

CITY OF NEWPORT
EMPLOYEE RETIREMENT PLAN
SUMMARY PLAN DESCRIPTION
6 PLUS 3 DEFINED CONTRIBUTION
RETIREMENT PROGRAM



Employees Covered:

Non-union Employees hired after March 5, 2012

Newport Employees' Association Employees hired after October 15, 2012

Newport Police Employees (Non PERS) hired after October 15, 2012

October 2015

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City of Newport

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**GENERAL DESCRIPTION
OF
CITY OF NEWPORT
EMPLOYEES' RETIREMENT PLAN**

The City of Newport utilizes two separate systems to provide retirement benefits to city employees. The Public Employees Retirement System of Oregon (PERS) provides retirement benefits to full-time firefighters and sworn police officers employed by the City of Newport. PERS is administered by a twelve member Board of Trustees appointed by the Governor.

The City of Newport Employees' Retirement Plan provides retirement benefits to all other qualified employees within the City of Newport. The summary plan description which follows outlines the retirement benefits for those employees who are covered by the city administrated retirement plan.

In addition to the primary retirement benefits offered by PERS and the City of Newport Employees' Retirement Plan, the City of Newport also makes available an employee funded 457(b) Deferred Compensation plan through Nationwide. Please contact Human Resources for further details.

The balance of this summary plan description applies only to Newport Employees' Retirement Plan.

City of Newport Employees' Retirement Plan

The city retirement plan provisions are governed by the City of Newport Employees' Retirement Plan 2009 Restatement as amended. This document provides the details of which employees are qualified for coverage under the plan, the benefits provided by the plan, vesting, and how the plan is administered. The plan will be restated from time to time and can be amended by the City Council. The City of Newport Employees' Retirement Plan 2009 Restatement as amended can be found online at http://www.NewportOregon.gov/dept/adm/agreements/1319/agreement_1319.pdf

Under the City of Newport Employees' Retirement Plan there are two separate benefit levels in place depending on the date of hire of a qualified employee to a position under the plan. Amendment No. 2 to the 2009 Restatement of the City of Newport Employees' Retirement Plan made changes to the benefits paid to nonunion employees hired after March 5, 2012. In addition, by agreement with the Newport Employees' Association and Newport Police Association for newly hired employees other than police officers, the same provisions were put into effect for employees hired into a qualified position after October 15, 2012.

6 Plus 3 Defined Contribution Retirement Program

The balance of this handbook will cover benefits for those employees who were hired after March 5, 2012, (nonunion) and hired after October 15, 2012, for employees of the Newport Employees' Association (Article 15 - Retirement) and Newport Police Association (Article 18 – Retirement) for employees other than police officers.

Qualified employees hired into positions after these dates will receive a defined contribution retirement benefit. Beginning six months after the date of employment, the City of Newport will begin contributing an amount equal to 6% of base compensation to the City of Newport Employees' Retirement Plan on behalf of that employee. In addition, the City of Newport will provide matching contributions into a money purchase account for voluntary employee contributions to the City of Newport 457(b) plan, not to exceed 3% of base salary in any allocation period. Employees are partially vested after three years and 100% vested after seven years into a money purchase account. Vested funds are paid out in lump sum to the employee upon separation from the City of Newport. Employee contributions into a 457(b) plan are not subject to vesting.

Retirement Plan Administrator

The retirement plan administrator is the city's Finance Director. It is the administrator's responsibility to interpret the plan and decide any questions about the rights of participants and beneficiaries under the plan. In addition, the administrator shall retain the enrolled actuary and appoint any independent public accountants as required for the administration of the plan. The actuary is responsible for determining city contributions to the Retirement Trust which are necessary to support future retirement obligations and for allocation of the pooled assets to employees for purposes of retirement. The administrator's decisions shall be final and binding on all parties subject only to appeal rights as provided in the plan documents. Please note that any appeal of the plan administrator's decisions would be heard by the City of Newport Retirement Trust.

