

**Summary Description
For the
Clayton County, Georgia Public Employee
Retirement System (Pension Plan)**

*Sponsored by
Clayton County and the Clayton County Water Authority*

For Eligible Employees First Employed by
Clayton County or the Clayton County Water Authority

On or After January 1, 2016

Table of Contents

Introduction	1
Plan Highlights	2
Retirement Benefits Can Start Early	2
You May Get a Benefit If You Leave Employment or Become Disabled Before Retirement.....	2
Death Benefits	2
Joining the Plan	3
When You Join	3
Clayton County, the Water Authority and You Pay for the Plan	3
Retirement Benefits	4
When You Can Retire.....	4
Your Normal Retirement Date.....	4
The Amount of Your Normal Retirement Benefit	5
Your Early Retirement Date	7
How Early Retirement Benefits Are Figured	7
To Estimate Your Retirement Benefit	8
Deferred Retirement	9
State Enacted Retirement Plans That Reduce Highly Compensated Employees' Benefits.....	10
Benefit Limitations	10
Disability Benefits	11
If You Become Disabled	11
Termination of Employment	12
Payment Choices	13
Your Payment Choices	13
Normal Fund Payment Method.....	13
Alternate Payment Choices.....	13
Return of Your Contribution Account Balance	14
Rollover.....	14
Survivor Benefits	16
If Your Death Occurs While an Active Employee.....	16
If Your Death Occurs After You Leave Clayton County or the Water Authority, But Before Benefits Begin	17
If Your Death Occurs After Benefits Begin.....	17
Reemployment	18
If You Are Reemployed by Clayton County or the Water Authority	18
Claims Review Procedure	20
If Your Claim Is Denied	20
Requesting a Review of the Denial.....	20
Important Information about Your Pension Plan	21
How to Apply for Benefits.....	21
How the Plan Is Administered	21
Plan Amendment and Termination	21
This Explanation of the Plan Is a Summary.....	21
Qualified Domestic Relations Orders	22
Special Rules in Connection with Military Service	22
Glossary	23

Introduction

Your retirement should be a time to relax, travel, and enjoy a hobby - a time to do a lot of things put off during working years. Like so many other important events in life, retirement has a way of getting here sooner than we expect. That's why it is never too early to start planning for those years when you are no longer earning a regular paycheck.

Where will the money come from to support a secure retirement? Like everything else, successful retirement takes planning and money. That's where the Clayton County, Georgia Public Employee Retirement System (Pension Plan) (the "Plan") for employees of Clayton County and the Clayton County Water Authority ("Water Authority") will help. It provides you with the opportunity for retirement income in addition to your own savings and any Social Security benefits you may be eligible to receive.

Since the benefits provided by the Plan play a role in your future financial security, we urge you to read this summary of the Plan carefully. Please remember, however, that this information is only an overview of the Plan's important provisions. If you wish to review the Plan document, you may obtain an electronic copy on the Clayton County inter-governmental website <http://cnet.claytoncountyga.gov> – Finance Department – Pension section or via Sharepoint on the Water Authority's Health and Wellness site, as applicable. You may request a hard copy from the Finance Department by calling 770-477-3222. You should consult the Plan document if you have any questions about the Plan or your benefits that are not answered by this summary. Should there be a conflict between this summary and the Plan documents, the Plan documents will govern.

In this summary there are certain terms that are used that are unique to this Plan. These terms are defined in the Glossary at the end of this summary.

This summary reflects the terms of the Plan as in effect on January 1, 2016, and only applies to employees first hired by Clayton County or the Water Authority on or after January 1, 2016.

Plan Highlights

Retirement Benefits Can Start Early

You will receive benefits from the Plan when you retire - if you choose, as early as age 55 provided you have completed at least 25 years of Credited Service or age 60 with as little as 15 years of Credited Service. Your monthly Plan benefits are based on how long you've worked for Clayton County or the Water Authority and your Compensation; however, your benefits are reduced if you commence your benefits prior to your Normal Retirement Date.

Special Early Retirement Rule for Safety Personnel

If you are classified as Safety Personnel, you may choose to receive benefits from the Plan as early as age 50 provided you have completed at least 25 years of Credited Service or age 55 with as little as 15 years of Credited Service.

You May Get a Benefit If You Leave Employment or Become Disabled Before Retirement

If you leave your job before retirement or if you incur a Disability, you may still get a benefit depending on how long you've worked for Clayton County or the Water Authority. That's one reason why it's important to know how your retirement Plan works, regardless of your age.

Death Benefits

The Plan provides benefits to your designated Beneficiary indicated on the completed Beneficiary Designation Form in the event your death occurs (i) while you are actively employed after your Normal Retirement Age or after completing at least ten (10) years of Vesting Service or (ii) if your death occurs in the performance of your duties for Clayton County or the Water Authority. If you are married at the time of your death and you do not designate any Beneficiary, your Beneficiary will automatically be your spouse and will receive any death benefit under the Plan. If you are not married at the time of your death and you do not designate any Beneficiary, your estate will automatically be your Beneficiary and will receive any death benefit under the Plan. Benefits are also provided if you terminate employment after ten (10) years of Vesting Service and then your death occurs, provided your benefit payments have not commenced.

