

LUFKIN FIREMEN'S RELIEF AND RETIREMENT FUND

Plan Effective October 1, 1989

When appropriate, the masculine gender shall include the feminine and vice versa.

A. BASIS FOR DETERMINING RETIREMENT BENEFIT

The amount of income payable upon retirement will depend upon the firefighter's age when he retires, upon his number of years of "Service", except as noted in Section H, and his "Highest 60-Month Average Salary" as described below.

1. "Service" will be equal to the period of time during which a firefighter pays into and keeps on deposit in the fund the contributions required by this plan and those periods during which the firefighter received a disability retirement benefit from this fund. The number of years of continuous employment will include the period of uninterrupted employment. If a firefighter's service is terminated, he will be treated in the same manner as a new employee if he is later re-employed. Absence from the active service of the department by reason of leave of absence will not terminate a firefighter's service provided he returns to active employment prior to the expiration of his leave except that if he withdraws his contributions from the Firemen's Relief and Retirement Fund, City of Lufkin, Texas, he will be treated in the same manner as though he returns to active employment prior to the expiration of leave.

Periods of leave of absence, determined by the policy of the City of Lufkin, shall be deemed continuous employment.

2. "Highest 60-Month Average Salary" will be equal to the average of the firefighter's total pay (including regular, longevity and overtime pay and excluding lump-sum distributions for unused sick leave or vacation) for the 60 calendar months of service with the department during which his total pay was highest.

If at the time of disability the firefighter has less than 60 months of service, his average salary will be computed as though he had been employed for the previous 60 months. For the period prior to his employment the firefighter is deemed to have held the same rank at which he entered the department. His pay, based upon the rank mentioned above, is assumed to be the amount he would have received if he had been employed by the fire department during that period.

B. SERVICE RETIREMENT BENEFIT

1. Eligibility for Service Retirement Benefit

A firefighter will be eligible for a service retirement after he meets both of the following requirements:

- a) Attainment of age 50 and
- b) Completion of 20 years of service

2. Amount of Service Retirement Benefit

A firefighter who qualifies for a service retirement benefit will receive a monthly retirement income equal to the sum of:

- a) A standard monthly benefit equal to 60% of his "Highest 60 month average salary":

plus

- b) An additional service benefit in an amount equal to \$60 per month for each whole year of service in excess of 20 years of service. A partial year of service will be given partial credit based on number of months completed in excess of whole years.

C. DISABILITY RETIREMENT BENEFIT

1. Eligibility for Disability Retirement Benefit

An active firefighter will qualify for a disability benefit if he becomes disabled from any cause whatsoever for either physical or mental reasons before he meets the requirements to qualify for a service retirement benefit as described in (B)(1) above. The firefighter need only be disabled to the extent of being unable to perform the duties of his occupation to be entitled to benefits for the first 1-1/2 years. Thereafter, he must be unable to perform the duties of any occupation for which he is reasonably suited by education, training and experience.

2. A Fireman Eligible for Service Retirement

A Lufkin fireman who has at least 20 years of service and is at least 50 years of age who becomes disabled due to an on-job injury, may elect to take service retirement or disability retirement, however, if the fireman elects disability retirement, he must return to work within twelve (12) months from the date of the election or the retirement will be converted to a service retirement at the end of such twelve (12) months. If the fireman suffers a disability not associated with the job, he may elect disability retirement but must return to work within twenty-four (24) months from the date of election or the retirement will be converted to a service retirement at the end of such twenty-four (24) months. The disability retirement benefits shall be computed according to Section C (3) herein.

3. Amount of Disability Retirement Benefit

The disability benefit will commence after the firefighter's regular salary including vacation and sick leave pay have ceased as the result of his disability and will continue thereafter as long as the firefighter remains alive and is eligible under (C)(1) above. It will equal the sum of:

- a) A standard monthly benefit equal to 60% of his "Highest 60-Month Average Salary" as computed through the last full month in which the firefighter received a salary;

plus

- b) An additional service benefit in an amount to equal to \$60 per month for each whole year of service in excess of 20 years of service. A partial year of service will be given partial credit based upon number of months completed in excess of whole years.

