

SUMMARY PLAN DESCRIPTION

**Defined Benefit Plan and Trust
for
Employees of the City of Winter Springs, Florida**

February 21, 2006

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SUMMARY PLAN DESCRIPTION

(1) General. The legal name, address and Federal employer identification number (“EIN”) of the Employer are:

City of Winter Springs
1126 East State Road 434
Winter Springs, FL 32708
EIN 59-1026364

The Employer has established this retirement plan (“Plan”) to supplement your income upon retirement. In addition to the retirement benefits, the Plan may provide benefits in the event of your death or your termination of employment prior to Normal Retirement Age. If after reading the summary you have any questions, please ask the Plan Administrator. We emphasize this summary is a highlight of the more important provisions of the Plan. If there is a conflict between a statement in the summary plan description and the Plan, the terms of the Plan control.

(2) Identification of Plan. The Plan is known as -

Defined Benefit Plan and Trust for Employees of the City of Winter Springs

The Employer has assigned 002 as the Plan identification number. The Plan year is the period on which the Plan maintains its records: October 1 through September 30.

(3) Type of Plan. The Plan is a defined benefit pension plan. Under this type of plan, a participant who retires after reaching the Normal Retirement Date will receive a monthly pension based on a formula that reflects years of service, average compensation and a benefit multiplier. Section (10) explains the benefit formula.

(4) Plan Administrator. The Employer is the Plan Administrator. The Employer’s telephone number is (407) 327-1800. You may contact the City Manager and the Human Resource Coordinator at the Employer’s address. The Plan Administrator is responsible for providing you and other participants information regarding your rights and benefits under the Plan.

The name of the person designated as agent for the service of legal process upon the Plan is:

Ronald W. McLemore
City Manager
City of Winter Springs
1126 East State Road 434
Winter Springs, FL 32708

(5) Trustee/Trust Fund. The Employer has appointed a Retirement Committee to act as Trustee and assist in the administration of the Plan. The Retirement Committee has the responsibility for making certain discretionary determinations under the Plan, and approving all

distribution and benefit payments from the trust fund to participants and beneficiaries. The Retirement Committee consists of the members of the Board of Trustees. The members of the Retirement Committee may change from time to time. The names of the current members of the Retirement Committee are listed on an Appendix at the end of this summary plan description. The Board of Trustees' address is:

The Board of Trustees of the City of Winter Springs
1126 East State Road 434
Winter Springs, FL 32708

(6) Hours of Service. The Plan and this summary plan description include references to hours of service. For example, to advance on the vesting schedule, the Plan requires you to complete a minimum number of hours of service during the plan year. The section covering vesting explains this aspect of the Plan. However, hours of service has the same meaning for all purposes of the Plan.

The Plan utilizes the "actual" method for crediting hours of service. Under the actual method, you will receive credit for each hour for which the Employer pays you, directly or indirectly, or for which you are entitled to payment, for the performance of your employment duties. You also will receive credit for certain hours during which you do not work if the Employer pays you for those hours, such as paid vacation. You will further receive credit for certain unpaid leaves of absence authorized by the Employer under a uniform, nondiscriminatory policy under which the Employer specifically credits hours of service for such unpaid leaves of absence.

If an employee's absence from employment is due to maternity or paternity leave, the employee will receive credit for unpaid hours of service related to his leave, not to exceed 501 hours. The Plan administrator will credit these hours of service to the first period during which the employee otherwise would incur a 1-year break in service as a result of the unpaid absence.

(7) Eligibility to Participate. You do not have to complete any form for entry into the Plan. Unless you are excluded, you will become a Participant on the first day of the month immediately following the date 6 months after your first day of employment.

Excluded employees include those whose customary weekly employment is less than 29 hours. A participant who becomes an excluded employee does not accrue benefits attributable to the period he is excluded, but will receive credit for vesting. An excluded employee who is not a plan participant but becomes eligible will become a participant immediately upon satisfaction of eligibility conditions, and years of service during the period the employee was excluded will be credited for vesting.

