County of Los Angeles
CHIEF EXECUTIVE OFFICE
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WILLIAM T FUJIOKA
Chief Executive Officer

"To Enrich Lives Through Effective And Caring Service"

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April 15, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

CLARIFYING AND TECHNICAL ORDINANCE AMENDMENTS FOR DEFINED CONTRIBUTION PLANS (ALL DISTRICTS – 3 VOTES)

SUBJECT

This letter and accompanying ordinance will make amendments to the Defined Contribution Plan documents for the Termination Pay Pick Up Plan (TPP), the Pension Savings Plan (PSP), the Deferred Compensation and Thrift Plan (Horizons) and the Savings Plan (Plan or Plans), to (1) more clearly and completely reflect current administrative practices, (2) specify how distributions will be made from the TPP in the event of its termination, and (3) make certain technical amendments in order to preserve the tax-favored status of the Plans.

IT IS RECOMMENDED THAT THE BOARD:

Approve the technical and clarifying amendments as set forth in the accompanying ordinance amending Title 5 – Personnel of the Los Angeles County Code Sections 5.18, 5.19, 5.25, and 5.26.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The clarifying amendments described herein are consistent with current administrative practices and will result in a more complete and accurate description of Plan administration in the official Plan documents. The amendments will clarify: (1) that certain employees are not eligible for the PSP; (2) that distributions made upon a termination from employment will be made only if that termination is bona fide; (3) how employee contributions are suspended when a participant takes a hardship or emergency withdrawal from Horizons or the Savings Plan; (4) certain aspects of Plan loan administration; (5) the limitation on contributions once the Compensation and Eligible Earnings limit is reached, (6) procedures for allocation of Plan expenses, and (7) how distributions will be made

from the TPP in the event of its termination.

Finally, the technical amendments are required by law with respect to required minimum distributions and the Heroes Earnings Assistance and Tax Relief Act of 2008. Approval of these changes will preserve the tax-favored status of the Plans.

Implementation of Strategic Plan Goals

The recommended changes are consistent with the County's Strategic Plan Goal of Organizational Effectiveness and demonstrate the Plan's adherence to regulatory compliance and fiduciary responsibility.

FISCAL IMPACT/FINANCING

The aforementioned technical and clarifying amendments are administrative in nature and have no fiscal impact to the County or Defined Contribution Plan participants and beneficiaries.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Plans were established as tax-favored defined contribution plans that must comply with existing tax law and regulatory requirements. County Code Sections 5.18, 5.19, 5.25, and 5.26 serve as the federally required Plan documents which must be amended when necessary to maintain the Plans' tax-favored status and alignment with administrative practices. Under County Code Sections 5.18.430, 5.19.160, 5.25.110, and 5.26.500, the Board of Supervisors reserves the right, without consent of any Plan participant, beneficiary, or other person, to amend the Plan(s) in whole or in part, those Plan provisions which are not subject to negotiations with representatives of Represented Employees. The proposed ordinance changes have been approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The adoption of the attached ordinance changes will preserve the qualified status of the Plans and align the Plan documents with current administrative practices, thereby, allowing the Plans to continue operating in the best interest of Plan participants and beneficiaries.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:BC:JA
MTK:SM:mst

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Treasurer and Tax Collector
Human Resources
Horizons Plan Administrative Committee
Pension Savings Plan Administrative Committee
Savings Plan Administrative Committee
Termination Pay Pick Up Plan Administrative Committee

ANALYSIS

This ordinance amends Title 5 – Personnel of the Los Angeles County Code to make various clarifying and technical amendments to the County of Los Angeles Savings Plan, Deferred Compensation and Thrift Plan (Horizons), Pension Savings Plan (PSP) and Termination Pay Pick Up Plan (TPP). The amendments will clarify:

- How distributions will be made from the TPP in the event of its termination;
- That certain employees are not eligible for the PSP;
- That distributions made upon a termination from employment will be made only if that termination is bona fide;
- How employee contributions are suspended when a Participant takes a hardship or emergency withdrawal from the Horizons or Savings Plan, consistent with current practices;
- Certain aspects of plan loan administration, consistent with current practices;
- Procedures for allocation of plan expenses consistent with current practices; and
- The limitation on contributions once the Compensation and Eligible Earnings limit is reached, consistent with current practices.

In addition, the technical changes are required by law with respect to required minimum distributions and the Heroes Earnings Assistance and Tax Relief Act of 2008.

JOHN F. KRATTLI
County Counsel

By: _____
RICHARD D. BLOOM
Principal Deputy County Counsel
Labor & Employment Division

RDB:mst

Requested: 09/19/2013
Revised: 02/13/2014
03/10/2014

ORDINANCE NO._____

An ordinance amending Title 5 - Personnel of the Los Angeles County Code, relating to administration of the Defined Contribution Program and technical changes required to maintain the tax-favored status of the Plans.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 5.18.220 is hereby amended to read as follows:

5.18.220 Rollovers.

A. Rollovers From the Plan.

1. A Participant who is entitled to receive an Eligible Rollover Distribution from the Plan may direct the Administrative Committee to have the distribution transferred in a lump sum directly to the trustee of an Eligible Retirement Plan; provided, however, that an eligible deferred compensation plan described in Code section 457(b), which is maintained by an eligible employer described in Code section 457(e)(1)(A), may receive an Eligible Rollover Distribution from the Plan only if it provides for separate accounting as required under Code section 402(c)(10).

2. In order for a transfer to be made with respect to a Participant under this Section, (a) the Participant must designate in writing the Eligible Retirement Plan to receive the transferred amounts; (b) the Participant must timely provide the Administrative Committee with adequate information to enable the Administrative Committee to determine that the transferee plan is an Eligible Retirement Plan described above; (c) the entire amount to be transferred must be an Eligible Rollover

Distribution; and (d) the Participant must have received proper notice in accordance with Code section 402(f).

3. A Participant's surviving spouse who becomes eligible to receive a distribution on the Participant's death under Section 5.18.160, or an Alternate Payee who is a Participant's spouse or former spouse who becomes eligible to receive a distribution under Section 5.18.360 shall be treated as the Participant for purposes of this Section. For Plan Years beginning on and after January 1, 2010, a Participant's surviving Beneficiary who is not a spouse and becomes eligible to receive a distribution on the Participant's death under Section 5.18.160 of the Plan, may elect a direct trustee-to-trustee rollover to an individual retirement account or individual retirement annuity (as defined in Code section 408) established to receive such distribution in accordance with Code section 402(c)(11).