Joining the Plan

When You Join

If you are a full-time employee in a Qualifying Position and are not paid with funds reimbursed by the State of Georgia, you automatically become a participant in the Plan on your first day of employment with either Clayton County or the Water Authority. "Full-time" means, generally, that you are regularly scheduled to work at least 40 hours per week and are not classified as "temporary" under the Clayton County Civil Service System or by the Water Authority. Leased employees and independent contractors are not eligible to join the Plan.

Clayton County, the Water Authority and You Pay for the Plan

For the most part, Clayton County and the Water Authority pay the cost of providing benefits under the Plan. They pay a quarterly contribution of 13.9% of Compensation. An actuary hired by the Plan makes periodic reviews of the Plan's financial soundness and determines whether Clayton County and the Water Authority need to contribute a different amount in order to keep the pension fund in sound condition.

Each participating eligible employee contributes 7.5% of his or her Compensation on a pre-tax basis by payroll deduction.

All contributions are paid to the pension fund and invested according to the terms of the Plan. The combination of contributions from Clayton County, the Water Authority and eligible employees plus the earnings from investments is used to pay for your Plan benefits.

Retirement Benefits

When You Can Retire

There are three different times that you can retire and receive benefits from the Plan - Normal Retirement, Early Retirement and Deferred Retirement. In addition, benefits may be paid following your Disability, death, or termination of employment. Each situation is explained in this summary.

Your Normal Retirement Date

Your Normal Retirement Date is the date you can retire and receive your earned benefits without any reduction for early commencement. Your Normal Retirement Date is the first day of the month coinciding with or immediately following your Normal Retirement Age, which is the earlier of the dates you:

- complete at least 25 years of Credited Service and attain at least age 60;
or
- reach age 62 and attain at least the tenth (10th) anniversary of your Plan participation.

Special Normal Retirement Rule for Safety Personnel

If you are classified as Safety Personnel, your Normal Retirement Date is the first day of the month coinciding with or immediately following your Normal Retirement Age, which is the earlier of the dates you:

- complete at least 25 years of Credited Service and attain at least age 55;
or
- reach age 60 and complete at least 10 years of Credited Service.

Your monthly benefits generally start on your Normal Retirement Date (as described above) and continue to be paid for as long as you live with 60 monthly payments guaranteed to be made even if your death occurs. However, you can elect alternate forms of payment as described in the **Payment Choices** section of this summary.

At your option, you can use all or a portion of your current or reserved sick leave (determined in accordance with standard personnel practices) as an age credit towards qualifying as having attained your Normal Retirement Age (as described above). Persons other than Twenty-Four Hour Personnel can receive a month of age credit for each 173.333 hours of leave. Twenty-Four Hour Personnel can receive a month of age credit for each 264 hours of leave. Any sick leave you elect to apply for this purpose cannot be used as a service credit in determining your Credited Service. Also, there will be no age credit given for any partial month of credit.

The Amount of Your Normal Retirement Benefit

Your Normal Retirement Benefit is based on a formula that uses your Credited Service and your Average Monthly Compensation, which in turn depends on your Compensation. These important terms are discussed below along with the formula. Special rules apply to individuals who participated in the Plan by virtue of receiving a salary supplement from Clayton County prior to September 1, 1995 in a capacity other than as an eligible employee. If you believe these circumstances apply to you, you should contact the Plan Administrator for details.

Credited Service

Credited Service is your number of years and completed months of continuous qualifying employment while an eligible employee plus any Bridged Service (as described under the **Bridged Service - Restorations of Credited Service and Vesting Service** section) with Clayton County or the Water Authority up to your date of retirement or earlier termination of employment. In addition, your unused current and reserved sick leave (determined in accordance with standard personnel practices) that are not used as age credits for qualifying as attaining your Normal Retirement Age will be converted to Credited Service when you retire using conversion rules defined in the Plan.

Credited Service does not include any period of employment while you were an active participant in the Employees Retirement System of Georgia or the Georgia State Employees Pension and Savings Plan.

Average Monthly Compensation and Compensation

Average Monthly Compensation is the average of your Compensation over a period of time. The period of time over which Compensation is averaged is the sixty (60) consecutive months which produces the highest monthly average during your last one hundred twenty (120) whole or partial months of employment. However, if you have not been employed for sixty (60) months, your Average Monthly Compensation will be the average of Compensation received during your employment.

In determining Average Monthly Compensation, intervening periods of non-employment, self-employment or employment with a third party and any period of employment while an active participant in the Employees Retirement System of Georgia or the Georgia State Employees Pension and Savings Plan will be disregarded.

Your Compensation is certain wages received while an employee from Clayton County or the Water Authority plus any pre-tax premiums you pay to Clayton County or the Water Authority for health benefits and deferrals you make to a deferred compensation plan sponsored by Clayton County or the Water Authority.

Your Compensation includes:

- Annual salary or wages paid for time worked during regularly scheduled work periods.
- Holiday pay.
- The following forms of premium pay - longevity pay, call back pay, and standby pay.

Your Compensation excludes:

- Commissions.
- Fees.
- Salary paid by the State of Georgia or salary which is reimbursed to Clayton County or the Water Authority by the State of Georgia if such reimbursements are considered in a pension plan maintained by the State of Georgia.
- Premium pay not listed above for services rendered for time worked in addition to regular scheduled work periods, including, but not limited to, overtime, comp time payoff, on call stipends, sick leave incentive or any other pay of similar kind or character.
- Salary supplements paid by Clayton County for services rendered other than as an employee.

