can a member retire prior to age 60?	9
What is meant by “vesting” and when does it take effect for this plan?	9
What happens if I become disabled for reasons unrelated to my job?	9
What happens if I become disabled while I am at work?	10
What happens if I die before I retire for reasons unrelated to work?	10
What happens if I am killed or die as a result of something on the job?	11
What choices do I have other than the Normal Service Retirement and Disability Retirement Formulas?	12
Is there any mechanism to protect the purchasing power of my annuity after I retire?	13
What if I leave service with the City prior to becoming vested?	13
If I once participated in the Plan and withdrew, or I have other service not presently included in my account, can I get credit for that time?	14
Can I buy in time withdrawn from other public retirement plans?	15
How will my Retirement System benefits be impacted if I am called to serve in active duty in the military?	16
Are there any limits on how long I can serve in the military and still retain the right to reemployment with the City and the right to receive service credit in the Retirement System?	16
Does my period of active duty in the uniformed services count for purposes of the Retirement System if I return to City employment?	16
Does my period of active duty in the uniformed services count for purposes of the Retirement System if I do not return to City employment?	16
How long do I have after I am reemployed to make the missed contributions?	16
How does the Retirement System calculate my earnings during my period of military for purposes of determining my contributions and benefits?	16
Am I required to pay interest when I make up my missed member contributions?	17
Am I allowed to withdraw my contributions if I am called to serve in active duty?	17
Am I allowed to repay my account balance if I withdrew all or part of my account from the Retirement System before becoming reemployed by the City?	17
Is there a simple way for me to approximate my retirement benefits?	17
Is financial assistance available to pay for post retirement health insurance?	18
What if I have other questions?	18

Summary Plan Description

This document has been prepared in compliance with Chapter 218:6, II, Laws of 1974 as amended and is intended to provide the reader, especially new entrants to the plan, with a summary of important plan provisions. Information contained in this summary plan description is only intended to provide the membership of the MECRS and other interested parties with a general overview of the plan. While every effort is, and will be made to keep information in this description as accurate and up-to-date as possible, no retirement or financial decisions should be made based solely on information contained herein. Questions on matters of entitlement or process should be addressed in writing to the system's administrative office at the address shown below and in matters of conflict between this document and chapter law, the matter shall default to chapter law.

What type of Retirement Plan is the MECRS and how is it governed?

The Manchester Employees' Contributory Retirement System, (The Retirement System, MECRS or The Plan) is a "defined benefit" plan and operates pursuant to Section 8.09 of the City Charter of Manchester, New Hampshire, in accordance with the State of New Hampshire Laws of 1973, Chapter 218 as amended, and is intended to create a tax-qualified governmental retirement plan under sections 401(a) and 414(d) of the Internal Revenue Code as amended. This defined benefit plan is superior to defined contribution plans in that it calculates the retirement benefit based upon average final earnings, creditable service, and age at retirement as opposed to simply the total accumulation of dollars in the plan. The Retirement System is governed by a seven member board in accordance with Articles I and II of its By Laws and operates in accordance with Administrative Rules established for that purpose. Relevant financial and demographic information about the Retirement System is contained in its Annual Report which is available on a website maintained by the System at www.ManchesterRetirement.org. The Annual Report, as well as copies of the By Laws and Administrative Rules are also available in hard copy upon request from the Retirement System's administrative offices. The Retirement System exists for the benefit of its membership and maintains administrative offices in Suite 403 of the Chase Building at 1045 Elm Street in Manchester, New Hampshire. The Retirement System may be contacted through its Executive Director by any of the methods listed below:

By phone at 603-624-6506
By fax at 603-624-6342
By email at Gfleury@ManchesterRetirement.org
Or in writing at:

Manchester Employees' Contributory Retirement System
1045 Elm Street, Suite 403
Manchester, NH 03101-1824

Who is entitled to participate in the Plan?

The Retirement System applies to all eligible employees of the City, the Manchester school district, Manchester public library, and the Manchester Contributory Retirement System

including elected and appointed officials. Trustees of the Retirement System who are not otherwise eligible to participate are prohibited from being member in the plan. The Retirement System does not cover certain categories of employees, such as temporary employees, members of boards and commissions who are not eligible employees of the City, trustees of the plan who are not otherwise eligible to participate, members of the fire and police departments, and teachers who are eligible to participate in a state-administered retirement system, and other persons who are eligible to participate in the New Hampshire Retirement System. Eligible employees are identified by the number of hours they routinely work per week, (generally, more than 32 hours for City workers, or 30 hours for a minimum of 180 days for school district employees, except for school food & nutrition workers for whom the standard is 20 hours per week). Employees who were participants before January 1, 2008 but fail to meet minimum participation standards are grandfathered under certain circumstances. Contact the retirement system for details.

All covered employees hired after January 1, 1974 are required to participate in the Retirement System as a condition of employment. Employees are 100% vested after five years of service. The normal retirement age is 60 and the benefit is calculated at 1.5% of final average total compensation during the highest three years or 36 highest consecutive months of service in the last ten years of service (hereafter final average earnings) multiplied by the years of service. The benefit was increased to 2% for service completed after January 1, 1999. Permanent employees of the City of Manchester prior to January 1, 1974 who were in service as of January 1, 1974, are eligible for early retirement if credited with no less than twenty (20) years of service.

