SUMMARY PLAN DESCRIPTION

Calhoun County
Deferred Compensation Plan
For Public Employees

May 1, 2021

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Introduction

The County of Calhoun is committed to helping you save for retirement. To help you reach your financial goals for retirement, the County of Calhoun has established and maintained the Calhoun County Deferred Compensation Plan for Public Employees – 457 Governmental Plan and Trust, the Calhoun County Road Commission Deferred Compensation Plan for Public Employees – 457 Governmental Plan and Trust, and the Calhoun County Board of Commissioners & Sheriff Deferred Compensation Plan and Trust. Effective as of May 1, 2021, these plans have been merged into one plan renamed as the Calhoun County Deferred Compensation Plan for Public Employees. This summary plan description ("SPD") explains the principal features of the plan in effect as of May 1, 2021.

A summary cannot include all details of the plan document or the administration and operation of the plan. If there is any omission or ambiguity in this SPD or any conflict between this summary and the terms of the plan, the provisions of the actual plan document will control. You may examine, without charge at the office of the *Plan Administrator*, all documents governing the plan. Neither the actual plan document nor this summary constitutes an express or implied contract of employment. If you have questions or if you want to know how a plan provision applies to you, please contact the *Plan Administrator*.

Throughout this SPD, certain key words are used frequently. These words, indicated by the word being *italicized*, are defined in the Glossary at the end of this summary. You may find it necessary to refer to these key words as you read this summary plan description.

Eligibility to Participate

Participation in the plan is open to all employees who are employed in *Covered Employment*. You will become a participant in the plan on the date you complete one *Hour of Service*.

If your employment terminates and you are reemployed in *Covered Employment* by the *Employer* after having been a participant in the plan, you will become a participant immediately upon completion of one *Hour of Service*.

Contributions

Your Contributions

Elective Contributions

As a way to save for retirement, you may elect to have part of your *Compensation* contributed to the plan on a pre-tax basis as an *Elective Contribution*. You are not required to have *Elective Contributions* made on your behalf.

However, if you choose to do so, the amount you elect to defer will be automatically deducted from your paycheck and credited to an account maintained for you. Since your taxable income is reduced, you pay less in current annual taxes when you make *Elective Contributions*.

Your initial election is effective as soon as possible after you make your election, but not earlier than the first pay period of the first month after your election is made. You may change your election, make a new election, or discontinue your *Elective Contributions* at any time. Any change in your election will be effective as soon as possible, but not earlier than the first pay period of the first month after your election is made.

Benefits of Making Elective Contributions

Your *Elective Contributions* are made on a pre-tax basis to help you save for retirement. This means that amounts contributed to the plan are not subject to current income taxes. As a result, your current taxable income will be reduced (although your gross pay remains the same).

For example, if you are in the 25% income tax bracket, and you contribute $1,600 in *Elective Contributions* for the calendar year, you will reduce your pay subject to federal income taxes by $1,600. This reduction could save you up to $400 on your federal income taxes (25% x $1,600). Note that FICA taxes, unlike income taxes, do have to be paid on any *Elective Contributions*.

Earnings on your contributions are not taxable to you as long as you leave them in the plan. This means that by authorizing *Elective Contributions* to the plan instead of putting the same money into a savings account, you can save the income taxes that you would have otherwise had to pay on the earnings. This tax deferral permits a much more rapid accumulation of funds for your retirement.

Limit on Elective Contributions

Federal law limits the amount of *Elective Contributions* you may make in a calendar year. For the 2021 calendar year, your *Elective Contributions* to all 457(b) plans in which you participate may not exceed the lesser of **$19,500** or 100% of your *Compensation* for the taxable year. In addition, if you are at least age 50 before the end of a calendar year, you are also allowed to make "catch-up" *Elective Contributions* during the calendar year. Catch-up *Elective Contributions* are limited to **$6,500** for the 2021 calendar year. These dollar amounts may be adjusted in future years.

The *Employer* will attempt to prevent your *Elective Contributions* from exceeding the dollar limit. However, if you have made *Elective Contributions* to this plan and also to a plan of an unrelated employer that exceeded the limit, you must request that one or both of the plans distribute the excess to you, and the amount over the limit will generally be taxable to you. If you do not request that the excess contribution be paid to you, the excess amount is taxable to you, but it stays in the plan and will be taxed again when you receive it as a distribution in a later year.

