

## **ADDENDUM #1**

### **RFP 2016-0021**



## **PLAN ADMINISTRATION, RECORDKEEPING AND PARTICIPANT EDUCATION FOR DEFINED CONTRIBUTION AND RETIREMENT HEALTH SAVINGS PLANS**

### **TOWN OF HILTON HEAD ISLAND**

**The Town is issuing this addendum in response to questions submitted by vendors. Listed below are the questions and the Town's response. The responses have been grouped into separate sections: Retirement Plans and Retirement Health Savings Plans.**

#### **Retirement Plans**

1. **What is the effective date of the plan(s)?** The plan year is January 1- December 31.
2. **Did the city utilize a Brokerage/Consulting firm to help in creating the RFP?** Yes.
3. **What is the contract term?** 5 year contract term.
4. **Why has the Town decided to bid these services at this time (fees, service issues, standard due diligence, etc.)?**
  - a. **Are there service level concerns with the current administrator?** No.
  - b. **If no service issues, what would be the catalyst for the Town to change administrators?**

The Town believes performing a formal Request for Proposal periodically is a fiduciary best practice. The decision to change administrators (or not) will be based on the evaluation of the providers that respond.
5. **Please provide copies of the plan documents and administrative agreements for the Town's 401(k), 457 and Retirement Health Savings Plans.**

Adoption Agreements for the 401(k) and RHS Plans are posted on the procurement page of the Town's website. The Administrative Services Agreement for the 401k and 457 plans is also posted. The adoption agreement for the 457 Plan is not available. The 457 Plan consists of 100% employee deferrals with standard 457 plan provisions. The 457 plan permits Roth deferrals as well as a loans.

**6. What is the fee charged by the Plan's current recordkeeper?**

Current fees are not relevant to the scope of this RFP. The Town has already completed an RFI for competitive pricing and the results were significant enough to warrant executing a full RFP. Please submit your most competitive price.

**7. What is the fund mapping strategy? (Like Fund, Target Dates, LifeSpan Models)**

With assistance from their Investment Consultant, the Town will develop a mapping strategy to transfer the existing funds into like funds with similar objectives. To the extent there aren't suitable like funds, some of the existing funds may be mapped to the plans' QDIA, the Target Date Series. Lastly, if there are any balances in the Self Directed Brokerage Option, the Town would prefer to keep them and map "in-kind" to the extent that is possible.

**8. Are the Lifetime Income assets coming over? If so, are there any transfer restrictions?**

Yes, assets invested in the Retirement Income Advantage Fund will be moved to the new provider's platform into a suitable replacement option. The Town's goal is to select a replacement fund that will protect the guarantees that are currently in effect.

**9. The VT Plus Fund has a 12 month put on it. Are there any other restrictions on those assets coming over such as MVA or other provisions? No.**

**10. Are there any other restrictions on the assets coming over? (Individual Contract Exchanges, delayed assets, etc.) No.**

**11. The plan asks about fiduciary coverage. Is the Town looking for 3(21) or 3(38) coverage to be included in the initial quote? No.**

**12. Does the plan need compliance testing and 5500 prepared for the 401(k) plans? No.**

**13. Does the plan want regulatory mailings and fee disclosures included in the pricing? Yes.**

**14. We see a total of 346 total participants between the three plans. Are there participants in multiple plans? If so, what is the unique participant count for all the plans?**

There are active employee participants in multiple plans. Precise figures for this purpose are not available to include in this addendum. Based on the plan details figures provided in the RFP, the Town estimates that there are 243 unique participants across all retirement plans.

-All active employees in the Staff RHS Plan are also participants in the Staff Matching 401k.

-Some active Fire/Rescue RHS Plan participants are contributing to the Non-Matching 401k.

-All active employees are eligible to participate in the 457 plan.

**15. What are the eligible participant counts for each plan?**

For the retirement plans, the following figures represent the active eligible population (excludes separated or retired participants):

401(k) Matching Plan - 127

401(k) Non-Matching Plan - 120

457 Plan – 254

RHS Admin Staff – 22 participants received annual contributions; 3 participants received retirement contributions (7/1/2015 – 6/30/2016)

RHS Fire / Rescue – 27 participants received annual contributions; 4 participants received retirement contributions (7/1/2015 – 6/30/2016)

RHS Town Manager - 1 received annual contribution

**16. What’s the plan’s current Stable Value interest rate?**

This is not relevant to the scope of this RFP. The RFP specifically requests bids for open investment architecture.

**17. Please provide a complete breakdown of assets by fund including ticker symbols.**

Please refer to the attachment posted to the procurement page of the Town’s website titled “Town of Hilton Head Island Statements Q2 2016” for plan specific details as of June 30, 2016.