If you terminate employment after becoming a Participant in the Plan and later return to employment, you will re-enter the Plan on your re-employment date. Also, if you terminate employment after satisfying the Plan's eligibility conditions but before actually becoming a participant in the Plan, you will become a participant in the Plan on the later of your scheduled entry date or your reemployment date.

(8) Employer's Contribution. For each plan year, the Employer must contribute to the Trust an amount the Plan's actuary determines is necessary to fund retirement benefits under the Plan.

(9) Employee's Contribution. Employees contribute 3% of compensation to the retirement plan. Employee contributions are "picked up" by the City (i.e., they are deducted from the employee's pay and paid to the retirement plan in pre-tax dollars).

(10) Normal Retirement Pension. The Plan defines the Normal Retirement Pension as an amount payable every year in the normal form of annuity starting at your Normal Retirement Date (age 65). The "normal form of annuity" is a life annuity, meaning an annuity that makes payments during your lifetime.

The amount payable under the Normal Retirement Pension is 2% of the your Average Compensation (as defined below) multiplied by your Years of Accrual Service for service before October 1, 2000, and 3% of the your Average Compensation multiplied by your Years of Accrual Service for service on and after October 1, 2000. However, effective October 1, 2008, a Participant's Normal Retirement Pension shall equal 3% of the Participant's Average Compensation multiplied by his Years of Accrual Service for service prior to October 1, 2000; provided that such multiplier shall increase by one-fourth of one percent (.25%) each year beginning October 1, 2005, as follows:

<u>Effective Date</u>	<u>Multiplier for Service Prior to October 1, 2000</u>
October 1, 2005	2.25%
October 1, 2006	2.50%
October 1, 2007	2.75%
October 1, 2008	3.00%

Your Normal Retirement Pension shall be calculated by applying the multiplier for service prior to October 1, 2000 that is in effect on the date of the Participant's separation from service.

Your pension will be adjusted for any distribution in accordance with Section 8.05 of the Plan. The maximum number of Years of Accrual Service taken into account in the normal retirement pension is 30. See the illustration below for an example of the calculation of your Normal Retirement Pension.

Your average compensation is the highest average over 3 consecutive compensation periods. A compensation period is the 12-month period ending on the last day of the plan year. If you have less than 3 years of employment with the Employer, your average compensation is the average over your entire employment period. The Plan defines compensation to mean all the compensation the Employer pays you for your services. Your regular salary or wages, any overtime, any commissions or any bonuses are part of your compensation under the Plan.

Your Normal Retirement Pension may be subject to a maximum limitation provided by the Internal Revenue Code. The Revenue Service annually announces any adjustment to the maximum limitation.

Example of calculation of Normal Retirement Pension.

Example 1: Assume you reach the Normal Retirement Date and retire on October 1, 2006, your average compensation at retirement is \$30,000 and you have 30 Years of Accrual Service at your Normal Retirement Date credited as follows: 24 years of service prior to October 1, 2000 and 6 years of service on or after October 1, 2000. Under these circumstances, your annual Normal Retirement Pension, payable in the form of a life annuity, would be \$23,400, computed as follows:

Credited Serviced Prior to October 1, 2000:

\$30,000	(your average compensation)
x 2.5%	(the Plan's annual accrual percentage)
<u>x 24</u>	(your Years of Accrual Service)
\$18,000	(your annual Normal Retirement Pension for service before 10/1/00)

Credited Serviced on or after October 1, 2000:

\$30,000	(your average compensation)
x 3%	(the Plan's annual accrual percentage)
<u>x 6</u>	(your Years of Accrual Service)
\$ 5,400	(your annual Normal Retirement Pension for service after 10/1/00)

Total annual Normal Retirement Pension under this Example: \$23,400

Example 2: Assume you reach the Normal Retirement Date and retire on or after October 1, 2008, your average compensation at retirement is \$30,000 and you have 30 Years of Accrual Service at your Normal Retirement Date. Under these circumstances, your annual Normal Retirement Pension, payable in the form of a life annuity, would be \$27,000, computed as follows:

