County of Los Angeles
Pension Savings Plan

2016 | Summary Plan Description

Introduction

This Summary Plan Description (SPD) gives you important details about how the County of Los Angeles Pension Savings Plan (the "Plan") works and what you can do to take advantage of the benefits it offers. Be sure to read it carefully and keep it handy as a reference in the future. This document describes Plan provisions in effect on and after January 1, 2016. Certain provisions described here may not apply to Participants who terminated employment with the County before this date.

This SPD is for informational purposes only. It summarizes many of the details of the Pension Savings Plan. The terms of the Plan are contained in Los Angeles County Code Title 5, Chapter 5.19, which legally governs the administration of the Plan. If there are any conflicts between this summary and the official terms of the Plan, those official terms shall govern.

Capitalized terms used throughout this summary have the meanings set forth in the **Glossary**.

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Plan Overview

Purpose

The County of Los Angeles Pension Savings Plan is a retirement and investment plan for part-time, temporary and seasonal employees of the County and Los Angeles Superior Courts who are not eligible to participate in the retirement programs provided through the Los Angeles County Employees Retirement Association (LACERA) or the Judges Retirement System.

Summary of Plan Features

Under the Plan, you make mandatory before-tax contributions to the Plan based on a percentage of your current Compensation. Additionally, the County will make contributions to the Plan on your behalf. You may also elect to make additional contributions above the mandatory amount, but not to exceed current annual Internal Revenue Code (IRC) limits. Your Deferred Compensation Contributions and County Contributions plus any earnings that accumulate in your account are not subject to income tax until they are distributed (paid out).

You may request a distribution from your Pension Savings account only when you have a bona fide Separation From Employment with the County. Any remaining balance in your account will be paid to your Beneficiaries if you die before you receive your entire account balance.

The Pension Savings Plan is a deferred compensation plan, which means income taxes are deferred, not eliminated. When you are eligible to take a distribution from the Plan, ordinary income taxes will be applied to any monies you receive. Note: Contributions to the Plan are subject to the Hospital Insurance (HI) Tax for Medicare at the time they are made to the Plan.[1]

Administration

Administration of the Pension Savings Plan is the responsibility of the Plan Administrative Committee (PAC). The PAC is composed of the Auditor-Controller, County Counsel, Treasurer and Tax Collector, Chief Executive Officer of the County, and SEIU Local 721 and Coalition of County Unions representatives. PAC members may designate named alternates to serve in their absence. PAC members are fiduciaries whose authority includes interpreting Plan provisions, determining the rights and benefits of Participants and/or Beneficiaries, selecting Plan investments, and contracting with private firms for Plan-related services.

The County of Los Angeles Board of Supervisors has selected Empower Retirement as the service provider for the Pension Savings Plan. Empower Retirement is responsible for the daily administration of the Plan, such as recordkeeping and participant services, as well as the operation of the County of Los Angeles Service Center. Pension Savings Plan assets are held in a trust fund. The Board of Supervisors has selected Wells Fargo Bank, N.A. as the trustee. Legally, the trust's assets can be used only for the benefit of Pension

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1 Pursuant to the Federal Insurance Contributions Act (FICA), contributions to the Plan (including County Contributions) are required to be included as taxable wages in the formula that calculates the Hospital Insurance (HI) Tax. The corresponding HI Tax will be deducted from a Participant's current wages. In some cases, County Contributions may not have been subject to the HI Tax when contributed and those amounts, plus the earnings thereon, may be subject to HI Tax upon distribution.

Savings Plan Participants and their Beneficiaries upon eligibility and to pay reasonable expenses of the Plan. The trust arrangement protects Plan assets from the claims of the County's general creditors.

The PAC has control over the selection of Plan investments. The PAC manages Plan investments according to its Investment Policy.

Legal Background

In 1990, the U.S. Congress passed the federal Omnibus Budget Reconciliation Act of 1990. This Act requires that beginning January 1, 1992, all County employees not participating in a qualified retirement plan, such as LACERA, be placed in Social Security or another program meeting federal requirements.

Since January 1, 1992, the County of Los Angeles Pension Savings Plan has satisfied that requirement as an "eligible deferred compensation plan" under Section 457 of the IRC and as a "retirement system" pursuant to the Treasury Regulations under Section 3121(b)(7)(F) of the IRC.

Participation is a condition of employment for part-time, temporary and seasonal employees. By participating in the Plan, you are not agreeing to continue to work for the County for any period of time. By adopting the Plan, administering it, and making contributions to it, the County is under no obligation to continue your employment for any period of time.

Eligibility and Participation

Eligibility and Automatic Enrollment

If you are a part-time, temporary or seasonal County Employee, you will be automatically enrolled as a Participant in the Plan on the later of January 1, 1992, or the date you first become a member of a group or class of Employees that: (1) is ineligible to participate in LACERA or the Judges Retirement System and (2) receives "wages" for "employment," as defined in IRC section 3121. If you meet these eligibility requirements, you are automatically enrolled in the Pension Savings Plan. If you are a retiree receiving benefits from LACERA and are rehired by the County, you are treated as a participant in LACERA and will not be eligible to participate in the Plan.