4. Notwithstanding the foregoing provisions of this section, upon termination of the Plan, in the event a Participant or Beneficiary either (i) does not make a distribution election within 30 days after the Plan furnishes the notice described in this section; or (ii) cannot be located after the Plan Administrator has made reasonable attempts to locate such Participant or Beneficiary in order to provide the notice described in this section, distribution will be made on behalf of the Participant in the form of an automatic direct rollover to an individual retirement plan (or, in the case of a non-spouse Beneficiary, an inherited individual retirement plan within the meaning of Code section 402(c)(11)). Prior to distribution, each Participant or Beneficiary shall be furnished with a notice that satisfies the requirements of 29 C.F.R. section 2550.404a-

3(e)(1) unless he or she cannot be located after reasonable attempts by the Plan Administrator. Amounts automatically rolled over pursuant to this section shall be subject to a contract between the Administrative Committee and the transferee entity that is consistent with 29 C.F.R. section 2550.404a-3(d)(2). The Administrative Committee will be deemed to have satisfied its fiduciary obligations with respect to plan distributions, selection of a transferee entity and investment of funds with that transferee entity provided such actions are taken in accordance with this section. Upon completion of the direct rollover of a Participant's or Beneficiary's Account pursuant to this subsection, such Participant or Beneficiary releases and agrees, on his or her behalf and on behalf of his or her heirs and beneficiaries, to hold harmless the County, the Board of Supervisors, the Administrative Committee, the TPA, the Trustee and any agent, officer or employee of any of them, from and against any claim, demand, loss, liability, costs or expense (including reasonable attorneys' fees) caused by or arising out of the automatic rollover of funds to the individual retirement plan, including without limitation any diminution in value or losses incurred within the individual retirement plan.

. . .

SECTION 2. Section 5.18.230 is hereby amended to read as follows:

5.18.230 Responsibility for Administration.

As Administrator, the Administrative Committee shall have sole and exclusive responsibility for the administration of the Plan, including but not limited to the preparation and delivery to the Los Angeles County Board of Supervisors, Participants, Beneficiaries and governmental agencies of all information, descriptions and reports

required by applicable law. Each fiduciary shall have such powers, duties and authorities as shall be specified in the Plan or Trust Agreement. Subject to the County's reserved authority to contract with the Trustee and TPA on behalf of the Plan as provided in Section 5.18.250C below, t~~T~~he Administrative Committee shall also be responsible for contracting with any private firm selected by the Committee according to County policies and procedures to provide services related to the Plan. To the extent provided in the TPA contract, the Administrative Committee or its designee(s) may authorize extensions of time to the term of the contract to be implemented through an amendment executed by the Administrative Committee Chair.

. . .

SECTION 3. Sections 5.18.250 is hereby amended to read as follows:

5.18.250 Authority.

A. In addition to responsibilities and powers set out elsewhere in the Plan, the Administrative Committee shall have the following powers, which may be delegated to one or more Agents or the County:

. . .

6. Subject to the County's reserved authority to contract with the Trustee and the TPA on behalf of the Plan as provided in Subsection C below, t~~T~~he Administrative Committee shall also have the authority to contract with one or more private firms for services related to the Plan, consistent with Section 44.7 of the Los Angeles County Charter, Part 3 of Chapter 2.104 of this Code, State and County contracting policies and Chapter 7 of Title 9 of the California Government Code (Section

87000, et seq.). To the extent provided in the TPA contract, the Administrative Committee or its designee(s) may authorize extensions of time to the term of the contract to be implemented through an amendment executed by the Administrative Committee Chair.

. . .

C. The County, as Plan sponsor, shall be responsible for contracting with the Trustee(s) and theTPA. Any additions or changes to the terms of the TPA contract may be implemented through a contract amendment executed by the CEO (provided that extensions to the term of the contract may, to the extent permitted by the contract, be authorized by the Administrative Committee or its designee(s) and implemented through an amendment executed by the Administrative Committee Chair).

. . .

F. The Director of Personnel for the County shall be responsible for all Participant contact and services associated with the Plan.

SECTION 4. Section 5.18.450 is hereby amended to read as follows:

5.18.450 Distribution Upon Termination.

In the event that the Plan is terminated by the County, the Trustee shall distribute each Participant's Account in a lump sum payment as soon as administratively practical to each Participant or his or her Beneficiary; provided, however, that such distributions may be directly rolled over at the Participant's or Beneficiary's election, and may be automatically rolled over as provided in Section 5.18.220.

SECTION 5. Section 5.19.020 is hereby amended to read as follows:

5.19.020 Definitions.

The following terms when used herein with initial capital letters, unless the context clearly indicates otherwise, shall have the following respective meanings:

. . .

R. "Employee" means an individual who has been determined by the County (regardless of any determination made by any other person or entity) to be a common law employee of the County for federal income and/or employment tax purposes. If it is determined that an individual was erroneously categorized as not being an Employee, he or she shall be treated as an Employee under the Plan only prospectively from the date of such determination. Effective January 1, 2009, solely to the extent required by Code section 414(u)(12), the term Employee shall include an individual receiving differential wage payments (within the meaning of Code section 414(u)(12)(D)) from the County.

. . .

T. "Includible Compensation" means wages, within the meaning of Code s~~S~~ection 3401(a) ~~of the Code~~ (for purposes of income tax withholding) but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed, paid to an Employee by the County for services performed for the County. Includible Compensation also includes (i) any elective deferral (as defined in Code section 402(g)(3)), such as Tax Deferred Contributions under the County of Los Angeles Savings Plan, (ii) any amount

which is contributed to a plan sponsored by the County at the election of the Employee and which is not includible in gross income under Code sections 125, 132(f)(4) or 457, and (iii) any amount that is not available in cash to an Employee under the Choices, Options, Flexible Benefit Plans or Mega-Flex Plans (or a successor plan) because the Employee is unable to certify that the Employee has other health coverage. Any item of taxable income that is excluded from this definition of Includible Compensation may not be deferred in accordance with a Participant's Participation Agreement. For the avoidance of doubt, consistent with Code section 3401(h), effective January 1, 2009, 415 Compensation includes differential wage payments within the meaning of Code section 414(u)(12)(D).

. . .

GG. "Separation from Employment" or "Separated from Employment" means any bona fide termination of a Participant's relationship with the County as an Employee, including termination due to death or Retirement. A Participant has not Separated from Employment if, at the time the Participant leaves County employment, there is a prearrangement or understanding that the Participant will be rehired or otherwise returned to service by the County.

. . .

