

Summary Plan Description of
The City of Peachtree City
Defined Benefit Plan
As of September 7, 2006

INTRODUCTION

Effective January 1, 1974, The City of Peachtree City (the City) established a defined benefit pension plan, which is called the City of Peachtree City Defined Benefit Pension Plan (the Plan). This summary, which describes the important features of the Plan, is intended to answer most of your questions about the Plan. It is for illustration only and is not part of the City's retirement plan. Your entitlement to benefits is governed by the terms of the Plan adopted by the City. If there is any conflict between the description in this summary and the terms of the Plan, the terms of the Plan control. If you have any questions about the Plan that are not in this summary, you can contact the Administrator.

This summary includes Plan provisions that were in effect as of September 7, 2006.

YOUR RETIREMENT PLAN

The City of Peachtree City has adopted a retirement plan. The Plan provides for the payment of monthly benefits to you for life after retirement. The City hires the investment managers and administers the Plan.

The Plan is designed to help you prepare now for financial security in later years. It supplements your Social Security benefits and your personal savings by providing additional income at retirement. The income you receive from Social Security, the City's retirement plan, and your personal savings will help provide you with income when you retire.

You should read this document and become familiar with the benefits afforded in the Plan. Understanding how these benefits enrich your retirement can give you greater personal security. Give your family an opportunity to read about the Plan too.

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WHAT IS THE PURPOSE OF THE PLAN?

The purpose of the City's retirement plan is to provide additional income for you in your later years and to make it easier for you and your family to be secure and independent when you retire. Your retirement plan is designed to supplement Social Security and your personal savings to help provide you an adequate retirement income.

WHO PARTICIPATES IN THE PLAN?

Full time employees of the City Participate in the Plan when they have completed one year of continuous employment. Participation in the Plan begins on the first day of the month. If your hire date was on the first day of the month, you are eligible to Participate on the same day one year later, otherwise; you begin to Participate on the first of the month following your anniversary. Part-time employees (including part time Firefighters) are excluded from Participation in the Plan.

WHAT DOES IT COST ME?

The City provides the Plan at no cost to you. The City bears the entire expense of the Plan.

HOW DOES THE PLAN BENEFIT ME?

After you retire, the Plan pays you a monthly retirement benefit for as long as you live. Your Normal Retirement benefit is 2% of your Final Average Earnings times your Credited Service. Early Retirement is also available with reduced benefits.

In addition, the Plan offers Disability, Death, and Vested benefits to qualified participants.

HOW ARE BENEFITS DETERMINED?

The amount of your benefit is based on four items:

1. **Credited Service** – Normally, your Credited Service will be the total years and complete calendar months that you work for the City.
2. **Final Average Earnings** – Your Final Average Earnings will be the greater of: (a) the average of the highest 5 calendar years of earnings in the last 10 years, or (b) the average of your last 60 consecutive months of earnings prior to your retirement. (Earnings exclude expense allowances and severance payments, and are limited with regards to vacation, sick and comp time at termination.)

3. **Age at Retirement** – Normal Retirement benefits are payable to you when you reach both the age of 65 and have at least 5 years of Credited Service. You become eligible for Early Retirement when you reach both 55 years of age and have 10 years of Credited Service. The Early Retirement benefits are reduced to compensate for the increase in number of years the benefit is paid. If you are a Police Officer or Firefighter you may retire and receive unreduced benefits at the age of 55 with at least 10 years of Credited Service, or upon your completion of 25 years of Credited Service.
4. **Benefit Formula** – The Benefit Formula is a percentage that is multiplied by your Final Average Earnings and your Credited Service to produce an annual benefit, which is then divided by 12 to give you your monthly Normal Retirement benefit. It is calculated as follows:

$$\begin{array}{r}
 \text{Final Average Earnings} \\
 \times \\
 2.0\% \\
 \times \\
 \text{Credited Service}
 \end{array}$$

HOW ARE BENEFITS PAID?