Employees of the Los Angeles Superior Court may participate in the Plan if they meet the eligibility provisions described above. All of the terms and conditions of the Plan apply to the employees of the Los Angeles Superior Court for as long as the Court elects to participate in the Plan. All contributions made to the Plan on behalf of Superior Court employees will be contributed by the Superior Court.

Following your automatic enrollment, you will receive a personal identification number[2] (PIN) from Empower Retirement. You can use the PIN to access your account through the

2 The account owner is responsible for keeping the assigned PIN confidential. Please contact Empower Retirement immediately if you suspect any unauthorized use.

County of Los Angeles Service Center at (800) 947-0845 or view your account online at **www.countyla.com**.[3]

Naming a Beneficiary

After you have been automatically enrolled in the Plan, you will be asked to name a Beneficiary or Beneficiaries. It is important that you decide who will receive any remaining Pension Savings Plan account balance upon your death.

You may name anyone as a Beneficiary or you may name your estate. However, because your Pension Savings Plan account is subject to California community property laws, if you are married or in a domestic partner relationship that is registered with the state of California and you name a primary Beneficiary other than or in addition to your spouse or registered domestic partner, he or she must submit notarized written consent for your choice of Beneficiary(ies). The consent will waive your spouse's or registered domestic partner's right to receive a full or partial distribution (as applicable) from your account balance upon your death. If you are not married or in a registered domestic partnership at the time you name a beneficiary but become married or enter into a registered domestic partnership in the future, your spouse or registered domestic partner will automatically be entitled to his or her interest in this account from the time of marriage or registration regardless of your beneficiary designation.

If your spouse is designated as a Beneficiary and you divorce, your entire beneficiary designation becomes null and void.[4] If your registered domestic partner is designated as a Beneficiary and your registered domestic partnership is terminated, your entire beneficiary designation becomes null and void.[4] If a new Beneficiary Designation Form is not completed upon divorce or upon termination of your registered domestic partnership, your account will be payable in accordance with the hierarchy established for the Plan (noted below).

You may name, revoke or change a Beneficiary by logging in to your account at **www.countyla.com** or through the County of Los Angeles Service Center, provided that you submit any other required documentation. If you die without naming (or renaming, when required) a Beneficiary, or fail to submit the required documentation prior to your death, or there is no existing Beneficiary (for example, because the Beneficiary predeceased you or because of a divorce or termination of a registered domestic partnership), your Beneficiary(ies) will be designated as:

- Your spouse (or registered domestic partner), if living 30 days after the date of your death.
- If the above doesn't apply, then your children by blood or adoption, sharing equally (with children of a deceased child sharing equally the deceased child's portion).
- Your estate, if your Beneficiary(ies) cannot be determined under this provision.

Change in Eligibility Status

If you are actively contributing to the Plan and have a change of employment classification that makes you ineligible to participate in the Pension Savings Plan—for example, going from a part-time, seasonal or temporary status to a full-time permanent status—you will

3 Access to the County of Los Angeles Service Center and/or any website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.
4 This rule is effective for divorces on or after January 1, 2002.

remain a Pension Savings Plan Participant and your funds in the account will continue to accrue earnings, but your Deferred Compensation Contributions and County Contributions made to the Plan on your behalf will cease. See Plan Contributions for additional information regarding Deferred Compensation Contributions and County Contributions.

If you become a full-time permanent Employee of the County or the Los Angeles Superior Court, you may become eligible for LACERA or the Judges Retirement System and one or more of the County's supplemental deferred compensation plans, such as the County of Los Angeles Deferred Compensation and Thrift Plan (also known as the Horizons Plan). You may want to consider transferring your Pension Savings Plan account balance to one of these other County-sponsored retirement plans. For more details, see Plan-to-Plan Transfers and Rollovers.

If you experience a bona fide Separation From Employment with the County, you also will become ineligible to continue contributing to the Pension Savings Plan. Only individuals who are current part-time, seasonal or temporary employees are eligible to contribute to the Plan. A bona fide Separation From Employment with the County does allow you to take a distribution of your account balance. For more details on how to withdraw your account balance, see Benefit Distribution.

Plan Contributions

Pension Savings Plan Contribution Rates[5]	Percentage of Compensation (%)
Basic Deferred Compensation Contribution (mandatory)	**4.5%**
County Contribution	**3%**
Supplemental Deferred Compensation Contribution (voluntary)	**0.1% - 92.5%**

County Contributions
The County provides a contribution equal to 3% of your Compensation each month. (See the Glossary for the definition of Compensation.)

Basic Deferred Compensation Contributions (Mandatory)
A mandatory contribution of 4.5% of your Compensation is made to the Plan through payroll deductions each pay period. This contribution is known as your Basic Deferred Compensation Contribution. You cannot decrease your Basic Deferred Compensation Contribution, which is fixed at 4.5%. Your Basic Deferred Compensation Contribution is made with before-tax payroll deductions. This means you do not pay current income taxes on this contribution; instead, taxes are delayed until distribution. As noted in the Plan Overview, all Plan contributions are subject to the HI Tax at the time they are deducted from your paycheck.

