



THE COUNTY OF GALVESTON

RUFUS G. CROWDER, CPPO, CPPB
PURCHASING AGENT

COUNTY COURTHOUSE
722 Moody (21st Street)
Fifth (5th) Floor
GALVESTON, TEXAS 77550

July 13, 2023

PROJECT NAME: Retirement Plan Consultant & Investment Advisors Services
SOLICITATION NO: RFQ #B231023
RE: ADDENDUM #1

To All Prospective Bidders:

The following information is being provided to aid in the preparation of your RFQ submittal(s):

Question #1: *Is it possible to get pages 102-126 in a Word Doc instead of PDF format?*

Response: Alteration of the original document would be at risk.

Question #2: *Can you please provide the reason for the issuance of this RFQ?*

Response: These items will be addressed during the finalist/round.

Question #3: *We understand the selected consultant is expected to provide investment reviews and education with the Committee quarterly. Is the Committee schedule available for 2023/2024? If so, can you please provide it.*

a. Will the selected consultant be expected to attend these meetings in person, virtually, or in a hybrid format?

Response: The committee schedule is not available at this time. A hybrid format is expected.

Question #4: *Can you please advise how many full-time employees are dedicated to working on the County Plan?*

Response: One (1) full-time employee, at most.

Question #5: *When was the last time you conducted a target date fund review, fee benchmarking review, and/or investment menu review?*

Response: These items will be addressed during the finalists' round.

Question #6: *When was the last time an RFQ for recordkeeping/third-party provider services was conducted? Do you anticipate a search being conducted for these services during this contract period?*

Response: These items will be addressed during the finalists' round.

Question #7: *Can you please provide your investment policy statement and the County Plan's investment options?*

Response: The current plan investments options will be provided.



Question #8: *How many manager searches have been conducted each year, over the last 3 years?*

Response: These items will be addressed during the finalists' round.

Question #9: *Can you please advise as to the expected contract duration? Or does the Committee intend to enter an evergreen contract retaining termination rights?*

Response: These items will be addressed during the finalists' round.

Question #10: *Do you currently retain an investment consultant? If so, can you please provide their name and the length of time they have been retained?
a. Are they invited to rebid?*

Response: Yes. No. Yes

Question #11: *Can you please provide the current fee being paid for investment consulting services?*

Response: No.

Question #12: *Is there an Investment Policy Statement? If so, could you please provide a copy?*

Response: These items will be addressed during the finalists' round.

Question #13: *Could the County provide account statements for all plans?*

Response: No.

Question #14: *Is the County currently working with Financial Advisor or Consultant? If so, could the count provide the current fee structure?*

Response: These items will be addressed during the finalists' round.

Question #15: *Can I please obtain an IPS for the Plan?*

Response: These items will be addressed during the finalists' round.

Question #16: *Who is your current consultant and what is their annual fee?*

Response: These items will be addressed during the finalists' round.

Question #17: *Can I please obtain a current performance report(s)?*

Response: A list of plan investments will be provided for you to generate investment performance reports.

Question #18: *Would your organization be willing and able to accept an electronic RFP submission via email in lieu of the required hard copy(ies)?*

Response: No, per the RFQ requirements, hard copies are required.

Question #19: *Can you please provide your Summary Plan Description (or any similar summary documentation describing your Plan) that is provided to participants?*

Response: Attached you will find the requested information.

Question #20: *Can you please provide the most OneAmerica (AUL) plan reports for the four contracts showing the investment options, fee disclosures and asset allocation?*

Response: The current 457(b) plan investments options will be provided.

Question #21: *Please confirm that the County currently works with an investment advisor today?*

Response: These items will be addressed during the finalists' round.

Question #22: *If so, can you provide the name of the firm and their current fee?*

Response: These items will be addressed during the finalists' round.

Question #23: *Can you please provide a copy of the Plan's Investment Policy Statement (IPS)?*

Response: These items will be addressed during the finalists' round.

Question #24: *Do you currently have a retirement plan consultant/investment advisor and if so, why are you issuing an RFP for services?*

Response: These items will be addressed during the finalists' round.

Question #25: *Are you looking for your retirement plan consultant to meet individually with plan participants and provide them with investment advice or are you looking for the retirement consultant to work with your recordkeeper, OneAmerica, to ensure this service is provided and maximized?*

Response: Consultant objectives are listed within the Request for Qualifications. The hired consultant will help determine the appropriate course of action for both the committee and the participants.

