



## **EMPLOYEE RETIREMENT REFERENCE BOOK**

**SECTION 401(k) RETIREMENT PLAN SUMMARY**  
**SECTION 457 DEFERRED COMPENSATION PLAN SUMMARY**  
**POST EMPLOYMENT HEALTH PLAN (PEHP) SUMMARY**



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**TO: ALL EMPLOYEES**

**FROM: JANICE RIESSBECK, FINANCE DIRECTOR**

**DATE: NOVEMBER 7, 2017**

**SUBJECT: LINCOLN COUNTY EMPLOYEE RETIREMENT REFERENCE BOOK**

The Lincoln County Employee Retirement Reference Book contains the Summary Plan Descriptions for the Section 401(k) Retirement Plan, the Section 457 Deferred Compensation Plan, and the Post Employment Health Plan (PEHP).

These documents are summaries of the plan documents and are provided for use as a guideline to your retirement benefits. If a specific question is not discussed, or if the discussion does not completely answer your question, please call the Finance Department for a more complete explanation or understanding of the actual plan provisions. If Finance is unable to answer your questions, we will seek outside guidance to determine a correct response.

From time to time it may be necessary to make revisions to these plans to reflect policy or legal changes. Every effort will be made to communicate material changes to employees on a timely basis. In administering these plans, Lincoln County must be governed by the actual Plans and Internal Revenue Service rules and regulations at all times. If there is any discrepancy between the information in this handbook and the actual plans, the actual plan will prevail.



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## **LINCOLN COUNTY RETIREMENT PLAN**

### **SUMMARY PLAN DESCRIPTION**

**Effective Date: November 1, 2017**

# LINCOLN COUNTY RETIREMENT PLAN

## SUMMARY PLAN DESCRIPTION

This Summary Plan Description (**Summary**) briefly describes the main provisions of the Lincoln County Retirement Plan (the **Plan**) and the related policies of the Plan's Administrator. The Plan is intended to help provide employees of Lincoln County (the **County**) with income in the event of retirement, death or disability. The Plan's Administrator (the **Administrator**) is the County's Finance Director.

This Summary will give you an overview of how the Plan works and your rights and obligations under the Plan. This Summary omits much of the detail found in the Plan document itself. If there is a discrepancy between the Plan document and this Summary, the official Plan document is controlling and binding upon all parties. The Plan document is available to review at the office of the County's Finance Director.

Words and terms in this Summary that have specific definitions have their initial letter(s) capitalized, and they appear in **boldface type** where they are defined.

### 1. **Eligibility.**

#### 1.1. **Eligible Employees.**

All County employees are eligible to participate in the Plan except the following:

- a. An employee covered by a collective bargaining agreement that does not provide for participation in the Plan.
- b. An employee employed in a position eligible for membership in the Oregon State Public Employees' Retirement System or the Oregon Public Service Retirement Plan.
- c. A part time non-benefitted employee, as defined by County personnel practices.
- d. An employee scheduled to work less than 20 hours per week or less than 1,040 hours per calendar year.
- e. Any person not treated as an employee on the County's payroll records.

#### 1.2. **Types of Contributions.**

The Plan currently provides for two types of contributions—County Contributions and Elective Contributions. See Section 2. below for more information. In prior years, certain

employees were required to make **Mandatory Contributions** to the Plan. Mandatory Contributions are no longer required.

### 1.3. **Participation in the Plan; Enrollment.**

Any former or current County employee who is eligible to participate in the Plan or has an Account under the Plan is called a **Participant**.

You start to participate in County Contributions to the Plan on the first day of the pay period beginning on or next after your first day of employment as an eligible employee. Participation continues as long as you remain an eligible employee.

You may enroll in the Plan and begin to make Elective Contributions on the first day of the pay period beginning on or next after your first day of employment as an eligible employee. You may obtain enrollment forms by contacting the Administrator. Participation continues as long as you remain an eligible employee.

### 1.4. **Definition of Compensation.**

For purposes of the Plan, your **Compensation** is the amount of your taxable wages reportable in box 1 of IRS Form W-2, adjusted as follows:

- a. Elective Contributions to the Plan are included.
- b. Salary reduction contributions to a deferred compensation plan under Internal Revenue Code Section 457 or a cafeteria plan under Internal Revenue Code Section 125 are included.
- c. Qualified transportation fringe benefits under Internal Revenue Code Section 132(f)(4) are included.
- d. The taxable portion of any reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation and welfare benefits is excluded.

Federal law requires certain limits on the amount of Compensation that can be taken into account for purposes of determining benefits under the Plan.

## 2. **Contributions; Plan Year.**

### 2.1. **County Contributions.**

The Plan Year is the calendar year. Each year you are eligible, the County will contribute 11% of your Compensation for the Plan Year to the Plan. These are called **County Contributions**. If you are a new Participant, your County Contributions are based on your Compensation for the part of the year after your participation starts.

## 2.2. **Elective Contributions: Regular 401(k) and Roth 401(k) Contributions; Catch-Up Contributions.**

### a. **Elective Contributions**

For each Plan Year, you may elect to contribute a certain amount of your Compensation to the Plan. These are called **Elective Contributions**. Elective Contributions are voluntary. The amount you contribute is up to you. Elective Contributions cannot exceed certain limits imposed by federal law (described in Section 2.3. below). You can generally start, stop or change your Elective Contributions at any time based upon procedures the Administrator has established.

### b. **Regular 401(k) and Roth 401(k) Contributions**

The Plan allows two types of Elective Contributions: **Regular 401(k) Contributions** to a **Regular Elective Contribution Account** and **Roth 401(k) Contributions** to a **Roth Elective Contribution Account**. Regular 401(k) Contributions and Roth 401(k) Contributions have different tax benefits. You will need to determine which type of Elective Contributions you are going to make.

Regular 401(k) Contributions are made on a pre-tax basis, and funds in your Regular Elective Contribution Account grow on a tax-deferred basis. This means you do not pay federal or state income taxes on the amount you contribute (you do, however, pay Social Security taxes on them), and you will not pay income taxes on the investment earnings each year as the funds grow. You pay taxes only when you withdraw the money, unless you roll over the funds into an IRA or qualified retirement plan. Unless an exception applies, a 10% penalty tax is imposed on taxable withdrawals before age 59½.

Roth 401(k) Contributions are made on an after-tax basis. You pay federal and state income taxes (as well as Social Security taxes) on the amount you contribute. Once money is in the account, you do not pay income taxes on the investment earnings each year. Moreover, “qualified” withdrawals from your Roth Elective Contributions Account are tax-free. A withdrawal is “qualified” if it meets two requirements. First, it must occur after you reach age 59½, become disabled or die. Second, the withdrawal must occur after expiration of a five-year period that begins in the year you first make a Roth 401(k) Contribution. If a withdrawal is not “qualified,” the investment earnings (but not your contributions) are taxable when you withdraw them, unless you roll over the funds into a Roth IRA or qualified retirement plan that will accept a rollover of a Roth account. Unless an exception applies, a 10% penalty tax is imposed on the taxable part of non-“qualified” withdrawals before age 59½.

Elective Contributions of either type (i.e., Regular or Roth) are generally treated the same under the Plan. For example, both Roth 401(k) Contributions and Regular 401(k) Contributions are subject to federal contribution limits described in Section 2.3. below. You should talk to a tax advisor about which type of Elective Contribution is best for you. The County cannot give you tax advice.

c. **Catch-Up Contributions**

If you are or will be 50 years of age or older by the end of a Plan Year (the Plan Year is the calendar year), you may make an additional Elective Contribution, known as a **Catch-up Contribution**, to the Plan for that Plan Year. The maximum Catch-up Contribution for 2018 is \$6,000. This limit may be adjusted by the IRS from time to time to reflect changes in the cost of living. Catch-up Contributions are not subject to the limits described in Section 2.3. below.