The Normal Retirement Benefit Formula

Your Normal Retirement Benefit in the normal form of payment is determined by multiplying two percent (2%) of your Average Monthly Compensation by your Credited Service (not to exceed 32 years).

As an example, let's figure the Normal Retirement Benefit for an employee we will call Jill. We will assume Jill retires at age 60 and has 25 years of Credited Service, and has Average Monthly Compensation of \$2,500. Because Jill has 25 years of Credited Service, her Normal Retirement Age is 60.

2% of Average Monthly Compensation times Credited Service

$$2\% \times \$2,500 \times 25 = \$ 1,250.00 \text{ per month}$$

Jill's Normal Retirement Benefit, paid as a Normal Fund Payment, is \$1,250.00 a month.

This benefit is in addition to Jill's benefits, if any, from Social Security and her personal savings. If you want to receive a statement as to your Social Security benefits, you may request a statement on line at www.ssa.gov.

Your Early Retirement Date

Your monthly payments normally begin on the first day of the month coinciding with or following your Normal Retirement Date, but you may elect to start receiving your benefits on your “Early Retirement Date,” which is the first day of any month you choose coinciding with or following attainment of your Early Retirement Age, but prior to attaining your Normal Retirement Age. If you elect to receive your benefits at an Early Retirement Date, your benefit will be reduced as described in the example below to account for the greater time period over which you will receive your benefits.

You attain your Early Retirement Age when you have either:

- completed at least 25 years of Credited Service and have attained at least age 55; or
- completed at least 15 years of Credited Service and have attained at least age 60.

Special Early Retirement Rule for Safety Personnel

If you are classified as Safety Personnel, you attain your Early Retirement Age when you have either:

- completed at least 25 years of Credited Service and have attained at least age 50; or
- completed at least 15 years of Credited Service and have attained at least age 55.

How Early Retirement Benefits Are Figured

Your Early Retirement Benefit is based on your “accrued benefit.” This is the amount you have earned from the Plan as of your Early Retirement Date. Your accrued benefit is determined by the Normal Retirement Benefit formula illustrated under **The Amount of Your Normal Retirement Benefit** section above, but using only your Credited Service and Average Monthly Compensation at your Early Retirement Date.

If your monthly benefit payments start before your Normal Retirement Date, your monthly benefit is reduced because it is expected to be paid out over a longer period of time. The Normal Retirement Benefit is reduced by one-half of one percent (0.5%) per month for each month your benefits commence before your Normal Retirement Date. For example, if you retire one year early, your monthly benefit will be reduced by six (6) percent (12 months x 0.5% = 6.0%). Retiring five years early would cause your monthly benefit to be reduced by 30 percent (60 months x 0.5% =

30%). So the earlier your benefit payments begin, the more your monthly benefit will be reduced.

For example, assume Paul has a monthly Normal Retirement Benefit of \$1,500. However, he is eligible to retire five years prior to his Normal Retirement Age and elects to commence his benefits on his Early Retirement Age. In that case, the monthly Early Retirement Benefit payable beginning at his Early Retirement Age would be \$1,050.00.

Monthly Normal Benefit	=	
\$1,500.00		
Reduction = 60 months x 0.5% x \$1,500.00	=	450.00

To Estimate Your Retirement Benefit

These worksheets guide you in estimating your retirement benefit at your Normal or Early Retirement Age. Refer to your pay stubs to determine your Average Monthly Compensation. Remember, special Normal and Early Retirement rules apply to Safety Personnel.

Average Monthly Compensation	Example	Enter Your Compensation
Current Year	36,000	\$ _____
Last Year	34,000	_____
Prior Year	32,000	_____
Prior Year	31,500	_____
Prior Year	31,000	_____
Prior Year	30,000	_____
Prior Year	26,500	_____
Prior Year	26,000	_____
Prior Year	25,500	_____
Prior Year	25,000	_____
Add highest five consecutive years	\$ 164,500	[A] \$ _____
Average Monthly Compensation [A ÷ 60]	\$ 2,741.67	[B] \$ _____

Estimated Credited Service	Example	Enter Your Service Dates
Projected Date of Normal or Early Retirement	09/01/2016	[C] _____
Date of Hire	01/01/1991	[D] _____
Total Years of Credited Service [C - D]	25.67 years	[E] _____
Sick Leave Conversion – Enter Total Sick Leave (Hours)	2,253.5 hours	[F] _____

If not Twenty-Four Hour Personnel, divide sick leave hours by 2,080; <i>or</i>	[F / 2,080]	1.08 years	[G]
If Twenty-Four Hour Personnel, divide by 3,168 (264 x 12).	[F / 3,168]		
Total Years of Credited Service (but not more than 32 years)	[E + G]	26.75	[H]

		Example	Your Estimated Benefit
Normal Retirement Benefit	[.02 x B x H]	<u>1,466.79</u>	

Your Normal Retirement Benefit is calculated by multiplying 2% of your Average Monthly Compensation by your years of Credited Service.

