SHELBY COUNTY RETIREMENT SYSTEM

SUMMARY OF PLAN A

Originally effective December 1, 1978

Restated effective January 1, 1999

Reflecting amendments through July 25, 2011

SUMMARY OF PLAN A

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SUMMARY OF PLAN A

THE SYSTEM

Shelby County maintains a retirement system (the "System") for the benefit of certain of its employees, its elected and appointed officials, and certain other persons who are employees of governmental entities closely connected with the County. For purposes of this summary, all of the employing entities will be called the "County" even though some participants' employers may not be the County.

The System currently consists of four separate plans, Plan A, Plan B, Plan C, and Plan D.

Plan A's participants are (1) eligible employees hired (or rehired) on or after December 1, 1978, but before March 1, 2005, who didn't make an election in 2005 to become members of Plan C, (2) participants of Plan B who made an election effective December 1, 1978 to transfer to Plan A and who didn't make a further election in 2005 to become members of Plan C, (3) retirees from among those two classes of employees, and (4) survivors of deceased employees in those two classes. Certain terminated Plan A participants who are re-hired on or after July 1, 2011 also re-enter Plan A upon their rehire.

Plan B's participants are (1) eligible employees who were participants in Plan B as of November 30, 1978, who didn't make an election effective December 1, 1978 to become members of Plan A, and who've been continuously employed by the County (or other participating employer) since that date, (2) retirees from among that class of employees, and (3) survivors of deceased employees in that class.

Plan C's participants are (1) eligible employees hired (or rehired) on or after March 1, 2005, (2) participants of Plan A who made an election in 2005 to become members of Plan C, (3) retirees from among those two classes of employees, and (4) survivors of deceased employees in those two classes. Certain terminated Plan C participants who are re-hired on or after July 1, 2011 also re-enter Plan C upon their rehire.

Plan D's participants are (1) eligible employees hired on or after July 1, 2011 (except certain re-hires who return to participation in Plan A or C), (2) retirees from that class of employees, and (3) survivors of deceased employees in that class.

The System is administered by the Shelby County Retirement System Board of Administration and Trust (the "Board"), which is composed of 14 individuals, consisting of the County Mayor, two members of the County Commission, the County's Director of Administration and Finance, an elected official chosen by the vote of all other elected officials, two active participants, two retirees, three citizens of the County who are not participants, and two other County citizens who may or may not be plan participants or retirees but who have demonstrated financial or investment expertise. The Board conducts its business at a monthly meeting, usually on the first Tuesday of the month.

The members of the Board also act as the Trustees of the trust which manages the funds of the System.

The Board delegates its ministerial duties to the County's Retirement Office, which manages the day-to-day affairs of the System. The Retirement Office is located in Suite 950, 160 North Main Street, Memphis, Tennessee 38103, and its telephone number is 901-545-3570.

The Board's duties, both administrative and fiduciary, and its operational rules, including rules and procedures relating to claims for benefits, are set forth in a document called "Administrative and Trust Agreement of the Shelby County, Tennessee, Retirement System." You may obtain a copy of this document from the Shelby County website, where it is in PDF format, or from the Retirement Office.

HISTORY OF PLAN A

Plan A was adopted effective December 1, 1978 (the "1978 Plan"). The 1978 Plan was amended several times and was ultimately restated effective December 1, 1988 (the "1988 Plan"). Following a number of additional amendments, it was again restated effective January 1, 1999).

The last restatement of Plan A has also been amended a number of times since its 1999 effective date. Two major amendments, which are referred to elsewhere in this Summary, involve the adoption in 2000 of a "25 year and out" feature for "public safety employees" and the closing of that feature effective September 1, 2005, when Plan C, extending the "25 year and out" feature to all participants was effective.

Plan A was originally a non-contributory plan; that is, participants were not required to make any contributions to the plan or even permitted to. With the adoption of the "25 year and out" feature for public safety employees effective January 1, 2000, those employees were required to make employee contributions in exchange for an earlier retirement date. Effective September 1, 2005 each Plan A employee (including, but not limited to, each public safety employee) was given the option to transfer to Plan C, a newly adopted contributory plan. Those public safety employees who chose to remain in Plan A gave up their right to an earlier retirement and, upon termination of employment, will receive a return of their contributions, plus an interest factor, in addition to a pension entitlement, if they are eligible for one.

This booklet contains a summary of the latest restatement of Plan A as well as its amendments through the date set forth on the cover of this summary.

Plan A itself is a very complicated legal document, containing more than 75 pages. It isn't possible to fully explain all of its provisions in a summary. While this summary has been prepared to give you as full an explanation of the most important provisions as possible, <u>please note that, if the provisions of the Plan A document and the explanations contained in this summary conflict, the provisions of Plan A will control</u>. Furthermore, if there are any ambiguities contained in the Plan A document itself, the Board has the exclusive right to interpret Plan A and resolve any ambiguities.

You may obtain a copy of Plan A online, on the County's website, or from the Retirement Office at no charge.

DEFINITIONS

Plan A contains many capitalized terms. These terms are specifically defined in the Plan document and have the same meanings each time they are used. Some of these capitalized terms are used in this summary. For example, the term "Spouse" refers to the person to whom you have been legally married for at least three (3) consecutive years before a relevant event occurs. <u>It is very important to remember while reading this summary that such capitalized terms may not have the ordinarily understood meanings</u>. Each capitalized term will be explained in this summary the first time it is used, but not afterwards.

PARTICIPATION

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Participation in Plan A is mandatory for each employee who meets the eligibility requirements, whose date of employment was prior to March 1, 2005, who is not a participant in Plan B, and who did not make an election in 2005 to transfer participation to Plan C. Plan A was closed to new participants effective March 1, 2005.