5 IRS limits apply. See page 6.

Supplemental Deferred Compensation Contributions (Voluntary)
You may elect to contribute more than the Basic Deferred Compensation Contribution amount of 4.5% by establishing a Supplemental Deferred Compensation Contribution percentage. The default percentage for this contribution is 0%. You may increase or decrease your Supplemental Deferred Compensation Contribution percentage at any time. Your contribution percentage may be in whole or fractional percentages to one decimal place (such as 8.5%, but not 8.56%). Your Supplemental Deferred Compensation Contributions are made with before-tax payroll deductions and will be subject to the HI Tax at the time they are deducted from your paycheck.

If you decide to make a Supplemental Deferred Compensation Contribution, your most recent contribution percentage change will go into effect on the first day of the following pay period and will be applied to that pay period's earnings. Therefore, the contribution percentage change will be reflected on the paycheck you receive two pay periods after you make the change.

For example: Any contribution percentage changes made **July 1-15** (pay period 1) will be applied to your **July 16-31** pay period earnings (pay period 2), which will be reflected on your **August 15** pay stub (pay period 3).

The County of Los Angeles website (**www.countyla.com**) has an online calculator to help you calculate a contribution percentage suitable to your individual financial situation and objectives. The Online Contribution Calculator will help you determine the contribution percentage necessary to contribute the maximum allowable contribution or to ensure you're receiving the full County matching contribution.

You can submit your supplemental contribution percentage online at **www.countyla.com** or by calling the County of Los Angeles Service Center at (800) 947-0845.

The Basic Deferred Compensation Contribution and Supplemental Deferred Compensation Contributions are collectively referred to as "Deferred Compensation Contributions" throughout this SPD.

Vesting
Your Deferred Compensation Contributions and the County's Contributions are immediately 100% vested. This means your entire Pension Savings Plan account balance belongs to you. When you become eligible for a distribution, you can withdraw up to your entire account balance.

Annual Limitations on Contributions
The Internal Revenue Service (IRS) governs the annual contribution limits to a defined contribution plan such as the Pension Savings Plan. Your combined Deferred Compensation Contributions and County Contributions cannot exceed the annual contribution limits.

The annual contribution limit is the lesser of 100% of your includible compensation[6] or the applicable dollar limit, as defined by the IRS for that calendar year. The IRS contribution

6 Includible compensation means wages for purposes of the income tax withholding rules under the IRC, which are paid to you as an Employee of the County for services you perform. It also includes Deferred Compensation Contributions to the Plan or contributions to certain other retirement arrangements, including Horizons, for which you may become eligible to participate.

limit for 2016 is $18,000. This amount will be indexed for inflation in future years. The contribution limit includes your Deferred Compensation Contributions (Basic and Supplemental) and County Contributions made to the Plan on your behalf.

Reaching the Annual Contribution Limit and the Refund of Excess Contributions

If the annual contribution limit is reached before the end of the year, all of your Deferred Compensation Contributions and the County Contributions to the Pension Savings Plan will stop automatically. If this happens, you will notice that your Pension Savings Plan deduction and County match will both be zero on your pay stub. Contributions will begin again automatically in January of the next year. If for some reason your contributions exceed the annual contribution limit during the year, the Plan will refund your personal excess contributions plus earnings. Income tax will be applied to the refunded amounts.

Special Three-Year Catch-Up Contributions

The Special Three-Year Catch-Up provision is available to certain employees who did not maximize their annual contributions to the Pension Savings Plan in prior years. The purpose of "catch-up" contributions is to give you an opportunity to build up your retirement account in the years just before you retire by increasing the annual contribution limit that will be applicable to you—just in case you didn't contribute earlier in your career or if your nest egg is not where you expected it to be.

You can enroll in the Special Three-Year Catch-Up program when you are within three calendar years of reaching Normal Retirement Age. You can increase your annual contribution limit for each of the next three consecutive calendar years to the lesser of:

- Two times the current annual contribution dollar limit—for 2016, that is 2 x $18,000, which is $36,000, or

- The sum of the Plan contribution dollar limit for the current calendar year and the Plan contribution limits for any prior taxable years in which you were eligible to participate in the Plan (taking into account the limits and coordination requirements under prior law) minus any contributions you and your employer made to the Plan during those years.

The Special Three-Year Catch-Up may be used only once under the Plan and must be used in three consecutive calendar years. However, you need not contribute at the higher contribution rate for all three years. For example, you can contribute under the Special Three-Year Catch-Up for the first two consecutive years and stop during the last. You cannot contribute to just the first year, skip the second year, and then resume in the third year.

Special Three-Year Catch-Up contributions are set for a fixed dollar amount, not a percentage.

You must enroll in the Special Three-Year Catch-Up program. You must complete a catch-up enrollment application and be approved before you can make the Special Three-Year Catch-Up contributions. For details on eligibility and to request a special three-year catch-up enrollment application, contact the County of Los Angeles Service Center at (800) 382-8924.