If Early Retirement		Example	Enter Your Information
Normal Retirement Age		60.00	[J]
Age at Early Retirement		58.50	[K]
Subtract to Determine Years prior to Normal Retirement Age	[J - K]	1.5	[L]
Convert to Months	[L x 12]	18	[M]
Early Retirement Reduction	[M x 0.5%]	9.0%	[N]
Early Retirement Factor	[100% - N]	91.0%	[P]
Normal Retirement Benefit from above	[I]	<u>\$1,466.79</u>	
Monthly Early Retirement Benefit	[I x P]	<u>\$1,334.78</u>	

Deferred Retirement

You may continue working past your Normal Retirement Date. Your Deferred Retirement Benefit generally will be determined by the Normal Retirement Benefit formula using your Credited Service and your Average Monthly Compensation determined as of your actual later retirement date.

State Enacted Retirement Plans That Reduce Highly Compensated Employees' Benefits

The Georgia State legislature maintains pensions or retirement plans for certain employees. To the extent these plans are funded by Clayton County funds or from State funds which would otherwise go to Clayton County, this Plan's retirement benefit for a Highly Compensated Employee will be reduced by the amount of the benefit from such State enacted retirement plans to the degree that such benefit can be determined.

Benefit Limitations

The maximum benefit payable is 64 percent (2% x 32 years of Credited Service) of the Participant's Average Monthly Compensation. In addition, annual benefits from this Plan may not exceed certain maximum levels established by Internal Revenue Code Section 415. Generally, these maximum limits are set so high as to only affect the benefits of employees with very high pay. The Plan Administrator will inform you if this Code Section limits your benefits.

Disability Benefits

If You Become Disabled

If while employed by Clayton County or the Water Authority you become totally and permanently disabled to the extent that you are prevented from engaging in any substantial employment and which would entitle you to receive Social Security Disability Insurance Benefits (regardless of whether you are covered under the Social Security Act), you will be eligible to receive a Disability Retirement Benefit from this Plan if you have completed:

- three (3) years of Vesting Service, if your disability is a result of your performance of duty; or
- if your disability is not a result of the performance of your duties, ten (10) years of Vesting Service.

Your monthly Disability Retirement Benefit payments from the Plan begin on the first day of the month after you cease to be an employee as a result of being totally and permanently disabled. The amount of your monthly Disability Retirement Benefit will be equal to 30% of your monthly rate of Compensation at the time you became disabled. In addition, you may receive Social Security disability benefits, if eligible.

In any event, the amount of your monthly Disability Retirement Benefit will not be less than your accrued benefit as of your disability retirement date, unreduced for early commencement. Your accrued benefit is determined by the Normal Retirement Benefit formula, using your Credited Service and Average Monthly Compensation at your disability retirement date.

Generally, Disability Retirement Benefits are paid monthly for the rest of your life with 60 months of payments guaranteed (refer to the **If Your Death Occurs After Benefits Begin** section and **Payment Choices** section for other payment options). However, the benefit will end sooner if the Plan Administrator determines that you are no longer totally and permanently disabled.

Termination of Employment

If you leave the employment of Clayton County or the Water Authority before retirement, you may be entitled to a “vested” accrued benefit. Under the Plan, you are entitled to a benefit if you have completed at least ten (10) years of Vesting Service. Vesting Service generally means your years of continuous employment with Clayton County or the Water Authority including authorized leaves of absence plus your Bridged Service (as described under the **Bridged Service - Restorations of Credited Service and Vesting Service** section).

Your vested accrued benefit is determined by the Normal Retirement Benefit formula using your years of Credited Service and Average Monthly Compensation on your date of termination of employment.

You will receive your vested accrued benefit commencing as of the first day of the month coinciding with or following the date you reach your Normal Retirement Date. If, however, you have at least fifteen (15) years of Credited Service on your date of termination, you can elect to have your benefit payments start at your Early Retirement Age, with your benefit reduced in the same manner as Early Retirement Benefit is reduced for early commencement. Your monthly benefit will be payable as a life annuity with 60 months of payments guaranteed, unless you elect an alternate form of payment as described in the **Payment Choices** section of this summary.

If the present value of your vested accrued benefit, determined using factors specified in the Plan, is \$5,000 or less, the benefit will be paid in a lump sum soon after the end of the Plan Year in which you terminate employment; provided that, if the present value of your vested accrued benefit exceeds \$1,000, payment will not be made to you prior to your Normal Retirement Age without your consent.

Instead of receiving your vested accrued benefit, you may elect to have your participant contributions credited to your Contribution Account Balance returned to you, increased by an earnings factor of five percent (5%) credited at the end of each twelve (12) month period ending June 30 based on your Contribution Account Balance as of the first day of that twelve (12) month period.

Before your benefit payments are scheduled to start, you must notify the Plan Administrator where to send your checks.

Payment Choices

Your Payment Choices

If the present value of your benefits payable under the Plan, including death benefits, is \$5,000 or less determined using factors under the Plan, you (or your Beneficiary, if applicable) will automatically receive your benefit in a lump sum within a short time after the end of the Plan Year in which retirement or death occurs. Note that if the present value of your vested accrued benefit exceeds \$1,000, payment will not be made to you prior to your Normal Retirement Age without your consent.

If the present value is greater than \$5,000, you will receive a monthly benefit described in the **Normal Fund Payment Method** section below. You may, however, elect another payment option described below under the **Alternate Payment Choices** section. See the **Important Information About Your Pension Plan** section for information on how to apply for your benefits.

Normal Fund Payment Method

Under this method, you will receive your monthly benefit for as long as you live with the added feature that if your death occurs during the first five years after you begin receiving benefits, your Beneficiary will receive a monthly benefit for the remainder of that five-year (60-month) period.