"Eligible Employees" include all full-time and part-time County employees and elected and appointed officials with some exceptions. Among the exceptions are employees classified as "temporary employees" and employees of the Shelby County Board of Education. Furthermore, employees of certain other governmental agencies or entities to which the County is connected aren't "Eligible Employees" unless the County is obligated under contract or legislation to provide them with participation in the Plan. For example, certain employees of the Shelby County District Attorney General's Office are "Eligible Employees" under a legislative mandate to that effect. Finally, Plan A participants who were employees of the Shelby County Health Care Corporation (the "Med") before its 1985 conversion from a County agency to a separate corporation continue to participate in the Plan.

CONTRIBUTIONS

As mentioned earlier, Plan A was originally non-contributory, became contributory for certain participants in 2000, and became non-contributory again effective September 1, 2005. Effective July 1, 2011, Plan A was amended to require employee contributions for all participants; that is, as a condition of employment, you're required to contribute from each paycheck a certain percentage of your Earnings after June 30, 2011.

Your "Earnings" consists of your base pay, shift differential, hazardous duty pay, and longevity pay, but overtime pay and certain other extraordinary payments not included in your salary scale are excluded from the definition. Furthermore, the amounts you voluntarily defer under the flexible benefits plan and the County's "457" deferred compensation plan (or any similar plan maintained by your Employer) are treated as part of your Earnings even though you don't pay federal income tax on those deferrals.

When fully phased in over four 12-month periods, your required contribution will be 2% of your Earnings. Thus, your contribution percentage for the 12-month period beginning on July 1, 2011 is ½%; for the 12-month period beginning July 1, 2012, it is 1%; and so on, culminating in a 2% contribution effective July 1, 2014. The Plan provides that the County retains the right to change the percentage from time to time, although such a change is not contemplated as of the date of this Summary.

Your contributions are automatically deducted from your paychecks and added to the Trust Fund. You are not required to pay federal income tax on your contributions.

The County also makes contributions to the Trust Fund to ensure that the benefits you have earned are funded to the satisfaction of the System's actuarial firm.

BOOKKEEPING ACCOUNTS

Since you are required to make contributions to Plan A, the System maintains a bookkeeping account in your name. It's called your "Participant Contributions Account." Your contributions after July 1, 2011 are credited to this Account. Each quarter, your Account is increased by an interest factor, so the Account grows in much the same way as if you had made your contributions to a savings account that earned 2% interest annually.

The amounts in your Participant Contributions Account are fully "vested" and non-forfeitable at all times.

In addition, the System maintains a bookkeeping account for Plan A participants who had made contributions to Plan A as public safety employees between January 1, 2000 and September 1, 2005. This bookkeeping account is also increased by an interest factor and is actually paid to the participant (or his beneficiary), in addition to his pension (or survivor pension), after his termination of employment.

CREDITED SERVICE

You earn "Credited Service" for each day you're actively employed and paid as an Eligible Employee, except that, if you aren't paid for 51% or more of a calendar month for whatever reason, you receive no Credited Service for that month. For example, if you are ill and miss work more than half a month, you <u>will</u> receive Credited Service for that month if you have sufficient accumulated sick leave, but you <u>will not</u> received Credited Service for that month if you do not have sufficient accumulated sick leave.

Credited Service also includes your years and months of service performed as an Employee under Plan B (or Plan C if you had transferred to Plan C but failed to complete your 60-month transition period and were, therefore, re-transferred to Plan A).

Credited Service ceases when you have an "Interruption of Service." An "Interruption of Service" occurs when your employment terminates. However, an approved leave of absence (including as a result of an on-the-job injury), with or without pay, and termination followed by your receipt of payments under the County's longterm disability insurance contract won't cause an "Interruption of Service."

If you have an Interruption of Service and are later reemployed, Credited Service earned prior to the Interruption of Service isn't tacked on to the Credited Service earned after the Interruption of Service. There are a few exceptions. The most common exception is your rehire within two (2) years of termination, if you repay any lump sum distributions previously made to you and if certain other conditions are satisfied.

Thus, if you terminate employment and are rehired after two (2) years, depending upon the number of years of Credited Service both before and after the termination, you may eventually become entitled to two (2) separate pensions, the total of which may be less than if you had been rehired within the two-year period, or you may lose the benefit of the Credited Service earned before or after the termination altogether, if you didn't complete at least 7 ½ years of Credited Service during one of both of your employment tenures.

There have been several amendments to the definition of Credited Service over the period of Plan A's existence. The calculation of your Credited Service may have been affected by those amendments, because an earlier definition will have applied to your service earned before an amendment. One significant amendment applied to the Credited Service of part-time employees.

BENEFITS

In General

Plan A is known as a "defined benefit" plan, and, with the exceptions of mandatory and optional cash-outs of reasonably small retirement amounts and of refunds of Participation Contributions Accounts, all retirement benefits are expressed in terms of a monthly pension benefit payable at a specific time in the future.

Normal Form of Retirement Pensions

In general, your retirement benefit is based upon three factors: (1) the number of your years of Credited Service; (2) your age at the time your pension begins; and (3) your "Final Average

Earnings." Your "Final Average Earnings" is your total "Earnings" in the 36 consecutive month period in which your "Earnings" were the highest, divided by 36 to arrive at your highest average monthly earnings.

