

SHELBY COUNTY RETIREMENT SYSTEM
SUMMARY OF PLAN C

Effective
September 1, 2005,
reflecting amendments
through July 25, 2011

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SUMMARY OF PLAN C
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SUMMARY OF PLAN C

THE SYSTEM

Shelby County maintains a retirement system (the "System") for the benefit of certain of its employees, its elected and appointed officials, and certain other persons who are employees of governmental entities closely connected with the County. For purposes of this summary, all of the employing entities will be called the "County" even though some participants' employers may not be the County.

The System currently consists of four separate plans, Plan A, Plan B, Plan C, and Plan D.

Plan A's participants are (1) eligible employees hired (or rehired) on or after December 1, 1978, but before March 1, 2005, who didn't make an election in 2005 to become members of Plan C, (2) participants of Plan B who made an election effective December 1, 1978 to transfer to Plan A and who didn't make a further election in 2005 to become members of Plan C, (3) retirees from among those two classes of employees, and (4) survivors of deceased employees in those two classes. Certain terminated Plan A participants who are re-hired on or after July 1, 2011 also re-enter Plan A upon their rehire.

Plan B's participants are (1) eligible employees who were participants in Plan B as of November 30, 1978, who didn't make an election effective December 1, 1978 to become members of Plan A, and who've been continuously employed by the County (or other participating employer) since that date, (2) retirees from among that class of employees, and (3) survivors of deceased employees in that class.

Plan C's participants are (1) eligible employees hired (or rehired) on or after March 1, 2005, (2) participants of Plan A who made an election in 2005 to become members of Plan C, (3) retirees from among those two classes of employees, and (4) survivors of deceased employees in those two classes. Certain terminated Plan C participants who are re-hired on or after July 1, 2011 also re-enter Plan C upon their rehire.

Plan D's participants are (1) eligible employees hired on or after July 1, 2011 (except certain re-hires who return to participation in Plan A or C), (2) retirees from that class of

employees, and (3) survivors of deceased employees in that class.

The System is administered by the Shelby County Retirement System Board of Administration and Trust (the "Board"), which is composed of 14 individuals, consisting of the County Mayor, two members of the County Commission, the County's Director of Administration and Finance, an elected official chosen by the vote of all other elected officials, two active participants, two retirees, three citizens of the County who are not participants, and two other County citizens who may or may not be plan participants or retirees but who have demonstrated financial or investment expertise. The Board conducts its business at a monthly meeting, usually on the first Tuesday of the month.

The members of the Board also act as the Trustees of the trust which manages the funds of the System.

The Board delegates its ministerial duties to the County's Retirement Office, which manages the day-to-day affairs of the System. The Retirement Office is located in Suite 950, 160 North Main Street, Memphis, Tennessee 38103, and its telephone number is 901-545-3570.

The Board's duties, both administrative and fiduciary, and its operational rules, including rules and procedures relating to claims for benefits, are set forth in a document called "Administrative and Trust Agreement of the Shelby County, Tennessee, Retirement System." You may obtain a copy of this document from the Shelby County website, where it is in PDF format, or from the Retirement Office.

HISTORY OF PLAN C

In 2005, the County presented each employee who was an active participant in Plan A on February 28, 2005 with the option of transferring his participation to Plan C effective September 1, 2005.

Plan C has been amended several times since its initial effective date.

Plan C itself is a very complicated legal document approximately 60 pages in length. It isn't possible to fully explain all of its provisions in a summary. While this summary has been prepared to give you as full an explanation of the most important provisions as possible, please note that, if the

provisions of the Plan C document and the explanations contained in this summary conflict, the provisions of Plan C will control. Furthermore, if there are any ambiguities contained in the Plan C document itself, the Board has the exclusive right to interpret Plan C and resolve any ambiguities.

You may obtain a copy of Plan C online, on the County's website, or from the Retirement Office at no charge.

DEFINITIONS

Plan C contains many capitalized terms. These terms are specifically defined in the document and have the same meanings each time they are used. Some of these capitalized terms are used in this summary. For example, the term "Spouse" refers to the person to whom you have been legally married for at least three (3) consecutive years before a relevant event occurs. It is very important to remember while reading this summary that such capitalized terms may not have the ordinarily understood meanings. Each capitalized term will be explained in this summary the first time it is used, but not afterwards.

