

**CENTRAL COUNTY TRANSPORTATION AUTHORITY**

**PENSION PLAN**

**(Restated as of January 1, 2020)**

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# CENTRAL COUNTY TRANSPORTATION AUTHORITY

## PENSION PLAN

### Article 1

#### Establishment of the Plan

##### **1.1 History of the Plan**

The City of Kalamazoo (the “City”) adopted the City of Kalamazoo Employee Retirement System Ordinance which established a pension plan (the “City Pension Plan”).

Effective as of October 1, 2016, the Central County Transportation Authority (“CCTA”) was created and certain employees of the City who participated in the City Pension Plan became employees of the CCTA.

CCTA and the City entered into a Comprehensive Transition Agreement dated October 19, 2015 which provided for the portion of the City Pension Plan’s assets and liabilities that are attributable to the Participants who were part of the Kalamazoo Transit Authority to be “spun-off” to a pension plan to be established by the CCTA.

CCTA (“Plan Sponsor”) established the Central County Transportation Authority Pension Plan (the “Plan”), effective October 1, 2016.

##### **1.2 This Document**

By this document, Plan Sponsor is amending and restating the Plan effective January 1, 2020. The Plan is intended to meet the requirements of Section 401(a) and 501(a) of the Code.

##### **1.3 Special Effective Dates**

Although the amended and restated Plan is generally effective as of January 1, 2020, certain provisions may have different effective dates in order to comply with new federal laws and regulations. Each special effective date is stated in the Plan provision to which it relates.

##### **1.4 Effect on Prior Employees**

A Participant who has a Severance from Employment before the effective date of the amended and restated Plan (or the effective date of any specific provision having a special effective date) shall have his rights and benefits determined under the Plan provisions in effect when his Severance from Employment occurred, except as specifically stated in the Plan.

## **Article 2**

### **Definitions**

The following words, terms and phrases, shall have the meanings ascribed to them in this Article, except where the context clearly indicates a different meaning. All references to specific Articles or Sections shall refer to Articles or Sections of the Plan unless otherwise stated.

#### **2.1 Accrued Benefits**

“Accrued Benefit” means the pension benefit earned by a Participant as of a particular date. A Participant’s Accrued Benefit shall be computed in the same manner as a Normal Retirement Benefit, based on the Participant’s Years of Benefit Service, Final Average Compensation, Benefit Group, and the benefit rate in effect as of the following date:

(a) If the Participant has had a Severance from Employment, the date specified in the Plan for determining the Accrued Benefit, based on the type of benefit for which the Participant is eligible; or

(b) If the Participant remains employed by Employer, the date as of which the calculation is being made.

#### **2.2 Accumulated Employee Contribution**

“Accumulated Employee Contributions” means the sum of all amounts credited to a Participant’s individual account in the reserve for Accumulated Employee Contributions.

#### **2.3 Actuarially Equivalent or Actuarial Equivalent**

“Actuarially Equivalent” or “Actuarial Equivalent” means equality in value of the aggregate amount of pension benefits to be received under different forms of payment or different times of payment, based on the actuarial assumptions described in Schedule D.

#### **2.4 Actuary**

“Actuary” means the individual actuary or firm of actuaries selected by the Board of Trustees to provide actuarial services in connection with the administration of the Plan. The individual actuary or a member of the actuarial firm shall be a member of the American Academy of Actuaries or shall have demonstrated an educational background necessary for the practice of actuarial science and have at least five years of relevant pension actuarial experience.

#### **2.5 Annuity Starting Date**

“Annuity Starting Date” means the first day or the first period for which an amount is to be paid as an annuity or other form under Article 10. It is the first day as of which an amount is to be paid, not the actual date of payment.

## **2.6 Basic Provisions**

“Basic Provisions” are the provisions of the Plan that apply to all Participants and Vested Terminated Participants. The Basic Provisions are the terms and conditions of the Plan other than the Schedules.

## **2.7 Beneficiary**

“Beneficiary” means the beneficiary designated by the Participant on a form provided by the Board of Trustees. Spousal consent is required if the Participant designates a Beneficiary in addition to, or other than, his Spouse.

## **2.8 Benefit Group**

“Benefit Group” means the group of Employees designated for the purpose of determining benefit eligibility, benefit conditions, benefit amounts and contribution amounts applicable to a Participant. The Benefit Groups are as follows:

- (a) **KMEA Benefit Group** The KMEA Benefit Group shall include all Participants who are members of the Kalamazoo Municipal Employees Association.
- (b) **ATU Benefit Group** The ATU Benefit Group shall include all Participants who are members of the Amalgamated Transit Union.
- (c) **Exempt Employee Benefit Group** The Exempt Employee Benefit Group shall include all non-Union Participants.

For purposes of this definition, an Employee is considered to be a “member” of a Union if the Employee is included in the bargaining unit represented by that Union.

The specific Plan provisions applicable to each Benefit Group are set forth in the applicable Schedule for that Benefit Group, except as otherwise provided in the applicable Collective Bargaining Agreement (in the case of a Participant who is a member of a Union) or in the applicable employment agreement (in the case of a Participant who is not a member of a Union). Age and service conditions for benefit eligibility shall be those applicable to the Participant’s Benefit Group at the time of his Severance from Employment.

## **2.9 Board of Trustees**

“Board of Trustees” or “Board” means the governing body of the Plan which is described in Article 14.

## **2.10 Calendar Year**

“Calendar Year” means the 12-consecutive month period beginning on January 1 and ending on the following December 31.

## **2.11 CCTA**

“CCTA” means the Central County Transportation Authority.

## **2.12 Code**

“Code” means the Internal Revenue Code of 1986, as amended, including any applicable regulations.

## **2.13 Collective Bargaining Agreement**

“Collective Bargaining Agreement” means the currently effective collective bargaining agreement between Employer and a Union, provided retirement benefits were the subject of good faith bargaining.

## **2.14 Compensation**

“Compensation” means base salary or wages, for regular hours worked including overtime, holiday pay, sick time pay, vacation pay, retroactive pay, certification bonus, education bonus, standby pay, emergency leave pay, critical leave pay, funeral leave pay, transit annual leave, transit annual leave payout (up to 160 hours), night shift premium, and longevity. Compensation shall include any amounts that are contributed by the City pursuant to a salary reduction agreement and that are not includable in the Participant’s gross income under Code Section 125, 132(f), 401(k), 403(b) or 457(b) including Deemed Section 125 Compensation and any Differential Wage Payment.

Notwithstanding the above, the following are not to be considered part of compensation, both for purposes of an employee paying a percentage contribution to the Plan, and for purposes of determining Final Average Compensation: deferred compensation match by the CCTA, compensation (“comp”) time, lump sum sick time payout, car stipend, mileage payment, discretionary bonus, incentive bonus, performance bonus, food allowance, tool allowance, parking allowance, clothes cleaning allowance, clothing allowance, insurance waiver, equipment overtime.

Notwithstanding any other provision of the Plan to the contrary, for Plan Years beginning on or after January 1, 1994, but before Plan Year 2002, the annual compensation of each Participant taken into account under the Plan shall not exceed the OBRA ‘93 annual compensation limit. The OBRA ‘93 annual compensation limit is \$150,000, as adjusted for increases in the cost of living in accordance with Code Section 401(a)(17)(B). If compensation for any prior determination period is taken into account in determining an employee’s benefits accruing in the current Plan Year, the compensation for that prior determination period is subject to the OBRA ‘93 annual compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first Plan Year beginning on or after January 1, 1994, the OBRA ‘93 annual compensation limit is \$150,000.

The annual compensation of the Participant taken into account in determining benefit accruals under the Plan in any plan year beginning after December 31, 2001, or such other consecutive twelve-month period over which Compensation is otherwise determined under

the Plan (the “determination period”) shall not exceed \$200,000, as adjusted for increases in the cost of living in accordance with Code Section 401(a)(17)(B).

The cost-of-living adjustment in effect for a Calendar Year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

Compensation shall not include any sums paid to a Participant as worker’s compensation or contractual supplements thereto, unless the following requirements are both fulfilled:

(a) The Participant is in receipt of said sums while the Participant is off work during the final three years of his or her membership because of a disability which, if permanent, would qualify him or her for a duty disability retirement allowance under Section 7.6; and

(b) The Participant contributes the prescribed percentage of said sums to the Plan under Section 12.1 within 180 calendar days of returning to work. Compensation shall include any employee contribution “picked-up” by the CCTA and treated as an employer contribution pursuant to Section 12.1.

#### **2.15 Date of Employment**

“Date of Employment” means the date on which an Employee performs his first Hour of Service for Employer. However, see Section 3.5 for the Date of Employment of certain reemployed Employees.

#### **2.16 Deemed Section 125 Compensation**

“Deemed Section 125 Compensation” means a Participant’s pre-tax contributions to a cafeteria plan under Section 125 of the Code in the following situation:

(a) The Participant is required to make pre-tax contributions towards the cost of health coverage made available by Employer; and

(b) The Participant is permitted to waive health coverage made available by Employer only if the Participant certifies that the Participant has other health coverage; and

(c) The Participant does not have other health coverage available and, as a result, is required to elect health coverage made available by Employer; and

(d) Employer does not request or collect information regarding the Participant’s other health coverage during the health plan’s enrollment process.

**2.17 Deferred Vested Benefit**

“Deferred Vested Benefit” means the retirement benefit provided to a Participant or Vested Terminated Participant who qualifies and elects to receive benefits under Article 9.

**2.18 Differential Wage Payment**

“Differential Wage Payment” means a payment under Section 3401(h) of the Code that is paid to a Participant during any period when the Participant is performing Qualified Military Service while on active duty for more than 30 days.

**2.19 Disability Retirement Benefit**

“Disability Retirement Benefit” means the disability benefit provided to a Participant or Vested Terminated Participant who qualifies and elects to receive benefits under Article 7.

**2.20 Early Retirement Benefit**

“Early Retirement Benefit” means the retirement benefit provided to a Participant who qualifies and elects to receive benefits under Article 6.

**2.21 Early Retirement Date**

“Early Retirement Date” means the first day after a Participant attains early retirement age under Article 6 and has a Severance from Employment.

**2.22 Eligible Domestic Relations Order**

“Eligible Domestic Relations Order” means an eligible domestic relations order under MCL 38.1701 *et. seq.* The attorney for the Board of Trustees shall determine whether a judicial order which requires payment of Plan benefits to an alternate payee is an Eligible Domestic Relations Order.

**2.23 Employee**

“Employee” means any person who is on Employer’s payroll and is treated by Employer for tax purposes as Employer’s common law employee. Employee also means any Leased Employee of Employer deemed to be an Employee of Employer under Sections 414(n) or (o) of the Code.

**2.24 Employer**

“Employer” means the Central County Transportation Authority.

**2.25 Final Average Compensation**

“Final Average Compensation” means the average of the highest annual compensation received by a Participant during any period of three consecutive Years of Benefit

Service contained within his or her 10 Years of Benefit Service immediately preceding the Participant's Severance from Employment. If the Participant has fewer than three Years of Benefit Service, the Participant's Final Average Compensation shall be the average of the annual rates of Compensation for the Participant's total Years of Benefit Service.

## **2.26 Final Compensation**

A Participant's annual rate of Compensation at the time of his or her Severance from Employment.

## **2.27 Hour of Service**

"Hour of Service" means:

(a) Each hour for which an Employee is paid, or entitled to be paid, by Employer for the performance of duties for Employer during the applicable computation period.

(b) Each hour for which an Employee is directly or indirectly paid, or entitled to be paid, by Employer an amount equal to 100 percent of the Employee's regular Compensation, but for which no duties are performed (whether or not the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty or Employer-approved leave of absence.

(c) If an Employee has an authorized leave of absence or a Severance from Employment because of Qualified Military Service, the Employee shall be credited with Hours of Service for the hours the Employee would have been scheduled to work during the Period of Qualified Military Service, provided the Employee applies for, and resumes, employment with Employer within the time limits established by USERRA. An Employee shall receive credit for Hours of Service under this provision only to the extent required by USERRA (or any successor law).

An Employee for whom Employer does not maintain a record of the number of hours worked will be credited with the number of Hours of Service he is regularly scheduled to work for each day during which he would otherwise be credited with at least one Hour of Service.

Any Hours of Service for which an Employee is paid overtime shall be credited on the basis of the actual hours worked and not the hours paid. The payroll and other records of Employer shall be used to determine an Employee's Hours of Service.

## **2.28 Leased Employee**

"Leased Employee" means any person who is not a common-law employee of Employer and who performs services for Employer under the following circumstances:

(a) The services are pursuant to an agreement between a leasing organization and Employer;

(b) The person performs the services for Employer on a substantially full-time basis for at least one year; and

(c) The services are performed under the primary direction and control of Employer.

A Leased Employee shall not be considered an Employee of Employer if:

(a) The Leased Employee is covered by a money purchase pension plan providing:

(1) A nonintegrated employer contribution equal to at least 10 percent of the Leased Employee's Compensation determined under Section 415 of the Code, plus any pay reduction contributions under Sections 125, 402(e)(3), 402(h)(1)(B) or 403(b) of the Code.

(2) Immediate participation; and

(3) Full and immediate vesting; and

(b) Leased Employees do not constitute more than 20 percent of Employer's "nonhighly compensated work force," as defined in Section 414(n)(5)(C)(ii) of the Code.

### **2.29 Normal Retirement Age**

"Normal Retirement Age" means the age described in the Schedule that applies to the Participant's Benefit Group.

