Redevelopment Authority of the City of Philadelphia Retirement Plan

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RETIREMENT PLAN OVERVIEW

A financially secure retirement is an important goal for all of us—and it's one you can achieve if you start planning for it today. Generally, retirement income is derived from several sources—Social Security, personal savings, and the Redevelopment Authority of the City of Philadelphia Retirement Plan.

With Social Security, you and the Authority make equal contributions during your working years, based upon your earnings up to a specified amount, to fund your Social Security retirement benefit. Your personal savings are another important source of financial stability that you can draw upon during retirement.

It's also reassuring to know that you're building retirement income through the Redevelopment Authority Retirement Plan while you're working. This Summary Plan Description (SPD) is intended to give you a basic understanding of how the Retirement Plan works. Here are the main features:

- You contribute 6% of before-tax pay to the Plan; the Authority pays the rest.
- Normal retirement is age 55.
- You may retire as early as age 50 if you have at least 5 years of service, and receive benefits immediately or delay payment until age 55 or later. If you receive benefits before age 55, your benefit will be reduced for early payment of benefits.
- You may postpone retirement beyond age 55 and accumulate a lump-sum benefit in addition to your regular monthly pension benefit if you have 10 or more years of service.
- You become vested in your benefit after you complete five years of Credited Service. Once you are vested, you are entitled to receive a benefit at normal retirement age even if you are no longer working for the Redevelopment Authority.
- If you die after you are vested, your spouse is entitled to receive a benefit from the Plan.

This SPD describes the Retirement Plan in effect as of January 1, 2009. If you retired or left the Redevelopment Authority before 2009, your benefit is determined under the Plan's provisions at the date your employment ended. Keep in mind that if there are any differences in fact between this SPD and the official Plan Document, the Plan Document will govern.

ELIGIBILITY AND ENROLLMENT

BECOMING A MEMBER OF THE PLAN

If you are an active, regular, permanent, full-time or part-time Redevelopment Authority employee, you must join the plan (become an active participant) on the first day of the month after you complete six months of service. You join the Plan by completing a form authorizing the Authority to deduct your contributions from your pay.

If you are a part-time employee, your benefit will reflect your actual, part-time salary.

You are not eligible for this Plan if you are a temporary employee.

If You Leave The Authority

If you leave the Authority and are later rehired, you may become a participant as of the first day of the month after you complete six months of service by completing a form authorizing payroll deductions.

While you may be a member of the Retirement Plan, your Credited Service determines when you are entitled to a benefit (vested), and the benefit to which you are entitled. You are always entitled to your contributions to the Plan and the interest earned on those contributions. You become 100% vested in your retirement benefit as described in this Summary Plan Description when you complete five years of Credited Service or if you are working for the Authority when you reach age 55, regardless of your years of service.

COST OF THE PLAN

You and the Authority share the cost of your benefits. The Authority pays most of the cost of your benefits. However, you also contribute 6% of your annual compensation through bi-weekly payroll deductions. The amount that the Authority contributes to fund the Plan is determined by an independent actuary. The Plan's assets are invested in a trust fund, which is invested by independent trustees; benefits are paid exclusively from this trust fund.

Annual compensation is your basic compensation, excluding overtime, bonuses, or any other form of additional compensation.

If You Stop Contributing To The Plan

Once you are a member of the Plan, you may stop making contributions to the Plan only if you are on an unpaid leave or elect the Deferrered Retirement Option Plan (DROP) option. You would be entitled to a retirement benefit (when you retire or leave the Authority) based on your credited service and pay **only** while you were contributing to the Plan.

If you stop contributing to the Plan, you will not be entitled to receive a refund of your contributions until after your employment with the Authority is terminated.

HOW YOUR SERVICE IS USED IN THE RETIREMENT PLAN

Your service with the Redevelopment Authority is used in two ways:

- to determine when you are vested (entitled to a benefit); and
- to determine the amount of your benefit.

Credited Service is generally all years and months while you are a Plan participant and during which you make the required contributions. You **only** receive Credited Service for years and months:

- during which you are an active, eligible participant, **and**
- in which you contribute 6% of pay to the Plan.

Your service is determined using the Plan's provisions at the time the service is performed.

IF YOU LEAVE THE AUTHORITY

If you leave the Authority, your benefit at your retirement date will be based on your Credited Service and pay while an active employee, contributing to the Plan (see "Vested Retirement" for details on how your benefit may be paid if you leave the Authority).