PARTICIPATION

Participation in Plan C is mandatory for all employees who meet the eligibility requirements and who either were hired on or after March 1, 2005 or were hired earlier and made an election to become members of Plan C in 2005, but Plan C was closed to new participants effective July 1, 2011. "Eligible Employees" include all full-time and part-time County employees and elected and appointed officials with some exceptions. Among the exceptions are employees classified as "temporary employees" and employees of the Shelby County Board of Education. Furthermore, employees of certain other governmental agencies or entities to which the County is connected aren't "Eligible Employees" unless the County is obligated under contract or legislation to provide them with participation in the Plan. For example, certain employees of the Shelby County District Attorney General's Office are "Eligible Employees" under a legislative mandate to that effect. Finally, Plan C participants who were employees of the Shelby County Health Care Corporation (the "Med") before its 1985 conversion from a County agency to a separate corporation continue to participate in the Plan.

If you're an "Eligible Employee," you became a participant in Plan C on your date of employment (or date of rehire, if you

previously terminated employment) if such date was on or after March 1, 2005 and before July 1, 2011. Employees who were previously participants in Plan A and who elected to transfer to Plan C (or, if hired after February 28, 2005, were required to transfer to Plan C), became Plan C participants on its effective date, September 1, 2005.

CONTRIBUTIONS

Plan C is a contributory plan; that is, as a condition of employment, you're required to contribute from each paycheck a certain percentage of your Earnings.

Your "Earnings" consists of your base pay, shift differential, hazardous duty pay, and longevity pay, but overtime pay and certain other extraordinary payments not included in your salary scale are excluded from the definition. Furthermore, the amounts you voluntarily defer under the flexible benefits plan and the County's "457" deferred compensation plan (or any similar plan maintained by your Employer) are treated as part of your Earnings even though you don't pay federal income tax on those deferrals.

The initial contribution percentage was 6% of your Earnings. By a plan amendment effective July 1, 2011, the contribution percentage was increased. When fully phased in over four 12-month periods, your required contribution will be 8% of your Earnings. Thus, your contribution percentage for the 12-month period beginning on July 1, 2011 is 6 ½%; for the 12-month period beginning July 1, 2012, it is 7%; and so on, culminating in an 8% contribution effective July 1, 2014. The Plan provides that the County retains the right to further change the percentage from time to time, although such a further change is not contemplated as of the date of this Summary. Your contributions are automatically deducted from your paychecks and added to the Trust Fund. You are not required to pay federal income tax on your contributions.

The County also makes contributions to the Trust Fund to ensure that the benefits you have earned are funded to the satisfaction of the System's actuarial firm.

BOOKKEEPING ACCOUNTS

Since you are required to make contributions to Plan C, the System maintains a bookkeeping account in your name. It's called your "Participant Contributions Account." It consists of your contributions (and, if you, as a Public Safety Employee, were a

member of the 25 year and out provision of Plan A before you transferred to Plan C, your employee contributions account in Plan A, as well). Each quarter, your Participant Contributions Account is increased by an interest factor, so the Account grows in much the same way as if you had made your contributions to a savings account that earned 2% interest annually. (Due to changes in the interest rate climate, the interest factor decreased from 5% to 2% effective July 1, 2011.)

The System maintains a second bookkeeping account in your name, too. It's called your "Employer Matching Account." Each time you make a contribution that's reflected in your Participant Contributions Account, an amount equal to 3% of your Earnings is added to your Employer Matching Account. This Account is also increased quarterly by the same interest factor applied to your Participant Contributions Account.

The amounts in your Participant Contributions Account are fully "vested" and non-forfeitable by you at all times. The amounts in your Employer Matching Account are non-forfeitable only after you have earned seven and one-half years of Credited Service (SEE: Credited Service).

Both accounts, when added together, are called your "Alternate Benefit Accrual Account," or your "ABA Account." The ABA Account will play an important role in the ultimate determination of your retirement benefit under Plan C upon your termination of employment.

CREDITED SERVICE

You earn "Credited Service" for each day you're actively employed and paid as an Eligible Employee. However, if you aren't paid for 51% or more of a calendar month for whatever reason, you receive no Credited Service for such month, although Credited Service is earned by certain disabled participants. SEE: Disability Benefits.