### **2.30 Normal Retirement Benefit**

"Normal Retirement Benefit" means the retirement benefit provided to a Participant or Vested Terminated Participant who qualifies for and elects to receive benefits under Article 5.

### **2.31 Normal Retirement Date**

"Normal Retirement Date" means the first day after a Participant attains Normal Retirement Age and has a Severance from Employment.

### **2.32 Participant**

"Participant" means an Employee who has met the requirements for participation under Article 3 and who is or may become eligible to receive a benefit from the Plan or whose Beneficiary may be eligible to receive a benefit from the Plan.

**2.33 Period of Qualified Military Service**

“Period of Qualified Military Service” means the period of time an Employee is absent from employment where the absence is necessitated by the Employee’s performance of Qualified Military Service.

**2.34 Plan Administrator**

“Plan Administrator” means the named fiduciary responsible for the operation and administration of the Plan. The Board of Trustees shall be the Plan Administrator.

**2.35 Plan**

“Plan” means the Central County Transportation Authority Pension Plan, as described in this document.

**2.36 Plan Year**

“Plan Year” means the Calendar Year.

**2.37 Qualified Military Service**

“Qualified Military Service” means qualified military service under Section 414(u)(5) of the Code. An individual is performing Qualified Military Service only if the individual is entitled to reemployment rights under USERRA.

**2.38 Qualified Plan**

“Qualified Plan” means a retirement plan meeting the requirements of Sections 401(a) and 501(a) of the Code.

**2.39 Regular Interest**

“Regular Interest” means such rate or rates of interest per annum, compounded annually, as the CCTA shall from time to time adopt.

**2.40 Retiree**

“Retiree” means a former Employee who is receiving a pension benefit from the Plan or an Employee who has ceased performing services for Employer who is receiving a disability benefit from the Plan.

**2.41 Schedules**

“Schedules” means the Schedules attached to, and incorporated into, the Plan. Each Schedule sets forth the specific Plan provisions that apply to a particular Benefit Group.

#### **2.42 Severance from Employment**

“Severance from Employment” means the individual has ceased to be an Employee of Employer. The personnel policies of the Employer shall be used in determining whether a Severance from Employment has occurred.

#### **2.43 Spouse**

“Spouse” means the person to whom a Participant is legally married on the day before his Annuity Starting Date or, if earlier, his death. A former Spouse shall be treated as a Spouse for purposes of the Plan to the extent provided under an Eligible Domestic Relations Order.

#### **2.44 Straight Life Annuity**

“Straight Life Annuity” means the annuity form of benefit payment described in Section 10.3(a).

#### **2.45 Union**

“Unions” mean the Unions whose members are eligible to participate in the Plan. These Unions are as follows:

- (a) Kalamazoo Municipal Employees Association; and
- (b) Amalgamated Transit Union.

For purposes of this definition, an Employee is considered to be a “member” of a Union if the Employee is included in the bargaining unit represented by that Union.

#### **2.46 USERRA**

“USERRA” means the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended.

#### **2.47 Vested Terminated Participant**

“Vested Terminated Participant” means a former Employee who has met the requirements for participation under Article 3, and who is eligible to receive a benefit from the Plan or whose Beneficiary may be eligible to receive a benefit from the Plan, other than the return of his Accumulated Employee Contributions, plus interest.

#### **2.48 Worker’s Compensation Period**

“Worker’s Compensation Period” means the period a Participant is in receipt of weekly worker’s compensation on account of the Participant’s disability or death arising out of and in the course of the Participant’s employment. If a Participant is paid a single sum in lieu of future worker’s compensation, the Worker’s Compensation Period shall be the period, if any, the

Participant was in receipt of weekly worker's compensation, plus the period arrived at by dividing the single sum by the Participant's weekly worker's compensation award.

#### **2.49 Year of Benefit Service**

"Year of Benefit Service" means a year of service used in determining the amount of a Participant's Accrued Benefit. A Participant's Years of Benefit Service shall be determined in the manner described Section 4.2.

#### **2.50 Year of Vested Service**

"Year of Vested Service" means a year of service used in calculating the vested portion of a Participant's Accrued Benefit. A Participant's Years of Vested Service will be determined as provided in Section 4.1.

### **Article 3**

#### **Participation**

##### **3.1 Eligible Employees**

All persons who are in the employ of the CCTA and all persons who become employed by the CCTA shall be eligible to participate in the Plan, except as provided in this section.

The following individuals shall not be eligible to participate in the Plan:

- (a) Any person whose services to the CCTA are compensated on a fee or contractual basis;
- (b) Any person employed to direct traffic at schools;
- (c) Any person, who becomes employed by the CCTA after June 30, 1967, in a position normally requiring less than 1,040 hours of work in a Calendar Year; or
- (d) The Plan's actuary.

In case there is any doubt as to whether any person is eligible to participate in the Plan, the Board shall decide the question.

A Participant who is on a leave of absence for Qualified Military Service described in Section 4.3 or another leave of absence approved by Employer shall continue to participate in the Plan.

### **3.2 Date of Participation**

Each Employee who is eligible under Section 3.1 shall become a Participant on the later of the Employee's Date of Employment or the date the Employee became eligible under Section 3.1.

### **3.3 Transfer Between Benefit Groups**

A Participant who transfers from one Benefit Group to another Benefit Group shall continue to participate in the Plan provided he would be eligible to participate in the Plan in the new Benefit Group.

### **3.4 Termination of Participation**

Except to the extent otherwise required by applicable law, if a Participant ceases to be eligible before becoming vested in any benefits under the Plan, his participation shall cease as of the date he ceases to be eligible. The individual shall be deemed to have received a distribution of his benefits from the Plan.

### **3.5 Rights Upon Reemployment after Participation Terminates**

(a) **Participation Upon Reemployment** A former Participant who becomes reemployed by the CCTA in a position covered by the Plan will become a Participant again as of the date of reemployment and resumption of Participant contributions.

(b) **Service Upon Reemployment** When a Participant is no longer employed by the CCTA in a position covered by the Plan, the Participant's Years of Benefit Service will be forfeited, except as otherwise provided in this Plan. At the time of reemployment, a Participant will be credited with prior Years of Benefit Service only if the Participant returns to the Plan the entire amount of Accumulated Contributions the Participant withdrew, together with interest at the rate established annually by the Board of Trustees from the date of withdrawal to the date of repayment.

## **Article 4**

### **Service**

#### **4.1 Vested Service**

Years of service used in calculating the vested portion of a Participant's Accrued Benefit are called Years of Vested Service.

(a) **General Rule** Subject to the other provisions of this Article, all years of employment with Employer in a job classification that is eligible to participate in the Plan will be counted in determining a Participant's Years of Vested Service. No Years of Vested Service will be credited for service with Employer in a job classification which is not eligible to participate in the Plan. If Employer maintains the plan of a

predecessor employer, service for that predecessor employer shall be counted in determining an Employee's Years of Vested Service.

(b) **Rules of Calculation** A Year of Vested Service is a 12-month period of employment with Employer in Covered Employment. A Participant will be credited with Years of Vested Service based on the time between the Participant's Date of Employment in Covered Employment and Severance from Service. All periods of less than 12 months will be aggregated at the rate of one month for each 30 days. All periods of service as a part-time Employee will be calculated by pro-rating the Hours of Service worked in the Plan Year by the Employee against the number of Hours of Service regularly scheduled for full-time Employees in the same job classification for the Plan Year. For example, an Employee who works 30 Hours of Service during each week of a Plan Year in a position where full-time Employees regularly work 40 Hours of Service during each week will be credited with .75 of a Year of Vested Service for that Plan Year.

(c) **Reciprocal Service** A Participant may be credited with additional Years of Vested Service for service with another governmental entity as provided in the Reciprocal Retirement Act of 1961, as amended (MCL 38.1101, et. seq.).

#### **4.2 Benefit Service**

Years of service used in calculating the amount of a Participant's benefits earned under the Plan are called Years of Benefit Service.

(a) **General Rule** Subject to the other provisions of this Article, all years of employment with Employer in a job classification that is eligible to participate in the Plan will be counted in determining a Participant's Years of Benefit Service. No Years of Benefit Service will be credited for service with Employer in a job classification which is not eligible to participate in the Plan.

(b) **Rules of Calculation** A Year of Benefit Service is a 12-month period of employment with Employer in Covered Employment. A Participant will be credited with Years of Benefit Service based on the time between the Participant's Date of Employment in Covered Employment and Severance from Service. All periods of less than 12 months will be aggregated at the rate of one month for each 30 days. All periods of service as a part-time Employee will be calculated by pro-rating the Hours of Service worked in the Plan Year by the Employee against the number of Hours of Service regularly scheduled for full-time Employees in the same job classification for the Plan Year. For example, an Employee who works 30 Hours of Service during each week of a Plan Year in a position where full-time Employees regularly work 40 Hours of Service during each week will be credited with .75 of a Year of Benefit Service for that Plan Year.

#### **4.3 Military Service**

(a) **Military Service After Employment** An individual who leaves employment with Employer to enter any armed service of the United States shall receive

Years of Vested Service for the periods of military service subject to the following conditions:

(1) The Participant must return to active employment with Employer within one year from and after the date of termination of military service or within any longer period during which the Participant's reemployment rights may be protected by law following termination of military service.

(2) The Participant must repay the total amount of any Accumulated Employee Contributions distributed to him from the Plan, plus interest (compounded annually). The interest rate for each Plan Year between the distribution date and the repayment date shall be 120 percent of the federal mid-term rate under Section 1274 of the Code on the first day of the Plan Year. These amounts must be repaid during the repayment period established by the Board of Trustees. For repayments protected by USERRA, this period shall not be shorter than the repayment period provided under USERRA. The USERRA repayment period begins on the date the Participant is reemployed by Employer and lasts until the earlier of:

(A) The fifth anniversary of the Participant's reemployment; or

(B) The date on which the repayment period is three times as long as the Participant's Period of Qualified Military Service.

(3) No Years of Vested Service or Benefit Service shall be credited on account of periods of military service which shall be used for obtaining or increasing a benefit under another retirement system, except as required by applicable law.

(4) Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to Qualified Military Service shall be provided in accordance with Section 414(u) of the Code and USERRA.

(5) In no case shall more than six Years of Vested Service or three Years of Benefit Service be credited for all such armed service rendered by said Participant. In any case of doubt as to the period to be so credited any Participant, the Board shall have the final power to determine such period. During the period of such armed service and until reemployment by the CCTA, said Participant's contributions to the Plan shall be suspended; and any balance standing to his or her credit in the Plan shall be credited with interest at the rate determined by the Board.

(b) **Military Service Before Employment** In the event any Participant, prior to being employed by the CCTA, was called to or entered any armed service of the United States and who has been on active duty in such armed service, said

Participant may have his or her Vested Service or Benefit Service increased for not more than three years' active military service; provided that:

(1) The Participant pays to the Plan a percent of the Participant's annual rate of pay in effect at the time the Participant applies for this option, multiplied by the years, or fraction thereof, of Vested Service or Benefit Service that the Participant elects to purchase pursuant to this section. The percent to be used in said calculation shall be the same as the percent in effect used to determine that Participant's contribution to the Plan, as described in Section 12.1.

(2) Said payment shall commence within one year from the date of hire and shall be completed within five years. If payment is not completed within the five-year period, any amounts paid are to be refunded, and no credit for military service pension benefits will be given.

(3) The fact that payment is made into the Plan during a given year for the purposes of paragraph (b)(1) above shall have no effect in determining the Participant's Final Average Compensation.

(4) In the event any Participant making payments under paragraph (b)(1) above should retire or die prior to making the full payments required, the Participant or Participant's Beneficiary under the Plan shall have the option of either making a lump-sum payment in full prior to receiving any pension benefits in order to obtain the additional Years of Vested Service and Benefit Service under this section, or receiving military service credit prorated based upon the amount of payments made until death or retirement.

(5) At any time prior to retirement, a Participant may withdraw all or part of his or her military service credit payments from the Plan. If a Participant makes such a withdrawal, the military service credit will be reduced pro rata, based upon the amount of payments withdrawn.

(c) Active duty shall include all service and training while on active duty but shall not include National Guard or Reserve monthly or annual training.

(d) Current employees must have commenced payment no later than January 2, 1987, to obtain credit for military service. However, the preceding sentence shall not apply to any military service covered by USERRA. Payment shall be completed within five years of commencement of payment.

(e) In no event shall credit be given for a period of active duty if the Participant otherwise receives credit for that period as service for the City of Kalamazoo or the CCTA.

(f) Effective December 12, 1994, the provisions herein shall be interpreted and applied as required by USERRA in accordance with Code Section 414(u) and the regulations and other guidance thereunder.

(g) Effective with respect to deaths occurring on or after January 1, 2007, while a Participant is performing qualified military service (as defined in Chapter 43 of Title 38, United States Code), to the extent required by Section 401(a)(37) of the Code, survivors of a Participant in a state or local retirement or pension system are entitled to any additional benefits that the system would provide if the Participant had resumed employment and then died, such as accelerated vesting or survivor benefits that are contingent on the Participant's death while employed. In any event, a deceased Participant's period of qualified military service must be counted for calculating a Participant's Years of Vested Service. Beginning January 1, 2009, to the extent required by Section 414(u)(12) of the Code, an individual receiving Differential Wage Payments from an employer shall be treated as employed by that employer, and the Differential Wage Payment shall be treated as compensation for purposes of applying the limits on annual additions under Section 415(c) of the Code. This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.

