

CITY OF NEWPORT
EMPLOYEES' RETIREMENT
PLAN SUMMARY DESCRIPTION
DEFINED BENEFIT WITH MONEY PURCHASE
RETIREMENT PROGRAM



Employees Covered:

Non-union Employees hired on or before March 5, 2012

Newport Employees' Association Employees hired on or before October 15, 2012

Newport Police Employees (non PERS) hired on or before October 15, 2012

October 2017

Table of Contents

1.	PARTICIPATION	3
1.1	Participation	3
1.2	Definition of Qualified Employee	3
2.	SERVICE	4
2.1	Years of Service	4
2.2	Benefit Years	4
2.3	Termination of Employment.....	4
2.4	Leave of Absence.....	5
3.	MONEY PURCHASE AND VOLUNTARY CONTRIBUTION ACCOUNTS.	5
3.1	Money Purchase Accounts.....	1
3.2	Voluntary Contribution Accounts	1
3.3	Accounts, Valuations and Allocation.....	1
3.4	Withdrawal of Voluntary Contributions.....	2
3.5	Taxation of Voluntary Contribution and Money Purchase Accounts ...	2
4.	ROLLOVERS AND TRANSFERS BETWEEN PLANS.....	2
	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.	3
5.	NORMAL RETIREMENT BASIC BENEFIT	3
	<i>Defined Benefit.....</i>	<i>4</i>
	<i>Money Purchase Benefit.....</i>	<i>4</i>
	<i>Voluntary Contribution Benefit.....</i>	<i>4</i>
	<i>Total Monthly Benefit.....</i>	<i>5</i>
6.	EARLY RETIREMENT BASIC BENEFIT.....	5

7. DEFERRED RETIREMENT BASIC BENEFIT 6

8. FORM OF BENEFIT 7

8.1 Basic Benefit..... 7

8.2 50% Contingent Annuity..... 7

8.3 100% Contingent Annuity 7

8.4 Social Security Level Income Option 7

8.5 Financial Effect of Annuity Options..... 7/8

8.6 Other Options Approved by the Plan Administrator 8/9

9. PAYMENT..... 10

9.1 Summary of Retirement *Notification* 10

9.2 Time of Benefit; Application for Benefits 11

9.3 Notices 11

9.4 Basis for Calculating Retirement Payouts 11/12

9.5 Mandatory Benefit Starting Date..... 12

9.6 Reemployment after Retirement 12

10. DEATH BENEFIT..... 12/13

10.2 Designation of Beneficiary 13

10.3 Death after Start of Benefits 13

11. DISABILITY BENEFIT 13/14

12. VESTING 14/15

13. BENEFITS UPON TERMINATION OF EMPLOYMENT 15

13.2 Withdrawal of Money Purchase Account on Termination 15/16

14. ASSIGNMENT OF BENEFITS; QUALIFIED DOMESTIC RELATIONS ORDER 16

15. CLAIMS PROCEDURE..... 16

16. CIRCUMSTANCES CAUSING INELIGIBILITY OR LOSS OF BENEFITS 17

17. PLAN NOT INSURED BY PENSION BENEFIT GUARANTY CORPORATION 17

18. PLAN ADMINISTRATION 17

19. INTERNAL REVENUE SERVICE APPROVAL..... 17

20. PLAN INFORMATION Plan Name and Type 18

Plan Sponsor and Adopting Employer..... 18

Plan Administrator 18

21. Attachments 19

21.1 City of Newport Beneficiary Designation 19

This form is used to identify your beneficiary..... 19

21.2 Illustration of Benefits – Defined Benefit 19

This report outlines the value of the defined benefit portion of your retirement as a monthly annuity and is provided to employees on or about November 1 of each year. 19

21.3 Annual Illustration of Benefits- Money Purchase..... 19

This report is provided to employees on or around November 1 of each year providing the value of your money purchase benefits through the June 30 end of the plan year. These amount are shown as lump sums and are converted to an annuity and added to the Define Benefit. Employees may take these sums as a lump-sum payment as well at retirement..... 19

21.4 Intent to Retire/Terminate Employment form 19

This form is submitted to Human Resources when an employee is anticipating retirement or plan 120 days prior to that date. 19

21.5 Participant Termination Election form 19

This form will be forwarded to the employee with the benefit sheet 45 days prior to retirement/termination..... 19

21.6 Application for Retirement Benefits 19

This form will be forwarded to the employees with benefit illustrations 45 days prior to retirement..... 19

21.7 Retirement Plan Benefit Illustration 19

This form will be provided to you by the Plan Administrator 45 days before your retirement if timely notification of your retirement is given to the city..... 19

**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 on a statewide basis by a twelve-member Board of Trustees appointed by the Governor.

The City of Newport Employees' Retirement Plan (the Plan) provides retirement benefits to all other qualified employees within the City of Newport. This Summary Plan Description (SPD) is meant to describe highlights of the Plan in understandable language.

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 (the 457 (b) Plan) through Nationwide. Please contact Human Resources for further details regarding the 457(b) Plan.

City of Newport Employees' Retirement Plan

The Plan provisions are governed by the City of Newport Employees' Retirement Plan, as amended. The Plan 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. If there is a conflict between this SPD and the Plan document, the provisions of the Plan document control your right to benefits. The Plan will be restated from time to time and can be amended by the City Council at any time. The City of Newport Employees' Retirement Plan 2009 Restatement as amended can be found online at http://www.NewportOregon.gov/dept/adm/agreements/2225/agreement_2225.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. Employees covered by this plan who were hired into a qualified position on or before the following dates are provided a Defined Benefit with Money Purchase Retirement Program. Non-union employees hired into a qualified position after March 5, 2012 and employees hired into a qualified position after October 15, 2012 represented by the Newport Employees' Association and Newport Police Association, other than police officers, are provided the 6 Plus 3 Defined Contribution Program

Defined Benefit with Money Purchase Retirement Program

The balance of this SPD will cover benefits for those nonunion employees who were hired on or before March 5, 2012, (nonunion) and hired on or before

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.

The contribution by the city into the retirement program for Qualified Employees includes a money purchase contribution equal to 6% of the base compensation. In addition, Qualified Employees, upon meeting their requirements for a Normal Retirement will receive a defined benefit in the form of an annuity equal to Benefit Years x 1.2 percent x Average Monthly Earnings. ,

Upon retirement, employees take a distribution of the money purchase contribution, and the defined benefit and any employee contributions into the plan as an annuity. As an alternative, employees can request a lump-sum payout of any of the three components of the retirement plan outlined above.