\$30,000	(your average compensation)
x 3.0%	(the Plan's annual accrual percentage)
<u>x 30</u>	(your Years of Accrual Service)
\$27,000	(your annual Normal Retirement Pension)

As indicated above, the above examples assume you begin receiving benefit payments on your Normal Retirement Date in the normal form of annuity (i.e., a life annuity). However, as explained in Section (13), you may begin commencement of benefit payments after your Normal Retirement Date and as explained in Section (14), you may elect to have your benefits paid in a

form other than a life annuity. Under either of these circumstances, the amount of benefits calculated in the above Examples will change.

(11) Accrued Benefit. If you qualify for a Pension from the Plan, the Plan Administrator will calculate that Pension from your Accrued Benefit. Your Accrued Benefit is the portion of the Normal Retirement Pension you have earned under the Plan. The portion of the Normal Retirement Pension you have earned depends upon your period of service credited by the Plan. The Plan refers to this period of service as your Years of Accrual Service. You will receive credit for a Year of Accrual Service for each plan year (including plan years prior to the adoption of the Plan) in which you receive credit for at least 1,000 hours of service.

(12) Vesting. When the Plan pays you your benefits, you will receive only your Vested Accrued Benefit. Your Vested Accrued Benefit is the portion of your Accrued Benefit in which you have earned a vested right (ownership) under the Plan's vesting schedule. The Plan will determine your Vested Accrued Benefit according to the following schedule:

<u>Years of Service</u>	<u>Nonforfeitable Percentage</u>
Less than 3	None
3	20%
4	40%
5	60%
6	80%
7 or more	100%

A year of vesting service means each plan year (including plan years prior to the adoption of the Plan) in which you complete 1000 hours of service, except years of service prior to age 18. However, if you incur a vesting break in service (as defined below), you will lose credit for your prior years of vesting service, unless you complete a subsequent year of vesting service. Further, if you are 0% vested and you incur 5 consecutive vesting breaks in service, you lose credit for your prior years of vesting service. If your vesting percentage is less than 100% when you reach Normal Retirement Age, and you are working for the Employer, the Plan automatically increases your vesting percentage to 100%. Also, if your employment with the Employer terminates because of death, disability or eligibility for an Early Retirement Pension, your vesting percentage automatically increases to 100%.

(13) When you Receive Your Accrued Benefit Under the Plan. When you receive your Accrued Benefit depends on when you terminate your employment with the Employer and the circumstances of your termination. The following paragraphs explain the different types of Pensions under the Plan. A reference to the "lump sum value" of your Pension means the single sum determined by the Plan to equal the actuarial value of your Accrued Benefit payable at your Normal Retirement Date (or at your current age, if later). The Plan specifies actuarial assumptions for this purpose. The actuarial assumptions consider your life expectancy, the number of years remaining to your Normal Retirement Date and a reasonable rate of return expected on Plan investments.

(a) Normal Retirement Pension. The Plan refers to your Pension as a Normal Retirement Pension if you terminate employment with the Employer after reaching your Normal Retirement Date. Payment of your Normal Retirement Pension begins as soon as possible after you terminate employment with the Employer. If you begin payments after your Normal Retirement Date, the Plan increases the amount of your Pension because at an older age a person is expected to live for a shorter period. The increased payment will equal the actuarial value of the Pension the Plan would have paid you at your Normal Retirement Date. The Plan's actuary will calculate these adjustments to the Pension based on the actuarial assumptions stated in the Plan.

(b) Deferred Vested Pension. The Plan refers to your Pension as a Deferred Vested Pension if you terminate employment with the Employer before reaching your Normal Retirement Date or before your eligibility for an Early Retirement Pension. See Section (16) for further information on distributions. If you begin payments after your Normal Retirement Date, the Plan increases the amount of your Pension because at an older age a person is expected to live for a shorter period. The increased payment will equal the actuarial value of the Pension the Plan would have paid you at your Normal Retirement Date. The Plan's actuary will calculate these adjustments to the Pension based on the actuarial assumptions stated in the Plan.

