

RETIREMENT



**General
Employee**

**Defined
Contribution**

**Retirement
Plan**



Dear Employee:

This booklet is designed to acquaint Non-Civil Service employees with the major provisions of the General Employee Defined Contribution (DC) Retirement Plan. The booklet does not attempt to cover in detail all of the technical information contained in the Plan document, but is intended to offer a concise description of the benefits provided under the Plan.

On October 1, 1998, the City implemented a new DC Retirement Plan for the active general employees (Non-Civil Service); anyone hired on or after this date is a participant in this Plan.

General employees hired before October 1, 1998 are participants in the Defined Benefit Retirement Plan and under specific circumstances that are further explained in the booklet for that Plan could transfer to the DC Plan.

The most frequently asked questions and respective responses related to the DC Plan are covered in this booklet. The complete DC Plan document is available through (1) The Office of Business and Financial Services; (2) Pension Advisory Committee (PAC) members; and (3) the City Intranet under Human Resources or Chief Financial Officer.

The City's DC Plan is among the best plans in the country. The Plan is a major benefit in connection with your City employment. When combined with other retirement assets, e.g., social security, deferred compensation, personal savings, etc., you could enjoy a considerable lifelong income.

My sincere thanks for helping to keep "The City Beautiful".

A handwritten signature in black ink, appearing to read "Buddy Dyer".

Buddy Dyer
Mayor



SUMMARY PLAN DESCRIPTION

***** Introduction *****

This summary explains how **The City of Orlando General Employee Defined Contribution Retirement Plan** works and the benefits it provides. Intended only as a guide, this Summary Plan Description neither modifies nor replaces the full text of the document under which the Plan operates.



Questions & Answers

HOW DO I KNOW IF I AM ELIGIBLE TO PARTICIPATE IN THE GENERAL EMPLOYEE DEFINED CONTRIBUTION (DC) RETIREMENT PLAN?

With certain exceptions, if you are an active general employee hired on or after October 1, 1998 you are a participant in this Retirement Plan. You cannot participate if you are a sworn police officer or firefighter, a seasonal or temporary employee or an individual retained or contracted with by the City who is not subject to withholding of federal income tax or FICA.

If you were a participant in the City of Orlando General Employee Defined Benefit (DB) Retirement Plan on October 1, 1998, you may be eligible to transfer to the DC Plan. If you transfer, the present value of the defined benefit earned, as of the transfer date, will be transferred to the DC Plan.

WHEN DO I BEGIN TO PARTICIPATE IN THE DC PLAN?

The first of the month following 90 days of employment. Credited service and vesting, however, are effective your date of hire in a qualifying position.

WHAT DO I CONTRIBUTE TO THE PLAN?

There are 3 types of contributions you can make to the Plan. You **must** elect one of the first 2 types, but not both. Additionally, you may elect to contribute the third type.

If you elect the first type, you make an *irrevocable* contribution of 3% of your pensionable earnings each year. *This election cannot be changed.* Contributions made under this election are pre-tax. This means they are not subject to federal income tax until the benefits are paid back to you.

If instead, you elect the second type which is not permanent, you have to choose a contribution of either 0%, 1%, 2% or 3% of your pensionable earnings each year on an after tax-year they are contributed. This election can be changed, but not more than once annually.

Under either of the first 2 types of contributions described above, the City will contribute a matching amount to your account each pay period. For example, under the first type, the City will match the 3% irrevocable contribution. Under the second type, if you make an election to contribute 1%, 2%, or 3% of pensionable earnings, the City will match the contribution with 1%, 2%, or 3% of pensionable earnings.

In addition to the election of the first or the second type of contributions described above, you can elect a third type of contribution which is an option after tax contributions of up to 25% of pensionable earnings. Any whole percentage from 1% to 25% may be elected. This election can be changed from time to time in accordance with Plan rules. The City does not match this optional contribution.

HOW MUCH DOES THE CITY CONTRIBUTE?

In addition to the City's matching contributions up to 3% as described above, the City also contributes a basic amount equal to 7% of pensionable earnings annually for a total City contribution of up to 10%.

For example, in either of the above cases, if you contribute 3% of your pensionable earnings to your pension account, the City will contribute a total amount equal to 10% of your pensionable earnings, which results in a grand total amount equal to 13% of your pensionable earnings being deposited to your pension account (i.e. your 3%, plus 3% City match, plus the basic 7% contribution from the City).

HOW ARE MY ACCOUNT BALANCES INVESTED?

You may direct that your account balances be invested in any of the investments made available by the Pension Board. If you fail to direct your own investments, the Plan Administrator will invest the funds in a “target date” default option which match up your investments with your expected retirement date. Any earnings on investments will be directly credited to your accounts.

WHAT ARE MY INVESTMENT OPTIONS?

Contributions will be in a self-directed account that will allow you to pick investments. The investment options will include a variety of types of equity, fixed income and other funds. Visit icmarc.org/cityoforlando to obtain current information on investment options.)