Can service earned between January 1, 1974 and December 31, 1998 be upgraded to the service credit accrual rate of 2 percent per year?

As of July 1, 2005 but prior to their termination of employment and the commencement of a retirement benefit, a member may elect, under rules of the board, to receive a retirement benefit of 2 percent of their average final earnings for all years of service or any portion thereof, for years when the earned service credit was at the 1.5% rate, provided that the member shall be responsible for payment of 50 percent of the benefit based on methods and assumptions adopted by the Board. The Retirement System shall be responsible for the payment of the remaining 50 percent of the retirement benefit based on methods and assumptions adopted by the Board. Contact the Retirement System for further details.

What are the duties of the governing Board of Trustees?

The retirement board is trustee of the retirement fund and has the obligation of a fiduciary of the retirement system and its members and beneficiaries. In the fulfillment of its duties and responsibilities, the retirement board acts solely in the interests of the retirement system, the members, and the beneficiaries and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. As trustee, the retirement board holds

What are the duties of the governing Board of Trustees? continued...

legal title to all securities and assets of the retirement system and has full control and management of them with the power to invest and reinvest the same in accordance with the terms, conditions, limitations, and restrictions imposed by the general statutes of the state of New Hampshire governing the investment of trust funds. In addition to those powers, the retirement board, as trustee, also has the power to: collect and receive any and all monies and other property due and to give full discharge and acquittance therefore; appoint advisory committees to aid the retirement board in its duties under this section or to delegate to any corporate fiduciary or an insurance company within or without the state who may or may not be the custodian of stocks and securities, the power and discretion to make decisions with regard to the purchase or sale of any legal object of investment and to take any action necessary to affect decisions by or on behalf of the retirement system with the same legal effect as if performed by the retirement board; authorize the payment of compensation to an agent for retirement fund management services; settle or compromise any claims, debts or damages due or owing to or from the retirement system, and to commence or defend suits or legal proceedings whenever, in its judgment, any interest of the retirement system so requires employing suitable agents and counsel for this purpose and paying their reasonable expenses and compensation; maintain records of receipts and disbursements and to pay benefits required under the retirement system to eligible members, or, in the event of their death, to their beneficiaries; and generally do all other things necessary and proper to carry out the operation of the retirement fund.

Who contributes to the fund, at what rate, and how is that determined?

Contributions to the plan consist of a member component which equates to 3.75% of wages as defined by regulation, and an employer component which varies from year to year with the outcome of an annual actuarial valuation. Effective February 6, 2006, the member component increases to 5% as a result of an additional 1.25% post retirement medical subsidy funding obligation. That additional 1.25% is non-refundable in the event of termination and withdrawal from the plan. The factors which can influence the employer's cost of participation include many variables which are cited in the valuation report and can be obtained upon request. Member contributions are deducted by the employer and remitted to the System following each payroll cycle. The City's matching contribution is also expressed as a percentage of gross wages and is remitted to the Retirement System after each payday. The percentage of the employer contribution is determined by the annual valuation process and is ratified by the Board and incorporated into the City's budget prior to the beginning of the City's fiscal year.

Can a member make additional contributions to their plan beyond the required level?

Additional Contributions, which technically became effective on March 9, 2004, provide an option for members to either reduce the offset associated with retiring prior to age 60 or, for the member who upon reaching the normal retirement age, lacks the service required to attain a 50% retirement benefit. The amount needed to either reduce the early retirement offset or provide a 50% benefit, is derived from the member making additional after tax contributions to their account. Determining how much a member is obligated to pay if they decide to pursue this option and simultaneously determining the contribution limit dictated by Federal regulations on such payments is done by means of an actuarial calculation which must be done at the member's expense. Member's who are rapidly approaching their anticipated date of retirement and who are otherwise in a position to avail themselves of this benefit option are advised to contact the Retirement System for further details.

Are contributions to the Plan tax sheltered?

Member contributions deducted from salary by the employer, remitted to the plan on the employee's behalf, and indexed at the prescribed rate of 3.75% are considered tax sheltered under sections 401(a) and 414(d) of the Internal Revenue Code as amended. Effective February 6, 2006, the member contribution increases to 5% as a result of an additional 1.25% post retirement medical subsidy funding obligation. That additional 1.25% is non-refundable in the event of termination and withdrawal from the plan. Generally, pre-tax status is only extended to contributions which are a percentage of wages earned for the period. Permissive service purchases of temporary service and of time previously withdrawn from the plan may be eligible for a trustee to trustee transfer from 401(k), 403(b) and 457 plans. Contact the system for further details. Other amounts paid in by the member on a voluntary basis for purposes such as Additional Contributions are considered to have been made with post tax dollars. All post tax contributions are tracked by the system and will be reported as tax exempt in accordance with applicable Federal Tax Rules at the time of their eventual distribution.

Are contributions & interest always fully recovered after retirement?