2.3. **Federal Limits on Elective Contributions; Reductions.**

a. **Annual Dollar Limit on Elective Contributions**

Federal law limits Elective Contributions during a calendar year. In 2018, this limit is \$18,500. This limit is adjusted from time to time by the IRS to reflect cost-of-living changes. If this limit would be exceeded, then the Administrator must reduce your Elective Contributions to comply with this limit. Catch-up Contributions are not subject to this limit.

b. **Annual Addition Limit on Total Contributions**

Federal law also limits the maximum Annual Addition to your Accounts during a calendar year. The **Annual Addition** is the sum of your County Contributions and your Elective Contributions during the year. In 2018, the **Annual Addition Limit** is the lesser of \$55,000 or 100% of your Compensation for the Plan Year. This limit is adjusted from time to time by the IRS to reflect cost-of-living changes. If the Annual Addition Limit would be exceeded, the Administrator must reduce your Elective Contributions to comply with this limit. Catch-up Contributions are not subject to this limit.

2.4. **Dividing Deferrals Between the Plan and the 457 Plan.**

You may contribute the maximum allowed by federal law to both the Plan and the County's 457 deferred compensation plan. Contributions under one of those plans do not reduce the amount you may contribute to the other. For more information on contributing to the County's 457 deferred compensation plan, see that plan's Summary Plan Description.

3. **Accounts.**

3.1. **Participant Accounts.**

The Administrator creates separate **Accounts** for each Participant within the Plan. A **County Contributions Account** will contain your County Contributions, adjusted for earnings and losses. An **Elective Contributions Account** will contain your Elective Contributions, if any, adjusted for earnings and losses. (Separate Regular and Roth Elective Contributions Accounts will be created, if necessary.) Certain Participants may also have a **Mandatory Contributions Account** (containing their Mandatory Contributions, adjusted for earnings and losses) and/or an **Employee After-Tax Contributions Account** (containing their pre-1986 after-tax employee contributions, adjusted for earnings and losses).

Accounts are invested as explained in Section 10. below and Account balances are generally adjusted daily to reflect earnings and losses. The Administrator will provide you with quarterly statements showing your Account balances and contributions to your accounts.

**3.2. Vesting of Accounts.**

**a. Vesting Rules**

You are 100% vested at all times in your Elective Contributions Account, Mandatory Contributions Account and Employee After-Tax Contributions Account. You become vested in your County Contributions Account based on your Years of Service (defined in Section 3.2.b. below) as follows:

<b>Years of Service</b>	<b>Percent Vested</b>
Less than 4	0%
4 or more	100%

If you terminate employment with the County and are rehired, the Break in Service rules in Section 3.2.c. below determine whether your prior Years of Service will be counted for vesting purposes after you are rehired.

Even if you do not have four Years of Service, you will become 100% vested in your County Contributions Account if, while employed with the County, you attain age 55, become disabled (as defined in the Plan), or die.

**b. Years of Service; Hours of Service**

You complete a **Year of Service** when you have 1,000 or more Hours of Service for the County during a Plan Year. **Hours of Service** include all of the following:

- Hours, whether or not worked, for which you are paid or entitled to payment, including regularly scheduled hours during a disability for which you receive payments from the County, under a County insurance policy or under workers' compensation.
- Regularly scheduled hours during periods of qualified military service if you return with employment rights protected by law.
- Hours covered by a back pay award or agreement, unless already counted.
- Hours paid at or after termination of employment for vacation, holiday, layoff, sick leave, personal leave time, severance, disability or jury duty.

The Plan does not count as **Hours of Service** any hours described above that occur during periods in which you are ineligible to participate or continue participating in the Plan because of Section 1.1.c., 1.1.d., or 1.1.e. above.

c. **Break in Service; USERRA Rights**

If you are rehired before a Break in Service (defined in Section 3.3.b. below), all Years of Service before the Break in Service will count for vesting purposes. If you are rehired after a Break in Service, Years of Service before the Break in Service will count for vesting purposes as follows:

- If your County Contributions Account was vested before your employment terminated, your service prior to the Break in Service will be counted.
- If your County Contributions Account was not vested before your employment terminated, your service prior to the Break in Service will not count.

If you are reemployed after a period of qualified military service, your contributions, benefits, and service credit will be provided in accordance with federal law.

3.3. **Forfeiture and Restoration.**

a. **Forfeiture and Restoration**

When you terminate employment, unvested amounts in your County Contributions Account are forfeited. If you are rehired by the County before a Break in Service, the forfeited amount (unadjusted for interim earnings or losses) will be restored to your County Contributions Account, within 60 days after you again start to participate in the Plan. If you are rehired by the County after a Break in Service, the forfeited amount will not be restored.

b. **Break in Service**

A **Break in Service** occurs when you have a Break in Service Period of at least 18 full consecutive calendar months. A **Break in Service Period** starts on the first day of the month after you terminate employment and ends on the day you are rehired by the County. You will be treated as terminating employment if you become ineligible to continue participating in the Plan because of Section 1.1.c., 1.1.d., or 1.1.e. above. You will not be treated as rehired by the County unless and until you are employed by the County in a position that is not excluded from participating in the Plan by Section 1.1.c., 1.1.d., or 1.1.e. above

4. **Withdrawals During Employment.**

4.1. **Age 59½ or Older.**

If you are age 59½ or older, you may withdraw all or any part of your Employee After-Tax Contributions Account and your Elective Contributions Account. If you have a Plan loan, you cannot withdraw amounts used as security for the loan.

#### 4.2. **Under Age 59½.**

If you are under age 59½, you may withdraw all or any part of your Employee After-Tax Contributions Account. You may also withdraw from your Elective Contributions Account to the extent a withdrawal is approved by the Administrator because of Financial Hardship (defined in Section 4.3. below). If you receive a Financial Hardship withdrawal, you will not be allowed to make Elective Contributions or contributions under this 401(k) plan or to the County's 457 deferred compensation plan for six months after the withdrawal. If you have a Plan loan, you cannot withdraw amounts used as security for the loan.

#### 4.3. **Financial Hardship.**

**Financial Hardship** means an immediate and heavy financial need that cannot be met from other reasonably available resources and is caused by one or more of the following:

- Expenses for (or to obtain) medical care for you, your spouse or a qualifying dependent, which would be deductible under Internal Revenue Code Section 213(d), including expenses that do not exceed the threshold amount required for you to deduct them.
- The cost of buying your principal residence, not including making mortgage payments.
- The cost of tuition, related fees and room and board expenses, for post-secondary education for the next 12 months for you, your spouse, your qualifying children and dependents or, effective January 1, 2007, your Primary Beneficiary.
- The cost of preventing an eviction from or foreclosure on your principal residence.
- Burial or funeral expenses for a deceased parent, spouse, child or other qualifying dependent or, effective January 1, 2007, Primary Beneficiary.
- The cost to repair damage to your principal residence due to a qualifying casualty loss under Internal Revenue Code Section 165, including costs that do not exceed the threshold amount required for you to deduct them.

For purposes of determining Financial Hardship, your **Primary Beneficiary** means an individual who is named as your beneficiary under the Plan and has an unconditional right to all or a portion of your account balances under the Plan upon your death.

#### 4.4. **Requesting a Withdrawal.**

You may request a withdrawal by contacting the Administrator and providing the necessary information, including the cause of the Financial Hardship, if applicable. To obtain a Financial Hardship withdrawal you must first obtain any loans available under the Plan (see Section 5.2. below) and withdraw any other amounts available under the Plan. The Administrator may place limits on the size and frequency of withdrawals, require a certain amount of notice, and delay payment as necessary to administer the Plan.