Your "Earnings" consists of your base pay, shift differential, hazardous duty pay, and longevity pay, but overtime pay and certain other extraordinary payments not included in your salary scale are excluded from the definition. Furthermore, the amounts you voluntarily defer under the flexible benefits plan and the County's "457" deferred compensation plan (or any similar plan maintained by your Employer) are treated as part of your Earnings even though you don't pay federal income tax on those deferrals.

The higher the number of your years of Credited Service, the older you are at the time your pension begins, and the higher your Final Average Earnings, the higher your pension will be.

There are three ordinary types of retirement pensions: (1) a deferred vested pension, which is a pension earned by a participant who terminates employment before his 55th birthday; (2) an early retirement pension, which is a pension earned by a participant who terminates employment between his 55th and 65th birthdays; and (3) a normal retirement pension, which is a pension earned by a participant who terminates employment on or after his 65th birthday. To be eligible for a deferred vested pension and for an early retirement pension, you must have completed 7 ½ years of Credited Service.

The Plan contains tables that enable you to calculate your estimated pension. Tables A, B, C, and D are reproduced behind the tab marked "RETIREMENT PENSION CALCULATION TABLES." Table A is the table used when you retire at or after age 65. Table B is the table used when you terminate employment between your 55th and 65th birthdays and elect an early retirement pension to start before your 65th birthday. Table C is the table used if you're entitled to a deferred vested pension (termination of employment before age 55) and you elect to begin your pension on your 65th birthday. Table D is the table used if you're entitled to a deferred vested pension and you elect to begin your pension between your 55th and 65th birthdays.

The tables set forth percentages that correspond with your age and years of Credited Service when your pension becomes payable. The appropriate percentage from the appropriate table is then multiplied by your Final Average Earnings to arrive at a monthly pension. Please note that the percentages are based upon whole numbers for ages and years of Credited Service, whereas when you actually begin taking your pension the exact calculation will take into account partial years of age and partial years of Credited Service. Therefore, calculation of a pension using the tables will result in only an estimated pension.

Certain pensions are increased at the beginning of each calendar year by a "cost-of-living adjustment," which is based upon the increase in the federally-calculated Consumer Price Index - All Urban for the 12-month period ending on the previous September 30. This adjustment is referred to in this summary as the "COLA." The maximum COLA in any year is 4%.

The following information is designed to help you determine approximately what your retirement pension will be and what your survivor's pension will be. When you're about to become eligible to begin receiving your retirement pension, the Retirement Office will assist you by explaining your options and by making alternate calculations if requested, so that you can make an informed choice.

<u>Deferred Vested Pension and Its Survivor Benefit</u>

If you terminate employment before your 55th birthday, having earned a deferred vested pension, <u>and</u> if the present value of your pension <u>exceeds</u> $30,000 at the time of your termination, you will be entitled to a monthly pension later. (SEE: LUMP SUM DISTRIBUTIONS OF SMALLER BENEFITS, BELOW, for entitlement if the present value of your pension is less than $30,000 at the time of your termination.) You may elect to start receiving your pension in any month beginning with the month you attain age 55 and ending in the month you attain age 65.

If you elect to begin receiving your pension before your 65th birthday, the approximate amount of your pension is calculated by multiplying your Final Average Earnings by the number in the column on Table D that corresponds with your age at the time the pension begins and the number of years of Credited Service you had completed at the time of your termination. For example, if you're entitled to a deferred vested pension and had Final Average Earnings of $2,900 and 17 years of Credited Service at the time of your termination at age 42, and if you choose to begin your pension at age 57, the approximate amount of your pension will be $411.80 per month. If you wait until age 64 to begin your pension, the amount will be approximately $842.16 per month.

On the other hand, if you wait to begin receiving your pension in the month of your 65th birthday, the approximate amount of your pension is calculated by using Table C rather than Table D; your monthly pension will be approximately $942.50.

Once the pension becomes payable, it is adjusted by the COLA for the calendar year after the year of your 65th birthday and for subsequent calendar years.

If you die while receiving a deferred vested pension, your Spouse will receive, when your Spouse attains age 65, a survivor pension in the amount of 75% of the pension you were receiving. If your Spouse hasn't attained age 65 at the time of your death, your Spouse may elect an actuarially reduced survivor pension to begin immediately after your death (or at any time before your Spouse's 65th birthday). As explained above, for all purposes of this summary, the term "Spouse" means the person to whom you have been legally married for three (3) consecutive years - in this case - at the time the pension to you actually begins. Thus, if you have been married for fewer than three years before your pension begins, you don't have a surviving Spouse under the Plan at the time of your death, and no survivor pension is payable. (However, SEE: Optional Pensions, BELOW.)

If you die before your deferred vested pension is payable, your Spouse will receive, upon attaining age 65 and not having then remarried, a survivor pension in the amount of 75% of your "accrued benefit" (that is, the monthly pension you would have been entitled to if the plan had permitted you to receive a monthly pension beginning the day before your death). If your Spouse hasn't attained age 65 at the time of your death, your Spouse may elect an actuarially reduced survivor pension to begin immediately after your death provided your Spouse hasn't remarried before making the election (SEE Spouse's Option to Receive Permanent Survivor Pension Before Age 65, BELOW). For this purpose, the existence of a "Spouse" is determined at the time of your death. Thus, if you had been married for fewer than three years before your death, you don't have a surviving "Spouse" at the time of your death for this purpose, and no survivor pension is payable. (However, SEE: Optional Pensions, BELOW.)

The survivor pension is adjusted by the COLA for the calendar year after the year of your Spouse's 65th birthday and for subsequent calendar years.

Early Retirement Pension and Its Survivor Benefit

You're eligible for an early retirement pension when you terminate employment between your 55th and 65th birthdays, if you have completed the required number of years of Credited Service.

