

Town of Palm Beach

Employee Retirement Program Guide



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Introduction

The Town of Palm Beach offers a variety of retirement plans designed to complement the overall benefit package provided to Town employees. These programs include a Town-sponsored defined benefit (also referred to as pension) plan offered in conjunction with a 401(a) defined contribution plan that includes matching contributions from the Town, a retirement health savings program, optional Roth IRA, and an optional 457 deferred contribution plan. The Town also contributes all required FICA related taxes including social security and Medicare. This guide provides an outline of the programs offered and is not intended to be all encompassing or to provide personal retirement planning information. Details for plans offered may be found within the Town Code of Ordinance and/or the appropriate plan documents. This document does not supersede either the Town Code, plan documents, or any applicable collective bargaining agreement. Please consult with Human Resources or the appropriate retirement Plan Administrator for further information.

Town Sponsored Hybrid Plan for General, Lifeguard, and Union

Firefighters:

The Town provides General, Lifeguard, and Union Firefighter employees with a hybrid retirement plan that includes both a defined benefit (also referred to as pension) plan and a defined contribution 401(a) plan. Eligible full-time and regular part-time employees who work over 1,040 hours per year are required to participate in these plans providing a per paycheck contribution toward these plans.

The Town fulfills its obligation to fund the defined benefit plan through annual contributions based on actuarial analysis. The Town also provides a matching contribution up to 4% for all participants and an additional discretionary contribution up to 4% for non-bargaining unit employees within the defined contribution 401(a) plan. Employees hired on or before April 30, 2012 also receive a benefit from past participation in the 'legacy' defined benefit plan defined by Chapter 82 of the Town Ordinance.

The following summarizes the employee contributions and the hybrid plan benefits.

Employee Groups

The applicable benefit groups are defined as follows:

1. Benefit group **firefighter**, consisting of members employed in the fire-rescue department who hold the rank of firefighter or higher (including probationary firefighters), provided that they are certified pursuant to F.S. § 633.35.
2. Benefit group **lifeguard**, consisting of members employed in the Ocean Rescue unit who hold the rank of lifeguard or higher, including probationary lifeguards.
3. Benefit group **general**, consisting of all members not included in benefit groups firefighter, police officer or lifeguard.

Employee Contributions

Employee contributions through payroll deductions to both the defined benefit and defined contribution 401(a) plan vary per benefit group and/or date of hire, as follows:

Benefit Group	Defined Benefit Plan	401(a) Defined Contribution Plan				
	Employee Contribution	Mandatory Contribution (pre-tax)		Voluntary Contribution (post-tax)		Discretionary Contribution
		Employee	Employer ¹	Employee	Employer ¹	Employer
Firefighter Union	4.82%	2%	2%	Voluntary up to the maximum allowable under IRS Regulations	2% Match	None
General	2.47%	4%	4%		No Match	Up to 4% Determined by Town Council during annual budget process upon recommendation of the Town Manager
Lifeguard	2.47%	4%	4%		No Match	

¹ Total employer contribution will not exceed 4% for any benefit group and will not be less than \$1,000 per fiscal year per enrolled member.

Hybrid Retirement Plan Information and Summary

The defined benefit plan is administered by William P. Hanes Consulting, Inc. You may contact the administrator directly to update beneficiary information and ask plan related questions including but not limited to retirement eligibility and/or Deferred Retirement Option Plan (DROP).

The defined contribution 401(a) plan is managed by ICMA-RC through the Human Resources department. You may contact ICMA-RC directly to change your investment options, update beneficiary information, or ask any plan related question including those regarding withdrawals and/or taxes. Contact Human Resources to complete the proper paperwork to make changes to your voluntary post-tax contributions.

All forms and contact information for either of the hybrid plans can be found on the Town’s intranet.

There is no waiting period for participation in the hybrid plan; all eligible employees will be automatically enrolled. ICMA-RC will provide new employees with plan documentation and instructions for changing investment options if desired. All investment contributions will be allocated by default to the ICMA-RC Milestone Funds with a target retirement age of 60. Employees may contact ICMA-RC’s Customer Service Department or go online to change their investment allocation. A summary of the hybrid plan 401(a) plans is provided below. This summary is not intended to be all inclusive and complete plan details may be found within the Town Code of Ordinances, Bargaining Agreement and/or applicable plan document. Please consult with Human Resources or the Plan Administrator for additional information if needed.