Retirement Plan Administrator

The 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 an 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 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 was last restated January, 2016.

The Internal Revenue Service has issued a favorable determination letter dated November 23, 2016, indicating that the Plan is compliant with the Internal Revenue Code.

DEFINED BENEFIT WITH MONEY PURCHASE 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 online or for review at the City Manager or Finance Offices during regular business hours.

1. PARTICIPATION

1.1 Participation

You begin 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 into a qualified position by the City of Newport for six continuous months.
- You are a Qualified Employee hired into a qualified position.

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.

Employees who move from a non-qualified position (part time or PERS position, etc.) to a qualified position are treated as new employees under the terms of the Newport Employees' Retirement Plan and will be eligible for the 6 Plus 3 Defined Contribution Program once they meet the qualification requirements.

2. SERVICE

2.1 Years of Service

You will receive a “**Year of Service**” for each 12-month period of continuous employment ending on an anniversary of the date you were hired by the City of Newport. All full or partial **years of service** since your last hire are counted. The number of your **years of service** is one of the factors that determine the vested portion of your retirement benefits (see section 12).

2.2 Benefit Years

The number of your “**Benefit Years**” is one of the factors which determine the dollar amount of your defined benefit under the Plan (see paragraph 3). You will be credited with one **benefit year** of each **year of service** after July 1, 1963 during the following periods:

- Period of employment as a qualified employee (see 1.2 above).
- Periods of paid leave of absence (see 2.4 below).
- Periods of unpaid leave of absence for military service (see 2.4 below).

2.3 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 2.4 below). If you are rehired after a termination, your **years of service** and

benefit years before the termination will be counted only if you had at least three **years of service** before the termination and did **NOT** withdraw your Money Purchase accounts (see sections 3.1 and 13.2 below),

2.4 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.

With the exception of unpaid military leave, years of service will not include the time for unpaid leaves of absences.

3. MONEY PURCHASE AND VOLUNTARY CONTRIBUTION ACCOUNTS

Your basic benefit under the Plan is a monthly pension for life equal to the sum of the following:

- A defined benefit equal to your **benefit years** times 1.2 percent of your average monthly earnings.
- A money purchase benefit, which is an amount equal in value to the your money purchase accounts.
- A voluntary contribution benefit, which is an annuity equal in value to the balance of your voluntary contribution account.

This section describes your **Money Purchase** and voluntary contribution accounts, also known as the Defined Contribution accounts. More information about your basic benefit, including how your defined benefit is computed, is provided in section 5.

3.1 Money Purchase Accounts

Each year the City of Newport makes a Money Purchase contribution to the Plan equal to 6 percent of your base compensation earned as a Qualified Employee. Compensation for this purpose means pay reportable on IRS Form W-2, while a Qualified Employee, adjusted as follows:

- Elective contributions to a deferred compensation plan under Section 457 of the Internal Revenue Code are included.
- Elective contributions 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 pay are excluded.
- Compensation limits as established by applicable federal regulations cannot be exceeded.

In the past, the Plan required participants to make Money Purchase contributions to the Plan. If you made any “employee Money Purchase contributions”, they are held in a separate employee Money Purchase account. You are no longer required to make such contributions. Your combined employee and the City of Newport Money Purchase accounts are called Money Purchase accounts.

3.2 Voluntary Contribution Accounts

Each year you may elect to have up to 10% of your compensation as defined in 3.1 above contributed to the Plan as a voluntary after-tax contribution to your voluntary contribution account.

3.3 Accounts, Valuations and Allocation

The Plan Administrator will establish a pooled account for all contributions to the Plan under this section. 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 as of June 30 and your accounts are adjusted 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 Withdrawal of Voluntary Contributions

You may withdraw all or part of your voluntary contribution account before retirement in the following order:

1. You may withdraw contributions made before 1987 (exclusive of earnings) or the current value of the account.
2. If all amounts withdrawn under (1) have been withdrawn, you may withdraw contributions made after 1986 and a proportionate share of earnings.
3. If all amounts under (1) and (2) have been withdrawn, you may withdraw any earnings on contributions made before 1987.

3.5 Taxation of Voluntary Contribution and Money Purchase Accounts

Voluntary Contribution Accounts.

Voluntary contributions are made to the Plan on an after-tax basis. When after-tax contributions are paid to you, they are not taxable because you have already paid taxes on them. Earnings on these after-tax contributions, however, are taxable to you when you receive them from the Plan. Also, these earnings amounts are generally subject to a 10 percent early withdrawal 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.

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 early withdrawal 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. ROLLOVERS AND TRANSFERS BETWEEN PLANS

Rollovers and Plan-to-Plan Transfers to this Plan. If you have an account under the tax qualified retirement plan of another employer, you may be able to transfer your account under the other plan to this Plan by means of a (i) regular rollover, (ii) direct rollover or (iii) plan-to-plan transfer.

Regular Rollover. If you are paid a total distribution or an eligible rollover distribution from another employer's retirement plan, or if you have an Individual Retirement Account (IRA) that holds only amounts rolled over from one and

more such distributions from other plans, you may be able to roll over your distribution or IRA to this plan. All regular rollovers must be made within 60 days of the date you received the distribution from the other plan or IRA.

Direct Rollover. You may also be able to arrange to have all or part of your account under another employer's retirement plan transferred to this Plan in a "direct rollover" of an "eligible rollover distribution". In a direct rollover, all or part of the eligible rollover distribution is either sent directly to this Plan, or distributed to you in the form of a check payable only to your account under this Plan.

Plan-to-Plan Transfer. You may also be able to have your account under another employer's retirement plan transferred to this Plan by means of a direct plan-to-plan transfer.

Rollovers and Plan-to-Plan Transfers from this Plan. If you have an amount this is distributable to you from this Plan, you may be able to transfer it to the 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 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.

5. NORMAL RETIREMENT BASIC BENEFIT

Your normal retirement date is the first day of the month on or after the day you reach age 62. Your normal retirement basic benefit is a monthly pension for life. The amount of the monthly benefit is the sum of the following:

- The Defined Benefit, which is 1.2 % of your average monthly earnings multiplied by your benefit years, **plus**
- The Money Purchase Benefit, which is an annuity equal in value to the combined balances of your employee and Employer Money Purchase contribution accounts (see section 3 above), **plus**
- The Voluntary Contribution Benefit, which is an annuity equal in value to the balance of your voluntary contribution account (see section 3 above).

The defined benefit is never less than the largest defined benefit you could have received if you had elected to retire early (see 6 below).

