

**CITY OF TROY
FIREFIGHTERS INCENTIVE PLAN**

The City of Troy, a Michigan municipality (the “City”) hereby establishes this City of Troy Firefighters Incentive Plan (the “Plan”) for the benefit of certain eligible firefighters effective May 1, 2023 (the “Effective Date”). The purpose of the Plan is to (a) attract and retain the services of high caliber individuals for firefighter positions; (b) recognize and reward certain firefighters for the critical roles and positions they fill with the City; and (c) provide a long-term financial incentive to firefighters with substantial responsibility in aiding the City in its provision of an essential government function.

**ARTICLE 1
DEFINITIONS**

For purposes of the Plan, the following terms shall have the meanings set forth below unless the context clearly indicates otherwise:

1.1 “**Account**” means a Tier 1 Account, Tier 2 Account, Tier 3 Account, Tier 4 Account, and/or Tier 5 Account.

1.2 “**Annualized Tier 1 Contribution**” means an amount equal to the sum of the 12 Tier 1 Contributions accrued during the applicable period of 12 Months of Credited Service. To the extent the Eligible Firefighter is a Station Officer for only a portion of the period of 12 Months of Credited Service, the Annualized Tier 1 Contribution shall be equal to the sum of (1) the number of Months of Credited Service in which the Participant was deemed a Station Officer multiplied by the Station Officer Tier 1 Contribution and (2) the number of Months of Credited Service in which the Participant was not deemed a Station Officer multiplied by the Standard Tier 1 Contribution. To the extent the Eligible Firefighter becomes a Station Officer mid-calendar month, such Eligible Firefighter shall be eligible to receive a Station Officer Tier 1 Contribution effective on the first day of the calendar month coinciding with or following the date on which the Eligible Firefighter is appointed to a Station Officer. Annualized Tier 1 Contributions shall be adjusted in accordance with Section 3.7 as of the Tier 1 Vesting Date.

1.3 “**Annualized Tier 2 Contribution**” means an amount equal to the sum of the 12 Tier 2 Contributions accrued during the applicable period of 12 Months of Credited Service. To the extent the Eligible Firefighter is a Station Officer for only a portion of the period of 12 Months of Credited Service, the Annualized Tier 2 Contribution shall be equal to the sum of (1) the number of Months of Credited Service in which the Participant was deemed a Station Officer multiplied by the Station Officer Tier 2 Contribution and (2) the number of Months of Credited Service in which the Participant was not deemed a Station Officer multiplied by the Standard Tier 2 Contribution. To the extent the Eligible Firefighter becomes a Station Officer mid-calendar month, such Eligible Firefighter shall be eligible to receive a Station Officer Tier 2 Contribution effective on the first day of the calendar month coinciding with or following the date on which the Eligible Firefighter is appointed to a Station Officer. Annualized Tier 2 Contributions shall be adjusted in accordance with Section 3.7 as of the Tier 2 Vesting Date.

1.4 “**Annualized Tier 3 Contribution**” means an amount equal to the sum of the 12 Tier 3 Contributions accrued during the applicable period of 12 Months of Credited Service. To the extent the Eligible Firefighter is a Station Officer for only a portion of the period of 12 Months of Credited Service, the Annualized Tier 3 Contribution shall be equal to the sum of (1) the number of Months of Credited Service in which the Participant was deemed a Station Officer multiplied by the Station Officer Tier 3 Contribution and (2) the number of Months of Credited Service in which the Participant was not deemed a Station Officer multiplied by the Standard Tier 3 Contribution. To the extent the Eligible Firefighter becomes a Station Officer mid-calendar month, such Eligible Firefighter shall be eligible to receive a Station Officer Tier 3 Contribution effective on the first day of the calendar month coinciding with or following the date on which the Eligible Firefighter is appointed to a Station Officer. Annualized Tier 3 Contributions shall be adjusted in accordance with Section 3.7 as of the Tier 3 Vesting Date.

1.5 “**Annualized Tier 4 Contribution**” means an amount equal to the sum of the 12 Tier 4 Contributions accrued during the applicable period of 12 Months of Credited Service. To the extent the Eligible Firefighter is a Station Officer for only a portion of the period of 12 Months of Credited Service, the Annualized Tier 4 Contribution shall be equal to the sum of (1) the number of Months of Credited Service in which the Participant was deemed a Station Officer multiplied by the Station Officer Tier 4 Contribution and (2) the number of Months of Credited Service in which the Participant was not deemed a Station Officer multiplied by the Standard Tier 4 Contribution. To the extent the Eligible Firefighter becomes a Station Officer mid-calendar month, such Eligible Firefighter shall be eligible to receive a Station Officer Tier 4 Contribution effective on the first day of the calendar month coinciding with or following the date on which the Eligible Firefighter is appointed to a Station Officer. Annualized Tier 4 Contributions shall be adjusted in accordance with Section 3.7 as of the Tier 4 Vesting Date.

