

**COUNTY OF VENTURA
SAFE HARBOR RETIREMENT PLAN
SUMMARY PLAN DESCRIPTION
November 2020**

INTRODUCTION

The County of Ventura Safe Harbor Retirement Plan, part of the Supplemental Retirement Plan ("Plan"), is a defined benefit pension plan implemented effective January 1, 1992. The purpose of the Plan is to provide eligible employees with an additional source of income upon retirement, in compliance with the Omnibus Reconciliation Act of 1990 (OBRA '90).

You are required to participate in the Plan if you are designated as an extra-help, intermittent, or part-time employee and you are excluded from participation in the Ventura County Employees Retirement Association (VCERA). This Plan is in lieu of Social Security. While eligible for the Plan, you are not required to pay into Social Security. However, you will be required to contribute 3% of your pay to the Plan beginning with your first pay period of eligible employment. The County will also provide contributions to the Plan. The employer contribution rates vary annually based on an actuarial valuation. Reserve firefighters and those persons who are already receiving a pension benefit from the County of Ventura are excluded from participation in this Plan.

If you are an ineligible employee and later become eligible to participate in the Plan, you will begin to participate on the date your first become eligible. If you are an eligible employee and later become ineligible to participate in the Plan, no further contributions will be required on your behalf. Contributions cannot be transferred to another retirement system and are not refunded to you when you terminate service with the County of Ventura. Your contributions will remain in the Plan until you are eligible for a retirement benefit as described in the "Retirement Eligibility" section of this Summary Plan Description (SPD).

RETIREMENT ELIGIBILITY

If you are age 65, and no longer employed by the County in any capacity, you are eligible to apply for your full, or maximum, retirement benefit (normal retirement) under the Plan. If you are between ages 50 and 65, and no longer employed by the County in any capacity, you are eligible to apply for an early, or reduced, retirement benefit. Both the normal retirement benefit at age 65 and the early retirement benefit are described later in this SPD.

DEFERRED RETIREMENT

You may, if you choose, delay your application for retirement benefits. If you continue to work, you will continue to accrue (accumulate) benefits under the Plan. Benefit calculations will be based on the date you notify the Plan you wish to begin benefits, or your employment termination date, whichever is later. Benefit payments begin approximately four to six weeks following the date you return the signed application for distribution, or your employment termination/retirement date, whichever is later. Federal law requires that you begin to receive benefit payments when you reach age 72, or when you retire, whichever occurs later. If you have reached age 72, are not currently employed by the County, and have not filed a pension application, the Safe Harbor Retirement Plan Administrator will file on your behalf.

PRE-RETIREMENT DEATH BENEFIT

In the event of your death before retirement, your beneficiary will be entitled to receive a lump sum payment of your accumulated contributions, plus interest, credited at the rate of 5% annually.

BENEFICIARY DESIGNATION

Keep your beneficiary designation current. Beneficiary forms are available from the Safe Harbor Retirement Plan Administrator. Both you and your spouse, or Domestic Partner, must sign the beneficiary form if you are married and designate a primary beneficiary other than your spouse. In the event you survive your designated beneficiary or do not have a beneficiary designation on file, distribution will be paid in the following order: surviving spouse or Domestic Partner, dependents, executor, or next of kin.

IF YOU BECOME INELIGIBLE OR TERMINATE EMPLOYMENT

If you become ineligible for the Plan or terminate employment with the County of Ventura for any reason other than death or retirement, your funds will remain on deposit and you will be entitled to receive your accrued benefit commencing no earlier than age 50. If your employment terminates after you have reached age 72, the Safe Harbor Retirement Plan Administrator will file a pension application on your behalf.