Please note that the age of the employee and beneficiary will affect the

calculations of a retirement annuity

Average Monthly Earnings means the average of your Monthly Earnings in the three consecutive plan years in which you earned the highest compensation from Employer during the last 10 years of employment. If you worked fewer than three plan years, all years will be used. Your Monthly Earnings for a plan year are one-twelfth of your compensation as defined in 3.1 above. During periods of reduced compensation because of illness, disability, layoff or leave of absence, compensation is figured at the last regular rate before the start of the period.

For example: You retire at age 62 with 35 benefit years. Your average monthly earnings in your last three years of employment are \$2,000, which is higher than in any other three-year consecutive plan period (plan periods are July 1 to June 30) during the last 10 years. Your monthly normal retirement basic benefit is calculated as follows:

Defined Benefit

Average Monthly Earnings	\$2,000
Times 1.2 percent	<u>x.0120</u>
	\$ 24
Times Benefit Years	<u>x 35</u>
	\$ 840

Money Purchase Benefit

Assume that your combined employee and the City of Newport Money Purchase accounts yield an annuity equal to \$600 a month. (The total amount in these accounts depends on earnings on the contributions. This example is only for purposes of illustration, and should not be taken as a prediction of how much your account will eventually yield.)

Voluntary Contribution Benefit

Assume that your voluntary contribution account yields an annuity equal to \$200 a month. (The total amount in this account depends on how much you contribute, earnings on the contributions, and any withdrawals you may have made. This example is only for purposes of illustration, and should not be taken as a prediction of how much your account will eventually yield.)

Total Monthly Benefit

Defined Benefit	\$ 840
Money Purchase Benefit	\$ 600
Voluntary Contribution Benefit	<u>\$ 200</u>
Monthly Normal Retirement Basic Benefit	\$1,640

The amount of the normal retirement basic benefit is expressed as a life annuity with no payments after your death. If you chose a form of benefit that provides for continuing payment after your death, the amount of your monthly payment will be reduced (see 8, below).

6. EARLY RETIREMENT BASIC BENEFIT

You may retire early on the first day of any month after you are 55 and have 10 years of service. Your monthly early retirement basic benefit will be determined as if it were a normal retirement basic benefit, adjusted as follows:

- If you have 25 or more years of service and start benefits at age 60 or later, there will be no reduction in your benefit.
- If you have 30 or more years of service and start benefits at age 55 or later, there will be no reduction in your benefit.

If you do not qualify under the first two rules, the defined benefit portion of your benefit will be reduced by 0.6% for each month by which the benefit starting date precedes age 62.

For example: You retire at age 61 with 20 years of service and 20 benefit years. Your average monthly earnings in your last three years of employment are \$2,000, which is higher than in any other three year period during the last 10 years. Your defined benefit would be calculated as follows:

Average Monthly Earnings	\$2,000
Times 1.2 percent	<u>x.0120</u>
	\$ 24
Times Benefit Years	<u>x 20</u>
	\$ 480

Since the benefit starting date (age 61) precedes age 62 by 12 months, the reduction factor for early retirement would be 0.6 percent times 12 (.006 x 12), or 7.2 percent. The defined benefit portion of your benefit (\$480) would then be reduced by 7.2 percent (\$34.56) to \$445.44.

The remaining \$445.44 would be added to the annuity value of your Money Purchase accounts and your voluntary contribution account to

determine your monthly annuity. If your Money Purchase accounts yielded an annuity of \$350 a month and your voluntary contribution account yielded of \$125 a month, your monthly pension would be as follows:

Defined Benefit	\$445.44
Money Purchase Benefit	\$350.00
Voluntary Contribution Benefit	<u>\$125.00</u>
Monthly Early Retirement Basic Benefit	\$920.44

7. DEFERRED RETIREMENT BASIC BENEFIT

If you work past age 62, your retirement benefits will be deferred until you terminate employment. Your monthly deferred retirement basic benefit will be determined as if it were a normal retirement basic benefit, adjusted as follows:

- The defined benefit portion of your benefit will be based on benefit years and average monthly earnings at the earlier of your actual retirement date or age 65.
- The defined benefit portion of your benefit will be actuarially adjusted.
- Your money purchase benefit and voluntary contribution benefit will be based on your money purchase and voluntary contribution account balances at retirement.

For example: You retire at age 67 with 37 benefit years and average monthly earnings of \$2,500. At age 65 you had 35 benefit years and average monthly earning of \$2,000. Your defined benefit would be calculated as follows:

Average monthly earnings at age 65	\$2,000.00
Times 1.2 percent	<u>x .0120</u>
	\$ 24.00
Times benefit years at age 65	<u>x 35</u>
	\$ 840.00
Times actuarial equivalence factor	<u>x 1.189</u>
	\$ 998.76

Then your defined benefit will be added to the annuity value of your Money Purchase accounts and your voluntary contribution account at retirement to determine your monthly annuity. If your Money Purchase accounts yielded an annuity of \$600 a month at retirement and your voluntary contribution account yielded an annuity of \$200 a month at retirement, your monthly pension would be as follows:

<i>Defined Benefit</i>	\$ 998.76
<i>Money Purchase Benefit</i>	\$ 600.00
<i>Voluntary Contribution Benefit</i>	<u>\$ 200.00</u>

<i>Monthly Deferred Retirement Basic Benefit</i>	\$1,798.76
--	------------

8. FORM OF BENEFIT

8.1 Basic Benefit

The basic retirement benefit is a life annuity with equal monthly payments for your life, and no continued payments after your death.

Your benefits will automatically be paid as a life annuity unless you choose another form of benefit described below.

8.2 50% Contingent Annuity

This option provides for continuation of 50% of your monthly retirement benefit to your designated beneficiary if you should die first after retirement. If your designated beneficiary dies first, your monthly retirement benefit continues as long as you live. The monthly benefit to you under this option is less than under the life annuity because the benefits are expected to be paid over a longer period of time.

8.3 100% Contingent Annuity

This option provides for continuation of 100% of your monthly retirement benefit to your designated beneficiary if you should die first after retirement. If your designated beneficiary dies first, your monthly retirement benefit continues as long as you live. The monthly benefit to you under this option is less than under the life annuity because the benefits are expected to be paid over a longer period of time.

8.4 Social Security Level Income Option

If you retire early, you may elect to receive a life annuity with larger payments before you first become eligible for Social Security and smaller payments after you become eligible so as to provide approximately equal income before and after Social security benefits start.

8.5 Financial Effect of Annuity Options

The amount of your monthly pension will depend on the form of benefit you choose.