Question #26: *How many days of on-site employee education & advice are you receiving today and how many days are you looking for going forward?*

Response: Consultant objectives are listed within the Request for Qualifications. The hired consultant will help determine the appropriate course of action for the participants going forward.

Question #27: *Can you confirm that all of your retirement plan assets are with OneAmerica and you have no legacy assets with any other recordkeeping provider?*

Response: Confirmed.

Question #28: *Do you currently have an Investment Policy Statement? If so, can you provide a copy?*

Response: These items will be addressed during the finalists' round.

If you have any further questions regarding this bid, please address them to the representative listed below,

Rufus G. Crowder, CPPO CPPB
Galveston County Purchasing Agent
722 Moody, Fifth (5th) Floor
Galveston, Texas 77550
E-mail: purchasing.bids@co.galveston.tx.us

or via e-mail at purchasing.bids@co.galveston.tx.us, or contact the Purchasing Department at (409) 770-5371.
Please excuse us for any inconvenience that this may have caused.

Sincerely,



Rufus G. Crowder, CPPO CPPB
Purchasing Agent
Galveston County

Investment Option Election Form

Products and financial services provided by
 American United Life Insurance Company®
 a ONEAMERICA® company
 One American Square, P.O. Box 6011
 Indianapolis, IN 46206-6011
 1-800-249-6269



Plan Information

Plan Number _____ Division _____ Plan
 Name _____

Participant Information

First Name _____ M.I. _____ Last Name _____

Social Security (or Taxpayer ID) Number _____

Investment Elections

Investment Name	Internal ID	Investment Type	Initial Elections
AUL Fixed Account	FIXD	Fixed Int/Stable Val	%
GoldmanSachs Money Mkt Gvt Res	GSFG	Cash	%
PIMCO Real Return R	PRRR	Inflation Protected B	%
PGIM High Yield R2	CJPY	High Yield Bond	%
PGIM High-Yield A	PAAA	High Yield Bond	%
PIMCO HighYield R	PHYR	High Yield Bond	%
AmerCent Strat Alloc Agrsv A	AAAA	Balanced	%
AmerCent Strat Alloc: Consv A	AACA	Balanced	%
AmerCent Strat Alloc: Mod A	AAMA	Balanced	%
AmerCent Eqty Inc A	AEIA	Large Cap Value	%
Pioneer Eqty Inc A	PEIF	Large Cap Value	%
TRowePrice Eqty Inc R	TREI	Large Cap Value	%
State St S&P 500 Indx Cl I	SS5N	Large Cap Blend	%
Alger Cap App Inst R	ACAP	Large Cap Growth	%
AmerFds Grth Fd of America R3	AFGA	Large Cap Growth	%
Franklin Growth Opps R	FGOR	Large Cap Growth	%
TRowePrice Grth Stock R	TLCG	Large Cap Growth	%
AmerCent MidCap Val A	ACBM	Mid Cap Value	%
Columbia Sel Mid Cap Val A	CMID	Mid Cap Value	%
Pioneer Sel Mid Cap Growth A	PGOA	Mid Cap Growth	%
AllianzGI NFJ SmCap Val R	PSCV	Small Cap Value	%
Jan Hen Small Cap Val S	JASV	Small Cap Value	%
Fidelity Adv Smcap M	HASC	Small Cap Blend	%
MFS Intl New Discovery R2	MF12	Foreign Small/Mid Eqty	%
State St Intl Indx Cl I	SSEN	Foreign Blend	%
Thornburg Intl Val R3	TINV	Foreign Blend	%
AmerFds Cap World Grth&Inc R3	AFCW	World Stock	%
InvOpp Global Ops A	OGAA	World Stock	%
AmerCent RealEstate A	AREA	Specialty	%
GoldmanSachs Tech Opps Svc	GSTP	Specialty	%
Invesco Energy A	IE2K	Specialty	%
InvOpp Gold & Spcl Min A	OGSM	Specialty	%
MFS Utilities R2	MU2G	Specialty	%

Investment Name	Internal ID	Investment Type	Initial Elections
WIM Jenn Health Sci A	JHSA	Specialty	%
WmerFds 2010 Trgt Date Ret R3	AF10	Mgd Asset Allocation	%
WmerFds 2015 Trgt Date Ret R3	AF15	Mgd Asset Allocation	%
WmerFds 2020 Trgt Date Ret R3	AF20	Mgd Asset Allocation	%
WmerFds 2025 Trgt Date Ret R3	AF25	Mgd Asset Allocation	%
WmerFds 2030 Trgt Date Ret R3	AF30	Mgd Asset Allocation	%
WmerFds 2035 Trgt Date Ret R3	AF35	Mgd Asset Allocation	%
WmerFds 2040 Trgt Date Ret R3	AF40	Mgd Asset Allocation	%
WmerFds 2045 Trgt Date Ret R3	AF45	Mgd Asset Allocation	%
WmerFds 2050 Trgt Date Ret R3	AF50	Mgd Asset Allocation	%
WmerFds 2055 Trgt Date Ret R3	AF55	Mgd Asset Allocation	%
WmerFds 2060 Trgt Date Ret R3	AF60	Mgd Asset Allocation	%
TOTAL			100%

Enter whole percentages only. Elections must total 100%.