For example, if your death occurs after you have received 40 monthly payments, the remaining 20 (60 minus 40) payments will continue to be made to your Beneficiary. If you are living after you receive all of the guaranteed payments, you will continue to receive payments for your lifetime (*i.e.*, benefit payments will stop at your death).

The Plan offers several additional payment options that may suit your needs better than the Normal Fund Payment just described. You may choose one of the following alternate forms of payment in lieu of the Normal Fund Payment.

Alternate Payment Choices

The benefits that will be paid under an alternate payment choice differ from the amount you would receive under a Normal Fund Payment, since under an alternate payment choice you are choosing different amounts of protection for your Beneficiary. The Plan uses factors that depend on your age and your Beneficiary's age to determine how much to adjust your benefit to reflect your selected payment choice. Before making a decision, the Plan will provide you with information about the level of your benefits under the Normal Fund Payment form and under each alternate payment choice you would like to consider.

You have the following alternate payment choices:

- **Ten Years Certain and Life.** This payment choice provides a reduced monthly benefit for your lifetime with 120 payments guaranteed. If your death occurs before you receive all 120 guaranteed monthly payments, the remaining monthly payments (120 less the number of payments you received) will continue to be made to your Beneficiary. If you are living after you receive all of the guaranteed payments, you will continue to receive payments for your lifetime (*i.e.*, benefit payments will stop at your death).
- **Joint and Survivor Options.** This payment choice provides a reduced monthly income payable for your lifetime. Once your death occurs, 100%, 75% or 50% of the amount you were receiving – as selected by you – will be paid to your Beneficiary for his or her lifetime. However, if your Beneficiary is not living at your death, benefits will stop at your death.

The 100% option is not available if your Beneficiary (other than your spouse) is more than 10 years younger than you. The 75% option is not available if your Beneficiary (other than your spouse) is more than 19 years younger than you.

You may revoke a prior payment election as long as you do so before payments commence. A payment election becomes irrevocable once payments commence. The election of any option with a contingent annuitant is deemed void if, before payments commence, either the participant or the contingent annuitant is deceased or if the contingent annuitant is the participant's spouse and the parties are divorced.

Return of Your Contribution Account Balance

You may elect to receive your Contribution Account Balance in lieu of your benefits described above. Your Contribution Account Balance is the accumulated amount of contributions you have made to the Plan along with five percent (5%) annual interest credits that are calculated each June 30. Usually, the value of your benefits to be received over your lifetime are expected to be much more valuable than your Contribution Account Balance.

Rollover

If you receive your benefits in a lump sum and they total at least \$200, you can defer federal income tax on the portion of such benefits you roll over (*i.e.*, transfer) to another eligible retirement plan, IRA, individual retirement annuity, or an eligible deferred compensation plan under Code Section 457(b). Such plan has to be willing to accept the roll over contributions. If you wish to roll over only a portion of your benefit, then the amount rolled over needs to be at least \$500. In addition, if the funds are rolled over directly for you (as opposed to your receiving them and then

rolling them over on your own) then there need not be withholding for taxes on the distribution.

Spouse beneficiaries have similar roll over opportunities. Non-spouse beneficiaries may make distributions eligible for roll over in a direct trustee-to-trustee transfer to an "inherited IRA."

The Plan Administrator will furnish you with more information about these features at your retirement.

Survivor Benefits

If Your Death Occurs While an Active Employee

In Line of Duty; After Age 50 with Qualifying Years of Vesting Service; or After Normal Retirement Age

Your Beneficiary will receive a monthly death benefit commencing on the first of the month following the date of your death if your death occurs:

- after you reach your Normal Retirement Age,
- in the performance of your duties, or
- after you reach age 50 as long as you have completed ten (10) or more years of Vesting Service at the date of your death.

If you are married, your surviving spouse's death benefit amount is 50% of what your benefit would have been if you had retired and elected the 50% Joint and Survivor option. If you are not married, the death benefit is sixty (60) monthly payments of the Normal Fund Payment.

Your spouse's or Beneficiary's monthly benefit will begin as of the first day of the month coinciding with or immediately following your death. The benefits are unreduced if they commence prior to your Normal Retirement Age. In lieu of monthly benefits, your Beneficiary may elect to receive the actuarial equivalent of the death benefit in a lump sum.

Before Age 50 with Qualifying Years of Vesting Service

If your death occurs while employed but before you reach age 50, your spouse, if you are married, will receive a death benefit, provided you have completed ten (10) or more years of Vesting Service at the date of your death. Your spouse will receive a deferred lifetime benefit determined as if you had elected the 50% Joint and Survivor option. Your spouse's benefit will be deferred and begin on what would have been your Normal Retirement Date or, if you had 15 or more years of Vesting Service, your Early Retirement Date. If your spouse's benefit commences before your Normal Retirement Date, the benefit is reduced in the same manner as for early retirement.

If you are not married at your death in these circumstances, the death benefit payable to your Beneficiary is sixty (60) monthly payments of your Normal Retirement Benefit or Early Retirement Benefit starting on the first of the month when you would have attained your Normal Retirement Date or Early Retirement Date, whichever would have been the first to occur.