(c) Early Retirement Pension. The Plan refers to your Normal Retirement Pension as an Early Retirement Pension instead of a Deferred Vested Pension if you have not reached your Normal Retirement Date but you are at least age 55 and you have completed at least 10 Years of Accrual Service or if you have completed at least 25 Years of Accrual Service. The Plan commences payment of your Early Retirement Pension as soon as possible after you become eligible for the Early Retirement Pension (and subsequent to your termination of employment). You may elect to postpone payment of your Early Retirement pension to the first day of any month subsequent to your termination of employment. Any postponement of distributions is subject to the distribution requirements of Section (16).

Your Early Retirement Pension is a subsidized benefit. If you begin payments after age 55, your Early Retirement Benefit is not reduced because of commencement of benefit payments prior to your Normal Retirement Date. Thus, your benefit payment amounts after age 55 would be the same as if you commenced benefit payments at your Normal Retirement Date. However, if you commence your Early Retirement Pension payments prior to age 55, the Plan reduces the amount of your Pension to the actuarial equivalent of your Early Retirement Pension commencing at age 55. If you delay the commencement of your Early Retirement Pension to after your Normal Retirement Date, the Plan will increase the amount of your Pension. The Plan's actuary will calculate these adjustments to the Pension based on the actuarial assumptions stated in the Plan.

If you have the right to elect when your Pension commences, the Plan Administrator will provide you a form explaining your election rights. You will have at least 30 days to make your election. Your Pension may not actually commence on the date you elect. The Plan has an administratively reasonable period of time to make payment following your election. If you fail

to make an election, the Plan will commence payment under the “Required Distribution” rules described in Section (16).

(14) Optional Forms of Payment. If you are married when your Pension commences, you will receive a Qualified Joint and Survivor Annuity. This is an actuarially adjusted benefit that provides a reduced monthly Pension for your lifetime plus a survivor Pension for your spouse (if your spouse is living at your death) equal to 50% of your lifetime monthly Pension. If you are not married when your Pension commences, the Qualified Joint and Survivor Annuity is a life annuity, meaning a monthly Pension for your lifetime with no survivor Pension continuing after your death.

Since the Qualified Joint and Survivor Annuity pays a benefit for two lifetimes if a participant is married, the Plan reduces the amount of the monthly Pension payable to a married participant. This reduction makes the actuarial value of the Qualified Joint and Survivor Annuity for a married participant equal to the actuarial value of a life annuity for an unmarried participant.

Instead of the Qualified Joint and Survivor Annuity, you may elect any of the following payment options.

(a) Life annuity. A life annuity is a monthly payment for your lifetime. If you are unmarried, the Qualified Joint and Survivor Annuity already is a life annuity. If you are married, the life annuity option would increase your monthly lifetime Pension since this option makes payments only for your life and not also for your spouse’s life.

(b) Joint and Survivor annuity. If you are married, you may use this option to elect a survivor Pension equal to 100% instead of 50% of your lifetime Pension under the Qualified Joint and Survivor Annuity. Since the 100% survivor Pension is more costly, the Plan would reduce the amount of your monthly lifetime Pension to make the value of this option equal to the value of your normal Qualified Joint and Survivor Annuity. If you are unmarried, you may use this option to provide a survivor Pension to your beneficiary equal to 75% or 100% of your lifetime Pension. The Plan would adjust the amount of an unmarried participant’s monthly lifetime Pension to make the actuarial value of this option equal to the actuarial value of a life annuity.

(c) Life annuity with guaranteed payment. This option pays a monthly lifetime Pension, but guarantees a minimum number of payments. The minimum number of payments may not exceed your life expectancy or the joint life expectancy of you and your beneficiary. If you die before the minimum payment period, your beneficiary receives the remaining payments. The Plan would adjust the amount of the monthly lifetime Pension to make the actuarial value of this option equal to the actuarial value of a life annuity.

