



# Long Beach Transit

401 (a) Contribution Plan  
for Salaried Employees

## Plan Summary



LONG BEACH TRANSIT  
401(a) MATCHING CONTRIBUTION PLAN

PLAN SUMMARY

Adopted November 2019

To assist certain of its employees in building a security fund for retirement, the LONG BEACH PUBLIC TRANSPORTATION COMPANY (aka LONG BEACH TRANSIT) ("Employer"), adopted the LONG BEACH TRANSIT 401(a) MATCHING CONTRIBUTION PLAN ("Plan"), effective April 1, 2011. The Plan was subsequently restated effective January 1, 2014, amended pursuant to Amendment 2018-1 effective August 31, 2018, and amended pursuant to Amendment 2019-1 effective as of September 1, 2019. Under the Plan, the Employer will make contributions on behalf of each employee, as explained in this Plan Summary.

This Plan Summary describes the basic provisions of the Plan and is not meant to describe all of the detailed rules that may apply in special circumstances. Each Participant's specific rights to benefits under the Plan are governed by the Plan document. Copies of the Plan document can be obtained from the Employer. All defined terms used in this Plan Summary shall have meanings assigned to them in the Plan document.

### **Eligibility to Participate**

Individuals employed by the Employer on a regular, full-time basis who: (1) were hired on or after April 1, 2011; (2) are not eligible to participate in any defined benefit plan sponsored by the Employer; and (3) are subject to federal and state income tax withholding and/or for whom Social Security contributions are made by the Employer; shall automatically be enrolled in the Plan.

### **Employer Contributions**

Unless otherwise agreed to in a memorandum of understanding between the Employer and a recognized bargaining group, there are two types of Employer contributions to the Plan:

(1) Matching Contribution. The Employer shall make a contribution to the Plan equal to a Participant's salary deferrals contributed to the Long Beach Transit 457(b) Deferred Compensation Plan, up to a maximum of 5% of the Participant's Compensation (excluding overtime and bonuses) for the Plan Year. The salary deferrals subject to the matching contribution shall not exceed the annual dollar limit pursuant to Internal Revenue Code Section 457(e)(15) (\$19,000 in 2019) (excluding catch-up contributions and additional elective deferrals for those over age 50).

(2) Nonelective Contribution. The Employer shall make a contribution in an amount equal to 5% of a Participant's Compensation (excluding overtime and bonuses) for the Plan Year.

For purposes of determining a Participant's Employer contribution, "Compensation" generally means a Participant's regular wages or salary (excluding overtime and bonuses). The Compensation taken into account to calculate a Participant's Employer contributions is limited to \$280,000 for 2019, and is adjusted periodically for cost of living increases.

## **Vesting of Employer Contributions**

A Participant must complete at least three Years of Service with the Employer in order to become fully vested in the Employer contributions made on his or her behalf. If a Participant terminates his or her employment before his or her benefits become vested, he or she will forfeit his or her benefits.

## **Calculating Years of Service**

For purposes of determining a Participant's vesting, a "Year of Service" means a period in which a Participant has worked 12 consecutive months with the Employer, beginning on date of hire date or the annual anniversary employment thereafter.

## **Annual Limit for All Contributions Allocated to Participants' Accounts**

The IRS sets a limit on the amount which can be annually allocated to all of a Participant's Accounts in this Plan. For 2019, the annual limit is equal to the lesser of: (a) 100% of a Participant's annual Compensation, or (b) \$56,000. The annual limit is periodically adjusted for cost of living increases.

## **Investment of Contributions**

Participants may invest their Accounts in a variety of mutual funds offered by Voya, which have different investment objectives and levels of risk and return. The Plan Administrator will provide information concerning these investment options and the manner in which the Accounts are administered. Please read the prospectus for each available investment fund carefully. In particular, Participants should read the investment objectives, risk and return characteristics and special investment restrictions of each fund, and the description of any transaction fees and expenses which may affect investment returns. The investment objectives, procedures, and restrictions that are set forth in the applicable fund prospectuses are subject to change at any time.

Benefits under the Plan are not insured. Participants are responsible for the success or failure of their individual investment choices.

## **Allocation of Earnings or Losses to Participants' Accounts**

At least annually, the Trustee will adjust the value of each Participant's Account(s) to reflect earnings and losses and any changes in the fair market value of the underlying Plan assets. In addition, a quarterly brokerage statement disclosing the value of each Participant's Account investments will be mailed to each Participant as soon as possible by the investment provider after the end of each calendar quarter.

## **Eligibility for Retirement Benefits**

Participants are eligible to receive a distribution of their vested retirement benefit upon termination of employment with the Employer. If a Participant continues working past Normal Retirement Age (age 64), he or she will continue to participate in the Plan and receive contributions.

If a Participant dies before the complete distribution of his or her benefits, his or her Beneficiary will receive the balance of his or her vested amounts in the Plan. Please refer to the section below entitled "Payments to Beneficiaries."

## **Distribution Options**

Once a Participant becomes eligible to receive a distribution of benefits from the Plan, the Plan Administrator will furnish the appropriate forms for completion. Participants may elect to receive payment as a taxable distribution or have it transferred directly to an individual retirement account (IRA) or another employer's Eligible Retirement Plan (see below for the Plan's available payment options). If the value of a Participant's vested benefit exceeds \$1,000, the Participant must submit a written consent to such distribution to the Plan Administrator before any benefits can be paid from the Plan.