If Your Death Occurs After You Leave Clayton County or the Water Authority, But Before Benefits Begin

A death benefit is also payable if you have terminated employment prior to age 50 and you had completed at least ten (10) years of Vesting Service and then your death occurs before benefit payments begin. If you are married at your death, your spouse will receive a monthly benefit equal to the beneficiary portion of the benefit determined as if you had begun receiving benefits under the 50% Joint and Survivor option on the earliest date you would have been entitled to begin receiving benefits.

If you are not married at your death in these circumstances, your Beneficiary will receive sixty (60) monthly payments equal to the amount of your Early Retirement Benefit or Normal Retirement Benefit (whichever is applicable) determined as of your date of death.

Your Beneficiary's benefit will begin after your death on the first day of the month on or immediately following the earlier of the date you would have attained your Early Retirement Age or Normal Retirement Age. The benefits are reduced if they commence prior to your Normal Retirement Age.

A Beneficiary entitled to death benefits also may elect a return of the Participant's contributions (*i.e.*, the Participant's Contribution Account Balance) with interest credits in lieu of the death benefits.

If Your Death Occurs After Benefits Begin

If your death occurs after you begin receiving Early, Normal or Deferred Retirement Benefit payments or vested benefit payments, your Beneficiary will receive any remaining benefits, according to the form of payment you chose.

Reemployment

If You Are Reemployed by Clayton County or the Water Authority

If you terminate employment and then are rehired as an employee with Clayton County or the Water Authority, there are special rules concerning your benefits and the service you earned before you left.

Plan Participation after Reemployment

Regardless of whether you were vested or not vested before you left, your participation in this Plan will begin immediately when you are reemployed as an eligible employee.

Bridged Service - Restorations of Credited Service and Vesting Service

Except as provided below, a participant who is reemployed after incurring a termination of employment will have any Credited Service and Vesting Service earned prior to his or her termination of employment disregarded for all purposes under the Plan.

For participants rehired before the commencement of benefit payments (other than a distribution of his or her Contribution Account Balance):

If a participant (i) terminates employment with a vested accrued benefit, (ii) does not receive a distribution of his or her Contribution Account Balance, and (iii) becomes reemployed by Clayton County or the Water Authority, any Credited Service and Vesting Service prior to his or her termination of employment will be considered for all purposes under the Plan.

If a participant (i) terminates employment without a vested accrued benefit, (ii) does not receive a distribution of his or her Contribution Account Balance, and (iii) becomes reemployed by Clayton County or the Water Authority, any Credited Service and Vesting Service prior to his or her termination of employment will be disregarded for all purposes under the Plan, unless the participant is credited with at least ten (10) years of Vesting Service following his or her reemployment date. If the participant is credited with at least ten (10) years of Vesting Service following his or her reemployment date, any Credited Service and Vesting Service prior to his or her termination of employment will be considered for all purposes under the Plan.

If a participant (i) terminates employment with a vested accrued benefit, (ii) receives a distribution of his or her Contribution Account Balance, and (iii) becomes reemployed by Clayton County or the Water Authority, any Credited Service and Vesting Service earned prior to his or her termination of employment will be disregarded for all purposes under the Plan unless (1) the participant is rehired within three (3) years following the termination of employment; (2) the participant is

credited with at least ten (10) years of Vesting Service following his or her reemployment date; and (3) the participant repays the amount of such prior distribution to the Plan in a lump sum no later than twelve (12) months after the date of his or her reemployment. If such a participant is credited with at least ten (10) years of Vesting Service following his or her reemployment date and timely repays his or her Contribution Account Balance, any Credited Service and Vesting Service prior to his or her termination of employment will be considered for all purposes under the Plan.

If a participant (i) terminates employment without a vested accrued benefit, (ii) receives a distribution of his or her Contribution Account Balance, and (iii) becomes reemployed by Clayton County or the Water Authority, any Credited Service and Vesting Service earned prior to his or her termination of employment will be disregarded for all purposes under the Plan.

Suspension of Benefits Upon Reemployment

If you terminate employment, begin receiving benefit payments, and are then reemployed as an eligible employee by Clayton County or the Water Authority, your benefit payments will be suspended during the period of your reemployment. The payment of retirement benefits will resume following your subsequent retirement in the same form of benefit previously made to you prior to your reemployment. You will be entitled to any additional benefits you earn following your reemployment upon your subsequent retirement. The retirement benefit payable to you upon your subsequent retirement will be offset by the actuarially equivalent value of the benefit payments you have already received. In no event, however, will your benefit payments be less than the amount you were previously receiving from the Plan. The suspension rules will not be applied to a participant who had thirty-two (32) or more years of Credited Service before becoming reemployed; however such a person will still be entitled to any additional benefits earned following reemployment upon a subsequent retirement. The retirement benefit payable upon the subsequent retirement will be offset by the actuarially equivalent value of the benefit payments already received. In no event, however, will benefit payments be less than the amount previously being paid from the Plan.

Claims Review Procedure

If Your Claim Is Denied

If your claim for benefits is denied in whole or in part, the Plan Administrator will notify you in writing or by electronic notice within 90 days after receiving your claim. The notice will state the following:

- The specific reason(s) for denial.
- The Plan provisions that support the denial.
- Any additional information needed to complete your claim request and an explanation of why it is needed.
- Information on how to have the claim denial reviewed and the time limits for requesting a review of the denial.

