

AN ACT

To amend an Act entitled "Macon Water Commissioners - Pension Plan," approved December 30, 1953 (Ga. L. 1953, p. 2831), as amended, particularly by an Act approved March 24, 1994 (Ga. L. 1994, p. 3947), an Act approved April 4, 1996 (Ga. L. 1996, p. 4042), an Act approved May 17, 2004 (Ga. L. 2004, p. 4384), and an Act approved May 5, 2006 (Ga. L. 2006, p. 4392), so as to exclude individuals whose date of hire is on and after July 1, 2012, from entering the plan and to give existing participants the right to elect to participate in a new plan established by the board of the authority provided they meet the eligibility requirements of the new plan; to change the definition of the term "disability"; to provide the actuarial equivalent basis which is stated in the document; to provide for certain limitations on compensation and benefits; to update provisions relating to required distributions; to provide for direct rollovers; to provide for related matters; to provide conditions for an effective date and automatic repeal; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

An Act entitled "Macon Water Commissioners - Pension Plan," approved December 30, 1953 (Ga. L. 1953, p. 2831), as amended, particularly by an Act approved March 24, 1994 (Ga. L. 1994, p. 3947), an Act approved April 4, 1996 (Ga. L. 1996, p. 4042), an Act approved May 17, 2004 (Ga. L. 2004, p. 4384), and an Act approved May 5, 2006 (Ga. L. 2006, p. 4392), is amended by deleting the provisions contained in said amendatory Acts and inserting in lieu thereof the following:

"ARTICLE I

Definitions.

As used in this plan, the following words and phrases shall have the meanings set forth herein unless a different meaning is clearly required by the context:

1.1 'Accrued benefit' means, at any time, the amount a member is entitled to receive pursuant to Section 5.2 of the plan. In no event shall the accrued benefit as of any accrual date subsequent to this amendment be less than the accrued benefit as of the adoption date of this amendment.

1.2. 'Actuarial equivalent' means a form of benefit differing in time, period, or manner of payment from a specific benefit provided under the plan but having the same value when computed using generally accepted actuarial principles. All alternate forms of distribution shall be actuarially equivalent to the normal annuity form of distribution at the normal retirement date. Effective April 1, 2010, the conversion to an alternate form shall be based upon the 1983 Group Annuity Mortality Table assuming the member is a male and an interest rate of 5 percent. Prior to April 1, 2010, the conversion to an alternate form shall be based upon the UP-1984 Mortality Table and an interest rate of 7.75 percent; provided, however, that the pension board may prospectively change the basis for actuarial equivalent to a different mortality table and interest rate basis. Any such change shall be in writing, shall only take effect when recommended by the plan's actuary and then approved by the pension board, and shall be incorporated into the plan by reference to this section.

1.3 'Administrator' means the authority unless another person or entity has been designated by the authority pursuant to Section 2.2 of the plan to administer the plan.

1.4 'Age' means age at last birthday.

1.5 'Anniversary date' means October 1.

1.6 'Annuity starting date' means, with respect to any member, the first day of the first period for which an amount is paid as an annuity, or, in the case of a benefit not payable in the form of an annuity, the first day on which all events have occurred which entitles the member to such benefit.

1.7 'Authority' and 'Macon Water Authority' means the legal entity created by an Act approved March 2, 1966 (Ga. L. 1966, p. 2737), as amended, particularly by an Act approved March 23, 1992 (Ga. L. 1992, p. 4991).

1.8 'Authorized leave of absence' means an unpaid, temporary cessation from active employment with the employer pursuant to an established nondiscriminatory policy, whether occasioned by illness, military service, or any other reason.

1.9 'Beneficiary' means the person or entity to whom all or a portion of a deceased member's interest in the plan is payable.

1.10 'Code' means the federal Internal Revenue Code of 1986, as amended.

1.11 'Compensation' means a member's total wages for federal income tax withholding purposes, as defined under Code Section 3401(a), but excluding any bonuses payable to such member. Such term shall include all other payments to an employee in the course of the employer's trade or business for which the employer must furnish the employee a written statement under Code Sections 6041, 6051, and 6052 ('W-2 Wages'), but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or services performed. Compensation

shall include elective contributions that are made by the employer on behalf of a member that are not includible in gross income under Code Section 125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 403(b), 408(p), or 457(b) and shall include amounts included in the employee's gross income under Code Section 402A and contributed by the employer, at the employee's election, to a cafeteria plan, a qualified transportation fringe benefit plan, a 401(k) plan, a Salary Reduction Simplified Employee Pension Plan (SARSEP), a tax-sheltered annuity, a Savings Incentive Match Plan for Employees (SIMPLE), or a Code 457(b) plan. Employee contributions 'picked up' by the authority and treated as employer contributions pursuant to Code Section 414(h)(2) shall also be considered as compensation. The annual compensation of each member taken into account in determining benefit accruals in any plan year beginning after December 31, 2001, shall not exceed \$200,000.00 or such other amount as approved by the United States Secretary of the Treasury from time to time. Compensation for any employee who becomes eligible or ceases to be eligible to participate during a determination period shall only include compensation while the employee is an eligible employee. If, in connection with the adoption of any amendment, the definition of 'compensation' has been modified, then, except as otherwise provided by the plan, for plan years prior to the plan year which includes the adoption date of such amendment, 'compensation' means compensation determined pursuant to the terms of the plan then in effect.

1.12 'Credited service' means a member's period of service for purposes of determining the amount of any benefit for which the member is eligible under the plan and is defined as years of service.

1.13 'Earliest retirement age' means the earliest attained age for which, under the plan, a member could elect to receive retirement benefits.

1.14 'Early retirement date' means the first of any month following earliest retirement age and before normal retirement age as provided in Section 5.3 of the plan.

1.15 'Effective date' means October 1, 2010, except to the extent that provisions are required to apply to an earlier date or are required to apply to any other members in order to comply with applicable law or the terms of the plan. The original effective date of the plan was December 30, 1953. 'Date of enactment' is July 1, 2012. Plan changes in paragraphs (1.14), (1.21), and (1.31) of this section, Section 4.1, and the minimum benefit under Section 5.2 of the plan take effect on July 1, 2012.

1.16 'Eligible employee' means all employees and officers of the authority, except for:

- (A) Elected members of the authority and the attorney-at-law for the authority;
- (B) All casual or temporary employees and contractors and their employees, whose work with the authority is casual, temporary, or by the job or contract; and

(C) All officers and employees whose employment with the authority is part time and the majority of whose income is not derived from employment with the authority; the authority is vested with full authority to solely and exclusively judge and determine the application of this coverage exception; provided, however, that no officer or employee first or again employed on or after July 1, 2012, shall be eligible for membership in the plan.

1.17 'Employee' means any person who is employed by the employer.

1.18 'Employer' means the Macon Water Authority.

1.19 'Family member' means, with respect to an affected member, such member's spouse and such member's lineal descendants and ascendants and their spouses, all as described in Code Section 414(q)(6)(B).

1.20 'Fiduciary' means any person who:

(A) Exercises any discretionary authority or discretionary control respecting management of the plan or exercises any authority or control respecting management or disposition of its assets;

(B) Renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of the plan or has any authority or responsibility to do so; or

(C) Has any discretionary authority or discretionary responsibility in the administration of the plan.

1.21(A) 'Final average monthly compensation' means the total compensation of a member received from the authority during the last three years of service with the authority, divided by 36; provided, however, that in the event of prolonged illness or other justifying cause suffered by the member, such condition to be judged solely by the authority, the authority may compute a member's final average monthly compensation by using the three years most productive of compensation from the authority, and divide such total by 36.

(B) Notwithstanding the provisions of subparagraph (A) of this paragraph, effective December 31, 2012, 'final average monthly compensation' means the greater of:

(i) The total compensation of a member received from the authority during the four consecutive calendar years that produce the highest average out of the last 15 calendar years, divided by 48; or

(ii) The final average monthly compensation determined under subparagraph (A) of this paragraph.

1.22 'Forfeiture' means that portion of a member's accrued benefit that is not vested and is disposed of in accordance with the provisions of the plan. A forfeiture will occur on the earlier of:

- (A) The last day of a one-year break in service;
- (B) The distribution of the entire vested portion of the member's accrued benefit of a former member who severed employment with the employer. For purposes of this subparagraph, if the former member has a vested benefit of zero, then such former member shall be deemed to have received a distribution of such vested benefit as of the year in which the severance of employment occurs; or
- (C) The distribution of the entire balance of a member's employee contributions, plus interest.

1.23 'Former member' means a person who has been a member, but who has ceased to be a member for any reason and has incurred a one-year break in service.

1.24 'Hour of service' means an hour of service with the authority.

1.25 'Investment manager' means a fiduciary as described in Code Section 3(38).

1.26 'Joint and survivor annuity' means an annuity for the life of a member with a survivor annuity for the life of the member's beneficiary which is not less than 50 percent nor greater than 100 percent of the amount of the annuity payable during the joint lives of the member and the member's beneficiary. The joint and survivor annuity shall be the actuarial equivalent of the member's present value of vested accrued benefit.

1.27 'Late retirement date' means the first day of the month coinciding with or next following a member's actual retirement after having reached the normal retirement date.

1.28 'Limitation year' means the plan year.

1.29 'Member' means any eligible employee who has satisfied the requirements of Section 3.2 of the plan and has not for any reason become ineligible to participate further in the plan.

1.30 'Maternity or paternity leave of absence' means an absence from work for any period by reason of the employee's pregnancy, birth of the employee's child, placement of a child with the employee in connection with the adoption of such child, or any absence for the purpose of caring for such child for a period immediately following such birth or placement.

1.31 'Normal retirement age' means age 63.

1.32 'Normal retirement date' means the first day of the month immediately next following the date on which the member reached normal retirement age.

1.33 'One-year break in service' means a period of severance of 12 consecutive months; provided, however, that in the case of an employee who is absent from work with the authority for maternity or paternity reasons, the 12 consecutive month period beginning on the first anniversary of the first date the employee is otherwise absent from service with the authority does not constitute a one-year break in service.

1.34 'Permanently and totally disabled' means that a member has been determined to be disabled within the meaning of the federal Social Security Act and regulations thereunder and is actually drawing Social Security benefits on account of such disability.

1.35 'Plan' means the Macon Water Authority employees' pension plan created by this Act, any and all supporting documents, and all subsequent amendments and supplements thereto.

1.36 'Plan year' means the plan's 12 consecutive month accounting year, beginning on January 1 and ending the following December 31.

1.37 'Present value of accrued benefit' means the actuarial equivalent lump-sum amount of a member's accrued benefit at date of valuation.

1.38 'Regulation' means the income tax regulations as promulgated by the United States Secretary of the Treasury or his or her delegate, as amended from time to time.

1.39 'Retired member' means a member who has become entitled to retirement benefits under the plan.

1.40 'Retirement date' means the date as of which a member retires whether such retirement occurs on a member's normal retirement date, early retirement date, or late retirement date.

1.41 'Sponsor' means the Macon Water Authority and any successor thereto that elects to assume sponsorship of this plan.

1.42 'Spouse' means the spouse of a married member, provided that a former spouse shall be treated as a spouse or surviving spouse to the extent provided under a qualified domestic relations order as described in Code Section 414(p).

1.43 'Straight life annuity' means an annuity payable in equal installments for the life of a member that terminates upon the member's death.

1.44 'Terminated member' means a person who has been a member, but whose employment has been terminated other than by death or retirement.

1.45 'Trustee' means the person, corporation, association, or combination of them who accepts the appointment to execute the duties of the trustee as specifically set forth in any trust agreement entered into pursuant to the plan.

1.46 'Trust fund' means the assets of the plan and trust as the same shall exist from time to time.

1.47 'Vested' means the nonforfeitable portion of a member's accrued benefit.