(d) Installments. This option makes payments over a fixed period of time equal to your life expectancy or the joint life expectancy of you and your beneficiary. The Plan would limit the annual amount of the fixed period payments so the actuarial value is the same as the actuarial value of a life annuity.

If you are married, you may not elect an optional form of payment instead of the Qualified Joint and Survivor Annuity unless your spouse consents in writing. The Plan Administrator will provide you a form-explaining the Qualified Joint and Survivor Annuity, your election rights for optional forms of payment and your spouse's consent rights. You will have at least 30 days to make your election.

(15) Forfeiture of Certain Benefits. If you are not 100% vested in your Accrued Benefit, and you receive payment of your entire Vested Accrued Benefit, the Plan forfeits your Non-vested Accrued Benefit. If you return to employment with the Employer, you may restore your forfeited benefit by repaying the full amount of your distribution plus interest. You must make the repayment no later than 5 years after your reemployment date or you lose your right to restore the forfeited benefit. You also lose your right to restore the forfeited benefit if you incur 5 consecutive vesting breaks in service as a result of your termination of employment with the Employer. The interest rate on your payment depends on an interest rate index published by the Internal Revenue Service. Upon your reemployment with the Employer, you may request the Plan Administrator to explain your repayment option.

(16) Required Distributions. The Plan must commence payment of your Pension no later than 60 days after the close of the plan year in which you attain Normal Retirement Age, unless you elect a later commencement date. If you have attained Normal Retirement Age when you terminate employment with the Employer, the 60-day period runs from the close of the plan year in which you terminate employment.

The law, with limited exceptions, also requires you to commence payment of your Normal Retirement Pension, if you have not already done so, after you reach age 70 ½, unless you have not retired at that time. You must start payment by April 1 of the calendar year following the calendar year you reach age 70 ½ or in which you retire (whichever occurs later).

(17) Special Options After You Reach Normal Retirement Age. The Plan does not include any special options merely because you continue working for the Employer after your Normal Retirement Age.

(18) Death Benefits. Whether the Plan pays a benefit after your death depends on whether your death occurs before or after your Pension commences.

If your death occurs after your Pension commences, your beneficiary will receive a death benefit only if payments continue after your death under the form of distribution you are receiving. See the explanation in Section (14) of the different forms of payment.

If your death occurs before your Pension commences, the Plan provides a death benefit to your beneficiary equal to the value of your Accrued Benefit. If you are married, the Plan will pay your death benefit to your surviving spouse in the form of a Preretirement Survivor Annuity, which is a life annuity payable to your surviving spouse. However, unless you elected otherwise (and your spouse consented to such election), your spouse may elect to receive payment in any optional form of payment described in Section (14) (other than any type of joint and survivor

annuity). However, if the lump sum value of the Preretirement Survivor Annuity is \$3,500 or less, the Plan will pay your surviving spouse a single sum equal to that lump sum value. The Preretirement Survivor Annuity benefit does not apply if you and your surviving spouse have not been married during the one-year period ending on your date of death.

With the spouse's consent, you may elect not to have this death benefit payable under the Plan. The Plan Administrator will provide you information explaining the Preretirement Survivor Annuity and your election rights.

If the Preretirement Survivor Annuity does not apply, the Plan permits your designated beneficiary to receive the death benefit under any optional form of payment described in Section (14) (other than any type of joint and survivor annuity), unless the participant elected otherwise. In general, death benefits under the Plan will commence as soon as administratively practicable after the participant's death.

Generally, the Plan must distribute the death benefit by the end of the 5th calendar year following your death. However, as indicated above, a designated beneficiary may receive distributions over a period not exceeding his life expectancy, but only if benefit payments commence within one year of the participant's death. A designated beneficiary is an individual designated by you as your beneficiary. The Plan Administrator will provide you with the appropriate form for naming a beneficiary.