4. Termination, Reduction or Reinstatement of Disability Benefit

Except for a fireman eligible for service retirement, the Board of Trustees shall have the power to continue, to terminate, to reduce or to reinstate a firefighter's disability benefits subject to the following constraints:

- a) During the first 1-1/2 years the Board of Trustees may terminate the firefighter's disability benefit if the firefighter recovers to the extent that he is able to perform the duties of his job as a firefighter.
- b) After the disabled firefighter has received disability benefits from the fund for at least 1-1/2 years, the Board of Trustees may terminate the firefighter's disability benefit if the firefighter has recovered to the extent that he is able to perform the duties of a job outside the fire department and he is able to earn at least as much money in his new job as he would have as a member of the fire department.
- c) After the disabled firefighter has received disability benefits from the fund for at least 1-1/2 years, the Board of Trustees may review the situation of the disabled firefighter to determine the status of his disability. If the firefighter has recovered to the extent that he is able to perform the duties of a job outside the fire department, but he is not able to earn as much money in his new job as he would have as a member of the fire department, then the Board of Trustees may, at their discretion,
 - i) Continue to pay a full disability benefit to the disabled firefighter; or
 - ii) Elect to pay the disabled firefighter a partial disability benefit equal to one-half (1/2) of the original disability benefit.
- d) The Board of Trustees shall have the power to reinstate any disability benefit which has been previously terminated or reduced provided the disabled firefighter's condition has worsened due to the same cause for which he was originally disabled.
- e) If any firefighter is receiving disability benefits, or applies for disability benefits, the Board may use its discretion in requiring him to submit to an examination by the Doctor of the Board's choice.

5. Recovery From Disability

- a) Prior to completion of 20 years of service, if a disabled firefighter recovers to the extent that his disability allowance is terminated

and he does not return to the employ of the fire department, then an amount equal to the excess, if any, of the firefighter's own contribution (without interest) over the amount of payments which have been made on his behalf will be paid to him in a lump-sum payment.

- b) After both attainment of age 50 and completion of 20 years of service a full disability allowance will be paid if the firefighter recovers to the extent that his disability allowance would otherwise be terminated or reduced.
- c) After the completion of 20 years of service but prior to the attainment of age 50 the disability allowance may be terminated or reduced if the firefighter recovers in accordance with the terms of Section (C)(4) above. However, the firefighter will be entitled to receive a monthly benefit equal to the full disability benefit he was receiving prior to recover, with payments beginning at the end of the month in which he attains age 50.

D. VESTED TERMINATION BENEFIT

If a firefighter has completed at least 20 years of service but has not attained the age of 50 at the time of termination of his service, he will be entitled to receive a deferred retirement income commencing at the end of the month in which he attains age 50 in an amount equal to the retirement benefit in (B) above, determined by applying pay prior to termination of service and including the additional service benefit as applicable. To be entitled to receive this vested termination benefit, the firefighter is not required to make additional contributions between his date of termination of employment and the date he begins receiving benefits.

E. DEATH BENEFITS

- 1. The firefighter's spouse will receive a monthly benefit for as long as she is alive and does not remarry, or remarries and subsequently divorces, under the conditions and in the amounts described below:
 - a) If the firefighter's death occurred while he was an employee of the fire department, a standard death benefit equal to 40% of his "Highest 60-Month Average Salary";

- b) If the firefighter's death occurred after service retirement, a standard death benefit equal to 40% of his "Highest 60-Month Average Salary";
- c) If the firefighter's death occurred after disability retirement, a standard death benefit equal to 40% of his "Highest 60-Month Average Salary";
- d) If the firefighter's death occurred after termination of employment with 20 or more years of service, a standard death benefit equal to 40% of his "Highest 60-Month Average Salary";

plus

- e) An additional death benefit equal to two-thirds of any additional service benefit that the firefighter was receiving or was entitled to receive had he retired on his date of death.

2. The child's benefit payable upon the death of a firefighter who began receiving service or disability retirement benefits or who terminated employment with 20 or more years of service is as follows:

- a) Each unmarried child will receive a monthly benefit of 10% of the firefighter's "Highest 60-Month Average Salary" until age 18;
- b) If the spouse dies or remarries after being entitled to her allowance or if there is no spouse, each unmarried child will receive a monthly benefit of 20% of the firefighter's "Highest 60-Month Average Salary" until age 18.

The benefits described in (2) above are payable from age 18 to age 22 as long as the child remains a full-time student between these ages, or after age 17 and for as long as the child remains totally disabled from a physical or mental illness, injury, or mental retardation, and if the child becomes totally disabled for any cause other than alcohol, drug or substance abuse.