SECTION 6. Section 5.19.030 is hereby amended to read as follows:

5.19.030 Commencement of participation.

An Employee shall become a Participant in the Plan on the Entry Date coincident with or next following any date on which he becomes a member of a group or class of Employees that (1) is ineligible to participate in LACERA or the Judges Retirement ~~Law~~System, and (2) would, disregarding participation in this Plan, be treated as receiving "wages" for "employment" as those terms are defined in Code section 3121. An Employee shall cease to be a Participant for purposes of Sections 5.19.040 and 5.19.050 upon (1) his Separation from Employment, (2) the commencement of his participation in LACERA or the Judges Retirement ~~Law~~System, or (3) becoming a member of a group or class of Employees that, disregarding participation in this Plan, would not be treated as receiving "wages" for "employment" as those terms are defined in Code section 3121. An Employee shall cease to be a Participant for all other purposes upon the distribution of his entire interest in his Investment Account. An Employee who previously had a Separation from Employment and who is receiving a benefit under LACERA or the Judges Retirement System is not eligible to participate in the Plan upon his rehire. In addition, a participant under an Area Agency on Aging (AAA) Title V work training program monitored by the County and funded by the California Department of Aging is not eligible to participate in the Plan whether or not he or she is determined to be an Employee.

SECTION 7. Section 5.19.100 is hereby amended to read as follows:

5.19.100 Benefit distributions.

. . .

E. Code s~~S~~ection 401(a)(9) Minimum Distribution Requirements. The provisions of this subsection E of Section 5.19.100 will apply for the purposes of determining required minimum distributions for Distribution Calendar Years beginning with the 2003 calendar year. The requirements of this subsection E will take precedence over any inconsistent provisions of the Plan.

. . .

7. Notwithstanding the other subsections of this Section 5.19.100, a Participant or Beneficiary who would have been required to receive a required minimum distribution (RMD) for 2009 but for the enactment of Code section 401(a)(9)(H) (2009 RMD), and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2009 RMD or (2) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's designated Beneficiary, or for a period of at least 10 years, will not receive those distributions for 2009 unless the Participant or Beneficiary chooses to receive such distributions. Participants and beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. For the purposes of this subsection E7, any election on file to receive automated RMDs, even if received

before 2009, is treated as an election to receive those distributions in 2009 except to the extent such election is revoked in accordance with a procedure established by the TPA. Notwithstanding the foregoing, a direct rollover will be offered only for distributions that would be Eligible Rollover Distributions without regard to Code section 401(a)(9)(H).

. . .

SECTION 8. Section 5.19.110 is hereby amended to read as follows:

5.19.110 Administration of the Plan.

. . .

C. Authority.

1. The Administrative Committee shall interpret where necessary the provisions of the Plan and determine the rights and benefits of Participants and other persons under the Plan. The Administrative Committee also may modify any notice period required by the Plan or designate any County officer to serve as the recipient of any form or notice that has to be filed under the Plan. The Administrative Committee, in case of disputes, may make findings of fact with respect to any matter arising in connection with the administration of the Plan. Subject to the provisions of subsection D of this Section 5.19.110, such determinations and findings shall be final and conclusive, to the extent permitted by law, as to all interested persons for all purposes of the Plan. Unless the Trustee is a Discretionary Trustee with the power to appoint Investment Managers and enter into investment arrangements, the Administrative Committee may contract with one or more Investment Managers, or enter into one or more investment arrangements, with respect to the Investment Funds. The

Administrative Committee shall instruct the Trustee as to the benefits to be paid hereunder and shall furnish the Trustee with any further information reasonably required by it for the purpose of distributing such benefits and making investments in or withdrawals from one or more of the Investment Funds. Subject to the County's reserved authority to contract with the Trustee and the TPA on behalf of the Plan as provided in subsection 3 below, ~~T~~the Administrative Committee shall also have the authority to contract with one or more private firms for services related to the Plan, consistent with Section 44.7 of the Los Angeles County Charter, Chapter 2.121 of the County Code, State and County contracting policies and Chapter 7 of Title 9 of the California Government Code (Section 87000, et seq.). To the extent provided in the TPA contract, the Administrative Committee or its designee(s) may authorize extensions of time to the term of the contract to be implemented through an amendment executed by the Administrative Committee Chair.

2. The Administrative Committee may assign additional duties and responsibilities to its members, and, with the exception of those duties expressly reserved to the County under subsection C11 below, may from time to time reassign any of the duties and responsibilities set forth in this Section 5.19.110C as it deems appropriate.

3. The County, as Plan sponsor, shall be responsible for contracting with the Trustee(s) and the TPA. Any additions or changes to the terms of the TPA contract may be implemented through a contract amendment executed by the CEO (provided that extensions to the term of the contract may, to the extent permitted by the

contract, be authorized by the Administrative Committee or its designee(s) and implemented through an amendment executed by the Administrative Committee Chair).

. . .

6. The Director of ~~Human Resources~~Personnel for the County shall be responsible for all Participant contact and services associated with the Plan, recommendations to the Administrative Committee concerning Plan operations and for the conduct of certain business operations on the Administrative Committee's behalf, including the review of Plan expenses to determine that they do not exceed approved limits and the administration of the TPA contracts.

. . .

11. The County expressly reserves to itself the duties set forth in subsection 3, the first sentence of subsection 5 and subsections 7 and 8 of this Section 5.19.110C.

SECTION 9. Section 5.19.140 is hereby amended to read as follows:

5.19.140 Rollovers and Plan-to-Plan Transfers.

A. Rollovers from the Plan.

1. Effective for any distribution made on or after January 1, 2002, a Participant who is entitled to receive an Eligible Rollover Distribution from the Plan, may direct the Administrative Committee to have the distribution transferred in a lump sum directly to the trustee of an Eligible Retirement Plan, as defined in 5.19.020R, that permits the acceptance of rollover contributions. A direct rollover from the Plan will be

offered only for distributions that would be Eligible Rollover Distributions without regard to Code section 401(a)(9)(H).

. . .

SECTION 10. Section 5.25.020 is hereby amended to read as follows:

5.25.020 Definitions.

The following terms when used herein with initial capital letters, unless the context clearly indicates otherwise, shall have the following respective meanings:

. . .

W. "Employee" means an individual who has been determined by the County (regardless of any determination made by any other person or entity) to be a common law employee of the County for federal income and/or employment tax purposes. If it is determined that an individual was erroneously categorized as not being an Employee, he or she shall be treated as an Employee under the Plan only prospectively from the date of such determination. Effective January 1, 2009, solely to the extent required by Code section 414(u)(12), the term Employee shall include an individual receiving differential wage payments (within the meaning of Code section 414(u)(12)(D)) from the County.

. . .