1.6 “**Annualized Tier 5 Contribution**” means an amount equal to the sum of the 12 Tier 5 Contributions accrued during the applicable period of 12 Months of Credited Service. To the extent the Eligible Firefighter is a Station Officer for only a portion of the period of 12 Months of Credited Service, the Annualized Tier 5 Contribution shall be equal to the sum of (1) the number of Months of Credited Service in which the Participant was deemed a Station Officer multiplied by the Station Officer Tier 5 Contribution and (2) the number of Months of Credited Service in which the Participant was not deemed a Station Officer multiplied by the Standard Tier 5 Contribution. To the extent the Eligible Firefighter becomes a Station Officer mid-calendar month, such Eligible Firefighter shall be eligible to receive a Station Officer Tier 5 Contribution effective on the first day of the calendar month coinciding with or following the date on which the Eligible Firefighter is appointed to a Station Officer. Annualized Tier 5 Contributions shall be adjusted in accordance with Section 3.7 as of the Tier 5 Vesting Date.

1.7 “**Attendance Threshold**” means, with respect to a given calendar month, the Participant (a) meets or exceeds the attendance requirements as identified in the Troy Fire Department Policy, Procedure, Guideline and/or Directive 103.07 (as amended and/or succeeded from time to time), and (b) renders 10 or more days of Firefighting Services.

1.8 “**City**” means the City of Troy, Michigan.

1.9 “**City Contribution**” means a Tier 1 Contribution, Tier 2 Contribution, Tier 3 Contribution, Tier 4 Contribution, and/or Tier 5 Contribution.

1.10 “**City Council**” means the City Council of the City.

1.11 “**Code**” means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

1.12 “**Disability**” means a Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. Whether a Participant satisfies the above shall be interpreted in accordance with Code §409A(a)(2)(A)(ii) and the Treasury Regulations thereunder. The determination of whether a Participant is disabled shall be made by a physician appointed by the Plan Administrator.

1.13 “**Death Vesting Date**” means the date on which the Participant dies while actively engaged in the performance of Firefighting Services (i.e., in the line of duty).

1.14 “**Disability Vesting Date**” means the date on which the Participant is determined by the Plan Administrator to have a Disability incurred while actively engaged in the performance of Firefighting Services (i.e., in the line of duty).

1.15 “**Effective Date**” means May 1, 2023.

1.16 “**Hire Date**” means the date on which an Eligible Firefighter first performs Firefighting Services.

1.17 “**Eligible Firefighter**” means an individual (a) who provides Firefighting Services; (b) who does not require immigration sponsorship to perform the duties of firefighter; and (c) did not receive any payment of benefits from the Old VFIP (i.e., was not in pay status) prior to the Old VFIP Termination Date.

1.18 “**Firefighting Services**” means volunteer service as a firefighter provided to the City pursuant to Troy Fire Department Policies, Procedures, Guidelines and/or Directives (as amended and/or succeeded from time to time).

1.19 “**Month of Credited Service**” means a full calendar month in which an Eligible Firefighter meets the Attendance Threshold.

1.20 “**Old VFIP**” means the City of Troy Incentive Plan for Volunteer Firefighters.

1.21 “**Old VFIP Vested Participant**” means an Eligible Firefighter who (1) has or had a vested right to accrued benefits in the Old VFIP; or (2) was actively providing Firefighting Services on the Old VFIP Termination Date and received (or was entitled to receive) a payment of benefits from the Old VFIP in conjunction with its termination.

1.22 “**Old VFIP Termination Date**” means April 30, 2023, which is the date on which the Old VFIP was terminated.

1.23 “**Participant**” means an Eligible Firefighter who meets or met the eligibility requirements of the Plan and for whom City Contributions are made or were previously made under the Plan which have not been distributed.

1.24 “**Plan**” means this City of Troy Firefighters Incentive Plan.

1.25 “**Plan Administrator**” means the City’s Chief Financial Officer (or his or her designee). The Plan Administrator shall be responsible for the day-to-day operations of the Plan and shall carry out the directives of the City.

1.26 “**Rehire Date**” means the date on which an Eligible Firefighter commences performing Firefighting Services again, following a Termination Date.

1.27 “**Short Term Absence**” means leave of absence approved in conjunction with Troy Fire Department Policy, Procedure, Guideline and/or Directive 105.01 (as amended and/or succeeded from time to time) lasting less than 12 months or approved cessation of active Firefighting Services lasting less than 12 months. A Participant shall not accrue a Month of Credited Service during a Short Term Absence unless the Participant meets the Attendance Threshold during that calendar month.

1.28 “**Standard Tier Contribution**” means a Standard Tier 1 Contribution, Standard Tier 2 Contribution, Standard Tier 3 Contribution, Standard Tier 4 Contribution, and/or Standard Tier 5 Contribution.

1.29 “**Standard Tier 1 Contribution**” means \$625 per month, as modified pursuant to Section 3.7.

1.30 “**Standard Tier 2 Contribution**” means \$1,250 per month, as modified pursuant to Section 3.7.

1.31 “**Standard Tier 3 Contribution**” means \$1,250 per month, as modified pursuant to Section 3.7.