- If you are rehired and you **did not** receive a lump-sum payment of your contributions and interest when you left, you can begin accumulating Credited Service again after you are eligible to rejoin the plan (see Becoming a Member of the Plan). Your benefit at retirement would then be based on your **total** Credited Service and pay.
- If you are rehired and **you received a lump-sum payment** of your contributions and interest when you left, you are eligible to rejoin the Plan (see Becoming a Member of the Plan). Your benefit at retirement would then be based on your Credited Service and pay after you rejoined the Plan.

IF YOU TAKE A LEAVE OF ABSENCE

If you take an approved paid leave of absence, you receive Credited Service for the period of the approved leave, provided required contributions are made to the plan during the leave. If your leave of absence is unpaid, you will be considered to be an inactive participant and stop accumulating Credited Service. When you return from the leave, you may rejoin the Plan and resume contributing as of your re-employment date.

IF YOU ARE LAID OFF

If you are laid off, you will be considered to be an inactive participant and stop accumulating Credited Service. If you receive a distribution of your contributions and interest, and are later rehired, you may repay the amount you received within 30 days of your return. Upon repayment, your Credited Service earned prior to the layoff will be restored. If you do not repay your refunded contributions and interest within 30 days after recall from layoff, your Credited Service earned before the layoff will not be included in calculating any future benefit.

PURCHASING CREDITED SERVICE FOR PRIOR MILITARY DUTY

If you served on full-time, active duty as a member of the United States armed forces before you began working with the Authority, you may purchase up to five years of Credited Service for the time you spent on active duty. If you choose to purchase additional Credited Service, your retirement benefits will reflect this additional period of Credited Service as if you were a member of the Retirement Plan during your military service.

To purchase Credited Service:

- you must be employed by the Authority for five consecutive years before you may apply to purchase credited service for military service;
- you must have been a member of any of the United States armed forces, on full active duty, as opposed to serving as a member of a reserve unit or serving as a member of any unit of the National Guard;
- you must have received an honorable discharge; and
- you must apply for the Credited Service within one year after you complete your first five consecutive years of employment with the Authority. For example, say you began working for the Authority on July 1, 2006. You would complete five consecutive years of employment on July 1, 2011. You would have until July 1, 2011 to apply to purchase Credited Service for military service.

Cost Of Purchasing Credited Service

Your cost to purchase Credited Service for military service is determined as follows:

Your annual salary as of the end of the month in which you complete your fifth consecutive year of employment
TIMES
Number of years and months of military service (up to 5)
TIMES
6%
EQUALS
COST TO PURCHASE CREDITED SERVICE

The payment to purchase Credited Service must be made in a lump-sum payment.

PURCHASING CREDITED SERVICE FOR PRIOR PUBLIC EMPLOYMENT

If you are actively employed by the Authority on or after January 1, 1997, and if, prior to employment with the Authority, you worked for a public employer and terminated employment before you became vested, you may purchase Credited Service for the "unvested" period of time you worked for such public employer. If you choose to purchase additional Credited Service, your retirement benefits will reflect this additional period of Credited Service as if you were a member of the Retirement Plan during your prior employment period. Your prior public employer must provide written confirmation of eligible prior unvested service.

If you were employed by the Authority prior to January 1, 1997, you must make application to purchase prior unvested service by December 31, 1997. If you are employed by the Authority on or after January 1, 1997, you may also make application for prior credited service:

- within one year of the date you become vested in your benefit under this Plan;
- the date you reach age 55; or
- within 30 days of the date you terminate employment with the Authority, if you are vested at that time.

Cost Of Purchasing Credited Service

Your cost to purchase Credited Service for unvested service from prior public employment is as follows:

Step 1	**Projected Normal Retirement Benefit, after adding prior unvested Credited Service, assuming future salary increases each year**
	MINUS
Step 2	**Projected Normal Retirement Benefit, before adding prior unvested Credited Service, assuming future salary increases each year**
	TIMES
Step 3	**Cost factor (cost to the Authority to provide one dollar of benefit)**
	EQUALS
	COST TO PURCHASE CREDITED SERVICE

In no event will the additional normal retirement benefit you receive due to the prior service purchase provision be less than the difference in projected benefits calculated above.

The payment to purchase Credited Service generally must be made in a lump-sum payment. However, to assist you in paying for your prior Credited Service, you may convert accumulated vacation days into cash. If you are an active employee, you may convert accumulated days in excess of 20 days. If you terminate employment after you are vested, you may convert all days of accumulated vacation.