Under this plan, you must notify the *Plan Administrator* by February 15 of the following year if you want an excess amount paid to you. The notice must include the excess amount and an acknowledgement that it exceeds the limit on *Elective Contributions*. Once the notification has been received, the taxable excess contributions will be returned to you (with earnings) as soon as possible. Failure to timely notify the *Plan Administrator* about excess contributions can result in adverse tax consequences to you.

Rollovers and Transfers

If you have satisfied the eligibility requirements to participate in the plan, you may roll over certain distributions from a former employer's retirement plan to this plan. The former employer's plan could be a qualified plan (such as a 401(k) plan), a 403(b) tax-sheltered annuity, or a 457 deferred compensation plan maintained by a governmental entity. You also may be eligible to roll over amounts received from a traditional (i.e. non-Roth) IRA. However, no rollovers of after-tax employee contributions or Roth 401(k) contributions are permitted.

The rules governing rollovers are complex and there may be reasons why your rollover would not be accepted (for example, if it is a Roth IRA or the rollover contains Roth contributions). If you have questions regarding rollovers, contact the *Plan Administrator*. A rollover may be made directly to this plan by the other plan or IRA or, if the distribution is made to you,

you may roll it over to this plan within 60 days of the date you receive the distribution.

If you have satisfied the eligibility requirements to participate in the plan, you may also transfer amounts to this plan from another governmental Internal Revenue Code ("Code") section 457(b) plan. Amounts transferred must not include after-tax contributions, and must be part of a direct plan-to-plan transfer of funds held under another governmental Code section 457(b) plan that is not a qualifying rollover. A transfer must meet the requirements of Code section 457(e)(10) and Regulations 1.457-10(b).

Employer Contributions

The *Employer* may, but is not required to, make contributions based to the plan on behalf of eligible participants. Each *Plan Year* the *Employer* will decide whether to make a contribution and the amount of the contribution, if any.

Accounts

Investment of Your Account

All contributions will be held in *Funding Vehicles* that are established and operated for the exclusive benefit of participants and their beneficiaries. You may choose among currently available *Funding Vehicles* and will direct your investments to the extent permitted in your selected *Funding Vehicles*. Because each individual has different financial goals and savings needs, a variety of *Funding Vehicles* are available to you. Choosing the right investment for you depends on your age, how much risk you are willing to take, your retirement goals, other investments you might have, and other factors that are relevant to you. You will be provided information about the available *Funding Vehicles*, and how to make changes to your investment selections.

The *Funding Vehicles* may be changed from time to time, and you will be notified if this happens. You are responsible for the investment choices you make and the results of those choices.

Earnings and Losses

All of the *Investment Vehicles* offered are affected by market changes. Accordingly, the market value of your account will reflect both market gains and losses.

Having a diverse portfolio can help you balance your investment risk. Diversifying means spreading your risk by investing in a variety of investment options. When you diversify, you reduce the chances of being hit hard by the poor performance of one investment or investment type.

Expenses

If plan-related administrative expenses are paid from the assets of the plan, these expenses will generally be charged to your account in proportion to the balances of all participant accounts, or as an equal dollar amount for each participant. However, the *Employer* may decide only to pay expenses attributable to the accounts of terminated participants from the assets of the plan, and to charge those expenses to the accounts of those terminated participants on a uniform and nondiscriminatory basis. In that case, once you terminate employment, your account will be charged a portion of the expenses attributable to the accounts of terminated participants.

Certain expenses attributable only to your account may be charged only to your account. For example, if you divorce and the plan receives a proposed *Domestic Relations Order* awarding a portion of your account to your former *Spouse*, expenses related to the approval and processing of the order may be charged directly to your account.

You will be provided with additional information regarding the fees, expenses and investments under the plan so you can take that information into account when making investment and other decisions regarding your retirement plan account.

Responsibility for Investments

Since the plan permits you to direct your account, the *Employer*, *Funding Agents*, *Plan Administrator*, and other parties administering the plan are not responsible for any losses which are the direct result of your investment instructions.

Vesting

100% Vesting

You are 100% *Vested* in your accounts for all contributions.

Forfeiture of Benefits

If you are entitled to a payment but the *Plan Administrator* is unable to find you, or if a distribution has been made and the check has not been cashed within a reasonable amount of time, your account will be forfeited. Your account will be restored if you later submit a written request for payment as long as the plan has not been terminated and all benefits have been paid.