1.32 “**Standard Tier 4 Contribution**” means \$1,250 per month, as modified pursuant to Section 3.7.

1.33 “**Standard Tier 5 Contribution**” means \$1,250 per month, as modified pursuant to Section 3.7.

1.34 “**Station Officer**” means an Eligible Firefighter who serves as Station Assistant Chief, Station Captain, or Station Lieutenant.

1.35 “**Station Officer Tier Contribution**” means a Station Officer Tier 1 Contribution, Station Officer Tier 2 Contribution, Station Officer Tier 3 Contribution, Station Officer Tier 4 Contribution, and/or Station Officer Tier 5 Contribution.

1.36 “**Station Officer Tier 1 Contribution**” means, for Months of Credited Service accrued by a Station Officer, \$812.50 per month, as modified pursuant to Section 3.7 (Standard Tier 1 Contribution x 1.3).

1.37 “**Station Officer Tier 2 Contribution**” means, for Months of Credited Service accrued by a Station Officer, \$1,625 per month, as modified pursuant to Section 3.7 (Standard Tier 2 Contribution x 1.3).

1.38 “**Station Officer Tier 3 Contribution**” means, for Months of Credited Service accrued by a Station Officer, \$1,625 per month, as modified pursuant to Section 3.7 (Standard Tier 3 Contribution x 1.3).

1.39 “**Station Officer Tier 4 Contribution**” means, for Months of Credited Service accrued by a Station Officer, \$1,625 per month, as modified pursuant to Section 3.7 (Standard Tier 4 Contribution x 1.3).

1.40 “**Station Officer Tier 5 Contribution**” means, for Months of Credited Service accrued by a Station Officer, \$1,625 per month, as modified pursuant to Section 3.7 (Standard Tier 5 Contribution x 1.3).

1.41 “**Termination Date**” means the date on which an Eligible Firefighter last performs continuous Firefighting Services. A Short Term Absence does not terminate an Eligible Firefighter’s continuous Firefighting Services and therefore does not create a Termination Date.

1.42 “**Tier 1 Account**” means the bookkeeping entry crediting Annualized Tier 1 Contributions applied to a specific Participant.

1.43 “**Tier 1 Contribution**” means a Standard Tier 1 Contribution or Station Officer Tier 1 Contribution.

1.44 “**Tier 1 Vesting Date**” means the date on which the Participant completes 120 Months of Credited Service (12 months x 10 years = 120 months).

1.45 “**Tier 2 Account**” means the bookkeeping entry crediting Annualized Tier 2 Contributions applied to a specific Participant.

1.46 “**Tier 2 Contribution**” means a Standard Tier 2 Contribution or Station Officer Tier 2 Contribution.

1.47 “**Tier 2 Vesting Date**” means the date on which the Participant completes 180 Months of Credited Service (12 months x 15 years = 180 months).

1.48 “**Tier 3 Account**” means the bookkeeping entry crediting Annualized Tier 3 Contributions applied to a specific Participant.

1.49 “**Tier 3 Contribution**” means a Standard Tier 3 Contribution or Station Officer Tier 3 Contribution.

1.50 “**Tier 3 Vesting Date**” means the date on which the Participant completes 240 Months of Credited Service (12 months x 20 years = 240 months).

1.51 “**Tier 4 Account**” means the bookkeeping entry crediting Annualized Tier 4 Contributions applied to a specific Participant.

1.52 “**Tier 4 Contribution**” means a Standard Tier 4 Contribution or Station Officer Tier 4 Contribution.

1.53 “**Tier 4 Vesting Date**” means the date on which the Participant completes 300 Months of Credited Service (12 months x 25 years = 300 months).

1.54 “**Tier 5 Account**” means the bookkeeping entry crediting Annualized Tier 5 Contributions applied to a specific Participant.

1.55 “**Tier 5 Contribution**” means a Standard Tier 5 Contribution or Station Officer Tier 5 Contribution.

1.56 “**Tier 5 Vesting Date**” means the date on which the Participant completes 360 Months of Credited Service (12 months x 30 years = 360 months).

1.57 “**Trust**” means the City of Troy Firefighters Incentive Trust, which was established in accordance with Code §115 as an irrevocable trust the assets of which are dedicated for use to serve an essential governmental function, by the declaration of Trust approved by the City Council and as may be amended from time to time. The Trust permits, but does not require, the City to make contributions to the Trust for the purpose of funding amounts that may become payable under the Plan.

1.58 “**Vesting Date**” means the Tier 1 Vesting Date, Tier 2 Vesting Date, Tier 3 Vesting Date, Tier 4 Vesting Date, Tier 5 Vesting Date, Death Vesting Date, and/or Disability Vesting Date.

ARTICLE 2 ELIGIBILITY AND PARTICIPATION

2.1 **Initial Eligibility**. An Eligible Firefighter shall be eligible for the Plan and become a Participant as of the later of (a) the Effective Date, and (b) his or her Hire Date or Rehire Date, as applicable. Enrollment into the Plan is automatic upon eligibility to participate.