Please contact Human Resources for any questions, changes in address, beneficiary, voluntary retirement contribution, and other matters relating to your City of Newport Retirement Benefits. Human Resources will initiate any of these changes for implementation by the Finance Department.

Retirement Trust

The City of Newport has established a Retirement Trust which is maintained for the exclusive benefit of qualified employees and is intended to comply with Section 501 and related provisions of the Internal Revenue Code in order to maintain its current tax status. The Retirement Trust is responsible for funds deposited into the retirement program. The Retirement Trust is charged with pooling funds received from the City of Newport and individual employees for retirement obligations and investing those funds to provide a return to the trust fund to meet future retirement

obligations and to provide a return to retirees included in the defined contribution program. The Trust has general responsibility for administering the trust, appointing investment managers, and directing investments in accordance with the standards outlined in the Trust. The Trust is governed by five trustees appointed by the Mayor subject to confirmation by the City Council to four year terms in accordance with the Municipal Code Section 2.05.002. One of the trustees must be a non-department head employee qualified for benefits under the City of Newport Employees' Retirement Plan as provided for in Section 2.05.020(A) of the Municipal Code. The City of Newport Retirement Trust 1993 Restatement dated October 1, 1993 can be found online at

http://www.NewportOregon.gov/dept/adm/agreements/513/agreement_513.pdf.

Plan Restatement

The IRS requires retirement plans to be restated from time to time. The City of Newport Employees' Retirement Plan will be restated on or about January 1, 2016. Once that plan is restated in order to meet current IRS regulations then this handbook will be updated accordingly.

6 PLUS 3 DEFINED CONTRIBUTION RETIREMENT PROGRAM

The following summary describes briefly the principal provisions of the Plan as currently in effect. It is prepared as a convenience to you.

Every effort has been made to describe the provisions of the Plan with accuracy and clarity. This summary will give you a good overview of how the Plan works and your rights and obligations under the Plan. Because it is only a summary, however, it omits much of the detail found in the Plan document itself. Should any discrepancy exist between Plan and this summary, the official Plan is the controlling document and is binding upon all parties. The Plan is available online or for review at the City Manager or Finance Offices during regular business hours.

1. PARTICIPATION

1.1 Participation

You start participation in the Plan on the first day of the month on or next after satisfying all of the following requirements:

- You are age 18.
- You have been employed by the City of Newport for six continuous months.
- You are a Qualified Employee.

1.2 Definition of Qualified Employee

Any employee of the City of Newport is a Qualified Employee except the following:

- An employee covered by a collective bargaining agreement that does not provide for participation in this Plan
- A police officer or a fire fighter.
- A part-time employee regularly scheduled to work fewer than 30 hours a week.
- A temporary employee hired for a specified period of time or an unspecified period of limited duration.
- A leased employee on the payroll of an outside firm.

2. SERVICE

2.1 Termination of Employment

Your service will accumulate continuously until you have a termination of employment. Generally, a leave of absence is not a termination of employment (see 2.2 below). If you are rehired after a termination, your **years of service** will be counted only if you had at least three **years of service** before the termination and did **NOT** withdraw your Money Purchase accounts.

2.2 Leave of Absence

If you are on a paid or unpaid leave of absence you will not be treated as having terminated employment for purposes of this Plan unless you fail to meet the conditions of the leave or fail to return to work when required, in which case your employment shall terminate and accrual of benefits will stop as of the date of the leave of absence began.

Leave of absence means the following:

- Leave authorized by the City of Newport if you return to work or retire within the time prescribed by the City of Newport, and otherwise fulfill all conditions imposed by the city.
- Leave of absence because of illness or accident if you promptly return to work after recovery.
- Periods of military service if you return to work with employment rights protected by law.

3. MONEY PURCHASE ACCOUNTS

This section describes your **Money Purchase** account, also known as the Defined Contribution Plan.