If you elect to begin receiving your pension before your 65th birthday, the approximate amount of your pension is calculated by multiplying your Final Average Earnings by the number in the column on Table B that corresponds with your age at the time the pension begins and the number of years of Credited Service you had completed at the time of your termination.

For example, if you're entitled to an early retirement pension and had Final Average Earnings of $2,900 and 17 years of Credited Service at the time of your termination at age 57, and if you decide to begin your pension at that time, the amount of your pension will be approximately $754.00 per month. (Note that the early retirement pension beginning at age 57 [$754.00 per month] is significantly higher than a deferred vested pension beginning at age 57 [$411.80 per month], even though the two participants will have had the same Final Average Earnings and the same 17 years of Credited Service.)

Once your pension becomes payable, it is adjusted by the COLA for the calendar year after the year of your 65th birthday and for subsequent calendar years.

You may elect to defer taking your pension until you reach age 65. If you do so, Table A is used to calculate your pension, and it will be approximately $942.50. Your pension will be adjusted by the COLA each year thereafter.

If you die while receiving an early retirement pension, your Spouse will receive, when your Spouse attains age 65, a survivor pension in the amount of 75% of the pension you were receiving. If your Spouse hasn't attained age 65 at the time of your death, your Spouse may elect an actuarially reduced survivor pension to begin immediately after your death. For this purpose, the existence of a "Spouse" is determined at the time your pension actually begins. Thus, if you have been married for fewer than three years before your pension begins, you don't have a surviving "Spouse" at the time of your death for this purpose, and no survivor pension is payable. (However, SEE: Optional Pensions, BELOW)

If you die after termination but before your early retirement pension is payable (that is, you had elected to defer receiving your pension until a later date), your Spouse will receive, when your Spouse attains age 65, a survivor pension in the amount of 75% of the pension you would have been entitled to receive if you had elected to receive your early retirement pension the day before your death. If your Spouse hasn't attained age 65 at the time of your death, your Spouse may elect an actuarially reduced survivor pension to begin immediately after your death (SEE: Spouse's Option to Receive Permanent Survivor Pension Before Age 65, BELOW). For this purpose, the existence of a "Spouse" is determined at the time of your death. Thus, if you had been married for fewer than three years before your death, you don't have a surviving Spouse at the time of your death for this purpose, and no survivor pension is payable. (However, SEE: Optional Pensions, BELOW.)

The survivor pension is adjusted by the COLA for the calendar year after the year of your Spouse's 65th birthday and for subsequent calendar years.

Normal Retirement Pension and Its Survivor Benefit

You're eligible for a normal retirement pension when you terminate employment at or after the age of 65. The approximate amount of your pension is calculated by multiplying your Final Average Earnings by the number in the column on Table A that corresponds with your age at the time the pension begins and the number of years of Credited Service you had completed at the time of your termination.

For example, if you terminate employment at age 65, with Final Average Earnings of $2,900 and 17 years of Credited Service at the time of your termination, the amount of your pension will be approximately $942.50 per month. If you work three (3) more years and retire at age 68 and if your Final Average Earnings has then increased to $3,100.00, your normal retirement pension will be approximately $1,240.00 per month.

Your normal retirement pension will be adjusted by the COLA at the beginning of each calendar year after it becomes payable.

If you die while receiving a normal retirement pension, your Spouse will receive at age 65 a survivor pension in the amount of 75% of the pension you were receiving. If your Spouse hasn't attained age 65 at the time of your death, the Spouse may elect an actuarially reduced survivor pension to begin immediately after your death (SEE: Spouse's Option to Receive Permanent Survivor Pension Before Age 65, BELOW). For this purpose, the existence of a "Spouse" is determined at the time the pension to you actually begins. Thus, if you have been married for fewer than three years before your pension begins, you have no surviving Spouse at the time of your death, and no survivor pension is payable. (However, SEE: Optional Pensions, BELOW.)

The survivor pension is adjusted by the COLA for the calendar year after the year of your Spouse's 65th birthday and for subsequent calendar years.

Optional Pensions

The pensions described above are the normal forms of benefit provided by the Plan. When you become eligible for an immediately payable pension, you will have the right to elect one of the optional forms of pensions permitted by the Plan.

All Optional Pensions are adjusted by the COLA for calendar years after your 65^{th} birthday.

Optional Annuities with Your Spouse

If you have been married for at least three (3) consecutive years (and, thus, have a "Spouse" for purposes of the Plan), you may elect to receive, in lieu of the normal pension and survivor pension, a 100% joint and survivor annuity with your Spouse. This is an annuity translated into a specific dollar amount for your life, with the same dollar amount (rather than only 75% of it) payable to your Spouse for your Spouse's life. The dollar amount will be somewhat less than the pension you would have received if you had chosen the normal form of retirement pension, but your Spouse (if your Spouse survives you) will receive more than the normal survivor benefit. The joint and survivor annuity is calculated by the Plan's actuarial consultant, and it must be the actuarial equivalent of the normal form of retirement pension and the normal form of survivor pension.

You may also elect to receive a 75% joint and survivor annuity with your Spouse. While this may seem to be the same benefit as the normal form of retirement and survivor pension, it is slightly different. With the normal form of retirement and survivor benefit, your Spouse will not receive the full 75% survivor benefit until your Spouse attains age 65 but may elect a reduced survivor benefit before age 65. With a 75% joint and survivor annuity, your spouse will receive 75% of your pension immediately after your death. If your Spouse is under age 65 at the time your retirement pension begins, your own retirement pension will be somewhat lower if you choose the 75% joint and survivor annuity. The younger your Spouse is, the lower your own retirement pension will be.