STANDARD BENEFIT CALCULATION

The standard benefit calculation is based on the Plan's normal retirement age of 65. This is the maximum benefit you will receive from the Plan and will not increase after age 65 unless you continue to work for the County. Your benefit is determined by adding your eligible earnings (as defined under the Plan), up to the Social Security wage limit, for each of the years you participated in the Plan. Under no circumstances shall any employment with the County prior to January 1, 1992 be included in the computation of any benefit under this Plan. The sum of your earnings is multiplied by 2% to calculate the annual benefit, and then divided by 12 to determine the monthly benefit amount. This amount is then multiplied by an age-based actuarial factor to determine the present value of your retirement benefit. If the present value is greater than \$5,000, you will receive a monthly lifetime annuity (see Example 1). If the present value is less than \$5,000, your benefit will be paid to you in a lump sum, in lieu of receiving a monthly lifetime annuity (see Example 2).

Example 1
Standard Benefit Calculation – Age 65
Present Value Greater than \$5,000

Assuming you first began participation in the Plan in 1992 and retire in 1995 at 65, the retirement benefit calculation would be as follows:

Step 1: Add total career earnings, multiply by 2% to determine the annual benefit, then divide by 12 to determine the estimated monthly benefit amount.

1992 earnings	\$14,900
1993 earnings	10,800
1994 earnings	18,700
1995 earnings	<u>16,500</u>
Total earnings	\$60,900

$$\$60,900 \times 2\% = \$1,218.00 \div 12 = \$101.50 \text{ monthly benefit}$$

Step 2: Calculate the present value of the benefit by multiplying the monthly benefit by an age-based actuarial factor.

$$\$101.50 \times 129.8991 \text{ (age 65 actuarial factor)} = \$ 13,184.76 \text{ present value of benefit}$$

Since the present value of \$13,184.76 is greater than \$5,000, the benefit would be payable to you in monthly installments of \$101.50.

Example 2
Standard Benefit Calculation – Age 65
Present Value Less than \$5,000

Assuming you first began participation in the Plan in 2001 and retire in 2003 at 65, the retirement benefit calculation would be as follows:

Step 1: Add total career earnings, multiply by 2% to determine the annual benefit, then divide by 12 to determine the estimated monthly benefit amount.

2001 earnings	\$5,000
2002 earnings	4,250
2003 earnings	<u>2,000</u>
Total earnings	\$11,250

$$\$11,250 \times 2\% = \$225.00 \div 12 = \$18.75 \text{ monthly benefit}$$

Step 2: Calculate the present value of the benefit by multiplying the monthly benefit by an age-based actuarial factor.

$$\$18.75 \times 129.8991 \text{ (age 65 actuarial factor)} = \$2,435.61 \text{ present value of benefit}$$

Since the present value of \$2,435.61 is less than \$5,000, the benefit would be payable to you in a lump sum.

EARLY RETIREMENT OPTION

If you choose to retire earlier than age 65, the benefit you receive will be actuarially adjusted (reduced) for the earlier retirement age. Assuming the same total career earnings of \$60,900 and a monthly benefit of \$101.50 (as in Example 1, Step 1), the benefit amount for earlier ages is shown below in Examples 3 and 4 (which pick up at Step 2 of the calculation).

Example 3
Early Retirement Benefit Calculation – Age 63
Present Value Greater than \$5,000

Step 2: Calculate the present value of the benefit by multiplying the monthly benefit by the age-based actuarial factor.

$$\$101.50 \times 112.7857 \text{ (age 63 actuarial factor)} = \$11,447.75 \text{ present value of benefit}$$

Since the present value of \$11,447.75 is greater than \$5,000, the calculation continues to determine the actuarially adjusted monthly payment amount.

Step 3: $\$101.50 \times .8390$ (age 63 actuarial adjustment) = \$85.16 monthly benefit age 63

Example 4
Early Retirement Benefit Calculation – Age 50
Present Value Less than \$5,000

Step 2: Calculate the present value of the benefit by multiplying the monthly benefit by the age-based actuarial factor.

$$\$101.50 \times 45.7905 \text{ (age 50 actuarial factor)} = \$4,647.73 \text{ present value of benefit}$$

Since the present value of \$4,647.73 is less than \$5,000, the benefit would be payable to you in a lump sum.

JOINT AND SURVIVOR ANNUITY OPTION

The examples above assume you have selected the standard or “single life” option. There is also a joint and survivor annuity option available to you if you are married, or a Domestic Partner, at least one year as of the date that is 90 days prior to your retirement date and your retirement benefit is paid as a monthly annuity (present value greater than \$5,000). You will be required to provide a marriage certificate or registered Domestic Partner certification if you select this option.

