

Dauphin County, PA Deferred Compensation Plan Highlights

Eligible Participants

All permanent part-time and full-time employees are immediately eligible.

Pay

In general, your pay is equal to the total pay including salary deferral contributions. Upon request, the Payroll Department will provide more detailed information.

457 Deferral Contributions

Through payroll deduction, you may contribute a minimum of \$10 per pay up to a maximum of \$19,000 in 2019. Your taxable income is reduced by the amount you contribute pre-tax into the plan. These contributions may be made on a pre-tax basis or Roth 457(b) "after-tax" basis.

Catch-up Contributions

If you are age 50 or older by December 31st, you may contribute a catch-up contribution for that tax year. In 2019, your catch-up contribution may not exceed \$6,000. If you are within three years of normal retirement age, special catch-up contributions may apply. If you qualify and would like to invest more than the maximum deferral with catch-up contribution (\$25,000 in 2019), please contact Stephen Hetrick (717) 545-1447 to discuss special catch-up contributions.

457 Deferral Changes

Your salary deferral agreement must be made in writing and completed before the beginning of the month in which your salary deferral contributions are to begin. However, as a new employee you may make a salary deferral contribution for the pay period in which you first become eligible. You may stop making salary deferrals or change your salary deferrals at any time. Changes will be effective the first day of the month following the date the request is received.

Employer Contributions

Dauphin County is currently making an additional contribution of \$4 per pay when you make a contribution into the plan of \$10 or more. This contribution does not increase if you contribute more. If you do not participate in the plan, you will not receive this additional contribution. This contribution may change in the future.

Vesting

All contributions (your deferred contributions and the employer contributions) are 100% vested. You choose to defer employer contributions. You cannot forfeit these contributions.

Rollover Contributions

You may be allowed to rollover into the plan all or a portion of the retirement funds you have outside the plan. To receive additional information, please contact your servicing advisor Stephen Hetrick (717-545-1447).

In-Plan Roth Transfers

Funds that are vested are permitted to be converted to Roth within the plan. The plan will not allow for Plan Assets to pay applicable tax withholdings. Consult with the Administrator and your tax advisor for the procedures, rules and regulations.

When You Receive Benefits

It should be noted that all distributions from the Plan are subject to a \$65 participant processing fee, which is detailed on the distribution form. You may receive money from your account at:

- Death
- Termination of Employment
- Age 70 1/2
- Plan Termination
- Di Minimis Exception
- Unforeseeable Emergency

Di Minimis Exception

While employed, you may withdraw all of your account value if your vested account (which does not include money rolled over from an IRA or other employer sponsored plan) is not more than the dollar limit under Code Section 411(a)(11)(A), currently \$5,000, and the following requirements have been met:

- 1) No amount has been contributed to the plan during the two-year period ending on the date of withdrawal.
- 2) You have not previously received a distribution of your total vested account to which Code Section 457(e)(9)(A) applied.

Unforeseeable Emergency

You may withdraw all or part of your vested account (up to the amount needed to satisfy the emergency) if you can prove an unforeseeable emergency and are unable to meet your financial needs another way. Unforeseeable emergency means a severe financial hardship resulting from:

- You or your dependent having a sudden and unexpected illness or accident, or
- A major loss of property to your primary residence due to casualty, or any other similar extraordinary and unforeseeable circumstances arising as a result of events beyond your control. For example, the imminent foreclosure of or eviction from your primary residence, the need to pay medical expenses, or the need to pay funeral expenses.

Except in extraordinary circumstances, the purchase of a home or payment of college tuition is not an unforeseeable emergency.

Loan Provisions

Any active employee may borrow money from his/her account for any reasonable purpose. Provisions of the loan program are as follows:

- You may borrow up to half of your total vested account balance for any purpose, with a minimum loan of \$1,000 and a maximum loan of \$50,000.
- The maximum number of loans a participant may leave outstanding at any time is two.
- You may choose a repayment schedule of up to five years, except if the loan is used to acquire your principal residence (up to 15 years). All loans will be paid back through payroll deduction.
- The interest rate charged on your loan will be 1% above the prime interest rate. All interest that you pay on your loan is credited to your account.
- A one-time, non-refundable fee of \$75 plus a \$25 per year administrative fee will be deducted from your loan proceeds.
- It may take three to four weeks to process your loan application, so plan accordingly.

Taxation of Distributions

You do not pay taxes on the contributions or earnings of your pre-tax accounts (including matching and profit sharing accounts) in the Plan until you receive an actual distribution. In other words, the taxes on the contributions and earnings in your pre-tax accounts are deferred until a distribution is made. Roth accounts, however, are the opposite. With a Roth account you pay current taxes on the amounts contributed. When a distribution is made to you from the Roth account, you do not pay taxes on the amounts you had contributed. In addition, if you have a "qualified distribution" (explained below), you do not pay taxes on the earnings that are attributable to the contributions.

