Investment Policy Statement
Town of Somers
Pension Plan

I. Purpose and Scope

The purpose of Somers Town Pension Plan (the "Plan") is to provide post-retirement benefits to covered employees of the Town of Somers who are entitled to receive benefits under the Plan. The purpose of this Investment Policy Statement is to guide the Pension Committee and its advisors in making investment-related decisions by establishing guidelines for the management of the Plan's Investment Portfolio (the "Portfolio"). The town currently expects to maintain the Plan in perpetuity. This Statement shall be reviewed periodically and may be revised by The Pension Committee of Somers.

II. Responsibilities

The Pension Committee (the "Committee") has primary responsibility for Portfolio investments and asset allocation decisions. In carrying out this responsibility, the Committee will act solely in the interests of the participants of the Town Plan and their beneficiaries. The Committee's guiding principle for fulfilling this responsibility is the "Prudent Person Standard: "A fiduciary must discharge his or her duties with the care, skill, prudence, and diligence that a prudent person acting in a like capacity would use in the conduct of an enterprise of like character and aims." This standard applies to all those to whom the Committee may delegate responsibility. More specifically the Committee will

- Establish and maintain the Investment Policy Statement
- Ensure the Plan's investment policies are carried out
- Work with the advisor in choosing appropriate investments for the Plan
- Implement an appropriate asset allocation policy
- Implement investment changes as warranted.
- Monitor and evaluate the performance of investment managers and mutual funds
- Monitor liquidity requirements to meet Plan obligations and initiate transfers of cash to the town account to fund those obligations.

The Investment Consultant will provide information (see IV below) and advice pertaining to the disposition of the Portfolio's assets. The Committee may delegate the day-to-day authority for transactions to consultants and/or fund managers. The investment consultant is expected to follow the IPS guidelines and to advise the committee of any transactions not addressed by this statement or which otherwise require explanation before those transactions are executed.

The Custodian will collect and hold all investments and cash related to them. The Custodian will maintain records of all investments including cost and market, and supply quarterly information concerning performance, asset allocation, and any other related information that the Committee may require for decision-making. Functions of the Investment Consultant and Custodian may be combined in one firm.

Fund Managers are the investment professionals in charge of the mutual funds, REIT's, ETF's, separately managed accounts, and other investments that make up the assets of the Portfolio.

The Town CFO and Assistant Finance Director will provide information concerning funding of benefits, pension funding levels, and Town finances and will contribute counsel about investments. They oversee the cash management of the Town

Pension Account. They are the primary contacts with the Benefit Manager and will manage the funding for the Schwab Account from which benefits are paid. The Pension Committee will initiate transfers of money 1) from Town Pension Fund to the Town Account when needed to pay benefits, and 2) from the Town Account to the Pension Fund to make additional investments in the Fund.

Benefit Managers Hooker and Holcomb will manage an account at Schwab for the cash used to pay employee benefits. They will provide all services necessary for the calculation and payment of employee benefits from that account and for informing employees of their benefit status. See Appendix for the pension administration services provided.

III. Investment Policies and Objectives

Investment goals

The Committee will seek to

- Achieve and maintain a fully funded position (at least 100% Funded Status).
- Meet or exceed, over the long term, the actuarial return expectation for the Portfolio, at present 6.25% annually.
- Mitigate risk.
- Provide sufficient liquidity to meet anticipated cash needs for benefits.
- Incur reasonable costs.

Investment Strategies and Asset Allocations

Long-term perspective

As the expectation is to maintain the plan in perpetuity, the Committee will take a long-term perspective when investing. Market timing (the strategy of making buy or sell decisions for financial assets by attempting to predict future price movements of the market in aggregate) will not be part of the Committee's strategy.

Diversification

Diversification can improve performance, mitigate risk, and decrease the variability of returns. The Committee will diversify the holdings across economic sectors. The Committee will also diversify holdings across the following asset classes:

US equities (**including** through mutual funds or ETF's)
Foreign equities (**including** through mutual funds or ETF's)
REITs and MLP's
Fixed income (**including** through mutual funds or ETF's)
Cash and cash equivalents (e.g. CD's, money market funds)

Asset Allocation

Prudent asset allocation can improve performance, mitigate risk, and decrease volatility. Asset allocation across the above asset classes will depend on the Plan's funded status, its cash flow needs, and the prevailing market conditions. Because of the Plan's long-term time horizon and the superior long-term return of equities, 40% -80% of the Portfolio will be held in equities. Fixed income assets and cash equivalents will account for between 15% and 55% of total assets. REITS, MLP's, Preferreds will account for 0-20% of total assets (See V. Strategic Asset Allocation Parameters). The committee, in consultation

with the Investment Consultant, will make tactical changes within these allocation ranges in response to market conditions.