WHEN YOU CAN RETIRE

NORMAL RETIREMENT

Your normal retirement date is age 55. Benefit payments would begin the first day of the month after your normal retirement date. See “Normal Retirement Benefit Example” for details.

EARLY RETIREMENT

Your early retirement date is age 50 with five years of Credited Service. Reduced benefit payments can begin the first day of the month after your early retirement date. See “Early Retirement Benefit Example” for details.

LATE RETIREMENT

Late retirement is between ages 55 and 65. See “Late Retirement Benefit” for details.

VESTED RETIREMENT

You and/or your beneficiary is entitled to a retirement benefit after you complete five years of credited service. See “Vested Retirement Benefit” for details.

DISABILITY RETIREMENT

If you become totally and permanently disabled, you may be entitled to a disability benefit from the Retirement Plan. See “Disability Retirement Benefit” for details.

CALCULATING YOUR BENEFIT

ABOUT THE RETIREMENT PLAN FORMULA

Your *accrued benefit* will grow with your service and pay, and is payable on your retirement date. A formula is used to calculate your benefit—the factors used in the formula include:

- Average Final Monthly Compensation, and
- Credited Service.

Average Final Monthly Compensation

The Authority may determine your Average Final Monthly Compensation in one of two ways:

- The Authority totals your compensation for the 36-consecutive-month period (three years) of Credited Service in which your earnings were highest. That total, divided by 36, equals your Average Final Monthly Compensation; **or**
- At your option, the Authority totals your compensation for the 36 months of Credited Service immediately before the date you leave the Authority. That total, divided by 36, equals your Average Final Monthly Compensation;
- If you complete fewer than 36 months of Credited Service before you leave, the Authority totals your compensation during Credited Service, and divides that total by the number of months of Credited Service.

For example, assume your earnings were:

Month	2007	2008	2009
January	$2,667	$2,750	$2,860
February	$2,667	$2,750	$2,860
March	$2,667	$2,750	$2,860
April	$2,667	$2,750	$2,860
May	$2,667	$2,750	$2,860
June	$2,667	$2,750	$2,860
July	$2,667	$2,750	$2,860
August	$2,667	$2,750	$2,860
September	$2,667	$2,750	$2,860
October	$2,667	$2,750	$2,860
November	$2,667	$2,750	$2,860
December	$2,667	$2,750	$2,860
Total 36-month compensation: $99,324 ÷ 36 months equals $2,759 equals Average Final Monthly Compensation.			

For purposes of the Retirement Plan, your annual compensation is your basic compensation, excluding overtime, bonuses, or any other form of additional compensation.

There also is an IRS rule that limits the annual compensation the Redevelopment Authority may use to determine your benefit. As of January 1, 2009, this limit was $245,000 for all years of service. (The $245,000 limit will be increased periodically to reflect changes in the cost of living.)

Credited Service

Credited Service is all service while you are a participant in this Plan (see "How Service Is Used In The Retirement Plan").

BENEFIT FORMULA

Your Average Final Monthly Compensation and Credited Service are used in the formula to determine your benefit. If you work for the Redevelopment Authority until your normal retirement (age 55), you will receive your full benefit amount. However, the actual amount of your monthly payments will depend on how your benefit is paid (this is your payment form). The Retirement Plan formula is:

Your Average Final Monthly Compensation	Times	**2.5%**
TIMES		
Your Credited Service up to 20 years		

PLUS

Your Average Final Monthly Compensation	Times	**2%**
TIMES		
Your Credited Service over 20 years (up to 15 years)		

EQUALS

Your monthly benefit payable at retirement

The Retirement Plan formula assumes you receive benefits for your lifetime only (called a Life Annuity). As explained in the section "How Benefits Are Paid," the actual dollar amount of your pension will be adjusted if benefits are also payable to someone else after your death.

Supplemental Benefit

Some Plan participants may have retired while a Supplemental Retirement Benefit and Supplemental Death Benefit program was offered. The formula used to calculate retirement benefits for these participants is based on a different formula specific to the Supplemental Benefits program offered at the time. If your benefit is affected by one of these programs, and you have questions about your benefit, please contact your Human Resources representative.

WHAT IS YOUR BENEFIT?

The examples that follow are just that—**sample benefits**. You may receive an estimate of your benefit by submitting a written request to your Human Resources representative.

NORMAL RETIREMENT BENEFIT EXAMPLE

When you retire from the Authority, the Retirement Plan formula will be used to calculate your benefit. Let's assume John retires at age 55 with Average Final Monthly Compensation of $2,700 and 30 years of service.