A distribution of the earnings on your Roth account will not be subject to tax if the distribution is a "qualified" distribution. A "qualified" distribution is one that is made after you have attained age 59 ½ or is made on account of your death or disability. In addition, in order to be a "qualified" distribution, the distribution cannot be made prior to the expiration of a 5-year participation period. The 5-year participation period is the 5-year period beginning on the calendar year in which you first make the Roth contribution or In-Plan Roth Transfer, and ending on the last day of the calendar year that is 5 years later.

Most withdrawals/distributions are subject to taxation and require withholding. Typically, there is no 10% Early Withdrawal Penalty for withdrawals from a 457(b) plan prior to age 59 ½. Please check with your financial/tax advisor on how distributions may affect you.

Alliance Benefit Group is required by the IRS to withhold 20% of any taxable distribution eligible for rollover if it is not directly rolled over to another qualified retirement plan, IRA, or used to purchase an annuity to be paid over a minimum period of the lesser of 10 years or the participant's

life expectancy. This withholding will offset a portion of federal income taxes you owe on the distribution.

Account Information

You may obtain account information through:

Plan Recordkeeper:

Alerus at: 800-795-2697

Participant website: <http://www.alerusrb.com>

The default log in is as follows:

Username – Social Security Number

PIN - Last 4 digits of your Social Security Number

If you have forgotten your password, call the number listed above or go to the website, select "Login", select "Forgot User ID or Password" and go through the process to reset your password back to the default password.

Plan Investment Advisor

Retirement Collaborative LLC

www.retirementc.com

2000 Linglestown Road, Suite 101

Harrisburg, PA 17110

Stephen Hetrick, Investment Advisor Representative

717-545-1447

hetrick@retirementc.com

You will also receive quarterly statements.

Investments

You exercise control over selecting which Plan investment options you will use in your account; however, if money is deposited into your account and you have not made an investment election, the money will be invested in the default option, which is the Dauphin County Conservative Model. You may invest your contributions in any or all of the following options:

Equity (Stock) Funds

Vanguard High Dividend Yield Index Fund (VHYAX)

T. Rowe Price Blue Chip Growth Fund (TRBCX)

Parnassus Endeavor Fund (PARWX)

Vanguard Total Stock Market Index Fund (VTSAX)

Vanguard Mid-Cap Value Index Fund (VMVAX)

Buffalo Discovery Fund (BUFTX)

MFS New Discover Value R4 Fund (NDVUX)

Janus Triton Fund T (JATTX)

American Funds Euro Pacific Growth Fund R3 (RERCX)

Van Eck Emerging Markets Y (EMRYX)

Fidelity Real Estate Income Fund (FRIFX)

Third Avenue Real Estate Value Fund (TVRVX)

Vanguard Materials Index Fund Adm (VMIAX)

Fixed Income (Bond) Funds

Segall Bryant & Hamill Plus Bond Retail (WTIBX)

Eaton Vance Short Duration Real Return Fund (EIRRX)

PIMCO Foreign Bond (US Dollar Hedged) (PFRRX)

Vanguard Total International Bond Index Fund (VTABX)

Allocation Funds

T. Rowe Price Capital Appreciation (PRWCX)

Stable Value

Morley Stable Value Series II

Tactical Investment Strategies

DC Tactical Conservative Model

DC Tactical Moderate Model

DC Tactical Growth Model

Lifestyle Investment Strategies

DC Conservative Model

DC Conservative Growth Model

DC Moderate Growth Model

DC Growth Model

DC Aggressive Growth Model

Plan Web Portal

Retirement Collaborative LLC has created a custom web portal for plan participants. You may access it from your computer, tablet or smartphone at:

www.dauphincountydcplan.com.

On the site, you will be able to access educational resources, plan news and additional services provided by Retirement Collaborative LLC. When you access the site for the first time, you will need to create a unique login under “Not a Member? Sign Up”.

Investment Mix Changes

You may change your investment mix at any time. Changes may be made by accessing the participant web site or calling Alerus at 800-795-2697.

Other Information

Your salary deferral contributions do not affect your Social Security taxes or any of your other group benefits.

Account Servicing

Stephen Hetrick, of Retirement Collaborative LLC, will provide group and individual meetings and is available for phone calls, web-based meetings, or in-person meetings. Please access the “Contact Us” section of the web portal to access his calendar, consult your director, or call Stephen Hetrick directly at 717-545-1447.

This is a brief summary of your deferred compensation plan. If there are any discrepancies between this summary and the plan document, the plan document will govern. Contact the Benefits Department if you would like to see the plan document.