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CANTON
GEORGIA

Summary of Employee Retirement Plans as of 01/01/2022

ICMA-RC is now

Mission Square
RETIREMENT

Important

This booklet is meant to briefly summarize some of the terms of the Retirement Plan which is in effect as of January 1, 2022.

The Defined Contribution and Deferred Compensation Plans are subject to the full terms and conditions of the MissionSquare Retirement 401A and 457 Governmental Defined Contribution and Deferred Compensation Plan and Trust Agreements.

Plan documents, which are available for review in the offices of your Pension Committee Secretary (Human Resources) and Assistant City Manager, may be amended from time to time. The Defined Contribution and Deferred Compensation Plan information and summary sheets that are contained in this booklet do not represent a guarantee of benefits, it does not change or modify the Plan documents that make up the Plan, and it is subject to correction and/or Plan amendments. In the event of a conflict between the information provided and the terms of the governing Plan documents, eligibility for benefits and benefits payable (if any) will be determined in accordance with and subject to the governing Plan documents.

Deferred Compensation and Defined Contribution Plans

Introduction

Contributions

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Introduction

MissionSquare Retirement was formerly ICMA-RC which was founded in 1972 through the assistance of a Ford Foundation grant. MissionSquare's mission is to help public sector employees build retirement security. It all began when the International City/County Management Association (ICMA) had the vision to create an organization dedicated to the retirement needs of public sector employees, and thus ICMA-RC, now MissionSquare Retirement was formed. MissionSquare Retirement was founded to provide portable retirement benefits for participants, enabling accumulated retirement assets to be transferred between employers.

Contributions

Pre-tax 457(b) contributions you make reduce your taxable income for the year. These contributions and all associated earnings are not subject to tax until you withdraw them, boosting the ability of your account to grow.

Roth 457(b) contributions differ because they are made after-tax and do not reduce your taxable income for the year. Roth contributions and associated earnings may be withdrawn tax-free if certain criteria are met.

Employees may elect contributions for either a Pre-tax or Roth (after tax) or a combination of both options. However, contributions are made in whole percentage numbers.

A. What is a 457 Deferred Compensation Plan?

A 457 Deferred Compensation Plan allows for tax-deferred contributions that then grow tax-free until an employee begins to withdraw the funds in retirement. At that time the funds will be taxed as ordinary income.

- Contributions during your employment are made to an account in your name for the exclusive benefit of you and your beneficiaries. The value of the account is based on the contributions made and the investment performance over time. You can generally change, stop, and restart contributions at any time.
- A 457 plan is designed to supplement your retirement income. While a pension and/or Social Security may go a long way, they are unlikely to be enough. Saving with your 457 plan can help you maintain your desired standard of living in retirement.

You have significant control over:

- How the money in the account is invested;
- How funds are withdrawn following your separation from service; and
- Who receives any remaining assets upon your death.

B. What is a 401(a) Defined Contribution Plan?

A 401(a) plan is an employer-sponsored retirement plan that allows percentage-based contributions from your employer. Contributions are based on established rules by the employer but can be in the form of a matched or fixed percentage contribution. Contributions can grow tax-deferred and be invested for further growth.

C. How can I participate in the Defined Contribution or Deferred Compensation Plan?

Simply complete the MissionSquare enrollment form and submit it to the human resources department. You have the ability to enroll electronically by logging on to www.msqplanservices.org/myplan/307487 and select "Enroll in My Plan" box. Remember to send a copy of your election form to your human resources department for payroll processing.

D. How much does it cost to participate?

Employees hired on/or after January 1, 2022, will be auto enrolled in the Employer's 401(a) plan with a predetermined percentage of the employee's salary regardless of any employee contribution. Additionally, these employees may contribute as much as the Internal Revenue Service will allow annually. They are also eligible for an employer match up to a certain predetermined percentage amount annually. For example, if the employee contributes 5% of their bi-weekly pay, the employer may match the 5%. The employer match is a predetermined amount set each year.

E. What options are available to Employers/Participants online?

Employers have a wide array of information and transaction capability available online including, but not limited to:

- Complete information about investment options available
- Request and view a Transaction Detail Report
- View plan statements electronically
- Submit contributions, enrollments, terminations, and indicative data changes via file or directly
- Request forms and publications

Participants also have a wide array of information and transaction capability available online at http://www.msqplanservices.org/myplan/307487 . Access includes, but not limited to:

- Complete information about investment options available
- Request and view a Transaction Detail Report
- View account statements and transaction confirmations electronically
- Perform enrollments (if permitted by the plan), indicative data changes, investment allocation changes and fund transfers

- Request forms and publications
- Perform loan modeling and request loans and distributions (if permitted by plan)

F. What is the Vesting Period?

The City of Canton's current plan has an immediate vesting period.