Participation in Other Defined Contribution Plans
If you participated in another defined contribution plan(s) during the calendar year, such as a 457 retirement plan with another employer, you may have to include your contributions to the other plan(s) against your Pension Savings Plan annual contribution limit. If you have questions about coordinating your annual contribution limit among multiple defined contribution plans, please contact the County of Los Angeles Service Center at (800) 947-0845.

Your Investment Accounts
When you become a Participant in the Pension Savings Plan, two primary investment accounts will be set up for you:

- Your Deferred Compensation Contribution account
- Your County Contribution account

Your Deferred Compensation Contributions will be credited to your Deferred Compensation Contribution account. Any investment gains or losses from your payroll contributions will be applied to this investment account.

The County Contributions will be put into your County Contribution account. Any investment gains or losses from the County Contributions will be applied to this investment account.

Investment of Plan Assets
The Pension Savings Plan assets are invested in an investment called the Invesco Stable Asset Fund. Historical fund information is provided with your quarterly account statements. Daily fund valuations are available on the website at **www.countyla.com**.

Stable value funds, such as the Invesco Stable Asset Fund, invest largely in actively managed fixed-income investments and insurance company contracts. Interest is accrued daily and paid monthly for all funds on deposit. Past performance is not a guarantee or prediction of future results.

As a Plan Participant, you have the right to request the following information about the Plan's investments:

- Copies of prospectuses, financial statements, reports and other information (to the extent such information is provided to the Plan).
- Descriptions of the annual operating expense of each Plan investment, including investment management fees, administration fees, transaction costs and other costs that can reduce your rate of return on your investments.
- Listings of the assets that make up each Plan investment, as well as the proportion the assets represent in the total fund.
- Information about the value of shares you hold in your account (available in your quarterly account statement).

The PAC has designated the service provider, Empower Retirement, to respond to your requests. You may also request the information listed above via the website at **www.countyla.com**.

Quarterly Account Statements
After the end of each calendar quarter, statements are mailed to your home or mailing address of record or they can be viewed on the secure website. To set up your account for online statement delivery, log in to **www.countyla.com** and click *Go Paperless* under the *My Profile* tile. You will also receive an Investment Option Returns sheet reflecting historical investment returns for the Pension Savings Plan as of the end of the most recent calendar quarter. The statement shows your total account activity for the quarter, such as Deferred Compensation Contributions to your account, County Contributions to your account, investment results, distributions and, if applicable, fees.

Review Your Paycheck Stubs and Statements Carefully
Please review your semimonthly paycheck stubs and quarterly statements carefully to confirm that the service provider (Empower Retirement) has properly acted on any elections you have made. Corrections involving eligibility or contributions will only be made for errors that have been communicated to the County or Empower Retirement within 90 calendar days following the first payroll date upon which the initial contribution or contribution change should have been reflected on your paycheck. All other account discrepancies reflected on the quarterly statement must be communicated to Empower Retirement within 90 days of the date of that statement. Inquiries should be directed to the County of Los Angeles Service Center at (800) 947-0845 or in writing at:

Empower Retirement
P.O. Box 173856
Denver, CO 80217-3856

After the 90-day correction window has passed, the account information shall be deemed accurate and acceptable to you. If you notify the County or Empower Retirement of an error after this 90-day correction window, the correction will be processed as quickly as practicable only from the date of notification forward and not on a retroactive basis. Contact the County of Los Angeles Service Center at (800) 947-0845 with questions.

Fees and Other Expenses
The County of Los Angeles and Empower Retirement provide a wide range of administrative services for Plan Participants. Currently, the County pays for all Plan administrative fees. However, the County reserves the right to assess the fees against your Pension Savings Plan account. You will be notified if there is a change to how Plan administrative fees are assessed.

Plan Administrative Fee
This fee, currently paid by the County, goes toward paying Empower Retirement for ongoing Pension Savings Plan administrative costs, including recordkeeping, participant services, etc.

County Administrative Fee
This second fee, also currently paid by the County, covers the direct County costs incurred as a result of County employees providing administrative services to the Plan, as well as the cost of outside contractors (other than Empower Retirement) that provide services to the Plan (such as fiduciary insurance providers and the services of communication consultants, custodian, trustee, investment advisors, auditors and lawyers).

Qualified Domestic Relations Order

If you are a Pension Savings Plan Participant and you get a divorce or dissolve a registered domestic partnership, a Qualified Domestic Relations Order (QDRO) may give your former spouse or registered domestic partner (the "Alternate Payee") a right to receive all or part of your benefits. If so, your Pension Savings Plan account (including your Deferred Compensation Contributions, County Contributions, and any earnings) will be divided according to the QDRO, and the Alternate Payee will have his or her own account.

When the County of Los Angeles Service Center receives a domestic relations order or, if earlier, receives written notice that one is being sought, distributions from your account in the Plan will be suspended pending determination of whether the order qualifies as a QDRO. The suspension of distributions from your account shall be discontinued only in accordance with a QDRO, a court order demonstrating that no benefits have been awarded to the Alternate Payee, or other documentation as determined by the Plan administrator. The Alternate Payee does not have to wait until you are eligible for a distribution (e.g., your bona fide Separation From Employment) to receive a distribution of his or her interest under the Plan. The Alternate Payee may elect to take a distribution in a lump-sum payment or, provided the Alternate Payee's interest under the Plan exceeds $5,000, in equal monthly, quarterly, semiannual or annual installments not to exceed 20 years. The Alternate Payee is responsible for any income taxes on distribution amounts he or she receives.