Town of Palm Beach Hybrid Retirement Plan

Vesting: 10 years

Defined Benefit Plan (Pension)	Defined Contribution 401(a) Plan
<p data-bbox="407 415 548 445"><u>Multiplier:</u></p> <p data-bbox="331 449 630 478">1.25% for All Employees</p> <p data-bbox="321 548 634 577"><u>Employee Contribution:</u></p> <ul data-bbox="256 583 716 682" style="list-style-type: none"><li data-bbox="256 583 516 613">• Fire Union: 4.82%<li data-bbox="256 619 716 682">• Fire Non-Union, Police, Lifeguard, and General Employees: 2.47% <p data-bbox="337 720 618 749"><u>Retirement Eligibility:</u></p> <p data-bbox="435 753 521 783">Age 65</p> <p data-bbox="370 821 586 850"><u>Post-Retirement:</u></p> <p data-bbox="233 854 727 953">Survivors' benefit available to "purchase" through actuarial reduction of monthly pension amount.</p>	<p data-bbox="1003 382 1192 411"><u>Contributions:</u></p> <p data-bbox="776 415 915 445"><u>Fire Union:</u></p> <ul data-bbox="781 449 1409 577" style="list-style-type: none"><li data-bbox="781 449 1409 577">• Mandatory pre-tax 2% from employee, employee may elect to contribute more on post-tax basis. Town will match total employee contribution up to 4%. <p data-bbox="776 619 1349 682"><u>Fire Non-Union, Police, Lifeguard, and General Employees:</u></p> <ul data-bbox="781 686 1414 919" style="list-style-type: none"><li data-bbox="781 686 1414 749">• Mandatory pre-tax 4% from employee, Town will match 4%.<li data-bbox="781 756 1414 819">• Employee may elect to contribute more on a post-tax basis, with no additional Town match.<li data-bbox="781 825 1321 919">• Eligible to receive discretionary employer contribution up to 4%, with no additional employee contributions needed. <p data-bbox="971 961 1224 991"><u>Investment Options:</u></p> <p data-bbox="776 995 1409 1087">Similar to the Town's current "457 Plan" for optional deferred compensation, a variety of investment options will be offered.</p> <p data-bbox="873 1129 1321 1159"><u>Current IRS Rules re: Withdrawal:</u></p> <p data-bbox="776 1163 1377 1325">Withdrawals may occur beginning at age 50 for public safety employees and age 55 for non-public safety (general/lifeguard) employees who have separated from service to the Town in the year that they turn age 50 or 55.</p> <p data-bbox="776 1367 1393 1556">Earlier withdrawals may be allowed without penalty for certain special circumstances, as determined by the IRS. Other than in those special circumstances, withdrawals by employees younger than 59 1/2 who are still employed by the Town are subject to a 10% tax penalty.</p> <p data-bbox="1019 1566 1175 1596"><u>Beneficiary:</u></p> <p data-bbox="776 1600 1338 1692">Participants can name any person(s) as the Beneficiary of the plan with no spousal consent required.</p>

Defined Benefit Plan for Police Officers and Non-Union Firefighters on and after October 1, 2016:

The Town provides Police and Non-Union Firefighter employees with a defined benefit (also referred to as pension) plan for service credit earned on and after October 1, 2016. Eligible full-time and regular part-time employees who work over 1,040 hours per year are required to participate in these plans providing a per paycheck contribution toward these plans.

The Town fulfills its obligation to fund the defined benefit plan through annual contributions based on an annual actuarial valuation.

Employee Groups

There are four benefit groups defined as follows:

1. Benefit group **firefighter**, consisting of members employed in the fire-rescue department who hold the rank of firefighter or higher (including probationary firefighters), provided that they are certified pursuant to F.S. § 633.35.
2. Benefit group **police officer**, consisting of members employed in the police department who hold the rank of police officer or higher (including probationary police officers), provided that they are certified pursuant to F.S. § 943.1395.

Employee Contributions

Employees contribute between 8% and 12% of wages each fiscal year based on the preceding fiscal year performance of the fund and on a prescribed formula and calculation by the actuary.

A summary of the defined benefit plan enacted on October 1, 2016 for Police Officers and non-union Firefighters is provided below. This summary is not intended to be all inclusive and complete plan details may be found within the Town Code of Ordinances, Bargaining Agreement and/or applicable plan document. Please consult with Human Resources or the Plan Administrator for additional information if needed.