G. Who has Investment Control?

A wide range of investment options are available to help you build a diversified portfolio. You control all investment decisions, choosing from among the available options. You decide:

- How contributions are invested; and
- How to manage your investments on an ongoing basis.
- Access to Your Money - When you **leave** your employer, you may withdraw assets, regardless of the reason, but are generally taxable or you may rollover your assets to another eligible retirement plan without being taxed.
- After you reach age 72 or separate from service, whichever is later, you will be required to withdraw at least a minimum amount from your account each year, per IRS rules.
- 457 plans are unique. Unlike other retirement accounts, you do not have to qualify for an exception to avoid the 10% IRS penalty tax on withdrawals of your contributions and associated earnings before age 59 ½. Just remember that your 457 plan is designed to help you meet your retirement goals. Any withdrawals prior to retirement may reduce your future retirement security.

The City of Canton Plan allows for a Qualified Default Investment option. The Plan offers participants and beneficiaries, if applicable, the opportunity to invest in a broad range of investment alternatives, sufficient to permit investment in a diversified portfolio. You have the right to choose from among these alternatives. However, if you do not make an investment election, the Plan provides for your contributions and other money in your Plan Account to be invested in what is known as a "Qualified Default Investment Alternative".

You and/or your beneficiaries have the right to direct investments out of the Qualified Default Investment Alternative as often as you can for other Plan investments (but no less frequently than quarterly).

Qualified Default Investment Alternative is a target maturity fund. This investment seeks varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed-income investments available through the Plan. Allocations, which will change over time, are based on your target retirement date, and generally become more conservative (i.e., decreasing risk of losses) with increasing age.

For additional information about this option please go to https://services.msqretirement.org/enrollment/enroll .

H. Can I Borrow or Pledge Money from the Plan?

Withdrawals – You can make withdrawals from your account when you **leave** employment. You have the ability to take payments as needed or request scheduled automatic payments. You maintain control over your investments and continue to benefit from tax deferral even after you leave your employer.

During employment, subject to your employer and IRS rules, you may also be able to make withdrawals after age 72 or due to an unforeseeable emergency.

Withdrawals are generally taxable but, unlike other retirement accounts, the 10% penalty tax does not apply to distributions prior to age 59 ½ (the penalty tax may apply to distributions of assets that were transferred to the 457 plan from other types of retirement accounts).

To request a withdrawal from your MissionSquare account:

Log in to your account to see if your employer allows online withdrawals.

Or, complete and submit the forms in the 457 Plan Benefit Withdrawal Packet.

a. Do participants have to take distributions from MissionSquare accounts upon retirement? - Participants have the flexibility to choose a beginning payment date at any time after leaving employment. The beginning payment date must be no later than April 1 of the calendar year following the year in which (1) the participant reaches age 72 or (2) the participant leaves employment, whichever is later.

b. If a participant receives a distribution, will they receive a tax form from MissionSquare and if so, when? - Participants who receive distributions from retirement plans will receive a Form 1099-R. By law, the forms must be mailed by January 31st of each calendar year.

Unforeseeable Emergency Withdrawal - MissionSquare wants to help you receive the money necessary to help alleviate your unforeseeable emergency. You will be required to complete an Unforeseeable Emergency Withdrawal Form and submit this form with supporting documentation to your employer for authorization prior to being sent to MissionSquare.

I. What If I Die Before Retirement?

Survivor Benefits – You designate a beneficiary, or beneficiaries, to receive any remaining assets upon your death. If you don't designate beneficiaries, your estate is the default beneficiary, in which case:

- Assets may not be distributed per your wishes;
- Assets are subject to probate costs, potential delays, creditor claims; and
- Non-spouse heirs may receive fewer tax benefits.

Beneficiaries control investment decisions, receive the most flexible withdrawal options allowed by law, and are not subject to any additional fees.

J. Is this plan portable?

After leaving your employer, vested assets can also be transferred – or rolled over – to another eligible retirement plan without being taxed.

K. Where can I get more information about the plan?

You may log onto http://www.msqplanservices.org/myplan/307487 . If you have questions you go to see your Human Resources department if you have any questions after you have read this booklet. The Human Resources Director has copies of the Plan document and Adoption Agreement available for your review. You should also see the Human Resources Director if you need to submit or change your beneficiary designation.