Generally, forfeited amounts are applied to reduce the next contribution to the plan or to offset administrative expenses incurred in the operation of the plan. Forfeitures are not returned to the *Employer*.

Distributions/Withdrawals

Distribution After Termination of Employment

You may request a distribution from the plan when your employment terminates. If you make a request for distribution, payment will be made as soon as administratively possible.

If you do not request a distribution, the law requires that payment begin no later than April 1 of the year following the year in which you reach age 70½ or if later, the year your employment terminates.

If your account balance is $1,000 or less, your account balance will automatically be paid to you as soon as administratively possible after your employment terminates if the following conditions are met: (i) you have not contributed to the plan during the two years before the date of distribution; (ii) you have not received a prior distribution; and (iii) your employment terminates for any reason other than death.

How Your Benefits Are Distributed

Your account balance will be paid in a single lump-sum payment.

Distribution Upon Death

If you die before receiving any benefits, your *Beneficiary* has the option to request a distribution or leave your account in the plan for up to five years. However, if your *Spouse* is your *Beneficiary*, payment may be delayed until the year you would have attained age 70½. Payment will be made as soon as administratively feasible after your *Beneficiary* requests a distribution and provides the necessary documentation concerning your death.

Designation of Your Beneficiary

If you do not designate a *Beneficiary*, the plan provides that benefits payable after your death will be distributed to a *Beneficiary* determined in the following default order:

- your *Spouse*;
- your children (and if deceased, their children);
- your parents; and then
- your brothers and sisters.

If you do not want this order of distribution, or if you want to name a different *Beneficiary*, you should designate a *Beneficiary* by completing and signing a form furnished or approved by the *Plan Administrator*. Your will is not effective as a beneficiary designation.

If you are married, your *Spouse* automatically will be your sole primary *Beneficiary*. The only exception to this rule is if your *Spouse* consents to another primary *Beneficiary* in writing and has the written consent witnessed by a notary public or plan representative.

Your beneficiary designation may be made or changed at any time, with appropriate spousal consent if applicable, by submitting a valid designation form to the *Plan Administrator*.

Withdrawal of Your Benefits While Still Employed

There are limited opportunities to withdraw funds from the plan while you are still working for the *Employer*. Withdrawals are permitted in the following situations:

- **Age 70½**. If you have reached age 70½, you may request payment of all or a portion of your accounts.

- **Unforeseeable Emergency**. You may request a distribution from your accounts to meet an immediate financial need or emergency.

  You will receive a distribution only if you demonstrate there is a severe financial hardship due to one of the following:

- an illness or accident suffered by you, your *Spouse*, your beneficiary, your beneficiary's spouse, your dependents, or your beneficiary's dependents;
- the loss of your property or your beneficiary's property due to casualty; or
- other similar extraordinary and unforeseeable circumstances arising as a result of events outside of your or your beneficiary's control.

Except in extraordinary circumstances, the purchase of a home and payment of college tuition will not be considered an unforeseeable emergency.

You must submit satisfactory proof that a hardship exists and that you have no other sources from which to meet the hardship. The *Plan Administrator* will determine if an unforeseeable emergency exists.

- **Transfer to a Defined Benefit Governmental Plan**. If you participate in a governmental defined benefit plan that accepts plan-to-plan transfers, you may request to have any portion of your accounts transferred to that plan, provided that the assets are used to either (i) purchase additional service credits under that plan or (ii) repay contributions and earnings related to a previous forfeiture of service credits under the governmental defined benefit plan and Code section 415(k)(3).

Loans to Participants

You may request a loan from the plan. If you apply for a loan, you will be given a copy of the loan procedures for the plan which explains the rules and limits on loans in further detail. Your loan will be evidenced by a written promissory note providing for the payment of principal and interest in level amounts. If you fail to repay any part of the loan, the balance, including any unpaid interest due on the loan, may be deducted from your account balance. You must consent to the use of your account balance as security for the loan. The *Plan Administrator* may ask for additional security.

Administration of the Plan

The *Plan Administrator* has overall responsibility and authority to administer the plan, to interpret its provisions, and to formulate such rules and regulations as are necessary to administer the plan in accordance with its terms. The *Plan Administrator* may appoint an administrative committee with overall responsibility and authority for the administration of the plan.