Credited Service ceases when you have an "Interruption of Service." An "Interruption of Service" occurs when you terminate employment, except that approved leaves of absence, with or without pay, and terminations followed by your receipt of payments under the County's longterm disability insurance contract won't cause an "Interruption of Service."

If you have an Interruption of Service and are later reemployed, Credited Service earned prior to the Interruption of

Service isn't tacked on to the Credited Service earned after the Interruption of Service. There are a few exceptions. The most common exception is your rehire within two (2) years of termination, if you repay any lump sum distributions previously made to you and if certain other conditions are satisfied.

Thus, if you terminate employment and are rehired after two (2) years, depending upon the number of years of Credited Service both before and after the termination, you may eventually become entitled to two (2) separate pensions, the total of which will be less than if you had been rehired within the two-year period, or you may lose the benefit of the Credited Service earned before the termination altogether.

BENEFITS

In General

Plan C is known as a "defined benefit" plan, and, with the exception of a one-time option for a limited cash distribution and the exceptions of a mandatory and a certain optional cash-out of smaller retirement amounts and of refunds to non-vested terminated participants, all retirement benefits are expressed in terms of a monthly pension benefit payable at a specific time in the future.

Optional Cash Distribution

Upon your termination of employment, if you are otherwise entitled to a Retirement Pension even if it is not then immediately payable, you have the option of receiving a one-time cash distribution. It is called an "Optional Cash Distribution." The distribution you request must be at least \$10,000 and must be a multiple of \$10,000, and it can be no greater than \$50,000. It cannot exceed the "present value of your accrued benefit," a figure that is actuarially calculated to equal the single sum value of all of the retirement benefits you have accrued.

You may request the Optional Cash Distribution be paid to you by check, in which case income tax is withheld, or you may direct that it be transferred into your IRA.

Retirement Pensions

There are three types of Retirement Pensions: a Normal Retirement Pension, an Early Retirement Pension, and a Deferred Vested Retirement Pension. The "normal forms" of these Retirement Pensions are discussed below.

When you are eligible to begin drawing your Retirement Pension, you may choose a differently designed pension, called an "Optional Pension," rather than the "normal form." Optional Pensions are also discussed below.

When you're about to become eligible to begin receiving your Retirement Pension, the Retirement Office will assist you by explaining your options and by making alternate calculations if requested, so that you can make an informed choice.

Normal Retirement Pension

You are eligible for a lifetime Normal Retirement Pension when you have completed 25 years of Credited Service, regardless of your age, or, if later, when you have attained age 65 with at least seven and one-half (7 ½) years of Credited Service. The Normal Retirement Pension is calculated in one of two ways, whichever produces the higher benefit to you.

The first calculation is a formula producing a monthly benefit by multiplying (1) your "Final Average Earnings," (2) your years of Credited Service (to a maximum of 35 years), and (3) 2.35%. (If you have also chosen to take an Optional Cash Distribution, the formula result is reduced by the actuarial value of the amount of that distribution.) Your "Final Average Earnings" means your total Earnings (SEE: Contributions) in the 36 consecutive month period in which your Earnings were the highest, divided by 36 to arrive at your highest average monthly Earnings. This calculation is called the "formula calculation."

The second calculation (the "ABA Account method") is the "Life Annuity Equivalent" of your ABA Account, that is, the monthly amount your ABA Account would produce if invested at your age when payments are to begin and using actuarial factors contained in the Plan document. If you have a Spouse at the time, this method also requires a further actuarial calculation designed to provide your spouse with a 75% survivor pension if you elect the normal form of pension. Before making this calculation, your ABA Account is reduced, of course, by any Optional Cash Distribution you have elected.

Early Retirement Pension

You are entitled to receive a lifetime Early Retirement Pension if you terminate between ages 55 and 65 and have completed between seven and one-half (7 ½) and 25 years of

Credited Service. The amount of the Early Retirement Pension is also the greater of two calculations. The calculations are the same as those to determine a Normal Retirement Pension except that, for the "formula calculation," the figure 2.35% is replaced by a lower percentage set forth in a table, the ERP Table. To enable you to estimate what your pension might be (using the "formula calculation"), the ERP Table is reproduced behind a tab in this Summary. Incidentally, the table percentages are based upon whole numbers for ages, whereas when you actually begin taking your pension the exact calculation will take into account partial years of age.