- Electing to receive the Social Security level income benefit under

8.4 will result initially in the largest monthly benefit payment. However, the amount of the monthly payment will decrease when you become eligible for Social Security.

- Electing to receive a life annuity with no continued payments after death under 8.4 will provide you with a constant monthly payment. The amount of the payment will be less than the initial Social Security level income payments but more than the monthly payments under either of the contingent annuities.
- Electing one of the contingent annuity forms of benefits under 8.2 or 8.3 will reduce the amount of your monthly pension but will provide for a percentage of your benefit to be continued to your beneficiary. The 100% contingent annuity will reduce your monthly payment more than the 50% contingent annuity.
- All of the benefit forms are actuarially equivalent. This means that adjustments in payment levels are based on life expectancies calculated by the Plan's actuaries, so that, actuarially, none of the benefit forms is more valuable than another.

8.6 Other Options Approved by the Plan Administrator

Employees may request that the Voluntary Contribution Benefit, and/or the Money Purchase Benefit be paid in a Lump-sum Cash Payment instead of taking these funds as a Normal Retirement annuity. Furthermore, the employee may request that the Defined Benefit be converted to a Lump-Sum Cash Payment, if the Voluntary and Money Purchase Benefits are taken as a Lump-Sum Cash Payment. All forms are actuarially equivalent based on the provisions of the 2016 City of Newport Employees' Retirement Plan.

Resolution NO. 3764 describes how lump-sum payments will be paid out to employees eligible for retirement. Employees electing a Lump-Sum Cash Payment will be paid in two separate checks in accordance with Section 9.4 of this plan summary. Please note that the majority of these funds will be paid out as soon as possible following retirement. Retirees will normally receive a second payment on or around November 1, following the end of the plan year in which you retired. This check will reflect any changes (gains or losses) in retirement investments that are credited to you. If losses incurred exceed the amount of any residual funds, a second check would not be issued. The pension fund would absorb the losses in excess of the amount of the second check. For example: you retire on December 31, and elect to take a Lump-Sum Payment for your retirement benefit after reviewing an estimate provided by the actuary. The estimates of your payout will use the last available valuation of your pension, which will be based on data through June 30 of the plan year when you retire. Your Lump-Sum cash payment would be normally paid out in two checks. The payment, if rolled into a tax qualified retirement plan would be calculated as follows:

For example: you retire on December 31, and elect to take a Lump-Sum Payment for your retirement benefit after reviewing an estimate provided by the actuary. The estimates of your payout will use the last available valuation of your pension, which will be based on data through June 30 of the plan year when you retire. Your Lump-Sum cash payment would be normally paid out in two checks. The payment, if rolled into a tax qualified retirement plan would be calculated as follows:

First Lump-Sum Payment

	July 1 Valuation		1 st Payment
Defined Benefit (Calculated)	\$200,000	100%	\$200,000
Money Purchase	\$150,000	85%	\$127,500
Voluntary	\$ 15,000	85%	\$ 12,750
	<u>\$365,000</u>		<u>\$340,250</u>

Second Lump-Sum Payment
(Assumes annual gains of the Plan Year of about 6%)

	July 1 Valuation	(Gains Thru Dec. 31)	January 1 Payment	Total
Defined Benefit (Calculated)	\$200,000	0	(\$200,000)	0
Money Purchase	\$150,000	\$4,500	(\$127,500)	\$27,000
Voluntary	\$ 15,000	\$ 450	(\$ 12,750)	\$ 2,700
City Addl. Contribution	\$ 2,000	\$ 60	(\$0)	<u>\$ 2,060</u>
				Total Due through December 31
				\$31,760
				Earnings on residual (6 month January-June) based on 3%
				<u>\$ 953</u>
				Payment on November 1, following close of the Plan Year
				\$ 32,713

Second Lump-Sum Payment
(Assumes annual losses of the Plan Year of about 6%)

	July 1 Valuation	(Losses thru Dec. 31)	January 1 Payment	Total
Defined Benefit (Calculated)	\$200,000	0	(\$200,000)	0
Money Purchase	\$150,000	(\$4,500)	(\$127,500)	\$18,000
Voluntary	\$ 15,000	(\$ 450)	(\$ 12,750)	\$ 1,800
City Addl. Contribution	\$ 2,000	(\$ 60)	(0)	<u>\$ 1,940</u>
				Total Due through December 31
				\$21,740
				Earnings on residual (6 month January-June) based on 3%
				<u>\$ 652</u>

Second Payment on November 1, following close of the Plan Year \$ 22,392

9. PAYMENT

9.1 Summary of Retirement *Notification*

The following notification schedule has been developed to assume timely payments of benefits upon your retirement:

- 120 days before anticipated retirement, Intent to Retire Form (see Attachment 22.2) is given in writing by you to the Plan Administrator through Human Resources on your pending retirement.
- 45 days prior to the anticipated retirement date, the Plan Administrator will provide you with the Final Calculation of Retirement Benefits outlining options of taking a monthly amount for the rest of your life, a lump sum payment, or a combination of both (see Attachment 22.5).
- 30 days prior to the anticipated retirement, the employee must elect the form of benefit they choose to receive as outlined in Section 8 (see Attachment 22.6).
- The information included on the Final Calculation of Retirement Benefits is only good for the retirement date provided by the employee in writing. If a change is made in retirement dates then the notification process needs to be reinitiate by the employee in accordance with this schedule.
- Retirement Benefits will begin on the first day of the month following the employee's retirement.
- In the event that less notice is given the payment for retirement benefits may be delayed. If an employee elects to take their retirement benefit in the form of an annuity, the retiree will retroactively receive any monthly payments due with their first check.
- If an employee requests a Final Calculation of Benefits for other than retiring, the cost for the actuary (currently \$150) will be paid by the employee. Please note that employees receive an annual report from the actuary which includes an estimate of the annuity amount at normal retirement and a statement of balance of the money purchase account.

9.2 Time of Benefit; Application for Benefits

Your benefits will be paid on the first day of the month after normal, deferred or disability retirement or the month you select for the start of benefits after early retirement, provided that the notification deadlines are met as outlined in 9.1.

9.3 Notices

Between 30 and 180 days before benefits are to start, the Plan Administrator will provide you with an explanation of the following: No later than 45 days before benefits are to start, the Plan Administrator will provide you with an explanation of the following:

- The available forms of benefit, and the effect of electing for or against an annuity form of benefit
- 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.
- You have the right to defer payment until your normal retirement date, if applicable.