Review Procedures

The *Plan Administrator* is responsible for determining the amounts payable under the plan. An application for benefits will either be approved or denied under a review process. The review process sets limits on the amount of time you may take to make a request for benefits and for the *Plan Administrator* to respond.

Making a Claim for Benefits

If you submit a claim (application for benefits) under the plan, you must do so in writing to the *Plan Administrator*, on the forms provided for that purpose. The *Plan Administrator* will inform you of the approval or denial of your claim within 90 days of its receipt, unless you are notified prior to that time that an extension is necessary.

Appealing Claims Decisions

You (or your representative) may appeal the denial of your claim within 60 days of receiving notification of the denial. The *Plan Administrator* will inform you of the approval or denial of your appealed claim within 60 days of receipt of your appeal, unless you are notified that an extension is necessary. If your claim is again denied, you will receive written notification.

Failure to Follow Claim and Appeal Procedures

If your claim is denied in whole or in part on appeal, you must complete all required levels of appeal under the plan before you may bring a civil suit in court. If you do not follow and complete the plan's and appeal procedures, an appeal of your claim in court will be subject to dismissal for your failure to exhaust the plan's claim and appeal procedures.

Time Limit on Claims & Venue Selection

No legal action for benefits under the plan may be brought after one year from the date of the *Plan Administrator's* final decision on appeal, unless the *Plan Administrator* did not follow the plan's claim and appeal procedures. In that case, no legal action for benefits under the plan may be brought after one year from the date you or your beneficiary filed an initial claim with the *Plan Administrator.* Any claim that you may have relating to or arising under the plan may only be brought in a court of competent jurisdiction in the State of Michigan.

Additional Information

Plan Amendment or Termination

The *Employer* intends to continue the plan indefinitely. However, the *Employer* has the power to amend or modify the plan at any time. The plan cannot be amended to retroactively reduce your benefits or vested percentage, however.

Effect on Taxes

The plan has been designed to meet Internal Revenue Code requirements to take advantage of special tax treatment for retirement plans. This means that the benefits that you earn are not currently taxable to you. You are taxed only when you actually receive benefits from the plan. The taxation depends on when and how your benefits are paid to you. In general, any payments you receive from the plan will be subject to ordinary income tax.

Federal law requires that you must begin to receive your benefits by the April 1 after the calendar year in which you reach age 70½, or if later, the year your employment terminates. If you do not receive at least the required minimum amount of distribution when you reach age 70½, you will be required to pay a tax equal to 50% of the amount that should have been distributed.

Assignment of Benefits

Your benefits generally are not assignable, but may be subject to claims of creditors to the extent permitted by law, or as required by a *Domestic Relations Order (DRO)*, discussed below.

Domestic Relations Order (DRO)

The plan is required by law to obey court orders (such as divorce decrees) that require a percentage of your benefits to be paid to a *Spouse*, former *Spouse*, child or dependent. If such an order is determined by the *Plan Administrator* to be a *DRO*, the plan will be required to comply with the terms of the order and will make every effort to notify you of any attempt to subject your benefits to a court order. A *DRO* must satisfy certain legal requirements before it can be accepted. You may want to have the *DRO* approved by the *Plan Administrator* before the order is entered with the court to make sure it will be accepted. You may obtain, without charge, a copy of the plan's procedures governing *DROs* upon request from the *Plan Administrator*.

Qualified Military Service

Under the Uniformed Services Employment and Reemployment Rights Act (USERRA), if you return from *Qualified Military Service* to employment with the *Employer* within certain time limits, you are entitled to make up the contributions you could have made and receive an allocation of *Employer* contributions you would have received if you had been employed by the *Employer* during the period of *Qualified Military Service*. For more information on your rights under USERRA and military leaves, contact the *Plan Administrator* or visit www.dol.gov/vets.

Implied Promises

Nothing in this summary plan description says or implies that participation in this plan is a guarantee of continued employment with the *Employer*, nor is it a guarantee that the plan will remain unchanged in future years.

Plan Information

Type of Plan

This plan is a defined contribution plan. This means that an individual account is maintained for each participant and benefits under the plan are based solely on the value of that account.

Name of Plan

The name of the plan is the Calhoun County Deferred Compensation Plan for Public Employees.