Deferred Vested Retirement Pension

If you have completed at least seven and one-half (7 ½) years of Credited Service and terminate employment before attaining age 55, you are entitled to a Deferred Vested Retirement Pension. You may elect to start receiving your lifetime Deferred Vested Retirement Pension at any time after you attain age 55 and up to age 65. Again, the amount of the Deferred Vested Retirement Pension is also the greater of two calculations. The calculations are also the same as those to determine a Normal Retirement Pension except that, for the "formula calculation," the figure 2.35% is replaced by yet a lower percentage set forth in another table, the DVRP Table.

The Deferred Vested Retirement Pension table is contained in behind a tab to this summary. To enable you to estimate what your pension might be (using the "formula calculation"), the DVRP Table is reproduced behind a tab in this Summary. Again, the table percentages are based upon whole numbers for ages, whereas when you actually begin taking your pension the exact calculation will take into account partial years of age.

Lump Sum Distributions for Smaller Benefits

Mandatory Cash-Out: Present Value \$30,000 or Less

If you have earned a deferred vested pension upon your termination before your 55th birthday but if the present value of your pension is \$30,000 or less at the time of your termination, you won't receive a pension. Instead, you will receive a lump sum payment equal to the amount that could be set aside and invested at an interest rate set forth in the plan document so as to pay you at age 65 the monthly pension you have already earned.

You may direct the System to make that payment directly to you or to an individual retirement account (IRA) for your benefit or to a qualified retirement plan maintained by your current employer if such plan accepts transfers. If you fail to elect such payment to be made directly to you, to an IRA, or to a qualified retirement plan maintained by your current employer, the amount payable to you will be transferred into an IRA with a custodian of the Board's choosing.

If you're rehired within two (2) years after your termination, you may have your prior years of Credited Service restored if, within one (1) year after rehire, you repay to the System the amount distributed to you, plus interest at the same interest rate applied in calculating the amount of your distribution.

If you receive a lump sum payment, no survivor pension will be payable to your survivors.

Optional Lump Sum Distribution to Surviving Spouse: Present Value Less than \$50,000

If the present value of your Spouse's survivor pension is less than \$50,000, your surviving Spouse may also elect to receive a lump sum distribution, calculated in the same way as an optional lump sum distribution to a participant.

Refund of Participant Contributions Account

If upon termination of your employment you are not eligible for a pension (usually because you have not completed 7 ½ years of Credited Service), you are entitled to a refund of your Participant Contributions Account.

Time for Lump Sum Distributions

Generally, lump sum distributions (including refunds) may not be made until the passage of 180 days after your termination of employment.

There are three exceptions. First, lump sum distributions of less than \$5,000 will be made as soon as administratively practicable after your termination. Second, if your employment is terminated as a result of a work force reduction and if the present value of your pension is \$30,000 or less (or if you are only entitled to a refund), you may elect to receive a lump sum distribution early, and it will be made as soon as administratively practicable after you make

the election. Finally, a lump sum distribution to a surviving Spouse will be made as soon as administratively practicable after the Spouse elects to receive it.

Survivor Pensions

If you become entitled to a Retirement Pension but die before or after pension payments have begun, survivor pensions may become payable as a result of your death.

Death of Active Vested Participant or Disabled Participant

If you die when you are actively employed and have completed at least seven and one-half (7 ½) years of Credited Service or if you die while disabled and receiving disability payments under the County's long-term disability contract, the following survivor pensions are payable to your survivors.

First, if you have any Dependent Children, they will together receive 50% of your Final Average Earnings for as long as they are Dependent Children. (A "Dependent Child" is a natural or adopted child of either you or your Spouse and who is dependent upon you or upon you and your Spouse for at least 50% of his support. The child must be unmarried and, unless permanently and severely handicapped, must be under the age of 19 (or 23 if a full-time student in an accredited school). While payable to more than one Dependent Child, the survivor pension is divided among all Dependent Children equally.