NORMAL RETIREMENT FORMULA	BENEFIT
2.5% of Average Final Monthly Compensation	2.5% x $2,700 = $67.50
Times	**x**
Years of Credited Service up to 20 years	20
PLUS	
2% of Average Final Monthly Compensation	2% x $2,700 = $54
Times	**x**
Years of Credited Service over 20 years (up to 15 years)	10
Equals	**=**
John's Monthly Benefit	**$1,890**
John's Annual Benefit	**$22,680**

In this example, John would receive $1,890 each month for the rest of his life. This benefit would be reduced if he chose a payment method that continues payments to someone else after his death.

Maximum Benefit

The maximum monthly benefit you may receive is 80% of the monthly compensation you were receiving immediately before your retirement date.

Minimum Benefit

If you have five years of Credited Service, the minimum monthly benefit you would receive at your normal retirement date (age 55) is $50. If you have less than five years of Credited Service, the minimum monthly benefit you would receive at your normal retirement date is $20.

EARLY RETIREMENT BENEFIT EXAMPLE

If you retire early (at age 50 or later with at least 5 years of Credited Service), the Retirement Plan formula uses your Average Final Monthly Compensation and Credited Service up to your actual retirement date to determine your benefit. You may begin receiving benefits immediately or delay payment until age 55 or later.

If you receive payments before Normal Retirement (age 55), your benefit will be reduced. The reduction is 0.2% for each month (2.4% for each year) you begin receiving payments before age 55. This reduction is not a penalty for retiring early; it merely accounts for the fact that the pension you have earned will be paid over a longer period of time. Therefore, you can expect to receive smaller payments, but more of them.

For example, you retire at age 50, with 25 years of Credited Service, and Average Final Monthly Compensation of $2,700. You begin receiving pension payments immediately—five years before your Normal Retirement Date. As the chart on the next page shows, your annual benefit beginning at age 50 is $17,107.20 ($1,425.60 per month)—compared with $19,440 ($1,620 per month) if your payments begin at age 55.

NORMAL RETIREMENT FORMULA	BENEFIT
2.5% x Average Final Monthly Compensation	2.5% x $2,700 = $67.50
Times	**x**
Credited Service up to 20 years	20
PLUS	
2% x Average Final Monthly Compensation	2% x $2,700 = $54
Times	**x**
Credited Service over 20 years (up to 15 years)	5
EQUALS	=
Monthly Benefit at Normal Retirement Date	**$1,620 per month**
Annual Benefit at Normal Retirement Date	**$19,440 per year**

EARLY RETIREMENT REDUCTION	BENEFIT
Benefit at Normal Retirement Date	$1,620 per month $19,440 per year
TIMES	**x**
(Reduction = 0.2% per month or 2.4% per year) 2.4% x Years Before Normal Retirement Date (5)	2.4% x 5
EQUALS	=
Early Retirement Reduction	**$194.40 per month** ($2,332.80 per year)
Early Retirement Benefit = (Normal Retirement Benefit minus Early Retirement Reduction)	**$1,425.60 per month** ($1,620 - $194.40) **$17,107.20 per year** ($19,440 - $2,332.80)

Remember, you are not required to begin receiving your pension immediately. You may avoid the reduction to your benefit by deferring payment until you are age 55.

Late Retirement Benefit

If you wish, you may continue working beyond age 55. If you do so, you may retire at any time between age 55 and 65. You may continue contributing to the Plan during any or all of the time between your normal retirement date and late retirement date. Your benefit will be based on your Average Final Monthly Compensation and Credited Service as of your late retirement date, provided you continue to make the required contributions. Pension payments will begin on the first day of the month after your actual retirement date.

Deferred Retirement Option Plan (DROP)

An alternative to the standard late retirement benefit is the Deferred Retirement Option Plan (DROP). The DROP provides a way for you to receive a single lump sum from the pension plan in addition to a monthly pension benefit. It is not an additional benefit, but, rather, a different way of receiving a late retirement benefit.

Eligibility

To be eligible for the DROP, you must:

- be at least age 55 and
- have a minimum of 10 years of service with the Authority.

How the DROP Works

At age 55 or later, you make a voluntary election to start the DROP. Your election sets your DROP start date. The DROP election is a prospective election only; it cannot be elected retroactively. (i.e., you cannot pick a date in the past or retroactively freeze pension benefits. It will be effective as soon as administratively feasible after you make your DROP election.) Once elected, the DROP option cannot be changed or stopped. Your retirement date can be no more than four years from the DROP start date.