Information for Participant

Investment elections will take effect when this form is processed by the record keeper. Contributions received after the date this form is processed will be invested according to your elections, if your employer is not directing the investment of your contributions, until changed by you. Contributions received prior to the date this form is processed will be invested according to elections already on file, if applicable, or will be directed to the applicable default investment option. It is your responsibility to log into your secure account at www.oneamerica.com or to call 1-800-249-6269 to transfer contributions to other available investment options.

If you do not complete the "Investment Elections" section of this form, if your employer is not directing the investments of your contributions, contributions received on your behalf will be directed to the applicable default investment option. It is your responsibility to log into your secure account at www.oneamerica.com or to call 1-800-249-6269 to transfer contributions to other available investment options.

All or part of your account value may be transferred between available investment options at any time during the accumulation period, subject to the following:

- a. Only one transfer may be made per day.
- b. You may be limited to the number of investments selected in a single transfer request.
- c. Your reallocated investment total must equal the current investment total.
- d. The investment return and principal value of the investment accounts will fluctuate, so that when redeemed, units may be worth more or less than the original cost.

Contributions, other than those directed to the AUL general account (fixed interest investment option), will be credited to the AUL separate account, which is divided into variable investment accounts. Each variable investment account invests exclusively in shares of a specific mutual fund, mutual fund portfolio, or other entity in which it is authorized to invest. Due to the fluctuation in value of the assets underlying the AUL separate account, the value of variable investment account units credited to the contractholder or the participant will also fluctuate, so that units may be worth more or less than the original cost when redeemed.

The following transfer restriction will apply to monies in the Fixed Interest Account (FIA):

If you have \$2,500 or more in the Fixed Interest Account (FIA) at the beginning of the contract year, up to twenty percent (20%) of that amount may be transferred during the contract year. Or, if you have less than \$2,500 in the FIA at the beginning of the contract year, you may transfer any amount from the FIA during that contract year. Participants in retirement plans with a \$500 minimum transfer rule for moving amounts out of fixed interest accounts will no longer have restrictions on balances below \$2,500. The maximum transfer rule of 20 percent per year for account balances of \$2,500 and over will still apply.

Additional plan-specific provisions or limitations may apply. Please refer to your summary plan description (SPD) contact your plan representative for assistance.

This section must be completed if not attached to the Participant Enrollment Form.

I understand that (1) if I am a participant in a 403(b) or a 457 plan that restrictions on distributions may apply as set forth in Section 403(b)(11) or Section 457 of the Internal Revenue Code; (2) this material must be preceded by or accompanied by the "State Specific Fraud Warning Notices for Retirement Services" (R-20402) form.

Under penalties of perjury, by signing the below, I hereby certify (1) that the Social Security (or Taxpayer ID) Number above is correct; and (2) that I am not subject to backup withholding because (a) I have not been notified that I am subject to backup withholding as a result of a failure to report interest and dividends, or (b) the Internal Revenue Service (IRS) has notified me that I am no longer subject to backup withholding.

NOTE: The IRS does not require your consent to any portions of this document other than certifications required to avoid backup withholding.

Participant Signature

Date

Please make a copy of this form for your records and return the original to your plan representative.

A SUMMARY OF
THE ALTERNATE PLANSM
FOR
GALVESTON COUNTY
EMPLOYEES

FIRST FINANCIAL BENEFITS, INC.
EMPLOYEE BENEFIT SPECIALISTS

REVISED 2019

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ALTERNATE PLAN SUMMARY

SECTION I – INTRODUCTION

In lieu of Social Security, the County of Galveston provides all eligible employees **THE ALTERNATE PLAN** of disability, survivorship and retirement benefits. The Plan's effective date was January 1, 1981. The anniversary date of the Plan shall be January 1st of each year. **THE ALTERNATE PLAN** is summarized below.