9.4 Basis for Calculating Retirement Payouts

Resolution No. 3764, A Resolution Adopting a Policy Regarding Retirement Benefit Calculations established the basis for retirement payouts as follows:

- **Normal Retirement Basic Benefit (Monthly Annuity).** There are three components that are included in the calculation for a Normal Retirement Basic Benefit, which are a Defined Benefit, an annuity equal in value to the balance of the Money Purchase, and an annuity equal to the balance of the Voluntary Contributions, if any, paid into the system. All calculations, and final annuity calculations, will be based on the latest valuation available at time of retirement, any additional city contributions made into the Money Purchase account since the last Plan Year valuation and any Voluntary Employee contributions made since the last valuation.
- **Lump-Sum Payment.** Employees may request a Lump-Sum Payment for the Defined Benefit, Money Purchase, and/or Voluntary Employee Contribution portions of their retirement. The actuarial equivalency of the Defined Benefit shall be calculated in accordance with 12.09 of the Employees’ Retirement Plan and shall not accrue any additional gains or losses at the time of payout with 100% of this amount being paid out after retirement. The Money Purchase account and the Voluntary Employment Contribution fluctuates due to market conditions and shall be paid out in two separate payments if a Lump-Sum Payment is requested. The first check will be based on 85% of the most recent valuation for the employee’s account(s) as soon as possible following the employee’s retirement. Any residual

amounts from time of the last valuation, up to the date of retirement, will be paid out in a second check based on the valuation that will be completed for the year ending June 30, following the employee's retirement date. This calculation will also include any gains or losses on the residual amount through the June 30 valuation on the employee's account as well. This check will be paid out, on or around November 1, after the valuation following your retirement, if the valuation of the Money Purchase Account and Voluntary Employee Contributions indicate a loss of value greater than the residual amount, the pension fund will absorb this loss with no additional payment being made to the retired employee.

- **Notification to the Plan Administrator.** Upon notification to the Plan Administrator by the employee of an intent to retire, the Administrator may direct, at the request of the employee, the investment manager to transfer estimated funds into a stable account to reduce potential volatility of the market on that individual's retirement fund.

9.5 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

9.6 Reemployment after Retirement

If you have retired and are receiving an annuity form of benefit and the City of Newport later rehires you as a Qualified Employee, you may elect to stop your benefit payments and accrue further benefits. If you elect this option, upon your later retirement, payment of the benefits that you accrued before your earlier retirement will continue as you elected upon that earlier retirement. You must complete a new application of benefits for the amounts accrued after your rehire. The amount of this benefit will be calculated as described in Section 5, 6 or 7.

If you do not elect this option or you are not receiving an annuity form of benefit and are rehired after retiring, your benefit payments will not stop and you will not accrue further benefits.

10. DEATH BENEFIT

10.1 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 sum of the following:

- The balance of your Money Purchase accounts, **plus**

- The balance of your voluntary contribution account, **plus**
- The lump sum amount attributable to your defined benefit, which shall be the greatest of the following:
 1. 50 times the portion of your projected monthly normal retirement basic benefit in 5 above attributable to your defined benefit, calculated as though you had worked until normal retirement with no change in average monthly earnings.
 2. The actuarial present value of your accrued benefit at death attributable to your defined benefit.
 3. The amount of your death benefit as of September 30, 1993
- Please note that the Death Benefit is not subject to vesting requirements.

10.2 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 10.1, 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.

10.3 Death after Start of Benefits

The form and amount of any death benefit after your benefit starting date depends on the form of retirement benefit you select (see 8 above).

11. DISABILITY BENEFIT

If your employment terminates due to disability, you will be paid a lump sum benefit equal to the sum of the following:

- The balance of your Money Purchase accounts, **plus**

- The balance of your voluntary contribution account, **plus**
- The lump sum amount attributable to your defined benefit, which shall be the greatest of the following:
 1. 50 times the portion of your projected monthly normal retirement basic benefit in 5 above attributable to your defined benefit, calculated as though you had worked until normal retirement with no change in average monthly earnings.
 2. The actuarial present value of you accrued benefit at death attributable to your defined benefit.
 3. The amount of your Disability benefit as of September 30, 1993
- Please note that Disability Benefit is 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 whether the participant is eligible for benefits due to 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 of disability is made by the Plan Administrator unless payment of disability benefits from the Plan would be offset against other disability benefits. In that case the Plan Administrator may defer payment until age 65 and adjust the benefit actuarially for the later payment date. You may waive the right to disability benefits and elect to receive your benefit under the retirement provisions explained in sections 5, 6, or 7 or, if you not eligible for retirement as explained in section 13 below.

12. VESTING

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

- Your **voluntary contribution account** is fully vested and not forfeitable at any time
- Your **Money Purchase accounts** vests based on years of service in accordance with the schedule for the defined benefit (see below).

- Your **Defined Benefit** vest in accordance with the following schedule:
 - If an employee reaches a normal retirement (62) age and has satisfied the participation and service requirements outlined in the plan prior to termination, that employee shall have 100% vested interested in their plan.
 - Furthermore, an employer who becomes disabled after meeting participation requirements in a qualified position shall be 100% vested in the retirement plan.

<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%

Please note that unvested benefits will be forfeited if vested funds are withdrawn from the Money Purchase Account. (see 13.2)

13. BENEFITS UPON TERMINATION OF EMPLOYMENT

13.1 Amount of Benefit; Time of Payment

If your employment terminates for any reason other than retirement, disability or death, you are entitled to only that part of your benefit that is vested. Any unvested portion of your accounts will be forfeited.

Payment of your vested benefits will normally begin at age 62. However, if you have at least 10 years of service, you may apply to have payment of your vested benefits start any time after you reach age 55.

The amount of your monthly benefit will be calculated as a normal retirement benefit based on your benefit service and average monthly earnings at the time of your termination. If you start receiving benefits before age 62, they will be reduced the same as on early retirement (see Section 6 above).