Optional Pension with Other Beneficiaries; Life Only Annuity

You may elect to receive, in lieu of the normal form of retirement pension, a joint and survivor annuity with another person as your survivor. For example, if you aren't married at the time your pension is payable, you may wish to receive a pension for your life and for the lives of your children after your death. Or if you're married but haven't been married for three (3) consecutive years when your pension is payable, you may wish to receive a joint and survivor annuity with your spouse who wouldn't otherwise be entitled to a survivor benefit. In both cases, your own benefit will be less than what it would have been if you had elected to take the normal form of pension, since the annuity will provide a special survivor benefit.

You may elect to receive a retirement pension for your life only, with a 10-year certain payment. This means that your normal form retirement pension would be somewhat reduced, but, if you die within 10 years from the date your pension begins, your named beneficiaries will receive your pension payment for the remainder of the 10-year period.

If you have a Spouse, you may elect to receive, in lieu of the normal form of retirement pension, a "life only annuity" - that is, an annuity for your life only, with no survivor feature. (This is the normal form of retirement pension for a participant who is not married or who has not been married for at least three years.)

All of the optional pensions discussed in this heading are calculated by the Plan's actuarial consultant and must be the actuarial equivalent of your normal form of retirement pension (and don't take into consideration any normal form of survivor pension that might otherwise be available).

NOTE: If you have a Spouse who would otherwise be entitled to a normal survivor pension after your death, you may not name anyone else as your beneficiary unless your Spouse irrevocably consents in writing, with the consent being witnessed by a designee of the Board. It is the intent of the County that survivor benefits for Spouses be protected.

Lump Sum Distributions for Smaller Benefits

Mandatory Cash-Out: Present Value $30,000 or Less

If you have earned a deferred vested pension upon your termination before your 55th birthday but if the present value of your pension is $30,000 or less at the time of your termination, you won't receive a pension. Instead, you will receive a lump sum payment equal to the amount that could be set aside and invested at an interest rate set forth in the plan document so as to pay you at age 65 the monthly pension you have already earned.

You may direct the System to make that payment directly to you or to an individual retirement account (IRA) for your benefit or to a qualified retirement plan maintained by your current employer if such plan accepts transfers. If you fail to elect such payment to be made directly to you, to an IRA, or to a qualified retirement plan maintained by your current employer, the amount payable to you will be transferred into an IRA with a custodian of the Board's choosing.

If you're rehired within two (2) years after your termination, you may have your prior years of Credited Service restored if, within one (1) year after rehire, you repay to the System the amount distributed to you, plus interest at the same interest rate applied in calculating the amount of your distribution.

If you receive a lump sum payment, no survivor pension will be payable to your survivors.

<u>Optional Lump Sum Distribution to Participant: Present Value Less than $50,000</u>

If you have earned a deferred vested pension upon your termination before your 55th birthday <u>but</u> if the present value of your pension is between $30,000 and $50,000 at the time of your termination, instead of receiving a pension in the future you may elect to receive a lump sum payment. The lump sum payment is calculated in exactly the same way as a mandatory lump sum payment is made, and you have the same roll-over option as if you had been required to take a mandatory lump sum payment. SEE: <u>Mandatory Cash-Out: Present Value $30,000 or Less</u>, ABOVE.

If you receive a lump sum payment, no survivor pension will be payable to your survivors.

<u>Optional Lump Sum Distribution to Surviving Spouse: Present Value Less than $50,000</u>

If the present value of your Spouse's survivor pension is less than $50,000, your surviving Spouse may also elect to receive a lump sum distribution, calculated in the same way as an optional lump sum distribution to a participant.

<u>Refund of Participant Contributions Account</u>

If upon termination of your employment you are not eligible for a pension (usually because you have not completed 7 ½ years of Credited Service), you are entitled to a refund of your Participant Contributions Account.

<u>Time for Lump Sum Distributions</u>

Generally, lump sum distributions (including refunds) may not be made until the passage of 180 days after your termination of employment.

There are three exceptions. First, lump sum distributions of less than $5,000 will be made as soon as administratively practicable after your termination. Second, if your employment is terminated as a result of a work force reduction and if the present value of your pension is $30,000 or less (or if you are only entitled to a refund), you may elect to receive a lump sum distribution early, and it will be made as soon as administratively practicable after you make the election. Finally, a lump sum distribution to a surviving Spouse will be made as soon as administratively practicable after the Spouse elects to receive it. The payment may be made no earlier than 180 days after your termination, unless you have been rehired before the payment is made.

<u>Survivor Benefits for Survivors of Active Employees (Other than Line of Duty Deaths)</u>

If you die while an active employee and your death isn't a "Line of Duty Death" (SEE: <u>Disability Survivor Benefits; Line of Duty Death Survivor Benefits</u>, BELOW), your Spouse and your "Dependent Children" are entitled to survivor pensions under certain circumstances. Like the term "Spouse," "Dependent Child" is a specially defined term. It includes your children <u>and</u> children of your Spouse who are dependent upon you (or you and your Spouse) for at least 50% of their support. The child must also be unmarried (and <u>never</u> married) and under the age of 19 (or under the age of 23 if a full-time student at an accredited institution approved by the Board). Also, a child who otherwise doesn't meet the definition will be considered to meet the definition if the child is "Disabled" (as defined in the Plan) <u>and</u> is permanently and severely handicapped as determined by the Board.

If you die while still actively employed <u>and</u> if you had at least 7½ years of Credited Service (10 years of Credited Service for deaths before January 1, 1998), your survivors are entitled to a temporary survivor pension. Additionally, your surviving Spouse may later be entitled to a permanent survivor pension.