1.48 'Year of service' means the computation period of 12 consecutive months during which an employee is employed by the authority. In computing fractional years of service, six or more service months shall be considered a year of service. No period during which benefits are being paid shall be considered service or any portion of a year of service. The computation period shall begin with the date on which the employee first

performs an hour of service (employment commencement date). Subsequent computation periods shall continue to end on subsequent anniversary dates of the employee's employment commencement date.

ARTICLE II

Administration.

2.1. POWERS AND RESPONSIBILITIES OF THE AUTHORITY.

(a) In addition to the general powers and responsibilities otherwise provided for in this plan, the authority shall be empowered to appoint and remove the trustee and the administrator from time to time as it deems necessary for the proper administration of the plan to ensure that the plan is being operated for the exclusive benefit of the members and their beneficiaries in accordance with the terms of the plan and the Code. The authority may appoint counsel, specialists, advisers, agents, including any nonfiduciary agent, and other persons as the authority deems necessary or desirable in connection with the exercise of its fiduciary duties under this plan. The authority may compensate such agents or advisers from the assets of the plan as fiduciary expenses, but not including any business or settlor expenses of the employer, to the extent not paid by the employer.

(b) The authority may, by written agreement or designation, appoint at its option an investment manager, qualified under the federal Investment Company Act of 1940, as amended, an investment adviser, or other agent to provide direction to the trustee with respect to any or all of the plan assets. Such appointment shall be given by the authority in writing in a form acceptable to the trustee and shall specifically identify the plan assets with respect to which the investment manager or other agent shall have the authority to direct the investment.

(c) The authority may invest all or any part of the trust fund:

(1) As provided by the then effective laws of Georgia for investments by trustees or investments by guardians without court order or proceedings;

(2) As provided by the then effective laws of Georgia for investments by trustees or investments by guardians with court order or proceedings; and

(3) Without court order and without authority or permission of any kind, other than as provided in the plan, in stocks, bonds, and securities then approved as investments of common trust funds by an active trust department of any state or national bank having a place of business in the State of Georgia.

(d) The authority may at any time, and from time to time and subject to immediate revocation, delegate the powers of investment, or any portion thereof, provided for in subsection (c) of this section to a custodian of the trust fund; but no investment by a

custodian other than as provided by the then effective laws of the State of Georgia for investments by trustees or guardians without court order shall be made except upon written approval of each specific investment by the authority or by the member of the authority designated for the purpose of supervising such investments.

2.2. DESIGNATION OF ADMINISTRATIVE AUTHORITY.

The authority shall be the administrator. The authority may appoint a committee, to be known as the pension committee, composed of six members. The pension committee shall perform the duties of the administrator in accordance with the rules and regulations as may be prescribed by the authority. The authority shall elect three of its members to the pension committee who shall serve at the pleasure of the authority. The official and employee members of the plan shall elect and certify to the authority three members who shall serve on the pension committee for terms of four years and until their successors are elected. The members of the plan shall meet on the first Monday in April beginning in 1994 and each two years thereafter for the purpose of electing the employee members of the pension committee. The members of the plan shall also meet to elect any new member required to fill any unexpired term created by a vacancy in office. In the event of an equal division of opinion of the pension committee on any matter properly brought before it, the Chief Judge of the Macon Judicial Circuit, or his or her designee, shall be consulted and shall cast the deciding vote.

2.3. ALLOCATION AND DELEGATION OF RESPONSIBILITIES.

The responsibilities of the pension committee may be specified by the authority and accepted in writing by each elected member. In the event that no such delegation is made by the authority, the pension committee may allocate the responsibilities among themselves, in which event the pension committee shall notify the authority and the trustee in writing of such action and specify the responsibilities of each member of the pension committee. The trustee thereafter shall accept and rely upon any documents executed by the appropriate member until such time as the authority or the pension committee file with the trustee a written revocation of such designation.

2.4. POWERS AND DUTIES OF THE ADMINISTRATOR.

The primary responsibility of the administrator is to administer the plan for the exclusive benefit of the members and their beneficiaries, subject to the specific terms of the plan. The administrator shall administer the plan in accordance with its terms and shall have the power and discretion to construe the terms of the plan and determine all questions arising in connection with the administration, interpretation, and application of the plan. Any such

determination by the administrator shall be conclusive and binding upon all persons. The administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the plan; provided, however, that any procedure, discretionary act, interpretation, or construction shall be done in a nondiscriminatory manner based upon uniform principles consistently applied, shall be consistent with the intent that the plan continue to be deemed a qualified plan under the terms of Code Section 401(a), and shall comply with the terms of the plan and all regulations issued pursuant thereto. The administrator shall have all powers necessary or appropriate to accomplish its duties under the plan. The administrator shall be charged with the duties of the general administration of the plan as set forth under the terms of the plan, including, but not limited to, the following:

- (1) The discretion to determine all questions relating to the eligibility of an employee to participate or remain a member and to receive benefits under the plan;
- (2) The authority to review and settle all claims against the plan, including claims where the settlement amount cannot be calculated or is not calculated in accordance with the plan's benefit formula. This authority specifically permits the administrator to settle disputed claims for benefits and any other disputed claims made against the plan;
- (3) To compute, certify, and direct the trustee with respect to the amount and the kind of benefits to which any member shall be entitled under the plan;
- (4) To authorize and direct the trustee with respect to all discretionary or otherwise directed disbursements from the trust fund;
- (5) To maintain all necessary records for the administration of the plan;
- (6) To interpret the provisions of the plan and to make and publish such rules for regulation of the plan that are consistent with the terms of the plan;
- (7) To determine the validity of, and take appropriate action with respect to, any qualified domestic relations order received by it; and
- (8) To adopt a new set of actuarial equivalent factors by resolution, which shall be incorporated into the plan by reference.

2.5. RECORDS AND REPORTS.

The administrator shall keep a record of all actions taken and shall keep all other books of account, records, and other data that may be necessary for proper administration of the plan and shall be responsible for supplying all information and reports to the federal Internal Revenue Service, members, beneficiaries, and others as required by law.

2.6. APPOINTMENT OF ADVISERS.

The administrator, or the trustee with the consent of the administrator, may appoint counsel, actuaries, specialists, advisers, agents (including nonfiduciary agents), and other persons as the administrator or the trustee deems necessary or desirable in connection with the administration of the plan, including, but not limited to, agents and advisers to assist with the administration and management of the plan, and by so doing to provide, among such other duties as the administrator may appoint, assistance with maintaining plan records and the providing of investment information to the plan's investment fiduciaries and to plan members.

2.7. INFORMATION FROM THE AUTHORITY.

The authority shall supply full and timely information to the administrator on all pertinent facts as the administrator may require in order to perform its function, and the administrator shall advise the trustee of such of the foregoing facts as may be pertinent to the trustee's duties under the plan. The administrator may rely upon such information as is supplied by the employer and shall have no duty or responsibility to verify such information.

2.8. PAYMENT OF EXPENSES.

All reasonable expenses of administration may be paid out of the plan assets unless paid by the employer. Such expenses shall include any expenses incident to the functioning of the administrator or any person or persons retained or appointed by any named fiduciary incident to the exercise of their duties under the plan, including, but not limited to, fees of accountants, actuaries, counsel, investment managers, agents (including nonfiduciary agents) appointed for the purpose of assisting the administrator or the trustee in carrying out the instructions of members as to the directed investment of their accounts, if permitted, and other specialists and their agents, and other costs of administering the plan. Until paid, the expenses shall constitute a liability of the trust fund. In addition, unless specifically prohibited under statute, regulation, or other guidance of general applicability, the administrator may charge to the account of an individual member a reasonable charge to offset the cost of making a distribution to the member, beneficiary, or alternate payee under a qualified domestic relation order, as defined in Code Section 414(p). If liquid assets of the plan are insufficient to cover the fees of the trustee or the plan administrator, then plan assets shall be liquidated to the extent necessary for such fees. In the event any part of the plan assets becomes subject to tax, all taxes incurred will be paid from the plan assets. Until paid, the expenses shall constitute a liability of the trust fund.

ARTICLE III

Eligibility.

3.1 CONDITIONS OF ELIGIBILITY.

Any eligible employee shall be eligible to participate in this plan as of such eligible employee's employment commencement date.

3.2 EFFECTIVE DATE OF PARTICIPATION.

An eligible employee shall become a member effective as of such eligible employee's employment commencement date.

3.3 DETERMINATION OF ELIGIBILITY.

The administrator shall determine the eligibility of each employee for participation in the plan based upon information furnished by the employer. Such determination shall be conclusive and binding upon all persons so long as the same is made pursuant to the plan.

3.4 TERMINATION OF ELIGIBILITY.

In the event a member shall go from a classification of an eligible employee to an ineligible employee, such former member shall continue to vest in the plan for each year of service completed while an ineligible employee until such time as the member's accrued benefit is forfeited or distributed pursuant to the terms of the plan.

3.5 REHIRED EMPLOYEES AND BREAKS IN SERVICE.

(a) Any member who becomes a former member due to severance from employment with the authority and who is reemployed by the authority shall become a member as of the member's reemployment date, provided such individual is not an ineligible employee as of the member's reemployment date.

(b) If any member becomes a former member due to severance from employment with the employer and is reemployed after a one-year break in service has occurred, years of service shall include years of service prior to the one-year break in service subject to the following provisions:

- (1) The former member's employee contributions, with applicable interest, shall have remained in the plan;
- (2) The former member has received no benefit under this plan for the prior service; and
- (3) A former member who has not had years of service before a one-year break in service disregarded pursuant to paragraph (1) of this subsection shall participate in the plan as of the date of reemployment.

(c) A former member who has received a distribution which is equal to any portion of his or her accrued benefit under the plan shall not have those years of credited service for which the distribution applied restored upon reemployment with the authority. For purposes of this subsection, if the member's vested portion of the present value of accrued benefit is zero, then the member shall be deemed to have received a distribution of such vested portion.

ARTICLE IV

Contribution and valuation.

4.1 PAYMENT OF EMPLOYEE CONTRIBUTIONS.

(a) Effective July 1, 2004, each member shall contribute 6.20 percent of compensation received from the authority. Prior to July 1, 2004, each member contributed 4.61 percent of compensation received from the authority from December 30, 1953, until the member's termination of employment.

(b) Effective July 1, 2002, the authority shall credit each member with simple interest on the member's required employee contributions equal to 75 percent of the actuarial equivalent interest rate per calendar year. Prior to July 1, 2002, the authority credited each member with simple interest on the member's required employee contributions equal to 6.00 percent per calendar year.

(c) The amount of the employee contributions provided for in this section to be paid by each member shall be deducted and withheld by the authority as an after-tax employee contribution, unless the employer chooses to implement a government pick-up provision that:

(1) Specifies that the contributions, although designated as employee contributions, are being paid by the authority in lieu of employee contributions; such action shall be applied prospectively and be evidenced by either resolution or minutes of a meeting of the authority for such action; or

(2) Does not permit a member from and after the date of the pick-up to have a cash or deferred election right, within the meaning of Treas. Reg. 1.401(k)-1(a)(3), with respect to designated employee contributions; members may not opt out of the pick-up or elect to receive the contributed amounts directly instead of having them paid by the authority to the plan.

4.2 PAYMENT OF EMPLOYER CONTRIBUTIONS.

The authority shall pay to the plan from time to time such amounts in cash as the administrator and employer shall determine to be necessary to provide the benefits under

the plan determined by the application of accepted actuarial methods and assumptions. The authority will contribute the greater of (1) an amount equal to the total member contributions for the fiscal year, less, at the discretion of the authority, any forfeitures, or (2) the amount required to meet the funding requirements of Chapter 20 of Title 47 of the O.C.G.A., the 'Public Retirement Systems Standards Law.' The method of funding shall be consistent with plan objectives; provided, however, that the employer may pay such contributions as appropriate directly to the trustee, and such payment shall be deemed a contribution to the plan. The amounts paid pursuant to this section shall be paid from the general funds of the authority and shall be treated as a personnel expense.