Yes. Upon the death of a member after his or her retirement allowance payments have commenced, provided the member has not elected an optional allowance that has become effective, any excess of the member's contributions at retirement over the sum of the retirement allowance payments received shall be paid in one sum to the person or persons nominated by the member, if living, or otherwise to the member's estate. Upon the death of the survivor of a member and the beneficiary nominated by them under the terms of an option, if an option was elected and had become effective, any excess of the retired member's contributions at retirement over the sum of the retirement allowance payments received by the retired member and such beneficiary shall be paid to the person nominated by the member, if living, or otherwise to the estate of the last to survive of the member and such beneficiary. Nomination of a person to receive the return of the member's contributions pursuant to law shall be made by the member in writing filed with the Retirement System prior to retirement. A member may change his or her nomination by a similar writing. However, a designation, revocation, or change of the person nominated under an optional election may be made only at the time the member retires and is an irrevocable election.

Can my Retirement Contributions or Benefits be Garnished, Attached or Divided?

No! Under Chapter 218:22, Exemption from Taxation, the State Legislature specifically provided with respect to the Manchester Retirement System that:

"[t]he right to any person to a pension or to the return of contributions, any benefit or right accrued or accruing to any person . . . shall be exempt . . . from levy and sale garnishment, attachment or any other process and shall be unassignable."

By statute, therefore, a member's interest and benefits under the Manchester Retirement System are exempt from attachment or alienation. This sweeping prohibition does not contain an exemption for domestic relations orders as do private retirement plans and the New Hampshire State Retirement System; therefore, a member's benefits cannot be divided in a divorce by a qualified domestic relations order ("QDRO").

What is Creditable Service and what does it include?

Creditable Service refers to the amount of time a plan participant spends in the service of the employer. Service rendered for the full normal working time in a period of 12 consecutive months

What is Creditable Service and what does it include? continued...

entitles a member to one year of service credit. Time spent as a member of any of the various city boards, or in any other capacity rendering incidental employment to the city, is not counted as service. Absence from employment on account of active duty with the armed forces of the United States in time of emergency or war, or as directed by selective service or to meet selective service requirements, or as a member of the national guard, or organized reserves, to meet its requirements, is counted as continuous employment with the city, provided, that the employee returns directly to active employment with the city after he or she becomes eligible for release from such active duty. Any such period of absence is not counted as service unless the employee completes a service buyback.

If I am married, can I make irrevocable benefit decisions on my own?

As of May 9, 2006, any application for any type of benefit under this act, including but not limited to retirement benefits, return of contributions, or disability retirement allowances shall include a statement made by the spouse of the member, if any, acknowledging that the spouse has read and understands the provisions of this act concerning the benefits and payments options, if any, which the member has elected to receive. Such statements shall be signed in the presence of a notary public or Retirement System employee.

What is a Normal Service Retirement and what is needed in order to qualify for it?

Any member who either has attained the age of 60 years or was in the service of the city on January 1, 1974 and has completed at least 20 years of service, is eligible for a normal service retirement benefit. Any such member may retire by filing with the retirement board, a written statement duly attested setting forth the time subsequent to the date of filing that the member desires to be retired, or the retirement board may, at its option, retire any such eligible member, furnishing written notice thereof at least 60 calendar days in advance of the specified date of such retirement. The payment of retirement benefits to any member who is eligible to receive them and who has filed all election forms with the retirement system shall become effective the first day of the month following termination of employment pending approval by the retirement board. No changes to benefit elections are permitted after the commencement of the payment of benefits.

The retirement system shall not pay retirement or disability benefits to city employees who again become eligible to participate in the retirement system. A member shall notify the retirement system of their rehire immediately. Upon rehire after a period of termination, all disbursements under the plan to that member shall cease and the member must resume making contributions to the retirement fund as of the first pay period following their rehire. Rehired members shall have their benefits determined in accordance with laws governing "restoration to service" as define in the Retirement System's enabling legislation.

Notwithstanding any other provisions, the maximum pension payment payable to any member or beneficiary shall be limited to such extent as may be necessary to comply with the requirements of sections 401(a)(16), 401(a)(17) and 415 of the Internal Revenue Code. The retirement benefits payable hereunder shall be made in the form, at such time and otherwise in compliance with the distribution and rollover requirements of sections 402(c), 401(a)(9), and 401(a)(31) of the Code.

Members who qualify for a normal service retirement benefit shall receive an annual pension payable during the member's lifetime in an amount equal to the sum of: one and 1/2 percent of

MECRS 2020 Summary Plan Description - Version 11.1

the member's final average earnings multiplied by the number of years, including the fractions of years represented by full months, of service completed prior to January 1, 1999; plus two percent of the member's final average earnings multiplied by the number of years, including the fractions of years represented by full months, of service completed after December 31, 1998. However, in the case of a member who was both in the employ of the city on January 1, 1974 and has completed not less than 20 years of service at the time of retirement, the annual pension payable during the member's lifetime shall be equal to the greater of the sum of the amounts determined in accordance with methods stated in the paragraph above, or 50 percent of final average earnings.