13.2 Withdrawal of Money Purchase Account on Termination

Upon termination of employment, an employee may elect to withdraw the vested portion of the Money Purchase accounts in a lump-sum payment. If this option is selected, this action must be taken within 180 days after termination of your employment. If you elect to do so, the unvested portion of your Money Purchase accounts will be forfeited and **ALL** of your defined benefit will be forfeited. If you withdraw your Money Purchase accounts and are later rehired, your service before the rehire will also be forfeited upon your return to work in a qualified position you would be eligible for the 6 Plus 3 Defined Contribution

Retirement. If you do not act within 180 days after termination, your retirement benefit will remain with the system and you will receive a retirement annuity when retirement eligibility is achieved. ***Since the penalties for withdrawal of Money Purchase accounts are significant, the City of Newport urges you to consider them very carefully before electing to withdraw your Money Purchase account.***

14. ASSIGNMENT OF BENEFITS; QUALIFIED DOMESTIC RELATIONS ORDER

The Plan is for your exclusive benefit. Your interest under the Plan generally may not be assigned, seized, transferred or claimed by creditors. However, your benefits 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 the Plan Administrator makes this determination, none of your account affected by the order may be distributed.

15. 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, please put it in writing to the Plan Administration 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 Plan Trustees through the Human Resources Department. The Trustees 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 Trustees' decision will be final.

16. 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 2.3).
- You withdraw the vested portion of your Money Purchase account following a termination of employment (see section 13.2)
- Your benefits are less than 100% vested (see section 12)
- You are subject to a qualified domestic relations order (see section 14).

17. 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.

18. 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.

19. 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. From time to time the IRS may require that the plan be amended to maintain tax-exempt status for the plan.

20. 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

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 Rebecca Cohen 12/31/17)

Trustee Braulio Escobar (12/31/19)

Trustee John Baker (12/31/18)

Trustee David Heater (12/31/20)

Trustee Rick Wright (12/31/18)

Trust Manager

Columbia Trust Company

1000 SW Broadway, Suite 1100

Portland, OR 97205

Actuarial Services

Silverstone Group

11516 Miracle Hills Drive, Suite 100

Omaha, NE 68154

Legal Counsel

Saalfeld Griggs P.C.

Park Place, Suite 200

250 Church Street SE

Salem, OR 97301

21. Attachments

21.1 City of Newport Beneficiary Designation

This form is used to identify your beneficiary.

21.2 Illustration of Benefits – Defined Benefit

This report outlines the value of the defined benefit portion of your retirement as a monthly annuity and is provided to employees on or about November 1 of each year.

21.3 Annual Illustration of Benefits- Money Purchase

This report is provided to employees on or around November 1 of each year providing the value of your money purchase benefits through the June 30 end of the plan year. These amount are shown as lump sums and are converted to an annuity and added to the Define Benefit. Employees may take these sums as a lump-sum payment as well at retirement.

21.4 Intent to Retire/Terminate Employment form

This form is submitted to Human Resources when an employee is anticipating retirement or plan 120 days prior to that date.

21.5 Participant Termination Election form

This form will be forwarded to the employee with the benefit sheet 45 days prior to retirement/termination.

21.6 Application for Retirement Benefits

This form will be forwarded to the employees with benefit illustrations 45 days prior to retirement.

21.7 Retirement Plan Benefit Illustration

This form will be provided to you by the Plan Administrator 45 days before your retirement if timely notification of your retirement is given to the city.

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	Mailing Address
Must check one <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Full Name of Person, Estate, or Trust		Percentage	Mailing Address
	Social Security Number	Date of Birth		City State Zip Code
Must check one <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Full Name of Person, Estate, or Trust		Percentage	Mailing Address
	Social Security Number	Date of Birth		City State Zip Code
Must check one <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Full Name of Person, Estate, or Trust		Percentage	Mailing Address
	Social Security Number	Date of Birth		City State Zip Code

Designation	Beneficiary Information		Relationship			
Must check one <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Full Name of Person, Estate, or Trust			Mailing Address		
	Social Security Number	Date of Birth		Percentage	City	State
Must check one <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Full Name of Person, Estate, or Trust			Mailing Address		
	Social Security Number	Date of Birth		Percentage	City	State
Must check one <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Full Name of Person, Estate, or Trust			Mailing Address		
	Social Security Number	Date of Birth		Percentage	City	State

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

Signature Required – MUST complete 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 receive 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 97394.**

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.

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.

If you are the Power of Attorney submitting this form you will also need to send the following:

- A photocopy of the Power of Attorney document that grants you the power to designate a beneficiary.
- Affidavit of Attorney-in-Fact completed and notarized.

CITY OF NEWPORT EMPLOYEES' RETIREMENT PLAN

ILLUSTRATION OF BENEFITS FOR 7/01/2015 TO 6/30/2016

Doe, Jane

Social Security Number xxx-xx-2222 Date of Birth April 2, 1961 Date of Hire September 1, 1996 Date of Entry March 1, 1997 Service Date September 1, 1997 Compensation in prior year \$70,000

Your service date is the date from which benefit service is calculated under the Plan. It is adjusted to reflect past periods of non-qualified employment, such as a leave of absence or a period of employment at less than full time status.

Benefits under the Plan are fully vested after you have been credited with seven years of vesting service. As of June 30, 2016 you have 19 complete years of vesting service and are 100% vested.

	<u>Beginning Of Year</u>	<u>End of Year</u>
Defined Benefits:		
Years of Benefit Service	24	25
Average Annual Earnings	\$67,908.12	\$69,600
Average Monthly Earnings	\$5,695.01	\$5,800.00
Vested Percentage	100%	100%
Accrued Monthly Retirement Benefit	\$1,881.34	\$1,900.00

Your normal retirement basic benefit is a monthly pension for life equal to Years of Benefit Service x 1.2% x Average Monthly Earnings.

Average Annual Earnings is calculated as the average compensation over the consecutive 3-year period during which your compensation was highest.

Your Normal Retirement Date is the first day of the month on or after the day you reach age 62. You may retire early on the first day of any month after you are 55 and have 10 years of service. Your monthly early retirement basic benefit will be determined as if it were a normal retirement basic benefit, adjusted as follows:

- If you have 25 or more years of service and start benefits at age 60 or later, there will be no reduction in your benefit.
- If you have 30 or more years of service and start benefits at age 55 or later, there will be no reduction in your benefit. If you do not qualify under the first two rules, the defined benefit portion of your benefit will be reduced by 0.6% for each month by which the benefit starting date precedes age 62.

Please note: These are estimated benefits only. All rights to retirement plan benefits are governed by the terms and conditions of the Plan, including the right to change or discontinue the plan at any time. City of Newport reserves the right to make adjustments consistent with those terms and conditions in case of error in this statement. If you feel the information on this page is inaccurate, or if you have questions or need additional information, please contact the City of Newport Employees' Retirement Plan administrator, Michael Murzynsky, at 541-574-0610.