### 5. **Loans.**

#### 5.1. **General Loan Provisions.**

You may request loans from your Plan Accounts. Loans are administered to comply with federal requirements. There are certain minimum and maximum limits on the amount of Plan loans. Loans are secured by your vested Account balances. Loans to buy a principal residence may be for up to 30 years. Other loans may not exceed five years. Loans must be repaid out of your paycheck, and your paycheck will be reduced in an amount necessary to make your loan payment. Prepayments are allowed, but only if the entire loan is prepaid at once.

If you default on your loan or terminate employment with the County, your entire loan will become due. If this happens, the Administrator may withdraw from your Accounts an amount necessary to repay the outstanding loan balance. Default is generally treated as a taxable withdrawal from your Accounts in the amount of the outstanding loan balance. If you are under age 59½, there may be an additional 10% penalty.

#### 5.2. **Obtaining a Loan; Loan Information.**

The Plan's third party administrator, Transamerica Retirement Solutions, Inc., handles all loans. You may request a loan by contacting Transamerica Retirement Solutions, Inc. The loan application is taken over the telephone, or online. Applications are processed quickly and the money is usually available within seven to 10 days. After the loan application is taken, the loan documents will be sent to the County Finance Office for you to sign, along with a check in the amount of the loan. If you fail to sign and return the loan paperwork, the loan will not be processed and the check will be returned. Transamerica Retirement Solutions, Inc. charges a fee to set up and process the loan. The County does not charge any loan fees. **If you have any questions about Plan loans or would like to request a loan, please call Transamerica Retirement Solutions, Inc. at 800-755-5801.**

### 6. **Benefits.**

#### 6.1. **Amount of Benefits.**

If you terminate employment with the County, your vested Accounts will be payable to you as a benefit under the Plan. If you die before full payment of your vested Accounts, the balance will be paid as a death benefit to your beneficiary.

#### **6.2. Application for Benefits; Explanation of Applicable Tax Rules.**

Before your benefits are to be paid, the Administrator will provide you (or your beneficiary) an explanation of the applicable rules on the taxation of rollovers and withdrawals, including when the mandatory federal tax withholding of 20% applies and your right to elect a direct rollover to another qualified retirement plan, an Individual Retirement Arrangement (**IRA**), a 403(b) plan or a 457 deferred compensation plan (see Section 6.5. below). To receive benefits, you must complete an application for benefits on a form provided by the Administrator. Please contact the Administrator if you have any questions about the application.

#### **6.3. Time of Payment; Mandatory Benefit Payments.**

Your benefits will be paid as specified in your application except as follows:

- If your Accounts total \$5,000 or less, the Administrator will pay your benefits as soon as reasonably possible after you terminate employment (or die), whether or not an application is filed.
- The Administrator will also start payments of your benefits when you reach your Mandatory Benefit Starting Date, whether or not an application is filed. Your **Mandatory Benefit Starting Date** is April 1 following the later of: (a) the calendar year in which you reach age 70½; or (b) the calendar year in which you terminate employment with the County.

#### **6.4. Form of Payment.**

Your benefits will be paid in a single lump sum except as follows:

- If your Account balances exceed \$5,000, you may elect to have all or a portion of your benefits paid in installments.
- After your Mandatory Benefit Starting Date, federal law requires you to withdraw a certain minimum amount from your Accounts every year. Please contact the Administrator if this affects you.

#### **6.5. Direct Rollovers and Automatic Rollovers.**

##### **a. Direct Rollovers**

You, your surviving spouse, your designated beneficiary who is an individual or a trust meeting certain requirements, and your spouse or former spouse who is as an alternate payee under a QDRO (defined in Section 8. below) may elect to have part or all of an eligible rollover distribution paid to an IRA or other eligible retirement plan in a direct rollover. (In the case of your designated beneficiary, an eligible retirement plan is only an IRA unless your designated beneficiary is also your surviving spouse or your spouse or former spouse who is as an alternate payee under a QDRO.) There are certain restrictions on direct rollovers from Roth Elective Contribution Accounts. Contact the Administrator for details.

**b. Automatic Rollovers**

The Administrator will automatically make a direct rollover to an IRA (but not a Roth IRA) of an eligible rollover distribution of more than \$1,000 that is made to you before you are age 65 if the distribution may be made without your consent and you do not elect to have the funds paid directly to you or directly rolled over into another retirement plan. The Administrator will designate the IRA to receive the direct rollover and will notify you in writing of the rollover.

**7. Death Benefits.**

**7.1. Death Benefits.**

If you die, your vested Accounts will be paid as a death benefit to your beneficiary.

**7.2. Designation of Beneficiary.**

You may designate one or more beneficiaries to receive your death benefits. Beneficiary designations can be made or changed at any time using a form designated by the Administrator. Your designated beneficiary will receive any benefits payable upon your death. **It is your responsibility to make a valid beneficiary designation.** If no valid beneficiary designation is in effect at your death, benefits will be paid as follows:

- To your surviving spouse, if any.
- To your surviving domestic partner (defined under Oregon law), if any.
- To your surviving children, if any, in equal shares.
- To your estate.

If a beneficiary disclaims your benefit, your benefit will be paid as though that beneficiary had died before you. If your beneficiary dies after you but before receiving the full distribution, any remaining amount will be paid in a lump sum to the beneficiary's estate.

**7.3. Payment of Benefits.**

If your beneficiary is not your surviving spouse, your death benefits will be paid in a lump sum within six months after your death, whether or not an application for benefits is filed.

If your surviving spouse is your beneficiary, the procedures in Section 6.2. above apply, and he or she must complete an application for benefits after receipt of the explanation described in Section 6.2. above. The provisions of Sections 6.3. and 6.4. above generally apply to benefit payments to a surviving spouse, with the following additional requirements:

- If you die after reaching your Mandatory Benefit Starting Date, payments to your surviving spouse must be made at least as quickly as under the method of distribution in effect at your death.
- If you die before your Mandatory Benefit Starting Date, your entire death benefit must be paid by the end of the fifth calendar year after the calendar year of your death, except as provided below.
- If death benefits are paid over a period not extending beyond your surviving spouse's life expectancy, the start of benefit payments may be delayed until the later of:
  - The end of the calendar year after the calendar year you die.
  - The end of the calendar year in which you would have reached age 70½.

#### 8. **Assignment of Benefits; Qualified Domestic Relations Order.**

Your benefits generally may not be assigned, seized, transferred or claimed by creditors except as allowed by federal or Oregon law. Your benefits can, however, be assigned to someone else by a **qualified domestic relations order** (a **QDRO**).

A QDRO is a court order relating to child support, alimony or a division of marital property that meets certain standards under federal and Oregon law. The Administrator has procedures for determining if a domestic relations order is a QDRO and will notify you upon determining that a domestic relations order is a QDRO. Until this determination is made, none of your Accounts affected by the domestic relations order will be distributed. Under Oregon law, registered domestic partners are treated as spouses, so similar rules apply to the dissolution of a domestic partnership. Please ask your attorney to give the Administrator (the Lincoln County Finance Director) a draft of the QDRO before the court signs it. The Administrator will review the draft QDRO and inform your attorney of any changes needed for the Administrator to approve it as a QDRO.

A QDRO must provide for payment of benefits to the alternate payee in a lump sum no later than six months after the Administrator determines it is a QDRO, whether or not you have terminated employment or an application for benefits has been filed. However, if you have not reached age 62 or terminated employment, the Plan will not distribute a benefit under a QDRO to

a domestic partner, former domestic partner or other person who does not satisfy certain legal requirements.