SECTION II - THE ALTERNATE PLAN

THE ALTERNATE PLAN is a package of benefits that consists of Life Insurance, Disability Insurance and a Deferred Compensation Retirement Plan. The Plan is based on contributions made by the participating employee and the County of Galveston. Benefits and contributions are provided according to one of three (3) classifications of full time employees. For purposes of these classifications an employee will be in one of the following categories and will have benefits and contributions based on the following descriptions:

A. Employee Hired After January 1, 1987

As a condition of employment, all full-time and eligible part-time employees hired after January 1, 1987 will be required to participate in **THE ALTERNATE PLAN**. The employee will contribute 6.13% of eligible gross annual compensation. The County will provide a matching contribution of at least 6.13% be determined by County Commissioners. Full Plan benefits are provided for these participants.

B. Employees Hired Prior to January 1, 1987

There are two classes of employees under this category:

1. Employees Participating in **THE ALTERNATE PLAN**. Full-time and eligible part-time employees will continue to participate in the Plan at their option just as they have prior to January 1, 1987. The employee's contribution to the Plan continues to be 6.13% of eligible gross annual compensation. The County will provide a matching contribution of at least 6.13% and full Plan benefits are provided for these participants according to their eligibility status.
2. Employees Not Participating in **THE ALTERNATE PLAN**. These employees have not had any Plan benefits or made any plan contributions, but effective January 1, 1987 they were automatically covered by Life Insurance and Disability Insurance as described in Section VI of this summary. These employees will also have the option to participate in the Deferred Compensation Retirement Plan portion of **THE ALTERNATE PLAN** and receive the same contributions and benefits as any other eligible full-time or part-time employee.

SECTION III - ELIGIBILITY FOR ENROLLMENT

A full time employee is eligible for enrollment in THE ALTERNATE PLAN when the employee is actively at work, and scheduled to work 40 or more hours per week on a permanent basis (unless otherwise noted for individual benefits).

SECTION IV - PLAN CONTRIBUTIONS

A. Disability and Survivorship Benefits

The Plan's disability and survivorship benefits are provided to the eligible employee at no cost to the employee. The premium cost of this coverage will be paid by the County of Galveston out of their matching contribution.

- B. Deferred Compensation Retirement Benefits** - The Plan's retirement benefit is funded through tax-deferred contributions made by the employee and out of the Counties matching contribution. The required employee contribution is 6.13% of eligible gross annual compensation which is deposited into the employee's Retirement Annuity Account. The County also contributes a mandatory amount to the Retirement Annuity Account.

C. Additional Contributions

Participants may make additional contributions to their Deferred Compensation Retirement Plan Account. These contributions will be in addition to the employee's 6.13% contribution and the County's contributions. In any event, the total of all contributions by or on behalf of the employee cannot exceed 100% of the Participant's taxable compensation to a maximum annual contribution limit set forth by law. A Special Catch-up provision under I.R.C. Section 457 is available to eligible participants during the last three years in the program prior to attainment of Normal Retirement Age under the Plan.

D. Catch-Up Provisions

Catch-Up Provisions under I.R.C. ¶457(b)(3) are available to eligible Participants during the last three years in the program prior to retirement.

A separate provision provides an additional opportunity for "catch-up" or additional contributions when a participant is over the age of 50.

The Age 50 Catch-Up Provision cannot be used in the year(s) as the Special Section 457 Catch-Up Provision.

A part time employee is eligible for enrollment in THE ALTERNATE PLAN when the employee is actively at work, and scheduled to work 20 or more hours per week on a permanent basis (unless otherwise noted for individual benefits).

A. Survivorship Benefits

Survivorship benefits are provided to the employee at no cost to the employee. The premium cost of this coverage will be paid by the County of Galveston.

- B. Deferred Compensation Retirement Benefits** - The Plan's retirement benefit is funded through tax-deferred contributions made by the employee and the County. The required employee contribution is 6.13% of eligible gross annual compensation which is deposited into the employee's Retirement Annuity Account. The County also contributes a mandatory amount to the Retirement Annuity Account.

SECTION V - EFFECTIVE DATE OF COVERAGE

Disability and Life Insurance coverage for the eligible employee will begin on the first day the employee is actively at work. Accumulations of the retirement benefits under THE ALTERNATE PLAN begin with the first deposit to the Deferred Compensation Plan Account.

