

VILLAGE OF PALM SPRINGS

GENERAL EMPLOYEES' PENSION PLAN

SUMMARY PLAN DESCRIPTION

OCTOBER 2010

SUMMARY PLAN DESCRIPTION

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I. INTRODUCTION

The Village Council of the Village of Palm Springs, Florida believes that municipal employees perform services that are vital to the general health and well-being of the residents of Palm Springs. Therefore, the Village Council has established what is known as the "General Employees' Pension Plan."

The Pension Plan was initially established by the Village on November 19, 1970. The Pension Plan was amended and restated over the years most recently, in April of 2010 by Village of Palm Springs Ordinance No. 2010-07. These amendments and restatements were to make certain changes and to improve benefits and to provide more efficient administration of the Plan.

The recent amendment closed the plan to new members. All new hires after June 30, 2010 will be members of the Florida Retirement System. All members were given an opportunity to remain in this plan or to move to the Florida Retirement System prior to June 30, 2010.

This booklet has been prepared to help acquaint you with the main features of your retirement system - to help you in planning for your retirement. This Summary Plan Description is not meant to interpret, extend, or change the provisions of your plan in any way. The provisions of your Plan may only be determined accurately by reading the actual plan document. In the event of any discrepancy between this Summary Plan Description and the actual provisions of the Plan, the Plan shall govern.

The purpose of this Pension Plan is to provide certain pension, retirement and death benefits to the Employees and Elected Officers of the Village of Palm Springs and their beneficiaries covered under the Pension Plan. The address and telephone number of the Plan Administrator for the General Employees' Pension Fund is set forth below:

Palm Springs General Employees' Pension Fund
% Resource Centers, LLC
4360 Northlake Boulevard, Suite 206
Palm Beach Gardens, Florida 33410
Telephone Number: (561) 624-3277
Facsimile Number: (561) 624-3278
E-mail: info@resourcecenters.com

The Plan Administrator is the person designated as the agent for the service of Legal process on behalf of the Pension Plan.

II. DEFINITIONS

As used in this summary plan description, the following words or phrases shall have the meaning indicated.

- a. Board - means the Board of Trustees of the Village of Palm Springs General Employees' Pension Plan.
- b. Credited Service - means the total number of years and fractional parts of years of service as an Employee or Elected Officer. Under certain circumstances, an Employee may transfer between Village plans and receive benefits from both plans upon retirement provided such transfer was before June 30, 2010. Please refer to the Plan for details on this benefit. Credited service under the Plan is limited to 25 years.
- c. Earnings - means the Participant's W-2 earnings plus all tax deferred items of income. Upon termination payment for up to 120 hours of accrued but unused personal leave time is included in the final year's earnings for the purpose of this plan.
- d. Elected Officer - means a Council Member or Mayor as elected in accordance with the Charter of the Village provided that date is before June 30, 2010.
- e. Employee - means a person employed by the Municipality before June 30, 2010 in a general employment capacity, including any initial probationary employment period. The term "Employee" does not include a person employed as a police officer, or a person who is employed part time (not more than 20 hours a week or not more than 5 months in any plan year).
- f. Final Average Earnings - means the participant's average yearly earnings during the five consecutive Plan years which give the highest average out of the last ten Plan years immediately preceding the normal retirement date.
- g. Municipality - means the Village of Palm Springs, Florida.
- h. Member or Participant - means an Employee or Elected Officer who has been admitted as a member of the Plan before June 30, 2010.
- i. Plan Year - means the period between October 1 and September 30.

III. HOW THE PLAN WORKS

The Village of Palm Springs General Employees' Pension Plan is designed to provide retirement and survivors' benefits for eligible participants. The Pension Plan is managed by a five-member board of trustees. Two of these trustees are active Employees of the Village of Palm Springs who are elected every four (4) years by the General Employees who are members of the Pension Plan. Every Employee who is a member of the Pension Plan is eligible to run for election and become a Pension Plan trustee.

The other three (3) trustees are made up of an elected Palm Springs Village Council member, the Finance Director of the Village and a fifth member who is a resident of Palm Springs. This fifth member of the Board is to be selected by a majority vote of the other four (4) members.

The names of the current trustees of the Pension Fund are:

Virginia Walton, Chairperson
Patrick Rothenburg, Secretary
Vicki Van Fossen
Patti Waller
Rebecca Morse

These five trustees make sure that the pension funds are properly invested and that pension benefits are paid to those individuals who are entitled to receive them. The Board of Trustees are not paid for their time, but they are entitled to reimbursement for any out of pocket expenses.

The Pension Board, through the trustees, also has the power to hire accountants, actuaries, and lawyers, when necessary, to transact the business of the Pension Fund. The Board of Trustees are also required to perform all other duties specified in the Village of Palm Springs ordinance establishing the Pension Fund, as well as the applicable laws of the State of Florida.