Prohibited transactions

The Committee is prohibited from the following transactions because they involve excessive risk, excessive complexity, and/or lack of liquidity. Some of these may be engaged in by funds under the Committee's management, but no funds will be purchased that engage exclusively or predominately in these transactions.

1. Purchasing securities on margin or executing short sales
2. Purchasing derivatives
3. Purchasing hedge funds or private equity
4. Executing options or futures contracts
5. Pledging or hypothecating securities
6. Investing in currency markets
7. SPACS (Special Purpose Acquisition Companies)
8. Cryptocurrencies and entities that invest in them or provide services concerning them.

IV. Reporting / Performance Monitoring

The Committee will receive Quarterly Reports from the Investment Consultant that includes, but is not limited to, the following:

An outline of current strategy and investments
Portfolio performance versus the assigned benchmark index and peer group
Portfolio performance since inception and over various time periods
Portfolio composition relative to asset allocation policy
A review of the portfolio's diversification
Portfolio analysis by sector

Fee Disclosures:

The Committee will undertake a periodic review of Plan fees and expenses, including investment management consulting, banking, custodial, and actuarial.

V. Strategic Asset Allocation Parameters

Asset class	**Range**
Equities: US and Foreign (through mutual funds or ETFs)	40-80%
Alternatives: REITs, MLPs	0-20%
Fixed income: Bonds, Preferreds, cash and cash equivalents (CDs, Money market)	15-55%

APPENDIX
Schedule of Pension Administration Services
PensionEdge® Portal for Plan Sponsors & Participants

Plan Sponsor (Town) Features

1. Interactive and informational website for plan administrators
2. Accumulate, reconcile and maintain a comprehensive database for all participants includes maintaining data updates
    a. Includes annual data feed and annual reconciliation
3. Provide plan sponsor ability to estimate and project retirement benefits for plan participants
    a. Includes assistance with Benefit Estimate Calculator
4. Provide electronic personalized annual statements of all active plan participants based on salary and employment data provided by plan sponsor
5. Provide plan sponsor access to plan sponsor documents (document summaries, labor agreements, etc.)
6. Initial programming of all plan provisions and testing representative sample participants
7. Maintain forms and administrative documents used by plan sponsor contacts
8. Provide necessary training and education tools to plan sponsors
9. Annual terminated vested death audit

Participant features (Active Employees, Terminated Vested and Retirees):

1. View personal pension information
2. View & print annual benefit statements
3. Estimate future retirement income
4. Request final benefit calculations and benefit election forms (for vested terminated participants only)
5. View related plan information and documents
6. Receive Service Center assistance with login and web navigation
7. Receive Service Center assistance with Benefit Estimate Calculator

Full Benefit Calculation Services

1. H&H prepares final benefit calculations including optional forms of benefit and forms package
2. Communication with participants is included with selection of Benefit Administration Services (optional).
3. Includes creation of merged PDF for mailing and attaching to participant's online record
4. Includes confirmation of participant and spousal information
5. Worktrack—an online assistant providing you and your staff with maximum efficiency:
    a. Track benefit payment from request to payout
    b. Customizable steps to determine status of payment processing
    c. Each step may have a "Complete" and "Authorize" check for completion by those authorized for those actions
6. Email notification for each step of the process to notify those responsible for the next step

Benefit Payment Services

1. Monthly benefit payments to retirees coordinated through H&H Service Center
2. Trust level statements
3. Retiree death audit
4. Calculation and remission of Federal and/or State taxes
5. Tax withholding and reporting
6. Check reporting
7. Voids, stop payments, replacement checks

Participant Services - H&H Service Center

1. H&H Service Center assistance for all participants
2. Interaction with participants to process benefit calculations and set up payment including:
    a. Answer participant questions
    b. Audit submitted forms and supporting documentation
    c. Correspond with participant until forms are complete and in good order
    d. Submit completed forms to sponsor for authorization
    e. Initiate new retiree benefit payments with custodian
3. Assist in the set-up of surviving spouse upon death of retiree
4. Administer benefit payment maintenance
5. Pension income verifications
6. Locate missing participants
7. Monthly benefit payment register audit and reconciliation
8. Retiree death audit review
9. Mailing of the following:
    a. Benefit election packages to participant
    b. Letters to terminated vested participants with Accrued Benefits (includes preparation)
    c. Letters to non-vested terminations (includes preparation)
    d. Bi-annual mailing to terminated vested participants six months prior to normal retirement date (includes preparation)
    e. Benefit statements (if requested)
    f. Suspension of benefits notices (if applicable)

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William Kirkpatrick Date
Chair, Somers Pension Committee

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Timothy Keeney Date
First Selectman, Town of Somers

Approved by Pension Committee on 1/8/15
Reviewed by Pension Committee but not changed 1/26/19
Reviewed and revised by Pension Committee 10/20/22
Reviewed and revised by Pension Committee 10/31/24