4.3 ACTUARIAL METHODS.

In establishing the liabilities under the plan and contributions to the plan, the plan's actuary will use such methods and assumptions as will reasonably reflect the cost of the benefits. The plan assets are to be valued on the basis of any reasonable method of valuation that takes into account fair market value pursuant to regulations. There must be an actuarial valuation of the plan as frequently as required by law.

4.4 QUALIFIED MILITARY SERVICE.

(a) Notwithstanding any provisions of this plan to the contrary, contributions, benefits, and service credit for qualified military service will be provided in accordance with Code Section 414(u).

(b) In the case of a death occurring on or after January 1, 2007, if a participant dies while performing qualified military service, as defined in Code Section 414(u), the participant's beneficiary is entitled to any additional benefits other than benefit accruals relating to the period of qualified military service provided under the plan as if the participant had resumed employment and then terminated employment on account of death. The plan shall credit the participant's qualified military service as service for vesting purposes, as though the participant had resumed employment under the federal Uniformed Services Employment and Reemployment Rights Act ('USERRA') immediately prior to the participant's death.

(c) For years beginning after December 31, 2008:

(1) An individual receiving a differential wage payment, as defined by Code Section 3401(h)(2), is treated as an employee of the employer making the payment;

(2) The differential wage payment is treated as compensation for purposes of Code Section 415(c)(3) and Treasury Reg. 1.415(c)-2; and

(3) The plan is not treated as failing to meet the requirements of any provision described in Code Section 414(u)(1)(C) or corresponding plan provisions by reason of any

contribution or benefit which is based on the differential wage payment. Differential wage payments as described in this subsection shall also be considered compensation for all plan purposes.

(d) Subsection (c) of this section shall apply only if all employees of the authority performing service in the uniformed services described in Code Section 3401(h)(2)(A) are entitled to receive differential wage payments, as such term is defined in Code Section 3401(h)(2), on reasonably equivalent terms and, if eligible to participate in a retirement plan maintained by the authority, to make contributions or receive benefits based on the payments on reasonably equivalent terms, taking into account Code Sections 410(b)(3), (4), and (5).

ARTICLE V
Benefits.

5.1 NORMAL FORM OF BENEFIT.

(a) The retirement benefit to be provided for each member who retires on the normal retirement date shall be equal to the member's accrued benefit.

(b) The 'normal retirement benefit' payable to a retired member pursuant to this section shall be a straight life annuity which shall be defined as the normal form of benefit. The actual form of distribution of such benefit, however, shall be determined pursuant to the provisions of Section 5.10 of the plan.

5.2 NORMAL RETIREMENT BENEFITS.

A member's normal retirement benefit shall be a monthly pension payable in the normal form of benefit and commencing on a member's normal retirement date in an amount equal to the product of the member's final average monthly compensation multiplied by the member's years of service as of the date of determination and, effective July 1, 2004, multiplied by the percentage set forth in the following table, based on the member's years of service as of the date of determination:

Years of Service	Percentage
1-30	2.000%
31	2.025%
32	2.050%
33	2.075%
34	2.100%
35	2.125%

36	2.150%
37	2.175%
38	2.200%
39	2.225%
40 or more	2.250%

With respect to retirement benefits initiated prior to July 1, 2004, the table was equal to:

Years of Service	Percentage
1-30	1.750%
31	1.775%
32	1.800%
33	1.825%
34	1.850%
35	1.875%
36	1.900%
37	1.925%
38	1.950%
39	1.975%
40 or more	2.000%

In the event the member's normal retirement benefit does not equal at least \$20.00 multiplied by the number of years of service up to a maximum of ten years, then the member's normal retirement benefit shall be the product of \$20.00 multiplied by the number of years of service up to a maximum of \$200.00. In no event shall a member's accrued benefit be less than his or her accrued benefit determined as of the date of enactment based on the plan provisions in effect on that date.

5.3 EARLY RETIREMENT BENEFITS.

- (a) Upon reaching 55 years of age, and prior to attaining normal retirement age, any member who has 15 or more years of service may retire, at his or her option, and shall receive benefits actuarially equivalent to his or her accrued benefit.
- (b) Any member, before attaining normal retirement age, who has 25 or more years of service may retire, at his or her option, and shall receive benefits actuarially equivalent to his or her accrued benefit.
- (c) Upon reaching 55 years of age, and prior to attaining normal retirement age, any member who has 30 or more years of service may retire, at his or her option, and shall

receive benefits, without actuarial reduction, to which he or she would have been entitled under the plan as if he or she had retired on his or her normal retirement date.

5.4 LATE RETIREMENT BENEFITS.

A member may continue in the employ of the authority following a member's normal retirement date. In such event, no retirement benefit will be paid to the member until the member actually retires, subject to any required minimum distribution payments. At the member's late retirement date, the affected member's late retirement benefit shall be the member's accrued benefit based on credited service and final average monthly compensation determined as of the member's late retirement date.

5.5 DISABILITY RETIREMENT BENEFITS.

(a)(1) If a member becomes permanently and totally disabled after five continuous years of service, he or she shall be 100 percent vested and shall be entitled to receive a monthly disability retirement benefit equal to 1.750 percent of the member's final average monthly compensation multiplied by the member's number of years of service as of the date of disability determination; provided, however, that a member's monthly disability retirement benefit shall in no event be less than \$20.00 per month for each year of continuous service.

(2) If a member becomes permanently and totally disabled after earning at least 30 years of service, the member shall be entitled to benefits calculated in accordance with Section 5.2 of the plan without actuarial reduction for early commencement of benefits.

(b) A member who becomes permanently and totally disabled as a result of accidental, violent, and external causes suffered in the line of duty and in the performance of duty shall be entitled to a monthly disability retirement benefit equal to two-thirds of the member's final average monthly compensation without actuarial reduction for early commencement of benefits.

(c) The determination of disability shall be applied uniformly to all participants. In the event that the federal Social Security Administration determines that a member is no longer permanently and totally disabled and such member is no longer drawing Social Security benefits pursuant to the federal Social Security Act, the authority may order that the member return to active service with the authority and that the member's retirement benefit payments be discontinued during the period of such active employment with the authority. In the event the member so ordered by the authority to return to active employment with the authority fails or refuses to do so within 30 days of written notice, the member's right to disability retirement benefits pursuant to this section shall cease. In the event such member shall return to active employment with the authority as ordered by the authority,

such member shall resume payment of employee contributions then required by the plan and shall likewise be entitled to further service credit during the time the member remains in the active employment of the authority. Such member shall not be entitled to other retirement benefits of the plan except by relinquishment of any and all rights to any disability retirement benefits.

(d) No disability payment pursuant to this section shall be paid if:

(1) It is found that the member's disability was caused by the member's willful misconduct, a self-inflicted injury, or a member's attempt unlawfully to insure another or to commit or attempt to commit a felony under the laws of the State of Georgia or of the United States;

(2) The disability from external causes was suffered in the line of duty and in performance of duty for the period for which the member receives payment or for the period computed in a lump sum payment under Chapter 9 of Title 34 of the O.C.G.A., relating to workers compensation; or

(3) The member is receiving remuneration as an officer or employee of the authority.

5.6 DEATH BENEFITS.

(a) Any death benefit paid by the plan on behalf of a member shall be made to the member's surviving spouse, or if there is no surviving spouse, to the member's beneficiary, or if there is no beneficiary, to the member's surviving heirs at law.

(b) In the event a member dies prior to retirement, the member's death benefit recipient shall receive a death benefit equal to the member's cumulative employee contributions plus simple interest credited to the member's contributions annually at the rate of 75 percent of the actuarial interest credit in effect during the member's time of service as specified in Section 4.1 of the plan. Such interest credit shall be calculated on employee contributions made by the member through the December 31 coincident with or immediately preceding the member's date of death.

(c) In the event a member is killed by accidental, violent, and external causes sustained in the line of duty and the active performance of duty, then the member's death benefit recipient shall receive a death benefit as described in subsection (b) of this section, plus an additional death benefit equal to \$100.00 multiplied by the member's years of service, up to a maximum additional death benefit of \$500.00.

(d) In the event an actively employed married member dies prior to actual retirement, but has met the age or service requirements for early retirement or normal retirement prescribed in Section 5.2 or Section 5.3 of the plan, the member's surviving spouse shall be entitled to a monthly benefit equal to 50 percent of the benefit payable to the member as of the first day of the month next following the member's date of death, assuming the

member had elected to retire as of the member's date of death and elected a joint and 50 percent survivor annuity option.

(e) In the event a pensioned member who is receiving retirement benefits pursuant to this article of the plan in a form other than as a joint and survivor annuity or any other optional form of benefit that does not require the designation of a beneficiary dies prior to receiving pension benefits in an amount equal to the death benefit provided in subsection (b) of this section (the amount of interest to be calculated and credited, however, to the date of the member's retirement, only for purposes of this subsection), the difference remaining shall be paid to the member's death benefit recipient as otherwise provided in this section.

(f) In the event a pensioned member who is receiving retirement benefits pursuant to this article of the plan as a joint and survivor annuity or any other optional form of benefit that requires the designation of a beneficiary, and such member and the member's beneficiary die prior to receiving combined total pension benefits in an amount equal to the death benefit provided in subsection (b) of this section (the amount of interest to be calculated and credited, however, to the date of the member's retirement, only for purposes of this subsection), the difference remaining shall be paid to the member's death benefit recipient as otherwise provided in this section.

(g) The administrator may require such proper proof of death and such evidence of the right of any person to receive the death benefit payable as a result of the death of a member as the administrator may deem desirable. The administrator's determination of death and the right of any person to receive payment shall be conclusive.

(h) Notwithstanding anything in this section to the contrary, if a member has designated the spouse as a beneficiary, then a divorce decree or a legal separation that relates to such spouse shall revoke the member's designation of the spouse as a beneficiary unless the decree or a qualified domestic relations order within the meaning of Code Section 414(p) provides otherwise.

5.7 TERMINATION OF EMPLOYMENT BEFORE RETIREMENT.

(a)(1) In the event a member terminates service with the authority, or in the event the member's service is terminated for any reason other than death or cause for which the member receives benefit payments elsewhere under the plan, the member may elect to receive a severance benefit equal to the member's cumulative employee contributions, plus simple interest credited to the member's contributions annually at the rate of 75 percent of the actuarial interest credit in effect during the member's time of service as specified in Section 4.1 of the plan. Such interest credit shall be calculated on employee contributions made by the member through the December 31 coincident with or immediately preceding the member's termination of service. Such payment is in lieu of

all other benefits provided under the plan, and shall be the exclusive benefit provided to a member who elects to take his or her severance benefit.

(2) Within a reasonable time period following a member's termination of service, a terminated member shall be notified in writing by certified mail, return receipt requested, of his or her option to forego the severance benefit described in paragraph (1) of this subsection and leave the member's employee contributions in the plan's trust so as to avoid the forfeiture of the member's accrued benefit related to employer contributions. The terminated member shall be afforded a 12 month period, measured from the date of the member's termination of service, in which to make such election. In the absence of an election by the terminated member, at the expiration of such 12 month period, the authority shall cause the trustee to distribute such severance benefit to the member as soon as administratively practicable.

(b) At the election of the terminated member, a member shall be entitled to receive actuarially reduced benefits prior to normal retirement age pursuant to this section, on or after the date the member would have become eligible for early retirement.

(c) Payment to a terminated member of the vested portion of the accrued benefit who has not received a benefit under subsection (a) of this section or commenced the receipt of a benefit under this section, unless the terminated member otherwise elects, shall begin not later than the sixtieth day after the close of the plan year in which the later of the following events occurs: (1) the date on which the member attains normal retirement age; or (2) the date the member terminates service with the employer.