#### **4.4 Recrediting of Service After Reemployment**

If a Participant receives a distribution of Accumulated Employee Contributions from the Plan and is subsequently rehired by Employer and is eligible to participate in the Plan, his Years of Benefit Service earned during the time period in which the Participant was a member of a Benefit Group in which Employee contributions are required under Article 12, shall be disregarded in determining his Accrued Benefit after reemployment. A Participant will be credited with prior Years of Benefit Service only if the Participant returns to the Plan the entire amount of Accumulated Contributions the Participant withdrew, together with Regular Interest from the date of withdrawal to the date of repayment.

#### **4.5 Transferred Employees**

A Participant who is actively employed by Employer who transfers to a job classification that makes him ineligible for further participation in the Plan shall retain his rights to a benefit under the Plan (to the extent vested). His Years of Vested Service and Benefit Service shall only be based upon service in an eligible job classification.

### **Article 5**

#### **Normal Retirement Benefit**

##### **5.1 Eligibility for Benefit**

A Participant who is actively employed by Employer shall have a nonforfeitable right to a Normal Retirement Benefit upon attaining Normal Retirement Age. Accordingly, a Participant who has a Severance from Employment on or after attaining Normal Retirement Age shall be eligible to receive a Normal Retirement Benefit.

##### **5.2 Amount of Benefit**

The amount of benefit shall be determined as follows:

(a) **General Rule** The monthly pension benefit payable for life to a Participant who has had a Severance from Employment after becoming eligible for a Normal Retirement Benefit shall equal the Participant's Years of Benefit Service multiplied by the benefit formula applicable to the Participant's Benefit Group on the date the Participant's Severance from Employment occurs. The amount shall be determined as if the Participant's total Years of Benefit Service were under that Benefit Group.

(b) **Benefit Formula** The benefit formula for determining the amount of a Participant's monthly pension benefit for each Benefit Group shall be set forth in the applicable Schedule for that Benefit Group.

(c) **Annual Pension Adjustment** Annual pension adjustments, if any, for Participants in a Benefit Group shall be made as set forth in the applicable Schedule for that Benefit Group.

### **5.3 Commencement of Benefit**

A Normal Retirement Benefit shall be payable to a Participant after the Participant's Severance from Employment if the Participant is eligible for, and has applied for, a Normal Retirement Benefit. Benefits shall be paid no later than the last working day of each month until the death of the Participant. Benefits after the Participant's death, if any, depend on the form of benefit payment elected by the Participant.

### **5.4 Form of Payment Used in Determining Amount of Benefit**

The amount of benefit determined under this Article is based on payment in the form of a Straight Life Annuity. If actual payment is in a different form, the amount of the actual benefit shall be adjusted to be the Actuarial Equivalent of a Straight Life Annuity.

### **5.5 Adjusted Amount for Late Payment**

The amount of a Participant's benefits under this Article is based upon payment beginning on the first day of the month after the Participant's actual retirement date. If payment begins later than this date and the delay is caused by the Participant, the amount of the Participant's benefit shall be the Actuarial Equivalent of the Participant's Accrued Benefit on the first day of the month after the Participant's actual retirement date. Payment is not made retroactive to the Participant's actual retirement date unless any delay in making payments is not caused by the Participant.

### **5.6 Form of Benefit**

A Normal Retirement Benefit shall be payable in the form determined under Article 10.

## Article 6

### **Early Retirement Benefit**

#### **6.1 Eligibility for Benefit**

To the extent provided in the Schedule that applies to the Participant's Benefit Group, a Participant shall have a nonforfeitable right to an Early Retirement Benefit if his Severance from Employment occurs after attaining early retirement age, but before attaining Normal Retirement Age. The definition of early retirement age for each Benefit Group eligible for an Early Retirement Benefit shall be set forth in the applicable Schedule for that Benefit Group.

#### **6.2 Amount of Benefit**

The monthly pension benefit payable to a Participant who is entitled to an Early Retirement Benefit shall be an amount equal to his Accrued Benefit determined as of his Early Retirement Date reduced for each month his pension starts before his Normal Retirement Age, to the extent the applicable Schedule for the Participant's Benefit Group provides for a reduction for payment before Normal Retirement Age.

#### **6.3 Commencement of Benefit**

An Early Retirement Benefit shall be payable to a Participant after the Participant's Severance from Employment if the Participant is eligible for, and has applied for, an Early Retirement Benefit. Benefits shall be paid no later than the last working day of each month until the Participant's death. Benefits after the Participant's death, if any, depend on the form of benefits elected by the Participant.

#### **6.4 Form of Payment Used in Determining Amount of Benefit**

The amount of benefit determined under this Article is based on payment in the form of a Straight Life Annuity. If actual payment is in a different form, the amount of the actual benefit shall be adjusted to be the Actuarial Equivalent of a Straight Life Annuity.

#### **6.5 Adjusted Amount for Late Payment**

The amount of a Participant's benefits under this Article is based upon payment beginning on or before the Participant's Normal Retirement Date. If payment begins after the Participant's Normal Retirement Date, the amount of the Participant's benefit shall be the Actuarial Equivalent of the Participant's Accrued Benefit as of the Participant's Normal Retirement Date. Payment is not made retroactive to the Participant's Normal Retirement Date.

#### **6.6 Form of Benefit**

An Early Retirement Benefit shall be payable in the form determined under Article 10.

## Article 7

### **Disability Retirement Benefit**

#### **7.1 Eligibility for Benefit**

A Participant who has the minimum number of Years of Vested Service for eligibility for an Early Retirement Benefit set forth in the applicable Schedule for his Benefit Group, shall be eligible for a Disability Retirement Benefit if he becomes incapacitated for continued employment with Employer as a result of a total disability. "Total disability" or "totally disabled" means the Participant is totally and permanently incapacitated for continued employment with Employer as a result of a physical or mental condition of the Participant. The Participant must be totally disabled prior to the date of his Severance from Employment in order to be eligible for a Disability Retirement Benefit.

The existence of total disability shall be determined by the Board of Trustees. In making its determination, the Board of Trustees shall consider the reports of physician(s) and/or other health care provider(s) selected by the Board of Trustees and any other facts the Board of Trustees deems relevant. Further, the Board of Trustees may require the Participant to be examined by physician(s) and/or other health care provider(s) selected by the Board of Trustees in order to make its determination. Any examinations ordered by the Board of Trustees shall be paid for by the Plan and shall not be the financial responsibility of the Participant.

If the Board of Trustees determines that a Participant is totally disabled and eligible for a Disability Retirement Benefit, the Board of Trustees may periodically review its determination to confirm that the Participant continues to be totally disabled and eligible for a Disability Retirement Benefit.

#### **7.2 Amount of Benefit**

The monthly pension benefit payable to a Participant who is entitled to a Disability Retirement Benefit shall be an amount equal to the Participant's Accrued Benefit as of the date the Participant's Disability Retirement Benefit is approved by the Board of Trustees, unreduced for payment before the Participant's Normal Retirement Date.

#### **7.3 Commencement of Benefit**

A Disability Retirement Benefit shall be payable to a Participant after the Participant last performed services for Employer if the Participant is eligible for, and has applied and been approved for, a Disability Retirement Benefit. Subject to 7.7, benefits shall be paid no later than the last working day of each month until the Participant's death. Benefits after the Participant's death, if any, depend on the form of benefit payment elected by the Participant.

#### **7.4 Form of Payment Used in Determining Amount of Benefit**

The amount of benefit determined under this Article is based on payment in the form of a Straight Life Annuity.

## **7.5 Form of Benefit**

A Disability Retirement Benefit shall be payable in the form determined under Article 10.

## **7.6 Duty Disability - Special Rules**

In the event the Participant's total disability results in the payment of benefits, other than medical expense benefits, under the workers' compensation laws of the state of Michigan, the following special rules shall apply:

(a) The minimum number of Years of Vested Service requirement described in Section 7.1 shall be waived.

(b) The amount of the Participant's monthly pension benefit shall be calculated as if the Participant had continued to earn additional Years of Benefit Service for each year after the Participant's Disability Retirement Date until the date the Participant would have reached his Early Retirement Age.

The applicable Schedule for a Benefit Group may contain additional special rules that apply in a duty disability situation.

## **7.7 Continuation Subject to Reexamination and Return to Employment Rules**

As part of or in addition to the Board of Trustees' periodic review of total disability described in Section 7.1, the Board of Trustees may periodically require a Participant to undergo an examination by physician(s) and/or other health care provider(s) selected by the Board of Trustees to determine if the Participant continues to be totally disabled and eligible for a Disability Retirement Benefit. If the Participant refuses to submit to an examination, payment of benefits may be suspended by the Board of Trustees until the Participant submits to the examination. If the Participant's refusal continues for one year, all of the Participant's rights in and to a Disability Retirement Benefit may be revoked by the Board of Trustees.

The Participant's Disability Retirement Benefit shall be discontinued, if, following the examination, the physician(s) and/or other health care provider(s) certify that the Participant is sufficiently recovered so that the Participant no longer has a total disability and the Board of Trustees concurs in the certification. Employer shall be allowed reasonable latitude, to the extent permitted by applicable law, in placing the Participant in a position commensurate with the position held by the Participant at the time he became totally disabled.

A Participant who has been restored to employment with Employer shall again become a Participant in the Plan, if eligible under Section 3.1. The Participant's Years of Vested Service and Benefit Service at the time he became totally disabled shall be restored. However, service shall not be credited for the period the Participant was being paid a Disability Retirement Benefit unless the Participant was receiving workers compensation benefits while receiving Disability Retirement Benefits hereunder.

A Participant who is certified to have sufficiently recovered as described above, who does not return to employment and who had completed the minimum number of Years of Vested Service requirement to be eligible for a Deferred Vested Benefit at the time he became totally disabled shall be entitled to a Deferred Vested Benefit in accordance with Article 9.

## **Article 8**

### **Death Benefit**

#### **8.1 Spousal Death Benefit**

The Spouse of a Participant shall be eligible to receive a death benefit if the Participant dies after satisfying the following requirements, but before receiving any benefits from the Plan:

- (a) The Participant was married to the Spouse at the time of death;
- (b) The Board of Trustees has determined that no amount is payable to a Beneficiary under Section 8.2; and
- (c) The Participant died after satisfying the Vested Service requirement for eligibility for Early Retirement set forth in the applicable Schedule for the Benefit Group.

#### **8.2 Non-Spouse Death Benefit**

A Beneficiary of a married or unmarried Participant who is dependent upon the Participant for at least 50% of the Beneficiary's financial support shall be eligible for a non-Spouse death benefit pursuant to this Section provided that the Participant has satisfied the Vested Service requirement described in Section 8.1(c). The Beneficiary shall be designated by the Participant on a form provided by the Board of Trustees. The Participant may change the Beneficiary designation at any time by completing and filing a new form with the Board of Trustees.

#### **8.3 Amount of Death Benefit**

If the Participant dies while employed by Employer or while on a leave of absence from Employer to perform Qualified Military Service, the amount of the monthly benefit payable to a Spouse or Beneficiary who is entitled to a death benefit under Section 8.1 or 8.2 will be the amount the Spouse or Beneficiary would have been entitled to receive as a joint and 100% survivor annuity if the Participant had retired on the day immediately preceding his death even if the Participant had not attained the age necessary for a Normal Retirement Benefit to begin.

If a Vested Terminated Participant dies before receiving any benefits from the Plan, the monthly benefit payable to a Spouse or Beneficiary who is entitled to a death benefit will be the amount the Spouse or Beneficiary would be entitled to receive as a survivor benefit if the Participant survived to the date he would have been eligible to begin receiving his Deferred Vested Benefit, but did not earn any additional benefit, elected to receive his distribution in the

form of a joint and 100% survivor annuity commencing on the later of his date of death or his Normal Retirement Age and died the following day.

#### **8.4 Commencement of Death Benefit**

The monthly death benefit will be payable to a Spouse or Beneficiary who is eligible for, and has applied for, the death benefit. Benefits will be payable no later than the last working day of the month following the death of the Participant, and will be payable no later than the last working day of each subsequent month until the death of the Spouse. However, if the Participant dies after his Severance from Employment, no monthly benefits will be paid before the first day of the month after the Participant would have attained his Normal Retirement Age.

#### **8.5 Form of Death Benefit**

The Spouse death benefit shall be payable in the form of a joint and 100% survivor annuity based on the life of the Participant and the Spouse. The non-Spouse death benefit shall be payable in the form of the joint and 100% survivor annuity over the lives of the Participant and Beneficiary.

#### **8.6 Duty Death - Special Rules**

In the event the Board of Trustees determines that the Participant's death is the natural and proximate result, independent of all other causes, of an injury or illness arising out of and in the course of the Participant's actual performance of duties with Employer, the following special rules apply:

(a) The minimum number of Years of Vested Service requirement described in Section 8.1(c) shall be waived.

(b) The amount of the Spouse's death benefit shall be computed in accordance with Section 8.1, and an additional amount shall be added, if necessary, to provide a minimum annual death benefit of  $33\frac{1}{3}$  percent of the Participant's Final Compensation, provided the Participant and Spouse were married on the date the Participant retired.

(c) Any additional amount of death benefit paid to a Spouse pursuant to Section 8.6(b) shall terminate upon the remarriage or death of the Spouse.

(d) If, in addition to a surviving Spouse, the deceased Participant leaves an unmarried child or children under age 18 years, each such child shall receive a pension of an equal share of 25% of the Participant's Final Compensation. Upon a child's adoption, marriage, death or attainment of age 18 years, whichever occurs first, his or her pension shall terminate and the Board shall redistribute the shares of 25% of the deceased Participant's Final Compensation to the Participant's remaining eligible children under age 18 years.

