

**SUMMARY OF KEY AMENDMENTS
TO THE RESTATED
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
DEFINED BENEFIT RETIREMENT PLAN**

I. GENERAL OVERVIEW

On March 30, 2018, the IRS issued a favorable advisory letter for the restated Georgia Municipal Employees Benefit System Volume Submitter Defined Benefit Retirement Plan ("DB Plan" or "Plan"). The DB Plan, as approved, incorporates required federal law updates, as well as administrative updates adopted by the Board of Trustees of GMEBS over the last several years. The IRS requires that each Adopting Employer sign an updated DB Plan Adoption Agreement (and Addendum, if applicable).

II. SUMMARY OF KEY CHANGES TO THE MASTER PLAN DOCUMENT

Because all federal law and substantive amendments to the DB Plan were previously adopted by the Board of Trustees, participating employers have already been apprised of the amendments. However, the following information is a reminder of certain key provisions that were added to the Plan or significantly amended since the Plan was last restated in 2010.

- ❖ **Final Average Earnings and Federal Law Compensation Limits** - Final Average Earnings is defined as a set number of consecutive months of service credit (not to exceed 60 months) in which the participant's earnings were the highest. To comply with federal law, monthly earnings in excess of 1/12 of the federal annual compensation for the year in which the monthly salary was earned will not be used to compute a participant's Final Average Earnings. The monthly limit for salary earned (including payouts for unused leave, if applicable) for 2018 is \$22,916.66. Unless the Plan says otherwise, Final Average Earnings excludes severance pay.
- ❖ **Mandatory Participation; Opt Out Through Written Agreement with Employer** - Unless an employer's Adoption Agreement says participation in the Plan is optional for one or more classes of eligible employees, all eligible employees must participate in the Plan. However, if, within 120 days of becoming employed or taking office, an eligible employee (or elected official, if elected officials are permitted to participate in an employer's Plan) enters into a written agreement or employment contract agreeing not to participate in the DB Plan, the employee will be ineligible to participate in the Plan. The employer must notify GMEBS if an otherwise eligible employee has entered into such an agreement. The employee may not become a participant in the employer's Plan in the future unless the employer amends its Adoption Agreement to specifically require participation by the employee.
- ❖ **Immediate Participation for all Eligible Employees** - Effective January 1, 2015, eligible employees become participants in the Plan on the date on which they become employed. If a plan is contributory, employee contributions must begin when an eligible employee begins work. A participant must still be

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employed with an employer for a minimum of one (1) year in order for his or her service to count for portability or actuarial reserve death benefit purposes.

- ❖ **Repayment of Withdrawn Employee Contributions; Interest and Timing** - If a participant who has terminated employment and withdrawn employee contributions returns to service with the employer, he or she may repay the employee contributions to restore forfeited service credit. The withdrawn funds must be repaid no later than six (6) months following reemployment, in a lump sum with interest, compounded annually from the date of withdrawal to the date of repayment.
- ❖ **No Employee Contributions While Receiving In-Service Distribution** - Participants in plans that require employee contributions and allow in-service distribution of benefits will not be required or allowed to make contributions under the plan while receiving an in-service distribution.
- ❖ **In-Service Distribution** - As a general rule, employees or elected officials may not draw retirement benefits while employed. If a plan allows in-service distribution, a participant must be at least age 62 to receive retirement benefits while employed. If a plan allows in-service distribution and has an alternative normal retirement provision with a minimum age of at least 50 specifically for public safety employees, public safety employees who are eligible for the alternative normal retirement may receive an in-service distribution even if they are younger than age 62. "In-service distribution" means a distribution of normal or alternative normal retirement benefits without a bona fide separation from service. A "bona fide separation from service" is a separation from service of at least six months with no expectation of returning to service. (For a few plans with grandfathered in-service distribution provisions, other minimum age limits may apply.)
- ❖ **Auto A Terminated Vested Death Benefits as Default** - The Auto A terminated vested death benefit applies to all vested participants who terminate employment on or after October 1, 2016, and who were not already covered by a terminated vested death benefit under the employer's GMEBS retirement plan.
- ❖ **Default Death Beneficiaries** - Effective July 1, 2015, if a participant who is eligible for pre-retirement death benefits dies before retirement and does not have a designated pre-retirement beneficiary, his or her surviving spouse, if any, will be considered the pre-retirement beneficiary. If there is no surviving spouse, the participant's pre-retirement death benefits will be paid in a lump sum to the participant's estate. With the exception of the payment of the actuarial reserve in-service death benefit to the estate (which already provided for payment of death benefits to the participant's estate in the absence of a designated pre-retirement beneficiary or surviving spouse), the amount of the pre-retirement death benefit payment to a participant's estate will be 50% of the actuarial equivalent of the participant's vested accrued benefit.
- ❖ **Application for Disability Benefits** - The rules for retroactive disability benefits depend on when the participant terminated employment due to disability. For a

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participant who terminates due to disability on or after April 1, 2015, to receive both retroactive and prospective GMEBS disability benefits, the participant must apply for disability benefits with the Social Security Administration (“SSA”), or with the Pension Committee, as applicable, within one year of termination. Within six months of receipt of the SSA award letter, the participant must submit a GMEBS retirement application and the SSA disability award letter (or Pension Committee determination of disability, if applicable) to the Pension Committee Secretary. Participants who do not meet these timing requirements but are otherwise eligible for disability benefits under the Plan can receive prospective benefits following submission of a retirement application and SSA disability award letter to GMEBS.