Town of Palm Beach Defined Benefit Retirement Plan for Police Officers and Non-Union Firefighters as of October 1, 2016

Multiplier: 2.75%

Vesting: 10 years

Employee Contribution:
Between 8% to 12% based on the preceding fiscal year performance of the fund and on a prescribed formula and calculation by the actuary

Eligibility: Age 56*

*The age benefit of 56 for this group is effective May 1, 2012 and applicable for service credit earned within the eligible benefit at that time (e.g. hybrid plan between May 1, 2012 thru September 30, 2016)

Retirement Health Savings Plan

The Retirement Health Savings Plan (RHSP) through ICMA-RC provides a means for public sector employees to make tax-deferred contributions and accumulation of earnings. The account assets are, according to IRS rules, exclusively used to pay for qualified health related expenses on a tax-free withdrawal basis for the employee, their spouse, and/or eligible dependents upon retirement and/or separation of employment. Qualified health related expenses are defined in Internal Revenue Code Section 213 (i.e., medical costs that would otherwise be deductible to the employee on his or her individual income tax return) and generally include, but are not limited to, health insurance premiums, co-pays, and over-the-counter medications. ICMA-RC has a private letter ruling from the IRS authorizing the RHSP in the public sector thru an integral part trust plan with certain limitations (chief among those being that the plan must mandate participation by all similarly situated employees).

Eligible Town employees have the opportunity to participate in the RHSP health benefit savings plan allowing the employee to accumulate assets to pay for medical expenses for him/herself, spouse and/or dependents (e.g., health insurance and prescription expenses) in retirement on a tax-free basis. Enrollment is automatic for all full-time and regular part-time employees within the Executive, Laborer/Equipment Operator, Professional/Technical/Supervisory, Recreation/Public Welfare and Trades/Maintenance job families hired on or before September 30, 2009. Enrollment is automatic for all full-time and regular part-time employees hired on or after October 1, 2009, regardless of job family designation. Detailed plan information from ICMA-RC may be found on the Town's intranet within the "Benefits Information" section.

There is no waiting period for participation in the Retirement Health Savings plan; all eligible employees will be automatically enrolled upon hire. ICMA-RC will provide new enrollees with plan documentation and instructions for changing investment options if desired. Employees may contact ICMA-RC's Customer Service Department or go online to change their investment allocation.

Employees Hired on or after October 1, 2009

Those full-time and regular part-time employees hired on or after October 1, 2009, regardless of job family designation, are automatically enrolled in the RHSP. This enrollment includes a 1% payroll deduction for those with less than 10 years of service, and a 2% payroll deduction for those with 10 or more years of service. Additionally, upon separation of employment and/or retirement 50% of all accrued and eligible sick leave hours will be contributed to the employees' RHSP account.

Employees Hired before October 1, 2009

Those full-time and regular part-time employees hired before October 1, 2009 are automatically enrolled in the RHSP based on the job family classification of their position as follows:

Group	Contributions During Career		Contribution upon Retirement	
	% of Base Pay	Vacation Hours (Hrs per year on a per check basis unless otherwise noted)	Vacation Hours	Sick Hours
Executive	Less than 10 years - 1% 10 years or more - 2% DROP participants -3%		Non-Drop - 0%, and Drop - 50%	Non-DROP - 50%, and Drop - 100%
Fire Rescue	1%			Non-DROP - 50%, and Drop - 100%
Laborer	1%			Years of Service: Less than 15 years - 0% 15 years or more - 100%
Police	Non-DROP - 1% DROP - 2%			Non-DROP - 50%, and Drop - 100%
Public Welfare/ Recreation		End of fiscal year (9/30/xx) contribution based on years of service: 1-4 yrs - 4 5-9 yrs - 8 10-14 yrs - 10 15+ yrs - 12	Hire Date: Prior to 1980 - 100% 1980-1989 - 25% 1990-1999 - 25% 2000 - 9/30/09 - 0%	100% for all
Technical/ Professional/ Supervisory	Non-DROP: Less than 10 yrs service - 1%, 10 years or more - 2% DROP: Less than 20 yrs service - 3%, 20 years or more - 5%		100%	Years of Service: 9 years or less - 50% 10-15 years - 75% 16 years or more - 100%
Trades Maintenance	Years of Service: Less than 10 years - 1% 10 years or more - 2%	Per paycheck contribution based on years of service: 1-4 yrs - 0 5-9 yrs - 8 (.31 biweekly) 10-14 yrs - 12 (.46 biweekly) 15+ yrs - 16 (.62 biweekly)		Years of Service: Less than 11 years - 0% 11 years or more - 100%
New Hires on or after 10/1/2009	Years of Service: Less than 10 years - 1% 10 years or more - 2%			50% for all
				<i>effective 10/1/2014</i>

Dependents and Survivor Benefits

These provisions apply to all participating employees regardless of hire date and/or job family classification. Upon separation of employment or retirement an employee may use their RHSP account to pay for the qualifying medical expenses for themselves, their spouse, and their eligible dependents. Dependent eligibility is determined by IRS rules. The RHSP account can provide medical expense reimbursements on behalf of the spouse or any person who is a qualified dependent or a qualified relative according to the plan and IRS Publication 501 entitled Medical and Dental Expenses, regardless of income tax return exemption status.