2.2 **Termination of Eligibility.** An Eligible Firefighter shall cease to be a Participant as of his or her Termination Date. Any City Contributions which are unvested as of the Participant's Termination Date shall be forfeited and shall not be payable or due to the Participant, except as modified in Section 4.4. Additionally, all Months of Credited Service shall be forfeited as of the Participant's Termination Date, except as modified in Section 4.4.

**ARTICLE 3
CONTRIBUTIONS**

3.1 **Tier 1 Contribution.** Except as modified in Section 3.6, the City shall credit the Participant's Tier 1 Account with an amount equal to the Annualized Tier 1 Contribution associated with a particular period of 12 Months of Credited Service upon completion of 12 Months of Credited Service, 24 Months of Credited Service, 36 Months of Credited Service, 48 Months of Credited Service, 60 Months of Credited Service, 72 Months of Credited Service, 84 Months of Credited Service, 96 Months of Credited Service, 108 Months of Credited Service, and 120 Months of Credited Service, provided that the Participant is still actively performing Firefighting Services on the date of completion of the applicable period of 12 Months of Credited Service.

Illustrative Example: Participant A's Hire Date was January 1, 2024, and did not accrue benefits for Firefighting Services as an Old VFIP Vested Participant. Participant A actively performed Firefighting Services continuously through January 1, 2034 and received a Month of Credited Service for each calendar month over that duration. Participant A's Tier 1 Account will be credited with an amount equal to the Annualized Tier 1 Contribution associated with a particular period of 12 Months of Credited Service on January 1 of 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, and 2034.

COMPLETED MONTHS OF CREDITED SERVICE	ANNUALIZED TIER 1 CONTRIBUTION*	AGGREGATE ANNUALIZED TIER 1 CONTRIBUTIONS*	VESTED AGGREGATE ANNUALIZED TIER 1 CONTRIBUTIONS
12	\$7,500	\$7,500	0%
24	\$7,500	\$15,000	0%
36	\$7,500	\$22,500	0%
48	\$7,500	\$30,000	0%
60	\$7,500	\$37,500	0%
72	\$7,500	\$45,000	0%
84	\$7,500	\$52,500	0%
96	\$7,500	\$60,000	0%
108	\$7,500	\$67,500	0%
120	\$7,500	\$75,000	100%

* Annualized Tier 1 Contributions in this table reflect Standard Tier 1 Contributions. Amounts may be adjusted for Station Officers to reflect Station Officer Tier 1 Contributions. Amounts may also be adjusted in accordance with Section 3.7.

3.2 **Tier 2 Contribution.** Except as modified in Section 3.6, the City shall credit the Participant’s Tier 2 Account with an amount equal to the Annualized Tier 2 Contribution associated with a particular period of 12 Months of Credited Service upon completion of 132 Months of Credited Service, 144 Months of Credited Service, 156 Months of Credited Service, 168 Months of Credited Service, and 180 Months of Credited Service, provided that the Participant is still actively performing Firefighting Services on the date of completion of the applicable period of 12 Months of Credited Service.

Illustrative Example: Participant A’s Hire Date was January 1, 2024, and did not accrue benefits for Firefighting Services as an Old VFIP Vested Participant. Participant A actively performed Firefighting Services continuously through January 1, 2039 and received a Month of Credited Service for each calendar month over that duration. Participant A’s Tier 2 Account will be credited with an amount equal to the Annualized Tier 2 Contribution associated with a particular period of 12 Months of Credited Service on January 1 of 2035, 2036, 2037, 2038, and 2039.

COMPLETED MONTHS OF CREDITED SERVICE	ANNUALIZED TIER 2 CONTRIBUTION*	AGGREGATE ANNUALIZED TIER 2 CONTRIBUTIONS*	VESTED AGGREGATE ANNUALIZED TIER 2 CONTRIBUTIONS
132	\$15,000	\$15,000	0%
144	\$15,000	\$30,000	0%
156	\$15,000	\$45,000	0%
168	\$15,000	\$60,000	0%
180	\$15,000	\$75,000	100%

* Annualized Tier 2 Contributions in this table reflect Standard Tier 2 Contributions. Amounts may be adjusted for Station Officers to reflect Station Officer Tier 2 Contributions. Amounts may also be adjusted in accordance with Section 3.7.

3.3 **Tier 3 Contribution.** Except as modified in Section 3.6, the City shall credit the Participant’s Tier 3 Account with an amount equal to the Annualized Tier 3 Contribution associated with a particular period of 12 Months of Credited Service upon completion of 192 Months of Credited Service, 204 Months of Credited Service, 216 Months of Credited Service, 228 Months of Credited Service, and 240 Months of Credited Service, provided that the Participant is still actively performing Firefighting Services on the date of completion of the applicable period of 12 Months of Credited Service.

Illustrative Example: Participant A’s Hire Date was January 1, 2024, and did not accrue benefits for Firefighting Services as an Old VFIP Vested Participant. Participant A actively performed Firefighting Services continuously through January 1, 2044 and received a Month of Credited Service for each calendar month over that duration. Participant A’s Tier 3 Account will be credited with an amount equal to the Annualized Tier 3 Contribution associated with a particular period of 12 Months of Credited Service on January 1 of 2040, 2041, 2042, 2043, and 2044.