(e) During periods that a death benefit is not being paid to a Spouse, the surviving children of the Participant who are under age 18 shall be paid a death benefit calculated in accordance with Section 8.6(b). If there is more than one surviving child, the death benefit shall be distributed to the children in equal shares. If there are more than two surviving children, the death benefit shall be increased to 50% of the Participant's Final Compensation and shall be distributed to the children in equal shares. The death benefit payable to any child may not exceed 25% of the Participant's Final Compensation and shall terminate upon the earlier of the child's attainment of age 18, marriage, adoption or death.

### **8.7 Non-Spouse Beneficiary**

The Participant may designate a trust as Beneficiary. The Board of Trustees shall determine the rights of any trustee designated as a Beneficiary without responsibility for determining the validity, existence or provisions of that trust, and shall not have responsibility for the application of sums paid to that trustee or for the discharge of the trust.

The rules of this paragraph apply unless provided otherwise in a Participant's Beneficiary designation form. If a Participant designates one primary Beneficiary and the Beneficiary dies after the Participant but before benefit payments are completed, any remaining benefits will be payable to the secondary Beneficiary. If a Participant fails to designate a secondary Beneficiary or if no secondary Beneficiary survives the primary Beneficiary, any remaining benefits will be payable to the deceased primary Beneficiary's heirs in the manner described in the next paragraph. If a Participant designates more than one primary Beneficiary or more than one secondary Beneficiary and a Beneficiary dies before benefit payments are completed, the share payable to the deceased Beneficiary must be paid to the deceased Beneficiary's heirs in the manner described in the next paragraph as if the Beneficiary was the Participant.

If a Beneficiary of an unmarried Participant would be eligible for a non-Spouse death benefit, but the Participant dies before signing and filing a Beneficiary designation form with the Board of Trustees, or if the Beneficiary named in the unmarried Participant's Beneficiary designation form does not survive the unmarried Participant, the unmarried Participant's non-Spouse death benefit shall be paid in equal shares to the members of the first of the classes listed below having a living member on the date the distribution is payable in the form of the ten-year period certain and life annuity. The classes, in order of priority, are as follows:

(a) The unmarried Participant's children or their then-living issue, by right of representation; and

(b) The individual's estate, if under active administrator, and if not, the legal heirs of the unmarried Participant under the laws of the unmarried Participant's state of residence on the date of the unmarried Participant's death.

A Beneficiary is permitted to disclaim the Beneficiary's rights to a death benefit under the Plan to the extent permitted by applicable law. If this occurs, the Beneficiary shall be treated as predeceasing the Participant for purposes of this Section.

The records of the Employer shall be conclusive as to the proper payee and the amount payable. A distribution made based upon these facts shall be treated as a complete discharge of all obligations under the Plan.

### **8.8 Rollover by Non-Spouse Beneficiary**

A Beneficiary who is not the Participant's Spouse shall be permitted to elect a direct rollover to an individual retirement account of any lump sum death benefit payable to the Beneficiary as provided in Section 10.3(d).

### **8.9 Lump Sum Death Benefit**

Upon the death of any Participant who is receiving benefits under the Plan, the Plan shall pay to the Beneficiary designated by the Participant, or if none to the estate of the Participant, the sum of \$1,000.

## **Article 9**

### **Deferred Vested Benefit**

#### **9.1 Eligibility for Benefit**

A Participant shall be eligible for a Deferred Vested Benefit if he has a Severance from Employment after satisfying the service requirement for eligibility for an Early Retirement Benefit set forth in the applicable Schedule for his Benefit Group, but before qualifying for any other benefit under the Plan. Except as provided in Section 12.2, a Participant who has a Severance from Employment before qualifying for a Deferred Vested Benefit or any other benefit shall not receive any benefit from the Plan.

#### **9.2 Amount of Benefit**

The monthly retirement benefit payable to a Participant who is eligible for a Deferred Vested Benefit shall be an amount equal to the Participant's Accrued Benefit as of his Severance from Employment.

#### **9.3 Commencement of Benefit**

A Deferred Vested Benefit shall be payable to a Vested Terminated Participant who becomes eligible for, and has applied for, a Deferred Vested Benefit. Benefits shall commence the first day of the calendar month next following the date the Participant's application is filed with the Board on or after his or her attainment of the minimum age requirement to be eligible for a Normal Retirement Benefit and shall be paid no later than the last working day of each month until the death of the Vested Terminated Participant. Benefits after

the Vested Terminated Participant's death, if any, depend on the form of benefit payment elected by the Vested Terminated Participant.

#### **9.4 Form of Payment Used in Determining Amount of Benefit**

The amount of benefit determined under this Article is based on payment in the form of a Straight Life Annuity. If actual payment is in a different form, the amount of the actual benefit shall be adjusted to be the Actuarial Equivalent of a Straight Life Annuity.

#### **9.5 Adjusted Amount for Late Payment**

The amount of a Participant's benefits under this Article is based upon payment beginning on or before the Participant's Normal Retirement Date. If payment begins after the Participant's Normal Retirement Date, the amount of the Participant's benefit shall be the Actuarial Equivalent of the Participant's Accrued Benefit as of the Participant's Normal Retirement Date. Payment is not made retroactive to the Participant's Normal Retirement Date.

#### **9.6 Form of Benefit**

A Deferred Vested Benefit shall be payable in the form determined under Article 10.

### **Article 10**

#### **Forms of Payment**

##### **10.1 Application for Pension Benefits**

No pension benefits shall be payable under the Plan with respect to any period which is prior to the date an application for pension benefits is received and approved by the Board of Trustees, unless the Board of Trustees determines under nondiscriminatory rules that the delay was not due to negligence of the Participant or Vested Terminated Participant.

##### **10.2 Automatic Form of Benefit Payment**

Unless a Participant or Vested Terminated Participant elects an optional form of payment, as described in Section 10.3, his Normal Retirement Benefit, Early Retirement Benefit, or Deferred Vested Benefit shall automatically be paid in the form of a Straight Life Annuity. The amount of any form of payment other than a Straight Life Annuity form shall be the Actuarial Equivalent of the Straight Life Annuity form.

The automatic form of payment described in this Section applies to any Participant whose Annuity Starting Date is on and after October 1, 2016, even if the Participant's Severance from Employment occurred before that date.

### **10.3 Optional Forms of Benefit Payment**

If a Participant or Vested Terminated Participant waives the automatic form of payment provided in Section 10.2, he may elect one of the following optional forms of payment:

(a) **Option A: Straight Life Annuity** A monthly benefit for the life of the Participant or Vested Terminated Participant with no payments after the death of the Participant or Vested Terminated Participant.

(b) **Option B: Joint and 100% Survivor Annuity** A monthly benefit for the life of the Participant, with a survivor benefit for the life of his Beneficiary, if living, equal to 100% of the amount payable during the life of the Participant. The Participant may not change his Beneficiary after his Annuity Starting Date. No survivor benefit shall be paid if the Beneficiary does not survive the Participant.

(c) **Option C: Joint and 50 Percent Survivor Annuity** A monthly benefit for the life of the Participant or Vested Terminated Participant, with a survivor benefit for the life of his Spouse, if living, equal to 50 percent of the amount payable during the life of the Participant or Vested Terminated Participant. No survivor benefit shall be paid if the Spouse does not survive the Participant or Vested Terminated Participant. If the Participant re-marries after his Annuity Starting Date, no survivor benefit shall be paid to the subsequent Spouse.

(d) **Option D: Ten-Year Period Certain and Life Annuity** A monthly benefit for the life of the Participant or Vested Terminated Participant, with a guarantee of a minimum of 120 monthly payments. If the Participant or Vested Terminated Participant dies before the minimum number of payments are made, monthly payments shall continue to his Beneficiary until the total number of payments made to the Participant or Vested Terminated Participant and his Beneficiary equal the guaranteed minimum number of payments. Alternatively, upon the death of the Participant or Vested Terminated Participant, the Beneficiary may elect to receive a single lump sum equal to the present value of the remaining guaranteed minimum number of payments. The lump sum shall be the Actuarial Equivalent of the Straight Life Annuity form. The Participant or Vested Terminated Participant may change his Beneficiary at any time before his death.

(e) **Option E: Fifteen Year Period Certain and Life Annuity** A monthly benefit for the life of the Participant, with a guarantee of a minimum of 180 monthly payments. If the Participant dies before the minimum number of payments are made, monthly payments shall continue to his Beneficiary until the total number of payments made to the Participant and his Beneficiary equal the guaranteed minimum number of payments. The Participant shall elect the number of months that are guaranteed before his Annuity Starting Date, but may change his Beneficiary at any time before his death.

(f) **Option F: Joint and 100 Percent Survivor Annuity with Pop-Up Feature** A monthly benefit for the life of the Participant or Vested Terminated Participant with a survivor benefit for the life of his Spouse, if living, equal to 100 percent of the amount payable during the life of the Participant or Vested Terminated Participant. If the Participant or Vested Terminated Participant's Spouse predeceases the Participant or Vested Terminated Participant or if the Participant and Spouse divorce and a domestic relations order provides that the Spouse waives all rights to the Participant's benefit under the Plan, the monthly benefit payable to the Participant or Vested Terminated Participant shall increase to the amount that the Participant or Vested Terminated Participant would have received if his monthly benefit had been paid in the form of a Straight Life Annuity. The increase shall occur after the City receives evidence, satisfactory to the City, of the Spouse's death or that a domestic relations order with the necessary language has been issued and shall be retroactive to the day following the Spouse's date of death or the date the Employer receives the domestic relations order. If the Participant re-marries after his Annuity Starting Date, no survivor benefit shall be paid to the subsequent Spouse.

(g) **Option G: Joint and 50 Percent Survivor Annuity with Pop-Up Feature** A monthly benefit for the life of the Participant or Vested Terminated Participant with a survivor benefit for the life of his Spouse, if living, equal to 50% of the amount payable during the life of the Participant or Vested Terminated Participant. If the Participant or Vested Terminated Participant's Spouse predeceases the Participant or Vested Terminated Participant or if the Participant and Spouse divorce and a domestic relations order provides that the Spouse waives all rights to the Participant's benefit under the Plan, the monthly benefit payable to the Participant or Vested Terminated Participant shall increase to the amount that the Participant or Vested Terminated Participant would have received if his monthly benefit had been paid in the form of a Straight Life Annuity. The increase shall occur after the City receives evidence, satisfactory to the City, of the Spouse's death or that a domestic relations order with the necessary language has been issued and shall be retroactive to the day following the Spouse's date of death or the date the Employer receives the domestic relations order. If the Participant re-marries after his Annuity Starting Date, no survivor benefit shall be paid to the subsequent Spouse.

An optional form of payment shall be elected by the Participant or Vested Terminated Participant in writing on a form provided by the Board of Trustees. The election is irrevocable as of the date his benefits begin, but may be periodically changed prior to that date. Other optional forms of payment may be available to certain groups of Participants and Vested Terminated Participants as set forth in the applicable Schedule.

#### **10.4 Eligible Rollover Distributions**

If a Distributee receives an Eligible Rollover Distribution from the Plan, the following rules supersede any other provisions in this Article.

(a) **Notice Requirement** No less than 30 days and no more than 180 days before a distribution, the Board of Trustees shall provide the Distributee with a written explanation of:

(1) The rules under which the distribution may be paid in a Direct Rollover to an Eligible Retirement Plan;

(2) The rules that require income tax withholding if the distribution is not paid in a Direct Rollover;

(3) The rules under which the Distributee may roll over the distribution within 60 days of receipt; and

(4) Any other applicable tax rules.

However, the Distributee may elect to begin receiving benefits within 30 days after being provided the written notice, provided the Distributee is given at least 30 days after receipt of the written notice to consider whether or not to receive a Direct Rollover and the Distributee is clearly informed of this right.

(b) **Direct Rollover** The Distributee may elect a Direct Rollover of the distribution to an Eligible Retirement Plan. However, the Distributee's right to elect a Direct Rollover is subject to the following:

(1) A Distributee's election to make or not make a Direct Rollover with respect to one payment in a series of payments applies to all subsequent payments. However, the Distributee may change his election at any time;

(2) A Distributee may not elect a Direct Rollover to more than one Eligible Retirement Plan; and

(3) The Distributee shall supply the Board of Trustees with any information the Board of Trustees reasonably requests in connection with the Direct Rollover.

(c) **Income Tax Withholding** Mandatory income tax withholding shall apply to the portion of the Eligible Rollover Distribution for which the Distributee does not elect a Direct Rollover.

(d) **Definitions** The following definitions apply for purposes of this Section:

(1) **"Direct Rollover"** means the payment of an Eligible Rollover Distribution by the Plan to an Eligible Retirement Plan specified by the Distributee.

(2) “**Distributee**” means a Participant, Vested Terminated Participant, Spouse of a Participant or Vested Terminated Participant, an alternate payee under an Eligible Domestic Relations Order or a Beneficiary who is not the Participant’s Spouse.

(3) “**Eligible Retirement Plan**” means an eligible retirement plan, as defined in Section 401(a)(31) of the Code. An Eligible Retirement Plan includes:

(A) An IRA or Roth IRA;

(B) A plan described in Sections 403(a) or 403(b) of the Code;

(C) A Qualified Plan; and

(D) An eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state (an “eligible Section 457 plan”). However, an eligible Section 457 plan is an eligible retirement plan only if it agrees to separately account for amounts transferred into such plan from the Plan.