At the DROP start date, your pension benefit is frozen (fixed), and your contributions to the plan stop. You continue to work and remain an employee of the Authority for all other purposes.

Your DROP account is held within the Retirement Plan (accounts are not segregated from other Plan assets). The monthly pension payments that would have been paid to you if you had retired are "deposited" in your DROP account while you continue to work. Interest of at least 4.5% per year is credited to your account on a monthly compounded basis. The Retirement Plan Trustees may adjust the interest rate above 4.5%, but it may not exceed 10% per year.

At retirement, you will receive your DROP account balance as a single lump sum. In addition, you will begin receiving your monthly pension benefit. This benefit will be the same monthly pension benefit that you would have received if you had retired at your DROP start date.

If you die before you retire, your DROP account will be added to your death benefits.

WHO SHOULD USE THE DROP?

The DROP is best suited for:

- Long-service employees who have maximized the pension formula—in other words, when your additional years of service or future pay increases would no longer significantly increase the monthly pension benefit you would receive.

AND

- Employees who would like to keep working for a few more years.

You should consult a financial adviser to determine your best option.

EXAMPLE BASED ON YEARS OF SERVICE

Following is a comparison of how the DROP would work for two employees who have the same pay, are age 55, and want to work to age 59. One has 35 years of service and the other has only 15 years of service. As you will see, the DROP produces better results for the longer-service employee. The employee with only 15 years of service would probably be better off taking his or her normal pension.

YEARS OF SERVICE	35	15
Annual pension at date of DROP election (age 55)	$24,000/year	$11,250/year
With DROP: Employees' annual pension amounts are frozen at age 55, but the DROP accounts accumulate a lump sum while the employees continue to work.		
Annual pension at age 59: **Lump sum at age 59:**	$24,000/year plus $105,000	$11,250/year plus $49,200
Without DROP: Employees' annual pension amounts continue to grow while they keep working, but there is no lump-sum payout when they retire at the end of four years.		
Annual pension without DROP	$27,000/year	$16,000/year

VESTED RETIREMENT BENEFIT

Because you contribute to the Retirement Plan, you are always entitled to your contributions, plus interest, if you leave the Authority. However, if you complete at least five years of Credited Service with the Authority, you are also entitled to (vested in) the retirement benefit you have earned up to the date you leave the Authority.

If you leave the Authority, you have the following options:

- You may receive your contributions, plus 7% interest, compounded annually, in one lump-sum payment. If you elect to withdraw your contributions, you forfeit all employer-provided benefits.
- You may leave your contributions in the Plan.

— If you have fewer than five years of Credited Service, and you leave your contributions in the Plan, you will be entitled to a monthly retirement benefit at your normal retirement age. This benefit will be based on your contributions and interest **only**.

— If you have five or more years of Credited Service, and you leave your contributions in the Plan, you will be entitled to a monthly retirement benefit at age 50. This benefit will be calculated as a retirement benefit based on your Credited Service and Average Final Monthly Earnings on the date you left the Authority.

Payments will begin as of the first of the month after you reach age 50. Your payment options are the same as if you had retired from the Authority (see How Your Benefit Will Be Paid). *Your monthly benefit will be reduced to account for early commencement.*

DISABILITY RETIREMENT BENEFIT

If you become totally and permanently disabled, you may be eligible to receive disability retirement benefits. Your benefit will begin on the first day of the month on or after the date your disability begins and continue until:

- your normal retirement date (at that time you will begin receiving your normal retirement benefit);
- you are no longer considered to be disabled; or
- you die.

Your total disability must be verified and certified by a physician each year.

Disability Retirement Benefit Example

If you become totally and permanently disabled, the formula below will be used to calculate your benefit. Let's assume Ed becomes disabled after 15 years of Credited Service. His Average Final Monthly Compensation on his disability date is $2,500.

DISABILITY RETIREMENT FORMULA	BENEFIT
2.5% of Average Final Monthly Compensation	2.5% x $2,500 = $62.50
Times	**x**
Years of Credited Service	15
Equals	=
Ed's Monthly Benefit	**$937.50**
Ed's Annual Benefit	**$11,250**

Maximum Disability Benefit

The maximum monthly disability benefit you may receive is 50% of the monthly compensation you were receiving immediately before your disability date.

HOW YOUR BENEFIT WILL BE PAID

You may choose to receive your benefit in one of several ways (called the form of payment). You are really choosing *how* you want the money paid—not how much you will get. All of the payment forms are designed to be of equal value, but your monthly benefit may be reduced if you choose a form that continues payments to someone else after your death. This reduction is made because payments are continued over the life expectancy of two people.