9. **Plan Administration.**

The Administrator is responsible for all aspects of the Plan except holding and investing Plan funds. The Administrator keeps certain records related to the Plan and provides certain information to you when required by law or upon your request. Contact the Administrator if you have any questions about the Plan or your Accounts.

10. **Investment of Plan Funds.**

The Plan's benefits are funded through an annuity contract (the **Contract**) with Transamerica Financial Life Insurance Company, Inc. (the **Insurer**). The Insurer is an affiliate of Transamerica Retirement Solutions, Inc., the Plan's third party administrator. The Insurer receives all contributions from the County, keeps all records and gives periodic reports to the Administrator about Plan funds. Accounts are generally pooled for investment and are invested in one or more investment funds established under the Contract. The Administrator may change the investment funds, subject to the Insurer's approval. If there is more than one investment fund, you may allocate your Accounts among the funds and transfer assets between funds pursuant to Plan rules. If no allocation is made, your Accounts will be invested by the Administrator. You may change your investment allocations by calling the Plan's third party administrator, Transamerica Retirement Solutions, Inc., at 800-755-5801.

11. **Claims Procedure.**

If you want to claim a benefit or request information, an interpretation, or a ruling under the Plan, you should contact the Administrator. Most claims and questions will be resolved informally. If you wish to present a formal claim, deliver a written statement to the Administrator, who will respond as soon as practicable. **NOTE: If you want to challenge a benefit statement, you must submit a written request to the Administrator within 60 days of receiving the statement. Otherwise, the benefit statement will be deemed to be correct.**

If your claim is denied, the Administrator will give you the reasons for the denial and refer you to the relevant Plan provisions. The Administrator will describe any additional information that is needed and provide an explanation of why such information is needed. The Administrator also will explain how to have the claim reviewed.

If you make a claim and it is denied or you do not get an answer within 60 days, you may ask for review by written notice to the Lincoln County Board of Commissioners (the **Board**). The Board will review the matter and may (but is not required to) grant you a hearing. Whether or not there is a hearing, you may have legal representation, examine pertinent documents and submit written comments to the Board. The Board's decision will generally be made within 60 days. You will be notified if there is a hearing or other reason for delay, and in such cases the time limit will be 120 days. The Board's decision will be final. If a decision is not received within the applicable time limit, the claim is considered wholly denied.

**12. Income Tax Credit For Your Contributions.**

In addition to the other tax benefits of the Plan, you may be eligible for a tax credit, called the “saver’s credit,” by making contributions to the Plan. Eligibility for the saver’s credit, and the amount of the credit, is based on your adjusted gross income, your filing status and the amount of your contributions to a qualifying retirement plan. The amount of the credit ranges from 10% to 50% of your qualifying contributions. You should consult with your tax advisor about the availability of the saver’s credit based upon your personal circumstances. The County cannot give you tax advice.

**13. Amendment and Termination.**

The County may amend or terminate the Plan at any time. Amendments will not reduce your Account balances or the vested percentage of your Account balances at the time the County amends the Plan.

**14. Formal Information.**

**Plan Name and Type and Plan Year End**

Plan name:	Lincoln County Retirement Plan
Plan type:	Defined contribution
Plan Year end:	December 31

**Plan Sponsor**

Lincoln County  
Lincoln County Courthouse  
Room 110  
225 W Olive Street  
Newport, Oregon 97365  
Employer Identification No. 93-6002304

**Plan Administrator and Agent for Service of Process**

Lincoln County Finance Director  
Lincoln County Finance Office  
210 S.W. 2nd Street  
Newport, Oregon 97365  
Telephone No. 541-265-4167

**Third Party Administrator**

Transamerica Retirement Solutions, Inc.  
440 Mamaroneck Avenue  
Harrison, NY 10528  
Telephone No. 800-755-5801

Representative: Paul Lyons  
Telephone No. 206-442-5884  
Website: [www.trretire.com](http://www.trretire.com)

**Insurer**

Transamerica Financial Life Insurance Company, Inc.  
440 Mamaroneck Avenue  
Harrison, NY 10528

**Effective Date**

November 1, 2017



## **LINCOLN COUNTY DEFERRED COMPENSATION PLAN**

### **SUMMARY PLAN DESCRIPTION**

**Effective Date: November 1, 2017**

# LINCOLN COUNTY DEFERRED COMPENSATION PLAN

## SUMMARY PLAN DESCRIPTION

This Summary Plan Description (**Summary**) briefly describes the main provisions of the Lincoln County Deferred Compensation Plan (the **Plan**) and the related policies of the Plan's Administrator. The Plan is intended to provide an additional means for employees of Lincoln County (the **County**) to save for retirement. The Plan's Administrator (the **Administrator**) is the County's Finance Director.

This Summary will give you an overview of how the Plan works and your rights and obligations under the Plan. This Summary omits much of the detail found in the Plan document. If there is a discrepancy between the Plan document and this Summary, the official Plan document is controlling and binding upon all parties. The Plan document is available to review at the office of the County's Finance Director.

Words and terms in this Summary that have specific definitions have their initial letter(s) capitalized, and they appear in **boldface type** where they are defined.

If you have any questions about the Plan after reading this Summary, contact the Administrator at 541-265-4167. For additional information about the investment options offered by VOYA, Nationwide or Transamerica, contact the applicable investment provider representative. Investment provider contact information is located in Section 5. below.

### 1. **Overview of Plan.**

Internal Revenue Code Section 457 allows public employers to establish deferred compensation plans that enable their employees to defer a portion of their wages through payroll deduction to accumulate savings in order to supplement their retirement income. These plans, often called "**Section 457 Plans**," give participants a number of tax advantages. The County has established the Plan to provide its employees an additional opportunity to save for retirement. County employees may make contributions to both the Plan and the Lincoln County Retirement Plan (i.e., the County's 401(k) plan).

The Plan, when combined with PERS and/or OPSRP for sworn Sheriff's office personnel and the Lincoln County Retirement Plan (i.e., 401(k) Plan) for all other personnel, provides a comprehensive program that allows employees to save and invest on a pre-tax basis and to plan for early retirement or for enhanced retirement income. Accumulating retirement savings under the Plan is easy to manage, because:

- Contributions to the Plan are not subject to federal and state income tax;
- The County may, from time to time, make additional contributions on your behalf;
- Income taxes are not paid on contributions and accumulated earnings until actually withdrawn from the plan;
- You can make contributions through convenient payroll deduction; and
- You have the opportunity to invest contributions in a variety of investment options.

The County reserves the right to modify or terminate the Plan at any time, including modifications necessary to ensure compliance with all appropriate laws and regulations, to protect the assets of Participants and to change, add or delete investment options or investment providers.

## **2. Tax Advantages.**

### **2.1. Pre-Tax Contributions and Tax-Deferred Accumulation; Available Tax Credit.**

The Plan provides you several tax advantages. The first advantage is that your contributions are made on a pre-tax basis. This means you do not pay federal or state income taxes on contributions to the Plan (you do, however, pay Social Security taxes on contributions). The second advantage is that the funds in your account grow on a tax-deferred basis, which means you do not pay income taxes on your account earnings each year as the funds grow. Because do not pay taxes on your account earnings until you withdraw them, the money you would have otherwise paid in taxes can remain in your account where it can continue to generate additional income. The power of these tax advantages is illustrated in Section 2.3. below.

Additionally, you may be eligible for a tax credit, called the “saver’s credit” for contributions to the Plan. Eligibility for the saver’s credit, and the amount of the credit, is based on your adjusted gross income, your filing status and the amount of your contributions to a qualifying retirement plan. The amount of the credit ranges from 10% to 50% of your qualifying contributions. You should consult with your tax advisor about the availability of the saver’s credit based upon your personal circumstances. The County cannot give you tax advice.