(4) “**Eligible Rollover Distribution**” means an eligible rollover distribution under Section 402(c)(4) of the Code. This includes any distribution of benefits, except the following:

(A) A distribution that is required under Section 401(a)(9) of the Code (for example, after a Vested Terminated Participant attains age 70½);

(B) A distribution for a specified period of ten or more years; or

(C) A distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the Distributee and his Beneficiary.

(D) Any portion of the distribution that is not included in the Distributee’s gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

(5) “**IRA**” means an individual retirement account described in Section 408(a) of the Code, or an individual retirement annuity described in Section 408(b) of the Code.

(6) **“Roth IRA”** means a Roth individual retirement account or annuity under Section 408A of the Code.

## 10.5 **Minimum Distribution Requirements**

(a) **General Rules** The provisions of this Section shall apply for purposes of determining required minimum distributions for Calendar Years beginning with the 2003 Calendar Year. The requirements of this Section shall take precedence over any inconsistent provisions of the Plan. All distributions required under this Section shall be determined and made in accordance with the regulations under Section 401(a)(9) of the Code, including Treas. Reg. §1.401(a)(9)-6.

(b) **Time and Manner of Distribution** A Participant’s or Vested Terminated Participant’s entire interest shall be distributed, or begin to be distributed, to the Participant no later than his Required Beginning Date.

(1) **Definition of Required Beginning Date** A Participant’s or Vested Terminated Participant’s required beginning date is the April 1 of the Calendar Year following the later of:

(A) The Calendar Year in which the Participant or Vested Terminated Participant attains age 70½; or

(B) The Calendar Year in which the Participant’s or Vested Terminated Participant’s Severance from Employment occurs.

(2) **Death of Participant Before Distributions Begin** If a Participant or Vested Terminated Participant dies before distributions begin, his entire interest shall be distributed, or begin to be distributed, no later than as follows:

(A) If the Participant’s or Vested Terminated Participant’s Spouse is his sole designated Beneficiary, then distributions to the Spouse must begin by the later of:

(i) December 31 of the Calendar Year immediately following the Calendar Year in which the Participant or Vested Terminated Participant died, or

(ii) December 31 of the Calendar Year in which the Participant or Vested Terminated Participant would have attained age 70½.

(B) If the Participant’s or Vested Terminated Participant’s Spouse is not his sole designated Beneficiary, then distributions to the designated Beneficiary must begin by December 31 of the Calendar Year immediately following the Calendar Year in which the Participant or Vested Terminated Participant died.

(C) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's or Vested Terminated Participant's death, the Participant's or Vested Terminated Participant's entire interest must be distributed by December 31 of the Calendar Year containing the fifth anniversary of the Participant's or Vested Terminated Participant's death.

(D) If the Participant's or Vested Terminated Participant's Spouse is his sole designated Beneficiary and the Spouse dies after the Participant or Vested Terminated Participant but before distributions to the Spouse begin, this subsection (b)(2), other than subsection (b)(2)(A), shall apply as if the Spouse were the Participant or Vested Terminated Participant.

For purposes of this subsection (b)(2) and subsection (e), distributions are considered to begin on the Participant's or Vested Terminated Participant's required beginning date (or, if subsection (b)(2)(D) applies, the date distributions are required to begin to the Spouse under subsection (b)(2)(A)). If annuity payments irrevocably commence to the Participant or Vested Terminated Participant before his required beginning date (or to his Spouse before the date distributions are required to begin to the Spouse under subsection (b)(2)(A)), the date distributions are considered to begin is the date distributions actually commence.

(3) **Form of Distribution** Unless the Participant's or Vested Terminated Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, distributions beginning with the first distribution Calendar Year shall be made in accordance with subsections (c), (d) and (e). If the Participant's or Vested Terminated Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder shall be made in accordance with the requirements of Section 401(a)(9) of the Code and the Treasury regulations. Any part of the Participant's or Vested Terminated Participant's interest which is in the form of an individual account described in Section 414(k) of the Code shall be distributed in a manner satisfying the requirements of Section 401(a)(9) of the Code and the Treasury regulations that apply to individual accounts.

(c) **Determination of Amount to be Distributed Each Year** The amount to be distributed each Calendar Year shall be determined as follows:

(1) **General Annuity Requirements** If the Participant's or Vested Terminated Participant's interest is paid in the form of annuity distributions under the Plan, payments under the annuity shall satisfy the following requirements:

(A) The annuity distributions shall be paid in periodic payments made at intervals not longer than one year;

(B) The distribution period shall be over a life (or lives) or over a period certain not longer than the period described in subsection (d) or (e);

(C) Once payments have begun over a period certain, the period certain shall not be changed even if the period certain is shorter than the maximum permitted;

(D) Payments shall either be nonincreasing or increase only as follows:

(i) By an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the federal Bureau of Labor Statistics;

(ii) To the extent of the reduction in the amount of the Participant's or Vested Terminated Participant's payments to provide for a survivor benefit upon death, but only if the designated Beneficiary whose life was being used to determine the distribution period described in subsection (d) dies or is no longer the Participant's or Vested Terminated Participant's designated Beneficiary pursuant to an Eligible Domestic Relations Order;

(iii) To provide cash refunds of Employee contributions upon the Participant's or Vested Terminated Participant's death; or

(iv) To pay increased benefits that result from a Plan amendment.

(2) **Amount Required to be Distributed by Required Beginning Date** The amount that must be distributed on or before the Participant's or Vested Terminated Participant's required beginning date (or, if the Participant or Vested Terminated Participant dies before distributions begin, the date distributions are required to begin under subsection (b)(2)(A) or (B) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next Calendar Year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Participant's or Vested Terminated Participant's benefit accruals as of the last day of the first distribution Calendar Year shall be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's or Vested Terminated Participant's required beginning date.

**(3) Additional Accruals After First Distribution Calendar Year** Any additional benefits accruing to the Participant or Vested Terminated Participant in a Calendar Year after the first distribution Calendar Year shall be distributed beginning with the first payment interval ending in the Calendar Year immediately following the Calendar Year in which such amount accrues.

**(d) Requirements for Annuity Distributions that Commence During Participant's Lifetime** The following requirements apply for annuity distributions that commence during a Participant's or Vested Terminated Participant's lifetime:

**(1) Joint Life Annuities Where the Beneficiary is Not The Participant's Spouse** If the Participant's or Vested Terminated Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant or Vested Terminated Participant and a nonspouse Beneficiary, annuity payments to be made on or after the Participant's or Vested Terminated Participant's required beginning date to the designated Beneficiary after the Participant's or Vested Terminated Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant or Vested Terminated Participant using the table set forth in Q&A 2 of Treas. Reg. §1.401(a)(9)-6 and the adjusted Participant/Beneficiary age difference. If the form of distribution combines a joint and survivor annuity for the joint lives of the Participant or Vested Terminated Participant and a nonspouse designated Beneficiary and a period certain annuity, the requirement in the preceding sentence shall apply to annuity payments to be made to the designated Beneficiary after the expiration of the period certain.

**(2) Period Certain Annuities** Unless the Participant's or Vested Terminated Participant's Spouse is the sole designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's or Vested Terminated Participant's lifetime may not exceed the applicable distribution period set forth under the Uniform Lifetime Table set forth in Treas. Reg. §1.401(a)(9)-9 for the Calendar Year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Participant or Vested Terminated Participant reaches age 70, the applicable distribution period for the Participant or Vested Terminated Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in Treas. Reg. §1.401(a)(9)-9 plus the excess of 70 over the age of the Participant or Vested Terminated Participant as of his birthday in the year that contains the Annuity Starting Date. If the Participant's or Vested Terminated Participant's Spouse is his sole designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's or Vested Terminated Participant's applicable distribution period, as determined under this subsection (d)(2) of this Section, or the joint life and last survivor expectancy of the Participant or Vested Terminated Participant and his Spouse as determined

under the Joint and Last Survivor Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's or Vested Terminated Participant's and Spouse's attained ages as of the Participant's or Vested Terminated Participant's and Spouse's birthdays in the Calendar Year that contains the Annuity Starting Date.

(e) **Requirements for Minimum Distributions Where Participant Dies Before Date Distributions Begin** The following rules apply if a Participant or Vested Terminated Participant dies before distributions begin:

(1) **Participant Survived by Designated Beneficiary** If the Participant or Vested Terminated Participant dies before the date distribution of his interest begins and there is a designated Beneficiary, the Participant's or Vested Terminated Participant's entire interest shall be distributed, beginning no later than the time described in subsections (b)(2)(A) or (B), over the life of the designated Beneficiary or over a period certain not exceeding:

(A) Unless the Annuity Starting Date is before the first distribution Calendar Year, the life expectancy of the designated Beneficiary determined using the designated Beneficiary's age as of the designated Beneficiary's birthday in the Calendar Year immediately following the Calendar Year of the Participant's or Vested Terminated Participant's death; or

(B) If the Annuity Starting Date is before the first distribution Calendar Year, the life expectancy of the designated Beneficiary determined using the designated Beneficiary's age as of the designated Beneficiary's birthday in the Calendar Year that contains the Annuity Starting Date.

(2) **No Designated Beneficiary** If the Participant or Vested Terminated Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant's or Vested Terminated Participant's death, distribution of his entire interest shall be completed by December 31 of the Calendar Year containing the fifth anniversary of the Participant's or Vested Terminated Participant's death.

(3) **Death of Spouse Before Distributions to the Spouse Begin** If the Participant or Vested Terminated Participant dies before the date distribution of his interest begins, the Participant's or Vested Terminated Participant's Spouse is his sole designated Beneficiary, and the Spouse dies before distributions to the Spouse begin, this subsection (e)(3) shall apply as if the Spouse were the Participant or Vested Terminated Participant, except that the time by which distributions must begin shall be determined without regard to subsection (b)(2)(A).

(f) **Definitions** This subsection contains definitions of terms for purposes of this Section. Other terms that are not defined in this subsection shall have the same meaning as in Article 2.

(1) **Designated Beneficiary** The individual who is designated as the Beneficiary under the Plan and is the designated Beneficiary under Section 401(a)(9) of the Code and Treas. Reg. §1.401(a)(9)-4.

(2) **Distribution Calendar Year** A Calendar Year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution Calendar Year is the Calendar Year immediately preceding the Calendar Year which contains the Participant's or Vested Terminated Participant's required beginning date. For distributions beginning after the Participant's or Vested Terminated Participant's death, the first distribution Calendar Year is the Calendar Year in which distributions are required to begin pursuant to subsection (b)(2)(A).

(3) **Joint and Survivor Annuity** A form of benefit payment that provides a monthly benefit to the Participant or Vested Terminated Participant during his life and, if the Participant or Vested Terminated Participant is survived by a Beneficiary, a monthly survivor benefit for the remaining portion of the Beneficiary's life.

(4) **Life Expectancy** Life expectancy as computed by use of the single life table in Treas. Reg. §1.401(a)(9)-9.

(5) **Required Beginning Date** The date specified in subsection (b)(1).

#### **10.6 Lost Participants and Uncashed Benefit Checks**

(a) **Forfeiture of Accrued Benefit** If the vested portion of a Participant's Accrued Benefit is payable under this Article and the Plan Administrator cannot locate the Participant after a reasonable search, the Participant shall be deemed to be "lost." The Plan Administrator may then treat the Participant's vested Accrued Benefit as a forfeiture.

(b) **Reasonable Search** For purposes of this Section, a search will be considered to be "reasonable" if the Plan Administrator does the following:

(1) Sends a letter to the Participant at the Participant's last known address and the letter is returned because it is undeliverable, or the check remains uncashed for at least six months; and

(2) The Plan Administrator uses the services of a commercial locator service to determine the Participant's current address, but is unable to contact the Participant for a reason described in subparagraph (A) or (B).

(A) If a current address for the Participant is located, the Plan Administrator sends a letter to the Participant at that address, and

(i) The letter is returned as undeliverable; or

(ii) The check is not cashed within six months.

(B) No current address for the Participant is located.

(c) **Restoration of Accrued Benefit** If the Participant's vested Accrued Benefit is forfeited under this Section and the Participant subsequently applies for benefits under the Plan, the Participant's vested Accrued Benefit shall be reinstated. The Participant shall then be entitled to receive a distribution of the Participant's vested benefits under the Plan.

(d) **Beneficiaries** The provisions in this Section that apply to a Participant shall also apply to the Participant's Beneficiary if the Participant is deceased.

## Article 11

### **Restrictions on Pensions**

#### **11.1 No Duplication of Benefits**

Except as otherwise specifically provided in the Plan, a Participant or Vested Terminated Participant shall not receive pension benefits under more than one Article from among Article 5, Article 6, Article 7 and Article 9. If a Participant or Vested Terminated Participant becomes eligible to receive benefits under two or more of such Articles, the Participant or Vested Terminated Participant shall make a binding and final election as to the one Article under which pension benefits are to be paid.

#### **11.2 Limit on Annual Benefits**

The annual pension benefit payable to a Participant from all Plans maintained by Employer shall not exceed the limits contained in Section 415 of the Code, which is incorporated in the Plan by reference.

(a) **Limit on Annual Benefit** The annual benefit accrued by a Participant, and the annual benefit payable to a Participant, shall not exceed \$210,000, as adjusted pursuant to Section 415(d) of the Code (the "Section 415 Dollar Limit").

#### **(b) Adjustments to Section 415 Dollar Limit**

(1) If the Participant's Annuity Starting Date occurs after the Participant attains age 62 and before the Participant attains age 65, no adjustment shall be made to the Section 415 Dollar Limit that applies to the Participant.