Your retirement date will be on the first day of the month following the date of termination of employment. You will receive your benefit payment on the last day of each month for the rest of your life. There are three different payment options for your pension benefits:

1. **Life Annuity** – This option allows you to receive the maximum possible benefit payment each month for the rest of your life; however, no beneficiary will receive any benefits after your retirement.
2. **Joint and Survivor Annuity** – Choosing this option means you will receive a reduced monthly benefit. However, if you die before your chosen beneficiary, he or she will receive 50%, 75%, or 100% of your monthly benefit for the rest of their life. The benefit reduction calculation is based on both the age difference between you and your beneficiary and the percentage of income continuation you choose at retirement to leave to your beneficiary.
3. **Period Certain and Life Annuity** – With this option, you receive a decreased monthly benefit for the rest of your life. However, the beneficiary of your choice will receive your benefit for the remainder of a 10 or 20-year period if you should die within that period. This option is useful if your beneficiary is a dependent child who may need an income for a number of years should you die before the child grows up.

DEATH BENEFITS

As an Active Employee – You may name one person as your beneficiary. While your spouse is assumed to be your beneficiary, any relative or friend may be named as your beneficiary. After you Vest, your beneficiary will receive an immediate monthly lifetime benefit if you die while still employed by the City. The amount depends on your age, credited service, earnings history, and your beneficiary's age. You may change your beneficiary any time prior to termination of employment by giving written notice to your Administrator.

If you die before you are Vested, or you are unmarried and don't name a beneficiary, or your designated beneficiary does not survive you, no benefits are paid.

As a Retiree – Death benefits after retirement are based on the form of payment you choose when you retire. If you choose a Joint and Survivor Annuity or a Period Certain and Life Annuity at retirement, your designated beneficiary may receive benefits after your death based on the option selected. There is no beneficiary if you choose a Life Annuity.

DISABILITY BENEFITS

If you are a Participant of the Plan and qualify for Disability Retirement benefits your Credited Service continues until (a) you retire while remaining disabled or (b) you immediately return to work at the City when you recover. However, if you recover and do not directly return to work at the City, your Credited Service will stop at the date of your disability and no additional benefit will accrue.

WHAT IF I LEAVE BEFORE I RETIRE?

After you have 5 years of Credited Service, you are fully Vested in the benefit you've earned. This means if you stop working for the City after Vesting, you will still receive the Vested amount upon retirement. This amount will be actuarially reduced if you elect to receive it before age 65.

You may qualify for a Vested benefit with less than 5 years of service with the City if you had prior service with a GMEBS employer and were hired by the City before January 1, 2004.

WHAT IF I RETIRE AFTER AGE 65?

If you decide to work past your Normal Retirement Date, your benefits will be deferred until your Retirement Date. Payment of your Retirement benefits will be actuarially increased to compensate you for the delay in the commencement of benefits.

EXAMPLES OF BENEFIT CALCULATIONS

The following examples show how benefits are figured. Space is provided for you to estimate your own Normal Retirement benefit.

EXAMPLE 1

Life Annuity (no beneficiary)

The following steps are necessary to calculate a monthly Normal Retirement benefit under the City's plan. Our sample participant has Final Average Earnings of \$20,000 and has 25 years and 0 months of Credited Service.

	<u>Sample Participant</u>	<u>You</u>
1. Final Average Earnings	<u>\$20,000.00</u>	\$ _____
2. Multiply line 1 by 2.0% (.02)	<u>\$ 400.00</u>	\$ _____
3. Credited service (years and months)	<u>25.0</u>	_____
4. Multiply line 2 by line 3 to find annual Normal Retirement benefit	<u>\$10,000.00</u>	\$ _____
5. Divide line 4 by 12 to find monthly Normal Retirement benefit	<u>\$ 833.33</u>	\$ _____

Remember, the final amount will change if an optional form of payment is chosen or if you retire before your Normal Retirement date. Include the amount of your Social Security benefits and personal savings when estimating total retirement income.

Example 2

Joint and Survivor Annuity At 100%

If our participant decides to take Joint and Survivor Annuity so that after his death 100% of his monthly benefit will continue to be paid to a beneficiary, he will receive a reduced benefit.

The benefit is reduced to compensate for the fact that the expected lifetimes of two persons exceed that of one person. The amount of the reduction is based on the ages of the retiree and the beneficiary. The participant's benefit reduction will be greater the younger the beneficiary is.

If both the retiree and the beneficiary are age 65, the reduced benefit is 83.3% of his \$833.33 Normal Retirement benefit. Our sample participant will receive \$694.16 each month as long as he lives, and at his death his beneficiary will receive 100% or \$694.16 each month for the rest of their life.

