



DEFINED CONTRIBUTION PROGRAM

OMRF Capabilities

- Government retirement plan expert with 40 years of experience
- Low cost, reliable, established provider
- Wide array of plan services as defined by our members
- Owned by you—the cities and towns
- Dedicated and responsive service staff
- Membership “voice” through your election of the Board of Trustees
- Over 200 member municipalities representing over 11,000 employees

The Oklahoma Municipal Retirement Fund (OMRF) is a retirement program for cities, towns and municipal agencies—providing an opportunity to establish a qualified retirement plan while simultaneously pooling assets for investment purposes—in essence a system where retirement programs can be created and maintained at minimal time, cost and effort. Founded in 1966 as a cooperative endeavor, OMRF has a long history of assisting municipalities with their retirement programs. By design, OMRF specializes in government plans.

OMRF offers several retirement plan alternatives for municipal employees, so you can select the program that best meets your needs. The **OMRF Defined Contribution Program** provides a savings vehicle for individual employees where the funds are credited to participant accounts and then pooled for investment through OMRF. All gains and/or losses are credited directly to each participant. Upon retirement, termination, disability or death, the vested portion of the participant’s account is paid to the participant or beneficiary. The benefit payable is based on the accumulation of employee and employer contributions, forfeitures and interest earnings. The eligibility of an employee to participate in the plan is determined by the employer and is defined within your specific plan. Many alternatives are available within this defined contribution plan structure.

Plan Design Alternatives

Defined contribution plans are funded through contributions. The employer may select the type of contribution formula by choosing one or more of the following alternatives:

- **Government pick-up**
Each participant would be required to contribute a designated percent of compensation. These contributions are excluded from the participant’s gross income for federal

and state income tax purposes without impacting Social Security contributions or benefits. This alternative is easily combined with the Fixed or Variable Funding alternative in order to provide employee tax-deferred contributions.

- **Voluntary non-deductible contributions**
Participants can elect to contribute, on a voluntary basis, additional taxed contributions. All earnings on the contributions are tax-deferred until received at retirement.

- **Fixed Contribution**

The Fixed Contribution alternative establishes a specific amount to be contributed by the employer. The specified amount is a percentage of compensation and is allocated to each plan participant monthly. Forfeitures (funds left behind by terminated participants) are returned to the employer or allocated to participants quarterly.

- **Thrift plan**

The Thrift Plan alternative provides an incentive for a participant to contribute by having a matching employer contribution. The participant is required to contribute a designated percent of compensation and the employer matches the contribution on a percentage basis. For example, a 100% matching contribution would require the employer to contribute one dollar for each participant dollar contributed. The more contributed by the participant, the more that is paid by the employer as a matching contribution. The employer may limit the level of participant contributions to be matched.

- **Variable Funding**

The Variable Funding alternative allows the greatest flexibility for the employer. Each year, the employer designates a contribution to be credited to the participant accounts. The employer contribution is allocated among the participants prorated based on compensation. The employer is not limited by a minimum

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contribution and can fund as high as \$41,000 (this annual IRS limit increments up by \$1,000 each year) between employer and employee contributions. Forfeitures are returned to the employer or allocated to participants quarterly.

Vesting Choices

Once a funding method is determined, the next choice is vesting or participant ownership of the employer contribution. The participant always owns 100% of their contributions, but may gain ownership in the employer portion based on length of service. Upon termination, the participant receives his contributions and their earnings and the “vested” portion of employer contributions and earnings. That portion of employer contributions which is non-vested is “forfeited” and credited to the employer accounts of active participants or to the employer. Following is an example of the maximum vesting schedule that could be used. Additional schedules are available for selection or one can be designed to meet your objectives.

<u>Years of Service</u>	<u>Vested %</u>	<u>Forfeited %</u>
less than 1	0%	100%
1 but less than 2	10%	90%
2 but less than 3	20%	80%
3 but less than 4	30%	70%
4 but less than 5	40%	60%
5 but less than 6	50%	50%
6 but less than 7	60%	40%
7 but less than 8	70%	30%
8 but less than 9	80%	20%
9 but less than 10	90%	10%
10 or more	100%	0%

Adjustment and Revaluation

Each month, all participant accounts are updated. Participants will receive a quarterly statement beginning with the prior ending balance and crediting contributions, forfeitures (if applicable) and the investment gain or loss for the current period.