(d) A member shall always be 100 percent vested in his or her own employee contributions. The vested portion of any member's accrued benefit shall be a percentage of such member's accrued benefit determined on the basis of the member's number of years of service according to the following vesting schedule:

Years of Service	Vesting Percentage
Less than five years	0.000%
Five years or more	100.000%

If the member's vested portion of the present value of accrued benefit is zero, then the deemed cashout rule will apply and the member shall be deemed to have received a distribution of such vested portion; provided, however, that a member's entire interest in the plan shall be nonforfeitable upon the member's normal retirement age if the member is an active employee employed by the employer on or after such date.

(e) Notwithstanding the provisions of subsection (d) of this section, the vested percentage of a member's accrued benefit shall not be less than the vested percentage attained as of the later of the effective date or adoption date of this amendment. The computation of a

member's nonforfeitable percentage of such member's interest in the plan shall not be reduced as the result of any direct or indirect amendment to this article. If the plan's vesting schedule is amended, then the amended schedule shall apply to those members who complete an hour of service after the effective date of the amendment.

(f) If the plan's vesting schedule is amended, or if the plan is amended in any way that directly or indirectly affects the computation of the member's nonforfeitable percentage, then each member with at least three years of service as of the expiration date of the election period may elect to have such member's nonforfeitable percentage computed under the plan without regard to such amendment or change. If a member fails to make such election, then such member shall be subject to the new vesting schedule. The member's election period shall commence on the adoption date of the amendment and shall end 60 days after the latest of: (1) the adoption date of the amendment, (2) the effective date of the amendment, or (3) the date the member receives written notice of the amendment from the employer or administrator.

5.8 BENEFIT REDUCTIONS FOR PRIOR PAYMENTS.

Notwithstanding the provisions of Section 5.7 of the plan, a member's benefit payable under the plan shall be reduced to reflect prior payments under the plan. At the time a member who has received previous payments from the plan is eligible to receive additional benefits, benefit payments shall resume and shall be equal to his or her recomputed benefit, reduced actuarially to reflect any benefits previously received, including total benefit distributions and deemed total benefit distributions; provided, however, that in no event shall a recomputation of a member's benefit cause him or her to receive less in the way of monthly payments than what he or she was previously receiving reduced by the actuarial equivalent of any total benefit distributions, if any, paid after his or her previous retirement payments ceased.

5.9 COST OF LIVING ADJUSTMENTS TO RETIREMENT BENEFITS.

The following cost of living increases have been implemented for the benefit of members and their beneficiaries:

- (1) Effective January 2, 1992, the monthly benefit of every member who was retired and receiving benefits prior to July 1, 1986, shall be increased by 5 percent on a one-time basis. This one-time increase in benefits shall also be applicable to any beneficiary if that beneficiary's member was retired and receiving benefits prior to July 1, 1986;
- (2) The monthly benefit of every member who was retired and receiving benefits prior to March 28, 1988, but after June 30, 1986, and of every beneficiary of such member

shall be increased by 5 percent; such increase shall be paid on benefits received on and after April 1, 1994; and

(3) The monthly benefit of every member who is retired and receiving benefits and of every beneficiary of such member shall be increased every five years by 2 percent, retroactive to April 1, 1994; this cost of living adjustment shall be effective as of October 1, 2004.

5.10 DISTRIBUTION OF BENEFITS.

(a) Election. A member shall be entitled to elect, or revoke a previous election and make a new election, at any time six months or more prior to the member's retirement, or prior to commencement of benefit payments, to have his or her retirement benefit payment payable under one of the options set forth in this section in lieu of the normal form of benefit payment. A member's election of any optional form of benefit shall be made by the member in writing and shall be subject to approval, on a nondiscriminatory basis, by the authority. Any optional form of benefit thus elected shall be paid in accordance with the terms of such option. A member who retires as a result of being totally and permanently disabled shall be entitled to receive the member's retirement benefit as a life annuity or as a reduced joint and survivor annuity.

(b) Optional forms of benefit. The amount of any optional form of benefit shall be the actuarial equivalent of the benefit that would otherwise be payable to the member. Optional forms of benefit are as follows:

(1) A joint and survivor annuity option will pay a reduced retirement benefit during the joint lifetime of the member and his or her beneficiary. Should the beneficiary predecease a member, there is no further reduction. Should the member predecease the beneficiary, the same amount or a smaller amount, as the member designates at the time of retirement, will continue to be paid for the remaining lifetime of the beneficiary;

(2) A social security option will pay an increased retirement benefit during the lifetime of the member who retires other than for disability until his or her retirement benefits commence under the federal Social Security Act, then a reduced retirement benefit payable thereafter for life in order to produce a more level retirement income when such reduced retirement benefit is added to his or her primary benefits under social security. For this purpose the primary benefits under social security shall be estimated; and

(3) Other options, other than lump sum distributions, may be offered subject to the approval of the authority.

(c) Notice. For any distribution notice issued in plan years beginning after December 31, 2006, any plan provision requiring that the notice requirements of Code Sections 402(f) (the rollover notice) and 411(a)(11) (member's consent to distribution) be implemented no

more than 90 days prior to the annuity starting date may be implemented no more than 180 days prior to the annuity starting date.

(d) Distribution of benefits. Notwithstanding any provision in the plan to the contrary, the distribution of a member's benefits, whether under the plan or through the purchase of an annuity contract, shall be made in accordance with the requirements of subsections (e) through (u) of this section and shall otherwise comply with Code Section 401(a)(9) and the regulations thereunder, including Regulation 1.401(a)(9)-6.

(e)(1) General rules. Except as otherwise provided in this section, distributions of the member's accrued benefit shall be paid in the form of periodic annuity payments for the member's life or the joint lives of the member and beneficiary or over a period certain that does not exceed the maximum length of the period certain determined in accordance with subsection (g) of this section. The interval between payments for the annuity shall be uniform over the entire distribution period and shall not exceed one year. Once payments have commenced over a period, the period may only be changed in accordance with subsection (n) of this section. Life or joint and survivor annuity payments must satisfy the minimum distribution incidental benefit requirements of subsection (f) of this section. Except as otherwise provided in this section, such as permitted increases described in subsection (o) of this section, all payments, whether paid over a member's life, joint lives, or a period certain, also shall be nonincreasing.

(2) Annuity commencement. Annuity payments shall commence on or before the member's required beginning date, within the meaning of A-2 of Regulation 1.401(a)(9)-2. The first payment, which shall be made on or before the member's required beginning date, shall be the payment which is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Similarly, in the case of distributions commencing after death in accordance with Code Section 401(a)(9)(B)(iii) and (iv), the first payment, which shall be made on or before the date determined under A-3(a) or (b), whichever is applicable, of Regulation 1.401(a)(9)-3, must be the payment which is required for one payment interval. Payment intervals are the periods for which payments are received: bimonthly, monthly, semiannually, or annually. All benefit accruals as of the last day of the first distribution calendar year must be included in the calculation of the amount of annuity payments for payment intervals ending on or after the member's required beginning date.

(3) Single sum distributions.

(A) In the case of a single sum distribution of a member's entire accrued benefit during a distribution calendar year, the amount that is the required minimum distribution for the distribution calendar year, and thus not eligible for rollover under Code Section

402(c), is determined using either the rule in paragraph (1) of subsection (d) of this section or the rule in subparagraph (B) of paragraph (4) of this subsection.

(B) The portion of the single sum distribution that is a required minimum distribution is determined by treating the single sum distribution as a distribution from an individual account plan and treating the amount of the single sum distribution as the member's account balance as of the end of the relevant valuation calendar year. If the single sum distribution is being made in the calendar year containing the required beginning date and the required minimum distribution for the member's first distribution calendar year has not been distributed, the portion of the single sum distribution that represents the required minimum distribution for the member's first and second distribution calendar years is not eligible for rollover.

(C) The portion of the single sum distribution that is a required minimum distribution may to be determined by expressing the member's benefit as an annuity that would satisfy this section with an annuity starting date as of the first day of the distribution calendar year for which the required minimum distribution is being determined and treating one year of annuity payments as the required minimum distribution for that year and not eligible for rollover. If the single sum distribution is being made in the calendar year containing the required beginning date and the required minimum distribution for the member's first distribution calendar year has not been made, the benefit must be expressed as an annuity with an annuity starting date as of the first day of the first distribution calendar year, and the payments for the first two distribution calendar years would be treated as required minimum distributions and not eligible for rollover.

(4) Death benefits. The provisions of paragraph (1) of this subsection prohibiting increasing payments under an annuity shall apply to payments made upon the death of a member; provided, however, that for purposes of this section, an ancillary death benefit described in this paragraph may be disregarded in applying that rule. Such an ancillary death benefit is excluded in determining a member's entire interest and the rules prohibiting increasing payments shall not apply to such an ancillary death benefit. A death benefit with respect to a member's benefit is an ancillary death benefit for purposes of this section if:

(A) It is not paid as part of the member's accrued benefit or under any optional form of the member's benefit; and

(B) The death benefit, together with any other potential payments with respect to the member's benefit that may be provided to a survivor, satisfies the incidental benefit requirement of Regulation 1.401-1(b)(1)(i).

(f) Minimum distribution incidental benefit ('MDIB') requirement and incidental benefit requirement.

(1) Life annuity for member. If the member's benefit is paid in the form of a life annuity for the life of the member satisfying Code Section 401(a)(9) without regard to the minimum distribution incidental benefit ('MDIB') requirement, the MDIB requirement of Code Section 401(a)(9)(G) will be satisfied.

(2) Joint and survivor annuity, spouse beneficiary. If the member's sole beneficiary, as of the annuity starting date for annuity payments, is the member's spouse and the distributions satisfy Code Section 401(a)(9) without regard to the MDIB requirement, the distributions to the member shall be deemed to satisfy the MDIB requirement of Code Section 401(a)(9)(G).

(3) Joint and survivor annuity, nonspouse beneficiary - explanation of rule. If distributions commence under a distribution option that is in the form of a joint and survivor annuity for the joint lives of the member and a beneficiary other than the member's spouse, the MDIB requirement will not be satisfied as of the date distributions commence unless under the distribution option the annuity payments to be made on and after the member's required beginning date will satisfy the conditions of this paragraph. The periodic annuity payment payable to the survivor must not at any time on and after the member's required beginning date exceed the applicable percentage of the annuity payment payable to the member using the table located in Regulation 1.401(a)(9)-6, which is incorporated herein by reference as if set forth verbatim. The applicable percentage is based on the adjusted member beneficiary age difference. The adjusted member beneficiary age difference is determined by first calculating the excess of the age of the member over the age of the beneficiary based on their ages on their birthdays in a calendar year. Then, if the member is younger than age 70, the age difference determined in the previous sentence is reduced by the number of years that the member is younger than age 70 on the member's birthday in the calendar year that contains the annuity starting date. In the case of an annuity that provides for increasing payments, the requirement of this paragraph will not be violated merely because benefit payments to the beneficiary increase, provided the increase is determined in the same manner for the member and the beneficiary.

(4) Period certain and annuity features. If a distribution form includes a period certain, the amount of the annuity payments payable to the beneficiary need not be reduced during the period certain, but in the case of a joint and survivor annuity with a period certain, the amount of the annuity payments payable to the beneficiary must satisfy paragraph (3) of this subsection after the expiration of the period certain.

(5) Deemed satisfaction of incidental benefit rule. Except in the case of distributions with respect to a member's benefit that include an ancillary death benefit described in paragraph (5) of subsection (e) of this subsection, to the extent the incidental benefit requirement of Regulation 1.401-1(b)(1)(i) requires a distribution, such requirement is deemed to be satisfied if distributions satisfy the MDIB requirement of this subsection. If the member's benefits include an ancillary death benefit described in paragraph (5) of subsection (e) of this subsection, the benefits, including the ancillary death benefit, shall be distributed in accordance with the incidental benefit requirement described in Regulation 1.401-1(b)(1)(i) and the benefits, excluding the ancillary death benefit, shall also satisfy the MDIB requirement of this subsection.