Example 3

Joint and Survivor Annuity **At 50%**

If our participant selects 50% of his monthly benefit to continue to be paid to a beneficiary, he will also receive a reduced benefit, but the reduction will not be as great as at the 100% level. The participant's benefit is larger than in Example 2, but the beneficiary's benefit is smaller.

If both the retiree and the beneficiary are age 65, the participant gets 90.9% of his \$833.33 Normal Retirement benefit, or \$757.50 every month during his lifetime. His beneficiary gets 50% of this reduced benefit when he dies, or \$378.75 each month for the rest of their life.

Example 4

Period Certain and Life Annuity **At 10 Years**

We start at Example 1 again with the same participant retiring at Normal Retirement. If he chooses the Period Certain and Life Annuity at 10 years, his beneficiary will receive his payments for the remainder of the period should he happen to die before the completion of that period. If he dies after the 10-year period from the date of his retirement, his beneficiary will receive no payments.

The reduction for this option is based only on the length of the period selected. This monthly benefit is usually higher than Joint and Survivor Annuity benefits. However, although payments are guaranteed to the retiree for as long as he lives, they aren't guaranteed to the beneficiary.

The retiree in this example will receive 91.087% of his Normal Retirement benefit of \$833.33, or \$759.06 each month for as long as he lives. If he dies within 10 years after his Normal Retirement Date, his beneficiary receives \$759.06 each month until the end of the 10-year period. Then payments to the beneficiary stop.

Example 5

Early Retirement Benefit from Active Service

An Active Participant is eligible for Early Retirement if he is between the age of 55 and 65 with at least ten years of Credited Service. The Participant's accrued benefit is smaller due to the accumulation of less Credited Service and future pay increases. The Early Retirement reduction factor will lower his monthly benefit payment to compensate for the longer period of benefit payments.

For the example, let's presume our participant takes Early Retirement at age 55 and he elects the Life Annuity payment plan. We will use the same Final Average Earnings and years of service as we used in Example 1 for simplicity. But as stated earlier, an employee's Final Average Earnings and credited service will tend to be lower when he retires early.

We follow all the steps in Example 1 and then must apply an Early Retirement reduction factor. His accrued Normal Retirement benefit is \$833.33 per month. However, to determine the amount he can draw at age 55, we multiply his accrued benefit by the Early Retirement reduction factor for age 55. The Early Retirement Reduction Table below shows that a participant retiring at age 55 gets 50% of his accrued Normal Retirement benefit. 50% of \$833.33 yields a monthly benefit of \$416.67. He would receive this amount each month for the rest of his life as a result of choosing to retire at age 55.

Active Employee Early Retirement Reduction Table

(To be used when calculating early retirement benefits)

The age at Early Retirement lines up with the percentage of the accrued Normal Retirement benefit to be paid upon retirement.

<u>Retirement Age</u>	<u>Percentage of Your Normal Retirement Income</u>
65	100.0%
64	93.3%
63	86.7%
62	80.0%
61	73.3%
60	66.7%
59	63.3%
58	60.0%
57	56.7%
56	53.3%
55	50.0%

GENERAL INFORMATION

How Can I Sign Up?

Full time Employees will become eligible to participate in this Plan after completing 12 consecutive months of employment. If you wish to have a beneficiary that is not your spouse, you will need to get the appropriate form from your Administrator.

Where Can I Get More Information?

Your Administrator will be glad to answer any questions that may occur to you after you have read this booklet.

Reinstatement of Terminated Employees

If you were a participant in the City's retirement plan and your employment terminated, and you are rehired less than a year after leaving, you can resume participation in the Plan when you return. Your previous service will be credited upon your return.

If, after being a participant, you leave and are rehired more than a year later, you will have to wait another year to re-participate in the Plan. At that time you will receive credit for your previous service if you were Vested prior to termination or were gone for less than five years. Unvested prior Credited Service is lost if you fail to return to employment with the City within five years.

After an authorized leave of absence, you resume participation when you return to work and immediately receive credit for your previous service provided you follow the rules of the leave of absence you were granted.

Employment After Retirement

Your retirement income from the Plan will remain unchanged if you take a part-time or full-time job with another employer after retiring from the City.

You Can't Borrow Or Pledge Money From The Fund

The purpose of the Plan is to ensure that participants will receive the intended benefit upon retirement. Therefore, State of Georgia statutes and ERISA contain provisions to prevent the sale, assignment, pledge, or attachment of benefits.