Investment Choices

OMRF provides several investment alternatives with varying degrees of risk and reward. These alternatives provide participants the ability to select a combination of investments to best meet their individual objectives, whether they are just beginning their careers or are close to retirement. Quarterly fact sheets on the investment alternatives are available. Assets are held and monitored separately for each of the plans’ investment alternatives.

All assets are held in a trust fund and the OMRF Trustees retain professional investment managers to invest the funds. OMRF retains an independent investment consultant who evaluates each investment manager based on the investment policies and guidelines established by the OMRF Trustees. OMRF participants can choose from a variety of investment options. With these options, a participant can select the combination of investments best suited to meet their retirement goals. The investment choices are:

- **Money Market** - The goal of the Money Market fund is to provide a high degree of safety with stability of principal value.
- **Investment Contract Fund** - This fund invests in a diversified portfolio of investment contracts, typically from insurance companies and banks. Income and stability of principal are objectives of this fund.
- **Bond Index Fund** - The purpose of this fund is to pattern the performance of the United States intermediate bond market.
- **Balanced Fund** - The Balanced Fund is a combination of stocks, bonds and cash equivalents. This fund is designed for participants who seek exposure to several asset classes, with moderate risk.
- **S&P Index Fund** - The goal of this fund is to mirror the performance of the 500 largest companies in the United States.

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- **Growth and Value Equity Fund** - The Growth and Value Equity Fund invests in mutual funds that own stock in rapidly growing companies or companies with stock prices that do not fairly reflect the value of the company.
- **Aggressive Equity Fund** - The Aggressive Equity Fund invests primarily in mutual funds that own stock in small and midsized companies.
- **International Fund** - The International Fund invests primarily in mutual funds that own stock in companies outside of the United States.

In addition to the targeted strategies listed above, OMRF offers 4 preblended lifestyle funds mixed according to the investors risk tolerance. All four of the funds will hold stocks, bonds, and cash in varying degrees and are regularly rebalanced by the fund manager using a tactical asset allocation methodology. These funds are:

- **LifeStrategy Growth Fund**
- **LifeStrategy Moderate Growth Fund**
- **LifeStrategy Conservative Growth Fund**
- **LifeStrategy Income Fund**

Program Costs

OMRF members share plan costs, enabling many municipalities to provide plans, which might not be affordable otherwise. Plan administrative costs, investment fees and consultant fees are shared pro rata based on plan assets and result in minimal expenses to individual plans. The fee charged is all-inclusive; there is no fee for plan documents or for an OMRF representative to meet with you to review your retirement program. The single objective is to provide the members a premier retirement program. In fact, OMRF has historically reduced fees with the continued growth of plan assets. OMRF has a non-profit status so sales commission or financial rewards are not paid to employees or consultants.

Why OMRF?

By focusing on government plans, the dedicated staff and team of consultants bring extensive experience and provide specialization that is unmatched elsewhere. OMRF was established with the purpose of providing a sound retirement plan for municipal employees. By providing a selection of plan types and a means to pool the assets from members into a single fund, OMRF seeks to provide member specific retirement programs in a cost-effective manner. The Oklahoma Municipal Retirement Fund program includes all of these retirement plan services:

- Determining the right plan
- Providing dedicated guidance, efficient administration and effective plan transaction support
- Preparing reliable plan documents and interpreting plan provisions
- Remaining accessible to answer ongoing questions
- Delivering investment alternatives and regular updates—multiple investment alternatives
- Providing proven actuarial services and/or participant recordkeeping
- Delivering outstanding participant investment and retirement education

How to Join OMRF

For questions on how you can join OMRF, call **Jodi Cox**, or **Chris Whatley** at **1-888-394-6673** or visit our website at **www.okmrf.org**. We'd be glad to set up an appointment and tell you about our program. Join OMRF today and provide your retirement needs for tomorrow.