Y. "Includible Compensation" means wages, within the meaning of Code s~~S~~ection 3401(a) ~~of the Code~~ (for purposes of income tax withholding) but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed, paid to an Employee by

the County for services performed for the County. Includible Compensation also includes (i) any elective deferral (as defined in Code s~~S~~ection 402(g)(3)), such as Tax Deferred Contributions under the Savings Plan, (ii) any amount which is contributed to a plan sponsored by the County at the election of the Employee and which is not includible in gross income under Code s~~S~~ections 125, 132(f)(4) or 457, and (iii) any amount that is not available in cash to an Employee under the Choices, Options, Flexible Benefit Plans or Mega-Flex Plans (or a successor plan) because the Employee is unable to certify that the Employee has other health coverage. In order to be taken into account as Includible Compensation, an item of compensation must be paid (or treated as paid) to the Participant prior to Separation from Employment, provided, however, the following types of post-employment payments are included within Includible Compensation if they are paid by the later of 2½ months after Separation from Employment or the end of the calendar year in which the Separation from Employment occurs: (i) payments that, absent a Separation from Employment, would have been paid to the Participant in the normal course of employment and are regular compensation for services during regular working hours or outside regular working hours (such as overtime or shift differential), bonuses or other similar compensation; and (ii) Termination Pay. Except as provided in Section 5.25.055, Includible Compensation shall not include any Settlement Award (as defined in Section 5.25.055). Any item of taxable income that is not included in this definition of Includible Compensation may not be deferred in accordance with a Participant's Participation Agreement. Effective beginning on and after April 1, 2010, or such later date as may be

determined by the Chief Administrative Officer when the human resources management system reflecting this provision is implemented, Includible Compensation shall not include Nonelective Contributions (as that term is defined in Los Angeles County Code Sections 5.27.020, 5.28.020, 5.33.020 or 5.37.020, as applicable) unless those Nonelective Contributions are received by the Participant as a cash benefit under the Choices, Options, Flexible Benefit or Mega-Flex plans (in accordance with Los Angeles County Code Sections 5.27.050E, 5.28.050E, 5.33.050F or 5.37.050F, as applicable). For the avoidance of doubt, consistent with Code section 3401(h), effective January 1, 2009, 415 Compensation includes differential wage payments within the meaning of Code section 414(u)(12)(D).

. . .

SS. "Separation from Employment" or "Separated from Employment" means any bona fide termination of a Participant's relationship with the County as an Employee, including termination due to death or Retirement. A Participant has not Separated from Employment if, at the time the Participant leaves County employment, there is a prearrangement or understanding that the Participant will be rehired or otherwise returned to service by the County.

. . .

SECTION 11. Section 5.25.080 is hereby amended to read as follows:

5.25.080 Benefit distributions, withdrawals and loans.

. . .

C. Code s~~S~~ection 401(a)(9) Minimum Distribution Requirements. The provisions of this subsection C will apply for the purposes of determining required minimum distributions for Distribution Calendar Years beginning with the 2003 calendar year and for required minimum distributions for the 2002 Distribution Calendar Year that are made on or after the action taken by the Board to pass the ordinance adopting this restated Plan. The requirements of this subsection C will take precedence over any inconsistent provisions of the Plan.

. . .

8. Notwithstanding the other subsections of this Section 5.25.080, a Participant or Beneficiary who would have been required to receive required minimum distributions (RMDs) for 2009 but for the enactment of section 401(a)(9)(H) of the Code (2009 RMDs), and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2009 RMDs or (2) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's designated Beneficiary, or for a period of at least 10 years, will not receive those distributions for 2009 unless the Participant or Beneficiary chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect

to receive the distributions described in the preceding sentence. For the purposes of this subsection C8, any election on file to receive automated RMDs, even if received before 2009, is treated as an election to receive those distributions in 2009 except to the extent such election is revoked in accordance with a procedure established by the TPA. Notwithstanding the foregoing, a direct rollover will be offered only for distributions that would be Eligible Rollover Distributions without regard to Code section 401(a)(9)(H).

. . .

E. Emergency Withdrawals.

. . .

3. A withdrawal under this subsection may not be made to the extent the emergency is or can be relieved through compensation by insurance, by liquidation of the Participant's other assets (to the extent the liquidation would not itself cause severe financial hardship), or ceasing further deferrals under the Plan. As a condition of making a withdrawal under this subsection, the Participant irrevocably elects to suspend all elective contributions and employee contributions under this Plan (e.g., Deferred Compensation Contributions) and all other plans of deferred compensation maintained by the County from the date on which the withdrawal is made until the close of the six-calendar-month period that began on the first day of the month following the date on which the withdrawal is made. For the purposes of this subsection, the term "other plans of deferred compensation" include, without limitation, all qualified and non-qualified deferred compensation plans and any cash or deferred arrangements that are part of a cafeteria plan, except that it does not include the mandatory employee

contribution component of a defined benefit plan or welfare plan. If a Participant who also participates in the Savings Plan takes a hardship distribution under the Savings Plan, then, in accordance with the terms of the Savings Plan, that Participant likewise irrevocably elects to suspend all elective contributions and employee contributions under all plans of deferred compensation maintained by the County, including this Plan, from the date on which the withdrawal is made until the close of the six-calendar-month period that began on the first day of the month following the date on which the withdrawal is made.

. . .

I. Loans to Participants.

. . .

3. Loans made pursuant to subsection 1 of this section:

a. Shall be secured by the Participant's Investment Accounts (provided that, to the extent possible to satisfy the loan application, amounts attributable to Eligible Retirement Plans described in Section 5.25.020 QQ(ii) and held in a separate Rollover Account (or subaccount) shall be used last to satisfy the loan amount requested) and such other collateral as the Administrative Committee may require or permit;

b. Shall be available to all active Participants on a reasonably equivalent basis that shall not result in discrimination in favor of Employees who are officers or highly compensated within the meaning of Code s~~S~~ection 401; and

c. Shall be evidenced by a promissory note executed by the Participant which provides for:

(1) A reasonable rate of interest determined by the Administrative Committee, and

(2) For repayment through payroll deduction or via check while a Participant is on a leave of absence without sufficient pay (except to the extent loan repayments are suspended in accordance with the loan policy and applicable law):

(i) Within a specified period of time, which shall not extend beyond five years from the time the loan is made unless the loan proceeds are used to acquire a dwelling, which within a reasonable time is to be used as a principal residence (as determined at the time the loan is made) of the Participant, in which case the promissory note shall provide for repayment within 15 years of the time the loan is made, unless otherwise provided by the Administrative Committee at the time the loan is made, and

(ii) In substantially equal payments, at least quarterly, over the term of the loan, and

(iii) Upon such other terms and conditions as the Administrative Committee shall determine.

d. Shall be administered in accordance with a loan policy adopted by the Administrative Committee.

Notwithstanding any other provision of the Plan, including Section 5.25.120, such loan shall be a first lien against the portion of the Participant's Account by which it is secured and any amount of principal or interest due and unpaid thereof shall be deducted insofar as possible from the portion of such Account by which it is secured before the payment of any portion thereof to the Participant or his Beneficiary. A loan shall continue to be repaid pursuant to the terms of the promissory note, even after the loan has defaulted and been reported as a deemed distribution on Form 1099-R, unless and until the loan has been repaid in full, including through offset either: (1) at the time the Participant or Beneficiary requests a distribution, or (2) to the extent provided in the promissory note and loan policy, upon the Participant's death or Separation from Employment.