### **2.2. Withdrawals.**

Under current law, you pay federal and state income taxes only when you withdraw money from the Plan. You may also continue to defer taxes on money withdrawn from the Plan if you roll over the funds to an IRA or other eligible retirement plan. If you are in a lower tax bracket during retirement than you are today, you may also benefit because the money will be taxed at a lower rate than if you received it today.

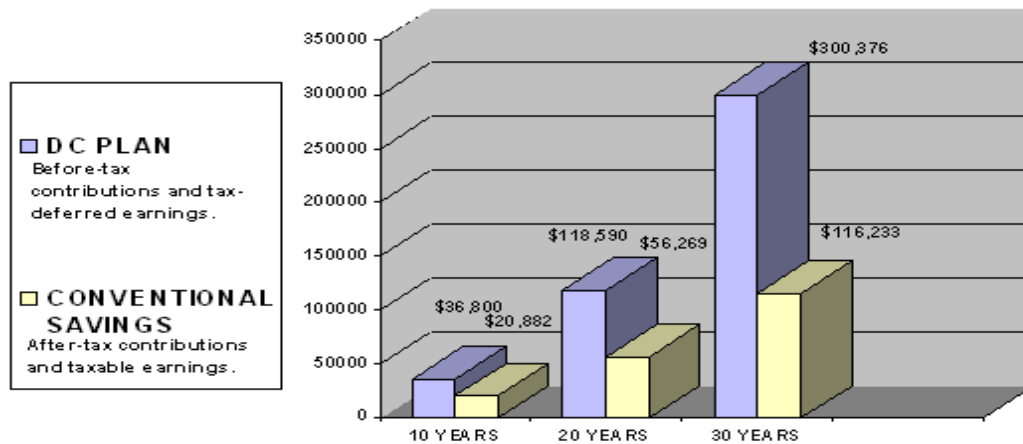
Unlike other retirement plans, there are generally no penalties associated with withdrawals, except in the unusual circumstance where you make a rollover of funds into the Plan from an IRA or other employer retirement plan that is not a Section 457 Plan. In that case, withdraws of those non-Section 457 Plan funds before age 59½ may be subject to a 10% penalty.

### **2.3. Illustration of Tax Advantages.**

The following example illustrates the tax advantages associated with making pre-tax contributions to the Plan along with tax-deferred growth compared to contributions to a fully taxable account. The chart below illustrates the accumulation of a \$100 pre-tax contribution twice a month (i.e., \$2,400 per year) into the Plan along with the equivalent after-tax contributions to a conventional taxable savings plan. This illustration assumes a 25% federal tax rate, a 9% state tax rate, and an 8% annual investment return. Because contributions to the conventional savings plan

are made on an after-tax basis, the equivalent after-tax contribution is \$66 (\$100 minus \$25 federal tax minus \$9 state tax = \$66 after-tax contribution). This also means that if you are able to contribute \$100 into the Plan, you will only notice a \$66 reduction in your after-tax take home pay based on the tax rates used in this example.

**THE POWER OF TAX-DEFERRED GROWTH**



Although this chart is for illustrative purposes only and is not intended as a guarantee of a specific rate of return, as you can see, the tax advantages provided by the Plan result in a greater accumulation of funds over time when compared to a conventional taxable savings plan. The difference becomes very significant over time.

There are a variety of tax-advantaged plans that allow you to save for retirement. Many of them have tax advantages similar to those provided by the Plan. You should consult with your tax and financial advisors when determining whether to participate in the Plan and how much to contribute in light of your personal financial circumstances and other savings and investment options that may be available to you. The County cannot give you investment or tax advice.

### 3. Eligibility and Participation.

#### 3.1. Eligibility.

You are eligible to participate in the Plan if you are a Benefit-Eligible employee of the County or an elected official of the County.

For purposes of determining eligibility under these rules, you are a **Benefit-Eligible** employee if you are scheduled to work at least 20 hours per week and at least 1,040 hours per calendar year, and you are not a part time non-benefitted employee.

### 3.2. **Participation; Changes.**

Once you have met the eligibility requirements of the Plan, you may enroll in the Plan and become a **Participant**. To enroll in the Plan you must complete a **Participation Agreement** and return it to the Administrator. The Participation Agreement allows you to specify how much you wish to contribute to the Plan and how you want your contributions invested. It also allows you to designate a beneficiary to receive benefits under the Plan should you die before withdrawing your entire account balance. Your participation is effective starting with the first pay period in the first calendar month that begins after you enroll in the Plan. Your Participation Agreement will remain in effect until you change or terminate it using the appropriate forms.

You can generally start, stop or change your contributions or change your designated beneficiary at any time by completing a new Participation Agreement and returning it to the Administrator. Changes to your contributions are generally effective starting with the first pay period in the first calendar month that begins after the Administrator receives your new Participation Agreement. Changes to your designated beneficiary are effective when the Administrator receives your new Participation Agreement.

Your participation in the Plan will end when you terminate employment with the County or no longer meet the Plan's eligibility requirements. You will continue to be a Participant during an approved, but unpaid, leave of absence. During this time, contributions will be suspended until you return and have sufficient earnings to cover the requested contributions, and your account will continue to be invested in the investment options you have selected.

### 3.3. **Military Service.**

If you are reemployed after a period of qualified military service, your contributions, benefits and service credit will be provided in accordance with federal law. You may be entitled to make additional contributions based upon contributions you could have made during your military service if you had remained employed with the County during that time. Contact the Administrator for more details.

## 4. **Contributions; Accounts.**

The investment providers maintain separate accounts for each Participant. Both you and the County may contribute to your account. Your contributions are determined based on the amount of compensation you elect to defer in your Participation Agreement. The County may, from time to time, make contributions to Participants' accounts in uniform or varying amounts that are solely in the discretion of the County. Amounts contributed by the County to a Participant's account will be considered a Participant contribution for purposes of the Plan, including the contribution limits described in Section 6. below.

Participants may invest their accounts (including amounts contributed by the County) in the investment options offered by the Plan's investment providers, as discussed in Section 5. below. Participants will receive periodic statements reflecting their account balance, including investment gains and losses. Within 30 days after receiving a statement, a Participant must inform the Administrator in writing of any error in the statement, in a manner that identifies the error. The

Participant will suffer any loss resulting from failing to so inform the Administrator if because of such failure the Administrator is unable to cause the investment provider to correct the error at the provider's sole expense.

**5. Investments and Investment Providers; Fees and Expenses.**

**5.1. Investments and Investment Providers; Investment Transfers.**

The Plan offers a variety of investment options from VOYA, Nationwide, and Transamerica. Each of these investment providers offers various types of stock, bond, balanced, money market, and interest-earning funds in which you can invest your account. All of the investment providers allow you to transfer money in your account among the various investment options. All transfers must be made through the investment provider. You can transfer funds by telephone or by using the investment provider's website. The investment providers may impose certain restrictions or limitations on transfers between accounts. To learn more about the investment providers, available investment options and making transfers, visit the investment provider's website, or contact the account representative below:

<b>Investment Provider</b>	<b>Account Representative</b>	<b>Website</b>
VOYA	Name: Linda Jackson Telephone: <ul style="list-style-type: none"> <li>• 541-343-2928 or</li> <li>• 800-618-2928</li> </ul> Email: Linda@bridgeswealth.com	www.VOYA.com
Nationwide	Name: Andy Segrist Telephone: <ul style="list-style-type: none"> <li>• 503-702-3769 or</li> <li>• 877-677-3678</li> </ul> Email: segria1@nationwide.com	www.nrsforu.com
Transamerica	Name: Paul Lyons Telephone: <ul style="list-style-type: none"> <li>• 206-661-3039 or</li> <li>• 800-755-5801</li> </ul> Email: Paul.Lyons@transamerica.com	www.trsretire.com

**5.2. Fees and Expenses.**

Your account is subject to certain fees and expenses. Each of the investment providers may impose administrative and investment management fees and other fees. These fees may vary based upon the investment option selected and may change from time to time. The Administrator will also allocate the Plan's administrative expenses to Participant Accounts in an equitable manner. Contact the investment providers for details about currently applicable fees.