Upon the death of an employee, the account will be transferred to a surviving spouse and/or eligible dependent(s) for tax free reimbursement of their medical expenses. If you do not have a surviving spouse or dependent(s), the funds from your account will be returned to the Town's RHS Trust and will be distributed to the designated beneficiary on file with the Human Resources Department, less any applicable taxes.

Optional 457 Deferred Compensation Investment Plan

The Town provides an optional retirement program for employees who wish to voluntarily contribute income on a pre-tax basis to a deferred compensation plan. Enrollment is voluntary and the Town does not provide any monetary contributions to this program. Contact Human Resources to begin enrollment and contributions to the 457 plan. ICMA-RC is the Town’s designated plan administrator for this deferred compensation plan.

<p>What are the benefits of participating in a 457 plan?</p>	<ul style="list-style-type: none"> • You reduce your current income taxes while investing for retirement. • Your earnings accumulate tax-deferred. • You can dollar cost average through convenient payroll deductions. * • You may be allowed to make additional "catch-up" contributions if you are 50 (or older) or within three years of your normal retirement age and already contributing the maximum to your plan. • If you change jobs, you have the flexibility to move your account into your new Employer's retirement plan. <p><i>* Dollar cost averaging does not assure profit or protect against loss in a declining market. Since dollar cost averaging involves continuous investing, regardless of fluctuating prices, investors must consider their level of comfort in continuing to invest during a declining market.</i></p>
<p>The ICMA-RC 457 Plan Advantage</p>	<ul style="list-style-type: none"> • You can increase, decrease, stop and restart contributions as often as you wish without fees or penalties. • You may choose from a wide range of investment options. • There are no minimum investment requirements. • Your designated beneficiaries are entitled to receive all remaining funds in your account in the event of your death. • You have the most flexible withdrawal payment options available under law. • You control your account even while you are withdrawing assets.

Source: <http://www.icmarc.com/products-and-services/457-deferred-compensation-plans.html>

Optional Roth IRA

An Individual Retirement Account, or IRA, is a special tax-advantaged account that allows you to build savings for your retirement. One of the primary benefits of an IRA is that your investment's earnings compound tax-deferred. The Town, through ICMA-RC, offers employees the option to enroll with a Roth IRA. With a Roth IRA you contribute on an after-tax basis and you have the opportunity to withdraw earnings on a tax-free basis, assuming certain IRS conditions are met. Enrollment is completely voluntary and the Town does not provide any monetary contributions to this program. Contact Human Resources to begin enrollment. ICMA-RC is the Town’s designated plan administrator for this program.

ICMA-RC Services (for 401(a), 457, Roth IRA, and RHSP accounts)

On-Site Education

The Town offers a variety of on-site educational opportunities presented by ICMA-RC throughout the year. Past topics presented include investing smart in volatile markets, strategies to help you save for retirement, and making investment decisions. Additionally, one-on-one appointments with a retirement specialist will be scheduled for all new hires as a required meeting. Existing employees will be provided opportunities thru the year to schedule an appointment at their convenience. Notices regarding workshops and planner appointments are distributed to all employees via the Town's email system.

On-Line Account Access

Go to www.icmarc.org and click on "login" if you are a registered user, or select "create a new user id" for all new plan participants. Once you have entered all required information and clicked on the "Login" button, you will have successfully completed the Account Access login process. You can now review your account information, request electronic documents (versus receiving paper statements via regular mail) and securely conduct transactions at your convenience.

Mobile myAccount

ICMA-RC's mobile myAccount feature allows you to view your retirement savings account information anywhere and at any time. Use your Smartphone to access myAccount, where you can log in and view account information, such as: account balances, year-to-date account activity, messages configured for mobile devices, and personal performance of the funds in your account. You need a current Account Access user ID to use myAccount.

Guided Pathways® - Advisory Services

Guided Pathways® is ICMA-RC's comprehensive suite of investment advisory and planning services offering the appropriate level of assistance based on how involved you want to be in your retirement investing decision. Guided Pathways begins with a customized wealth forecast that shows how likely you are to accumulate the assets you will need for retirement, based on your personal and financial information. Using this wealth forecast, you will receive a savings rate recommendation and can see how changing certain factors can help increase your chances of reaching your retirement income goals.