. . .

SECTION 12. Section 5.25.090 is hereby amended to read as follows:

5.25.090 Administration of the Plan.

. . .

C. Authority.

1. In addition to responsibilities and powers set out elsewhere in the Plan, the Administrative Committee shall have the following powers, which may be delegated to one or more Agents or the County:

a. The Administrative Committee shall have sole and exclusive authority to interpret where necessary the provisions of the Plan and determine the rights and benefits of Participants and other persons under the Plan. Such authority

and power shall include the following: (i) resolving all questions relating to the eligibility of Employees to become Participants; (ii) determining eligibility for and the amount of benefits payable to Participants or their Beneficiaries, and determining the time and manner in which such benefits are to be paid; (iii) authorizing and directing all disbursements by the Trustee from the Trust Fund; (iv) construing and interpreting the Plan and the Trust Agreement and adopting rules for administration of the Plan and the Trust Agreement which are not inconsistent with the terms of such documents; and (v) resolving all questions of fact with respect to any matter arising in connection with the administration of the Plan.

. . .

f. Subject to the County's reserved authority to contract with the Trustee and TPA on behalf of the Plan as provided in Subsection C3 below, ~~T~~the Administrative Committee shall also have the authority to contract with one or more private firms for services related to the Plan, consistent with Section 44.7 of the Los Angeles County Charter, Part 3 of Chapter 2.104 of this Code, State and County contracting policies and Chapter 7 of Title 9 of the California Government Code (Section 87000, et seq.). To the extent provided in the TPA contract, the Administrative Committee or its designee(s) may authorize extensions of time to the term of the contract to be implemented through an amendment executed by the Administrative Committee Chair.

. . .

2. The Administrative Committee may assign additional duties and responsibilities to its members, and, with the exception of those duties expressly reserved to the County under Subsection (xi) below, may from time to time reassign any of the duties and responsibilities set forth in this Section 5.25.090C as it deems appropriate.

3. The County, as Plan sponsor, shall be responsible for contracting with the Trustee(s) and the TPA. Any additions or changes to the terms of the TPA contract may be implemented through a contract amendment executed by the CEO (provided that extensions to the term of the contract may, to the extent permitted by the contract, be authorized by the Administrative Committee or its designee(s) and implemented through an amendment executed by the Administrative Committee Chair).

. . .

6. The Director of ~~Human Resources~~Personnel for the County shall be responsible for all Participant contact and services associated with the Plan.

. . .

G. Expense Charges to Plan.

1. Until such time as a different fee is approved by the Administrative Committee, Participants shall be charged a fee of $2.20 per month for Plan administrative expenses covered by this subsection G~~.~~1. Prior to the beginning of each County fiscal year, the Administrative Committee shall determine the amount of annual fees that it reasonably estimates will be necessary to properly administer the Plan during such fiscal year. For purposes of its determination, the Administrative

Committee shall take into account (i) direct, additional County costs expected to be incurred as a result of County employees performing the functions defined in this Section 5.25.090 and (ii) the cost of contractors that provide services to the Plan, including, without limitation, fiduciary and liability insurance coverage, communication consultants, investment advisors, auditors and legal services, pursuant to contracts that are approved by the Board or the Administrative Committee. The expenses subject to this subsection G.1. shall not include the cost of TPA fees, Trustee fees and investment management and custodial fees incident to the Investment Funds. The expenses incurred as a result of County employees performing the functions defined in this Section 5.25.090 shall not exceed the amount approved by the Board of Supervisors in the County budget. Expenses incurred as a result of contractors performing the Plan functions described in this Section 5.25.090, and the cost of fiduciary and liability insurance, are limited by the contract or contracts approved by the Administrative Committee or the Board. Effective the fiscal year beginning July 1, 2003, the annual fees determined under this subsection G.1. (including any emergency surcharge assessed by the Administrative Committee pursuant to the last sentence of this subsection) shall not exceed 0.15 percent of the assets of the Plan as of the last day of the month prior to the beginning of the fiscal year for which the estimated fees are being determined. The annual fees approved by the Administrative Committee may be charged through the Trustee or reimbursed from Plan assets and paid to the County. The estimated annual fees for the Plan approved by the Administrative Committee pursuant to this subsection G.1. will be charged to each Participant's account on a per-

capita basis. The per-Participant, annual charge will be determined by dividing the estimated annual fees for the Plan by the number of Participants on the last day of the ~~month~~calendar year prior to the beginning of the fiscal year for which the fees are being determined. The per-Participant annual charge will be divided by 12 and billed monthly to each Participant's account during the fiscal year. A Participant will be billed only for months in which he or she has an account balance in the Plan. The monthly charges will appear on the Participant's quarterly statement. Employees who become Participants in the Plan during the fiscal year will be charged the same monthly per-Participant charge determined prior to the beginning of the fiscal year by the Administrative Committee. Until such time as the Administrative Committee approves a new annual fee, Participants will be charged the same monthly per-Participant charge as previously set by the Administrative Committee. The Administrative Committee may assess an emergency surcharge to Participant's accounts if it reasonably determines that actual Plan expenses authorized by the subsection will exceed the estimated annual fees determined prior to the beginning of the fiscal year.

SECTION 13. Section 5.25.108 is hereby amended to read as follows:

5.25.108 Rollovers and Plan-to-Plan Transfers.

. . .

C. Rollovers ~~to~~from Horizons.

1. Effective for any distribution made on or after January 1, 2002, a Participant who is entitled to receive an Eligible Rollover Distribution from the Plan, may direct the Administrative Committee to have the distribution transferred in a lump sum

directly to the trustee of an Eligible Retirement Plan, as defined in 5.25.020W, that permits the acceptance of rollover contributions. A direct rollover from the Plan will be offered only for distributions that would be Eligible Rollover Distributions without regard to Code section 401(a)(9)(H).

. . .

SECTION 14. Section 5.26.020 are hereby amended to read as follows:

5.26.020 Definitions.

The following terms when used herein with initial capital letters, unless the context clearly indicates otherwise, shall have the following respective meanings:

. . .

22. "Employee" means any person who: (a) has been determined by the County (regardless of any determination made by any other person or entity) to be an employee of the County within the meaning of Code s~~S~~ection 3401(c) for federal income and/or employment tax purposes; or (b) is a Leased Employee as defined in subsection 32 of this section and as provided in Section 5.26.055. If it is determined that an individual was erroneously categorized as not being an Employee, he or she shall be treated as an Employee under the Plan only prospectively from the date of such determination. Effective January 1, 2009, solely to the extent required by Code section 414(u)(12), the term Employee shall include an individual receiving differential wage payments (within the meaning of Code section 414(u)(12)(D)) from the County.