6. **Contribution Limits; Normal Retirement Age.**

6.1. **Minimum Contributions.**

The Administrator may establish a minimum amount that Participants must contribute to the Plan via payroll deduction. Each of the investment providers may also establish a minimum amount that can be contributed to their available investment options. Contact the investment representatives listed above for more information about any minimum contribution amounts.

6.2. **Maximum Amount.**

Federal law limits the amount you can contribute to a Section 457 Plan each calendar year. This amount is called the **Plan Ceiling**. Your Plan Ceiling for any calendar year is determined based on three different rules.

a. **Annual Contribution Limit**

The first rule, called the **Annual Contribution Limit**, establishes your Plan Ceiling at the lesser of 100% of your compensation or a specified dollar limit. In 2018, the dollar limit is \$18,500. This dollar limit is adjusted from time to time by the IRS to reflect cost-of-living changes.

b. **Age 50 Catch-up Amount**

A second rule applies in calendar years in which you will be at least age 50 by the end of the year. In these years, your Plan Ceiling is increased by an additional amount, called the **Age 50 Catch-up Amount**. In 2018, the Age 50 Catch-up Amount is \$6,000. If you qualify for the Age 50 Catch-up Provision in 2018, your Plan Ceiling is actually \$24,500. The Age 50 Catch-up Amount is adjusted from time to time by the IRS to reflect cost-of-living changes.

c. **Normal Retirement Age Catch-up Provision**

A third rule applies during the three calendar years prior to the calendar year in which you attain your Normal Retirement Age under the Plan (determined under Section 6.4. below), but not during the calendar year you attain your Normal Retirement Age) Under this **Normal Retirement Age Catch-up Provision**, your Plan Ceiling is increased to the lesser of: (a) twice the dollar amount specified in the Annual Contribution Limit rule for the year (e.g., \$37,000 for 2018); or (b) your Annual Contribution Limit for the year plus all Underutilized Amounts from prior years. In any prior year, your **Underutilized Amount** is the difference between your **Annual Contribution Limit** for that year and the amount of your contributions to the Plan for that year other than your Age 50 Catch-up contributions.

In applying the Normal Retirement Age Catch-up Provision, only those years that you are eligible to participate in the Plan after January 1, 1979 are considered. Although this rule is complex, it provides the opportunity to “catch up” if you did not contribute the full amount of your Annual Contribution Limit in prior years.

**6.3. Coordination of Limits; Coordination with Other Retirement Plan Limits.**

You cannot use both the Age 50 Catch-up Amount and the Normal Retirement Age Catch-up Provision in the same year. Instead, your Plan Ceiling is limited to the higher amount determined under these two rules. Contact the Administrator for more details.

The annual Plan Ceiling is not reduced for contributions you make to other retirement plans that are not Section 457 Plans. As a result, you may contribute the maximum allowed by federal law to both the Plan and the County's Retirement Plan (i.e., the 401(k) plan). See the Summary Plan Description for the County's Retirement Plan for more information on contributing to that plan.

**6.4. Normal Retirement Age.**

Your **Normal Retirement Age** is age 70½, unless you have elected an earlier age in writing using forms provided by the Administrator. Generally, you can elect any age from 65 to 70½. However, if you are a qualifying police or firefighter, you may elect an age as early as 40. Contact the Administrator for more details about electing your Normal Retirement Age.

**6.5. Excess Contributions.**

If your contributions exceed your Plan Ceiling for a calendar year, the Administrator will distribute the excess amount to you in a lump sum, along with any related earnings.

**7. Benefits and Payment Options; Rollovers.**

**7.1. Benefit Payments.**

All benefits payable to you or your designated beneficiary under the Plan are funded solely from your account balance. Except as described in Section 8. below, you may begin receiving benefits only after you terminate employment with the County. You are not required to reach your Normal Retirement Age before receiving benefits. If you die before receiving all of your benefits, your remaining benefits will be paid to your designated beneficiary according to the method of payment selected by your beneficiary (or, in the case of an annuity, according to the terms of the annuity).

**7.2. Application for Benefits; Explanation of Applicable Tax Rules.**

Before your benefits are to be paid, the investment provider will provide you (or your beneficiary) an explanation of the applicable rules on the taxation of rollovers and payments from the Plan, including tax withholding and your right to elect a direct rollover to an IRA or other eligible retirement plan. To receive benefits, you (or your beneficiary) must normally complete an application for benefits using one or more forms provided by the investment provider. Please contact the Administrator and your investment provider representative for more details.

**7.3. Time of Payment; Mandatory Benefit Payments.**

Your benefits will normally be paid in the manner you elect in your application for benefits except as follows:

- **Small Accounts.** In certain circumstances, if your account balance is \$5,000 or less, the Administrator may distribute your entire account balance to you in a lump sum (or make an automatic rollover of your account balance to an IRA), whether or not you file an application for benefits.
- **Required Minimum Distributions.** Federal law requires you to start receiving certain required minimum distributions by your Mandatory Benefit Starting Date. Your **Mandatory Benefit Starting Date** is April 1 following the later of: (a) the calendar year in which you reach age 70½; or (b) the calendar year in which you terminate employment with the County.

#### 7.4. **Payment Options.**

The Plan's investment providers (VOYA, Nationwide, or Transamerica) offer a number of different payment options, including annuities, installment payments, lump sum payments, and rollover options. Contact the investment provider's representative for details about available payment options. Depending on the payment option selected, you may be able to change your payment option prior to the date payment is made. (For example, if you elect an installment payment option, you may be able to change to a different payment option prior to any particular installment payment.) If you select an annuity payment option, you cannot make changes after the annuity has begun making payments or after any earlier date provided by the issuer of the annuity contract. Contact the investment provider's representative for details about payment option changes and applicable deadlines.

#### 7.5. **Direct Rollovers.**

You, your surviving spouse, your designated beneficiary who is an individual or a trust meeting certain requirements, and your spouse or former spouse who is as an alternate payee under a QDRO (defined in Section 9. below) may elect to have part or all of an eligible rollover distribution paid to an IRA or other eligible retirement plan in a direct rollover. (In the case of your designated beneficiary, an eligible retirement plan is only an IRA unless your designated beneficiary is also your surviving spouse or your spouse or former spouse who is as an alternate payee under a QDRO.)

### 8. **Hardship Withdrawals for Unforeseeable Emergencies.**

Under federal law, before you terminate employment you can withdraw money from your account only in the event of an Unforeseeable Emergency. An **Unforeseeable Emergency** is defined as a severe financial hardship resulting from an illness or accident, loss of property due to casualty (e.g., fire or natural disaster), or other similar extraordinary and unforeseeable circumstances beyond the control of the Participant or the Participant's, spouse, dependent or designated beneficiary.

Whether an Unforeseeable Emergency exists is based on all relevant facts and circumstances. To qualify, you must generally be faced with a situation that you could not have anticipated or otherwise have budgeted for. For example, the imminent foreclosure or eviction from your primary residence or the need to pay for medical expenses or funeral expenses of a family member may qualify as an Unforeseeable Emergency; however, the use of funds to purchase a home or to send children to college is generally not an Unforeseeable Emergency.

Under federal law, you can receive a withdrawal to the extent the financial need caused by the Unforeseeable Emergency cannot be relieved: (a) through insurance; (b) by liquidating your other available assets (unless the liquidation itself would cause a hardship); or (c) by ceasing contributions to the Plan. It is very difficult to meet all of the federal rules.