If you dissolve a domestic partnership that was registered under state law (or a same-sex marriage), a domestic relations order may recognize your former domestic partner's (or same-sex spouse's) interest in your benefits. If the County of Los Angeles Service Center receives such an order or, if earlier, receives written notice that one is being sought, distributions from your account in the Plan may be suspended pending determination of whether the order qualifies as a QDRO. However, because of restrictions imposed by the federal Defense of Marriage Act, your former domestic partner (or same-sex partner) generally will not be able to receive his or her share of benefits awarded under a QDRO until you take your distribution from the Plan. For this reason, you and your former domestic partner or same-sex spouse may want to consider alternative methods of equitably dividing your assets. Any benefits received by your former domestic partner or same-sex spouse will be taxable to you. More information about QDROs can be found in the QDRO FAQ located at **www.countyla.com** or you can contact the County of Los Angeles Service Center at (800) 947-0845.

Benefit Distribution

Generally, a distribution of your Pension Savings Plan account balance is available upon:

- Bona fide termination of County employment.
- Retirement.
- Death.

Point to Remember:
Once you choose the distribution option and begin receiving the funds, you cannot change your election.

Distribution Options When You Leave County Employment Before Age 50
When you leave County employment before age 50 (that is, before Retirement), you have several distribution options:

- **Delay Until at Least Age 50 for Accounts Over $1,000**. If you have more than $1,000 in your Plan account, you can keep the funds in your account until age 50 or later, but not beyond age 70½. Your account will continue to be credited with earnings. **You will be deemed to have chosen this option unless you notify the County of Los Angeles Service Center otherwise within 30 days of your termination date (normally on your last day of County employment).**

- **Lump-Sum Payment**. You can withdraw all of the funds in your account as a lump-sum payment. **NOTE FOR ACCOUNT BALANCES OF $1,000 OR LESS:** If you have $1,000 or less in your account and you do not elect to take a distribution at the time you leave employment, your funds will remain on deposit for up to two (2) years pending your rehire. If you are not rehired during this two-year period and your account balance remains $1,000 or less, your account may be automatically distributed to you in a lump sum unless you elect a rollover within 30 days of receiving a distribution package.

- **Rollover Option**. If you go to work for an employer that has an Eligible Retirement Plan that accepts rollovers or if you have an individual retirement account (IRA), you may roll over your Plan account to your new employer's plan or IRA. This permits you to continue to defer taxes on your account. Please be aware, if you roll over your account balance to another plan or IRA, you may not be able to withdraw your funds from the receiving plan before age 59½ without being subject to an early distribution tax of 10%. Note: If you elect to delay receipt of your benefits (as described above), you may elect a rollover at a later time.

Distribution Options Upon Retirement on or After Age 50
If you leave County employment on or after age 50 or you previously delayed distribution of your account until at least that age, you have the choice of taking the funds in your account at the time of your actual Retirement or any year thereafter up to age 70½. When you are ready to receive your benefits, you will have several options. You may wish to consult with your financial or tax advisor to help determine the best option. Your options are:

- **Delay Distribution**. You may keep the funds in your account until a later date, but not beyond age 70½. Your account will continue to be credited with earnings. **You will be deemed to have chosen this option if you have more than $1,000 in your account unless you notify the County of Los Angeles Service Center otherwise within 30 days after you receive your distribution package (normally on your last day of County employment).** Note: If you elect to delay receipt of your benefits, you may elect a rollover, lump-sum installment or annuity payments at a later time.

- **Rollover Option**. If you go to work for an employer that has an Eligible Retirement Plan that accepts rollovers or if you have an IRA, you may roll over your Plan account to your new employer's plan or IRA. This permits you to continue to defer taxes on your account. Please be aware, if you roll over your account balance to another plan or IRA, you may not be able to withdraw your funds from the receiving plan before age 59½ without being subject to an early distribution tax of 10%.

- **Lump-Sum Payment**. You may choose to take the full amount in your Plan account in one lump-sum payment. **NOTE FOR ACCOUNT BALANCES OF $1,000 OR LESS:** If you have $1,000 or less in your account and you do not elect to take a distribution at the time you leave employment, your funds will remain on deposit for up to two (2) years pending your rehire. If you are not rehired during this two-year period and your account balance remains $1,000 or less, your account may be automatically distributed to you in a lump sum unless you elect a rollover within 30 days of receiving a distribution package.

Additionally, if you have more than $5,000 in your Plan account, you may select one of the following options:

- **Periodic Installment Option**. You may choose to receive the funds in substantially equal monthly, quarterly, semiannual or annual installments over a period not to exceed 20 years (subject to the federal minimum distribution rules).

- **Life Annuity Option**. You may choose an annuity for your lifetime or the lives of you and your designated Beneficiary and the last survivor of both.

