Section VIII-Summary of Plan Provisions

The following is a summary of plan provisions and does not alter the intent or meanings of the provisions contained in the contract or plan document.

Plan Eligibility

Class:	Any full-time employee (other than an elected official, uniformed police officer, or firefighter) who is employed for more than 20 hours per week and more than five months per year.

Normal Retirement Benefit

Age:	Attained age 65.
Service:	Five years of accrual service
Form:	Monthly annuity payable for ten years certain and life thereafter (optional forms may be elected in advance of retirement).
Amount (accrued benefit):	1.5% of average compensation multiplied by accrual service.

Minimum Benefit:

$25 monthly accrued benefit.

Early Retirement Benefit

Age:	Attained age 55.
Service:	Five years of accrual service
Form:	Same as normal retirement benefit.
Amount:	Accrued benefit on early retirement date reduced by 6 7/10% for each year up to five and 3 3/10% for each year between five and ten that the early retirement date precedes normal retirement date.

Late Retirement Benefit

Age:	No maximum age.
Form:	Same as normal retirement benefit.
Amount:	Accrued benefit on late retirement date

Termination Benefit

Vesting percentage:	100% after five years of vesting service.
Form:	Same as normal retirement benefit with income deferred until normal retirement date.
Amount:	The greater of the accrued benefit multiplied by the vesting percentage or the participant's contribution account as of date of termination.

Single Sum Death Benefit

Form:	Cash payment.
Amount:	Participant's contribution account as of date of death.

Definitions

Average Compensation:	The monthly average of total pay received for the five compensation years prior to normal retirement date.
Participant's Contribution Account:	Participant's contributions accumulated to date of determination with interest.
Optional Forms of Benefit Payments	The optional forms of benefit payments are: ➢ Monthly annuity payable for life or 10 years certain and life ➢ Monthly annuity payable as a survivorship life annuity with survivorship percentages of 50, 75, or 100 ➢ Single sum payment equal to the Required Contribution Account of the retirement benefit

Retirement Plan for Employees of
City of Jonesboro, Arkansas

Retirement Benefit = (a) % x (b) average monthly compensation x (c) years of accrued service

(a) % = .5% years prior to 11-01-70
1.25% years 11-01-70 to 07-01-98
1.50% years after 07-01-98

(b) Average monthly compensation = average over last five years

(c) Accrued service - continuous service with the city

Assume employee Bob was hired January 1, 1986 at age 40 earning $22,000, salary increases $1,000 per year and retires on December 31, 2007 with annual salary of $42,000.

Average Salary: $38,000 + $39,000 + $40,000 +$41,000 + $42,000 = $200,000
$200,000 ÷ 5 = $40,000
$40,000 ÷ 12 = $3,333.33 monthly

01-01-86 thru 06-30-98 = 8.5 years x $41.67 ($3,333.33 x 1.25%) = $354.20
07-01-98 thru 12-31-07 = 11.5 years x $50.00 ($3,333.33 x 1.5%) = $575.00
Monthly at age 65 = $929.20

Compare with APERS

20 x $66.67 ($3,333.33 x 2%) = $1,333.40

APERS provides $404.20 or 43.5% more monthly

CITY OF JONESBORO
DEFINED CONTRIBUTION PLAN

WORKSHEET

This worksheet will give you an idea of how much an employee could save through a defined contribution plan maintained by the City of Jonesboro over different periods of time. The account balance can grow through employee and employer contributions and through their investment earnings. For this example, we assumed an 8% investment return and we assumed the employee's pay remains constant.

Step A: **Plan Contributions**

1) Enter annual income.. $_______
2) Select contribution rate, as a % of pay................... $_______
3) Multiply step A1 by step A2 to find total contribution amount....................................... $_______

Step B: **Projected Account Balance**

1) Enter amount from Step A3...................................... $_______
2) Multiply the amount in B1 by any of the following factors, to project the account balance after 5, 10, 15, 20, or 25 years in the Plan.
   The answers are based on these assumptions:
   - annual base salary remains the same
   - there is no change in contribution rate, and
   - the investment earnings rate remains at 8%.

   For 5 years, multiply by 6.079................................ $_______
   For 10 years, multiply by 15.010.............................. $_______
   For 15 years, multiply by 28.134.............................. $_______
   For 20 years, multiply by 47.417.............................. $_______
   For 25 years, multiply by 75.745.............................. $_______

Between now and retirement, the employee's annual base salary and the contributions to the Plan may change. As the employee's pay increases, the employee's retirement savings would increase as well. As you can see, the total of the contribution and investment earnings create substantial growth opportunities to help the employee provide for retirement.