(2) If a Participant's Annuity Starting Date occurs before the Participant attains age 62, the Section 415 Dollar Limit shall be reduced for each month that benefits commence before the month in which the Participant attains age 62. The Section 415 Dollar Limit at any age before age 62 is the lesser of:

(A) The Section 415 Dollar Limit multiplied by a fraction in which the numerator is the annual benefit payable to the Participant as a single life annuity on the Participant's Annuity Starting Date and the denominator is the annual benefit payable to the Participant as a single life annuity at age 62. The numerator and denominator shall both be determined without applying the rules of Section 415 of the Code; or

(B) An Actuarial Equivalent amount determined using the 5 percent interest rate and the applicable mortality table under Treas. Reg. §1.417(e)-1(d)(2) that is effective for that Annuity Starting Date. However, no adjustment shall be made for the possibility of the Participant's death between the Participant's Annuity Starting Date and age 62.

(3) If a Participant's Annuity Starting Date occurs after the Participant attains age 65, the Section 415 Dollar Limit shall be increased for each month that benefits commence after the month in which the Participant attains age 65. The Section 415 Dollar Limit at any age after age 65 is the lesser of:

(A) The Section 415 Dollar Limit multiplied by a fraction in which the numerator is the annual benefit payable to the Participant as a single life annuity on the Participant's Annuity Starting Date (actuarially increased for commencement after age 65, but without regard to benefit accruals after age 65) and the denominator is the annual benefit payable as a single life annuity to a hypothetical Participant who is age 65 and has the same Accrued Benefit as the Participant (but with no actuarial increase for commencement after age 65 and no benefit accruals after age 65). The numerator and denominator shall both be determined without applying the rules of Section 415 of the Code; or

(B) An Actuarial Equivalent amount determined using a 5 percent interest rate and the applicable mortality table under Treas. Reg. §1.417(e)-1(d)(2) that is effective for that Annuity Starting Date. However, no adjustment shall be made for the possibility of the Participant's death between age 65 and the Participant's Annuity Starting Date.

(c) **Adjustments to Limits Based Upon Form of Payment** The limits under Section 415 of the Code are based upon payment in a single life annuity (i.e., an annuity for the lifetime of the Participant). As a result, these limits must be adjusted to the Actuarial Equivalent of a single life annuity if payment is made in a different form.

The Actuarial Equivalent of a single life annuity for purposes of Section 415 of the Code shall be:

(1) If payment is made in a form other than a lump sum payment, the greater of:

(A) The annual amount of the single life annuity payable to the Participant under the Plan commencing on the same Annuity Starting Date as the form of benefit payable to the Participant; or

(B) The annual amount of the single life annuity commencing on the same Annuity Starting Date that is the Actuarial Equivalent of the form of benefit payable to the Participant, computed using a 5 percent interest assumption and the applicable mortality table described in Treas. Reg. §1.417(e)-1(d)(2) for that Annuity Starting Date.

(2) If payment is made in a lump sum distribution, the annual amount of a single life annuity commencing on the Annuity Starting Date that is the Actuarial Equivalent of the benefit payable to the Participant, computed using one of the following combinations of actuarial assumptions that results in the largest single life annuity:

(A) The applicable interest rate and mortality table (or tabular factor) specified in Article 2 for adjusting benefits in the same form;

(B) A 5.5 percent interest assumption and the applicable mortality table for the distribution under Treas. Reg. §1.417(e)-1(d)(2); or

(C) The applicable interest rate for the distribution under Treas. Reg. §1.417(e)-1(d)(3) and the applicable mortality table for a distribution under Treas. Reg. §1.417(e) 1(d)(2), divided by 1.05.

Benefit increases resulting from the increases in the limitations of Section 415(b) of the Code shall be provided to each Participant who has an Hour of Service after December 31, 2001.

### **11.3 Coordination with Workers' Disability Compensation Benefits**

Workers' disability compensation benefits to which a Participant is entitled pursuant to the Workers' Disability Compensation Act of 1969 (MCL § 418.301 *et. seq.*) shall be coordinated with benefit payments under the Plan as follows: During the Worker's Compensation Period, the worker's compensation benefit shall be paid first, then the Disability Retirement Benefit shall be payable to the extent that the total combined benefit equals 100% of the Participant's Final Compensation.

## **Article 12**

### **Accumulated Employee Contributions**

#### **12.1 Accumulated Employee Contributions**

(a) This Article applies to Participants and Vested Terminated Participants who have made Accumulated Employee Contributions to the Plan. Certain Benefit Groups are required to make Employee contributions as a condition of participation in the Plan. The Schedule for each Benefit Group indicates whether Employee contributions are made by members of that Benefit Group and the amount of the Employee Contributions.

(b) The CCTA will cause the contributions provided for in this Section to be deducted from the Compensation of each Participant in the employ of the CCTA, on each and every payroll, for each and every payroll period, after the date the Participant enters the Plan. When deducted, each of these amounts will be paid by the CCTA to the Trust. These payments will be made in the manner, form, and frequency and will be accompanied by the supporting data that the Board of Trustees prescribes from time to time. When paid to the Trust, the amounts will be credited to the Accumulated Contributions account of the Participant from whose compensation the contributions were deducted. At the end of each Plan Year the Board of Trustees will credit each Participant's individual Accumulated Contributions account with Regular Interest on the largest balance remaining in the account for the entire Plan Year.

(c) In addition to the contributions deducted from the Compensation of Participants, as provided above, Participants may deposit amounts they previously withdrew from the Plan, together with Regular Interest from the date of withdrawal to the date of repayment, in their Accumulated Contributions account by making:

(1) A lump sum cash contribution;

(2) A rollover contribution, as defined in Code Section 408(d)(3), from the Participant's individual retirement account, as defined in Code Section 408(a) (an "IRA"); or

(3) A combination of the above.

In no case will Participants be given credit for service rendered prior to the date they withdrew their Accumulated Contributions until they return to their Accumulated Contributions account all amounts due the fund by them.

(d) The CCTA will pick up the Participant contributions required by this Section. The picked up contributions will be treated as employer (CCTA) contributions in determining tax treatment under Code Section 414(h)(2). Participant contributions picked up by the CCTA pursuant to this subsection will be treated for all other purposes of this and other laws of the CCTA in the same manner and to the same extent as Participant contributions made prior to the effective date of this subsection.

Participants will not have the option of receiving the picked up Participant contributions in cash instead of having these amounts paid to the Trust.

(e) Payments of contributions made under Sections 4.3(a) and 4.3(b), may be made:

(1) By a lump sum cash contribution,

(2) By an increased rate of Participant contributions,

(3) By a rollover contribution, as defined in Code Section 408(d)(3), from the Participant's individual retirement account, as defined in Code Section 408(a) (an "IRA"); or

(4) By a combination of the above as approved by the Secretary of the Board of Trustees.

Payment for any of these service purchases must be completed in a period of five (5) years or less. Contributions that are made as a percentage of periodic pay may be considered "picked up" under Code Section 414(h)(2) by the CCTA as described in subsection (d) or may be made on an after-tax basis at the election of the Participant prior to the first such payment. The election to purchase service on a pre-tax, pick-up basis is irrevocable. Subsequent to the election to purchase service, Participants may not amend or revoke a pick-up election and may not make any direct payments for any service so purchased. The contribution or portion of the contribution that is paid in an initial cash deposit will not be considered "picked up." In the event that a Participant has a Severance from Employment prior to completion of the payments over the period elected, the CCTA will reduce the final payroll amount due the Participant attributable to reimbursement for unpaid vacation or other extraordinary forms of Compensation (accrued pay) by the lesser of the accrued pay amount or the amount remaining unpaid. Any amounts remaining unpaid may be paid to the Plan on a lump sum, after-tax basis within 30 days of a Severance from Employment. If any amount remains unpaid 30 days after a Severance from Employment, then the additional service will be reduced to reflect the number of months of additional service for which payments have not been received.

## **12.2 Distribution**

A Participant who does not have vested benefits who has a Severance from Employment shall be paid his Accumulated Employee Contributions, plus interest awarded in accordance with Article 15, in a lump sum payment upon submitting a written request to the Board of Trustees. If a Participant dies and no benefit shall be payable by the Plan on account of the Participant's death, the Participant's Accumulated Employee Contributions, plus interest awarded in accordance with Article 15, shall be paid to the Participant's Beneficiary in a lump sum payment.

### **12.3 Termination of Pension; Residual Payment**

In the event all benefit payments under the Plan terminate (i.e., upon the Retiree's death) before there has been paid an aggregate amount equal to the Retiree's total Accumulated Employee Contributions made to the Plan, the difference between the Retiree's total Accumulated Employee Contributions and the aggregate amount of benefit payments made shall be paid to the Retiree's Beneficiary in a lump sum payment.

### **12.4 Reserve**

The reserve for Accumulated Employee Contributions is the account which holds Participants' Accumulated Employee Contributions pending payment or transfer. Interest shall be credited to the individual Participant balances in the reserve for Accumulated Employee Contributions in accordance with Article 15. Accumulated Employee Contributions shall be transferred to the reserve for retired benefit payments upon the retirement or death of the Participant or Vested Terminated Participant, provided the Participant or Vested Terminated Participant is entitled to a retirement benefit under the Plan or the Beneficiary of the Participant or Vested Terminated Participant is entitled to a death benefit under the Plan.

At the expiration of the three-year period following the Severance from Employment of a Participant who does not have vested benefits, any amounts in the reserve for Accumulated Employee Contributions unclaimed by the Participant or his Beneficiary shall be forfeited and transferred to the reserve for undistributed investment income.

## **Article 13**

### **Administration**

#### **13.1 Establishment of Board of Trustees**

The Board of Trustees shall consist of the following:

- (a) The Executive Director of the CCTA.
- (b) Two members of the CCTA Board of Directors appointed by the CCTA Board of Directors, to serve at the pleasure of the CCTA Board of Directors.
- (c) The Deputy Director for Support Services of the CCTA.
- (d) The Chief Financial officer of the City of Kalamazoo.
- (e) Effective August 1, 2020, the President of Union Local 1093.
- (f) Effective August 1, 2020, a member of the City of Kalamazoo Retirement Investment Committee who is appointed by that committee.

The Board of Trustees shall adopt its own rules and procedures and shall keep a record of its proceedings. Four trustees shall constitute a quorum at any meeting of the Board of

Trustees and at least four concurring votes shall be necessary for any decision by the Board of Trustees.

### **13.2 Vacancy**

A vacancy shall occur on the Board of Trustees if:

- (a) A trustee resigns; or
- (b) An ex-officio trustee ceases to hold the office which qualified the individual as a trustee.

In the event a vacancy occurs on the Board of Trustees, the vacancy shall be filled for the unexpired term in the same manner as the position was previously filled.

### **13.3 Officers and Administrative Services**

The officers and administrative services of the Plan shall be as follows:

(a) **Chairperson and Vice-Chairperson** The Board of Trustees shall annually elect a chairperson and a vice-chairperson from among the individuals who serve as trustee.

(b) **Secretary** The Executive Director shall be the administrative officer of the Plan and shall be the secretary of the Board of Trustees.

(c) **Treasurer** The Chief Financial Officer of the City of Kalamazoo shall be the treasurer of the Plan. The treasurer shall be custodian of the assets of the Plan except as to such assets as the Board of Trustees may from time to time otherwise hold, as authorized by applicable law. This shall not prevent the Board of Trustees from appointing a bank or other agent as custodian of any assets.

(d) **Actuary** The Board of Trustees shall designate an Actuary who shall be the technical advisor to the Board of Trustees regarding the operation of the Plan on an actuarial basis and who shall perform such services as are required in that connection.

(e) **Other Services** The Board of Trustees is authorized and empowered to employ such professional or other administrative services as are required for the proper administration of the Plan. No advisor to the Board may also serve as a member of the Board of Trustees at the same time.

### **13.4 Powers of Board of Trustees**

The Board of Trustees shall have the discretionary power and authority to manage and administer the Plan in accordance with its terms and applicable laws and regulations. The Board of Trustees shall exercise its authority in a nondiscriminatory manner. The Board of

Trustees shall have the powers necessary to administer and meet its obligations under the Plan, including, but not limited to, the following:

- (a) Maintain records pertaining to the Plan.
- (b) Interpret the terms and provisions of the Plan.
- (c) Decide all questions of eligibility for participation in the Plan.
- (d) Decide all questions of eligibility for benefit payments and determine the amount and manner of the payment of benefits.
- (e) Establish procedures by which Participants, Vested Terminated Participants and Beneficiaries may apply for pension benefits under the Plan and appeal a denial of pension benefits.
- (f) Determine the rights under the Plan of any Participant, Vested Terminated Participant or Beneficiary applying for or receiving pension benefits.
- (g) Determine the total Years of Vested Service and Benefit Service of a Participant, Vested Terminated Participant, or Retiree for a Participant, Vested Terminated Participant, Retiree, or Beneficiary who is applying for or receiving pension benefits.
- (h) Require and obtain the appropriate Actuary reports.
- (i) Authorize the payment of benefits to all individuals entitled to pension benefits under the Plan, and to pay the administrative expenses of the Plan.
- (j) Administer the appeal procedure provided for in this Article.
- (k) Delegate specific responsibilities for the operation and administration of the Plan to Employees or agents.
- (l) Determine the employment status of any person providing services to Employer.
- (m) To the extent permitted by applicable law, take voluntary action to self-correct operational errors in the administration of the Plan.