Can a member retire prior to age 60?

Each member whose age plus years of service equals 80, or who attains age 55 with a minimum of 20 years of service, may have the option, to be exercised by a written notice to the retirement board, to retire at any time thereafter, prior to the member's normal retirement date. The amount of retirement benefits payable to such retired member shall be computed as provided in accordance with prevailing laws and regulations, except that the date of such early retirement shall be used in determining the member's service, and the amount thus obtained will be reduced for each month by which the date on which benefits commence precedes the month after which the member attains 60 years of age by 1/6 of one percent. The contingent annuitant and 10-year certain options provided for in Plan Law may be elected by a member under this section, in which case the term "retirement date" shall be deemed to mean early retirement date wherever applicable with respect to laws dealing with Member Death Benefits by reasons of accidental or ordinary death.

What is meant by "vesting" and when does it take effect for this plan?

Vesting is the process through which a plan participant becomes irrevocably entitled to a monthly pension benefit in lieu of a cash distribution of paid in contributions and interest. A vested member is almost always financially better off collecting a monthly annuity from a defined benefit plan such as this one as opposed to collecting the cash payout. For the MECRS, vesting is achieved after the completion of five (5) years of participation and contribution into the plan. Unlike an active member however, the spouse of a vested member is not entitled to receive a pension in the event that the vested member passes away before they can qualify to begin receiving their pension.

What happens if I become disabled for reasons unrelated to my job?

Any member of the retirement system, who, after 15 years of continuous service as an employee of the city, becomes totally and permanently disabled such that they are incapable of performing the essential functions of their position prior to such disability, may be retired for disability according to the prevailing regulations. The determination as to total and permanent disability shall be made by the retirement board upon review of an application for disability benefits submitted by the member and consultation with at least 2 impartial physicians selected by the retirement board who shall examine the member and submit written reports to the retirement board.

Members who retire for disability of this type shall be entitled to an annual disability benefit payable until the earlier of the termination of such disability or their death, computed on the basis of service completed prior to the date of disability in an amount equal to the sum of: One and 1/2 percent of the member's final average earnings multiplied by the number of years, including the fractions of years represented by full months, of service completed prior to January 1, 1999; plus two percent of the member's final average earnings multiplied by the number of years, including the fractions of years represented by full months, of service completed after December 31, 1998.

What happens if I become disabled for reasons unrelated to my job? continued...

Disabled members may also receive their disability benefit in the form of a contingent annuity as described under "Contingent Annuitant Option" later in this document. Any member who has upgraded service earned between 1974 and 1999 shall have their benefit calculated in keeping with the percentage of such time as may have been upgraded prior to retirement.

What happens if I become disabled while I am at work?

Any member of the Retirement System who becomes totally and permanently disabled such that they are incapable of performing the essential functions of their position prior to such disability, if such total disability is shown, to the satisfaction of the retirement board, to have been sustained during the performance of duties pertaining to the member's employment by the city, shall be entitled to retirement for disability irrespective of the duration of employment. In order for a member to receive such disability benefits, the member must submit an application for disability benefits within 60 days of termination of employment. However, any member receiving a disability benefit on account of total and permanent disability sustained during the performance of duties pertaining to employment by the city, as provided herein, shall receive a benefit equal to the greater of the sum of the amounts determined in accordance with the formula for Ordinary Disability in the section above, or 50 percent of final average earnings. If a member has less than 3 years of service at the time of becoming totally disabled in the performance of duties pertaining to their employment by the city, their pension shall be based upon their annualized disability earnings. The disabled member may also receive their disability benefit in the form of a Contingent Annuitant Option as described further on in this document.

What happens if I die before I retire for reasons unrelated to work?

An ordinary death benefit may be payable upon receipt by the board of trustees of proper proof of the death of a member in service indicating that such death was not the result of an accident occurring while in the performance of duty. Under such conditions, there shall be a death benefit payable to the member's surviving spouse, if living, or otherwise to the member's designated beneficiary or the member's estate in accordance with the following provisions.

If at the time of death, the member has at least 5 years of creditable service or qualifies to retire under the retirement provisions of section 12 or section 14 of the retirement law, and has a spouse, the member's spouse shall be entitled to receive a monthly lifetime benefit equal to the greater of either 50 percent of the service retirement benefit straight life option without reduction that would have been payable to the member had they been eligible to retire immediately prior to death based upon final average earnings and creditable service or, a monthly benefit computed according to the member's creditable service and final average earnings for the 100 percent contingent annuitant option inclusive of the early retirement reduction of 2 percent per year for each year prior to the member's normal retirement age. In lieu of either option, the surviving spouse may instead elect a lump sum equal to the deceased member's annual base salary at the time of death, in addition to a refund of the member's contributions plus regular interest until date of payment as provided under section 11, paragraph I of Chapter 218 Laws of 1974, as amended.