Requesting a Review of the Denial

If you would like to request a review of the denial, your written request for a review must be made within 60 days after the denial date. You or your representative may review pertinent documents and submit issues and comments in writing to the Plan Administrator.

When the Plan Administrator receives your written request for review, the Plan Administrator may schedule a hearing within 60 days of receiving your written request. You and your representative will be notified at least 10 days prior to the hearing of the date, time, and location of the hearing. You can request the hearing be rescheduled to a more convenient time or place. You can bring any counsel you retain to the hearing.

The Plan Administrator will submit its decision to you and your counsel within 60 days of receiving your written request for review. The decision will include the specific reasons for the decision and references to the Plan provisions upon which the decision was based. The decision can, however, be delayed up to 120 days after the Plan Administrator receives your written request for review if special circumstances, such as the need to hold a hearing, require additional time.

Important Information about Your Pension Plan

How to Apply for Benefits

When you are nearing retirement, preferably 60 to 90 days prior to your projected retirement date, contact the Plan Administrator to initiate the processing of your benefit payments.

How the Plan Is Administered

The Plan is administered by the Plan Administrator - a five-member Pension Board. All questions relating to the interpretation of the Plan, the eligibility of employees for participation, and the amount of benefits payable will be determined by the Plan Administrator in its sole discretion according to Plan provisions. All determinations by the Plan Administrator shall be final and binding upon all parties.

Plan Amendment and Termination

Although Clayton County and the Water Authority intend to continue this Plan and make contributions each year, the Board of Commissioners reserves the right at any time to modify, amend, or terminate the Plan in whole or in part. Also, Clayton County or the Water Authority has the right to end its participation in the Plan.

No amendment shall retroactively reduce benefits you have already accrued or permit Plan assets to be used for purposes other than providing Participant and Beneficiary benefits.

In the event the Plan terminates you will become 100% vested to the extent the Plan is funded as of the date of termination. Participants that are Highly Compensated Employees may have their benefits limited in order to prevent discrimination in favor of Highly Compensated Employees.

This Explanation of the Plan Is a Summary

The information contained in this summary is intended to serve as a general source of reference outlining the major provisions in your Pension Plan. While this summary is intended to be as accurate as possible, the explanations are subject, in all respects, to the detailed provisions of the legal documents. It must be understood that the explanations in this summary cannot alter, modify or otherwise change the controlling legal documents in any way, nor can any rights accrue by reason of any statements or omissions of any statements in this summary.

If you have any questions about this Plan, contact the Plan Administrator.

Qualified Domestic Relations Orders

If you divorce, the court may apportion part or all of your benefit to an alternate payee through a Domestic Relations Order. A Domestic Relations Order is a court order that creates or recognizes an alternate payee's (e.g., spouse, former spouse, or child) right to part or all of your benefits. While the Plan generally protects Plan benefits against creditors, Domestic Relations Orders deemed qualified by the Plan Administrator are an exception.

A Qualified Domestic Relations Order can force payment of benefits to an alternate payee even though the Plan prohibits distributions earlier than at retirement, termination of employment, death or disability. The Plan Administrator will notify you if the Plan receives a Domestic Relations Order and must also determine, within a reasonable amount of time, if the order is qualified. You and each alternate payee will be notified of the decision.

The Plan has detailed procedures to determine whether a Domestic Relations Order is qualified and how a Qualified Domestic Relations Order will be administered. You may receive these procedures by requesting a copy from the Plan Administrator.

Special Rules in Connection with Military Service

The Plan provides for contributions, service credit and other benefits with respect to qualified military service in accordance with the requirements of the Uniformed Services Employment and Reemployment Rights Act (USERRA) and the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act). Contact the Plan Administrator for further information if you think you may be eligible for these special benefits.

Glossary

Average Monthly Compensation

Average Monthly Compensation is the average of your Compensation over a period of time. The period of time over which Compensation is averaged is the sixty (60) consecutive months which produces the highest monthly average during your last one hundred twenty (120) whole or partial months of employment. However, if you have not been employed for sixty (60) months, your Average Monthly Compensation will be the average of Compensation received during your employment.

Beneficiary

The Beneficiary is the person you have most recently designated as your beneficiary to receive Plan benefits in certain circumstances. If you have no living designated beneficiary, your spouse will be your beneficiary; however, if you have no surviving spouse, your estate will be your beneficiary. If you become divorced and had designated your spouse as your beneficiary prior to your divorce, such designation is void unless you re-designate your former spouse following the divorce.

Compensation

Compensation is certain wages you receive while an employee from Clayton County or the Water Authority plus any pre-tax premiums you pay to Clayton County or the Water Authority for health benefits and deferrals you make to a deferred compensation plan sponsored by Clayton County or the Water Authority.

Your Compensation includes:

- Annual salary or wages paid for time worked during regularly scheduled work periods.
- Holiday pay.
- The following forms of premium pay - longevity pay, call back pay, and standby pay.

Your Compensation excludes:

- Commissions.
- Fees.
- Salary paid by the State of Georgia or salary which is reimbursed to Clayton County or the Water Authority by the State of Georgia if such reimbursements are considered in a pension plan maintained by the State of Georgia.
- Premium pay not listed above for services rendered for time worked in addition to regular scheduled work periods, including, but not limited to, overtime, comp time payoff, on call stipends, sick leave incentive or any other pay of similar kind or character.

- Salary supplements paid by Clayton County for services rendered other than as an employee.