(g) Length of period certain.

(1) Distributions commencing during the member's life. The period certain for any annuity distributions commencing during the life of the member with an annuity starting date on or after the member's required beginning date generally is not permitted to exceed the applicable distribution period for the member, determined in accordance with the Uniform Lifetime Table in A-2 of Regulation 1.401(a)(9)-9, for the calendar year that contains the annuity starting date; provided, however, that if the member's sole beneficiary is the member's spouse, the period certain is permitted to be as long as the joint life and last survivor expectancy of the member and the member's spouse, if longer than the applicable distribution period for the member, provided the period certain is not provided in conjunction with a life annuity under paragraph (2) of subsection (e) of this section.

(2) Distributions commencing after the member's death.

(A) If annuity distributions commence after the death of the member under the life expectancy rule under Code Section 401(a)(9)(B)(iii) or (iv), the period certain for any distributions commencing after death shall not exceed the applicable distribution period determined under A-5(b) of Regulation 1.401(a)(9)-5 for the distribution calendar year that contains the annuity starting date.

(B) If the annuity starting date is in a calendar year before the first distribution calendar year, the period certain may not exceed the life expectancy of the designated beneficiary using the beneficiary's age in the year that contains the annuity starting date.

(h) Distributions from an annuity contract from an insurance company. The plan will not fail to satisfy Code Section 401(a)(9) merely because distributions are made from an annuity contract which is purchased with the member's benefit by the plan from an insurance company as long as the payments satisfy the requirements of this section. If the annuity contract is purchased after the required beginning date, the first payment interval

must begin on or before the purchase date, and the payment required for one payment interval must be made no later than the end of such payment interval.

(i) Distribution of additional benefits after the member's first distribution calendar year.

(1) Annuity distributions. In the case of annuity distributions under the plan, if any additional benefits accrue in a calendar year after the member's first distribution calendar year, distribution of the amount that accrues in the calendar year must commence in accordance with subsection (e) of this section, beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(2) Administrative delay. The plan will not fail to satisfy Code Section 401(a)(9) merely because there is an administrative delay in the commencement of the distribution of the additional benefits accrued in a calendar year, provided that the actual payment of such amount commences as soon as practicable; provided, further, that payment must commence no later than the end of the first calendar year following the calendar year in which the additional benefit accrues, and the total amount paid during such first calendar year must be no less than the total amount that was required to be paid during that year under this subsection.

(j) Portion of a member's benefit not vested. In the case of annuity distributions from the plan, if any portion of the member's benefit is not vested as of December 31 of a distribution calendar year, the portion that is not vested as of such date will be treated as not having accrued for purposes of determining the required minimum distribution for that distribution calendar year. When an additional portion of the employee's benefit becomes vested, such portion shall be treated as an additional accrual.

(k) Certain distributions that commence before member's required beginning date.

(1) General rule. If distributions commence to a member on a date before the member's required beginning date over a period permitted under Code Section 401(a)(9)(A)(ii) and the distribution form is an annuity under which distributions are made in accordance with the provisions of subsection (e) of this section, the annuity starting date shall be treated as the required beginning date for purposes of applying the rules of subsection (o) of this section and Regulation 1.401(a)(9)-2. Thus, for example, the designated beneficiary distributions will be determined as of the annuity starting date. Similarly, if the member dies after the annuity starting date but before the required beginning date determined under A-2 of Treasury Regulation 1.401(a)(9)-2, after the member's death the remaining portion of the member's interest must continue to be distributed in accordance with subsection (o) of this section over the remaining period over which distributions commenced. The rules in Regulation 1.401(a)(9)-3 and Code Section 401(a)(9)(B)(ii) or (iii) and (iv) shall not apply.

(2) Period certain. If, as of the member's birthday in the year that contains the annuity starting date, the age of the member is less than 70 years of age, the provisions of this paragraph shall be used in applying the provisions of paragraph (1) of subsection (g) of this section. The applicable distribution period for the member is the distribution period for age 70, determined in accordance with the Uniform Lifetime Table in A-2 of Treasury Regulation 1.401(a)(9)-9, plus the excess of 70 over the age of the member as of the member's birthday in the year that contains the annuity starting date.

(3) Adjustment to member beneficiary age difference. For the determination of the adjusted member beneficiary age difference in the case of a member whose age on the annuity starting date is less than 70, the provisions of paragraph (3) of subsection (f) of this section shall apply.

(l) Certain distributions to member's surviving spouse. If distributions commence to the surviving spouse of a member over a period permitted under Code Section 401(a)(9)(B)(iii)(II) before the date on which distributions are required to commence and the distribution form is an annuity under which distributions are made as of the date distributions commence in accordance with the provisions of subsection (g) of this section, distributions will be considered to have begun on the actual commencement date for purposes of Code Section 401(a)(9)(B)(iv)(II). Consequently, in such case, A-5 of Treasury Regulation 1.401(a)(9)-3 and Code Section 401(a)(9)(B)(ii) and (iii) shall not apply upon the death of the surviving spouse as though the surviving spouse were the member. Instead, the annuity distributions must continue to be made, in accordance with the provisions of subsection (e) of this section, over the remaining period over which distributions commenced.

(m) Annuitization of certain annuity contracts.

(1) General rule. Prior to the date that an annuity contract under an individual account plan is annuitized, the interest of a member or beneficiary under that contract is treated as an individual account for purposes of Code Section 401(a)(9). Thus, the required minimum distribution for any year with respect to that interest is determined under Regulation 1.401(a)(9)-5 rather than this subsection.

(2) Entire interest. For purposes of applying the rules in Regulation 1.401(a)(9)-5, the entire interest under the annuity contract as of December 31 of the relevant valuation calendar year is treated as the account balance for the valuation calendar year described in A-3 of Code Section 1.401(a)(9)-5. The entire interest under an annuity contract is the dollar amount credited to the member or beneficiary under the contract plus the actuarial present value of any additional benefits, such as survivor benefits in excess of the dollar amount credited to the member or beneficiary, that will be provided under the contract. However, paragraph (3) of this subsection describes certain additional benefits that may

be disregarded in determining the member's entire interest under the annuity contract. The actuarial present value of any additional benefits described under this subsection shall be determined using reasonable actuarial assumptions, including reasonable assumptions as to future distributions, and without regard to an individual's health.

(3) Exclusions.

(A) The actuarial present value of any additional benefits provided under an annuity contract described in paragraph (2) of this subsection may be disregarded if the sum of the dollar amount credited to the member or beneficiary under the contract and the actuarial present value of the additional benefits is no more than 120 percent of the dollar amount credited to the member or beneficiary under the contract and the contract provides only for the following additional benefits:

- (i) Additional benefits that, in the case of a distribution, are reduced by an amount sufficient to ensure that the ratio of such sum to the dollar amount credited does not increase as a result of the distribution, and
- (ii) An additional benefit that is the right to receive a final payment upon death that does not exceed the excess of the premiums paid less the amount of prior distributions.

(B) If the only additional benefit provided under the contract is the additional benefit described in division (ii) of subparagraph (A) of this paragraph, the additional benefit may be disregarded regardless of its value in relation to the dollar amount credited to the member or beneficiary under the contract.

(n) Change of an annuity payment period.

(1) In general. An annuity payment period may be changed in accordance with the provisions set forth in paragraph (2) of this subsection or in association with an annuity payment increase described in subsection (o) of this section.

(2) Reannuitization. If, in a stream of annuity payments that otherwise satisfies Code Section 401(a)(9), the annuity payment period is changed and the annuity payments are modified in association with that change, this modification will not cause the distributions to fail to satisfy Code Section 401(a)(9) provided the conditions set forth in paragraph (3) of this subsection are satisfied and:

- (A) The modification occurs at the time that the member retires or in connection with a plan termination;
- (B) The annuity payments prior to modification are annuity payments paid over a period certain without life contingencies; or
- (C) The annuity payments after modification are paid under a qualified joint and survivor annuity over the joint lives of the member and a designated beneficiary, the

member's spouse is the sole designated beneficiary, and the modification occurs in connection with the member becoming married to such spouse.

(3) Conditions. In order to modify a stream of annuity payments in accordance with paragraph (2) of this subsection, the following conditions must be satisfied:

(A) The future payments under the modified stream satisfy Code Section 401(a)(9) and this subsection, determined by treating the date of the change as a new annuity starting date and the actuarial present value of the remaining payments prior to modification as the entire interest of the member;

(B) For purposes of Code Sections 415 and 417, the modification is treated as a new annuity starting date;

(C) After taking into account the modification, the annuity stream satisfies Code Section 415, determined at the original annuity starting date, using the interest rates and mortality tables applicable to such date; and

(D) The end point of the period certain, if any, for any modified payment period is not later than the end point available under Code Section 401(a)(9) to the member at the original annuity starting date.

(o) Certain annuity payment increases.

(1) General rules. Except as otherwise provided in this subsection, all annuity payments, whether paid over a member's life, joint lives, or a period certain, shall be nonincreasing or shall increase only in accordance with one or more of the following:

(A) With an annual percentage increase that does not exceed the percentage increase in an eligible cost-of-living index as defined in paragraph (2) of this subsection for a 12 month period ending in the year during which the increase occurs or the prior year;

(B) With a percentage increase that occurs at specified times, such as specified ages, and does not exceed the cumulative total of annual percentage increases in an eligible cost-of-living index as defined in paragraph (2) of this subsection since the annuity starting date, or if later, the date of the most recent percentage increase; provided, however, that in cases providing such a cumulative increase, an actuarial increase may not be provided to reflect the fact that increases were not provided in the interim years;

(C) To the extent of the reduction in the amount of the member's payments to provide for a survivor benefit, but only if there is no longer a survivor benefit because the beneficiary whose life was being used to determine the period described in Code Section 401(a)(9)(A)(ii) over which payments were being made dies or is no longer the member's beneficiary pursuant to a qualified domestic relations order within the meaning of Code Section 414(p);

(D) To pay increased benefits that result from a plan amendment;

(E) To allow a beneficiary to convert the survivor portion of a joint and survivor annuity into a single sum distribution upon the member's death; or

(F) To the extent increases are permitted in accordance with paragraph (3) or (4) of this subsection.

(2) Definitions. For purposes of this subsection, the term:

(A) 'Acceleration of payments' means a shortening of the payment period with respect to an annuity or a full or partial commutation of the future annuity payments. An increase in the payment amount will be treated as an acceleration of payments in the annuity only if the total future expected payments under the annuity, including the amount of any payment made as a result of the acceleration, is decreased as a result of the change in payment period.

(B) 'Actuarial gain' means the difference between an amount determined using the actuarial assumptions, including investment return, mortality, expense, and other similar assumptions, used to calculate the initial payments before adjustment for any increases and the amount determined under the actual experience with respect to those factors. Actuarial gain also includes differences between the amount determined using actuarial assumptions when an annuity was purchased or commenced and such amount determined using actuarial assumptions used in calculating payments at the time the actuarial gain is determined.

(C) 'Eligible cost-of-living index' means:

(i) A consumer price index that is based on prices of all items, or all items excluding food and energy, and issued by the Bureau of Labor Statistics, including an index for a specific population, such as urban consumers or urban wage earners and clerical workers, and an index for a geographic area or areas, such as a given metropolitan area or state;

(ii) A percentage adjustment based on a cost-of-living index described in subparagraph (B) of this paragraph, or a fixed percentage if less. In any year when the cost-of-living index is lower than the fixed percentage, the fixed percentage may be treated as an increase in an eligible cost-of-living index, provided it does not exceed the sum of:

(I) The cost-of-living index for that year; and

(II) The accumulated excess of the annual cost-of-living index from each prior year over the fixed annual percentage used in that year, reduced by any amount previously utilized under this division; or

(iii) A percentage adjustment based on the increase in compensation for the position held by the member at the time of retirement and provided under the terms of a

governmental plan within the meaning of Code Section 414(d) as in effect on April 17, 2002.