If at the time of death, the member has at least 5 years of creditable service or qualifies to retire under the retirement provisions of section 12 or section 14 of the retirement law, but is not survived by a spouse, and has designated his or her child or children under age 18 as his or her beneficiary or

beneficiaries, there shall be payable divided in such manner as the board in its discretion shall determine, to continue for the benefit of such child or children under said age until every child dies or attains age 18, the greater of either 50 percent of the service retirement benefit straight life option without reduction that would have been payable to the member had they been eligible to retire immediately prior to death based upon final average earnings and creditable service or, a monthly benefit computed according to the member's creditable service and final average earnings for the 100 percent contingent annuitant option inclusive of the early retirement reduction of 2 percent per year for each year prior to member's normal retirement age or, a lump sum equal to the deceased member's annual base salary at the time of death, in addition to a refund of contributions plus regular interest until the date of payment as provided under section 11, paragraph I of Chapter 218 Laws of 1974, as amended.

If at the time of death, the member has at least 5 years of creditable service or qualifies to retire under the retirement provisions of section 12 or section 14 of the retirement law but is not survived by a spouse, and the member's beneficiary is a child or children over age 18 or a person other than the member's spouse, then there shall be payable to the beneficiary if living, or otherwise to the member's estate, a lump sum equal to the deceased member's annual base salary at the time of death, in addition to a refund of the member's contributions plus regular interest until the date of payment as provided under section 11, paragraph I of Chapter 218 Laws of 1974, as amended.

If at the time of death, the member did not have at least 5 years of creditable service or did not qualify under the retirement provisions of section 12 or section 14 of this act, there shall be payable to the member's spouse, if living, or the member's designated beneficiary or beneficiaries, if other than the member's spouse, if living, or otherwise to the member's estate, a lump sum benefit equal to the deceased member's annual base salary at the time of death in addition to a refund of contributions plus regular interest until the date of payment as provided under section 11, paragraph I of Chapter 218 Laws of 1974, as amended.

What happens if I am killed or die as a result of something on the job?

An accidental death benefit may be payable upon receipt by the board of trustees of proper proof. An accidental death may be payable upon the receipt by the board of trustees of proper proof of the death of a member in service indicating that such death was the natural and proximate result of an accident occurring while in the performance of duty at some definite time and place, the board decides that death was the result of an accident in the performance of duty and not caused by the member's own gross negligence, recklessness, or willful misconduct, the member's surviving spouse shall be entitled to the larger of an annual benefit equal to 50 percent of the member's final average earnings paid in equal monthly installments or a monthly benefit computed according to the member's creditable service and final average earnings for the 100 percent contingent annuitant option inclusive of the early retirement reduction of 2 percent per year for each year prior to member's normal retirement age. In lieu of either option, the member's surviving spouse may instead elect a lump sum payment as described in Chapter 218:16 I (c), Laws of 1974, as amended.

If at the time of death, the member is not survived by a spouse and the member has designated their child or children under age 18 as his or her beneficiary/beneficiaries pursuant to section 19 of the retirement laws, then the annual benefit described in paragraph I(a) shall be payable to the

What happens if I am killed or die as a result of something on the job? continued...

member's child or children under such age, divided in such manner as the board in its discretion shall determine, to continue for the benefit of such child or children under said age until every child dies or attains age 18. In lieu of this annual benefit, the child or children may instead elect a lump sum payment as described in the preceding paragraph. The Retirement System shall be fully protected in making any payment hereunder required to be made to a minor if such payment is made to a custodian or guardian for such minor.

If the member does not have a surviving spouse or children, there shall be payable to the beneficiary designated by the member pursuant to section 19 of the retirement law, if living, or otherwise to the member's estate, a lump sum equal to the deceased member's annual base salary at the time of death, in addition to a refund of contributions plus regular interest until the date of payment as provided under section 11, paragraph I of the retirement laws. (See Chapter 218 Laws of 1974 as amended).

What choices do I have other than the Normal Service Retirement and Disability Retirement Formulas?

Contingent Annuitant Option.

Instead of the normal form of monthly retirement benefit provided by a Service Retirement, a member may, prior to his or her retirement date, elect a contingent annuitant option providing, if the member does not die before his or her retirement date, for actuarially reduced monthly retirement benefits payable during his or her lifetime after retirement and for the continuance of such payments, or a part of them specified by the member, to such contingent annuitant for his or her life after the death of a retired member. Such election may be made by a member at any time prior to his or her retirement date and may not be changed after his or her retirement date. The death of the contingent annuitant at any time prior to the member's retirement date shall automatically revoke such election; and further provided that if the contingent annuitant is the spouse of the member, a divorce granted to either spouse at any time prior to the member's retirement date shall automatically revoke such election.

If a member who has elected this option dies before his or her retirement date, no benefits shall be payable to the contingent annuitant under this option. In such circumstances, benefits, if any, are to be paid in accordance with provisions associated with a Death Benefit or a Termination of employment. If the member dies after his or her retirement date, the contingent annuitant shall receive for life, commencing on the first day of the calendar month coinciding with or next following the retired member's death, the benefits specified by the retired member for the contingent annuitant.

If the contingent annuitant dies before the member's retirement date, the monthly retirement benefit normally provided under this act shall be payable to the retired member as if the option had not been elected. If the contingent annuitant dies after the member's retirement date, the amount of the payments which the retired member is then receiving or is entitled to receive will at that time (with no provisions for retroactive payments) revert back to what it would have been at the member's retirement date if the option had not been elected and will cease upon the retired member's death.