COMPLETED MONTHS OF CREDITED SERVICE	ANNUALIZED TIER 3 CONTRIBUTION*	AGGREGATE ANNUALIZED TIER 3 CONTRIBUTIONS*	VESTED ANNUALIZED AGGREGATE TIER 3 CONTRIBUTIONS
192	\$15,000	\$15,000	0%
204	\$15,000	\$30,000	0%
216	\$15,000	\$45,000	0%
228	\$15,000	\$60,000	0%
240	\$15,000	\$75,000	100%

* Annualized Tier 3 Contributions in this table reflect Standard Tier 3 Contributions. Amounts may be adjusted for Station Officers to reflect Station Officer Tier 3 Contributions. Amounts may also be adjusted in accordance with Section 3.7.

3.4 **Tier 4 Contribution.** Except as modified in Section 3.6, the City shall credit the Participant’s Tier 4 Account with an amount equal to the Annualized Tier 4 Contribution associated with a particular period of 12 Months of Credited Service upon completion of 252 Months of Credited Service, 264 Months of Credited Service, 276 Months of Credited Service, 288 Months of Credited Service, and 300 Months of Credited Service, provided that the Participant is still actively performing Firefighting Services on the date of completion of the applicable period of 12 Months of Credited Service.

Illustrative Example: Participant A’s Hire Date was January 1, 2024, and did not accrue benefits for Firefighting Services as an Old VFIP Vested Participant. Participant A actively performed Firefighting Services continuously through January 1, 2049 and received a Month of Credited Service for each calendar month over that duration. Participant A’s Tier 4 Account will be credited with an amount equal to the Annualized Tier 4 Contribution associated with a particular period of 12 Months of Credited Service on January 1 of 2045, 2046, 2047, 2048, and 2049.

COMPLETED MONTHS OF CREDITED SERVICE	ANNUALIZED TIER 4 CONTRIBUTION*	AGGREGATE ANNUALIZED TIER 4 CONTRIBUTIONS*	VESTED ANNUALIZED AGGREGATE TIER 4 CONTRIBUTIONS
252	\$15,000	\$15,000	0%
264	\$15,000	\$30,000	0%
276	\$15,000	\$45,000	0%
288	\$15,000	\$60,000	0%
300	\$15,000	\$75,000	100%

* Annualized Tier 4 Contributions in this table reflect Standard Tier 4 Contributions. Amounts may be adjusted for Station Officers to reflect Station Officer Tier 4 Contributions. Amounts may also be adjusted in accordance with Section 3.7.

3.5 **Tier 5 Contribution.** Except as modified in Section 3.6, the City shall credit the Participant’s Tier 5 Account with an amount equal to the Annualized Tier 5 Contribution associated with a particular period of 12 Months of Credited Service upon completion of 312 Months of Credited Service, 324 Months of Credited Service, 336 Months of Credited Service,

348 Months of Credited Service, and 360 Months of Credited Service, provided that the Participant is still actively performing Firefighting Services on the date of completion of the applicable period of 12 Months of Credited Service.

Illustrative Example: Participant A's Hire Date was January 1, 2024, and did not accrue benefits for Firefighting Services as an Old VFIP Vested Participant. Participant A actively performed Firefighting Services continuously through January 1, 2054 and received a Month of Credited Service for each calendar month over that duration. Participant A's Tier 5 Account will be credited with an amount equal to the Annualized Tier 5 Contribution associated with a particular period of 12 Months of Credited Service on January 1 of 2050, 2051, 2052, 2053, and 2054.

COMPLETED MONTHS OF CREDITED SERVICE	ANNUALIZED TIER 5 CONTRIBUTION*	AGGREGATE ANNUALIZED TIER 5 CONTRIBUTIONS*	VESTED AGGREGATE ANNUALIZED TIER 5 CONTRIBUTIONS
312	\$15,000	\$15,000	0%
324	\$15,000	\$30,000	0%
336	\$15,000	\$45,000	0%
348	\$15,000	\$60,000	0%
360	\$15,000	\$75,000	100%

* Annualized Tier 5 Contributions in this table reflect Standard Tier 5 Contributions. Amounts may be adjusted for Station Officers to reflect Station Officer Tier 5 Contributions. Amounts may also be adjusted in accordance with [Section 3.7](#).

3.6 Contributions for Old VFIP Vested Participants. An Old VFIP Vested Participant shall not be entitled to receive a City Contribution for any Month of Credited Service commencing prior to the Effective Date. However, with respect to Old VFIP Vested Participants providing Firefighting Services on or after the Effective Date (without incurring a Termination Date), all prior Months of Credited Service apply for purposes of reaching an applicable Vesting Date and for purposes of determining what tier of City Contributions prospectively applies.