. . .

25. "415 Compensation" means wages, within the meaning of Code s~~S~~ection 3401(a) ~~of the Code~~ (for purposes of income tax withholding) but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed, paid to an Employee by the County. Effective for years beginning on and after January 1, 1998, 415 Compensation also includes any County contribution under a cash or deferred arrangement (including Tax Deferred Contributions) for the year, any County contributions to purchase an annuity contract under Code s~~S~~ection 403(b) under a salary reduction agreement, any other elective deferral (as defined in Code s~~S~~ection 402(g)(3)) and any amount which is contributed to a plan sponsored by the County at the election of the Employee and which is not includible in gross income under Code s~~S~~ection 125 or Code s~~S~~ection 457. For Limitation Years (as defined in Section 5.26.160) beginning on and after January 1, 2001, 415 Compensation paid or made available during such Limitation Years shall include elective amounts that are not includible in the gross income of the Employee by reason of Code s~~S~~ection 132(f)(4). On or after January 1, 2003, 415 Compensation also includes any amount that is not available in cash to an Employee under the Choices, Options, Flexible Benefit Plans or Mega-Flex Plans (or a successor plan) because the Employee is unable to certify that the Employee has other health coverage. Except as provided in Part 4.5, 415 Compensation shall not include any Settlement Award (as defined in Part 4.5). In order to be taken into account as 415 Compensation, an item of compensation must be paid (or treated as paid) to the Participant prior to the Participant's Severance Date, provided, however, the following types of post-

employment payments are included within 415 Compensation if they are paid by the later of 2½ months after the Participant's Severance Date or the end of the calendar year in which such Severance Date occurs: (i) payments that, absent a termination from employment, would have been paid to the Participant in the normal course of employment and are regular compensation for services during regular working hours or outside regular working hours (such as overtime or shift differential), bonuses or other similar compensation; and (ii) Termination Pay. For these purposes, the "County" includes any entity the employees of which, together with employees of the County, are required to be treated as if they were employed by a single employer under Code s~~S~~ection 414(b), (c), (m) or (o) (taking into account any adjustment made pursuant to Code s~~S~~ection 415(h)), and any entity whose employees are treated as employees of the County under Code s~~S~~ection 414(n). Effective beginning on and after April 1, 2010, or such later date as may be determined by the Chief Administrative Officer when the human resources management system reflecting this provision is implemented, 415 Compensation shall not include Nonelective Contributions (as that term is defined in Los Angeles County Code Sections 5.27.020, 5.28.020, 5.33.020 or 5.37.020, as applicable) unless those Nonelective Contributions are received by the Participant as a cash benefit under the Choices, Options, Flexible Benefit or Mega-Flex ~~p~~Plans (in accordance with Los Angeles County Code Sections 5.27.050E, 5.28.050E, 5.33.050F or 5.37.050F, as applicable). For the avoidance of doubt, consistent with Code section 3401(h), effective January 1, 2009, 415 Compensation includes differential wage payments within the meaning of Code section 414(u)(12)(D).

. . .

SECTION 15. Section 5.26.035 is hereby amended to read as follows:

5.26.035 Limitation on Compensation and Eligible Earnings.

A. For Plan Years beginning before January 1, 2002 and notwithstanding any provision in the Plan to the contrary or any other law, for any Eligible Employee who becomes a Participant in this Plan on or after January 1, 1996, the annual Compensation, and Eligible Earnings taken into account for all purposes under the Plan shall be limited to $150,000.00 as adjusted for the calendar year to reflect increases in the cost-of-living in accordance with Code s~~S~~ections 401(a)(17)(B) and 415(d).

B. For Plan Years beginning on or after January 1, 2002, and notwithstanding any provision in the Plan to the contrary or any other law, for any Eligible Employee who becomes a Participant in this Plan on or after January 1, 1996, the annual Compensation, and Eligible Earnings taken into account for all purposes under the Plan shall be limited to $200,000.00 as adjusted for the calendar year to reflect increases in the cost-of-living in accordance with Code s~~S~~ections 401(a)(17)(B) and 415(d). All County Contributions calculated as a percentage of Compensation or Eligible Earnings shall cease for a Plan Year when a Participant's aggregate Compensation or Eligible Earnings, as applicable, reaches this dollar limit.

SECTION 16. Section 5.26.100 is hereby amended to read as follows:

5.26.100 Dollar Limitations.

. . .

D. If, for any calendar year, the amount of the Tax Deferred Contributions pursuant to a Participant's Compensation Deferral Agreement does exceed the Deferral Limit, the excess amount of such Tax Deferred Contributions ~~(and any earnings thereon calculated from the date contributed to the Plan to the date distributed)~~ shall be distributed to the Participant in cash no later than April 15th of the next following calendar year (together with any earnings thereon through the end of the calendar year in which the contribution was made).

. . .

SECTION 17. Section 5.26.240 is hereby amended to read as follows:

5.26.240 Distributions Only As Provided.

A. A Participant or Beneficiary shall only be paid vested benefits under the Plan as provided in this and the following sections of this part. A Participant or Beneficiary who is eligible to receive a distribution under the Plan shall submit an application for benefits to the Administrative Committee, furnishing such information as the Administrative Committee or its duly authorized agent may require. Except to the extent an in-service withdrawal is permitted under Section 5.26.300, a Participant or Beneficiary may receive a distribution only upon a bona fide termination from employment. For the purposes of this Part 7, a bona fide termination from employment means any bona fide termination of a Participant's relationship with the County as an

Employee, including termination due to death, disability, or retirement. A Participant has not had a bona fide termination from employment if, at the time the Participant leaves County employment, there is a prearrangement or understanding that the Participant will be rehired or otherwise returned to service by the County.

SECTION 18. Section 5.26.270 is hereby amended to read as follows:

5.26.270 Distributions on Death.

A. Notwithstanding the provisions of Section 5.26.250, if a Participant dies prior to terminating his employment with the County, his entire Account shall be nonforfeitable and fully vested. In addition, effective January 1, 2007, a Participant's entire Account shall be nonforfeitable and fully vested if the Participant dies while performing "qualified military service," as defined in Code section 414(u)(5). Such Account shall be paid by the Trustee to the Participant's Beneficiary after the Trustee is notified by the Administrative Committee of the Participant's death.

. . .

SECTION 19. Section 5.26.290 is hereby amended to add a new subsection H. to read as follows:

5.26.290 Code Section 401(a)(9) Minimum Distribution Requirements.

. . .