Instead of the normal form of disability benefit, a disabled member may, prior to the start of disability benefits, elect a contingent annuitant option providing for actuarially reduced monthly disability benefits payable during his or her lifetime and for the continuance of such payments, or a part of them as specified by the disabled member, to such contingent annuitant for his or her life after the death of the disabled member.

Once the contingent annuitant option has been elected by a disabled member, it may not be changed or revoked except in the case of death of the contingent annuitant. If the contingent annuitant dies after the disabled member has started receiving disability benefits, the amount of the payments which the disabled member is then receiving or is entitled to receive shall at that time with no provisions for retroactive payments revert back to what it would have been at start of the payment of disability benefits if the option had not been chosen and will cease upon the disabled member's death.

Ten-Year Certain Option.

Instead of the normal form of monthly retirement benefit provided by a Service Retirement, a member may elect an actuarially reduced monthly retirement benefit payable for 10 years certain and life thereafter. Such election may be made by a member at any time prior to his or her retirement date and may not be changed after his or her retirement date. Under this option, 120 monthly payments will be made regardless of how long the member lives. If a member dies after his or her retirement date, but before 120 monthly payments have been made, the balance of the 120 monthly payments shall be made to the member's beneficiary. If the beneficiary, having survived the retired member, dies before all of said 120 payments have been made, then the computed value of the balance of said payments shall be paid in a lump sum to the beneficiary's estate. If the member dies before his or her retirement date, no benefits shall be payable under this option. If the member survives beyond the 120 month guaranteed payment period, actuarially reduced monthly retirement benefits shall continue until the death of the member at which point the benefit payments shall cease.

Is there any mechanism to protect the purchasing power of my annuity after I retire?

The Board of Trustees may adjust the payment to retirees to maintain their incomes at the approximate level with their real incomes at the time of retirement. The Trustees may grant a cost of living adjustment ("COLA") provided that sufficient funds are available to fund any additional benefits either through earnings of the retirement fund or through such special appropriation by the city as may be approved by the board of mayor and aldermen. The determination as to whether sufficient funds are available is determined in accordance with Administrative Rule 7.0 which is posted on the Retirement System's website at www.ManchesterRetirement.org or by contacting the Retirement System and requesting a copy of the Administrative Rules. The amount of any COLA to be granted is determined by applying a standard measured by the U.S. City Average Consumer Price Index for all items as published by the Bureau of Labor Statistics of the U.S. Department of Labor ("Price Index"). The amount, frequency and timing of COLAs on the base benefit and on any additional monthly annuities purchased under the plan's "additional contribution" program are mutually exclusive of one another and are detailed in Rule 7.0 of the plan. Contact plan administration for details.

What if I leave service with the City prior to becoming vested?

Upon termination of employment, a member becomes eligible for a return of contributions deducted and remitted by the employer along with any additional contributions and permissive service

What if I leave service with the City prior to becoming vested? continued...

purchases paid in, plus all applicable interest. This payment option is available to all members upon termination of employment but should generally be considered only by members who have not attained vested status or attained normal retirement age, (contact the Retirement System for details). Under no circumstances is a terminated member applying for a lump sum distribution eligible to receive a payout of the employer portion or of amounts contributed toward participation in the Section 401(h) Medical Health Trust.

A member who is less than 59 ½ years of age and who does not elect to “roll over” the taxable portion of a distribution from their plan may be subject to mandatory 20% withholding on their distribution and obligated to pay a 10% excise tax on their early distribution. Plan members who must terminate their affiliation with the Retirement System and are not eligible to vest can obtain the necessary forms from the Systems administrative staff to perform a roll over and avoid tax consequences of the transaction. The Retirement System is not in a position to assist members with tax questions and does not offer investment advice. Members with questions on the disposition of funds received following termination from employment should seek the counsel of tax and financial professionals.

If I once participated in the Plan and withdrew, or I have other service not presently included in my account, can I get credit for that time?

A member who ceases to be a member, withdraws their member contributions as previously described, and later becomes a member again, may make a request after their return to service for the City for a service buyback of prior service credit for the previous time served as a member. A member may repurchase that time immediately after returning to work for the City in order to minimize their interest expense associated with the reinstatement of that time. If a service buyback is not made, the member's benefit shall be based solely on the member's years of service and final average earnings after the break in service.

A member may also make a service buyback request to receive prior service credit for a period prior to becoming a member during which the member was employed by the city in a temporary position or out on worker's compensation, leave of absence, or engaged in CETA, model city program, or any other capacity the retirement board determines warrants a service buyback. A service buyback for temporary service may only be made if the member became a permanent city employee without incurring a break in service. A service buyback is also available if an employee elected not to participate in the Retirement System in 1974 when the Plan was established and otherwise satisfies the requirements of membership.

If a member does not purchase all available prior service credit, the service credit purchase must begin on the latest date of service available. Members are required to submit proof of employment in order to substantiate prior service.

