

1. Purpose

The purpose of this policy is to establish the methods and procedures under which eligible employees (“Employee”) may be enrolled and participate in the City of Punta Gorda General Employees 401(a) Defined Contribution Plan (the “401(a) Plan” or the “Plan”), as amended; and, the provisions under which a participating Employee may take advantage of the flexibility of 457(b) Deferred Compensation Plan. Nothing in this policy shall be construed as modifying the at will status of employees who are employed by the City, or as inferring an employment contract between the City and the Employee.

2. Enrollment

A. Eligibility

Only regular, full-time employees as specified in Section 4 of the City’s Personnel Rules and Regulations, who were hired on or after October 1, 2011, or employees hired before that date who have never participated in the City’s Defined Benefit Pension Plan, are eligible to participate in the 401(a) Plan.

B. Initial Enrollment

Employee should be contacted by the City’s Plan Administrator within thirty days (30) of employment start date. While it is recommended that Employee enroll within the first sixty (60) days of employment start date, there is no obligation to do so; *initial enrollment* in the plan may take place at any time after employment.

C. Initial Minimum Contribution

To enroll in the 401(a) Plan, Employee must contribute a minimum of two percent (2%) of earnings. The maximum amount Employee may contribute into the Plan is ten percent (10%) of earnings. All contributions shall be in whole percentages, i.e. 2%, 3%, 4%, etc.

D. Pre-Tax Earnings

All Employee contributions to the 401(a) Plan, up to the maximum allowable annual contribution, shall be deducted from earnings on a pre-tax basis.

E. Irrevocable Decision

Employee’s decision to participate in the 401(a) Plan is irrevocable, and Employee may not withdraw from the Plan or increase or reduce the amount contributed once Employee begins to participate in the Plan.

3. Employer Matching Contribution

A. Up to Five Percent (5%)

The City shall contribute on behalf of each Employee participant one dollar for every dollar contributed by Employee, up to a maximum of five percent (5%) of earnings.

B. Over Five Percent (5%) up to Ten Percent (10%)

The City shall contribute on behalf of each Participant fifty cents (\$.50) for every dollar contributed by Employee, up to a maximum of ten percent (10%) of earnings. Maximum matching contribution to the 401(a) Plan by the City shall be 7.5% of Employee earnings.

4. Vesting Period and Normal Retirement Age

The vesting period for the 401(a) Plan shall be five (5) years. Normal retirement age shall be 65. If Employee leaves service with the City prior to vesting, only earnings contributed by Employee to the Plan shall be returned to Employee, plus any interest that has been earned on Employee contributions.

5. 457(b) Deferred Compensation Option

As specified in section 2.F above, Employee decisions with respect to participation in the 401(a) Plan are irrevocable. Employee may increase or reduce contributions to retirement savings by directing pre-tax earnings into a 457(b) Deferred Compensation plan that is administered by the company that administers the 401(a) Plan, and subject to the following provisions.

A. Minimum and Maximum Contribution to 401(a) Plan

Employee's minimum and maximum contribution to the Plan shall be two percent (2%) up to ten percent (10%) of earnings respectively. The sum of the contribution to the 401(a) Plan and the contribution to a 457(b) account may not exceed ten percent (10%).

B. Matching City Contribution

The City will match Employee's contributions to the 401(a) Plan and 457(b) accounts on the same terms as specified in sections 3.A and B above, provided that the sum total of Employee contribution to both accounts does not exceed ten percent (10%). The City's matching contribution will be placed into the 401(a) account, and will be subject to the vesting provisions specified in section 4 above.

C. Increasing and Reducing 457(b) Contributions

1. While initial enrollment in the Plan may take place at any time, Employee may increase or reduce earnings contributions to the 457(b) plan only during the period of time from August 1 through September 30 of each year. Changes to contribution shall become effective October 1.
2. As specified in section 2.C above, any increase or reduction in earnings contribution shall be in whole percentages.
3. Concurrent with Employee's increase or reduction in earnings contribution the City will adjust its matching contribution to the 401(a) plan, subject to the provisions of sections 3.A and B; and 5.B above.

6. Loans

A. 401(a) Plan

Employee may not borrow funds from the 401(a) Defined Contribution Plan, regardless of the source of the funds in the account, Employee contribution or City matching funds.

b. 457(b) Plan

Employee may borrow funds from the 457(b) account, subject to the provisions specified in the plan sponsorship agreement between the City and the 457(b) Plan administrator.