H. Notwithstanding the other subsections of this Section 5.26.290, a Participant or Beneficiary who would have been required to receive a required minimum distribution (RMD) for 2009 but for the enactment of Code section 401(a)(9)(H) of the Code (2009

RMD), and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2009 RMD or (2) one or more payments in a series of substantially equal distributions (that include the 2009 RMD) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's designated Beneficiary, or for a period of at least 10 years, will not receive those distributions for 2009 unless the Participant or Beneficiary chooses to receive such distributions. Participants and beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. For the purposes of this subsection H, any election on file to receive automated RMDs, even if received before 2009, is treated as an election to receive those distributions in 2009 except to the extent such election is revoked in accordance with a procedure established by the TPA. Notwithstanding the foregoing, a direct rollover will be offered only for distributions that would be Eligible Rollover Distributions without regard to Code section 401(a)(9)(H).

SECTION 20. Section 5.26.300 is hereby amended to read as follows:

5.26.300 Withdrawal of Contributions.

. . .

D. A Participant who has withdrawn his entire After-Tax Contributions Account (if any), his entire Rollover Contributions Account (if any), and his entire Matching Contributions Account (to the extent vested) may in addition withdraw all or a part of his Tax Deferred Contributions Account (excluding any earnings credited to such Account on or after January 1, 1989), provided that the Participant has attained 59 1/2

or demonstrated to the Administrative Committee that he is suffering from Hardship. A withdrawal shall not be permitted for Hardship unless such withdrawal is on account of an immediate and heavy financial need of the Participant and is necessary to satisfy such financial need.

. . .

2. Effective as of January 1, 2006, a withdrawal shall not be treated as necessary to satisfy an immediate and heavy financial need of a Participant to the extent the amount of the withdrawal exceeds the amount required to relieve the financial need or to the extent such need may be satisfied from other resources that are reasonably available to the Participant. The determination of whether the amount of a withdrawal is necessary to satisfy an immediate and heavy financial need shall be made by the Administrative Committee on the basis of all relevant facts and circumstances. Nevertheless, the amount of a withdrawal shall be deemed to be necessary to satisfy an immediate and heavy financial need of a Participant if: (a) the amount of the distribution is not in excess of the amount of the immediate and heavy financial need; (b) the Participant has obtained all distributions (other than Hardship distributions) and nontaxable (at the time of the loan) loans available under the terms of this Plan or any other plans of deferred compensation maintained by the County; and (c) the Participant irrevocably elects to suspend all elective contributions and employee contributions under this Plan (e.g., After-Tax Contributions and Tax Deferred Contributions) and all other plans of deferred compensation maintained by the County from the date on which the withdrawal is made until the close of the six-calendar-month period that began on

the first day of the month following the date on which the withdrawal is made. For the purposes of this subsection D.2., the term "other plans of deferred compensation" include, without limitation, all qualified and non-qualified deferred compensation plans and any cash or deferred arrangements that are part of a cafeteria plan, except that it does not include the mandatory employee contribution component of a defined benefit plan or welfare plan. For the purposes of this subsection D.2. the County includes the County and all other employers which are required to be treated as a single "employer" under Treasury Regulation section 1.401(k)-6. If a Participant who also participates in the Horizons Plan takes an unforeseeable emergency distribution under the Horizons Plan, then, in accordance with the terms of the Horizons Plan, that Participant likewise irrevocably elects to suspend all elective contributions and employee contributions under all plans of deferred compensation maintained by the County, including this Plan, from the date on which the withdrawal is made until the close of the six-calendar-month period that began on the first day of the month following the date on which the withdrawal is made.

. . .

SECTION 21. Section 5.26.310 is hereby amended to read as follows:

5.26.310 Loans to Participants.

. . .

C. Loans made pursuant to subsection A of this section:

1. Shall be secured by the portion of the Participant's Account attributable to vested Matching Contributions and any or all of the following:

a. The portion of the Participant's Account attributable to Tax Deferred Contributions,

b. The portion of the Participant's Account attributable to Rollover Contributions,

c. Such other collateral as the Administrative Committee may require or permit;

2. Shall be available to all Participants on a reasonably equivalent basis that shall not result in discrimination in favor of Employees who are officers or highly compensated within the meaning of Code s~~S~~ection 401; and

3. Shall be evidenced by a promissory note executed by the Participant which provides for:

a. A reasonable rate of interest determined by the Administrative Committee, and

b. ~~For~~ Repayment through payroll deduction or via check while a Participant is on a leave of absence without sufficient pay (except to the extent loan repayments are suspended in accordance with the loan policy and applicable law):

(1) Within a specified period of time, which shall not extend beyond five years from the time the loan is made unless the loan proceeds are used to acquire a dwelling, which within a reasonable time is to be used as a principal

residence (as determined at the time the loan is made) of the Participant, in which case the promissory note shall provide for repayment within 15 years of the time the loan is made, unless otherwise provided by the Administrative Committee at the time the loan is made, and

(2) In substantially equal payments, at least quarterly, over the term of the loan, and

(3) Upon such other terms and conditions as the Administrative Committee shall determine.

4. Shall be administered in accordance with a loan policy adopted by the Administrative Committee.

Notwithstanding any other provision of the Plan, including Section 5.26.460, such loan shall be a first lien against the portion of the Participant's Account by which it is secured and any amount of principal or interest due and unpaid thereof shall be deducted insofar as possible from the portion of such Account by which it is secured before the payment of any portion thereof to the Participant or his Beneficiary. A loan shall continue to be repaid pursuant to the terms of the promissory note, even after the loan has defaulted and been reported as a deemed distribution on Form 1099-R, unless and until the loan has been repaid in full, including through offset either: (1) at the time the Participant or Beneficiary requests a distribution, or (2) to the extent provided in the promissory note and loan policy, upon the Participant's death or Separation from Employment.

. . .