Upon a request for service buyback, the retirement board determines the cost of the requested service buyback, which amount includes the contributions the member would have been required to make plus buyback interest, and provides a written statement to the member. The member must pay all amounts related to the service buyback in one lump sum.

Effective December 12, 1994, contributions, benefits, and service credit with respect to qualified military service shall be provided in accordance with section 414(u) of the Code notwithstanding any provision of this chapter to the contrary.

Can I buy in time withdrawn from other public retirement plans?

Notwithstanding any provision to the contrary, any member of the Manchester Employees' Contributory Retirement System, in service on or after June 30, 2006, who was formerly a member of a public employees' retirement system elsewhere in the United States, can purchase credit for such service as creditable service in the Manchester Employees' Contributory Retirement System; provided, however, that creditable service in the Manchester Employees' Contributory Retirement System which is purchased is not deemed creditable service for the purpose of eligibility for medical and surgical benefits as a retired employee. Only creditable service performed in the city of Manchester as a member of the Manchester Employees' Contributory Retirement System will be counted as creditable service for the purpose of eligibility for medical and surgical benefits as a retired employee. For the purposes of this program, "public employees' retirement system" shall include any retirement system established and maintained by the United States government, the members of which are federal government employees. Also for the purposes of this program, any military service not otherwise authorized pursuant to section 10, paragraph I shall not be included as creditable service in a public employees' retirement system.

A member must meet the following conditions to purchase credit under this program:

- (a) A member must have terminated employment and active membership in the other public system and become a member of the Manchester Employees' Contributory Retirement System; and
- (b) A member must apply for service credit, on a form designated by the board; and
- (c) A member must provide such information and certification from the other public employer and other public retirement system as the board may require; and
- (d) A member must pay to the Manchester Employees' Contributory Retirement System the full cost for buy-in of creditable service as provided in section 10, paragraph VI, of the retirement system's enabling legislation, including prepayment of any actuarial calculation fee as determined by the board; and
- (e) The amount of creditable service purchased must be either the full length of service rendered in the other system or a pro-rata portion of such service purchasable with the maximum amount which the member was permitted to withdraw from the other system; and
- (f) In no case shall the creditable service purchased exceed the service time rendered in the other public system, or include any service period for which the member remains eligible for benefits in the other public system.

After meeting all of the conditions above, and upon payment of the cost of such credit inclusive of all calculation fees, and with the approval of the board of trustees, a member shall receive credit for service in other public systems. In no case however, shall other public employees' retirement system service purchased as creditable service in the Manchester Employees' Contributory Retirement System be deemed to be creditable city service for the purposes of eligibility for longevity or other benefits solely within the discretion of the city of Manchester.

How will my Retirement System benefits be impacted if I am called to serve in active duty in the military?

Federal and state laws provide certain benefit protections to Retirement System members who are called to serve in active duty of the uniformed services by either the federal government or by the state of New Hampshire. These laws allow you to receive credit in these services. The term also includes the National Guard, when engaged in active duty for training, inactive duty training or full-time duty, and the commissioned corps of the Public Health Service. Service includes all categories of military training and service, on a voluntary or involuntary basis, in time of peace or war. New Hampshire RSA 110-C:1 is a New Hampshire law that provides similar protections to members who are called by the State of New Hampshire to serve in active duty in the national guard.

Are there any limits on how long I can serve in the military and still retain the right to reemployment with the City and the right to receive service credit in the Retirement System?

Yes. USERRA generally provides that you can serve up to 5 years in the armed services and still retain reemployment rights with the City and receive service credit in the Retirement System for your service with the military. USERRA provides that you must return to City employment within specified time periods in order to preserve your reemployment rights. Please contact the City Human Resources Department for more information.

Does my period of active duty in the uniformed services count for purposes of the Retirement System if I return to City employment?

Yes. After you return to City employment and make up the normal required member contributions, you will receive service credit for your period of military service.

Does my period of active duty in the uniformed services count for purposes of the Retirement System if I do not return to City employment?

No. If you do not return to City employment and make up the normal required member contributions, you will not receive service credit for your period of military service.

How long do I have after I am reemployed to make the missed contributions?

You have three times the amount of your military leave or five years, whichever is less, to make the total employee contribution that you would have made if you were not on active duty.

How does the Retirement System calculate my earnings calculated during my period of military service for purposes of determining my contributions and benefits?

USERRA requires that the Retirement System determine your earnings using the rate of pay that you would have received but for your period of military service. Where the rate of earnings you would have received is not reasonably certain, your average rate of earnings during the 12-month period prior to your period of military service must be used. Where the earnings you would have received is not reasonably certain and you were employed by the City for less than 12 months prior to the period of military service, your average earnings must be calculated from this shorter period of employment that preceded your military service.

Am I required to pay interest when I make up my missed member contributions?

No. USERRA prohibits the Retirement System from requiring a member to pay interest or otherwise make up a missed contribution by paying an amount greater than the amount the member would have been permitted or required to contribute had the member remained continuously employed during the period of military service.

Am I allowed to withdraw my contributions if I am called to serve in active duty?