Secondly, a lifetime survivor pension is payable to your Spouse if you have completed at least 15 years of Credited Service. (For this purpose, the existence of a "Spouse" is determined at the time of your death. Thus, if you had been married for fewer than three years before your death, you don't have a surviving "Spouse" at the time of your death for this purpose.) The Spouse's survivor pension is the greater of:

- (1) 75% of the product of (i) your Final Average Earnings, (ii) your years of Credited Service (limited to 35), and (iii) 2.35% - payable when your Spouse attains age 65 and actuarially reduced if your Spouse chooses to begin the pension before age 65, or
- (2) the "Life Annuity Equivalent" of your ABA Account, that is, the monthly amount your ABA Account would

produce if invested at your Spouse's age when payments are to begin and using actuarial factors contained in the Plan document.

If you die with fewer than 15 years of Credited Service, then your Spouse will receive a lump sum distribution of the vested portion of your ABA Account. In lieu of a cash distribution, your Spouse may direct the System to transfer the amount directly into an IRA.

If you do not have a surviving Spouse upon your death (or if your Spouse has agreed in writing, on a form supplied by the System, not to be your beneficiary), your ABA Account will be paid to your named beneficiary (or your named beneficiary's IRA) in a lump sum.

Death of Terminated Participant Not Entitled to Immediate Pension

If you die after termination of employment but before beginning to draw a Retirement Pension, the survivor benefits of your Spouse (or named beneficiary, as the case may be) are calculated in the same way as if you had died as an Active Participant, except that any such survivor pension is reduced by the Life Annuity Equivalent of any Optional Cash Distribution you had taken following your termination. Your Dependent Children, if any, are not entitled to a survivor benefit under the Plan under this circumstance.

Death of a Terminated Participant Receiving (or Entitled to Immediate Receipt of) Retirement Pension

If you die while receiving a Retirement Pension (or when you are entitled to immediate receipt of a Retirement Pension, even though it had not yet begun to be paid), then, unless your Retirement Pension had been calculated under the "ABA Account method" or unless it was an Optional Pension (SEE below), then your Spouse is entitled to receive 75% of the Retirement Pension you were receiving at the time of your death. This survivor pension is payable when your Spouse attains age 65, but your Spouse may elect an actuarially reduced pension to begin at an earlier date.

As explained above, for all purposes of this summary, the term "Spouse" means the person to whom you have been legally married for three (3) consecutive years - in this case - at the time the pension to you actually begins. Thus, if you have been married for fewer than three years before your

pension begins, you don't have a surviving Spouse under the Plan at the time of your death, and no survivor pension is payable (However, SEE: Optional Pensions, BELOW).

If you die while receiving a Retirement Pension calculated under the "ABA Account method," your Spouse (that is, the Spouse you were married to at the time you began to receive your pension) will receive 75% of the pension you were receiving, unless you had chosen an Optional Pension.

Your Dependent Children, if any, are not entitled to a survivor benefit under the Plan under this circumstance.

Optional Pensions

All of the Retirement Pensions described above are the "normal forms" of benefits provided by the Plan. When you become eligible for an immediately payable Retirement Pension, you will have the right to elect one of the optional forms of pensions permitted by the Plan.

Optional Annuities with Your Spouse

Instead of the normal form of survivor pension with your Spouse as your beneficiary, you may elect to receive a 100% joint and survivor annuity with your Spouse. This is an annuity translated into a specific dollar amount for your life, with the same dollar amount payable to your Spouse for your Spouse's life. The dollar amount will be somewhat less than the pension you would have received if you had chosen the normal form of Retirement Pension, but your Spouse (if your Spouse survives you) will receive more than the normal survivor benefit. The joint and survivor annuity is calculated by the Plan's actuarial consultant, and it must be the actuarial equivalent of the normal form of your Retirement Pension.

You may also elect to receive a 75% joint and survivor annuity with your Spouse. While this may seem to be the same benefit as the normal form of retirement and survivor pension, it is slightly different. With the normal form of retirement and survivor benefit, your Spouse will not receive the full 75% survivor benefit until your Spouse attains age 65 but may elect a reduced survivor benefit before age 65. With a 75% joint and survivor annuity, your spouse will receive 75% of your pension immediately after your death. If your Spouse is under age 65 at the time your Retirement Pension begins, your own Retirement Pension will be somewhat lower if you choose

the 75% joint and survivor annuity. The younger your Spouse is, the lower your own Retirement Pension will be.