ABOUT YOUR BENEFICIARY

If you are married while you are employed, your spouse is automatically your beneficiary for purposes of the Retirement Plan. This means that if you die while employed, your spouse would receive the death benefit provided under the Plan. However, when you retire, you may name any beneficiary(ies) you want.

NORMAL FORM OF BENEFIT PAYMENT

Unless you choose an optional form of benefit payment, you will automatically receive the normal form of benefit payment.

The Plan's normal form of payment is a Life Annuity. Under this form of payment, you receive your full benefit at retirement for your lifetime. Upon your death, your beneficiary will receive a lump-sum payment equal to the amount of your contributions with interest **minus** the payments you received before your death.

OPTIONAL FORMS OF BENEFIT PAYMENTS

If you retire at your early or normal retirement date, you may elect one of the optional forms of payment described below instead of the normal form.

Contingent Payee Option

If you elect the Contingent Payee Option, you receive a reduced monthly benefit for your lifetime. After your death, your beneficiary (if living) will receive a lifetime monthly benefit equal to 50%, $66^{2}/_{3}$%, or 100% of the benefit you were receiving before your death. You choose the percentage to be continued to your beneficiary. Since payments are expected to be made over two lifetimes, your benefit will be reduced. The amount of this reduction will depend on the difference in age between you and your beneficiary at the time benefits begin.

If you and your beneficiary die before payments have been made equal to the amount of your contributions with interest minus the payments you both have received, your (or your beneficiary's) beneficiary will receive a lump-sum payment equal to the outstanding amount. **Note:** If you choose a beneficiary other than your spouse, additional restrictions may apply.

Life Benefit With Monthly Payments Certain Option

Under this option, you receive reduced payments for your lifetime with monthly payments guaranteed for 5, 10, 15, or 20 years—whichever you elect.

Your monthly benefit will be reduced because benefit payments are guaranteed for a specified number of years. For example, the reduction for the 10-year guarantee is greater than that for the 5-year guarantee (so your monthly benefit is smaller under the 10-year option).

If you die **before** receiving the guaranteed number of payments, your beneficiary would receive your monthly benefit amount for the balance of the 5, 10, 15, or 20-year period.

If you and your beneficiary both die before the guaranteed number of payments have been made, a single-sum payment equal to the actuarial value of the remaining payments will be paid to the estate of you or your beneficiary (whoever dies last). If you die **after** receiving all the guaranteed payments, no payments are made to anyone after your death.

Regardless of the number of guaranteed payments, the total payment amount (to you, your beneficiary, and/or your beneficiary's beneficiary) will not be less than the amount of your contributions with interest minus payments you and your beneficiary have received.

Survivor Retirement Benefits Option

If you and your spouse have been married at least two years on your retirement date, you may choose the Survivor Retirement Benefits Option. Under this option, you receive the full monthly benefit that you would receive under the Life Annuity option (the normal form of benefit). Upon your death, your spouse will receive monthly payments equal to 50% of the benefit you were receiving. Upon your spouse's death, or if at your death there is no qualified surviving spouse, a monthly benefit equal to 50% of the amount you were receiving will be paid to:

- your dependent child(ren)—dependent children will receive monthly payments until they reach age 18; payments may continue beyond age 18 for disabled children; **or**
- if no eligible dependent children are living, your dependent parent(s) will receive the monthly benefit for their lifetimes.

IMPORTANT:
Once benefit payments have begun, you cannot change your form of payment. For example, if you begin receiving benefit payments in the form of a Joint and 50% Survivor Annuity, and your beneficiary dies, you will continue to receive the reduced benefit payments. At that time, you may not choose someone else to receive survivor benefits.

EXAMPLE OF PAYMENT METHODS

The chart below shows how the different payment methods compare. For this example, we have assumed that you retire at age 55 with a benefit of $1,000 a month, that your spouse is your designated beneficiary and is also age 55, and that you die 8 years after retirement.