No. Neither USERRA nor RSA 110-C:1 allow a Retirement System member who is called to serve in active duty the right to withdraw his or her member contributions. However, if you terminate City employment before you are called to serve in active duty, you have the same rights to withdraw contributions as any other member. These rights are described in the section above entitled, *"What if I leave service with the City prior to becoming vested?"*

Am I allowed to repay my account balance if I withdrew all or part of my account from the Retirement System before becoming reemployed by the City?

Yes. If you withdrew all or part of your account balance from the Retirement System before you became reemployed, USERRA requires the Retirement System to allow you to repay the withdrawn amounts when you are reemployed. The amount you must repay includes the interest that would have accrued had your contributions not been withdrawn. The repayment of these amounts must be made in any fashion during a time period starting with the date of reemployment and continuing for up to three times the length of your immediate past period of military service, with the repayment period not to exceed five years. Any buyback made after five years must be made in a single lump sum.

In addition to your USERRA rights, Chapter 218:10 of the Retirement System statute allows you to buy back service credit time if you withdrew your contributions following termination of employment. For a discussion of these rules, see the section entitled, *"If I once participated in the Plan and withdrew, or I have other service not presently included in my account, can I get credit for that time?"*

Is there a simple way for me to approximate my retirement benefit?

Calculating the estimated value of a pension benefit is too important to be delegated to approximations and for that reason, a manual benefit worksheet is not available. Any member who desires a benefit estimate can obtain it in one of two ways. Members who have access to the internet can visit the system's website at www.ManchesterRetirement.org where instructions in the News & Information Section will help them to set up a Personal Online Access.

That access in turn will allow the member to calculate an estimated benefit based upon various retirement dates they can enter. For those members without internet access, the Retirement System will calculate a benefit estimate for you on demand and mail it to your home. To obtain an estimate by mail simply call the Retirement System at 624-6506 and ask for the calculation.

Is financial assistance available to pay for post retirement health insurance?

Yes. As of July 1, 2006, any pensioner (this benefit is limited to the pensioner only and does not cover spouses or dependents under any circumstances) is entitled to a health insurance subsidy which can be applied against the cost of remaining on the City's health insurance plan after retirement. The subsidy is limited to retirees affiliated with the City and School District health insurance programs. The amount of the subsidy varies depending upon the member's date of retirement and their years of service in the plan. For those retiring after March 2006, the subsidy ranges between \$86.58 per month and \$346.34 per month. For those retired prior to March of 2006 the subsidy is half that amount. Subsidies will increase by 4% each year. Subsidy levels for 2020 are shown in the table which follows:

Table of Monthly Subsidy Entitlements for City Coverage

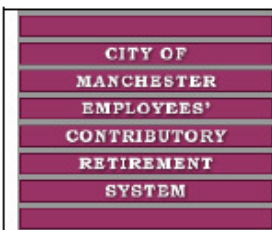
Retirement Date	Under 10 Years Service	Over 10 Years Service	Over 15 Years Service	Over 20 Years Service
Prior to 3/2006	\$43.30	\$86.58	\$129.88	\$173.17
After 3/2006	\$86.58	\$173.17	\$259.75	\$346.34

What if I have other questions?

The administrative staff of the MECRS is always ready to help you with questions or concerns regarding participation and entitlement in your Plan. You should think of them as a resource at your disposal and contact them any time you are uncertain about aspects of the plan. Feel free to call, fax, email or write using the contact information on page 4 of this plan document.

END OF DOCUMENT

A sample form which allows a member to change their beneficiary is located on the opposite page. Members may also obtain copies of this and other needed forms from the website at <https://www.manchesterretirement.org> or by calling the system at 624-6506 to obtain desired forms.



Manchester Employees' Contributory Retirement System

CHANGE OF PRIMARY BENEFICIARY

(To be completed before a notary or retirement system representative per Chapter 218:19.)

I hereby request that the name(s) of my Primary beneficiary(ies) appearing on the records of the Manchester Employees' Contributory Retirement System be changed...

From the existing:

Name _____ Relationship _____

Name _____ Relationship _____

Name _____ Relationship _____

To the following: (You may list as many as you desire)

This action replaces all previously submitted Primary beneficiary elections.

Name _____ Relationship _____

Date of Birth _____ Social Security # _____

Name _____ Relationship _____

Date of Birth _____ Social Security # _____

Name _____ Relationship _____

Date of Birth _____ Social Security # _____

Member's Name (Printed) _____ Department _____

Signature _____ Date _____

Notary Section: (Must be completed unless signed before a retirement staff member.)

State of _____

County of _____

On this _____ day of _____, _____, before me personally appeared _____, known to me to be the person whose name is signed above and who, under oath, executed the foregoing Beneficiary Designation.

WITNESS my hand and office seal.

Notary Public/Justice of the Peace _____

My Commission expires _____

FOR OFFICE USE ONLY

Date of Change _____ Certified by _____

Date updated in PensionPro _____ Updated by _____

Manchester Employees' Contributory Retirement System
1045 Elm Street - Suite 403
Manchester, NH 03101-1824