Illustrative Example: Participant A's Hire Date was May 1, 2001. Participant A accrued benefits for Firefighting Services as an Old VFIP Vested Participant continuously through April 30, 2023, and had 264 months of vested service under the Old VFIP. Effective May 1, 2023, Participant A becomes a Participant in this Plan. For purposes of this Plan, Participant A is not entitled to City Contributions related to his first 264 Months of Credited Service. However, for purposes of determining his or her prospective City Contributions, his or her 264 Months of Credited Service apply and he or she will be credited with a Tier 4 Contribution upon completion of 276 Months of Credited Service, 288 Months of Credited Service, and 300 Months of Credited Service. Participant A is not a Station Officer.

Illustrative Example Chart

COMPLETED MONTHS OF CREDITED SERVICE	ANNUALIZED TIER 4 CONTRIBUTION*	AGGREGATE ANNUALIZED TIER 4 CONTRIBUTIONS*	VESTED ANNUALIZED TIER 4 CONTRIBUTIONS
252	\$0	\$0	0%
264	\$0	\$0	0%
276	\$15,000	\$15,000	0%
288	\$15,000	\$30,000	0%
300	\$15,000	\$45,000	100%

* Amounts may also be adjusted in accordance with Section 3.7.

3.7 City Contribution Amount Increases. Beginning July 1, 2024, Standard Tier Contribution and Station Officer Tier Contribution amounts will be increased annually consistent with the Consumer Price Index for the Detroit Metropolitan area, but in no event shall any annual increase be greater than 5%. The Standard Tier Contribution and Station Officer Tier Contribution amounts in effect on the Participant’s applicable Vesting Date shall be utilized for purposes of calculating the Participant’s Account value.

Illustrative Example: Participant A’s Hire Date was January 1, 2024, and did not accrue benefits for Firefighting Services as an Old VFIP Vested Participant. Participant A actively performed Firefighting Services continuously through January 1, 2049 and received a Month of Credited Service for each calendar month over that duration. Participant A’s Tier 4 Account will be credited with an amount equal to the Annualized Tier 4 Contribution associated with a particular period of 12 Months of Credited Service on January 1 of 2045, 2046, 2047, 2048, and 2049. On January 1, 2049, the Annualized Tier 4 Contribution, as adjusted pursuant to Section 3.7, was equal to \$20,000. Participant A shall be entitled to payment in the amount of \$20,000 for each of the five 12-month periods upon completion of 300 Months of Credited Service.

COMPLETED MONTHS OF CREDITED SERVICE	ANNUALIZED TIER 4 CONTRIBUTION*	AGGREGATE ANNUALIZED TIER 4 CONTRIBUTIONS*	VESTED ANNUALIZED TIER 4 CONTRIBUTIONS
252	\$20,000	\$20,000	0%
264	\$20,000	\$40,000	0%
276	\$20,000	\$60,000	0%
288	\$20,000	\$80,000	0%
300	\$20,000	\$100,000	100%

* Annualized Tier 4 Contributions in this table reflect Standard Tier 4 Contributions. Tier 4 Contribution Amounts have been adjusted in accordance with Section 3.7.

ARTICLE 4 VESTING

4.1 **Vesting of Account Balance.** A Participant's interest in his or her applicable Account balance is provisional and subject to a substantial risk of forfeiture prior to becoming vested. Except as modified by Section 4.2 and Section 4.4, a Participant shall have a vested interest in his or her applicable Account pursuant to the following schedule:

(a) A Participant's Tier 1 Account shall become vested on the Tier 1 Vesting Date, provided that the Participant continuously performs Firefighting Services and does not have a Termination Date during the period beginning on the Participant's most recent Hire Date / Rehire Date and ending on the Tier 1 Vesting Date.

(b) A Participant's Tier 2 Account shall become vested on the Tier 2 Vesting Date, provided that the Participant continuously performs Firefighting Services and does not have a Termination Date during the period beginning on the Participant's most recent Hire Date / Rehire Date and ending on the Tier 2 Vesting Date.

(c) A Participant's Tier 3 Account shall become vested on the Tier 3 Vesting Date, provided that the Participant continuously performs Firefighting Services and does not have a Termination Date during the period beginning on the Participant's most recent Hire Date / Rehire Date and ending on the Tier 3 Vesting Date.

(d) A Participant's Tier 4 Account Balance shall become vested on the Tier 4 Vesting Date, provided that the Participant continuously performs Firefighting Services and does not have a Termination Date during the period beginning on the Participant's most recent Hire Date / Rehire Date and ending on the Tier 4 Vesting Date.

(e) A Participant's Tier 5 Account Balance shall become vested on the Tier 5 Vesting Date, provided that the Participant continuously performs Firefighting Services and does not have a Termination Date during the period beginning on the Participant's most recent Hire Date / Rehire Date and ending on the Tier 5 Vesting Date.

4.2 **Vesting Upon Death / Disability.** Notwithstanding any other vesting criteria, if a Participant ceases to continuously perform Firefighting Service and has a Termination Date solely due to the Participant's death while actively engaged in the performance of Firefighting Services (i.e., in the line of duty) or Disability incurred while actively engaged in the performance of Firefighting Services (i.e., in the line of duty), then his or her applicable Account shall vest as of the Death Vesting Date or Disability Vesting Date (as applicable). The City shall credit the Participant's applicable Account with a pro rata City Contribution (in conjunction with the Participant's current tier) based on the number of fully completed Months of Credited Service accrued since the Participant was last credited with a completed period of 12 Months of Credited Service.