The Pension Fund pays certain retirement benefits to eligible participants based upon contributions made by the participants and the Village of Palm Springs on behalf each eligible participant. The Pension Board invests these contributions and this investment income also helps pay for your pension benefits. The types of benefits you can receive under this Pension Plan are further described in other sections of this Summary Plan Description.

IV. MEMBERSHIP IN THE PLAN

All employees hired before June 30, 2010, became participants and members in the Pension Fund as a condition of employment.

Any general employees hired on June 30, 2010 and after are mandatory members in the Florida Retirement System.

There are three different types of members under this Pension Plan. These are:

- A. Active Member - An active member means a current Employee or Elected Officer of the Village of Palm Springs who is not yet retired who has been admitted as a member of the Pension Fund before June 30, 2010.
- B. Terminated Member - A terminated member means a person who is no longer employed by or an Elected Officer of the Village of Palm Springs who is entitled to certain pension benefits under the plan upon reaching normal or early retirement before June 30, 2010.
- C. Retired Member - A retired member means a former Employee or Elected Officer of the Village of Palm Springs who has taken normal or early retirement under the Pension Plan.

Your membership in the Pension Plan begins from the date of your employment with the Village of Palm Springs or election to a Council position with the Village of Palm Springs, if you were hired before June 30, 2010.

V. YOUR BENEFICIARIES

The Pension Plan allows you to select certain beneficiaries who may be eligible to receive benefits in the event of your death. You can select your beneficiary by filling out a Designation of Beneficiary Form and filing that form with the Pension Board. You can change or amend your beneficiary at any time by filing a new Designation of Beneficiary form with the Pension Board. You can obtain Designation of Beneficiary forms from the Plan Administrator.

**IT IS IMPORTANT TO KEEP YOUR BENEFICIARY
INFORMATION UPDATED WITH THE PLAN ADMINISTRATOR**

VI. PENSION BENEFITS

A. Vesting

The type and amount of pension benefits depends upon your years of credited service as a covered Employee or Elected Officer with the Village of Palm Springs. Credited service means the total number of years and fractional parts of years that you are employed by the Village. Elected Officers accrue a year of service for each year that they are an Elected Officer. Subject to certain conditions, service under this Pension Plan may include credit for intervening military service or transferred service from another plan of the Village.

You obtain non-forfeitable rights in your pension benefits when those rights vest. Your pension rights vest depending upon how many years of credited service you have as a Village Employee or Elected Officer. To determine your amount of vested pension benefits, use the following schedule.

VESTING SCHEDULE

YEARS OF SERVICE	VESTED PERCENTAGE
Less than 5 years	0%
5 but less than 6 years	50%
6 but less than 7 years	60%
7 but less than 8 years	70%
8 but less than 9 years	80%
9 but less than 10 years	90%
10 or more years	100%

If your employment is terminated after 5 years of service, you are entitled to pension benefits only as set forth in the above Vesting Schedule. You are fully vested at your normal retirement date.

B. Retirement Benefits

A Pension Fund member retiring after his normal retirement date has four different retirement options. Your normal retirement date occurs at age 62 and the completion of five (5) years of credited service. The benefit multiplier is 2.50% and the number of years of service is limited to 25.

When you retire after your normal retirement date you can elect to receive any one of the following options:

Option No. 1 - Monthly Retirement Benefit for Life. Under this option, you are entitled to receive monthly benefits in the amount of 2.50% of your final average earnings multiplied by your years of credited service. Upon your death, the monthly pension benefit ends and your beneficiary is only entitled to any vested contributions in excess of the monthly retirement benefits you received.

Option No. 2 - Ten Years Certain and Life. Under this option, you receive a reduced monthly benefit for life. If you die before receiving 120 monthly payments, your beneficiary will receive a monthly benefit payment until the total monthly benefits paid to you and your beneficiary equal 120 months.

Option No. 3 - Joint and 100% Survivor. Under this option, you receive a reduced monthly benefit for life. Upon death, your beneficiary receives the same benefit for life. No further payments are made after the death of both the participant and the beneficiary.

Option No. 4 - Joint and 50% Survivor. Adjusted monthly benefit is paid while both you and your beneficiary are living. Upon your death, the monthly payment to the beneficiary is reduced by one-half (50%). No further payments are made after the death of both the participant and beneficiary.

All four options are actuarially adjusted so that they are equal in actuarial value to Option No. 1.

You cannot change the retirement option you choose once you have received your first retirement check. You cannot change your beneficiary under options 3 or 4 after you have received your first retirement check. However, you can change your option or beneficiary anytime before receiving your first retirement

check. You must change your option or beneficiary by writing a letter to the Pension Board indicating your change.

C. Cost of Living Adjustments

Your retirement benefits are subject to cost of living adjustments. Increases or decreases in your retirement benefits due to cost of living adjustments will not be more than three percent (3%) in any given year. All cost of living adjustments are effective the first day of the plan year.