If you choose an annuity through the Plan, the annuity payments you receive will be taxable in the years in which they are distributed. Additionally, you should be aware that there is a California tax on the purchase of an annuity that must be considered.

Minimum Distribution Requirement
If you are no longer employed by the County and have requested that distribution of your Plan account be delayed, we will keep the funds until you notify us you are ready to withdraw them, subject to the required minimum distribution (RMD) rules. Under the RMD rules, you must begin taking distributions from the Plan by April 1 of the year following the later of the year you turn age 70½ or the year you retire. The RMD rules have detailed requirements about how and when benefits must be paid. These rules override any inconsistent benefit option, and, accordingly, any form of benefit elected under the Plan will be modified to conform with these tax rules. Contact the County of Los Angeles Service Center for additional information about the RMD requirements.

Your Beneficiary's Options Upon Your Death
It is important to keep your beneficiary records updated and accurate. Upon your death, your named Beneficiary(ies) must notify the County or Empower Retirement of your death and complete the required distribution forms and provide necessary documentation. Upon receipt of the required forms and documentation, and if you die before receiving any or all of your Plan funds, your account will be paid to your Beneficiary(ies).

Death After Distributions Start. If you die after distribution of your Plan funds has started, your benefits will continue to be paid, in accordance with the method you selected, to your Beneficiary(ies).

Death Before Distributions Start. If you die before distribution to you has started, your Beneficiary(ies) may receive your Plan funds in a lump-sum payment. Alternatively, if you have more than $5,000 in your Plan account, your Beneficiary(ies) may select one of the following options (as applicable) if he or she notifies the County of Los Angeles Service Center in writing within 30 days of receiving a distribution package:

- **Installment Option.** Your Beneficiary(ies) may choose to receive the funds in substantially equal monthly, quarterly, semiannual or annual installments over a period not to exceed 20 years (subject to the federal minimum distribution rules).

- **Life Annuity Option.** Your Beneficiary(ies) may choose a life annuity. Your Beneficiary(ies) should be aware that there is a California tax on the purchase of an annuity that must be considered.

Your Beneficiary(ies) will be deemed to have chosen a lump-sum distribution unless the Beneficiary(ies) notifies the County of Los Angeles Service Center otherwise within 30 days after receiving a distribution package. Provided that Empower has the Beneficiary's address on file and a certified copy of the death certificate, your account will be closed and all the funds in the account will be sent to your Beneficiary(ies) as soon as administratively feasible. The payments will be taxable in the year(s) distributed from the Plan.

The RMD rules also apply to distributions made to your Beneficiary(ies) after your death. Application of these rules may shorten the distribution schedules described above. Please contact the County of Los Angeles Service Center for additional information regarding the RMD rules.

Beneficiary's Ability to Roll Over Distribution

If your Beneficiary is your surviving spouse, he or she may be eligible to roll over the Plan distribution to another Eligible Retirement Plan that accepts such rollovers or to an IRA. Other non-spouse Beneficiaries may be eligible to roll over Plan distributions to an "inherited IRA." Your Beneficiary will receive more detailed information on rollover options in the form of a Special Tax Notice when he or she becomes entitled to a distribution that may be eligible for rollover.

Taxes

Investment Capital Gains/Losses

The Pension Savings Plan is a tax-deferred retirement plan. This means any monies remaining in your account are not subject to annual tax reporting; therefore, you do not report any capital gains nor can you claim any investment losses. You pay income tax only on the amount of the distribution you take from your Pension Savings Plan account.

Tax Treatment of Your Plan Distributions

As long as your contributions and the earnings on them remain in the Plan, they are not subject to income tax under current tax laws. However, previously untaxed funds, such as your before-tax Deferred Compensation Contributions, County Contributions and any investment earnings, will be treated as ordinary income and will be subject to income tax when they are distributed from the Plan. Additionally, County Contributions that were not previously subject to HI Tax (and earnings on those contributions) may be subject to HI Tax when distributed from the Plan.

Plan-to-Plan Transfers and Rollovers

Plan Transfers Into Pension Savings Plan

The Plan will accept before-tax plan transfers that qualify as eligible transfers from an eligible deferred compensation plan that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state (a governmental 457 plan). Plan transfer contributions will be invested in existing Pension Savings Plan investments.

You may be required to provide information or documentation necessary for the PAC to make a determination as to whether the plan transfer satisfies the requirements of the Plan and the IRC.

Rollover From Pension Savings Plan Into Another Plan

In certain circumstances, you may be eligible to roll over the balance from your Pension Savings Plan account into another Eligible Retirement Plan. For example, if you change jobs, your new employer may allow you to roll over the balance of your Plan account into that employer's retirement plan. You may also be eligible to roll over the balance of your Plan account into an IRA. Your surviving spouse also may be eligible to roll over the balance of your Plan account to an Eligible Retirement Plan, and other surviving Beneficiaries may be eligible to roll over the balance of your account to an inherited IRA. Any rollover distribution from the Plan will be made in a lump-sum transfer directly to the trustee of an Eligible Retirement Plan that accepts rollover contributions. You will receive more information on rollovers when you become entitled to a distribution. To obtain more information on how to roll over the balance in your Plan account to another plan, contact the County of Los Angeles Service Center at (800) 947-0845.