Plan Year

January 1 – December 31

Name and Address of Employer

County of Calhoun
315 West Green Street
Marshall, Michigan 49068
(269) 781-0980

Plan Sponsor

The plan is sponsored by:

County of Calhoun
315 West Green Street
Marshall, Michigan 49068
(269) 781-0980

Employer Identification Number

The Employer Identification Number assigned to the County of Calhoun by the Internal Revenue Service is 38-6004358.

Plan Administrator

The plan is administered by:

County of Calhoun
315 West Green Street
Marshall, Michigan 49068
(269) 781-0980

Type of Administration

This plan is self-administered by the County of Calhoun and its delegates.

Plan Trustee

Calhoun County Treasurer
315 West Green Street
Marshall, Michigan 49068
(269) 781-0980

Agent for Service of Legal Process

The agent for service of legal process is:

County of Calhoun
315 West Green Street
Marshall, Michigan 49068
(269) 781-0980

Service also may be made on the *Plan Administrator*.

Glossary

Throughout this summary plan description, certain key words are used frequently. These words, indicated by italics, are defined below to help you understand your benefits. You may find it necessary to refer back to these key words as you read this summary plan description.

Beneficiary: A *Beneficiary* is the person designated, or determined, to receive your benefits after your death.

Compensation: *Compensation* consists of all amounts paid as salary or wages for the time you were a participant during the *Plan Year*, including any elective contributions made under a 401(k) plan or cafeteria plan maintained by the *Employer*, but excluding any longevity pay or military differential pay.

Usually, only amounts paid to you while you are employed are counted as *Compensation*. However, certain amounts paid to you after your employment terminates may also count as *Compensation*. To be included, the payment must be one that you would have received had your employment continued, such as your salary or wages, and generally must be paid within 2½ months after your employment terminates. *Compensation* does not include severance pay, or other amounts you receive only because your employment ended. However, timely payments for unused accrued sick, vacation, or other leave that you would have been able to use if your employment had continued are included.

Covered Employment: *Covered Employment* means employment covered by the plan. *Covered Employment* includes all employees of the *Employer* except:

- a member of a collective bargaining unit that has elected <u>not</u> to participate in this plan;
- a nonresident alien receiving no earned income from sources within the U.S.; or
- classifications not considered employees (i.e., independent contractors).

Domestic Relations Order (**DRO**): A *Domestic Relations Order* is a court order that assigns all or a portion of your account to a *Spouse*, former *Spouse*, child, or other dependent (e.g., court-ordered property settlement in divorce or separation, child support, or alimony payments).

Elective Contributions: *Elective Contributions* are the contributions you make to the plan on a pre-tax basis. This means your contributions are deducted from your gross pay before federal (and usually state and local) income taxes are withheld, however, you must continue to pay social security and Medicare taxes on your total compensation.

Employer: *Employer* means the County of Calhoun. The Calhoun County Circuit Court, the Calhoun County District Court, and the Calhoun County Probate Court have also adopted this plan and are participating employers. Each reference to *Employer* in this summary plan description refers to the entities that have adopted the plan for their employees.

Fiduciary: A *Fiduciary* has the authority to control and manage the operation and administration of the plan. Fiduciaries must act solely in the interest of the plan participants and must exercise prudence in the performance of their plan duties.

Funding Agent: A *Funding Agent* is a trustee, insurance company, or custodian (including their investment affiliates) designated to provide *Funding Vehicles* under this plan.

Funding Vehicle: A *Funding Vehicle* is a trust fund, annuity contract, or custodial account that is offered by a *Funding Agent* and designated by the *Plan Administrator* as an available investment vehicle for this plan.

Hour of Service: *Hour of Service* generally means each hour for which you are paid, whether or not you actually worked those hours. There are limits on the total number of hours that are credited in some circumstances.

Plan Administrator: The *Plan Administrator* means the *Employer* or the committee or person(s) designated by the *Employer* to be the *Fiduciary* for the operation and management of this plan.

Plan Year: *Plan Year* means the 12-month period beginning each January 1.

Qualified Military Service: *Qualified Military Service* means the performance of duty in a uniformed service. For purposes of this definition, a uniformed service means the Armed Forces, the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, or any other category of persons designated by the President in time of war or national emergency.

Spouse: *Spouse* means the person to whom you are legally married under the laws of the jurisdiction where the ceremony was performed.

Valuation Date: *Valuation Date* means each business day of the *Plan Year*.

Vesting: *Vesting* describes the nonforfeitable percentage of your account.

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