For a participant who terminated due to disability on or after July 1, 2011, but before April 1, 2015, to receive both retroactive and prospective disability benefits, the participant must have both submitted a GMEBS retirement application to the Pension Committee Secretary and applied for disability benefits with the SSA (or with the Pension Committee, as applicable) within one year of termination, and submitted the SSA disability award letter (or Pension Committee determination of disability, if applicable) to GMEBS within six months of receiving it. Participants who failed to meet these timing requirements but were otherwise eligible for disability benefits under the Plan could receive prospective benefits after submitting a GMEBS retirement application and SSA disability award letter to GMEBS.

- ❖ **Employer Indemnification of GMEBS; GMEBS Reliance on Information Provided by Employer and Participant; Payment of Benefits Conditioned on Receipt of Information** - By participating in the Plan, employers agree to indemnify and hold GMEBS harmless for any failure to pay benefits, any delay in paying benefits, or any other errors in processing benefits due to the employer’s failure to perform its obligations under the Plan or provide accurate data to GMEBS. The Plan states that GMEBS is entitled to rely on information provided to it by employers, participants and beneficiaries. Payment of benefits under the Plan is conditioned on each payee providing GMEBS accurate information.
- ❖ **Correction of Overpayments to Deceased Individual** - If a participant or beneficiary dies and GMEBS makes excess payments due to not knowing the payee has died, GMEBS will make reasonable efforts (not including litigation or collections processes) to recover the overpayment for a period of 60 days. If, after 60 days following notice of the participant’s or beneficiary’s death, GMEBS has not been able to recover the overpayment, the loss associated with overpayment will be charged against employer’s trust fund. The employer will be required to make a separate payment to the trust fund to make up for the loss. The employer may continue to try to recover the overpayment.
- ❖ **Correction of Underpayments to Deceased Individual** - With respect to underpayments corrected on or after January 1, 2017, if the corrective payment is owed to a deceased party, the corrective payment will be paid to the deceased party’s surviving spouse. If there is no surviving spouse, the benefit will be paid to the deceased party’s estate.

**RESOLUTION OF THE
BOARD OF TRUSTEES OF THE
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM**

**AMENDMENT TO THE RESTATED
GMEBS DEFINED BENEFIT RETIREMENT PLAN**

WHEREAS, the Board of Trustees of the Georgia Municipal Employees Benefit System ("Board") previously adopted the Georgia Municipal Employees Benefit System Defined Benefit Retirement Plan ("Plan"), which was restated in its entirety effective January 1, 2013, as amended, and approved by the Internal Revenue Service by advisory letter dated March 30, 2018;

WHEREAS, the Board amended the funding policy for the Plan on December 8, 2017, to reduce the investment return assumption used for valuation purposes from 7.75% to 7.5%;

WHEREAS, Section 12.06 of the GMEBS Master Defined Benefit Retirement Plan Document ("Master Plan") establishes the factors used to determine actuarial equivalency of retirement benefits other than the single life annuity and to recalculate benefits in the event of re-retirement;

WHEREAS, the GMEBS actuary recommends that the interest rate used in Section 12.06 of the Master Plan be the same as the investment return assumption used in the funding policy;

NOW, THEREFORE, BE IT RESOLVED by the Board this Amendment 1 is hereby adopted to amend the Restated Plan, as follows:

1. Effective as of January 1, 2018, Section 12.06 of the Master Plan, regarding amendment of the Plan, is hereby amended to be and read as follows:

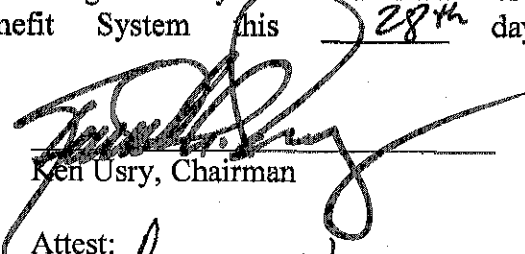
Other Annuity Forms. Conversion factors for other annuity forms shall be computed by an enrolled Actuary on an actuarially equivalent basis assuming that the Participant is retiring at age sixty-five (65) and using the RP 2000 Mortality Table set forward two (2) years for males and one (1) year for females and with interest of seven and one-half percent (7.5%)~~seventy-five one hundredths percent (7.75%)~~, regardless of the actual age and sex of any Participant or Beneficiary. If appropriate, such factors may vary by the difference between the Participant's age and the beneficiary's age. The value of Retirement benefits received by a Participant for purposes of Section 6.06 shall be determined using the RP 2000 Mortality Table set forward two (2) years for males and one (1) year for females and with interest of seven and one-half percent (7.5%)~~seventy-five one hundredths percent (7.75%)~~. Notwithstanding the foregoing, the UP 1984 Mortality Table without age setback and with interest of eight percent (8.0%) was applied for the purpose of computing other annuity forms and calculating the value of Retirement benefits received by a Participant for purposes of Section 6.06 on or after January 1, 2013

and prior to September 26, 2014, and the RP 2000 Mortality Table set forward two (2) years for males and one (1) year for females and with interest of seven and seventy-five one hundredths (7.75%) applied for such purposes from September 26, 2014 through December 31, 2017.

2. In all other respects, the Plan shall be and remain unchanged.

RESOLVED FURTHER by the Board that the appropriate officers of GMEBS are authorized to take any and all actions that they deem appropriate or necessary to effectuate the foregoing resolution on behalf of the Board, including giving notification to adopting employers, and making any additional non-substantive amendments to the Plan as may be necessary or appropriate, including amendments requested by the IRS, and that all prior actions taken in effectuating the foregoing are hereby ratified and confirmed in all respects.

The terms of this Resolution are approved and agreed to by the Board of Trustees of the Georgia Municipal Employees Benefit System this 28th day of September, 2018.


Ken Usry, Chairman

Attest:


Larry Hanson, Secretary-Treasurer

Adopted by the Board of Trustees at the meeting held on September 28, 2018.