### **13.5 Ability to Delegate Authority**

The Board of Trustees may delegate to the CCTA and/or an agent or Employee of the CCTA routine and limited discretionary duties as it sees fit.

### **13.6 Indemnification**

To the extent permitted by applicable law, Employer shall indemnify and hold harmless any Employee for any liability or expense arising out of the Employee's action or

failure to act in performing services on behalf of the Board of Trustees. However, this provision only applies if the Employee's action is in good faith and is not willful misconduct.

### **13.7 Investment of Plan Assets**

The Board of Trustees shall be the trustee of the assets of the Plan. The Board of Trustees shall have full power and authority to invest/reinvest the assets subject to all terms, conditions, limitations and restrictions imposed by the state of Michigan on the investment of public employee retirement systems. The Board of Trustees may employ outside investment counsel to advise the Board of Trustees in the making and disposition of investments. All investment of Plan assets shall be made in accordance with the requirements of the Public Employee Retirement System Investment Act (MCL § 33.112 et. seq.).

### **13.8 Standard of Care**

The Board of Trustees shall administer the Plan in accordance with the terms of the Plan and the Ethics Policy adopted by the Board solely in the interest of the Participants, Vested Terminated Participants and Retirees and for the exclusive purposes of providing benefits to Participants, Vested Terminated Participants and Retirees and their Beneficiaries and defraying the reasonable expenses of administration. The Board of Trustees shall administer the Plan with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims.

### **13.9 Employment of Agents by Board of Trustees**

The Board of Trustees may periodically employ agents and delegate to them routine and limited discretionary duties as it sees fit. The Board of Trustees may also employ or consult expert assistants. The Board of Trustees shall not be liable for any neglect, omission or wrongdoing of any agent or assistant, provided that reasonable care was exercised in their selection. The Board of Trustees may consult with legal counsel (who may be of counsel to the CCTA) concerning any question which may arise with reference to its duties under the Plan. The opinion of legal counsel shall fully and completely protect the Board of Trustees with respect to any action taken or not taken under this Article in good faith and in accordance with the opinion of legal counsel.

### **13.10 Appeal Procedure**

Any Participant or Vested Terminated Participant whose application for benefits under the Plan has been denied, in whole or in part, shall be given written notice of the denial of benefits by the Board of Trustees. The Board of Trustees shall provide the notice of denial within 90 days after the claim is received by the Plan, unless special circumstances require an extension of time for processing the claim. If an extension of time is required, the Board of Trustees shall provide the Participant or Vested Terminated Participant written notice of the extension before the expiration of the initial 90-day period. However, in no event shall the extension exceed a period of 90 days from the end of the initial period.

The notice shall be in easily understood language and shall indicate the reasons for denial and the specific provisions of the Plan on which the denial is based. The notice shall explain that the Participant or Vested Terminated Participant may request a review of the denial and the procedure for requesting review. The notice shall describe any additional information necessary to perfect the claim and explain why the information is necessary.

A Participant or Vested Terminated Participant may make a written request to the Board of Trustees for a review of any denial of benefits under the Plan. The written request for review must be made within 60 days after the mailing date of the notice of denial. The request shall refer to the provisions of the Plan on which it is based and shall set forth the facts relied upon as justifying a reversal or modification of the determination being appealed.

A Participant or Vested Terminated Participant who requests a review of a denial of benefits in accordance with this appeal procedure may examine pertinent documents and submit pertinent issues and comments in writing. A Participant or Vested Terminated Participant may have a representative act on his behalf in exercising his right to request a review and the rights granted by this appeal procedure. The Board of Trustees shall provide a review of the decision denying the claim for benefits within 60 days after receiving the written request for review.

A Participant or Vested Terminated Participant may appeal the Board of Trustees' review of the decision denying the claim for benefits through binding arbitration. A written request for binding arbitration must be made within 60 days after the mailing date of the notice of the Board of Trustees' review of the decision. The binding arbitration shall be conducted in accordance with rules and procedures established by the Board of Trustees.

### **13.11 Compensation**

The members of the Board of Trustees who are not Employees of Employer may be paid reasonable compensation for the performance of their services under the Plan, as determined by the Board of Trustees. Further, each member of the Board of Trustees shall be reimbursed for all reasonable and necessary expenses which that member may incur in connection with the performance of his duties under the Plan. Any compensation or reimbursement of expenses provided to a member of the Board of Trustees shall be paid from the Plan's assets unless paid directly by Employer.

## **Article 14**

### **Plan Funding**

#### **14.1 Reserve for Retired Benefit Payments**

The reserve for retired benefit payments is the account from which all Normal Retirement Benefits, Early Retirement Benefits, Disability Retirement Benefit, Deferred Vested Benefits, death benefits and residual refunds of the Accumulated Employee Contributions shall be paid. Should a Disability Retirement Benefit be terminated and the Participant be returned to the employment of Employer in a position eligible for participation in the Plan, the Actuarial Equivalent of the Participant's benefit at the date of termination of total disability shall be

transferred from the reserve for retired benefit payments to the reserve for Accumulated Employee Contributions and the reserve for Employer contributions in the proportion transfers were made from such accounts upon the commencement of the Disability Retirement Benefit.

#### **14.2 Reserve for Employer Contributions**

The reserve for Employer contributions is the account to which is credited contributions made by Employer to the Plan and from which transfers shall be made as provided in this Article.

Each year, following the receipt of the Actuary's report, the excess, if any, of the reported actuarial present value of the pensions being paid and likely to be paid to Retirees and Beneficiaries over the balance in the reserve for retired benefit payments shall be transferred from the reserve for Employer contributions to the reserve for retired benefit payments.

The financial objective of the Plan is to require Employer contributions to the Plan each Plan Year which shall be sufficient to fully fund the actuarial cost of benefits likely to be paid on account of services rendered by Participants during the current Plan Year and finance the unfunded actuarial cost of benefits likely to be paid on account of services rendered by Participants prior to the current Plan Year over a period not to exceed 30 Plan Years. The contributions shall be computed by the Actuary at level percents of Participant payroll in accordance with generally recognized actuarial principles. The contributions shall be appropriated by Employer and paid to the Plan.

#### **14.3 Reserve for Undistributed Investment Income**

The reserve for undistributed investment income is the account to which is credited all interest, dividends and other income from the investment of Plan assets, all gifts and bequests received by the Plan, all unclaimed Accumulated Employee Contributions and pensions and all other monies received by the Plan, the disposition of which is not specifically provided. There shall be transferred from the reserve for undistributed investment income all amounts required to credit interest to the reserve for Accumulated Employee Contributions, the reserve for Employer contributions and the reserve for retired benefit payments. Whenever the Board of Trustees determines that the balance in the reserve for undistributed investment income is more than sufficient to cover current charges to the reserve, the excess or any part thereof shall be transferred to the reserve for Employer contributions. Whenever the Board of Trustees determines that the balance in the reserve for undistributed investment income is insufficient to meet the current charges to the account, the amount of the insufficiency shall be transferred from the reserve for Employer contributions.

#### **14.4 Allowance of Interest and Rates of Interest**

The Board of Trustees shall, at the end of each Plan Year, credit interest on the Accumulated Employee Contributions. The Board of Trustees shall determine the rate or rates of interest to be used in the crediting of interest.

#### **14.5 Method of Making Payments**

All payments from Plan assets shall be made according to procedures governing the disbursement of Employer's general fund monies. No payment shall be made unless it is authorized by the Board of Trustees.

#### **14.6 Assets not Segregated**

The description of the various reserves of the Plan shall be interpreted to refer to the accounting records of the Plan and not to the segregation of monies or assets in the reserve accounts of the Plan. Plan assets are not required to be held in trust or in any separate fund until paid.

#### **14.7 Trust Fund**

Employer may establish a trust fund to hold and invest some or all contributions to be made under the Plan. Employer may periodically appoint one or more trustees and enter into one or more trust agreements to provide for the management and investment of all or a part of the trust fund.

#### **14.8 Use of Trust Fund**

The trust fund must be used for the exclusive benefit of the Participants, to pay the pension benefits provided by the Plan and to defray the reasonable expenses of administering the Plan. All benefits under the Plan must be paid by trustee from the trust fund. No part of the corpus or income of the trust fund may be used for, or diverted to, purposes other than for the exclusive benefit of the plan participants and their beneficiaries.

#### **14.9 Group Trust Fund**

If Employer or another municipality or political subdivision of the State of Michigan has or adopts another tax qualified retirement plan, the trust fund under this Plan and the trust fund under the other qualified plan may be combined into one group trust fund for investment purposes only. Accounting methods will be established to ensure that assets of the Plan and other qualified retirement plan are administered separately under the terms of each plan.

### **Article 15**

#### **Rights of Participants**

##### **15.1 Right to Rehire Retirees**

Employer in its sole discretion may rehire any Retiree who has retired on a Normal Retirement Benefit, Early Retirement Benefit, or a Deferred Vested Benefit after the later of either 30 days after the Employee's Severance from Employment, or the beginning of the following Plan Year if the Employee has accrued 1,000 Hours of Service in the current Plan Year.

The Board of Trustees shall suspend the pension benefits of any Retiree during certain periods of reemployment by Employer. Benefits shall be suspended for any period during which the Retiree is rehired and normally has at least 1,000 Hours of Service during a Plan Year. Any Retiree who is rehired and normally has less than 1,000 Hours of Service during a Plan Year may, upon the Employee's election, suspend benefits for any period during which the Retiree is rehired.

If pension benefits have been suspended, payment shall resume no later than the first day of the third calendar month after the calendar month in which the individual ceases to be employed in service which required the suspension of his benefits.

If the Retiree's benefits are suspended, the Retiree shall earn a separate Accrued Benefit for his period of reemployment. The separate Accrued Benefit shall be determined under Article 5 based upon the Retiree's Years of Benefit Service during the period of reemployment. However, his Accrued Benefit relating to any prior period of employment shall not be changed. The Retiree's pension benefit shall be the sum of the Accrued Benefits earned during the separate periods of employment.

At the time payments resume, the Board of Trustees may deduct from benefit payments to be made any payments which were previously made during a period in which benefits should have been suspended. The deduction or offset may not exceed in any one month 25 percent of that month's total benefit payment which would have been due, but for the offset. However, the initial payment after benefits resume may be offset without limitation.

Upon the request of a Retiree, the Board of Trustees shall determine whether specific contemplated employment shall be employment for which benefit payments shall be suspended.

#### **15.2 No Employment Rights**

The existence of the Plan shall not grant a Participant any legal right to continue as an Employee, or affect the right of Employer to discharge a Participant.

#### **15.3 No Participant Interest in Plan**

No Participant, Vested Terminated Participant, Retiree, Beneficiary, or any other person shall have interest in, or right to, any specific Plan asset.

#### **15.4 Spendthrift Provision**

No benefit or interest under the Plan is subject to assignment or alienation, whether voluntary or involuntary, except as follows:

- (a) A Participant, Vested Terminated Participant or Retiree may assign a portion of his benefit to an alternate payee under an Eligible Domestic Relations Order or a domestic relations order.

(b) A Participant's benefit may be reduced by any actuarial, legal or other administrative fees associated with the review and implementation of an Eligible Domestic Relations Order or domestic relations order.

(c) A Participant's, Vested Terminated Participant's or Retiree's benefit may be transferred or assigned to the extent permitted by Section 401(a)(13) of the Code and its regulations.

(d) Employer shall have the right of setoff for any claim arising from embezzlement or fraud by a Participant, Vested Terminated Participant, Retiree, Beneficiary and for any overpayments.

(e) A Participant's benefit may be transferred or assigned to the extent permitted under the Public Employee Retirement Benefits Forfeiture Act (MCL § 38.2701 et. seq.) and the State Correctional Facility Reimbursement Act (MCL § 800.401 et. seq.).

### **15.5 Periodic Payment**

(a) Commencing in the year 2001, and thereafter occurring every third year, subject to the limitations set forth below, a nonguaranteed payment shall be made from the trust fund to certain retirees; for each such person, the amount to be paid shall be the product of \$43.67 (subject to the increases allowed below) times the sum of the retiree's years and fraction thereof of credited service plus the number of years and fraction thereof which have elapsed between the retirant's date of retirement and December 31 of the year preceding the date the payment will be made.

#### **(b) Eligibility**

(1) The retirees eligible to receive said periodic payment shall be those who:

(A) Retired prior to January 1, 2000; and

(B) Have been retired at least five years prior to December 31 of the year preceding the date the periodic payment will be made; and

(C) Have attained the age of 70 years prior to June 1 of the year preceding the date the periodic payment will be made; and

(D) Had at least 25 years of service with the City of Kalamazoo; and

(E) Whose annual retirement allowance is less than \$20,000, but who are not eligible for a post-retirement adjustment.

**(2)** In those instances where a retirement allowance is divided by an EDRO, the “retired prior to” language above applies to the actual retiree, not the alternate payee and the “less than \$20,000” requirement shall apply to the combined amounts being received by the retiree and the alternate payee.

**(c)** If the periodic payment provided for above, when added to the existing retirement allowance, exceeds \$20,000 per year, the periodic payment shall be reduced by the amount said sum exceeds \$20,000. In those instances where a retirement allowance is divided by an EDRO, if the periodic payment(s), when added to the existing retirement allowances, exceed \$20,000 per year, the periodic payment(s) shall be reduced by the amount said sum exceeds \$20,000.

**(d)** A beneficiary currently receiving a retirement allowance, or an individual who in the future becomes a beneficiary and who thereafter receives such an allowance, shall be entitled to receive the periodic payment based upon the same calculations (that is, the beneficiary’s retirant’s years of credited service and years since retirement) and subject to the same limitations, as described herein.