<u>Temporary Survivor Pension</u>

A temporary survivor pension in the total amount of 52½% of your Final Average Earnings is payable only to Dependent Children and is divided among them equally. When a child loses his status as a Dependent Child, the pension is payable equally to the remaining Dependent Children until there are none. A legal guardianship is required to be established for each minor or other person under a legal incapacity.

When there are no more Dependent Children, 85% of the temporary survivor pension that was payable to your last Dependent Child is then payable to your surviving Spouse, but only if and so long as your Spouse hasn't remarried and hasn't attained age 65 and only for a period of 24 months.

If you didn't have any Dependent Children at the time of your death, the temporary survivor pension in the amount of 45% of your Final Average Earnings is payable to your surviving Spouse until the earlier of your Spouse's death, remarriage, or attainment of age 65.

Permanent Survivor Pension

If you had attained age 65 at the time of your death, your surviving Spouse is entitled to a permanent survivor pension after the expiration of any temporary survivor pension your Spouse is entitled to. The permanent survivor pension is payable when your surviving Spouse attains age 65, whether or not your Spouse has then remarried. The amount of the permanent survivor pension is 75% of the normal retirement pension you would have been entitled to if you had terminated employment on the day prior to your death, except that your "Final Average Earnings" is adjusted for the COLA for the period of time between your death and your Spouse's 65th birthday. However, if your Spouse hasn't attained age 65 at the time the temporary survivor pension expires, your Spouse may elect an actuarially reduced survivor pension to begin at an earlier time (SEE: Spouse's Option to Receive Permanent Survivor Pension Before Age 65, BELOW).

If, at the time of your death, you hadn't attained age 65 but had either attained age 55 or completed at least 15 years of Credited Service, your surviving Spouse is entitled to a permanent survivor pension after the expiration of any temporary survivor pension your Spouse is entitled to, if your Spouse has not then remarried. The permanent survivor pension is payable when your Spouse attains the age of 65, not then having remarried. The amount of the permanent survivor pension is 75% of the normal retirement pension you would have been entitled to if you had terminated employment on the day prior to your death, except that your "Final Average Earnings" is adjusted for the COLA for the period of time between your death and your Spouse's 65th birthday. Again, however, if your Spouse hasn't attained age 65 at the time of your death, your Spouse may elect an actuarially reduced survivor pension to begin at an earlier time, provided that your Spouse has not remarried before making the election (SEE: Spouse's Option to Receive Permanent Survivor Pension Before Age 65, BELOW).

If you had not attained age 55 or completed at least 15 years of Credited Service at the time of your death while an active participant, your Spouse is not entitled to a permanent survivor pension.

Spouse's Option to Receive Permanent Survivor Pension Before Age 65

In each case in which your surviving Spouse is entitled to receive a permanent survivor pension only upon attaining age 65 (whether or not there is a remarriage qualification), your Spouse may elect to begin receiving such pension at any earlier date. If the survivor pension at age 65 is conditioned upon your Spouse's not having then remarried, the election may not be made after remarriage. But, if the election is made and the pension begins before remarriage, later remarriage won't affect the pension.

If your Spouse makes the election, the survivor pension will be actuarially reduced to reflect the longer period of time that your Spouse is expected to receive the pension.

Also, SEE: Optional Lump Sum Distribution: Present Value Less than $50,000, ABOVE.

The Retirement Office will assist surviving Spouses who are entitled to survivor pensions by explaining the options and by making alternate calculations if requested, so that the surviving Spouse can make an informed decision.

FOR A BRIEF SYNOPSIS OF THE NORMAL FORMS OF RETIREMENT PENSIONS AND SURVIVOR PENSIONS OTHER THAN DISABILITY PENSIONS AND DISABILITY SURVIVOR PENSIONS DISCUSSED BELOW, SEE THE TABLES BEHIND THE TABS MARKED: "RETIREMENT PENSIONS (OTHER THAN DISABILITY PENSIONS)" AND "NORMAL FORM OF SURVIVOR PENSION (OTHER THAN FOLLOWING DISABILITY PENSION OR LINE OF DUTY DEATH)."

Disability Pensions; Disability Survivor Pensions; Line of Duty Death Survivor Pensions

Disability Pensions

Starting on January 1, 2002 long-term disability benefits of County employees have been provided through an insurance contract (the "Disability Contract") maintained by the County. Therefore, Plan A does not provide any disability pensions for participants who were active employees on January 1, 2002 unless the insurance company under the Disability Contract made a written determination that your Disability is not covered under the Disability Contract because either (1) your date of Disability was before January 1, 2002, or (2) if the date of Disability is on or after January 1, 2002, but before January 1, 2003, your Disability results from a pre-existing condition as of January 1, 2002.

Provisions Applicable to Current Disability Retirees

Because there are few, if any, participants who are eligible for new disability pensions, due to the existence of the Disability Contract, the discussion under this heading is applicable only to those participants who are currently receiving a disability pension and their survivors.

Your pension was granted because your condition met the definition of "Disability" in the Plan document. It means your inability to engage in "Compensable Activities" for which you are reasonably capable due to a medically determinable bodily injury, disease, or mental disorder that is reasonably expected to last for at least 12 months (or result in death during that 12-month period) and that is reasonably expected to prevent you from engaging in "Compensable Activities" during that 12-month period. "Compensable Activities" generally means gainful employment or self-employment consisting of at least 20 hours a week and producing federally taxable income at least equal to the federal minimum wage.