3.1 Money Purchase Accounts

Each year the City of Newport makes a Money Purchase contribution to the City of Newport Money Purchase account equal to 6 percent of your base compensation as a qualified employee for the plan year. Base compensation for this purpose means pay reportable on IRS Form W-2, while a qualified employee, adjusted as follows:

- Elective contribution to a deferred compensation plan under Section 457 of the Internal Revenue Code are included.
- Elective contribution to a cafeteria plan under Section 125 of

the Internal Revenue Code are included.

- Reimbursements or other expenses, allowances, fringe benefits, moving expenses, severance or disability pay and other deferred compensation and welfare benefits are excluded.
- Overtime, on-call pay, deferential, comp time, and other pay in addition to base pay are excluded.
- Contribution limits as established by laws cannot be exceeded.

3.2 Employer Matching Contribution

The City of Newport will make an additional Money Purchase contribution to the City of Newport Money Purchase account of up to 3% of your compensation to match your own like contribution to the City of Newport 457(b) Deferred Compensation Program provided by Nationwide. This option will maximize the City's contribution into your retirement while you build additional retirement assets by placing pre-tax compensation into a 457(b) plan.

3.3 Accounts, Valuations and Allocation

The Plan Administrator will set up such separate accounts for your Money Purchase contributions. Accounts are invested per the investment policy between the Trustee and the Investment Advisors which are chosen by the Trustee.

The Trustee values the Trust each year and your accounts are adjusted by the actuary retained by the Plan Administrator in proportion to your account balances to reflect any gains or losses. More frequent valuations may occur if the Trustee decides that they are necessary. Each year you will receive a statement from the Plan Administrator showing contributions to your accounts, your vesting level, and your account balances.

3.4 Taxability of Money Purchase Accounts

Employer Money Purchase Accounts. Employer Money Purchase contributions are not taxable to you when credited to your account and you do not report them as income on your tax return. However, these contributions and the earnings on them are taxable to you when they are paid to you. Also, these earnings are generally subject to a 10 percent federal penalty tax (in addition to regular income taxes) if you withdraw them before (i) you reach age 59 ½ or (ii) you have separated from service and reached age 55. Please consult your tax advisor for more information.

4. PAYMENT

4.1 Termination of Employment

Upon termination of employment with City of Newport, an employee will receive a single-sum cash payment of the Money Purchase account that the employee is eligible to receive in accordance with the Vesting provisions of the plan.

4.2 Time of Benefit; Application for Benefits

To receive timely payments of your benefit, written notification shall be made to the Plan Administrator through Human Resources at least 120 days prior to termination. Your benefits will be paid on the first day of the month after termination. The Plan Administrator may pay out the benefit without an application being filed. In the event that less notice is provided, payment information will be provided at the earliest time available and payment may be delayed.

4.3 Payment Options

No later than 30 days before benefits are paid out, the Plan Administrator will provide an explanation of the following:

- A current estimate of your vested Money Purchase account balance.
- The applicability of 20 percent mandatory withholding for federal tax to “eligible rollover distributions”, and your right to elect a direct transfer of an eligible rollover distribution to another qualified retirement plan or to an Individual Retirement Arrangement.
- Please note that you may be able to transfer your pay out to a tax-qualified retirement plan of another employer by means of a regular or direct rollover or a plan-to-plan transfer. You may also be able to transfer your account to an IRA by means of a regular or direct rollover and, if the IRA or other tax deferred plan holds only amounts rolled over from other plans, you may be able to subsequently transfer it to the retirement plan of another employer.

The rules governing rollovers and plan-to-plan transfer are complex. If you are interested in making a rollover or transfer, please contact the City of Newport Human Resources Department.

4.4 Mandatory Benefit Starting Date

Your benefit payments must begin by the mandatory benefit starting date, which is the April 1 following the calendar year in which the later of the following events occurs:

- You reach age 70 ½
- You retire

4.5 Reemployment after Retirement

The City of Newport will initiate contributions into the retirement plan. Previous service will not count towards vesting requirements.