If you believe you are faced with a situation that qualifies as an Unforeseeable Emergency and want to request a withdrawal, contact the Administrator at 541-265-4167 to request an application. You will be required to provide evidence of the emergency need and the amount needed to relieve the resulting financial hardship. If approved, the amount of the withdrawal is limited to the amount necessary to meet the emergency need (including amounts necessary to pay any taxes and penalties resulting from the withdrawal). All withdrawal applications and accompanying information are kept confidential. Applicants will be notified of the determination as soon as possible after it is made.

#### 9. **Nonassignability; Qualified Domestic Relations Orders.**

Your account generally may not be assigned, seized, transferred or claimed by creditors except as allowed by federal or Oregon law. (For example, you cannot use it as collateral for a loan.) All or a portion of your account can, however, be assigned to someone else by a **qualified domestic relations order** (a **QDRO**).

A QDRO is a court order relating to child support, alimony or a division of marital property that meets certain standards under federal and Oregon law. The Administrator has procedures for determining if a domestic relations order is a QDRO and will notify you upon determining that a domestic relations order is a QDRO. Until this determination is made, none of your accounts affected by the domestic relations order will be distributed. Under Oregon law, registered domestic partners are treated as spouses, so similar rules apply to the dissolution of a domestic partnership. Please ask your attorney to give the Administrator (the Lincoln County Finance Director) a draft of the QDRO before the court signs it. The Administrator will review the draft QDRO and inform your attorney of any changes needed for the Administrator to approve it as a QDRO.

A QDRO may provide for the payment of benefits to an alternate payee separate from the payment of your benefits. However, if you have not terminated employment, the Plan will not distribute a benefit under a QDRO to a domestic partner, former domestic partner or other person who does not satisfy certain legal requirements.

## **10. Claims Procedure.**

### **10.1. Claims.**

If you want to claim a benefit or request information, an interpretation, or a ruling under the Plan, you should contact the Administrator. Most claims and questions will be resolved informally. If you wish to present a formal claim, you may request a claim form from the Administrator. You have 30 days after receiving a claim form to complete it and return it to the Administrator. Upon receipt of a completed claim form, the Administrator will review the appropriateness of the claim and respond in writing within 30 days.

If your claim is denied, the Administrator will give you the reasons for the denial and refer you to the relevant Plan provisions. The Administrator will describe any additional information that is needed and provide an explanation of why such information is needed. The Administrator also will explain how to have the claim reviewed. If you do not get a written response from the Administrator within 30 days, your claim will be deemed denied. If you make a claim and it is denied (or deemed denied) you may ask for your claim to be reviewed under the procedures described below.

### **10.2. Review.**

You may request a review of the initial denial (or deemed denial) of your claim by sending a written request to the Administrator within 60 days after you receive notice of denial (or the claim is deemed denied). Your request for review should specify the reasons you believe the Administrator's decision to deny your claim was incorrect. The Administrator will review the matter and may (but is not required to) grant you a hearing. Whether or not there is a hearing, you may have legal representation, examine pertinent documents and submit additional written comments.

The Administrator's decision on review will generally be made within 60 days after receiving the request for review. You will be notified if there is a hearing, and, in such case, the hearing will be held promptly and a decision will be made within 120 days of receiving the request for review. Any decision on review will be in writing and specify the reasons for the decision and the applicable Plan provisions on which it is based. If a decision is not received within the applicable time limit, the claim is considered wholly denied.



# **LINCOLN COUNTY POST EMPLOYMENT HEALTH PLAN**

## **SUMMARY PLAN DESCRIPTION**

**Effective Date: November 1, 2017**

# LINCOLN COUNTY POST EMPLOYMENT HEALTH PLAN

## SUMMARY PLAN DESCRIPTION

This Summary Plan Description (**Summary**) briefly describes the main provisions of the Lincoln County Post Employment Health Plan (the **Plan**). The Plan is sponsored by Nationwide Retirement Solutions, Inc. (**NRS**). NRS is the Plan's Administrator (the **Administrator**). Lincoln County (the **County**) participates in the Plan to provide County employees an additional means of preparing for retirement.

This Summary provides an overview of the Plan. It omits much of the detail found in the Plan document. If there is a discrepancy between the Plan document and this Summary, the official Plan document is controlling and binding upon all parties. The Plan document is available to review at the office of the County's Finance Director.

Words and terms in this Summary that have specific definitions have their initial letter(s) capitalized, and they appear in **boldface type** where they are defined.

If you have any questions about the Plan after reading this Summary, contact the County Finance Director at 541-265-4167 or NRS at 877-677-3678.

### 1. **Overview of Plan; Tax Benefits.**

The Plan is organized as a Voluntary Employees' Beneficiary Association (**VEBA**), which consists of a tax-exempt trust arrangement that allows participating employers to contribute money to reimburse employees for medical costs incurred after they terminate employment or become disabled. Contributions to the Plan are held in a trust (the **Trust**) and invested in a variable annuity contract issued by Nationwide Life Insurance Company (the **Insurer**), an affiliate of NRS.

The County makes contributions to the Plan on behalf of participating employees. After a participating employee terminates employment with the County or becomes disabled, these funds can be used to reimburse the employee for qualifying medical expenses and medical insurance premiums.

The Plan's status as a VEBA provides several tax advantages. You do not pay federal or state income taxes or Social Security and Medicare Taxes on amounts the County contributes to the Plan on your behalf. You do not pay income taxes on any investment earnings of your accounts, and amounts you receive from the Plan to reimburse the cost of qualifying medical expenses and medical insurance premiums are also free from income, Social Security and Medicare taxes.

## 2. **Eligibility and Participation.**

2.1. **Eligible Employee Groups.** The following employee groups at the County are eligible to participate in the Plan:

- Lincoln County Employee Association (**LCEA**)—General Employees
- LCEA - Roads
- LCEA - Transit
- LCEA - Deputy District Attorneys
- Federation of Oregon Parole & Probation Officers (FOPPO)
- Lincoln County Deputies Association (LCDA)
- Management/Non-Represented Employees
- Elected Officials
- Appointed Directors

## 2.2. **Participation.**

Each eligible employee group may elect whether to participate in the Plan. Once an employee group has elected to participate in the Plan, all employees within that employee group become **Participants**. If an employee becomes a member of a participating employee group, the employee becomes a Participant immediately. Participants become ineligible to receive future contributions immediately upon ceasing to be a member of a participating employee group.

The County entered the Plan as a participating employer on July 1, 1997. At that time, only Management/Non-Represented Employees, Elected Officials and Appointed Directors elected to participate, and the County's other employee groups did not elect to participate. Each year, the County allows non-participating employee groups to elect whether to participate. Participation changes elected prior to June 1 will become effective on July 1.

Presently, the following employee groups participate in the Plan: Management/Non-Represented Employees, Elected Officials and Appointed Directors.

## 3. **Accounts; Contributions.**

The Administrator maintains one or more **Accounts** for each Participant. Depending on your circumstances, you may have a **Universal Reimbursement Account** and/or an **Insurance Premium Reimbursement Account**. Funds in your Universal Reimbursement Account can be used to reimburse you for Qualifying Medical Care Expenses (defined in Section 4.2.a. below). Funds in your Insurance Premium Reimbursement Account can be used to reimburse you for the cost of Health Care Insurance Premiums (defined in Section 4.2.b. below).

The County makes contributions to the Plan on your behalf based on the participating employee group in which you are a member. Contributions must satisfy certain nondiscrimination rules found in the Internal Revenue Code, and the Plan has certain minimum contribution requirements. To comply with these rules, the County contributes an equal dollar amount to a Universal Reimbursement Account for all participating County employees. The County may also

contribute a fixed dollar amount or percent of your salary to an Insurance Premium Reimbursement Account. The County reserves the right to change or stop making contributions at any time. Contact the County Finance Director for more details about County contributions.