Transfers From the Pension Savings Plan to Other County Plans

If you are a Participant in the County's Pension Savings Plan, the balance in your account may be transferred to the Horizons Plan if you become a member of LACERA. You must first enroll in the Horizons Plan prior to transferring your Pension Savings Plan account.

With any transfer from the Pension Savings Plan, investments in your Plan account will be liquidated and then cash will be transferred to the Horizons Plan.

Transfers to Comparable Plans

If you leave County service for service with another eligible governmental entity, you may elect to transfer your entire Pension Savings Plan account balance to your new employer's eligible deferred compensation plan, provided the plan will accept such a transfer.

Claims

If you believe you are entitled to receive a benefit from the Pension Savings Plan, you or your Beneficiary must file a claim application with the County of Los Angeles Service Center. The County has instructed the Plan's Third-Party Administrator, Empower Retirement, to review the claims and approve or deny each one based on the County's instructions and the Plan rules.

Appeal Procedure
If your application for benefits is denied, you or your Beneficiary will be advised of your right to appeal the denial to the PAC. You or your Beneficiary may appeal the denial by:

- Filing a written request with the PAC for review of the claim, stating the specific facts supporting your claim.
- Specifying on your written request the action you want taken.

Your appeal must be filed within a reasonable time period following the date of denial of your claim and will be reviewed by staff appointed by the PAC. If that staff determines your claim is valid, benefits will be distributed as soon as administratively feasible. However, if your appeal is denied by this staff, your appeal will be reviewed by the PAC at its next open meeting. Meeting schedules and locations can be found at **www.countyla.com**. The PAC's determination regarding the denial of a claim on appeal will be your final available administrative remedy.

Lost Participants
If you or your Beneficiary(ies) cannot be found within four years of the date you are first eligible to receive Plan payments, your Pension Savings Plan account balance will be forfeited to a forfeiture account in the Plan. No interest will accrue on the forfeited amount. However, if you or your Beneficiary(ies) later file an application for Plan benefits, your entire account balance as of the date of forfeiture will be restored and distributed to you or the Beneficiary(ies). A lump-sum benefit will be paid no later than 60 days after you or your Beneficiary files an application.

Military Service
Under federal law, the Uniformed Services Employment and Reemployment Rights Act (USERRA) gives you certain rights if you voluntarily or involuntarily leave County employment to serve in any of the U.S. military services, including the Coast Guard, for active duty or for training. Contact Empower Retirement for additional information.

Amendment or Termination of the Plan
While the County intends to continue the Plan, the Pension Savings Plan provides that the Plan may be amended or terminated by the County at any time. However, no amendment or termination will reduce or impair the rights of Participants and their Beneficiaries to amounts already credited to their accounts. Additionally, termination of the Plan or any amendments that apply to represented Employees are subject to negotiation with their union bargaining agents.

If the Plan is terminated and there is a successor governmental 457 plan, the Plan trustee will transfer Plan assets to the successor plan. If there is no successor plan, the trustee will distribute a lump-sum payment of the vested balance in each Participant's account to the Participants or their Beneficiaries.

Because the Plan can be amended or terminated as just discussed, Participants are not guaranteed the right to have the Pension Savings Plan or any of its terms continue in the future.

Temporary Suspension of Plan Provisions
During any conversion period (such as a change in Third-Party Administrator or an investment change under the Plan), the PAC may temporarily suspend certain provisions

of the Plan. For example, the temporary suspension may impact the provisions of the Plan relating to your rights to change your Deferred Compensation Contribution elections or take a distribution from your account.

Glossary

Alternate Payee means any spouse or former spouse of a Participant who is recognized under a Qualified Domestic Relations Order (QDRO) as having a right to receive all or a portion of the Participant's payable benefits or accounts under the Plan. Former registered domestic partners and same-sex spouses may have similar rights under a QDRO. See Page 9 for information on QDROs.

Basic Deferred Compensation Contribution means the mandatory contribution, equal to 4.5% of Compensation, deducted from a Participant's pay.

Beneficiary means a person or persons designated by a Participant to receive the Participant's account balance after his or her death. See Naming a Beneficiary on Page 4 for more information.

Bona Fide Separation of Service means separation of employment from the County with no prearrangement or understanding that you will be rehired by the County.

Compensation used for the purposes of calculating Deferred Compensation Contributions and County Contributions is the same as it is for Social Security/Old Age Survivors and Disability Insurance (OASDI). Briefly, this means that all of the Participant's cash compensation (base pay, overtime, bonuses, standby and callback pay) plus any Deferred Compensation Contributions made on his or her behalf, up to the annual pay limit for OASDI, are included.

County means the County of Los Angeles, any governmental entity of which the Los Angeles County Board of Supervisors is the governing body, and the Los Angeles County Superior Court (provided it has not chosen to cease participation in the Plan).

County Contribution means an amount equal to 3% of a Participant's Compensation that is credited by the County to such Participant's account.