Taxation of Distributions

The benefits you receive from the Plan will be subject to ordinary income tax in the year in which you receive the payment, unless you defer taxation by a "rollover" of your distribution into another qualified plan or an IRA.

Amendment and Termination

The Employer has reserved the right to amend or terminate your Plan. However, no amendment can take away any benefits you have already earned. If your Plan is terminated, you will be entitled to your Accrued Benefit as of the date of termination, regardless of the percent you are vested at the time of termination.

Denial of Benefits

Georgia state law provides for the denial of your benefits in the case that you commit fraud, embezzlement, theft, or are dismissed for cause. This is the only circumstance where you can be denied an otherwise vested benefit under the Plan.

Claims

When you request a distribution from the Plan, you need to contact the Plan Administrator who will provide you with the proper forms to make your claim for the benefits.

Your claim for benefits will be given a full and fair review. However, if your claim is denied, in whole or in part, the Administrator will notify you of the denial within 90 days of the date your claim for benefits was received, unless special circumstances delay the notification. If a delay occurs, you will be notified of the reason for the delay and the date when a final decision will be given.

Notification of a denial of claims will include:

- the specific reason(s) for the denial
- reference(s) to the Plan provision(s) on which the denial is based
- a description of any additional material necessary to correct your claim and an explanation of why the material is necessary.

In the event that any such claims result in a suit or other legal action by a participant or beneficiary, such action shall be defended in the same manner as other suits against the City.

Social Security And Your Retirement Benefits

Your benefits from the City's retirement plan are entirely over and above anything you or your family may receive in Social Security benefits. For employees whose year of birth is before or through 1937, full benefits from Social Security are payable at age 65. If you were born in 1938, full benefits from Social Security are payable at age 65 and 2 months, in 1939 at age 65 and 4 months, in 1940 at 65 and 6 months, in 1941 at 65 and 8 months, in 1942 at age 65 and 10 months, in 1943 through 1954 at age 66, in 1955 at age 66 and 2 months, in 1956 at age 66 and 4 months, in 1957 at age 66 and 6 months, in 1958 at age 66 and 8 months, in 1959 at age 66 and 10 months, and in 1960 and later at age 67. You can start receiving reduced Social Security benefits as early as age 62.

When planning for retirement you should carefully review your Social Security benefits in addition to this pension benefit and your savings.

STATEMENT OF YOUR RIGHTS

As a Participant in The City's Defined Benefit Plan you are entitled to certain rights and protections. You are entitled to:

- examine, without charge, at the Administrator's office copies of all documents of the Plan.
- obtain copies of all Plan documents and other Plan information upon written request to the Administrator.
- receive a summary of the Plan's financial report.
- obtain a statement telling whether you have a right to receive a Retirement benefit at Normal Retirement Age and if so, what benefits your benefits would be at Normal Retirement Age if you stop working under the Plan now. If you do not have a right to a benefit, the statement will tell you how many more years you have to work to get a right to a benefit. This statement must be requested in writing and is not required to be given more than once a year. The Plan must provide the statement free of charge.

In addition to creating rights for Plan Participants, there are duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called 'fiduciaries' of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your Employer may fire you or otherwise discriminate against you in any way to prevent you from obtaining a retirement benefit.

If your claim for a retirement benefit is denied in whole or in part you will receive an explanation of the reason for your denial. You have the right to obtain copies of documents relating to the decision without charge, and to appeal any denial.

If you have question about your Plan, you should contact the Administrator. If you have any questions about this statement or your rights under ERISA, or if you need assistance in obtaining documents from the Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Contact Information for the Plan

Plan Name: The City of Peachtree City Defined Benefit Plan

Employer: The City of Peachtree City
151 Willowbend Road
Peachtree City, GA. 30269

Employer Tax ID: 58-1079955

Three Digit Plan Number: 001

Type of Plan: Defined Benefit Plan

Administrator: Human Resource Manager
The City of Peachtree City
151 Willowbend Road
Peachtree City, GA. 30269

Tax ID Number: 58-1079955

Trustees: City Manager, Financial Services Director,
Administrative Services Director

Tax ID Number: 58-1079955

Plan Year: January 1st to December 31st

Limitation Year: January 1st to December 31st

Anniversary Date: January 1st