Illustrative Example: Participant A's Hire Date was January 1, 2024, and he or she died on August 15, 2030 while performing Firefighting Services. The Participant had accrued 72 Months of Credited Service as of January 1, 2030. With respect to the period beginning January 1, 2030 and ending August 15, 2030, assuming the Participant accrued a Month of Credited Service for the months of January through July, the Participant's Account will be credited with seven months of Tier 1 Contributions upon the Participant's death while performing Firefighting Services. The Participant's Tier 1 Account (consisting of six Annualized Tier 1 Contributions (upon completion of 12, 24, 36, 48, 60, and 72 Months of Credited Service) plus seven Tier 1 Contributions (related to the period for seven completed Months of Credited Service from completion of the 72nd Months of Credited Service to the Participant's date of death) would vest as of the Death Vesting Date.

4.3 **Forfeiture of Account.** If the Participant ceases to continuously perform Firefighting Services from the Participant's Hire Date / Rehire Date through the applicable Vesting Date and thereby incurs a Termination Date, then the Participant shall forfeit his or her entire unvested applicable Account, except as provided in Section 4.4.

4.4 **Rehires within 24 months of Termination Date.** If a former Eligible Firefighter who incurred a Termination Date becomes an Eligible Firefighter again (i.e., is rehired) within 24 months of his or her Termination Date, then his or her prior unvested Account and corresponding Months of Credited Service (associated with Firefighting Services provided prior to the Termination Date) shall be restored only if such Eligible Firefighter completes 24 Months of Credited Service after his or her Rehire Date without incurring another Termination Date.

ARTICLE 5 PAYMENT OF VESTED ACCOUNT BALANCES

5.1 **Payment Date.** Except in the case of the Participant's death while performing Firefighting Services, the Participant's vested Account shall be distributed to the Participant in the form of a lump sum payment within 45 days of the applicable Vesting Date (excluding the Death Vesting Date). In the case of the Participant's death while performing Firefighting Services, the Participant's vested Account shall be distributed to the Participant's beneficiary (as determined pursuant to Section 7.9) in the form of a lump sum payment as soon as administratively feasible after the Death Vesting Date. However, in no event shall the distribution of a Participant's vested Account be made after the expiration of the short-term deferral period described in Treasury Regulation §1.409A-1(b)(4) and Proposed Treasury Regulation §1.457-12(d)(2).

5.2 **Taxation.** The vested Participant's Account payment shall be reduced by an amount equal to the Participant's share of any applicable income and employment taxes. To the extent required by applicable law, the Participant shall be imputed with income for the value of the taxes paid through the reduction of the Account.

ARTICLE 6
PLAN ADMINISTRATION AND FUNDING

6.1 **Administration.** The Plan Administrator is authorized to construe and interpret the Plan and any other written instruments issued or adopted pursuant to the Plan, to establish, amend, or rescind any rules, regulations or procedures relating to the Plan and to make any other determination which it believes necessary or advisable for the administration of the Plan. No City employee or official shall be liable to any person for any action or omission in connection with the administration of the Plan unless attributable to his or her own fraud or willful misconduct. Each City employee and official shall be indemnified and held harmless by the City for any liability arising out of the administration of the Plan, to the maximum extent permitted by law, and to the extent that such acts were not fraudulent or constitute willful misconduct.

6.2 **General Powers and Duties.** The Plan Administrator is responsible for the operation and administration of the Plan and will direct payment of Plan benefits. The Plan Administrator shall have the power (a) to employ such outside professionals as may be required for prudent administration of the Plan; and (b) to enter into agreements on behalf of the City to the extent necessary to implement the Plan.

6.3 **Policies and Procedures.** The Plan Administrator shall have the power and responsibility to promulgate certain written notices, policies and/or procedures under the terms of the Plan and disseminate them to the Participants. Notice given to all interested parties shall, unless otherwise specified in this Plan, be sufficient if in writing and delivered or sent by prepaid first class mail, or via electronic delivery to the extent permitted by applicable law. Except as otherwise noted, the distribution or delivery of any statements or documents required under the Plan shall be sufficient if delivered in person or prepaid first class mail, or via electronic delivery to the extent permitted by applicable law.

6.4 **Claims Procedures.** The Plan Administrator may establish administrative procedures from time to time regarding claims for benefits under the Plan.

6.5 **Funding.** All amounts credited to a Participant's Account shall remain, until paid to the Participant or the Participant's beneficiary, solely the property of the City. The City may make payments due under the Plan either from its general assets or from the Trust, in the City's sole discretion.

6.6 **Applicable Law.** The Plan shall be administered, construed, and enforced according to the laws of the State of Michigan and, to the extent applicable, federal law. The Plan does not provide retirement benefits, but rather is intended to award Participants for their length of service providing Firefighting Services. Neither the Plan, nor the benefits provided thereunder, constitute a pension plan, retirement system, or accrued financial benefits subject to the limitations of Article IX, Section 24 of the Michigan Constitution.