#### 4. **Benefits; Qualifying Expense Reimbursements; Limitations and Forfeitures.**

##### 4.1. **Benefits.**

Subject to the limitations described in Section 4.3. below, you are entitled to reimbursement from the Plan for the amount of Qualifying Medical Care Expenses and Health Care Insurance Premiums you incur after you terminate employment with the County or become disabled. If you die and there is still money in your Accounts, your Dependents are automatically eligible to use your remaining Account balances to cover their own qualifying health care expenses in the same manner. Unlike many employee benefit programs, the Plan does not allow you to designate a beneficiary.

##### 4.2. **Definitions.**

a. **Qualifying Medical Care Expenses** are expenses that you or your Dependents incur for “medical care,” as defined in Internal Revenue Code Section 213(d)(1). Examples of Qualifying Medical Care Expenses include (but are not limited to):

- Deductibles, co-payments, and other out-of-pocket expenses for medical care that are not reimbursed by insurance;
- Dental care, including routine dental checkups, orthodontia and dentures;
- Eye care, including examinations, glasses, and contact lenses;
- Hearing care, including examinations and hearing aids;
- Routine physical examinations;
- Prescription drugs;
- Health Care Insurance Premiums (described below); and
- Any other medical care expense that is approved by the Administrator and is consistent with the definition of “medical care” within the meaning of Internal Revenue Code Section 213(d)(1).

b. A qualifying **Health Care Insurance Premium** is any amount you or your Dependents pay to purchase insurance coverage for health benefits, hospitalization, or other “medical care,” as defined in Internal Revenue Code Section 213(d)(1). Examples of Health Care Insurance Premiums include (but are not limited to) insurance premiums for medical, vision or dental care; COBRA insurance premiums; Medicare Part B or supplemental insurance premiums; and qualifying long-term care insurance premiums.

c. Your **Dependent** is anyone who meets the requirements of Internal Revenue Code Section 152(a). Generally, this means someone you can claim as a dependent when filing your federal income tax return.

#### 4.3. **Limitations and Forfeitures.**

Only claims for Qualifying Medical Care Expenses and for Health Care Insurance Premium reimbursements will be paid. Benefit payments are limited to the amount of your Account balances. If a benefit claim exceeds your Account balance, the claim will only be paid to the extent of the Account balance. Benefit payments for Qualifying Medical Care Expenses that, if paid, would result in a violation of Internal Revenue Code Section 105(h) or any other applicable provision of law will be forfeited. For example, Internal Revenue Code Section 105(h) would be violated if benefit payments discriminate in favor of highly compensated individuals.

If you die and you have no Dependents, your remaining Account balances are forfeited. Your Accounts may also be forfeited if the Administrator is unable to locate you within 36 months after the Administrator sends you a letter by certified U.S. mail, postage prepaid, to your last known address. **It is extremely important to keep the County and the Administrator informed of your current address to avoid any possibility of a forfeiture.** The County Finance Director may be contacted at 541-265-4167 and the Administrator may be contacted at 877-677-3678. See Section 7.4. below for more details.

Any amounts forfeited will be allocated to the Accounts of other Participants who are (or were) employed by the County and have an Account balance greater than zero in accordance with procedures established by the Administrator.

### 5. **Investments; Fees and Expenses.**

#### 5.1. **Investments.**

Participant Accounts are invested in an annuity contract issued by the Insurer, which provides Participants with a variety of underlying investment options, including stock, bond, fixed income and asset allocation funds. You may choose how you want County contributions invested and transfer assets between investment options in accordance with rules set by the Administrator and the Insurer. If you do not direct the investment of your Account, it will be invested in the most conservative investment option available. You may change your investment allocations by telephone or the internet. To learn more about the Plan's available investment options, making allocations and asset transfers, contact the Administrator at 877-677-3678 or [www.nrsforu.com](http://www.nrsforu.com).

#### 5.2. **Fees and Expenses.**

Your Accounts are subject to certain fees and expenses, including administrative fees, actuarial risk fees and investment management fees. These fees may vary based upon the investment option selected, and they may change from time to time. Contact the Administrator for details about currently applicable fees.

### 5.3. **Valuation; Statements.**

Account balances are generally adjusted each business day to reflect earnings and losses. You will receive quarterly Account statements reflecting the following information:

- Your Account balances (including investment gains and losses based on the investment options you select);
- Contributions credited to your Accounts;
- Qualifying Medical Care Expenses and Health Care Insurance Premiums paid from your Accounts; and
- Any administrative fees paid from your Accounts.

## 6. **Claims Procedure.**

### 6.1. **Claims.**

All benefit claims must be in writing using a claim form approved by the Administrator. Claim forms are available from either the County's Finance and Accounting Department or the Administrator. All claims must be submitted in accordance with the procedures, deadlines and documentation requirements set by the Administrator. Upon receipt of a completed claim form, the Administrator will review the appropriateness of the claim and either approve or deny the claim.

If your benefit claim is denied, the Administrator will give you written notice of the denial within 5 business days of the denial. The notice will state the reason(s) for the denial along with references to the relevant Plan provisions. The notice will describe any additional information that is needed and explain why it is needed. It will also explain how to have your claim reviewed under the procedures described below.

### 6.2. **Review.**

You may request a review of the initial denial of a claim for benefits by filing a written request with the Administrator within 60 days of the notice of the denial. Your request for review should specify the reasons you believe the Administrator's decision to deny your claim was incorrect. The Administrator will review the matter and may request additional information. The Administrator's decision on review will be made within 60 days after receiving the request for review. Any decision on review will be in writing and will include references to the Plan provisions on which its decision is based.

## 7. **Miscellaneous.**

### 7.1. **Funds Held in Trust.**

All assets of the Plan are held in the Trust. Funds in the Trust are to be used for exclusive benefit of Participants and their Dependents or for defraying the reasonable expenses of the Plan. Contributions to the Trust can be returned to participating employers (e.g., the County) only if a contribution was made by mistake or the IRS determines that the Trust is not tax exempt under

Internal Revenue Code Section 501(a) or that the Trust has unrelated business taxable income under Internal Revenue Code Section 512(a)(3)(E).

**7.2. Amendment and Termination.**

The Administrator may amend the Plan at any time and in any manner necessary to retain the Plan's tax status as a VEBA. No amendment will be adopted that would reduce any Participant's Account balance or allow any portion of the Plan's assets to revert to (or used for the benefit of) the County or another participating employer or for purposes other than those described in Section 7.1. above.

In the event that the County stops contributing to or participating in the Plan, Participants' Accounts will continue to be maintained by the Administrator, the Plan will continue to pay benefits in accordance with its terms, and Plan expenses will be charged against Participant Accounts for as long as such Accounts are maintained by the Plan.

**7.3. No Employment Rights.**

The Plan does not confer any right to continued employment with the County. All County employees shall remain subject to termination or discharge to the same extent as if the Plan had never been established.

**7.4. Notices; Address Changes.**

**You are responsible to notify the Administrator in writing of any change of address.** Any notices, statements and communications sent to your address on file with the Administrator are binding. **It is possible that your Accounts may be forfeited under Section 4.3. above if you do not keep the Administrator informed of your current address.**

<b>Provider</b>	<b>Account Representative</b>	<b>Website</b>
Nationwide	Name: Andy Segrist Telephone: <ul style="list-style-type: none"><li>• 503-702-3769 or</li><li>• 877-677-3678</li></ul> Email: segria1@nationwide.com	www.nrsforu.com