Method of Payment	Your Monthly Benefit For Life	Your Spouse's Monthly Benefit After Your Death
Single Life Annuity	$1,000.00	No benefit payable
50% Joint and Survivor Annuity	$928.10	$464.05
66 $^{2}/_{3}$ Joint and Survivor Annuity	$906.40	$604.27
100% Contingent Payee Option	$865.80	$865.80
Life Annuity with 5-Year Minimum Guaranteed	$989.40	No benefit payable (you received more than 5 years of payments)
Life Annuity with 10-Year Minimum Guaranteed	$963.30	$963.30 payable for 2 years
Life Annuity with 15 Year Minimum Guaranteed	$930.30	$930.30 payable for 7 years
Life Annuity with 20 Year Minimum Guaranteed	$896.50	$896.50 payable for 12 years
Survivor Retirement Benefit	$1,000.00	$500

CHOOSING YOUR PAYMENT OPTION

- You may make your election at any time **before** you retire.
- After you retire, you cannot change the way in which your retirement benefits are paid.
- If you or your beneficiary dies before you retire, your election will be canceled.
  - If your beneficiary dies before you retire, you may choose another beneficiary.
  - See "Benefits For Your Survivors" for details on benefits if you die before you retire.

Applying For Benefits

Your retirement benefits will not be paid automatically. Contact your Human Resources representative at least two months before you want your pension to begin. You will then receive more information about each of the payment methods. You may also be asked to provide personal data, such as proof of age for you and your beneficiary. Retirement payments may be delayed until this information is received.

You may elect an optional form of payment during the 90-day period before your benefits are scheduled to begin. You may revoke that decision at any time during this 90-day period.

When you choose your payment method, you will want to consider your family's living costs, and any other sources of income in addition to your pension. You will be advised of the monthly amount that you would receive under each of the options. Then choose what you believe is the best payment method for you.

Direct Deposit

For your convenience, you may elect to have your monthly retirement benefit deposited directly to your checking, money market or other commercial account.

Taxes On Your Payments

Your monthly pension benefit is taxable as regular income to you. In addition, generally, a mandatory 20% will be withheld from any lump-sum payment including the Deferred Retirement Option Plan (DROP) option for Federal income tax purposes unless you roll the payment over to an Individual Retirement Account (IRA) or another qualified retirement plan.

If you were a Plan participant before 1985, you may have already paid taxes on some of your contributions. Therefore, you may be eligible to receive a portion of your benefit tax-free.

Before you receive your payment, you will receive more information about rolling over your payment and the mandatory withholding rules.

You are encouraged to consult with a tax advisor before making any decisions regarding your form of benefit payment.

Notification Of Address

If you are entitled to a benefit when you leave the Authority, send any address changes to the Redevelopment Authority office where you last worked. That way, you can be kept informed of relevant Plan information.

Be sure to let the Redevelopment Authority know where to mail your pension checks—and notify the Redevelopment Authority if your address changes during retirement.

BENEFITS FOR YOUR SURVIVORS

IF YOU DIE WHILE EMPLOYED

If You Are Age 50 Or Older

If you are working for the Authority when you die, your beneficiary will be eligible to receive a monthly benefit for life if you:

- are at least 50 years old; **and**
- have completed at least five years of Credited Service.

The monthly benefit your beneficiary will receive will be equal to the benefit he or she would have received if you had retired on the day before you died and had elected the 100% Contingent Payee Option. If your beneficiary receives payments before you would have reached age 55, the benefit will be reduced in the same manner as if you had retired early (see "Early Retirement Benefit Example").

If You Are Under Age 50

If you are working for the Authority when you die and you are under age 50, your beneficiary will receive a lump-sum payment equal to the amount of your contributions plus 7% interest.

IF YOU DIE AFTER BENEFITS BEGIN

Any death benefits after retirement are paid according to the benefit payment form you chose.

ABOUT SOCIAL SECURITY BENEFITS

The retirement benefits from Federal Social Security supplement your Retirement Plan income. Therefore, it's important to know some key facts about Social Security. You can get more information—and apply for benefits when the time comes—at your local Social Security office.

Full Social Security benefits begin at your Social Security normal retirement date or reduced benefits may begin at any time after age 62. Your spouse will also receive a benefit at his or her Social Security normal retirement date or a reduced benefit at age 62—based on your earnings, unless he or she is entitled to a higher benefit based on his or her own earnings.

The age at which full benefits are payable will be increased in gradual steps until it reaches age 66 in 2009 and age 67 in 2027. This will affect people born in 1938 or later. Reduced Social Security benefits will continue to be paid as early as age 62.

To cover the cost of Social Security, you and the Authority pay equal taxes on your earnings each year up to the Social Security taxable wage limit. Generally, the amount of your benefit depends on your average monthly earnings covered by Social Security taxes.

In addition to retirement benefits, Social Security may also provide:

- benefits for disability,
- survivor benefits, and
- hospital, surgical, and other medical benefits under Medicare.