Your Disability was either an ordinary disability or a line of duty disability. The type of Disability and whether or not your disability pension was determined under the 1978 Plan A or the 1988 Plan A determined the amount of your pension. Your disability pension, as so calculated, was increased by 10 percentage points if and so long as you had and have at least one dependent child (a term that is defined in the Plan document). Furthermore, all disability pensions are adjusted annually for the COLA.

Disability pensions terminate on the earlier of (1) the date the Disability ceases to exist, (2) your death, or (3) your 65th birthday (or, if the Disability occurred after your 60th birthday, the earlier of 60 months after payments begin or your 70th birthday).

If a disability pension (or payments under the Disability Contract) terminates as a result of cessation of the Disability and if you're re-employed within 60 days after the last properly payable disability pension payment was made and remain employed for at least 24 months thereafter, you're entitled to receive Credited Service for the period of time that your disability pension was properly payable. If you're rehired after that 60 day period, you won't receive Credited Service for the period of Disability.

If a disability pension terminates on your 65th birthday (or such later time as set forth in the preceding paragraph), your retirement pension will revert to a Normal Retirement Pension (or any Optional Pension you choose) with the following adjustments: (1) you'll receive Credited Service for the period you received the disability pension and (2) your Final Average Earnings will be adjusted by the COLA for the period you received the disability pension.

Disability Survivor Benefits; Line of Duty Death Survivor Benefits

Survivors of participants who died in the Line of Duty or who died while receiving a disability pension are entitled to survivor pensions. The amount of the survivor pension depends upon whether or not you were a participant in the 1978 Plan A.

If you weren't a participant in the 1978 Plan A (that is, you were hired after November 30, 1988), a temporary survivor pension and a permanent survivor pension are payable to your survivors.

A temporary survivor pension in the amount of 100% of your disability pension is payable to your Dependent Children so long as there is at least one Dependent Child. Thereafter, if your surviving Spouse hasn't remarried, for a period of 24 months (or until remarriage or the Spouse's 65th birthday), a temporary survivor pension is payable to your surviving Spouse in the amount of 75% of the survivor pension payable to the last Dependent Child. If you left no Dependent Children, for a period of 24 months (or until remarriage or the Spouse's 65th birthday) a temporary survivor pension is payable to your surviving Spouse in the amount of 75% of your disability pension as of the date of your death. If your death was a Line of Duty death (and you, therefore, never qualified for a disability pension), the temporary survivor pensions are calculated as if you had incurred a Line of Duty disability on the date of your death.

If you were a participant in the 1978 Plan and if your death is a Line of Duty death or occurred while you were receiving a disability pension, the temporary survivor pensions for your survivors are slightly different. Your Dependent Children are entitled to receive 52½% of your Final Average Earnings as of the date of your death. When there is no longer at least one Dependent

Child, your surviving Spouse (if under age 65 and not then remarried) is entitled to 85% of the survivor pension last paid to the last Dependent Child, for a period of 24 months or, if earlier, until your Spouse's remarriage or 65^{th} birthday. If you left no Dependent Child, your surviving Spouse is entitled to 45% of your Final Average Earnings for a period of 24 months or, if earlier, until your Spouse's remarriage or 65^{th} birthday.

Temporary survivor pensions are adjusted for the COLA at the beginning of each calendar year.

If your death is a Line of Duty Death or you die while receiving a disability pension, your surviving Spouse is entitled to a permanent survivor pension upon attaining age 65 and not then having remarried. The amount of the survivor pension is 75% of your normal retirement pension, calculated with the following adjustments: (1) you will receive Credited Service for the period you received the disability pension and (2) if your surviving Spouse is under age 65, your Final Average Earnings will be adjusted by the COLA for the period between your death and your Spouse's 65^{th} birthday. Your Spouse may elect to begin receiving the permanent survivor pension earlier (SEE: Spouse's Option to Receive Permanent Survivor Pension Before Age 65, ABOVE.)

Permanent survivor pensions are adjusted for the COLA at the beginning of each calendar year after the Spouse's 65^{th} birthday.

FOR A BRIEF SYNOPSIS OF DISABILITY PENSIONS AND SURVIVOR PENSIONS FOLLOWING DISABILITY PENSIONS OR LINE OF DUTY DEATH JUST DISCUSSED, SEE THE TABLE BEHIND THE TAB MARKED: "DISABILITY AND DISABILITY OR LINE OF DUTY DEATH SURVIVOR PENSIONS."

CLAIMS PROCEDURES

Claims Other than Disability Claims

Claims for benefits other than disability pensions must be submitted to the Board on forms provided by the Retirement Office. Each claim will be submitted to the Board at a regular monthly meeting as soon as reasonably possible after the claim has been filed. The claimant will receive written notice of the Board's disposition of the claim within 10 business days after the later of (a) the Board meeting at which the claim was addressed or (b) the claimant (if an employee) has received his last paycheck.

If the claim is denied, the written notice will set forth the reasons for the denial, with citation to any relevant provisions of the Plan, and will explain the appeal procedure. The claimant will be given the opportunity to review all relevant documents in the Board's possession, if requested.

Each claimant has an automatic right to appeal an adverse determination by the Board. The appeal is to the Board itself. A copy of the appeal procedure will be given to the claimant when notice of the adverse determination is given.

Disability Claims

For the reasons discussed earlier, no new disability pensions will become payable under Plan A.

If you're currently receiving a disability pension, you're required to satisfy the Board at its request that your disability continues. The Board usually requests a supplementary disability report annually but may do so more often. The Board prescribes the form of the report that you must submit.

If you fail to submit the requested supplementary report when due, the disability pension will be withheld until it is filed and it supports the fact that your disability continues.