For purposes of the Plan, your Compensation in any year will not exceed an Annual Compensation Limit, which is \$265,000 for the Plan Year beginning on July 1, 2015. This limit is imposed by the Internal Revenue Service and is adjusted from time to time for changes in cost of living.

Contribution Account Balance

The sum of your contributions to the Plan along with five percent (5%) annual interest credits calculated each June 30.

Credited Service

Credited Service is your number of years and completed months of continuous qualifying employment while an eligible employee plus any Bridged Service (as described under the **Bridged Service - Restorations of Credited Service and Vesting Service** section) with Clayton County or the Water Authority up to your date of retirement or earlier termination of employment. In addition, your unused current and reserved sick leave (determined in accordance with standard personnel practices) that are not used as age credits for qualifying as attaining your Normal Retirement Age or Early Retirement Age will be converted to Credited Service when you retire using conversion rules defined in the Plan.

Credited Service does not include any period of employment while you were an active participant in the Employees Retirement System of Georgia or the Georgia State Employees Pension and Savings Plan.

Disability

Disability is a physical or mental condition which totally and permanently prevents you from engaging in any substantial employment and which would entitle you to receive Social Security Disability Insurance Benefits, regardless of whether you are covered under the Social Security Act.

Early Retirement Age and Early Retirement Date

Early Retirement Date is the first day of any month you choose coinciding with or following attainment of your Early Retirement Age, but prior to attaining your Normal Retirement Age. You attain your Early Retirement Age when you have either:

- completed at least 25 years of Credited Service and have attained at least age 55; or
- completed at least 15 years of Credited Service and have attained at least age 60.

Special Early Retirement Rule for Safety Personnel:

If you are classified as Safety Personnel, you attain your Early Retirement Age when you have either:

- completed at least 25 years of Credited Service and have attained at least age 50; or
- completed at least 15 years of Credited Service and have attained at least age 55.

Highly Compensated Employee

An employee whose compensation in a Plan Year exceeds \$120,000 (for 2015), subject to future adjustments for cost-of-living increases determined by the Secretary of the Treasury.

Normal Retirement Age and Normal Retirement Date

Normal Retirement Date is the date you can retire and receive your earned benefits without any reduction for early commencement. Your Normal Retirement Date is the first day of the month coinciding with or immediately following your Normal Retirement Age, which is the earlier of the dates you:

- complete at least 25 years of Credited Service and attain at least age 60; or
- reach age 62 and complete at least 10 years of Credited Service.

Special Normal Retirement Rule for Safety Personnel:

If you are classified as Safety Personnel, your Normal Retirement Date is the first day of the month coinciding with or immediately following your Normal Retirement Age, which is the earlier of the dates you:

- complete at least 25 years of Credited Service and attain at least age 55; or
- reach age 60 and complete at least 10 years of Credited Service.

Sick Leave As An Age Credit Toward Normal Retirement Age

You may elect to use all or a portion of your current or reserved sick leave (determined in accordance with standard personnel practices) as an age credit towards qualifying as having attained your Normal Retirement Age (as described above). Persons other than Twenty-Four Hour Personnel can receive a month of age credit for each 173.333 hours of leave. Twenty-Four Hour Personnel can receive a month of age credit for each 264 hours of leave. Any sick leave you elect to apply for this purpose cannot be used as a service credit in determining your Credited Service. Also, there will be no age credit given for any partial month of credit.

Plan Administrator

The Clayton County Pension Board administers the Plan. This is a five-member board composed of:

- the Chairman of the Board of Commissioners or his or her designee,
- the Chairman of the Water Authority or his or her designee,
- the Director of the Clayton County Civil Service System,
- the Director of Finance/Comptroller of Clayton County or Chief Financial Officer, and
- a person appointed by the four individuals named above.

Plan Year

A twelve-month period that begins each July 1 and ends on June 30.

Qualifying Position

Qualifying Positions include a Commissioner of Clayton County, a department head or staff member appointed by the Board of Commissioners, a person employed under the Clayton County Civil Service System in a classified position, a judicial secretary appointed by the Judges of the Clayton County Superior Court to perform services for the Superior Court, Associate Juvenile Court Judges, a Probate Court Judge, Magistrate Court Judges, the Clerk of the Superior Court, the Clerk of the State Court and court clerks appointed by such Clerks, the Chief Court Orderly, the Superior Court/State Court Administrator, State Law Clerks, the Sheriff, the Chief Deputy Sheriff, a Tax Commissioner, a Deputy Tax Commissioner, and a person classified in a position listed by the Water Authority or appointed by the Water Authority's Board of Directors.

Safety Personnel

Safety Personnel are employees: (a) employed and certified by the Peace Officer Standard and Training Council (P.O.S.T.), (b) employed as a firefighter, (c) employed as an emergency medical technician, or (d) employed as a correctional officer.

Twenty-Four Hour Personnel

Twenty-Four Hour Personnel are employees regularly scheduled to work twenty-four hour shifts on a full-time basis of no less than 2,808 hours per calendar year. Only firefighters and emergency medical service personnel who satisfy the criteria qualify as Twenty-Four Hour Personnel.

Vesting Service

Vesting Service is your years of continuous employment and Bridged Service with Clayton County and the Water Authority including authorized leaves of absences

whether or not they are paid absences. Vesting Service is not increased by any unused sick leave.

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