Note: Social Security benefits are not automatically payable—you must apply for them. You should apply for Social Security benefits and Medicare coverage before you reach age 65. Contact your local Social Security office for details.

OTHER FACTS YOU SHOULD KNOW

PLAN NAME AND PLAN TYPE

The official name of this plan is the Redevelopment Authority of the City of Philadelphia Retirement Plan. The Retirement Plan is a defined benefit plan which means that the amount of your pension is based on a formula stated in the Plan document.

PLAN SPONSOR

This Retirement Plan is sponsored by the Redevelopment Authority of the City of Philadelphia for the benefit of its employees and their beneficiaries. The address for the Plan Sponsor is:

The Redevelopment Authority of the City of Philadelphia
1234 Market Street
Philadelphia, PA 19107

PLAN RECORDS

Financial records for the Retirement Plan are maintained on the basis of a Plan Year which begins on January 1 and ends on December 31. Copies of the Plan descriptions are available for your inspection during normal working hours at:

The Redevelopment Authority of the City of Philadelphia
1234 Market Street
Philadelphia, PA 19107

PLAN ADMINISTRATOR

The Plan Administrator keeps the Plan's records, determines questions of eligibility relating to participation and benefits, interprets the Plan, communicates with participants and beneficiaries, and is otherwise generally responsible for Plan operations. The Plan Administrator is:

Dave Thomas
The Redevelopment Authority of the City of Philadelphia
1234 Market Street
Philadelphia, PA 19107
(215) 209-8688

When Benefits Or Service Could Be Lost

There are a few situations in which you or your beneficiary can lose all or part of your benefit from the Plan:

- ♦ If you receive a lump-sum payment of your contributions from this Plan, you will lose the Credited Service that was used to determine this benefit. This prevents you from receiving double benefits based on the same period of service if you are rehired.
- ♦ All or part of your benefit may be paid to someone else if your benefit is subject to a Qualified Domestic Relations Order (QDRO), a judgment made in a court of law (see the next section). You may obtain a copy of the Authority's procedures for handling QDRO's from your Human Resources representative free of charge.
- ♦ Your benefit may be delayed or not paid if you do not apply for it or if you do not provide the information needed to process your application.
- ♦ Part or all of your benefit may be lost or reduced if the Plan ends and Plan assets do not cover all benefits.

Non-Assignment Of Benefits

Ordinarily, your pension cannot be assigned, which means that it can be paid only to you or your designated beneficiary. However, if you become a party to a divorce property settlement or a court order, or if you become liable for support or alimony payments, the Plan may be legally required to pay all or a portion of your benefits to your spouse, ex-spouse, children, or other dependent.

Maximum Retirement Benefits

There are certain IRS rules that could limit your benefit; as of January 1, 2009:

- ♦ The maximum amount of annual compensation that may be taken into account under the Retirement Plan is $2450,000. This amount will be adjusted periodically for increases in the cost of living.
- ♦ The maximum annual income from the Retirement Plan may not exceed the lower of:
  - — $195,000 (this is the 2009 limit), or
  - — 100% of the average compensation for your highest three years of consecutive service.

    This limit may be increased periodically because of inflation or it may be decreased by Congressional action. You will be notified if you are affected.

YOUR RIGHTS AS A PLAN PARTICIPANT

The Plan described in this Summary Plan Description (SPD) is considered a summary of the actual, legal Plan document. The summary explains the general provisions of the Plan without sacrificing accuracy. The complete terms of the benefits are contained in the legal Plan document. In case of conflict, the Plan document will govern.

FUTURE OF THE PLAN

While the Authority intends to continue the Plan indefinitely, it may become necessary to change or end the Plan. For this reason, the Authority reserves the right to modify, suspend, or terminate any part or the whole plan at any time for any reason, subject to collective bargaining. For example, the Plan may be changed because of Federal regulations or ended due to business reasons. You will be notified of any changes that are made and told how the changes affect your benefits, if at all. However, a change or amendment may not decrease the benefit you have already earned up to the date of the change.

ABOUT THIS SUMMARY PLAN DESCRIPTION

This Summary Plan Description is designed to help you understand and appreciate the value of your Redevelopment Authority Retirement Plan, but it is not intended to be the governing document in cases of conflict or legal question. The benefits summarized are more fully described in the legal plan document. In case of any discrepancies, the official legal document or contracts will govern.

Provisions of the Plan and eligibility for coverage do not constitute a contract with any individual.