(19) Amendment and Termination of the Plan. The Employer has the right to amend the Plan in any manner, or terminate the Plan entirely. If the Employer terminates the Plan, you would receive benefits under the Plan based on your Accrued Benefit as of the date of Plan termination. Termination of the Plan could occur before you reach Normal Retirement Age. If the Employer terminates the Plan, your Accrued Benefit becomes 100% vested.

The fact the Employer has established this Plan does not confer any right to future employment with the Employer. You also may not assign your interest in the Plan to another person or use your Plan interest as collateral for a loan from a commercial lender.

(20) Claims Procedure. You generally need not file a formal claim with the Plan Administrator in order to receive your benefits under the Plan. When an event occurs which entitles you to a payment of your benefits under the Plan, or if an election of a benefit is required, the Plan Administrator will notify you. However, if you disagree with the Plan Administrator's determination of the amount of your benefits under the Plan or with any other decision the Plan Administrator may make regarding your interest in the Plan, the Plan contains the appeal procedure you should follow. In brief, if the Plan Administrator determines it should deny benefits to you or your beneficiary making a claim for benefits, the Plan Administrator will give you or your beneficiary adequate notice in writing setting forth specific reasons for the denial and referring you or your beneficiary to the pertinent provisions of the Plan supporting the Plan Administrator's decision. If you or your beneficiary disagrees with the Plan Administrator, you or your beneficiary, or a duly authorized representative, must appeal the adverse determination in writing to the Retirement Committee within 75 days after the receipt of the

notice of denial of benefits. If you or your beneficiary fails to appeal a denial within the 75-day period, the Plan Administrator's determination will be final and binding.

If you or you beneficiary appeals to the Retirement Committee, you or your beneficiary, or a duly authorized representative, must submit the issues and comments you or your beneficiary feels are pertinent to permit the Retirement Committee to re-examine all facts and make a final determination with respect to the denial. The Retirement Committee, in most cases, will make a decision within 90 days of a request on appeal unless special circumstances would make rendering a decision within the 90-day period unfeasible. In any event the Retirement Committee must render a decision within 120 days after its receipt of a request for review.

(21) Retired Participant, Separated Participant with Vested Benefit, Beneficiary Receiving Benefits. If you are a retired participant or beneficiary receiving benefits, you are entitled to the benefits that were in effect on the date your City employment terminated. The benefits you presently are receiving will continue in the same amount and for the same period provided in the form of payment selected at the time you retired. If you are a separated participant with a Vested Accrued Benefit, you may obtain a statement of the dollar amount of your Vested Accrued Benefit upon request of the Plan Administrator. There is no Plan provision which reduces, changes, terminates, forfeits, or suspends the benefits of a retired participant or of a beneficiary receiving benefits, or a separated participant's Vested Accrued Benefit, except as explained in Section (19).

(22) Federal Income Taxation of Benefits Paid. Retirement benefits that you receive upon reaching your Early or Normal Retirement Date are generally reported as taxable income. The Federal tax laws permit you to defer Federal income taxation of certain distributions by making a "rollover" contribution to your own individual retirement account. In general, the only type of distribution available under the plan that qualifies for "rollover" treatment is a lump sum distribution, which is only available under very limited circumstances. Income tax withholding rules apply to some distribution you do not rollover directly to an individual retirement account or to another plan. At the time you receive a distribution, you also will receive a notice discussing withholding requirements and the options available to you. We emphasize you should consult your own tax adviser with respect to the proper method of reporting any distribution you receive from the Plan.

APPENDIX

Retirement Committee / Board of Trustees

Maria N. Fair, Chairperson
Vernon Rozelle, Jr., Vice Chairman
Ben McMahan
Barbara Watkins
Max D. Swaim

**ACKNOWLEDGMENT OF RECEIPT OF
SUMMARY PLAN DESCRIPTION OF THE**

**Defined Benefit Plan and Trust
For
Employees of the City of Winter Springs, Florida**

I hereby acknowledge receipt of a copy of the Summary Plan Description (“SPD”) on the above plan. I received a copy of the SPD on the date indicated below.

Dated: _____

Participant's Name – Printed

Signature of Participant