(D) 'Total future expected payments' means the total future payments expected to be made under the annuity contract as of the date of the determination, calculated using the Single Life Table in A-1 of Regulation 1.401(a)(9)-9 or, if applicable, the joint and Last Survivor Table in A-3 of in Regulation 1.401(a)(9)-9, for annuitants who are still alive, without regard to any increases in annuity payments after the date of determination and taking into account any remaining period certain.

(E) 'Total value being annuitized' means:

(i) In the case of annuity payments under a Section 403(a) annuity plan or under a deferred annuity purchased by a Section 401(a) trust, the value of the member's entire interest (within the meaning of subsection (m) of this section) being annuitized, valued as of the date annuity payments commence;

(ii) In the case of annuity payments under an immediate annuity contract purchased by a trust for a defined benefit plan qualified under Section 401(a), the amount of the premium used to purchase the contract; and

(iii) In the case of a defined contribution plan, the value of the member's account balance used to purchase an immediate annuity under the contract.

(3) Additional permitted increases for annuity payments under annuity contracts purchased from insurance companies. In the case of annuity payments paid from an annuity contract purchased from an insurance company, if the total future expected payments, determined in accordance with subparagraph (D) of paragraph (2) of this subsection, exceed the total value being annuitized, within the meaning of subparagraph (E) of paragraph (2) of this subsection, the payments under the annuity will not fail to satisfy the nonincreasing payment requirement in paragraph (1) of subsection (e) of this section merely because the payments are increased in accordance with one or more of the following:

(A) By a constant percentage, applied not less frequently than annually;

(B) To provide a final payment upon the death of the member that does not exceed the excess of the total value being annuitized within the meaning of subparagraph (E) of paragraph (2) of this subsection over the total of payments before the death of the member;

(C) As a result of dividend payments or other payments that result from actuarial gains within the meaning of subparagraph (B) of paragraph (2) of this subsection, but only if actuarial gain is measured no less frequently than annually and the resulting dividend payments or other payments are either paid no later than the year following the year for which the actuarial experience is measured or paid in the same form as the payment of

the annuity over the remaining period of the annuity, beginning no later than the year following the year for which the actuarial experience is measured; and

(D) An acceleration of payments under the annuity within the meaning of subparagraph (A) of paragraph (2) of this subsection.

(4) Additional permitted increases for annuity payments from a qualified trust. In the case of annuity payments paid under a defined benefit plan qualified under Code Section 401(a), other than annuity payments under an annuity contract purchased from an insurance company that satisfy paragraph (3) of this subsection, the payments under the annuity will not fail to satisfy the nonincreasing payment requirement in subsection (e) of this section merely because the payments are increased in accordance with one of the following:

(A) By a constant percentage, applied not less frequently than annually, at a rate that is less than 5 percent per year;

(B) To provide a final payment upon the death of the member that does not exceed the excess of the actuarial present value of the member's accrued benefit, within the meaning of Code Section 411(a)(7), calculated as the annuity starting date using the applicable interest rate and the applicable mortality table under Code Section 417(e), or, if greater, the total amount of member contributions, over the total of payments before the death of the member; or

(C) As a result of dividend payments or other payments that result from actuarial gains within the meaning of subparagraph (B) of paragraph (2) of this subsection, but only if:

(i) Actuarial gain is measured no less frequently than annually;

(ii) The resulting dividend payments or other payments are either paid no later than the year following the year for which the actuarial experience is measured or paid in the same form as the payment of the annuity over the remaining period of the annuity, beginning no later than the year following the year for which the actuarial experience is measured;

(iii) The actuarial gain taken into account is limited to actuarial gain from investment experience;

(iv) The assumed interest used to calculate such actuarial gains is not less than 3 percent; and

(v) The payments are not increasing by a constant percentage as described in subparagraph (A) of this paragraph.

(p) Certain payments to a surviving child. Pursuant to Code Section 401(a)(9)(F), payments under a defined benefit plan or annuity contract that are made to a member's child until such child reaches the age of majority or dies, if earlier, may be treated, for

purposes of Code Section 401(a)(9), as if such payments were made to the surviving spouse to the extent they become payable to the surviving spouse upon cessation of the payments to the child. For purposes of the preceding sentence, a child may be treated as having not reached the age of majority if the child has not completed a specified course of education and is under the age of 26. In addition, a child who is disabled within the meaning of Code Section 72(m)(7) when the child reaches the age of majority may be treated as having not reached the age of majority so long as the child continues to be disabled. Thus, when payments described in this subsection become payable to the surviving spouse because the child attains the age of majority, recovers from a disabling illness, dies, or completes a specified course of education, there is not an increase in benefits under subsection (e) of this section. Likewise, the age of the child receiving such payments is not taken into consideration for purposes of the minimum incidental benefit requirement of subsection (f) of this section.

(q) Annuity payments under a governmental plan.

(1) Except as provided in paragraph (2) of subsection (g) of this section, annuity payments under a governmental plan within the meaning of Code Section 414(d) must satisfy this section.

(2) In the case of an annuity distribution option provided under the terms of a governmental plan in effect on April 17, 2002, the plan will not fail to satisfy Code Section 401(a)(9) merely because the annuity payments do not satisfy the requirements of subsections (f) through (t) of this section, provided the distribution option satisfies Code Section 401(a)(9) based on a reasonable and good faith interpretation of the provisions of Code Section 401(a)(9).

(r) Required minimum distribution rules for 2003, 2004, and 2005. A distribution from a defined benefit plan or annuity contract for calendar years 2003, 2004, and 2005 will not fail to satisfy Code Section 401(a)(9) merely because the payments do not satisfy subsections (e) through (g) of this section, provided the payments satisfy Code Section 401(a)(9) based on a reasonable and good faith interpretation of the provisions of Code Section 401(a)(9). For governmental plans, this reasonable good faith standard extends to the end of the calendar year that contains the ninetieth day after the opening of the first legislative session of the General Assembly that begins on or after June 15, 2004, if such ninetieth day is later than December 31, 2005.

(s) Minimum distributions. With respect to distributions under the plan made for calendar years beginning on or after January 1, 2001, but prior to October 1, 2006, the plan will apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with the regulations under Code Section 401(a)(9) that were proposed on January 17, 2001, notwithstanding any provision of the plan to the contrary. Such provision shall continue

in effect until the end of the last calendar year beginning before the effective date of final regulations under Code Section 401(a)(9) or such other date as may be specified in guidance published by the Internal Revenue Service. With respect to distributions under the plan made for calendar years beginning on or after October 1, 2006, the plan will apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with the Final Regulations Section 1.401(a)(9)-6.

(t) Contracts nontransferable. All annuity contracts under this plan shall be nontransferable when distributed.

(u) Applicability. Subject to the spouse's right of consent afforded under the plan, the restrictions imposed by this section shall not apply if a member has, prior to January 1, 1984, made a written designation to have retirement benefits paid in an alternative method acceptable under Code Section 401(a) in effect prior to the enactment of the federal Tax Equity and Fiscal Responsibility Act of 1982, 'TEFRA.'

5.11 TIME OF DISTRIBUTION.

(a) Whenever a distribution is to be made, or a series of payments are to commence, the distribution or series of payments may be made or begun on such date or as soon thereafter as is practicable; provided, however, that unless a former member elects in writing to defer the receipt of benefits, such election may not result in a death benefit that is more than incidental and the payment of benefits shall begin not later than the sixtieth day after the close of the plan year in which the latest of the following events occurs:

- (1) The date on which the member attains normal retirement age;
- (2) The tenth anniversary of the year in which the member commenced participation in the plan; or
- (3) The date the member terminates service with the employer.

(b) Notwithstanding the provisions of subsection (a) of this section, the failure of a member and, if applicable, the member's spouse to consent to a distribution that is immediately distributable shall be deemed to be an election to defer the commencement of payment of any benefit sufficient to satisfy this section.

5.12 DISTRIBUTION FOR MINOR OR INCOMPETENT BENEFICIARY.

In the event a distribution is to be made to a minor or incompetent beneficiary, the administrator may direct that such distribution be paid to the legal guardian or, if none in the case of a minor beneficiary, to a parent or custodian for such beneficiary under the federal Uniform Gift to Minors Act or Gift to Minors Act if such is permitted by the laws of the state in which said beneficiary resides. Such a payment to the legal guardian, parent,

or custodian of a minor or incompetent beneficiary shall fully discharge the trustee, employer, and plan from further liability on account thereof.

5.13 LOCATION OF MEMBER OR BENEFICIARY UNKNOWN.

In the event that all, or any portion, of the distribution payable to a member or beneficiary under the plan shall, at the member's attainment of normal retirement age, remain unpaid solely by reason of the inability of the administrator, after sending a registered letter, return receipt requested, to the last known address and after further diligent effort to ascertain the whereabouts of such member or beneficiary, the amount so distributable shall be treated as a forfeiture pursuant to the plan; provided, however, that if the value of a member's vested benefit derived from employer and employee contributions does not exceed \$1,000.00, then the amount distributable may be treated as a forfeiture at the time it is determined that the whereabouts of the member or the member's beneficiary can not be ascertained. In the event a member or beneficiary is located subsequent to the forfeiture, such benefit shall be restored; however, a benefit that is lost by reason of escheat under applicable state law is not treated as a forfeiture for purposes of this section nor as an impermissible forfeiture under the Code.

5.14 ASSIGNMENT OF BENEFITS; QUALIFIED DOMESTIC RELATIONS ORDER.

(a)(1)(A) No benefit payment or portion of the pension fund contributed by member employees or officers shall be subject to assignment or used as collateral for any claim or debt of any kind or character by any person, firm, or corporation whatsoever.

(B) The provisions of this paragraph shall not apply to the exception of the authority or the Macon Water Works Credit Union, referred to in this section as 'the credit union,' and then only for money lawfully owing to the authority or the credit union by any particular member; provided, however, that the provisions of this subparagraph shall apply only to a member whose service with the authority has been terminated and shall be limited to such member's benefit payments and contributions to the pension fund made prior to the member's completion of ten years of service.

(2)(A) Neither a member nor any beneficiary shall have any right to alienate, commute, anticipate, or assign any of the benefits, payments, proceeds, or distributions of the plan, except to the authority or the credit union, as provided in paragraph (1) of this subsection.

(B) If a member or any beneficiary attempts to dispose of any benefits or the right to dispose of such benefits provided under the plan, or if there is an effort to seize such benefits or the right to receive such benefits by attachment, execution, or other legal or equitable process by any entity other than the authority or the credit union, then the

pension committee, in its discretion, may pass and transfer the benefit or right in such shares as the pension committee determines to one or more persons from among the beneficiaries, if any, designed by the member or to the spouse, children, or other dependents of the member. The pension committee may revoke any such appointment at any time and make further appointments to other persons, including to the member.

5.15 DIRECT ROLLOVERS.

(a) Notwithstanding any provision of the plan to the contrary that would otherwise limit a distributee's election under this section, a distributee may elect, at the time and in the manner prescribed by the administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(b) As used in this subsection, the term:

(1) 'Direct rollover' means a payment by the plan to the eligible retirement plan specified by the distributee.

(2) 'Distributee' includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are distributees with regard to the interest of the spouse or former spouse.

(3) 'Eligible retirement plan' means an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b) other than an endowment contract, a qualified trust, an employees' trust described in Code Section 401(a) which is exempt from taxation under Code Section 501(a), an annuity plan described in Code Section 403(a), 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), and an annuity contract described in Code Section 403(b) that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity. The term shall also apply in the case of a distribution to a surviving spouse or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p).