Under this option, you will receive a reduced monthly benefit amount that continues to be paid to your eligible surviving spouse or Domestic Partner after your death. The monthly benefit is actuarially adjusted for the ages of you and your spouse or Domestic Partner. Example 5 assumes the same total career earnings of \$60,900 and a “single life” monthly benefit of \$101.50 (as in Example 1, Step 1). The benefit amount for the joint and survivor annuity option below picks up at Step 2 of the calculation.

Example 5 Joint and Survivor Annuity Benefit Calculation

The example assumes a participant age 65 and a spouse/Domestic Partner age 66.

Step 2: $\$101.50 \times .8950$ (joint and survivor annuity factor) = \$90.84 monthly benefit payable to retiree and continuing to eligible spouse/Domestic Partner after retiree's death.

LUMP SUM DISTRIBUTION OPTIONS

If your benefit is payable as a lump sum, you may elect either of these options:

- Taxable distribution: You will receive the net amount, after applicable federal and state taxes are withheld. Benefit amounts of less than \$200 are not subject to taxes.
- Nontaxable rollover distribution: The benefit will be paid directly to an eligible retirement plan with no taxes withheld.

HOW TO APPLY FOR RETIREMENT BENEFITS

When you are ready to apply for retirement benefits, contact the Safe Harbor Retirement Plan Administrator for an estimate of the benefits payable to you and the forms you will need to start payment of your retirement benefit. The monthly retirement benefit will not start automatically, or be retroactive to, when you become eligible to retire. You must file a Safe Harbor Application for Distribution of Plan Benefits in order to begin receiving retirement benefits.

The Ventura County Employees' Retirement Association (VCERA) and this Safe Harbor Retirement Plan are separate plans. If you are also entitled to VCERA retirement benefits, you do not need to file for Safe Harbor and VCERA benefits at the same time. You can have different retirement dates for each plan. To apply for VCERA benefits, contact VCERA directly at 805/339-4250.

SAFE HARBOR RETIREMENT PLAN ADMINISTRATOR

If you have any questions regarding your benefits under this Plan, please contact the Safe Harbor Retirement Plan Administrator by mail, e-mail, or phone:

Safe Harbor Retirement Plan Administrator
CEO – Human Resources Division
800 South Victoria Avenue #1970
Ventura, CA 93009 – 1970
safe.harbor@ventura.org
805/654-2921

SOCIAL SECURITY DISCLOSURE

The pension benefit you receive from this Plan may affect the amount of Social Security benefit you receive. Under the Windfall Elimination Provision, your Social Security benefit is figured using a modified formula when you are also entitled to a pension from a job where you did not pay Social Security tax. As a result, you will receive a lower Social Security benefit than if you were not entitled to a pension benefit from this Plan. Under the Government Pension Offset Provision, any Social Security spouse or widow(er) benefit to which you become entitled will be offset if you also receive a federal, state, or local government pension based on work where you did not pay Social Security tax. The offset reduces the amount of your Social Security spouse or widow(er) benefit.

For additional information on your Social Security benefits, the Windfall Elimination Provision, or the Government Pension Offset Provision, contact Social Security by phone at 800/772-1213 or by logging on at www.socialsecurity.gov. You could also contact your local Social Security office.

IMPORTANT NOTICE

The preceding information is intended to provide you with a summary description of the retirement plan that has been implemented for eligible extra-help, intermittent, and part-time employees. Consequently, regardless of any inferences you may have drawn from this information, if there is any conflict between this information and the Plan Document, the Plan Document shall prevail. No statement in this summary description shall be considered a legally binding interpretation, enlargement, or amendment of the provisions within the Plan Document or applicable federal law.

The employer reserves the right at any time, or times, to amend or terminate this Plan. All participants and any persons claiming any interest in the Plan may be bound by any amendments. This Plan is not in any way to be deemed a contract between the employer and the employee and it in no way affects the employment contract of any employee.