5. DEATH BENEFIT

5.1 Amount of Death Benefit

If you die before your benefits start, your beneficiary will receive a death benefit in a lump sum equal to the balance of your Money Purchase accounts. Death Benefits are not subject to vesting requirements. Death Benefits will be paid as soon as possible.

5.2 Designation of Beneficiary

At the time of enrollment for the Pension Plan, you are asked to name your beneficiary, who will receive the death benefit in 5.1, by filing a designation of beneficiary with the Plan Administrator through the Human Resources Department. You may change your beneficiary designation as you choose. If you do not name a death beneficiary, or if no named beneficiary is living at the time you die, your death benefit will be paid to the following, in order of priority:

- To your surviving spouse.
- To your surviving children in equal shares.
- To your surviving parents in equal shares.
- To your estate.

6. DISABILITY BENEFIT

If your employment terminates due to disability, you will be paid a lump sum benefit equal to the sum of your Money Purchase account. Disability Benefits are not subject to vesting requirements.

A “**disabled participant**” is one who as a result of illness or injury suffers from a condition of mind or body that permanently prevents full-time employment by the City of Newport. The Plan Administrator will determine the existence of disability, and may rely on the advice of a medical examiner of its choosing in making the determination.

Disability benefits will be paid as soon as practicable after the determination is made by the Plan Administrator that the employee is eligible for those benefits.

7. VESTING

A participant who terminates employment for any reason other than retirement, death or disability shall be governed by the following vesting schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
Less than 3	0%
3	50%
4	62%
5	75%
6	87.5%
7 or more	100%

8. ASSIGNMENT OF BENEFITS; QUALIFIED DOMESTIC RELATIONS ORDER

The Plan is for your personal benefit. Your interest under the Plan generally may not be assigned, seized, transferred or claimed by creditors. However, your benefits may be subject to seizure if you declare bankruptcy and they can be assigned to someone else by means of a qualified domestic relations order.

A domestic relations order is any court order relating to child support, alimony or marital property. To be qualified, an order must meet standards imposed by federal law. The Plan Administrator has procedures for determining if a domestic relations order is qualified. You will be notified if the Plan Administrator receives an order relating to your account and also when it determines whether the order is qualified. Until it makes this determination, none of your account affected by the order may be distributed.

9. CLAIMS PROCEDURE

Any questions about the plan should be directed to the Human Resources Department. Most claims and questions will be resolved informally. If you wish to present a formal claim, put it in writing to the Plan Administrator through the Human Resources Department. The Plan Administrator will respond as soon as practicable. If your claim is denied, the Plan Administrator will give you the reasons, refer you to the relevant Plan provisions, will describe any additional information that is needed and will explain how to have the claim reviewed.

If you make a claim and it is denied or you do not get an answer within 60 days, you may ask for review by written notice to the Retirement Trust through the Human Resources Department. The Retirement Trust will review the matter and may grant you a hearing, but is not required to. You may be represented in connection with the review, examine pertinent documents and submit issues and comments in writing. The decision on review will be made within 60 days in most cases. If there is a hearing or other special reason for delay, you will be so notified and the time limit will be 120 days. The Retirement Trusts decision will be final.

10. CIRCUMSTANCES CAUSING INELIGIBILITY OR LOSS OF BENEFITS

Your right to participate in the Plan or receive benefits will be affected if any of the following applies to you:

- You are not a qualified employee (see section 1.2).
- You have fewer than 3 Years of Service upon a termination of employment and are rehired (see section 2.1).
- You withdraw the vested portion of your Money Purchase account following a termination of employment (see section 4.1)
- Your benefits are less than 100% vested (see section 7)
- You are subject to a qualified domestic relations order or declare bankruptcy (see section 8).

11. PLAN NOT INSURED BY PENSION BENEFIT GUARANTY CORPORATION

Benefits under this Plan are not insured by the Pension Benefit Guaranty Corporation if the Plan terminates.