For the purposes of the benefits described in (2) above, a child shall be defined as the unmarried, dependent offspring, either natural born or adopted, of a Lufkin firefighter.

3. If no spouse or child is entitled to a benefit under (1) or (2) above at the time of the firefighter's death, the amount the spouse would have received will be paid to the firefighter's dependent parents.
4. The sum of all benefits being paid or payable at any point in time shall not exceed:
 - a) For a retired firefighter, the amount of service or disability retirement benefit the firefighter was receiving;
 - b) For a firefighter who was not retired but was eligible for service retirement benefit at his time of death, the service retirement benefit the firefighter would have received had he retired on his date of death; and
 - c) For a firefighter who was not retired and was not eligible for service retirement at his time of death, the disability retirement benefit the firefighter would have received had he become disabled on his date of death.

If the sum of all benefits payable on behalf of the firefighter's spouse and children would otherwise exceed the limits set forth above, then the benefit attributable to the spouse and each child shall be reduced by the same percentage so that the sum of the reduced benefits equal the applicable limit. If the benefit for the spouse or one or more of the children should subsequently be terminated then the benefits for the remaining beneficiaries shall be recalculated to provide the full benefits if the sum of the full benefits specified in this plan or a larger pro-rata share of those benefits if the sum of the benefits still exceeds the above mentioned limit.

5. If no spouse, child or dependent parent is entitled to an allowance under (1), (2), (3) or (4) above, an amount equal to the excess, if any, of the firefighter's own contributions (without interest) over the amount of payments which have been made to the firefighter will be paid to his estate.

6. If the firefighter's spouse remarries, no further payments will be made to his spouse after the date of her remarriage and if no children's benefits are being paid at the time of the remarriage, an amount equal to the excess, if any, of the firefighter's own contributions (without interest) over the amount of payments which have been made on behalf of the firefighter, spouse and children may be paid to his spouse in a lump-sum payment. Notwithstanding any other provision to the contrary, if a settlement is made to a spouse under this paragraph, such spouse shall not be entitled to any benefits upon subsequent divorce.

F. INCREASED BENEFITS TO RETIRED FIREFIGHTERS AND SPOUSES

Those firefighters and surviving spouses who are currently receiving benefits on October 1, 1989 shall have their benefits increased by the amounts specified below:

1. Fifty dollars (\$50) per month increase to retired fully paid firefighters or to their surviving spouses.
2. Ten dollars (\$10) per month increase to retired volunteer firefighters or to their surviving spouses.

The spouse is entitled to receive this death benefit only if she was married to the firefighter prior to his date of retirement or termination of service.

G. RETURN OF FIREFIGHTER'S OWN CONTRIBUTIONS

If a firefighter terminates his service and he is not entitled to a benefit as described above, he will receive an amount equal to the excess of his own contributions to the fund over the amount of benefits which he has previously received from the fund. A firefighter who retires or whose service is terminated may elect to receive, at the time of his retirement or termination, the excess of his own contributions to the fund over the amount of benefits which he has previously received from the fund; however, if he makes such an election, he will forfeit his right to all benefits which he otherwise would have been entitled to receive. The amount refunded shall not include any interest accumulated on the account of the firefighter's contributions.

H. CONTRIBUTIONS

1. Each Lufkin firefighter will make contributions of 11.00% of his total pay (including regular, longevity and overtime pay and excluding lump-sum distributions for unused sick leave or vacation).

A newly hired full-time permanent firefighter may at his discretion begin contributions on the day of his employment to the Relief and Retirement Fund and continue these contributions during his probationary period of employment. Such period of contributions to the fund shall count as service to fulfill vesting requirements but shall not be included in computing benefits payable from the fund. Further, such newly hired firefighter shall not be eligible for any disability benefits until he completes his probationary period.

2. The City of Lufkin will make contributions of 11.00% of each firefighter's total pay (including regular, longevity and overtime pay and excluding lump-sum distributions for unused sick leave or vacation).

- I. These changes to the Texas Fire Fighters Retirement Act will become effective October 1, 1989. Provisions of the Texas Local Fire Fighters Retirement Act shall be governed where not changed herein.

Board of Trustees
Lufkin Firemen's Relief
and Retirement Fund