Deferred Compensation Contribution means a Participant's Basic Deferred Compensation Contributions (mandatory contributions) and Supplemental Deferred Compensation Contributions (voluntary contributions), if any.

Eligible Retirement Plans include IRAs (traditional and Roth), tax-sheltered annuities under IRC section 403(b), qualified retirement plans under 401(a), and governmental 457 plans. The Eligible Retirement Plan to which you roll over your Pension Savings account balance must accept rollover distributions from a governmental 457 plan.

Employee means an individual who has been determined by the County (regardless of any determination made by another person or entity) to be a common-law employee of the County for federal income and/or employment tax purposes.

Normal Retirement Age means age 70½, unless you have designated an alternative Normal Retirement Age. Your alternative Normal Retirement Age cannot be earlier than age 65 or later than 70½.

Participant means an eligible Employee or former eligible Employee who has a balance in his or her Pension Savings account.

Plan means the County of Los Angeles Pension Savings Plan.

Plan Administrative Committee (PAC) means the committee serving as administrator of the Plan.

QDRO means a Qualified Domestic Relations Order, which is a domestic relations order that the PAC has determined satisfies the requirements of the IRC for proper distribution of a Participant's benefits. See Qualified Domestic Relations Order on Page 9 for more information.

Retirement means bona fide Separation From Employment on or after age 50.

Separation From Employment means a complete termination of a Participant's employment relationship with the County, including termination due to death or Retirement.

Supplemental Deferred Compensation Contribution means any amount of additional compensation that is voluntarily deferred by a Participant above the Basic Deferred Compensation Contribution.

Third-Party Administrator means the recordkeeper and service provider who has entered into a contract with the County to provide recordkeeping and other administrative services for the Plan.

County of Los Angeles Service Center and Website – Your Plan Resources

Once you are a Pension Savings Plan Participant, you have access to:

The County of Los Angeles Service Center through the Plan's automated voice response system, which allows you to:

- Obtain your account balance.
- Request forms for Supplemental Deferred Compensation Contributions, Beneficiary changes, or distributions.
- Change your PIN.
- Speak with a County of Los Angeles Service Center Representative.

To reach the County of Los Angeles Service Center, call (800) 947-0845 and press 2. The voice response system is available 24 hours a day, seven days a week. When you call, you will be asked to enter your Social Security number and PIN. (You should receive your PIN shortly after you are enrolled in the Pension Savings Plan.)

To visit the Pension Savings Plan website, go to **www.countyla.com**. The site provides the following information and services:

- Account summary
- Balance
- Contribution percentage
- Contribution history
- Establish or change beneficiary election
- Ability to make changes to the voluntary contribution amount
- Withdrawal activity
- Statements
- Ability to change your PIN
- Enrollment for paperless statements
- Downloadable forms

To log on to the site initially, you will be asked to enter your Social Security number and PIN. After your initial login, you will be asked to create a username.

Only you know your confidential PIN. No Pension Savings Plan Service Center Representative is able to find out your PIN. No representative will ever ask you for it, and you should never disclose it. It will never be necessary for you to give your PIN to anyone. You are responsible for keeping the assigned PIN confidential. Please contact Empower Retirement immediately at (800) 947-0845 if you suspect any unauthorized use.

If you forget or lose your PIN, you may order a new one in one of three ways:

- Access the voice response system at (800) 947-0845. When the system asks for your PIN, you will have the option to press 1 to order a copy of your existing PIN.
- Log on to the Pension Savings Plan website 24 hours a day, seven days a week, at **www.countyla.com**. Click *Forgot Your PIN?* on the introduction page, then *Order PIN*.
- Call the County of Los Angeles Service Center at (800) 947-0845. To immediately receive a temporary PIN, speak to a County of Los Angeles Service Center Representative (available through the voice response system from 7:00 a.m. to 5:00 p.m. Pacific Time, Monday through Friday).

Contact Information for the Pension Savings Plan

To speak to a County of Los Angeles Service Center Representative, please call the toll-free automated voice response system at **(800) 947-0845**.

- It is available 24 hours a day, seven days a week.
- You may speak with a County of Los Angeles Service Center Representative between 7:00 a.m. and 5:00 p.m. Pacific Time, Monday through Friday.
- You'll need your Social Security number and PIN to access this system.

Correspondence should be mailed to:

County of Los Angeles Service Center
c/o Empower Retirement
P.O. Box 173856
Denver, CO 80217-3856

Plan Name
County of Los Angeles Pension Savings Plan

Plan Sponsor
The County of Los Angeles

Administrator
The Plan Administrative Committee
3333 Wilshire Blvd., Suite 1000
Los Angeles, CA 90010

Service Provider / Third-Party Administrator
Empower Retirement
P.O. Box 173856
Denver, CO 80217-3856

Trustee
Wells Fargo Bank, N.A.

Type of Plan
Eligible deferred compensation plan that is intended to meet the requirements of Internal Revenue Code Section 457(b)

Agent for Service of Legal Process
Chair
The Plan Administrative Committee
3333 Wilshire Blvd., Suite 1000
Los Angeles, CA 90010