Services within the optional Guided Pathways® program include free asset class guidance, fund advice recommendations (standard annual fee would apply), and the more detailed high level of financial guidance thru their Managed Accounts program (asset-based fee would apply). ICMA-RC offers a variety of programs to meet the retirement planning needs of Town employees.

To get started go to the Guided Pathways® page in your on-line Account Access (go to www.icmarc.org and log-in for Account Access) or you may contact guidedpathways@icmarc.org via email or 1-800-669-7400.

Asset Class Guidance	Fund Advice	Managed Accounts
<input checked="" type="checkbox"/> Develop retirement savings plan <input checked="" type="checkbox"/> Determine asset class allocation <input type="checkbox"/> Select appropriate funds <input type="checkbox"/> Monitor fund performance <input type="checkbox"/> Manage my portfolio on an ongoing basis	<input checked="" type="checkbox"/> Develop retirement savings plan <input checked="" type="checkbox"/> Determine asset class allocation <input checked="" type="checkbox"/> Select appropriate funds <input type="checkbox"/> Monitor fund performance <input type="checkbox"/> Manage my portfolio on an ongoing basis	<input checked="" type="checkbox"/> Develop retirement savings plan <input checked="" type="checkbox"/> Determine asset class allocation <input checked="" type="checkbox"/> Select appropriate funds <input checked="" type="checkbox"/> Monitor fund performance <input checked="" type="checkbox"/> Manage my portfolio on an ongoing basis

Separation of Employment and/or Retirement

Defined Benefit Plan

Please contact the Plan Administrator when considering separation of employment. The Plan Administrator will work with all vested employees who are eligible to retire to establish defined benefit payments. If you are vested but not eligible to retire, you can receive information about deferring your benefit until you reach retirement age. Alternatively, if you are not vested, you can receive information to either cash out and/or roll over your contributions to another tax deferred retirement account.

ICMA-RC Accounts

As an employee of the Town of Palm Beach, you may have one or more of the following types of ICMA-RC retirement savings accounts. The Internal Revenue Service (IRS) establishes the regulations associated with withdrawals from these accounts. Therefore, you are encouraged to contact ICMA-RC directly to discuss your withdrawal plans to ensure you are fully aware of any potential taxes and/or penalties you may responsible to pay pursuant to the IRS. The account numbers are provided below for convenient reference for you when you contact ICMA-RC.

Employee Group	ICMA-RC Account Name and Number
All Employees:	<ul style="list-style-type: none"> • Town of Palm Beach (401a) – 106397 • Town of Palm Beach (Optional 457) - 300786 • Town of Palm Beach (Optional Roth IRA) – 705765
Retirement Health Savings Plans (RHSP):	<ul style="list-style-type: none"> • Town of Palm Beach (RHS Current) – 803116 • Town of Palm Beach (RHS Old) – 800533
Share Account for Fire Rescue Personnel:	<ul style="list-style-type: none"> • Town of Palm Beach (Fire Share) -106796
DROP Accounts for All Employees:	<ul style="list-style-type: none"> • Town of Palm Beach (Fire Current DROP) – 106782 • Town of Palm Beach (Fire Old DROP) – 108552 • Town of Palm Beach (Police DROP) – 108335 • Town of Palm Beach (General/Lifeguard DROP) – 108334

Retirement Plan Administration and Contact Information

Defined Benefit Plan (Pension Plan)	Questions about retirement, DROP, survivorship, and any plan and/or retirement board details? Contact: William P. Hanes, Plan Administrator 249 Royal Palm Way Suite 301D Palm Beach, FL 33480 (561) 906-5885 whanes@townofpalmbeach.com
Defined Contribution 401(a) Plan, Optional 457, Optional Roth IRA & RHSP	To make changes to your voluntary contributions to the 401(a) or 457 plans, download the form from the Town intranet, or pick up a form from the Human Resources Department. Contribution change forms for the Roth IRA, 401 (a) and 457 plans in addition to beneficiary changes for the RHSP may be submitted to: Human Resources Department (561) 838-5450 (561) 838-5451 (f) Questions about withdrawals, investment options, 401(a)/457 beneficiaries, or any other 401(a), 457, or RHSP plan provisions? Contact: ICMA-RC On the Web: www.icmarc.com By Phone: 1-800-669-7400 Mon - Fri 8:30 a.m. - 9:00 p.m. EST 24-hour automated services Español: 1-800-669-8216