12. PLAN TERMINATION

12.1 Vesting on Plan Termination

If the Plan is wholly or partly terminated, the benefits of all affected participants accrued and funded as of the date of termination shall be fully vested and not forfeitable.

12.2 Distribution of Plan Assets on Termination

If the Plan is terminated, your benefits will either be retained in the Trust or paid out when you retire or distributed to you sooner. In either event, the City may seek a ruling from the IRS that termination of the Plan does not adversely affect the tax-qualified status of the Trust.

12.3 Allocation of Assets on Plan Termination

If the plan is terminated, assets attributable to Money Purchase contributions shall be allocated in proportion to account balances. If the funds are insufficient to pay all of the benefits, the amount available shall be allocated among the participants in proportion to their interests.

13. PLAN ADMINISTRATION

The Finance Director is designated as the Plan Administrator and is responsible for all aspects of the Plan except holding and investing the trust assets from which benefits are paid. The Plan Administrator keeps the accounts and provides information for you when required by law or upon your request. If you have any questions about the Plan or your interest under it, you should contact the Finance Director through the Human Resources Department.

14. INTERNAL REVENUE SERVICE APPROVAL

The Plan and Trust are submitted to the Internal Revenue Service for review to assure that the Plan qualifies under the Internal Revenue Code and the Trust is tax-exempt.

15. PLAN INFORMATION

Plan Name and Type

City of Newport Employees' Retirement Plan

Plan Year end: June 30

Plan Sponsor and Adopting Employer

City of Newport

169 SW Coast Highway

Newport, OR 97365

Employer ID No. 93-6002222

Plan Administrator and Agent for Service of Process

Finance Director

City of Newport Employees' Retirement Plan

169 SW Coast Highway

Newport, OR 97365

Telephone: 541 574-061

Retirement Trust (As of October 2015)

Chair Tim Johnson

Trustee Mike Schulz

Trustee John Baker

Trustee Rebecca Cohen

Trustee Rick Wright

Trust Relationship Manager

West Coast Trust Company, Inc.

1000 SW Broadway, Suite 1100

Portland, OR 97205

Actuarial Services for Defined Retirement Benefits

AKT Retirement Plan Services

7676 Hazard Center, Suite 1300

San Diego, CA 92108

Actuarial Services for the Retirement Money Purchase Accounts

The Standard Services

1100 SW 6th Ave.

Portland, OR 97204

16. ATTACHMENTS



CITY OF NEWPORT BENEFICIARY DESIGNATION

169 SW Coast Hwy, Newport, Oregon 97365

541 574-0604

Important: Please read instructions carefully before completing this form. Return form to **City of Newport, Attention: Human Resources, 169 SW Coast Hwy, Newport, OR 97365**

Employee/Retiree Information

Name (Last, First, Middle)		Social Security Number		
Mailing Address	City	State	Zip Code	
Daytime Phone Number	E-Mail Address			

Beneficiary Designation* -- You must designate at least one primary beneficiary, do not designate yourself. If you make a mistake, initial next to your actual designation.

Designation	Beneficiary Information	Relationship				
Must check one	Full Name of Person, Estate, or Trust	Mailing Address				
Primary						
Contingent	Social Security Number	Date of Birth	Percentage	City	State	Zip Code
Must check one	Full Name of Person, Estate, or Trust	Mailing Address				
Primary						
Contingent	Social Security Number	Date of Birth	Percentage	City	State	Zip Code
Must check one	Full Name of Person, Estate, or Trust	Mailing Address				
Primary						
Contingent	Social Security Number	Date of Birth	Percentage	City	State	Zip Code

Designation	Beneficiary Information		Relationship			
Must check one	Full Name of Person, Estate, or Trust		Mailing Address			
Primary						
Contingent	Social Security Number	Date of Birth	Percentage	City	State	Zip Code
Must check one	Full Name of Person, Estate, or Trust		Mailing Address			
Primary						
Contingent	Social Security Number	Date of Birth	Percentage	City	State	Zip Code
Must check one	Full Name of Person, Estate, or Trust		Mailing Address			
Primary						
Contingent	Social Security Number	Date of Birth	Percentage	City	State	Zip Code

*** If you are naming more than six beneficiaries please attach a separate sheet that is signed.**

Signature Required – MUST be completed in full.