WHAT HAPPENS IF I TERMINATE EMPLOYMENT WITH THE CITY?

If employment is terminated with the City for any reason, you will be paid an amount equal to your own employee contributions, including investment growth, if any. In addition, if you have at least 1 year of credited service, you will be paid a portion (vested percentage) of the Employer Contribution Account and earnings, if any. If you have 4 or more years of credited service, you will be paid all of the Employer Contribution Account and earnings, if any. If you chose to roll over your balance from a previous qualified (under IRS guidelines) Defined Contribution Plan (from a former employer), you will be reimbursed 100% of the rollover contribution regardless of your credited service with the City.

In summary:

Vested Percentage

| <u>Years of Credited Service</u> | <u>Employee Contribution Account</u> | <u>Employer Contribution Account</u> | <u>Rollover Account</u> |
|----------------------------------|--------------------------------------|--------------------------------------|-------------------------|
| Less than 1 | 100% | 0% | 100% |
| 1 | 100% | 25% | 100% |
| 2 | 100% | 50% | 100% |
| 3 | 100% | 75% | 100% |
| 4 | 100% | 100% | 100% |

If your termination is due to your death, your beneficiary or estate would be paid the amount otherwise payable to you.

WHAT ARE THE OPTIONS FOR PAYMENT OF MY ACCOUNTS UPON TERMINATION OF EMPLOYMENT WITH THE CITY?

Generally, you can elect to be paid in either a single lump sum or in monthly, quarterly or annual installments within IRS guidelines.

HOW DO I KNOW WHICH PAYMENT OPTION TO SELECT?

Circumstances are unique to each individual's need. Extreme care should be exercised in evaluating and choosing how and when to receive payments. Some choices have costly Federal tax issues related to them; other choices produce a lower tax cost. **You should seek tax advice prior to your selection.**

CAN I LEAVE ACCOUNT BALANCES IN THE PLAN AFTER TERMINATING EMPLOYMENT WITH THE CITY?

You can leave your account balances in the Plan and continue to direct the investments. However, no further employee or employer contributions will be made. Accounts with balances of \$1,000 or less may be distributed to terminated employees at the option of the City.

CAN I TAKE A LOAN FROM MY ACCOUNT IN THE PLAN?

A minimum loan of \$1,500 may be taken from the vested portion of your account balances. The maximum loan is no more than 50% of your vested account balances or \$50,000, whichever is less. A promissory note must be signed. You will be charged interest on the loan at Prime Rate published the 1st of the month at the time of the loan. [Note: Only one loan can be outstanding at any calendar year.] Only plan participants employed by the City may take a loan on vested account balances.

HOW DO I REPAY THE LOAN?

Payments will be deducted from the participants personal account via ACH. If employment is terminated with the City, the employee will continue to pay on the loan amount.

If an employee chooses not to make any loan payments on the loan, the outstanding loan balance may be considered a distribution by the IRS and be treated as **taxable** income as of the termination tax year.

WHAT HAPPENS IF I RECEIVE LONG-TERM DISABILITY (LTD) BENEFITS FROM THE CITY THAT BEGAN PRIOR TO APRIL, 1, 2020?

You will continue to participate in the DC Plan and the City will make contributions to your employer contribution account. The amount of the City contribution is 3.5% of your pre-disability base earnings (1/2 of 7%). You cannot make contributions to the employee contribution account while you are on LTD. As a participant, you will be given credited service for 1/2 of your time on LTD for purposes of vesting.

Any employee hired after April 1, 2020, and is receiving long-term disability (LTD) cannot make contributions to the employee contribution account while on LTD. You will be considered fully vested but will not receive any employer contributions.

WHO ADMINISTERS THE PLAN?

The City of Orlando City Council (The Board”) has established the Pension Advisory Committee (“PAC”) to formalize the efforts of administering the General Employees’ Defined Contribution Plan. The City of Orlando is the Plan Sponsor for the Plan, and the company selected by the Plan Sponsor to administer the plan is the Plan Administrator. Along with the Investment Advisor that The Board has appoint, the Chief Financial Officer has the responsibility of assisting in administering the plan.

WHAT ARE MY MEDICAL BENEFITS UNDER THE DC RETIREMENT PLAN?

Medical benefits established by City policy are not part of or included in the DC Retirement Plan (see current City policy for specific information).

In Conclusion

In reviewing this summary, please keep in mind this brief explanation is not intended to take the place of the Defined Contribution Retirement Plan instruments evidencing and controlling the Plan, nor does it extend to you any right or benefits not granted by the governing Plan documents; the actual provisions of those instruments will control in all instances.

Effective Date of Plan

October 1, 1998 as amended on May 1, 2000,
May 1, 2004, May 1, 2005, June 8, 2009. April
26, 2010, and April 1, 2020

Plan Year

January 1 through December 31

Other Important Data

Employer/Plan Sponsor Name

City of Orlando General Employee
Defined Contribution Pension Plan

Plan No. -- 004

Employer Identification No. -- 59-6000396

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