If the supplementary report appears not to support the fact that your disability continues, the Retirement Office will give you prompt notice that the matter will be presented to the Board at an early date for determination as to whether the disability pension will be terminated. Thereafter, the supplementary report will be treated administratively as an initial disability application. The Retirement Office will give you instructions on the procedures applicable to such disability application and your rights, including your appeal rights, and the forms and materials (including copies of the relevant provisions in the Plan document) to assist you in understanding your obligations, the Board's obligations, the Board's procedures in evaluating claims, and the requirements for appealing adverse decisions.

MISCELLANEOUS BENEFIT PROVISIONS

Limitations on Benefits

Generally, pension benefits are limited to an annual figure calculated under a formula contained in the Internal Revenue Code section 415. The figure is high enough that, through June 30, 2011, no participant has accrued a benefit at the legislated maximum level. Although it is unlikely that, based on the current plan document, either your accrued pension benefit or the benefit you ultimately become entitled to receive will reach the legislated maximum level, you should be aware that a federally legislated limitation on benefits does exist and, under certain circumstances, could cause your otherwise earned pension to be reduced.

Employees Transferred Between the County and City of Memphis

The County and the City of Memphis have an agreement, which is embodied in the Plan, regarding recognition of Credited Service earned for both employers in the case of transfers, provided certain conditions are met.

Retirement pensions and ordinary disability pensions for transferred employees are paid by both the County and the City. These pensions are prorated between the City and the County under a formula set forth in the Plan.

IF YOU'RE A TRANSFERRED EMPLOYEE WITH YEARS OF CREDITED SERVICE FOR BOTH THE COUNTY AND THE CITY, YOU SHOULD NOT RELY UPON THE PREVIOUS EXPLANATIONS OF RETIREMENT, ORDINARY DISABILITY, AND SURVIVOR BENEFITS OR UPON THE TABLES BEHIND THIS SUMMARY. CHECK WITH THE RETIREMENT OFFICE AND REQUEST A COPY OF THE RELEVANT PORTIONS OF THE PLAN DOCUMENT FOR THE FORMULAS APPLICABLE TO YOU.

Line of Duty disability pensions are paid under the retirement plan of your employer when disability was incurred. Therefore, if you previously transferred from the County to the City before becoming disabled in the Line of Duty, you aren't entitled to a Line of Duty disability pension from Plan A.

Part-Time Employees

The method of calculating Credited Service for participants in Plan A who are or ever have been part-time employees has changed since Plan A was first adopted. Furthermore, the retirement pensions of certain classes of part-time employees are calculated under tables that are different from the RETIREMENT PENSION CALCULATION TABLES behind this Plan Summary.

IF YOU ARE OR EVER HAVE BEEN A PART-TIME EMPLOYEE, YOU SHOULD NOT RELY UPON THE PREVIOUS EXPLANATIONS OF RETIREMENT, ORDINARY DISABILITY, AND SURVIVOR BENEFITS OR UPON THE TABLES BEHIND THIS SUMMARY. CHECK WITH THE RETIREMENT OFFICE AND REQUEST A COPY OF THE RELEVANT PORTIONS OF THE PLAN DOCUMENT FOR THE PLAN PROVISIONS AND TABLES APPLICABLE TO YOU.

ERISA Not Applicable

Plan A is a "governmental plan" and, therefore, isn't subject to the provisions of the Employee Retirement Income Security Act of 1974, commonly known as "ERISA."

As a governmental plan, Plan A is subject to all laws of the State of Tennessee that are applicable to it.

<u>Correction of Errors; Cessation of Benefits; Penalties for Deliberate False Statements; Forfeiture upon Conviction of Malfeasance in Office Felony</u>

If, through administrative error, you or any survivor receives an overpayment of benefits, upon the Board's discovery of such error, the Board will correct the error by either requiring a cash repayment or adjusting future benefits in a reasonable and practicable manner.

Upon the Board's discovery of a false or incorrect statement resulting in an overpayment to you or any survivor, benefit payments will immediately stop. Unless future benefits are forfeited pursuant to the last paragraph under this heading, the Board may adjust future benefits in a reasonable and practical manner until the Plan has made full recovery, and the Board may additionally take whatever legal action it deems necessary to recover the overpayment.

If any person knowingly and willfully makes a false statement or falsifies (or permits to be falsified) Plan or County records in an attempt to defraud the System in any manner, such person will be subject to punishment prescribed by law. The Board may refer the matter for criminal proceedings and may also bring civil proceedings for repayment of amounts wrongfully retained.

Tennessee law provides that, with certain exceptions, any participant in a public plan in this State who is convicted of a felony constituting malfeasance in office forfeits all rights to future benefits he would otherwise have been entitled to under such public plan. Plan D is such a public plan.

<u>Benefits May Not Be Assigned and Aren't Subject to Legal Attachment or Garnishment</u>

No benefit under the Plan may be assigned to any creditor of yours or any survivor. No benefit is subject to attachment, garnishment, or any other legal process, other than pursuant to the provisions of the preceding heading and of State or federal law. And, since the Plan isn't subject to ERISA, it doesn't recognize "qualified domestic relations orders" that purport to assign benefits to a former spouse pursuant to a divorce proceeding.

Plan Amendments

The County has the absolute right to amend the Plan from time to time, and it may be amended prospectively or retroactively. No amendment to the Plan may reduce your "accrued benefit" (that is, the monthly Retirement Pension entitlement you've already earned before the date of the amendment). Otherwise, you have no contractual rights under the Plan, including the right that the benefits and other provisions of the Plan remain the same.