SECTION VI - BENEFITS

The survivorship, disability and retirement benefits of THE ALTERNATE PLAN are as follows:

A. Survivorship Benefits

The Group Term Life and Accidental Death and Dismemberment Policy provides benefits under the following programs:

Schedule of LIFE INSURANCE for MEMBERS regularly scheduled to work 40 hours each week, this includes elected officials:

Under age 70	400% of your ANNUAL EARNINGS plus \$15,000, subject to a maximum amount of LIFE INSURANCE of \$215,000, and a minimum amount of LIFE INSURANCE of \$75,000. The amount of your LIFE INSURANCE is rounded to the next higher multiple of \$1,000, if not already a multiple of \$1,000.
Age 70-74	268% of your ANNUAL EARNINGS plus \$10,050, subject to a maximum amount of LIFE INSURANCE of \$144,050, and a minimum amount of LIFE INSURANCE of \$50,250. The amount of your LIFE INSURANCE is rounded to the next higher multiple of \$500, if not already a multiple of \$500.
75 or older	172% of your ANNUAL EARNINGS plus \$6,450, subject to a maximum amount of LIFE INSURANCE of \$92,450, and a minimum amount of LIFE INSURANCE of \$32,250. The amount of your LIFE INSURANCE is rounded to the next

higher multiple of \$500, if not already a multiple of \$500.

* If you are a FULL-TIME MEMBER who has 10 years' service prior to attaining age 70, your LIFE INSURANCE will be a minimum of \$75,000. If you are a FULL-TIME MEMBER who attains 10 years service after age 70, your LIFE INSURANCE will have no further reduction.

Schedule of LIFE INSURANCE for MEMBERS regularly scheduled to work 20 but less than 40 hours each week:

Under age 70	200% of your ANNUAL EARNINGS plus \$15,000, subject to a maximum amount of LIFE INSURANCE of \$115,000, and a minimum amount of LIFE INSURANCE of \$37,500. The amount of your LIFE INSURANCE is rounded to the next higher multiple of SLIM, if not already a multiple of \$1,000.
Age 70-74	134% of your ANNUAL EARNINGS plus \$10,050, subject to a maximum amount of LIFE INSURANCE of \$77,050, and a minimum amount of LIFE INSURANCE of \$25,125. The amount of your LIFE INSURANCE is rounded to the next higher multiple of \$500, if not already a multiple of \$500.
75 or older	86% of your ANNUAL EARNINGS plus \$6,450, subject to a maximum amount of LIFE INSURANCE of \$49,450, and a minimum amount of LIFE INSURANCE of \$16,125. The amount of your LIFE INSURANCE is rounded to the next higher multiple of \$500, if not already a multiple of \$500.

Schedule of ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE for MEMBERS under the Group Term Life Insurance Policy:

Losses caused solely and directly by accidental bodily injuries not attributable to any Policy exclusion.

Full or one-half (contingent upon type of loss) the amount equal to your LIFE INSURANCE,

The SEAT BELT BENEFIT is an additional accidental death benefit that is paid if you die as a result of an AUTOMOBILE accident and you were wearing a SEAT BELT at the time of the accident. The following rules apply:

1. The SEAT BELT BENEFIT equals \$50,000 or the amount of the ACCIDENTAL DEATH & DISMEMBERMENT Insurance Benefit paid because of your accidental death, whichever is less.
2. Satisfactory written proof that your death resulted from an AUTOMOBILE accident and that you were wearing a SEAT BELT at the time of the accident must be provided along with a copy of the policy accident report with the claim.

The ACCELERATED BENEFIT allows covered employees to receive up to 50% of their Life Insurance benefits or \$25,000, whichever is greater. In order to qualify for this benefit the insured must have a minimum Life Insurance amount of \$10,000. The covered employee must be diagnosed as being terminally ill with a life expectancy of less than 12 months to be eligible for this benefit; and the insured must apply and qualify for Waiver of Premium or Continued Life Insurance.

B. Disability

Disability benefits are available to employees who qualify under the Group Long Term Disability, Term Life Insurance policies and the Group Annuity Contract's Disability Rider. Benefits are subject to each employee's eligibility under each policy's provisions. Waiver of Premium is a benefit also provided. Benefits are not continued if you are not seen and/or treated by a physician on a regular basis.

1. Monthly Income Benefit

After a 180-day waiting period, the totally disabled insured will receive 60% of base pay up to a maximum benefit of \$5,000 per month. There is a minimum benefit payable of \$100 per month. This benefit is coordinated with any other income, such as Social Security, Worker's Compensation or Texas County and District Retirement System payments. The benefit is subject to income tax as ordinary income.