D. Early Retirement Benefits

The Pension Plan allows members with ten (10) years or more of service to receive early retirement benefits at age 52. When you take early retirement, you will receive the normal retirement benefit (Option No.1) reduced by 5% for each year that precedes your normal retirement date.

E. Death Benefits

A Pension Fund member is entitled to death benefits, if at the time of death the member has ten (10) years or more of credited service. These benefits are paid to the designated beneficiary. The beneficiary must make written application to the Pension Fund in order to receive these benefits. The amount of this benefit is a reduced benefit for life.

VII. FUNDING THE PENSION PLAN

You contribute 3% of your earnings to the Pension Plan. Such amounts will be deducted from your earnings, before taxes, and deposited into the Fund. If you leave the service of the Village before vesting and before eligibility for a retirement benefit, then you are entitled to a refund of your contributions without interest.

VIII. LOSS OF PENSION RIGHTS

Upon termination, a plan participant does not lose or forfeit any amounts that are vested benefits. If the actuarially determined present value of a terminated participant's vested amount is under \$1,000.00, the participant may be required to withdraw his or her vested amount from the Pension Fund.

Your pension benefits can be reduced or forfeited if the Pension Board determines that there has been fraud, misrepresentation, error or overpayment in your benefits. Any overpayments will be deducted from future payments you may be entitled to receive. You have the right to request a hearing anytime your pension benefits are reduced or eliminated.

IX. INVESTMENT OF YOUR PENSION FUNDS

Assets of the Pension Fund are invested by the Pension Board Trustees in specific types of investments. The Trustees are under a legal duty to make investment decisions prudently and carefully, in the exclusive interests of the participants, members and beneficiaries of the Pension Fund. The Board of Trustees has the power to appoint an investment manager to assist the Pension Board in making investment decisions. The current investment managers of your Pension Fund are Anchor Capital, Aletheia, and Manning & Napier. The Board has also appointed a consultant to oversee the investment manager. Copies of the consultant's reports are retained in the Plan Administrator's office.

X. FEDERAL INCOME TAX CONSEQUENCES

The Pension Plan is intended to qualify under Section 401 of the Internal Revenue Code as a qualified Pension Plan. Distributions made to you under the Pension Plan may constitute taxable income. It is important that you consult qualified experts to determine whether or not you must pay taxes on the pension benefits you receive.

XI. INDEMNIFICATION OF TRUSTEES

Under the provisions of the Pension Plan, the Pension Board may indemnify its trustees for damages and claims alleged to have been committed by the Trustees in the performance of their duties and powers. Trustees cannot be indemnified for willful misconduct or gross negligence.

XII. PROCEDURES FOR OBTAINING BENEFITS

You can obtain benefits by filing a claim form with the Pension Plan Administrator. Claim forms are available from the Plan Administrator or the Human Resources Coordinator. Any participant, beneficiary or person claiming benefits under the Pension Plan has a right to a hearing before the Pension

Board as to the entitlement to benefits. You must file a written request for a hearing.

All decisions of the Pension Board relating to the denial of benefits will be issued in writing. You will receive a copy of any decision relating to your claim for benefits. All decisions of the Pension Board can be reviewed in the circuit court.

XIII. PLAN YEAR

The Pension Plan is established pursuant to Chapter 112 of the Florida Statutes and Article XIII, §2 of the Constitution of the State of Florida. The Plan is recognized by Chapter 54 of the Village Code of the Village of Palm Springs and is kept on file with the Village Clerk. The records of the Pension Plan are kept on a plan year basis and the date the plan year ends is September 30.

A report of the pertinent financial and actuarial information on the solvency and actuarial soundness of the plan is available for inspection at the office of the Palm Springs Finance Director.

XIV. YOUR RIGHTS UNDER THE PENSION PLAN

As a member of the Pension Plan, you have the following rights:

- (1) A right to receive a copy of the Summary Plan Description and the right to receive a copy of the Palm Springs General Employees' Pension Plan.
- (2) A right to Vested Benefits.
- (3) The right to designate a beneficiary or beneficiaries and the right to change beneficiaries.
- (4) The right to a hearing before the Pension Board as to your entitlement to any benefits under the Pension Plan.
- (5) The right to be represented by an attorney, at your own expense, at any hearing or proceeding before the Pension Board.

XV. ADDITIONAL INFORMATION

If you want further information concerning this Pension Plan, you may contact the following:

Board of Trustees
Palm Springs General Employees' Pension Plan
% Resource Centers, LLC
4360 Northlake Boulevard
Suite 206
Palm Beach Gardens, Florida 33410

Telephone: (561)624-3277
Facsimile: (561)624-3278

E-Mail: info@resourcecenters.com

Web site: www.resourcecenters.com