I, _____ (print name) direct that any monies related to my account, unless otherwise specified or required by law, will be paid in equal shares to any primary beneficiaries named on this form who survive me, but if none survive, such monies will be paid in equal shares to any contingent beneficiaries named on this form who survive me. I hereby certify that I have read and understand the instructions to this form and that all of the information I have entered on this form is true and complete. Submission of this document revokes any prior designations that I have made.

Signature

Date

Witness Required – MUST be completed by a person, other than a beneficiary, who witnesses the employee’s/retiree’s signature.

I, _____ (print witness name – **cannot be a beneficiary**) witness that the above named employee/retiree signed this document.

Signature

Date

Mailing Address

City

State

Zip Code

INSTRUCTIONS AND GENERAL INFORMATION FOR EMPLOYEE/RETIREE BENEFICIARY DESIGNATION

Use this form to designate or change the person, estate, trust or organization to be paid any money due from your retirement account at the time of your death.

Please print in dark ink, make a copy of the completed form for your records, and return it to **City of Newport, Attn: Human Resources, 169 SW Coast Highway, Newport, OR 97365.**

Before you complete this form, please note: This is one of the most important documents associated with your retirement account. Read and complete all sections carefully. If you have any questions, please call Human Resources at 541 574-0604.

When filling out your beneficiary designations(s): If you name a person, always show that individual's legal given name. For example: MARY K DOE, not Mrs. Robert Doe.

Signing the form: Another person (other than your beneficiary) must witness your signature on this document and complete the witness section.

An attorney-in-fact cannot sign for you unless the Power of Attorney documents specifically grant the power to designate a beneficiary.

Submitting the form: Your beneficiary designation is not valid until it is fully complete, signed and received by the City of Newport, Human Resources Department.



CITY OF NEWPORT
INTENT TO RETIRE

Present Employee

Past Employee

Employee's Name:

Address:

Telephone No:

Soc. Sec. No.:

Hire Date

Date Terminated:

Retirement Date:

Birth date:

Married

Not Married

Spouse's Name:

Spouse's SS No.:

Spouse's Birth Date:

Please determine the amount of benefit due to me under the terms of the City of Newport Retirement Plan.

X

Signature of Employee

Date

Mail to: City of Newport
Attn: Human Resources
169 SW Coast Hwy
Newport, OR 97365

**City of Newport
City of Newport Employees' Retirement Plan
From 7/01/2014 to 6/30/2015**

**Jane Doe
***-**-1234**

This statement is based on the data provided to the plan administrator. Please refer any questions that you may have regarding this statement to the plan administrator.

<u>Participant Accounts</u>	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Forfeitures</u>	<u>CSV/ Gains /Losses</u>	<u>Loan Pmts./ Transfers</u>	<u>Premiums/ Loan Distr./ Distributions</u>	<u>Ending Balance</u>	<u>Vested Balance</u>
Employer Contribution								
Money Purchase	\$6,779.03	\$2,223.31	\$0.00	\$125.09	\$0.00	\$0.00	\$9,127.43	\$5,659.01 Vested % 62
Total Employer Contribution	\$6,779.03	\$2,223.31	\$0.00	\$125.09	\$0.00	\$0.00	\$9,127.43	\$5,659.01
<hr/>								
Total Account Balances	\$6,779.03	\$2,223.31	\$0.00	\$125.09	\$0.00	\$0.00	\$9,127.43	\$5,659.01

You or your beneficiary will receive the total account balance shown on this statement in the event of your death or disability.
You will receive the vested account balance shown on this statement in the event of your termination of employment for reasons other than disability or retirement.