(4) 'Eligible rollover distribution' means any distribution described in Code Section 402(c)(4) and generally includes any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include any distribution that is one of a series of substantially equal periodic payments not less frequently than annually made for the life or life expectancy of the distributee or the joint

lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); the portion of any other distribution that is not includible in gross income, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities; and any other distribution reasonably expected to total less than \$200.00 during a year. Any amount that is distributed on account of hardship shall not be an eligible rollover distribution, and the distributee may not elect to have any portion of such a distribution paid directly to an eligible retirement plan.

ARTICLE VI

Code Section 415 limitations.

6.1 'EMPLOYER' DEFINED.

As used in this article, 'employer' means the employer that adopts this plan and all affiliated employers, except that affiliated employers shall be determined pursuant to the modification made by Code Section 415(h).

6.2 ANNUAL BENEFIT.

(a)(1) The annual benefit otherwise payable to a member at any time shall not exceed the maximum permissible amount. If the benefit the member would otherwise accrue in a limitation year would produce an annual benefit in excess of the maximum permissible amount, then the benefit must be limited or the rate of accrual reduced to a benefit that does not exceed the maximum permissible amount.

(2) If a member has made voluntary nondeductible employee contributions or mandatory employee contributions as defined in Code Section 411(c)(2)(C) under the terms of this plan, then the amount of such contributions is treated as an annual addition to a qualified defined contribution plan, for purposes of paragraph (1) of this subsection and paragraph (3) of subsection (b) of this section.

(3) Prior to determining the member's actual Code Section 415 compensation for the limitation year, the employer may determine the maximum permissible amount for a member on the basis of a reasonable estimate of the member's Code Section 415 compensation for the limitation year, uniformly determined for all members similarly situated. As soon as is administratively feasible after the end of the limitation year, the maximum permissible amount for such limitation year shall be determined based on the member's actual Code Section 415 compensation for such limitation year.

(b)(1) This subsection applies if, in addition to this plan, a member is covered under another qualified defined benefit plan maintained by the employer; a welfare benefit fund, as defined in Code Section 419(e), maintained by the employer; an individual medical account, as defined in Code Section 415(l)(2), maintained by the employer; or a simplified employee pension, as defined in Code Section 408(k), maintained by the employer that provides annual additions during any limitation year.

(2) If a member is, or has ever been, covered under more than one defined benefit plan maintained by the employer, then the sum of the member's annual benefits from all such plans may not exceed the maximum permissible amount. Where the member's employer provided benefits under all defined benefit plans ever maintained by the employer exceed the maximum permissible amount applicable at that age, then the rate of accrual in this defined benefit plan shall be reduced to the extent necessary so that the total annual benefits payable at any time under such plans will not exceed the maximum permissible amount applicable at that age.

(3) Prior to determining the member's actual Code Section 415 compensation for the limitation year, the employer may determine the maximum permissible amount for a member on the basis of a reasonable estimate of the member's Code Section 415 compensation for the limitation year, uniformly determined for all members similarly situated. As soon as is administratively feasible after the end of the limitation year, the maximum permissible amount for such limitation year shall be determined based on the member's actual Code Section 415 compensation for such limitation year.

(c) As used in this section, the term:

(1) 'Annual additions' means the sum of the following amounts credited to a member's account for the limitation year:

(A) Employer contributions;

(B) Forfeitures;

(C) Employee contributions;

(D) Amounts allocated to an individual medical account, as defined in Code Section 415(l)(2), that is part of a pension or annuity plan maintained by the employer;

(E) Amounts derived from contributions paid or accrued that are attributable to postretirement medical benefits allocated to the separate account of a key employee, as defined in Code Section 419A(d)(3), under a welfare benefit fund maintained by the employer; and

(F) Allocations under a simplified employee pension.

(2)(A) 'Annual benefit' means a retirement benefit under the plan which is payable annually in the form of a straight life annuity. Except as otherwise provided in this paragraph, a benefit payable in a form other than a straight life annuity must be adjusted

to an actuarially equivalent straight life annuity before applying the limitations of this article. This straight life annuity is equal to the greater of the annuity benefit computed using the interest rate and mortality table, or other tabular factor, specified in Section 1.2 of the plan for adjusting benefits in the same form or the annuity benefit computed using a 5 percent interest rate assumption and the applicable mortality table defined in Section 1.2 of the plan.

(B) In determining the actuarially equivalent straight life annuity for a benefit form other than a nondecreasing annuity payable for a period of not less than the life of the member or, in the case of a qualified preretirement survivor annuity, the life of the surviving spouse or decreases during the life of the member merely because of (i) the death of the survivor annuitant, but only if the reduction is not below 50 percent of the annual benefit payable before the death of the survivor annuitant, or (ii) the cessation or reduction of Social Security supplements of qualified disability payments, as defined in Code Section 401(a)(11), the applicable interest rate, as defined in plan Section 1.2 of the plan, will be substituted for a 5 percent interest rate assumption in subparagraph (A) of this paragraph. No actuarial adjustment to the benefit is required for (i) the value of a qualified joint and survivor annuity, (ii) benefits that are not directly related to retirement benefits, such as the qualified disability benefit, preretirement death benefits, and postretirement medical benefits, and (iii) the value of postretirement cost-of-living increases made in accordance with Code Section 415(d) and Regulation 1.415-3(c)(2)(iii).

(C) The 'annual benefit' does not include any benefits attributable to employee contributions or rollover contributions or the assets transferred from a qualified plan that was not maintained by the employer.

(3) 'Code Section 415 compensation' means a member's Section 3401(a) wages and shall be based on the full limitation year regardless of when participation in the plan commences. With respect to limitation years beginning after December 31, 1997, Code Section 415 compensation shall include any elective deferral, as defined in Code Section 402(g)(3), and any amount which is contributed or deferred by the employer at the election of the participant and which is not includible in the gross income of the participant by reason of Code Sections 125 and 457 and, for limitation years beginning on or after January 1, 2001, Code Section 132(f). For limitation years prior to January 1, 1998, Code Section 415 compensation shall exclude those amounts. If a member does not participate in, and has never participated in, another qualified plan maintained by the employer; a welfare benefit fund, as defined in Code Section 419(e), maintained by the employer; an individual medical account, as defined in Code Section 415(l)(2), maintained by the employer; or a simplified employee pension, as defined in Code

Section 408(k), maintained by the employer that provides annual additions during any limitation year, then subsection (b) of this section is also applicable to that member's benefits.

(4) 'Defined benefit compensation limitation' means 100 percent of a member's high three-year average compensation, payable in the form of a straight life annuity. In the case of a member who has separated from service, the defined benefit compensation limitation applicable to the member will be automatically adjusted by multiplying such limitation by the cost-of-living adjustment factor prescribed by the United States Secretary of the Treasury under Code Section 415(d) in such manner as the secretary shall prescribe. The adjusted compensation limit will apply to limitation years ending with or within the calendar year of the date of the adjustment; however, because the plan is a governmental plan, this provision is not applicable.

(5) 'Defined benefit dollar limitation' means \$160,000.00 automatically adjusted, effective January 1 of each year, under Code Section 415(d) in such manner as the secretary shall prescribe and payable in the form of a straight life annuity. The new limitation will apply to limitation years ending with or within the calendar year of the date of the adjustment.

(6) 'High three-year average compensation' means the average Code Section 415 compensation for the three consecutive years of service with the employer that produces the highest average. In the case of a member who has separated from service, the member's highest average compensation will be automatically adjusted by multiplying such compensation by the cost of living adjustment factor prescribed by the United States Secretary of the Treasury under Code Section 415(d) in such manner as the secretary shall prescribe. The adjusted compensation amount will apply to limitation years ending within the calendar year of the date of the adjustment; however, because the plan is a governmental plan, this provision is not applicable.

(7) 'Maximum permissible amount' means:

(A) The lesser of the defined benefit dollar limitation or the defined benefit compensation limitation, both adjusted where required, however, because the plan is a governmental plan, the defined benefit compensation limitation is not applicable;

(B) If the member has fewer than ten years of participation in the plan, the defined benefit dollar limitation shall be multiplied by a fraction, the numerator of which is the number of years or part of a year of participation in the plan and the denominator of which is ten. In the case of a member who has fewer than ten years of service with the employer, the defined benefit compensation limitation shall be multiplied by a fraction, the numerator of which is the number of years or part of a year of service with the employer and the denominator of which is ten;

(C) If the benefit of a member begins prior to age 62, the defined benefit dollar limitation applicable to the member at such earlier age is an annual benefit payable in the form of a straight life annuity beginning at the earlier age that is the actuarial equivalent of the defined benefit dollar limitation applicable to the member at age 62, adjusted as provided in subparagraph (D) of this paragraph, if required. The defined benefit dollar limitation applicable at an age prior to age 62 is determined as the lesser of the actuarial equivalent at such age of the defined benefit dollar limitation computed using the interest rate and mortality table, or other tabular factor, specified in Section 1.2 of the plan and the actuarial equivalent, at such age of the defined benefit dollar limitation computed using a 5 percent interest rate and the applicable mortality table as defined in Section 1.2 of the plan. Any decrease in the defined benefit dollar limitation determined in accordance with this subparagraph shall not reflect a mortality decrement if benefits are not forfeited upon the death of the member. If any benefits are forfeited upon death, the full mortality decrement is taken into account.

(D) If the benefit of a member begins after the member attains age 65, the defined benefit dollar limitation applicable to the member at the later age is the annual benefit payable in the form of a straight life annuity beginning at the later age that is actuarially equivalent to the defined benefit dollar limitation applicable to the member at age 65 adjusted as provided in subparagraph (E) of this paragraph, if required. The actuarial equivalent of the defined benefit dollar limitation applicable at an age after age 65 is determined as the lesser of the actuarial equivalent at such age of the defined benefit dollar limitation computed using the interest rate and mortality table, or other tabular factor, specified in Section 1.2 of the plan or the actuarial equivalent at such age of the defined benefit dollar limitation computed using a 5 percent interest rate assumption and the applicable mortality table as defined in Section 1.2 of the plan. For these purposes, mortality between age 65 and the age at which benefits commence shall be ignored; and

(E) Notwithstanding any other provision of this paragraph to the contrary, the benefit otherwise accrued or payable to a member under this plan shall be deemed not to exceed the maximum permissible benefit if:

- (i) The retirement benefits payable for the plan year under any form of benefit with respect to such member under this plan and under all other defined benefit plans, regardless of whether terminated, ever maintained by the employer do not exceed \$1,000.00 multiplied by the member's number of years of service or parts thereof not to exceed ten with the employer; and
- (ii) The employer has not at any time maintained a defined contribution plan in which the member participated.

(8) 'Year of participation' means a year of participation, computed to fractional parts of a year, for each accrual computation period for which the following conditions are met:

(A) The member is credited with at least the number of hours of service for benefit accrual purposes required under the terms of the plan in order to accrue a benefit for the accrual computation period; and

(B) The member is included as a member under the eligibility provisions of the plan for at least one day of the accrual computation period.

If such conditions are met, the portion of a year of participation credited to the member shall equal the amount of benefit accrual service credited to the member for such accrual computation period. A member who is permanently and totally disabled within the meaning of Code Section 415(c)(3)(C)(i) for an accrual computation period shall receive a year of participation with respect to that period. In addition, for a member to receive a year of participation, or part thereof, for an accrual computation period, the plan must be established no later than the last day of such accrual computation period. In no event will more than one year of participation be credited for any 12 month period.

6.3 FINAL CODE SECTION 415 REGULATIONS.

(a) Effective date. The limitations of this section shall apply in limitation years that begin more than 90 days after the close of the first regular legislative session of the General Assembly that begins on or after July 1, 2007.

(b) Grandfather provision. The application of the provisions of this section shall not cause the maximum permissible benefit for any member to be less than the member's accrued benefit under all the defined benefit plans of the employer or a predecessor employer as of the end of the last limitation year beginning before July 1, 2007, under provisions of the plans that were both adopted and in effect before April 5, 2007, but only if the provisions of such defined benefit plans that were both adopted and in effect before April 5, 2007, satisfied the applicable requirements of statutory provisions, regulations, and other published guidance relating to Code Section 415 in effect as of the end of the last limitation year beginning before July 1, 2007, as described in Section 1.415(a)-1(g)(4) of the federal Department of Treasury regulations.