Optional Pension with Other Beneficiaries; Life Only Annuity

You may elect to receive, in lieu of the normal form of retirement pension, a joint and survivor annuity with another person as your survivor. For example, if you aren't married at the time your pension is payable, you may wish to receive a pension for your life and for the lives of your children after your death. Or if you're married but haven't been married for three (3) consecutive years when your pension is payable, you may wish to receive a joint and survivor annuity with your spouse who wouldn't otherwise be entitled to a survivor benefit. In both cases, your own benefit will be less than what it would have been if you had elected to take the normal form of pension, since the annuity will provide a special survivor benefit.

You may elect to receive a retirement pension for your life only, with a 10-year certain payment. This means that your normal form retirement pension would be somewhat reduced, but, if you die within 10 years from the date your pension begins, your named beneficiaries will receive your pension payment for the remainder of the 10-year period.

If you have a Spouse, you may elect to receive, in lieu of the normal form of retirement pension, a "life only annuity" - that is, an annuity for your life only, with no survivor feature. (This is the normal form of retirement pension for a participant who is not married or who has not been married for at least three years.)

All of the optional pensions discussed in this heading are calculated by the Plan's actuarial consultant and must be the actuarial equivalent of your normal form of retirement pension (and don't take into consideration any normal form of survivor pension that might otherwise be available).

NOTE: If you have a Spouse who would otherwise be entitled to a normal survivor pension after your death, you may not name anyone else as your beneficiary unless your Spouse irrevocably consents in writing, with the consent being witnessed by a designee of the Board. It is the intent of the County that survivor benefits for Spouses be protected.

DISABILITY BENEFITS

No disability pensions are provided under the Plan with a single exception applicable only to former employees who transferred to the City and thereafter incurred an "ordinary disability" under the City's retirement plan.

Benefits to disabled participants are payable under to a long-term disability insurance contract (the "Disability Contract") that the County maintains with a licensed insurance company (the "Insuror"). The Insuror, not the County, administers the Disability Contract. So long as the participant is disabled, he may continue to draw such benefits until he attains age 65.

However, when a Disabled Participant (that is, a participant who is drawing longterm disability benefits under the Disability Contract) attains age 65 and is no longer eligible to continue drawing such benefits, he is entitled to receive a Normal Retirement Pension if he had completed at least seven and one-half (7 ½) years of Credited Service when he became disabled. He is given Credited Service for all the period of time he was under the Disability Contract, and his Final Average Earnings is adjusted by the COLA from his date of disability until his 65th birthday.

TRANSITIONAL BENEFITS

All participants who transferred from Plan A to Plan C as of September 1, 2005 were required to complete 60 months of Credited Service under Plan C before any benefits are payable under Plan C. Credited Service as a "public safety employee" in Plan A counted toward the 60 months. If a transfer participant terminated employment before completing 60 months of Credited Service in Plan C, his benefits will be calculated as if he had remained in Plan A, except that he will be entitled to his vested ABA Account to the extent not otherwise payable to him under Plan A.

As of July 1, 2011, most if not all active participants in Plan C have satisfied the transition requirements.

CLAIM PROCEDURES

Claims for benefits must be submitted to the Board on forms provided by the Retirement Office. Each claim will be submitted to the Board at a regular monthly meeting as soon as reasonably possible after the claim has been filed. The claimant will receive written notice of the Board's disposition of the claim within 10 business days after the later of (a) the Board meeting at which the claim was addressed or (b) the date the claimant (if an employee) has received his last paycheck.

If the claim is denied, the written notice will set forth the reasons for the denial, with citation to any relevant provisions of the Plan, and will explain the appeal procedure. The claimant will be given the opportunity to review all relevant documents in the Board's possession, if requested.

Each claimant has an automatic right to appeal an adverse determination by the Board. The appeal is to the Board itself. A copy of the appeal procedure will be given to the claimant when notice of the adverse determination is given.

MISCELLANEOUS BENEFIT PROVISIONS

Cost of Living Increases

As of the first of each calendar year after a pensioned participant attains age 65, his Retirement Pension is increased by a "cost-of-living adjustment," which is based upon the increase in the federally-calculated Consumer Price Index - All Urban for the 12-month period ending on the previous September 30. (The maximum annual increase is 4%, however.) This adjustment is referred to as the "COLA." The COLA applies to a Spouse's survivor pension after the Spouse attains age 65 and further is used to determine the amount of the initial survivor pension under certain circumstances.