If the value of a Participant's vested benefit is less than \$5,000, the Participant's distribution will be made in a single lump sum cash payment. If the value of a Participant's vested benefits is \$5,000 or more, the Participant may select from the following payment options:

- (a) Lump Sum. This is a single, lump sum cash payment.
- (b) Partial Lump Sum. This is a partial lump sum cash payment.
- (c) Direct Rollover. If a Participant's vested benefit is at least \$200, he or she may transfer all or part of his or her Account to an IRA or another employer's Eligible Retirement Plan.
- (d) Installment Payment. Monthly, quarterly, semiannual, or annual installments paid in cash over a period not exceeding the Participant's life expectancy or the joint life expectancy of the Participant and a Designated Beneficiary.
- (e) Joint and Survivor Annuity. Periodic payments contingent on the life expectancy of the Participant and the Participant's Designated Beneficiary.
- (f) Combination Election. A Participant may elect a combination of one or more of the above distributions options as permitted by the Employer.

All cash distributions from the Plan are subject to federal and state income taxes. The distribution may also be subject to an early distribution penalty if a Participant is under age 59 ½ at the time of distribution. Please review the section below entitled "Taxation of Benefits" for further information.

## **Required Distributions Upon Attainment of Age 70½**

Certain minimum distributions must be made to any inactive Participant with an Account balance still held in the Plan starting no later than April 1 of the year following the year in which he or she attains age 70 ½. Active Participants are not required to begin taking minimum distributions until the year he or she retires. If distributions are required, the Plan Administrator will calculate the amount that must be withdrawn each year from the Plan. Required minimum distributions after age 70 ½ cannot be rolled over to an IRA or another qualified retirement plan.

## **Taxation of Benefits**

Distributions from the Plan are normally subject to federal and state income taxes. Most distributions are also subject to mandatory federal income tax withholding equal to 20% of the payment. Federal and state early distribution penalties of 10% and 2.5%, respectively, may also apply to distributions made before a Participant reaches age 59 ½.

If a Participant elects to transfer the payment directly to an IRA or another employer's Eligible Retirement Plan, there will be no current taxation.

It may also be possible to rollover the distribution to an IRA or an Eligible Retirement Plan within 60 days after a Participant receives it. This will avoid current taxation of the rollover amount. Amounts which are not rolled over, including the amount which is withheld for taxes, will be subject to tax. Taxation of the withheld amount can be avoided, however, by paying into the IRA or other plan an amount equal to the amount which was withheld.

### **Designation of Beneficiary**

Participants will be given a Beneficiary designation form upon becoming a Participant in the Plan. Participants must designate a primary Beneficiary and a contingent Beneficiary to receive their benefits upon their death. A Participant may change his or her Beneficiary designation at any time by filing a new designation with the Plan Administrator.

Unmarried Participants may name any individual as his or her Beneficiary and may change his or her Beneficiary designation without the Beneficiary's consent. Married Participants, however, cannot designate a primary Beneficiary other than his or her spouse without his or her spouse's informed consent. This consent must be given in writing in the presence of a notary or Plan representative. A Participant's spouse must consent to any subsequent changes to the first designation.

If a Participant's marriage is dissolved at any time, it is important that he or she complete a new beneficiary designation form, as the divorce will not automatically invalidate the existing designation.

### **Payments to Beneficiaries**

If a Participant dies before the payment of benefits begins, his or her Designated Beneficiary will be entitled to receive all of the Participant's Accounts. If a Participant's benefits are being paid in installments and he or she dies before all of his or her benefits have been paid, the remaining portion of his or her Accounts will continue to be paid to his or her Designated Beneficiary.

A Beneficiary may select to have the death benefit paid in either a single lump sum cash payment or installment payments.

If a Participant's primary Beneficiary is his or her surviving spouse, the Beneficiary may defer taxation of the benefit by electing to transfer all or part of the benefit to an IRA or another Eligible Retirement Plan. A Beneficiary other than a surviving spouse may also defer taxation of the benefit by electing to transfer all or part of the benefit to an "inherited IRA" specifically established for the purpose of accepting the transferred funds. At this time, non-spouse beneficiaries are not permitted to rollover death benefits to any other type of retirement plan.

### **Assignment of Benefits: Creditor Protection**

As a general rule, the entire balance of a Participant's Account may not be assigned or alienated. This means a Participant may not sell, give, transfer or pledge his or her Account as collateral for a loan or other obligations. In addition, creditors may not attach, garnish or otherwise interfere with a Participant's Account. An exception to the anti-alienation rules provides that benefits can be paid out to an alternate payee under a domestic relations order.

## **Domestic Relations Orders**

A domestic relations order is a state court order in a proceeding relating to a marital dissolution or other family matter which provides for the division or distribution of benefits in the Plan. The Employer must honor any order that provides for support or other payments to be made to parties other than a Plan Participant. Participants will be notified if the Employer or any domestic order that applies to him or her.

## **Plan Amendment and Termination**

The Employer reserves the right to amend the Plan at any time and for any reason in its sole discretion. However, no amendment to the Plan may eliminate or reduce benefits already accrued under the Plan. If at any time the Employer finds it necessary to terminate the Plan, each Participant's Account will be distributed at that time.

## **Claims Procedures**

Benefits are payable under the Plan without the necessity of formal claims. Upon becoming entitled to payment, the Employer will furnish the appropriate form(s) to Participants.

## **Plan Administrator**

The Administrator of the Plan is the Employer. The Plan Administrator keeps records for the Plan, including individual Accounts for each Participant. Additionally, the Plan Administrator is available to answer any questions that Participants may have about the Plan. For this purpose, please contact:

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