CITY OF NEWPORT EMPLOYEES' RETIREMENT PLAN**ILLUSTRATION OF BENEFITS FOR 7/01/2015 TO 6/30/2016****Doe, Jane**

Social Security Number: xxx-xx-1111

Date of Birth: July 30, 1952

Date of Hire: February 1, 2009

Normal Retirement Date: August 1, 2014

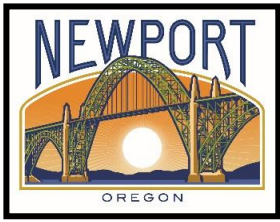
	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Gains / Losses</u>	<u>Distributions</u>	<u>Ending Balance</u>	<u>Vested Balance</u>
Employee Contribution Accounts:						
Employee Voluntary	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mandatory	\$0.00	n/a	\$0.00	\$0.00	\$0.00	\$0.00
Rollover	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Employee Contribution Accounts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Employer Contribution Accounts:						
Money Purchase	\$12,378.28	\$2,016.12	\$-86.12	\$0.00	\$14,308.28	\$14,308.28
Employer Match	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Employer Contribution Accounts	\$12,378.28	\$2,016.12	\$-86.12	\$0.00	\$14,308.28	\$14,308.28
Total Account Balances	\$24,756.56	\$4,032.24	\$-172.24	\$0.00	\$28,616.56	\$14,308.28

Employee Contribution Accounts: these accounts consist of contributions you have made, rollovers from another plan the City of Newport Retirement Plan has accepted on your behalf, and any investment gains or losses on those amounts. Balances in these accounts are 100% vested at all times.

Employer Contribution Accounts: these accounts consist of contributions made by the city on your behalf and any investment gains or losses on those amounts. Balances in these accounts are vested fully after seven years of service. As of June 30, 2016 you have accrued **7** complete years of vesting service and are **100.0%** vested.

Attachment 21.3

Please note: These are estimated benefits only. All rights to retirement plan benefits are governed by the terms and conditions of the Plan, including the right to change or discontinue the plan at any time. City of Newport reserves the right to make adjustments consistent with those terms and conditions in case of error in this statement. If you feel the information on this page is inaccurate, or if you have questions or need additional information, please contact the City of Newport Employees' Retirement Plan administrator, Michael Murzynsky, at 541-574-0610.



CITY OF NEWPORT Attachment 21.4

INTENT TO RETIRE / TERMINATE

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
 EMPLOYEE'S RETIREMENT PLAN
 PARTICIPANT TERMINATION ELECTION FORM
 DEFINED BENEFIT WITH MONEY PURCHASE**

Attachment 21.5

{Non-represented employees hired on or before March 5, 2012. Newport Employees Association (NEA) and Newport Police Association (NPA) non-PERS employees hired on or before October 15, 2012}

1. I worked less than three (3) years for the City and do not meet the vesting requirements of the Plan. (Sign and date form below).
2. I worked three or more three (3) years for the City and am vested, either partially or fully, in the City Retirement Plan. (Please continue completing form).

I, _____ acknowledge that I have received the Federal Withholding Certificate for Pension and Annuity Payments explaining the tax withholding and rollover options available for my distribution. **I further acknowledge as a plan participant, that I may elect within 180 days after termination to withdraw the vested portion of the Money Purchase contribution account and all the Mandatory contribution account and Voluntary contribution account. If the election is made, the vested portion of the accounts shall be paid to me in a lump sum payment(as described in 8.6 of the Defined Benefit Plan Summary Description); and the defined benefit, if any, and any unvested Money Purchase account shall be forfeited.**

I will receive payouts in two separate checks, with the first check being 85% of the most recent valuation for the employee account. [see 8.6 of the Defined Benefit Summary Description] The second check will be on or about November 1st, following the end of the plan year in which I ended my employment. This is due to fluctuations in market conditions for the invested Money Purchase accounts.

If the election is not made within 180 days, all vested Money Purchase contribution accounts and the defined benefit will remain until normal retirement age of 62. [see 8.02-1, 8.02-2, and 8.02-3 of the Retirement Plan]

I elect the following form of benefit:

3. A lump sum payment paid directly to me of the vested portion of my money purchase contribution account. **I understand that if this election is made, any unvested portion of my money purchase account and my entire defined benefit will be forfeited.** (Mandatory 20% federal tax will be withheld)
 - 3a. I do not wish to have State Income Taxes withheld
 - 3b. I wish to have 8% State Income Taxes withheld
4. A direct rollover of the vested portion of my money purchase contribution account. **I understand that if this election is made, any unvested portion of my money purchase account and my entire defined benefit will be forfeited.**
 - 4a. IRA recipient of direct rollover: Name and address of IRA custodian or trustee (bank or other financial institution):

 - 4b. Qualified retirement plan recipient of direct rollover:
 Name of Plan _____
 Name, address and telephone number of plan administrator: _____

5. A deferred benefit, to be paid at Normal Retirement Age of 62, (further information will be provided.)

Please complete, sign and date this form and return it to Human Resources, City of Newport, 169 SW Coast Hwy, Newport, Oregon 97365.

Participant's signature

Date Signed



CITY OF NEWPORT EMPLOYEES' RETIREMENT PLAN

APPLICATION FOR BENEFITS

I acknowledge that I have received a W-4P Federal Withholding Certificate for Pension or Annuity Payments ex the tax withholding and rollover option available for my distribution.

I understand that if my account exceeds \$3,500, my benefits may remain in the Plan until I request payment or reach age 65. I elect the options I have marked below.

1. Choose one of the following (please see the Memorandum about Plan Distributions for the explanation of each. 1. A., 1. B., 1.C., and I. D. will not result in eligible rollover distributions for purposes of section 3.

- A. Life annuity (basic benefit)
- B. 50% contingent survivor annuity
- C. 100% contingent survivor annuity
- D. Other form of benefit as pre-approved by Retirement board:

2. Do not complete this section if you have chosen the forms in 1.A, 1.B, 1.C, or 1.D. If you would like to receive a lump sum distribution, you must complete 2.A, 2.B. or 2.C if they are applicable.

- A. Roll over my entire distribution(s). If you choose this option you must complete 2.B. or 2.C. and may not complete section 3.
- B. IRA recipient of direct rollover
Name and address of IRA custodian or trustee (bank or other financial institution):

- C. Qualified retirement plan recipient of direct rollover

D. Pay my distribution(s) directly to me. If you choose this option skip to section 3.

3. Election about Oregon withholding: If you have elected 1.A., 1.B., 1.C., or 1.D., automatic Oregon withholding of 8 percent will apply to your monthly payments when they are paid to you unless you complete this section .

