

City of Newport Beach - Contract No. 86360

401(a) Defined Contribution Plan Plan Summary - Tier III

INTRODUCTION

Effective January 1, 2022, the City of Newport Beach ("City") approved the establishment of a 401(a) Defined Contribution ("Plan") for eligible employees.

For this Plan, Public Agency Retirement Services ("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 are:

- Employed as the City Manager under a valid employment agreement as of September 4, 2018; and
- Not eligible for benefits under either Tier I or Tier II of this Plan

CONTRIBUTIONS

Employee Contributions

No Employee contributions shall be permitted under the Plan.

Employer Contributions

The Employer shall make bi-weekly contributions to the Plan equal to a maximum of twenty-nine thousand, five hundred dollars (\$29,500.00) beginning in calendar year 2022. Such amount will increase by five-thousand dollars (\$5,000.00) each calendar year thereafter so long as the City Manager is under a valid employment agreement with the City.

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 you have taken a distribution of your funds.

VESTING

Vesting refers to your ownership of your account.

You are immediately 100% vested in your Employer Contribution Amount.

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

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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.

Distributions are subject to a twenty-five dollar (\$25) John Hancock distribution fee.

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 payment. 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 the City's Internal Operations Department.

FOR ADDITIONAL INFORMATION

Additional questions about the Plan, Plan to Plan Transfers/Rollovers into 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 (Contract no. 86360) 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.