Total Disability relative to the Group Long Term Disability Policy means, for the first 24 months of disability plus the waiting period (180 days), the complete inability to work at the insured's own occupation. Thereafter, Total Disability means the insured's complete inability to work at any occupation for which the insured is or becomes reasonably fitted by the insured's education, training and experience.

The length of time for which long term disability benefits are payable from this plan is based on the age of the insured at the time Total Disability occurs. The duration of benefit payments is in accordance with the following schedule:

<u>Age on Date of Disability</u>	<u>Maximum Benefits Period</u>
59 or younger	To Age 65
60	60 months
61	48 months
62	42 months
63	36 months
64	30 months
65	24 months
66	21 months
67	18 months

68
69 or older

15 months
12 months

Monthly income benefits may be limited to, and payable for, a total of 12 months for all disability due to mental illness or functional nervous disorder. Benefits are not provided for any disability caused or contributed to by war, armed forces service or self-inflicted injury.

2. Extended Death Benefit

Premiums are waived for Group Term Life Insurance benefits for the employee who becomes disabled at age 59 or younger. Waiver of Premium benefits is not available to the disabled employee age 60 or older. The age 60 or older disabled employee must elect to convert their Group Term Life Policy coverage to an Individual Policy of life insurance and pay the premium in order to continue coverage. Any policy conversion must be effective within thirty-one (31) days of the disability effective date or the last group premium payment.

Total Disability relative to the Group Term Life Insurance Policy means, for the first 24 months of disability plus the waiting period (180 days) the insured's complete and continuous inability to perform each and every duty of his own occupation. Thereafter, Total Disability means the complete and continuous inability from engaging in any occupation for which the insured is reasonably fitted by education, training and experience.

3. Self-Completion Annuity Benefit

This benefit only applies to The Alternate Plan mandatory contributions. After a 180-day waiting period, the qualified participant is eligible to receive continued annuity deposits after payroll ceases due to Total Disability. This annuity account shall be established and maintained on behalf of the qualified participant until the employee returns to active work status or attains age 65. At age 65, the totally disabled participant will receive monthly annuity payments for life. The qualified participant must be age 64 or younger and shall have been an active plan participant for not less than 9 of the 12 months immediately preceding their Disability Effective Date.

Total Disability relative to the Self-Completion Annuity Benefit means for the first 24 months of disability plus the waiting period (180 days) the insured's complete inability to perform the substantial and material duties of the participant's regular occupation and thereafter the complete inability to engage in any employment or occupation for which the participant may be qualified by reason of education, training or experience.

C. Schedule of RETIRED LIFE RESERVE(RLR)BENEFITS for full-time members of Galveston County:

Post Retirement Death Benefits for Active, Full-time Employees that work 2080 or more hours per year, eligible for TCDRS benefits, who have accrued a

minimum of 8 years service to Galveston County.

The Plan provides a Paid-up Death benefit of \$50,000, to employees who retire under one of the following provisions:

1. Rule of 75 where Age plus Years of Credited Service total 75;
2. Age 60 with 8 Years of Credited Service; or
3. Accumulate at least 30 Years of Credited Service.

BENEFIT: For those employees working 2080 hours per year..... \$50,000
For those employees working 1040, but less than
2080 hours per year..... \$25,000

In no event can the amount of paid-up benefit exceed the amount of group term life insurance in effect as of the Participant's Date of Retirement.

D. Retirement Income Benefits

Employees retiring at normal, late or early retirement will receive their retirement income from their Deferred Compensation Plan Account. All tax deferred contributions, plus all earnings, will accumulate to provide this retirement benefit. The retirement benefits attributable to employee and employer contributions will be reportable as income upon distribution to the participant.

The employee who is retiring from service or terminating employment may choose from several payment options available. These include, but are not limited to, lump sum cash withdrawal, or other periodic payment plans. Receipt of the funds may be deferred until the Participant is ready for distribution. Required minimum distributions must begin by Age 70½. *The departing employee should consult with the Plan Administrator prior to electing any distribution option.*

E. Benefit Statements

The Plan Administrator will provide all Deferred Compensation Plan participants with an individual benefit statement on a quarterly basis.

SECTION VII - TERMINATION OF EMPLOYMENT

Disability and survivorship benefits will expire on the last date worked unless otherwise provided for under the above stated benefits programs. The departing employee can convert his Group Term Life Policy to an individual policy of Life Insurance by completing conversion forms and submitting premiums within 31 days of his termination date.