A. I elect not to have any Oregon tax withheld .

B. I elect to have \$ _____ Oregon tax withheld in addition to withholding at the automatic rates.

Please complete, sign and date this form and return it to Human Resources, City of Newport, 169 SW Coast Highway, Newport, Oregon 97365

Participant's signature

Date Signed

**CITY OF NEWPORT DEFINED BENEFIT PLAN
RETIREMENT PLAN BENEFIT ILLUSTRATION**

JOHN L. SMITH

Participant Data			
Date of Birth	1/1/1956	Date of Normal Retirement	2/1/2018
Date of Employment Date	7/6/1989	Date of Early Retirement	2/1/2017
of Termination	1/1/2017	Assumed Distribution Date	2/1/2017
Spouse's Date of Birth	2/1/1962	Vesting Service in years	27.50

Individual Employer Accounts		
	Employee Contribution	Money Purchase

Balance as of July 1, 2016	\$6,372.97	\$100,350.62
----------------------------	------------	--------------

Money purchase contributions are in addition to any employer provided benefits. You may elect to receive your Money Purchase contribution in any of the optional forms allowed by the plan.

This calculation is based on the Participant Data outlined above. If there is an error in the Participant Data section, the calculation of your final retirement amount may be affected. Please contact your plan administrator immediately regarding any corrections.

Your Normal Retirement Benefit

Eligible Compensation Used to Calculate Benefits:

Plan Year	Eligible Compensation	
2015	\$ 48,787.01	
2014	\$ 47,832.40	
2013	\$ 46,894.75	
		Number of Months
Average Monthly Compensation Used to Determine Benefits		12
Service in years		12
		12
Pension Credit Accrued at Termination and Payable at Normal Retirement Age (62)		
Vested Percentage:		\$3,986.50
Vested Pension Credit Accrued at Termination and Payable at Normal Retirement Age (62)		\$ 27.50
		\$1,316.94
		100%
		\$1,316.94

Assumptions Used in Preparing This Calculation
--

Assumed Rate of Interest Used for Conversion to Optional Forms and Relative Values	6.00%
Actuarial Table Used for Optional Forms and Relative Values	UP-84 - 5 year set back
Normal Form of Benefit	Straight Life

Please note the following with respect to the relative value of your benefit options:

The Lump Sum Payment is approximately 100% as valuable as the Straight Life Annuity. All other benefit options are approximately equal in value.

Benefit Options

The following benefit options have been adjusted to your Assumed Distribution Date, February 1, 2017.

You may elect to receive your benefits in any of the available forms shown below. The amounts shown are based on available employment data and the definition of Actuarial Value as stated in the Plan Document. The normal form of benefit payable is a Straight Life Annuity.

Attachment 21.7

Please note that the Lump Sum payment is approximately 100% as valuable as the Straight Life Annuity. All other benefit options are approximately equal in value.

If you receive a total distribution of your Money Purchase Account within 180 days of terminating employment, and do not begin receiving your Accrued Benefit under the Defined Benefit portion of the Plan at the same time, then your Accrued Benefit will be forfeited. You have the right to defer the start of your benefit until the Plan's Normal Retirement age of 62.

[] **Straight Life Annuity Option for Defined Benefit portion and Defined Contribution Accounts**

Under this annuity form, you will receive a monthly payment for as long as you live. Payments will stop upon your death.

	Your Benefit Payable for Life
Straight Life	\$ 1,316.94
Straight Life from Money Purchase Contributions	\$ 726.05
Straight Life from Employee Contributions	\$ 46.11
	\$ 2,089.10
Total Straight Life Annuity Available	

[] **Joint and Contingent Survivor Annuity Options for Defined Benefit portion and Defined Contribution Accounts**

Under this annuity form, you will receive a monthly payment for as long as you live in the amount you choose from below. Upon your death your beneficiary will continue to receive the survivor annuity chosen in an amount based upon the percentage of coverage you elect for as long as your beneficiary lives. Please note that whether or not you are married, the plan may allow you to choose a beneficiary other than a spouse.

	Your Benefit Payable for Life	Upon your death Beneficiary's Benefit Payable for Life
	\$ 1,113.74	\$ 1,113.74
Joint & 100% Contingent Survivor		
Joint & 100% Contingent Survivor from Money Purchase Contributions	\$ 614.02	\$ 614.02
Joint & 100% Contingent Survivor from Employee Contributions	39.00	\$ 39.00
Total Joint & 100% Contingent Survivor Annuity Available	\$ 1,766.75	\$ 1,766.75
	\$ 1,206.84	\$ 603.42
Joint & 50% Contingent Survivor		
Joint & 50% Contingent Survivor from Money Purchase Contributions	\$ 665.35	\$ 332.68
Joint & 50% Contingent Survivor from Employee Contributions	\$ 42.25	\$ 21.13
	\$ 1,914.44	\$ 957.22
Total Joint & 50% Contingent Survivor Annuity Available		

[] **Lump Sum Payment Options for Defined Benefit portion and Defined Contribution Accounts**

The total value of your benefits if paid to you in a lump sum will be \$288,743.11 as of February 1, 2017.

Attachment 21.7

However, because income taxes can take a big bite out of your distribution, how you manage these funds will have a significant impact on how much you have left to use for your retirement after paying your taxes. We encourage you to see your tax advisor for more information about how you can best manage your distribution to reach your retirement goals.

	Lump Sum Distribution
Present Value of Vested Pension	\$ 182,019.52
Money Purchase Contribution Account Balance	\$ 100,350.62
Employee Contribution Account Balance	\$ 6,372.97
	<hr/>
Total Lump Sum	\$ 288,743.11

Benefit Options (Continued)

[] Combination of Annuity for Defined Benefit portion, and Lump Sum for Defined Contribution Accounts

1.) CHOOSE ANNUITY OPTION OF DEFINED BENEFIT:

	Your Benefit Life Payable for Life	Upon your death Beneficiary's Benefit Payable for Life
Straight Life Annuity <u>OR</u>		
Joint & 100% Contingent Survivor Annuity <u>OR</u>	\$ 1,316.94	\$ -
Joint & 50% Contingent Survivor Annuity	\$ 1,113.74	\$ 1,113.74
	\$ 1,206.84	\$ 603.42

2.) IN ADDITION TO LUMP SUM OF CONTRIBUTIONS:

	Lump Sum Distribution
Money Purchase Contribution Account Balance	
Employee Contribution Account Balance	\$ 100,350.62
	<hr/>
Total of Individual Accounts	\$ <u>6,372.97</u>
	\$ 106,723.59