(c) Incorporation by reference. Notwithstanding anything contained in the plan to the contrary, the limitations, adjustments, and other requirements prescribed in the plan shall comply with the provisions of Code Section 415 and the final regulations promulgated thereunder, the terms of which are specifically incorporated herein by reference as of the effective date of this section, except where an earlier effective date is otherwise provided in the final regulations or herein; provided, however, that where the final regulations permit the plan to specify an alternative option to a default option set forth in the regulations, and

the alternative option was available under statutory provisions, regulations, and other published guidance relating to Code Section 415 as in effect prior to April 5, 2007, and the plan provisions in effect as of April 5, 2007, incorporated the alternative option, said alternative option shall remain in effect as a plan provision for limitation years beginning on or after July 1, 2007, unless another permissible option is selected in this section.

(d) High three-year average compensation. For purposes of the plan's provisions reflecting Code Section 415(b)(3), which is limiting the annual benefit payable to no more than 100 percent of the member's average annual compensation, a member's average compensation shall be the average compensation for the three consecutive years of service, except that a member's compensation for a year of service shall not include compensation in excess of the limitation under Code Section 401(a)(17) that is in effect for the calendar year in which such year of service begins. If the member has less than three consecutive years of service, compensation shall be averaged over the member's longest consecutive period of service, including fractions of years, but not less than one year. In the case of a member who is rehired by the employer after a severance of employment, the member's high three-year average compensation shall be calculated by excluding all years for which the member performs no services for and receives no compensation from the employer (the 'break period'), and by treating the years immediately preceding and following the break period as consecutive. Because the plan is a governmental plan, this provision is not applicable.

(e) Adjustment to dollar limit after date of severance. In the case of a member who has had a severance from employment with the employer, the defined benefit dollar limitation applicable to the member in any limitation year beginning after the date of severance shall not be automatically adjusted under Code Section 415(d).

(f) Compensation paid after severance from employment. For limitation years beginning on or after July 1, 2007, compensation for a limitation year, within the meaning of Code Section 415(c)(3), shall also include the following types of compensation paid by the later of two and one-half months after a member's severance from employment with the employer maintaining the plan or the end of the limitation year that includes the date of the member's severance from employment with the employer maintaining the plan. Any other payment of compensation paid after severance of employment that is not described in the following types of compensation is not considered compensation within the meaning of Code Section 415(c)(3), even if payment is made within the time period specified in this subsection:

(1) Regular pay after severance from employment. Compensation shall include regular pay after severance of employment if:

- (A) The payment is regular compensation for services during the member's regular working hours or compensation for services outside the member's regular working hours, such as overtime or shift differential, commissions, bonuses, or other similar payments; and
 - (B) The payment would have been paid to the member prior to a severance from employment if the member had continued in employment with the employer;
- (2) Leave cashouts and deferred compensation. Leave cashouts and deferred compensation shall be included in compensation, unless an election is made to exclude such amounts, if those amounts would have been included in the definition of compensation if they were paid prior to the member's severance from employment with the employer maintaining the plan and the amounts are either:
- (A) Payment for unused accrued bona fide sick, vacation, or other leave, but only if the member would have been able to use the leave if employment had continued; or
 - (B) Received pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the member if the member had continued in employment with the employer and only to the extent that the payment is includible in the member's gross income;
- (3) Salary continuation payments for military service members. Compensation does not include payments to an individual who does not currently perform services for the employer by reason of qualified military service, as that term is used in Code Section 414(u)(1), to the extent those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the employer rather than entering qualified military service; and
- (4) Salary continuation payments for disabled members. Compensation does not include compensation paid to a member who is permanently and totally disabled, as defined in Code Section 22(e)(3).
- (g) Administrative delay. Compensation for a limitation year shall not include amounts earned but not paid during the limitation year solely because of the timing of pay periods and pay dates, provided the amounts are paid during the first few weeks of the next limitation year, the amounts are included on a uniform and consistent basis with respect to all similarly situation members, and no compensation is included in more than one limitation year.

ARTICLE VII

Trustee.

7.1 THE TRUST AGREEMENT.

Simultaneously with the execution and delivery of this restated plan, the authority and the trustee shall execute a separate trust agreement. Such underlying trust shall hold in trust the assets and liabilities of the plan in a manner consistent with the funding requirements of the plan, for the exclusive benefit of the members, retired members, disabled members, beneficiaries, contingent beneficiaries, and spouses.

7.2 OWNERSHIP OF TRUST ASSETS.

Title to the trust fund, including all funds and investments held hereunder by the trustee from time to time, shall be and remain in the trust and no member, retired or disabled member, beneficiary, contingent beneficiary, spouse, or person claiming through any of them shall have any legal or equitable rights or interest in the trust fund except to the extent that such rights or interest may be expressly granted under the provisions of the plan or the trust agreement.

7.3 EXCLUSIVE USE.

In no event shall any of the principal or income of the trust fund be used for, or diverted to, purposes other than the exclusive benefit of members, retired members, disabled members, beneficiaries, contingent beneficiaries, and spouses, or in the payment of the expense of the plan as set forth in the trust agreement, except as provided in the plan or except at termination of the plan, and then only if all liabilities thereunder have been met.

ARTICLE VIII

Plan Amendment, Termination, or Merger.

8.1 AMENDMENT.

(a) The authority shall have the right at any time to amend this plan subject to the limitations of this section; provided, however, that any amendment that affects the rights, duties, or responsibilities of the trustee or administrator may only be made with the trustee's or administrator's written consent. Any such amendment shall become effective as provided therein upon its execution. The trustee shall not be required to execute any such amendment unless the amendment affects the duties of the trustee hereunder. Such an amendment shall not cause a reduction in any current or future benefit payable under the plan.

(b) No amendment to the plan shall be effective if it authorizes or permits any part of the trust fund, other than such part as is required to pay taxes and administration expenses, to be used for or diverted to any purpose other than for the exclusive benefit of the members or their beneficiaries or estates; causes any reduction in the amount credited to the account of any member; or causes or permits any portion of the trust fund to revert to or become property of the employer.

8.2 TERMINATION.

(a) The authority shall have the right, subject to the approval of the General Assembly, to terminate the plan at any time by delivering to the trustee and the administrator written notice of such termination. Upon any termination full or partial, all amounts shall be allocated in accordance with the provisions of the plan and the accrued benefit, to the extent funded as of such date, of each affected member shall become fully vested and shall not thereafter be subject to forfeiture.

(b) Upon full termination of the plan, the employer shall direct the distribution of the assets in the trust fund to the members in a manner which is consistent with Section 5.10 of the plan. In such case, the trustee shall distribute the assets to the remaining members in the plan and to retired members in cash, in property, or through the purchase of irrevocable deferred commitments from an insurer, subject to provision for expenses of administration or liquidation. Such distributions shall be allocated in the following order to the extent of the sufficiency of such assets, basing such allocation on the accrued benefit for each such member at the date of termination of the plan:

(1) To provide pensions to retired members who have retired under the plan prior to its termination without reference to the order of retirement;

(2) To provide normal retirement benefits to members who have reached their normal retirement dates but have not retired on the date of termination, without reference to the order in which they reached their normal retirement date; and

(3) To provide normal retirement benefits to members who have not yet reached their normal retirement date on the date of termination, in the order in which they will reach their normal retirement date. Such benefits shall be based upon accrued benefits as of the date of termination. The balance, if any, of the assets due to erroneous actuarial computation after such allocation shall be returned to the employer, but only after the satisfaction of all liabilities with respect to members and pensions under the plan; provided, however, that the foregoing provision permitting a return of excess assets to the employer shall not be treated as effective until the end of the fifth calendar year following the date such a provision was first adopted and continuously remained in effect unless the plan has always provided for a return of assets. In the event the provision is not treated

as effective, excess assets shall be reallocated to the members in a nondiscriminatory manner. The portion of the excess attributable to mandatory contributions will be paid to the members who made these contributions.

ARTICLE IX

Miscellaneous.

9.1 MEMBERS' RIGHTS.

This plan shall not be deemed to constitute a contract between the employer and any member or to be a consideration or an inducement for the employment of any member or employee. Nothing contained in this plan shall be deemed to give any member or employee the right to be retained in the service of the employer or to interfere with the right of the employer to discharge any member or employee at any time regardless of the effect such discharge shall have upon the employee as a member of this plan.

9.2 CONSTRUCTION OF PLAN.

This plan and trust shall be construed and enforced according to the Official Code of Georgia Annotated.

9.3 GENDER AND NUMBER.

Wherever any words are used herein in the masculine, feminine, or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

9.4 LEGAL ACTION.

In the event any claim, suit, or proceeding is brought regarding the trust or plan or both established by the plan to which the trustee or the administrator may be a party, and such claim, suit, or proceeding is resolved in favor of the trustee or administrator, they shall be entitled to be reimbursed from the trust fund for any and all costs, attorney's fees, and other expenses pertaining thereto incurred by them for which they shall have become liable. Any person having any claim under the plan shall look solely to the assets of the pension fund for satisfaction. In no event shall the authority, or any of its officials, members of the pension committee, or agents, be liable in their respective individual capacities to any person whatsoever under the provisions of the system. Except for its or their willful neglect or fraud, neither the authority, the pension committee, nor any members of either

body shall be in any way subject to any suit or litigation, or to any legal liability, for any cause or reason whatsoever in connection with the plan or its operation, and each member releases the authority and all of its officers and agents from any and all liability or obligation. In this respect, the authority shall be the only necessary party as to any action or proceeding involving the assets held in the pension trust, or the administration thereof, and no employees or former employees of the authority or their beneficiaries or any other person having or claiming to have an interest in the plan shall be entitled to any notice or process. Any final judgment that may be entered in any such action or proceeding shall be binding and conclusive on the parties to the plan, the authority, and all persons having or claiming to have any interest in the system.

9.5 PROHIBITION AGAINST DIVERSION OF FUNDS.

(a) Except as provided in this article and as otherwise specifically permitted by law, it shall be impossible by operation of the plan or of the trust, by termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any trust fund maintained pursuant to the plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of members, retired members, or their beneficiaries.

(b) If plan benefits are provided through the distribution of annuity or insurance contracts, any refunds or credits in excess of plan benefits (on account of dividends, earnings, or other experience rating credits or surrender or cancellation credits) will be paid to the trust fund.

9.6 RECEIPT AND RELEASE FOR PAYMENTS.

Any payment to any member, the member's legal representative or beneficiary, or any guardian or committee appointed for such member or beneficiary in accordance with the provisions of this plan shall, to the extent thereof, be in full satisfaction of all claims hereunder against the trustee and the employer.

9.7 HEADINGS.

The headings and subheadings of this plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

9.8 UNIFORMITY.

All provisions of this plan shall be interpreted and applied in a uniform, nondiscriminatory manner. In the event of any conflicts between the terms of this plan and any insurance contract purchased hereunder, the plan provisions shall control.

9.9 TRANSFER.

Any active member of the plan shall have the option to cease participation in the plan and transfer the value of his or her earned benefits to any future plan offered by the authority; provided, however, that any such transfer of participation shall be subject to the provisions of such other plan. Any such transfer shall be entirely voluntary."

SECTION 2.

This Act shall become effective on July 1, 2012, only if it is determined to have been concurrently funded as provided in Chapter 20 of Title 47 of the Official Code of Georgia Annotated, the "Public Retirement Systems Standards Law"; otherwise, the plan shall not become effective and shall be automatically repealed in its entirety on July 1, 2012, as required by subsection (a) of Code Section 47-20-50.

SECTION 3.

All laws and parts of laws in conflict with this Act are repealed.