The terminating employee has several options for their retirement annuity:

1. Lump Sum Distribution – 20% income tax withholding is mandatory.
2. Annuity Options – Life only, Life with a period certain, Installment Refund, Joint & Survivor, Fixed Period and Fixed Amount are among the annuity options available. Twenty percent income tax withholding is required for annuities of less than five years.
3. Deferral - Leave the funds in the Plan and take them out whenever and however you like. Distributions must occur by Age 70½. The funds will continue to perform in accordance with the Investment Options chosen.
4. Plan Transfers and Rollovers - Upon termination you may request a Direct Rollover to an Individual Retirement Account (IRA), a 401(k), a 403(b) or 401(a) Plans. However, when the money rolls over to a qualified plan, it becomes that kind of money, and becomes subject to a ten percent penalty tax if you take it out prior to age 59½. Left in the 457 Plan, it can be distributed at any time with only normal income tax consequences.

Retirement benefits are paid according to the Plan participant's elected settlement option.

SECTION VIII - LEAVE OF ABSENCE

A. Leave of Absence with Pay

In this instance, an insured employee may continue disability and survivorship coverage for a period of six(6) months as long as premiums are paid by the County. After six(6) months, the insured employee must opt to convert the coverage available to him as seen in Section VI of this booklet or coverage will automatically cease. Tax-deferred contributions to the Deferred Compensation Plan Account will continue during this six(6) month period so long as the employee is a contributing participant in the Plan.

B. Leave of Absence without Pay

In this instance, an insured employee may continue disability and survivorship coverage for a period of six(6) months as long as premiums are paid by the County. After six(6) months, the insured employee must opt to convert the coverage available to him as seen in Section VII of this booklet or coverage will automatically cease. Tax-deferred contributions to the Deferred Compensation Plan Account will continue during this six(6) month period so long as the employee is a contributing participant in the Plan. If the participant does not continue to make Deferred Compensation contributions then the county will make no contributions as well.

SECTION IX - IN-SERVICE DISTRIBUTIONS

A. Hardship withdrawals

Qualified hardship withdrawals are available for voluntary accounts only.

B. Participant Loans

Qualified loans are available for voluntary accounts only.

C. Qualified Domestic Relations Order

Amounts held for the benefit of the participant may be paid in accordance with a Qualified Domestic Relations Order (QDRO). The *Alternate Payee* will be required to set up an account in their name, and make an election as to distribution of the court-ordered funds.

SECTION X - MODIFICATION OF THE PLAN

The Plan will be reviewed annually by the Plan Administrator and recommendations made to the Commissioner's Court. In addition, the Commissioner's Court has stated that it will review this Plan at least every five (5) years to determine both the adequacy of benefits and the amount of contributions required to provide benefits to employees at adequate levels. If the Court, after its review and upon obtaining input from its employees, determines an increase in contributions by the County and its employees is necessary to provide adequate benefits, the Court may increase the percentage of wages to be contributed or the amount of wages upon which contributions shall be payable or both.

SECTION XI - COMPANIES AND POLICIES

The above statements represent a summary of four insurance contracts. The contracts are as follows:

- A. Group Term Life and Accidental Death and Dismemberment Policy underwritten by Standard Insurance Company.
- B. Group Deposit Administration(Retired Lives Reserve)Contract underwritten by Standard Insurance Company.
- C. Group Long Term Disability Policy underwritten by Lincoln National Insurance Company.
- D. Group Annuity Policy (I.R.S. Code Section 457) underwritten by American United Life Insurance Company and Lincoln National Insurance Company.
- E. Voluntary Investment Options
 - American United Life Insurance Company - Fixed and Variable Annuity
 - Lincoln National Life Insurance Company - Variable Annuity

SECTION XII - DEFINITIONS

- A. Employer shall be the County of Galveston.
- B. Employee shall be all employees of the County of Galveston as designated by the County.
- C. Eligible Full-time Employee shall be any employee who works 2080 hours per year.
- D. Eligible Part-time Employee shall be any employee who is benefit eligible, and who works 20 hours per year and is a permanent employee.
- E. Non eligible Part-time Employee shall be any employee who is not benefit eligible.
- F. Participant shall mean any employee who fulfills the requirements of enrollment into this Plan as designated same by the Employer and the Companies.
- G. Employment Period shall mean any calendar month.
- H. Annual Earnings means the employee's annual rate of earnings from his employer including commissions and deferred compensation, but excluding bonuses, overtime pay and any other extra compensation.
- I. Annuity Value is equal to all deposits credited with the current interest rates and/or Fund Earnings from the date received, less withdrawals.
- J. Withdrawals may be made only upon attainment of normal retirement age, severance from employment, death, disability, or hardships and loans within the voluntary accounts.
- K. All Distributions will be reported on IRS Form 1099R in January following the end of the taxable year in which distribution occurred.
- L. Qualified Domestic Relations Orders (QDRO'S) are court authorized distributions of property in the event of divorce. Under regulations effective January 01, 2002, the non-participating spouse may take immediate distribution of the amount awarded, or may roll the amount over to an IRA, or other qualified plan in which he/she is a participant.