SECTION 22. Section 5.26.360 is hereby amended to read as follows:

5.26.360 Authority.

A. Except as otherwise provided in this Plan or Trust Agreement, the Administrative Committee shall have sole and absolute discretion to administer the Plan, interpret the provisions of the Plan, make factual findings with respect to any issues arising under the Plan and determine the rights and benefits of Participants and other persons under the Plan. The Administrative Committee may adopt rules for the administration of the Plan provided that such rules are not inconsistent with the terms of the Plan, except that the Administrative Committee may modify any notice period required by the Plan or designate any officer to serve as the recipient of any form or notice that has to be filed under the Plan. In addition, the Administrative Committee shall remedy possible ambiguities, inequities or inconsistencies in the Plan and shall correct deficiencies and supply omissions therein. Subject to the provisions of Section 5.26.370, such determinations and findings shall be final and conclusive, to the extent permitted by law, as to all interested persons for all purposes of the Plan. The Administrative Committee shall instruct the Trustee or Contractor as to the benefits to be paid hereunder and shall furnish the Trustee or Contractor with any further information reasonably required by it for the purpose of distributing such benefits and making investments in or withdrawals from one or more of the Investment Funds. Subject to the County's reserved authority to contract with the Trustee and TPA on behalf of the Plan as provided in Subsection B below, ~~T~~the Administrative Committee shall also have the authority to contract with one or more private firms for services

related to the Plan, consistent with Section 44.7 of the Los Angeles County Charter and Chapter 2.121 of this County Code. To the extent provided in the TPA contract, the Administrative Committee or its designee(s) may authorize extensions of time to the term of the contract to be implemented through an amendment executed by the Administrative Committee Chair. The C~~A~~EO shall develop, adopt and implement policies consistent with applicable guidance issued by the Internal Revenue Service providing for the correction of any operational errors under the Plan. Pursuant to such policies, the C~~A~~EO may require a County department to make contributions to the Plan to complete an appropriate correction with respect to a Participant employed within that department. The Plan Administrator shall administer the Plan in accordance with any correction policies adopted by the C~~A~~EO.

B. The Chief ~~Administrative~~Executive Officer shall be responsible for recommendations to the Administrative Committee and/or Board of Supervisors on all matters involving budget, liability and fiduciary insurance, Employee relations, and County policy relating to the Plan. The Director of Personnel~~Chief Administrative Officer~~ shall ~~also~~ be responsible for all Participant contact and services associated with the Plan. The County, as Plan sponsor, shall be responsible for contracting with the Trustee(s) and the TPA. Any additions or changes to the terms of the TPA contract may be implemented through a contract amendment executed by the CEO (provided that extensions to the term of the contract may, to the extent permitted by the contract, be authorized by the Administrative Committee or its designee(s) and implemented through an amendment executed by the Administrative Committee Chair).

. . .

SECTION 23. Section 5.26.420 is hereby amended to read as follows:

5.26.420 Expense Charges to Plan.

A. ~~With the approval of the Board of Supervisors, expenses incurred as a result of County employees performing the functions defined in Sections 5.26.340 through 5.26.410 may be charged through the Trustee or reimbursed from Plan assets and paid to the County. The expenses so charged will be allocated to the individual Participants' accounts and shall be reflected on quarterly statements. The annual charges shall not exceed the amount approved by the Board of Supervisors in the County budget, and will only include direct, additional County costs.~~Prior to the beginning of each County fiscal year, the Administrative Committee shall determine the amount of annual fees that it reasonably estimates will be necessary to properly administer the Plan during such fiscal year. For purposes of its determination, the Administrative Committee shall take into account (i) direct, additional County costs expected to be incurred as a result of County employees performing the functions defined in Part 8 and (ii) the cost of contractors that provide services to the Plan, including, without limitation, fiduciary and liability insurance coverage, communication consultants, investment advisors, auditors and legal services, pursuant to contracts that are approved by the Board or the Administrative Committee. The expenses subject to this subsection shall not include the cost of TPA fees, Trustee fees and investment management and custodial fees incident to the Investment Funds. The expenses incurred as a result of County employees performing the functions described in Part 8

shall not exceed the amount approved by the Board of Supervisors in the County budget. Expenses incurred as a result of contractors performing the Plan functions, and the cost of fiduciary and liability insurance, are limited by the contract or contracts approved by the Administrative Committee or the Board. The annual fees approved by the Administrative Committee may be charged through the Trustee or reimbursed from Plan assets and paid to the County. The estimated annual fees for the Plan approved by the Administrative Committee pursuant to this subsection will be charged to each Participant's account on a per-capita basis. The per-Participant, annual charge will be determined by dividing the estimated annual fees for the Plan by the number of Participants on the last day of the calendar year prior to the beginning of the fiscal year for which the fees are being determined. The per-Participant annual charge will be divided by 12 and billed monthly to each Participant's account during the fiscal year. A Participant will be billed only for months in which he or she has an account balance in the Plan. The monthly charges will appear on the Participant's quarterly statement. Employees who become Participants in the Plan during the fiscal year will be charged the same monthly per-Participant charge determined prior to the beginning of the fiscal year by the Administrative Committee. Until such time as the Administrative Committee approves a new annual fee, Participants will be charged the same monthly per-Participant charge as previously set by the Administrative Committee. The Administrative Committee may assess an emergency surcharge to Participants' accounts if it reasonably determines that actual Plan expenses authorized by this

subsection will exceed the estimated annual fees determined prior to the beginning of the fiscal year.

B. Expenses incurred by members of the Administrative Committee as a result of performing their duties under the Plan will be charged through the Trustee or reimbursed from Plan assets and paid to the member incurring such expense. Such expenses may include the costs of educational materials or classes relating to ~~plan~~Plan administration or investments if the Administrative Committee determines that such costs are reasonable and necessary.

C. ~~Expenses incurred as a result of contractors performing the Plan functions described in Sections 5.26.340 through 5.26.410,~~TPA,~~and~~ Trustee fees~~, and the cost of fiduciary and liability insurance~~ and investment management and custodial fees incident to the Investment Funds are limited by the contract or contracts approved by the Administrative Committee or the Board of Supervisors, and will be charged through the Trustee or reimbursed from Plan assets and paid to the County. The expenses, fees and costs so charged will be allocated to the individual Participants' accounts and shall be reflected on quarterly statements. Fees incident to investments in specific Brokerage Investments available through the Personal Brokerage Account Window are not limited by the contract or contracts approved by the Administrative Committee or the Board of Supervisors.

. . .

SECTION 24. Section 5.26.610 is hereby amended to read as follows:

5.26.610 Rollovers and Plan-to-Plan Transfers.

. . .

B. Rollovers from the Plan.

1. A Participant who is entitled to receive an Eligible Rollover Distribution from the Plan, may direct the Administrative Committee to have the distribution transferred in a lump sum directly to the trustee of one of the following "eligible retirement plans": (a) an individual retirement account under Code s~~S~~ection 408(a); (b) an individual retirement annuity under Code s~~S~~ection 408(b); (c) an annuity plan described in Code s~~S~~ection 403(a); or (d) a plan which is qualified under Code s~~S~~ection 401(a) and permits the acceptance of rollover contributions. Effective for any distributions made on or after January 1, 2002, the term "eligible retirement plan" also shall include: (y) an annuity contract under Code s~~S~~ection 403(b), and (z) an eligible deferred compensation plan under Code s~~S~~ection 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from the Plan. Effective for any distributions made on or after January 1, 2008, the term "eligible retirement plan" also shall include: a Roth IRA under Code s~~S~~ection 408A. A direct rollover from the Plan will be offered only for distributions that would be Eligible Rollover Distributions without regard to Code s~~S~~ection 401(a)(9)(H).

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