

# City of Newport Beach

## Retirement Enhancement Plan – Defined Contribution

### Plan Summary

#### INTRODUCTION

Effective December 1, 2012, the City of Newport Beach (“City”) approved the establishment of a 401(a) Defined Contribution Retirement Enhancement Plan (“Plan”) for eligible employees. The Plan provides a supplemental retirement benefit in addition to your current CalPERS retirement benefit.

For this Plan, PARS serves as the Trust Administrator and is responsible for plan accounting, coordinating distributions, and communicating plan provisions.

John Hancock Retirement Services serves as custodian of plan assets and the record keeper of the Plan. Through John Hancock, PARS participants have the ability to self-direct investments by selecting a variety of no-load mutual funds.

#### ELIGIBILITY REQUIREMENTS

You are eligible to participate in this Plan if you meet the following requirements:

- (a) Is an employee of the City represented by the Newport Beach Fire Management Association or the Newport Beach Firefighter’s Association on or after December 1, 2012
- (b) Is not eligible for the three percent (3%) at fifty (50) CalPERS retirement formula
- (c) Is eligible to receive the employer contribution provided under this Plan pursuant to a valid memorandum of understanding

#### CONTRIBUTIONS

##### Employee Contributions

For each day that you remain a participant under this Plan, you will make mandatory contributions to the Plan based on a percentage of your base salary on a pre-tax basis ranging from zero percent (0%) to ten (10%) percent.

Once a percentage has been determined, the contribution amount is fixed permanently for the remainder of your employment with the City.

##### Employer Contributions

For each day that you remain a participant under this Plan, the City will contribute an amount equal to your contribution to the Plan, up to a maximum of one and one-half percent (1.5%) of your base salary pursuant to the following schedule:

Employee Contribution	Employer Matching Contribution
0.0%	0.0%
0.5%	0.5%
1.0%	1.0%
1.5%	1.5%
2.0% +	1.5%

The employer contribution amounts will be determined exclusively by the City and are subject to change at the discretion of the City. The City assumes no commitment to make any contributions at any times.

##### Investment Earnings

Contributions are submitted to your account by the City and are then invested in investment options that you select through the John Hancock program. You have twenty (20) investment funds to choose from, including nine (9) LifeCycle Funds. With the PDI (Participant Directed Investment) feature, you have individual control over your investments.

Investment earnings will be credited to your Plan account based on investment activity and will accumulate tax-free until termination from the Plan and the distribution of your funds.

#### VESTING

Vesting refers to your ownership of your account.

You are immediately 100% vested in your employee contribution account made to the Plan.

You will become one hundred percent (100%) vested in your employer contribution account upon attainment of age fifty-five (55).

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If the vesting requirement described above is not met upon termination of employment with the City, the percent vested in the employer contribution account will be determined by the following schedule, calculated as of the last day of employment with the City:

Age at Retirement	Vesting Percentage
51	20%
52	40%
53	60%
54	80%
55+	100%

If you terminate employment with the City and are not fully vested in your account on your date of termination, you will forfeit that portion of your account in which you are not vested.

#### DISTRIBUTION OF BENEFITS

##### Eligibility for Distribution

You or your beneficiary will receive your Plan account balance after your employment ends for any of the following reasons:

- Termination from employment
- Retirement
- Permanent and Total Disability
- Death

##### Receiving Your PARS Plan Account Balance

When PARS is notified by the City that your employment has ended, appropriate distribution forms will be sent to you. It is your responsibility to complete these forms and return them to the PARS office. Within thirty (30) days of PARS' receipt of all correctly completed forms, you will receive a distribution from the plan.

#### BENEFIT PAYMENT OPTIONS

**Lump-Sum Payment:** a one-time lump-sum cash payment (subject to federal and state income tax withholding).

**Rollover to IRA or Qualified Plan:** a direct rollover to an IRA or another qualified plan that accepts the rollover.

In lieu of taking a lump-sum distribution, you have the option of purchasing an annuity and selecting an alternative form of distribution to be paid monthly. Please contact PARS if you are interested in receiving more information.

#### DESIGNATION OF BENEFICIARY

If you die while employed, your account balance will be distributed to your beneficiary. If you are married at the time of your death, your spouse is automatically your beneficiary. If you wish to designate someone other than your spouse as your beneficiary, you must do so in writing and your spouse must sign a spousal consent.

If you are unmarried at the time of your death, your account balance will be paid to your estate unless you have designated another beneficiary.

To designate a beneficiary or change your beneficiary, please complete the Designation of Beneficiary form and return it to City's Human Resources Department.

#### FOR ADDITIONAL INFORMATION

Additional questions about the Plan or your account should be directed to the Plan Support Department at PARS:

Phone #: (800) 731-7884  
Email: plansupport@pars.org  
Hours: Monday – Friday  
8:30AM – 5:00PM (PST)

Questions about investment information should be directed to John Hancock at:

Phone#: (800) 395-1113  
Web Site: <https://myplan.johnhancock.com>

#### PLEASE NOTE

*PARS is not licensed to provide tax, accounting or legal advice. You are urged to consult with appropriate professionals regarding the tax, accounting and legal implications of participating in PARS. The Plan Document contains a more detailed description, and your employer has a copy, which you may read. The Plan Document shall govern if this description states something different.*