Limitations on Benefits

Generally, pension benefits are limited to an annual figure calculated under a formula contained in the Internal Revenue Code section 415. The figure is high enough that, through June 30, 2011, no participant has accrued a benefit at the legislated maximum level. Although it is unlikely that, based on the current plan document, either your accrued pension benefit or the benefit you ultimately become entitled to receive will reach the legislated maximum level, you should be aware that a federally legislated

limitation on benefits does exist and, under certain circumstances, could cause your otherwise earned pension to be reduced.

Employees Transferred Between the County and City of Memphis

The County and the City of Memphis have an agreement, which is embodied in the Plan, regarding recognition of Credited Service earned for both employers in the case of transfers, provided certain conditions are met.

Retirement Pensions for transferred employees are paid by both the County and the City. These pensions are prorated between the City and the County under a formula set forth in the Plan.

IF YOU'RE A TRANSFERRED EMPLOYEE WITH YEARS OF CREDITED SERVICE FOR BOTH THE COUNTY AND THE CITY, YOU SHOULD NOT RELY UPON THE PREVIOUS EXPLANATIONS OF RETIREMENT AND SURVIVOR PENSIONS OR UPON THE TABLES BEHIND THIS SUMMARY. CHECK WITH THE RETIREMENT OFFICE AND REQUEST A COPY OF THE RELEVANT PORTIONS OF THE PLAN DOCUMENT FOR THE FORMULAS APPLICABLE TO YOU.

While no disability pensions are payable under Plan C to active employees who become disabled, an ordinary disability pension may be payable to a City employee who had previously been a member of Plan C before transferring to the City. In addition, if you are a City employee who was formerly a participant in Plan C before transferring to the City and if you incur a line of duty disability as defined in the City Plan, then you are entitled to a distribution of your ABA Account to the extent it is vested.

ERISA Not Applicable

Plan C is a "governmental plan" and, therefore, isn't subject to the provisions of the Employee Retirement Income Security Act of 1974, commonly known as "ERISA."

As a governmental plan, Plan C is subject to all laws of the State of Tennessee that are applicable to it, in addition to applicable federal laws other than ERISA.

Correction of Errors; Cessation of Benefits; Penalties for Deliberate False Statements; Forfeiture upon Conviction of Malfeasance in Office Felony

If, through administrative error, you or any survivor receives an overpayment of benefits, upon the Board's discovery of such error, the Board will correct the error by either requiring a cash

repayment or adjusting future benefits in a reasonable and practicable manner.

Upon the Board's discovery of a false or incorrect statement resulting in an overpayment to you or any survivor, benefit payments will immediately stop. Unless future benefits are forfeited pursuant to the last paragraph under this heading, the Board may adjust future benefits in a reasonable and practical manner until the Plan has made full recovery, and the Board may additionally take whatever legal action it deems necessary to recover the overpayment.

If any person knowingly and willfully makes a false statement or falsifies (or permits to be falsified) Plan or County records in an attempt to defraud the System in any manner, such person will be subject to punishment prescribed by law. The Board may refer the matter for criminal proceedings and may also bring civil proceedings for repayment of amounts wrongfully retained.

Tennessee law provides that, with certain exceptions, any participant in a public plan in this State who is convicted of a felony constituting malfeasance in office forfeits all rights to future benefits he would otherwise have been entitled to under such public plan. Plan C is such a public plan.

Benefits May Not Be Assigned and Aren't Subject to Legal Attachment or Garnishment

No benefit under the Plan may be assigned to any creditor of yours or any survivor. No benefit is subject to attachment, garnishment, or any other legal process, other than pursuant to the provisions of the preceding heading and of State or federal law. And, since the Plan isn't subject to ERISA, it doesn't recognize "qualified domestic relations orders" that purport to assign benefits to a former spouse pursuant to a divorce proceeding.

Plan Amendments

The County has the absolute right to amend the Plan from time to time, and it may be amended prospectively or retroactively. No amendment to the Plan may reduce your "accrued benefit" (that is, the monthly Retirement Pension entitlement you've already earned before the date of the amendment). Otherwise, you have no contractual rights under the Plan, including any right that the benefits and other provisions of the Plan remain the same.