**(e)** In computing future retirement allowance payments, or any other payment due to a retirant or beneficiary, the payments provided herein shall not be considered.

**(f)** The periodic payment described herein shall be made in June every third year, commencing 2001; however, no payment shall be made in any year in which the Actuary projects (based upon a valuation of the trust fund as of December 31 of the prior year) the need for CCTA contributions to the trust fund within 10 years of the projection nor if the actuary recommends a contribution by the CCTA for that year. In the event a periodic payment is not made in a year in which it would otherwise occur (because of the Actuary’s projection or recommendation), then the payment shall be made in the next year in which no such actuarial projection or recommendation is made. In the event that a periodic payment is so delayed, future periodic payments shall be made every third year thereafter (so long as not prohibited by an actuarial projection or recommendation).

**(g)** When calculating the amount of the periodic payment for each individual after 2001, the \$43.67 amount referenced above shall increase by the lesser of 2% per year or the C.P.I. (i.e., the Consumer Price Index, U.S. City Average, all urban consumers) which exists for the period of time between December 31 of the year preceding the last payment and December 31 of the year preceding the date payment will be made.

**(h)** In no event, however, shall the total of all of the periodic payments in one year exceed the amount of \$750,000; in the event the total payments are in excess of that amount, each individual’s payment shall be reduced proportionately to reduce the total payment to said \$750,000. Any periodic payment due to a retiree who is alive on December 31 of the year prior to the payment, but who dies before the payment is made, shall be made (one time only) to that retiree’s estate or beneficiary, as the case may be.

(i) Notwithstanding any of the above, the CCTA administration shall be entitled to recommend to the CCTA Board at any time that the periodic payments be reduced or eliminated, and the CCTA Board shall, at any time, be entitled, with or without such a recommendation, to reduce or eliminate said periodic payments.

## **Article 16**

### **Plan Amendment and Termination**

#### **16.1 Amendment**

The CCTA reserves the right to amend the Plan at any time, to the extent permitted by applicable law and any applicable Collective Bargaining Agreements.

#### **16.2 Termination**

The CCTA may terminate the Plan at any time, to the extent permitted by applicable law and any applicable Collective Bargaining Agreements. If the Plan is terminated, the Accrued Benefit of each Participant as of the date of termination shall be fully vested and nonforfeitable to the extent funded. These benefits shall be paid in accordance with the provisions of Section 16.4. In no event shall a Participant have any recourse for satisfaction of his benefits other than from the Plan (or portion of assets segregated pursuant to Section 16.3).

#### **16.3 Partial Termination**

Upon the partial termination of the Plan, the Board of Trustees shall account for separately, on behalf of the Participants with respect to whom the Plan has been terminated, the proportionate interest of such Participants in the Plan. This proportionate interest shall be determined by the Actuary, on the basis of contributions made under the Plan and such assumptions as are determined reasonable by the Actuary and are approved by the Board of Trustees. The funds which are accounted for separately in this manner shall be fully vested and shall be used by the Board of Trustees to pay benefits to, or on behalf of, the Participants with respect to whom the Plan has been terminated in accordance with Section 16.4.

#### **16.4 Distribution Upon Termination**

The assets of the Plan, or the portion of the assets accounted for separately in accordance with Section 16.3, shall be allocated (after provision is made for the expenses of termination) to provide for the payment of benefits in an order of precedence that parallels those specified in Section 4044 of the federal Employee Retirement Income Security Act of 1974, and the rules and regulations issued by the Pension Benefit Guaranty Corporation.

#### **16.5 Method of Distribution**

If the Plan is terminated, benefits shall be distributed to the Participants as soon as administratively feasible after the termination. However, if the CCTA applies for a determination letter, the distribution may be delayed until after the Internal Revenue Service has made a favorable determination that the Plan's termination does not affect its previously

qualified status. Distributions shall be made in the forms described in Section 10.5 and shall be subject to the distribution rules of Section 10.5.

#### **16.6 Reversion to Employer**

If the terminated Plan contains excess assets after satisfaction of all liabilities provided in this Section, the excess assets shall revert to Employer.

### **Article 17**

#### **Miscellaneous Provisions**

##### **17.1 Correction of Errors**

Should any change in the records of the Plan result in any Retiree or Beneficiary being paid more or less than what has been paid had the records been correct, the Board of Trustees shall correct the error and as far as practicable shall adjust the payment in such a manner that the Actuarial Equivalent of the benefit to which the individual was correctly entitled to shall be paid.

##### **17.2 Subrogation**

If a Participant becomes entitled to a benefit under the Plan as a result of an accident or injury caused by the act of a third party, Employer shall be subrogated to the rights of a Participant against the third party to the extent that Employer financed benefits which the Plan pays or becomes liable to pay.

##### **17.3 Age**

Any reference in the Plan to age shall mean the age of the individual as of the individual's last birthday.

##### **17.4 Uniformity of Treatment**

Any discretionary action taken under the Plan by the Board of Trustees or Employer shall be uniform in its application to similarly situated persons.

##### **17.5 Construction**

Words used in the masculine shall apply in the feminine where applicable. Wherever the context of the Plan dictates, the plural shall be read as singular and the singular as plural.

##### **17.6 Governing Law**

To the extent that Michigan law has not been preempted by federal law, the provisions in the Plan shall be governed by the laws of the state of Michigan.

**17.7 Notice and Elections**

Except as otherwise provided in the Plan, notices, election and request for distributions may be provided through electronic media to the extent permitted by applicable law.

**17.8 Collective Bargaining Agreements**

To the extent that a provision in the Plan conflicts with a specific provision in a Collective Bargaining Agreement for a Benefit Group, the specific provision in the Collective Bargaining Agreement shall control.

**Signature**

The CCTA has signed the Central County Transportation Authority Pension Plan on the date stated below.

**CENTRAL COUNTY TRANSPORTATION  
AUTHORITY**

Dated: \_\_\_\_\_, 2020

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name and Title

**Schedule A  
to the  
Central County Transportation Authority  
Pension Plan**

**Non-Union Employees**

<b><u>Section</u></b>	<b><u>Provision</u></b>
5.1	<u>Definition of Normal Retirement Age</u> Normal Retirement Age means the Participant has attained age 62 and completed at least 10 Years of Vested Service (5 Years of Vested Service if the Participant was hired prior to September 1, 2010) or has attained age 57 and completed at least 25 Years of Vested Service.
5.2(b)	<u>Benefit Formula</u> The benefit formula is the Participant's Years of Benefit Service multiplied by 2.3% of the Participant's Final Average Compensation.
5.2(c)	<u>Annual Pension Adjustment</u> The monthly pension benefit received by a non-union Participant who retires on or after June 1, 2006, shall be increased by 1.5%, compounded annually, commencing January 1 after the Participant has been retired for one full year, and on every January 1 thereafter; this increase shall be available, however, only to those Participants whose pension benefit has not been, nor will be, deferred and who executed and submitted, no later than May 30, 2006, the required form in which the Participant agrees to have his or her contribution to the trust fund increased, for the balance of the Participant's employment with the CCTA, by 2% of Compensation, above and beyond the amount otherwise required by Section 12.1, including as it may be amended from time to time.
6.1	<u>Definition of Early Retirement Age</u> Early retirement age means the Participant has attained age 55 and the Participant's age and Years of Vested Service equals 70 or more; or  (a) If the Participant was hired before September 1, 2010, the Participant has attained age 62 and completed at least 5 Years of Vested Service; or  (b) If the Participant was hired on or after September 1, 2010, the Participant has attained age 60 and completed at least 10 Years of Vested Service.

**Section**

**Provision**

6.2

Amount of Early Retirement Benefit The reduction in a Participant's pension benefit for payment before age 62 shall be four-tenths of one percent for each month before age 62 the pension is to be paid. For this purpose, a fraction of a month shall be considered a whole month. If the Participant has completed at least 25 Years of Vested Service and retires on or after January 1, 1974 but before age 57, the reduction shall be four-tenths of one percent for each month before age 57 that the pension is to be paid.

12.1

Accumulated Employee Contributions The required Employee Contribution percentage is 1.5% of Compensation, except for those non-union Participants hired on or after June 1, 2006, it shall be 3% of Compensation; and except for those non-union Participants who elected to pay an additional 2% pursuant to Section 5.2(c).

**Schedule B  
to the  
Central County Transportation Authority  
Pension Plan**

**KMEA Benefit Group**

<b><u>Section</u></b>	<b><u>Provision</u></b>
5.1	<u>Definition of Normal Retirement Age</u> Normal Retirement Age means the Participant has attained age 62 and completed at least 10 Years of Credited Service (8 Years of Credited Service if the Participant was hired prior to January 1, 2009), or has attained age 57 and completed at least 25 Years of Credited Service.
5.2(b)	<u>Benefit Formula</u> The benefit formula is the Participant's Years of Credited Service multiplied by 2.1% of the Participant's Average Monthly Compensation.
5.2(c)	<u>Annual Pension Adjustment</u> The monthly pension benefit received by a Participant who is a member of the KMEA Benefit Group and who retired on or after March 13, 2000 shall be increased each anniversary of the Participant's date of retirement by 1.5%, compounded annually, beginning on the later of the date the Participant attains age 64 or the first anniversary of the Participant's date of retirement. The adjustment shall not apply to any Participant who retires before the Participant's Normal Retirement Date.
6.1	<u>Definition of Early Retirement Age</u> Early retirement age means the Participant has attained age 55 and the Participant's age and Years of Credited Service equals 70 or more; or  (a) If the Participant was hired before January 1, 2009, the Participant attained age 62 and completed at least 8 Years of Credited Service; or  (b) If the Participant was hired on or after January 1, 2009, the Participant attained age 60 and completed at least 10 Years of Credited Service.
6.2	<u>Amount of Early Retirement Benefit</u> The reduction in a Participant's retirement benefit for payment before age 62 shall be four-tenths of one percent for each month before age 62 the pension is to be paid. For this purpose, a fraction of a month shall be considered a whole month. If the Participant has

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**Provision**

completed at least 25 Years of Credited Service and retires on or after January 1, 1974 but before age 57, the reduction shall be four-tenths of one percent for each month before age 57 that the pension is to be paid.

12.1

Accumulated Employee Contributions The required Employee Contribution percentage is 3% of Compensation, except that commencing March 13, 2000, the percentage will decrease to 2% of Compensation and will decrease to 1% of Compensation effective January 1, 2001, unless increased pursuant to the collective bargaining agreement.

**Schedule C  
to the  
Central County Transportation Authority  
Pension Plan**

**ATU Benefit Group**

<b><u>Section</u></b>	<b><u>Provision</u></b>
5.1	<u>Definition of Normal Retirement Age</u> Normal Retirement Age means the Participant has attained age 62 and completed at least 10 Years of Vested Service or has attained age 57 and completed at least 25 Years of Vested Service.
5.2(b)	<u>Benefit Formula</u> The benefit formula is the Participant's Years of Benefit Service, multiplied by 2.1% of the Participant's Final Average Compensation.
5.2(c)	<u>Annual Pension Adjustment</u> The monthly pension benefit received by a Participant who is a member of the ATU Benefit Group and who retires on or after March 1, 2000, shall be increased each anniversary of the Participant's date of retirement by one percent compounded annually. After the Participant reaches age 75, the annual adjustment shall be two percent compounded annually. The adjustment shall not apply to any Participant who retires before the Participant's Normal Retirement Date.
6.1	<u>Definition of Early Retirement Age</u> Early retirement age means the Participant has attained age 55 and the Participant's age and Years of Vested Service equals 70 or more; or  (a) If the Participant was hired before September 1, 2010, the Participant attained age 62 and completed at least 5 Years of Vested Service; or  (b) If the Participant was hired on or after September 1, 2010, the Participant attained age 60 and completed at least 10 Years of Vested Service.
6.2	<u>Amount of Early Retirement Benefit</u> The reduction in a Participant's retirement benefit for payment before age 62 shall be four-tenths of one percent for each month before age 62 the pension is to be paid. For this purpose, a fraction of a month shall be considered a whole month. If the Participant has completed at least 25 Years of Vested Service and retires on or

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**Provision**

after January 1, 1974 but before age 57, the reduction shall be four-tenths of one percent for each month before age 57 that the pension is to be paid.

12.1

Accumulated Employee Contributions The required Employee Contribution percentage shall be 2% of Compensation, except that commencing March 1, 2000, the amount shall be 1% of Compensation.

**Schedule D  
to the  
Central County Transportation Authority  
Pension Plan**

The following interest rates and mortality tables shall be used in determining Actuarially Equivalent benefits:

Interest Rate	7.5% per year for benefits beginning in Plan Years before January 1, 2021 and 7% per year for benefits beginning in Plan Years beginning on or after January 1, 2021
Mortality	85%/15% unisex blend of RP-2000 Mortality Table, projected 20 years with U.S. Projection Scale BB for benefits beginning in Plan Years before January 1, 2021 and 80%/20% unisex blend of the Pub-2010 Amount-Weighted, General, Employee, Male and Female tables, with future mortality improvements projected to 2025 using scale MP-2019 for benefits beginning in Plan Years on or after January 1, 2021

Application of these assumptions to the computation of benefits payable under the Plan shall be made in a uniform and consistent manner with respect to all Participants in similar circumstances. Actuarial assumptions may be changed by the Board of Trustees based on the recommendation of the Actuary. Any change to the actuarial assumptions will be reflected in an amendment to the Plan or minutes of a Board meeting.