

**City of Johnson City**  
**401(a)/457(b) Defined Contribution**  
**Retirement Plan Summary**

**Participant Eligibility**

- full-time employees hired on or after July 1, 2010
- must be age 21 to participate
- 6-month waiting period

**Vesting**

- Employees will be 100% vested in their contributions immediately upon enrollment
- City's contribution are subject to a five-year gradual vesting schedule
  - a. 1<sup>st</sup> year 0%
  - b. 2<sup>nd</sup> year 25%
  - c. 3<sup>rd</sup> year 50%
  - d. 4<sup>th</sup> year 75%
  - e. 5<sup>th</sup> year 100%
- 100% vested in the City's contribution after completion of 5 years of continuous service.

**Contributions**

- 457(b) and 401(a) contributions are Pre-Tax
- 457 Roth contributions are After-Tax and can only apply to elective deferral (Employee Voluntary) contributions

	Employee Mandatory	City Mandatory	Employee Voluntary	City Match
% Amount	5%	5%	3%	3%
Account	401(a)	401(a)	457 Roth/457(b)	401(a)
Tax	Pre	Pre	Roth(after)/457(pre)	Pre

## City of Johnson City

### 401(a)/457(b) Defined Contribution Retirement Plan Summary (continued)

- Employee Mandatory Contribution – 5%, Pre-Tax
  - of salary (not earnings; overtime, holiday and other pay excluded)
  - contributions go into a 401(a) account
- City’s Mandatory Contribution – 5%, Pre-Tax
  - of salary (not earnings; overtime, holiday and other pay excluded)
  - contributions go into a 401(a) account
- Employee Voluntary Contribution, 457(b) is Pre-tax, 457 Roth is After-tax
  - up to specified amount of salary
  - contributions go into a 457(b) or 457 Roth account as determined by employee
- City’s Matching Contribution – Up to 3%, Pre-Tax
  - 100% of Employee’s Voluntary Contribution Rate up to specified matching percentage not to exceed 3%
  - Contributions to into a 401(a) account

#### Other Details

- Plan allows for age 50 “catch up” deferrals in accordance with IRS provision.
- Plan allows for 457 Roth elective deferrals for employee voluntary contributions
- Loans – No loans will be permitted
- Hardship Withdrawal – For emergency (severe financial hardship) due to illness or accident only
- Forfeitures – will be used to reduce City’s Contribution
- Investment Direction – **Employee** direction of both employee and City’s contribution