The Plan Administrators or County Human Resources Office will assist in answering any questions.

This summary is intended for information purposes only. It does not form a part of any contract in connection with this Plan. We believe this summary to be entirely accurate, but in event of conflict with any provision of any policy or contract forming a part of this Plan, the policy or contract shall prevail. This summary was revised on April 2012 and supersedes all previous summaries.

QUESTIONS AND ANSWERS

Q. What is The Alternate Plan?

- A. It is a fully integrated benefits package adopted by your employer to provide eligible full time employees with Survivorship, Disability and Retirement Income Benefits. The Plan is offered by the Employer in lieu of Social Security.

Survivorship and Disability benefits are provided through group insurance policies. Retirement Income benefits are provided through an I.R.C. Sec. 457 Deferred Compensation Plan.

Q. What is Deferred Compensation?

- A. Deferred Compensation is a plan that allows eligible employees to take income out of their peak earning years and set it aside for retirement years. The amounts set aside are before tax dollars and, therefore, reduce current taxable income. Deferred Compensation provides a convenient method of accumulating money for future use to meet individual objectives, such as:

- Increase financial independence;
- Supplemental retirement income;
- Providing a possible hedge against inflation in future years;
- Accumulate more money than is usually possible using after-tax savings methods;
- Reduction of current tax liability.

Q. Who is eligible to participate in Deferred Compensation?

- A. Section 457 of the Internal Revenue Code authorizes that the employees of state and local governments and their agencies to be eligible for Deferred Compensation Plans.

Q. Who pays for the Benefits of The Alternate Plan?

- A. The employer pays for the cost of life and disability insurance and puts the remains of the contribution into the deferred compensation plan. The employee contributes 6.13% of pay which goes into the deferred compensation plan.

Q. What happens to the amounts deferred?

- A. These contributions are invested in a choice of investment options approved by the County. Current investment options are: (1) a Group Variable Annuity Contract with American United Life Insurance Company, or (2) Group annuity contract of Lincoln National Life Insurance Company.

Q. What tax benefits may I expect from The Alternate Plan?

- A. The compensation you defer plus the interest earnings are not taxable until withdrawn or otherwise made available.

There is no 10% excise tax charged by the IRS in the event you withdraw the funds before age 59 ½.

Life Insurance proceeds paid to your beneficiary are income tax free.

Q. Is there a limit to the amount which may be deferred?

A. Yes. The IRS establishes annual limits for deferred compensation plans.

Q. How will my Deferred Compensation Plan funds be paid to me?

A. Your funds are paid to you in the manner you designate so long as your election is permitted by the Plan Document and the Investment Option. The distribution options may be as follows:

- Single lump sum payment;
- Installments paid monthly, quarterly, semi-annually or annually over a selected period; or
- Installments paid over your lifetime or over joint lifetimes.
- Periodic Withdrawals

Subject to a Trust Agreement, your employer is owner of the funds until they are distributed to you. You become owner of the funds at distribution, which occurs in the event of your death, disability, retirement, termination of service or for an approved financial hardship.

Q. What benefits do I have under the Group Term Life Insurance Policy?

A. There is a full schedule of benefits in Section VI of the Plan Summary at the front of this booklet. Also note the schedule of Accidental Death and Dismemberment Insurance.

Q. What benefits are available should I become disabled?

A. The benefits include the following:

1. *Replacement Income* - After a 180 day waiting period, the disabled insured will receive 60% of base pay up to \$5,000 per month to age 65. This may be coordinated with other income.
2. *Extended Death Benefit* - Premiums are waived for the Group Term Life Insurance for the insured who becomes disabled at age 59 or younger.
3. *Self-Completion Annuity Benefit* - Continuation of annuity contributions to age 65 after payroll ceases for the disabled insured.

Q. What is Retired Lives Reserve Benefit?

A. It is a paid up life insurance policy issued to retirees who meet the TCDRS Retirement Qualification.

Q. What if I have additional questions about the Alternate Plan?

A. Call your Human Resources Department or the *Plan Administrator, First Financial Benefits, Inc., 1-800-523-8422.*



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