**ARTICLE 7
MISCELLANEOUS**

7.1 **Amendment and Termination.** The Plan may be amended and/or terminated at any time and from time to time by the City Council in accordance with applicable law. The Firefighters Incentive Committee will be notified at least 30 days in advance that a proposed amendment or termination will be submitted to City Council for consideration. City Council shall hold a hearing prior to any action to reduce Plan benefits or terminate the Plan. The City reserves the right to modify or terminate the Plan and/or contributions made under the Plan at any time in its sole discretion after the requisite hearing. However, such amendment or termination shall not adversely affect any previously accrued benefits.

7.2 **No Right to Provide Firefighter Services.** Nothing in this Plan shall in any way affect the rights of the City and/or a Participant to terminate the firefighter relationship between them.

7.3 **Construction of Plan.** The headings and subheadings of the Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof. In resolving any conflict among provisions of this Plan or any uncertainty as to the meaning or intention of any provision of this Plan, the interpretation that causes both the Trust to be exempt from taxation and the Plan and Trust to comply with applicable requirements of the Code and other applicable law shall prevail over any different interpretation. The Plan shall be binding upon all Participants, former Participants, and their applicable heirs, beneficiaries, executors, administrators, successors, and assigns.

7.4 **Limitation of Rights.** Neither the establishment of this Plan, nor any modification hereto, nor the creation of any fund or account, nor the payment of any benefits, will be construed as giving any Participant or any other person any legal or equitable right against the City except as provided under the terms of the Plan.

7.5 **Total Agreement.** This Plan constitutes the total agreement between the City and the Participants regarding participation in, and benefits under, the Plan. No oral statement or representation regarding the Plan may be relied upon by any Participant.

7.6 **No Guarantee of Tax Consequences.** The City does not represent or guarantee that any particular federal or state income, payroll, personal property, or other tax consequence will result from participation in this Plan. Participants should consult with their professional tax advisors to determine the tax consequences of participation.

7.7 **§409A and §457 Exemption.** The Plan is not intended to provide deferred compensation. Instead, the Plan is intended to provide for payments that are exempt from the provisions of Code §409A and Code §457 as a "short-term deferral" within the meaning of Treasury Regulation §1.409A-1(b)(4) and Proposed Treasury Regulation §1.457-12(d)(2). Notwithstanding any provision of the Plan to the contrary, in no event whatsoever shall the City, or Plan Administrator have any obligation to take any action to prevent the assessment of any taxes, interest or penalties or be liable for any additional tax, interest or penalties that may be imposed on a Participant (or payee) by reasons of Code §409A or §457 or any damages for failing

to comply with Code §409A or §457. Notwithstanding any provision of the Plan to the contrary, the City may unilaterally amend, modify or terminate the Plan or any right hereunder if the City determines that such amendment, modification or termination is necessary or advisable to comply with applicable law, as a result of changes in applicable law or regulation, or to mitigate the imposition of an additional tax, interest or penalty under Code §409A or §457. Each Participant is fully responsible for any and all taxes or other amounts imposed by the Code, including, but not limited to, Code §409A and §457, and other taxing jurisdictions in connection with their Plan participation.

7.8 **Consent.** Each Participant shall be deemed to have assented to the terms and conditions of the Plan. An individual may not sell, assign, or hypothecate, in any manner, all or any part of the individual's potential payments under the Plan.

7.9 **Beneficiary.** A Participant may designate a beneficiary or beneficiaries, including a trust, to receive any amount payable under this Plan on account of the Participant's death. Such designation shall be made by execution of a written designation of beneficiary in the form approved by the Plan Administrator. In the event of the Participant's failure to designate a beneficiary before his or her death or the ineffectiveness of such a designation for any reason, the amount payable under this Plan as a result of the Participant's death shall be paid to the Participant's surviving spouse, or if the Participant is not survived by his or her spouse, then to the Participant's estate.

7.10 **Severability.** If any provision of the Plan is held unenforceable, the remainder of the Plan shall continue in full force and effect without regard to such unenforceable provision and shall be applied as though the unenforceable provision were not contained in the Plan.

7.11 **Administrative Regulations.** The provisions of this Plan are subject to relevant provisions of any administrative regulations, policies, and procedures that the City may have for volunteer firefighters and any volunteer service contracts between the City and a Participant. The provisions of the Troy Fire Department Policies, Procedures, Guidelines and/or Directives (as amended from time to time) and any administrative regulations, policies, procedures, or service contracts for volunteer firefighters relative to retention benefits are controlling in the event of a conflict between the terms of the administrative regulations or applicable service contract and the Plan.

IN WITNESS WHEREOF, this document has been signed and sealed on behalf of the City of Troy, but its duly authorized officers, on this ____ day of April, 2023.

CITY OF TROY

By: _____
Ethan Baker, Mayor

By: _____
M. Aileen Dickson, City Clerk