**18. Please provide the total contribution to the plan in 2013 & 2014.**

<b><u>Plan</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Staff 401(k)	\$1,640,539	\$1,794,412
Non-Matching 401(k)	\$ 130,845	\$ 229,735
457	\$ 379,772	\$ 416,687

**19. Please provide the total distribution to the plan in 2013 & 2014.**

<b><u>Plan</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Staff 401(k)	\$ 625,845	\$1,225,783
Non-Matching 401(k)	\$ 154,982	\$ 168,888
457	\$ 226,667	\$ 226,454

**20. Please provide the total number of loans issued in 2015.**

<b>Staff 401(k)</b>	<b>Non-Match 401(k)</b>	<b>457</b>
15 total loans issued	6 total loans issued	5 total loans issued
12 new loans	5 new loans	4 new loans
3 refinanced loans	1 refinanced loan	1 refinanced loan

**21. Please indicate the current process for submitting loan payments. Is it done through a payroll file or directly with a participant bank account (ACH)?**

Participant loans are currently repaid via payroll deduction and included on the recurring files. After an employee terminates employment, loan repayment may continue via ACH from their personal bank account.

**22. How are employee deferrals being monitored today? Who is monitoring?**

Employee deferral limits are monitored through controls established within the Town's payroll system. The Town would expect the provider to monitor and report excess deferrals at least annually.

**23. Please provide the number of assigned representatives and current service days provided by your recordkeeper. How many group meetings and how many individual meetings were held in 2015?**

During 2015, an Education Consultant met with Staff 2 times for 2 days each time PLUS 1 time with Fire Rescue for 3 days. In addition, a CFP or licensed advisor met with both Staff and Fire/Rescue for 1:1 consultations 3 days per year - for a total of 10 days per year. Staff education was held at the Town Hall and Fire/Rescue education took place at each of the 7 fire station locations.

**24. Please provide information on the fixed fund in the plan today. What is the current crediting rate? What is the expense ratio? Are there any termination provisions or liquidity restrictions (i.e. MVA, 12 month put, etc.)?**

The VT Plus Fund has a 12 month put option, which means that the current provider will not release the balances held in that fund until 12 months later. Information related to the crediting rate and expense ratio are not relevant to the scope of this RFP because the Town has requested bids for open investment architecture (only).

**25. Please indicate if any of the revenue produced by the fund line-up is kept by the recordkeeper or returned to the plan and or the participants.**

The Town's goal is to offer a plan with fully transparent pricing. As such, any and all revenue sharing will either be credited back the specific participants or credited to a plan level fee holding account.

**26. Please provide a list of any ancillary fees that are currently being charged to the plan and or its participants. i.e.) QDRO's, financial advice, etc.**

This information should not be relevant to a bidder's response to this RFP. Please submit your most competitive bid for all ancillary services.

**27. Does the plan currently utilize a self-directed brokerage option? If so, please provide the company being used as well as the total assets in the program today.**

Yes, the current provider partners with TD Ameritrade to deliver these services. Currently, no assets are invested through this program.

**28. Please provide a sample of the current contribution file feed that the plan uses today. Please provide data definitions as well as field level definitions for the file.**

It is premature to request this information at this time. The Town will be expanding the payroll file layout to include any and all census items needed to support the efficient outsourcing of as many administrative items as is possible (eligibility, vesting, withdrawals, distributions, etc.)

**29. For the VT Retirement Income Advantage Fund, can you please provide how many of the participants in that fund are terminated employees and how many are active employees?**

As of 6/30/2016, there was 1 terminated participant and 8 are active with balances in the fund.

**30. Does the Plan offer auto enrollment or auto escalation currently? No.**

**31. Is a file of indicative data for payroll available? No.**

**32. Is there vesting in the 401k plan for general staff?**

Yes. Participants vest over 5 years at a rate of 20% per year of service. At age 55, participants are fully vested regardless of their years of service. Adoption Agreements for the 401(k) and RHS Plans are posted on the procurement page of the Town's web site.

**33. What is the anticipated plan implementation date if the Town were to transition to a new provider?**

The Town would like to implement any changes effective March 1, 2017.

**34. Are there any contract restrictions if the sponsor were to terminate their current contracts?**

- **Is there any contingent deferred sales charge (CDSC)?** No
- **If so what percentage and dollar amount (or schedule)?** N/A
- **Are there any restrictions on the transition of the Stable Value/Fixed Account assets:**
  - **CDSC - % and/or \$** No
  - **Spread payout option – termination payments over a period of time (example, 5 payments over 5 years)?** No
  - **Market Value Adjustment contractual formula or market value payout? If so, what is the current market value adjustment % and/or \$?** No
  - **12-month Put or other delay of distribution of book value of participant assets?**

There aren't any restrictions other than the previously disclosed 12 month put that will apply to the balances held in the VT Plus Fund, which is only offered in the 401(k) and 457 Plans.

**35. Please confirm that a fund lineup is not to be provided for the defined contribution plan.**

Confirmed. The Town will communicate the final fund lineup to finalists in October.

**Retirement Health Savings Plans**

**36. Is the Town requiring all plans to be administered by a single respondent or will the Town entertain proposal responses for the RHS plan separate from the 401(k), 457(b) plans?**

The Town prefers one vendor that can provide bundled services for plan administration, recordkeeping and participant education for their defined contribution plans (401 & 457) and retirement health savings plans. If a vendor can meet and positively affirm their compliance with all of the minimum requirements specifically defined on the Minimum Requirements Certification (Exhibit 2 of the RFP), we will accept your proposal. All proposals will be reviewed and evaluated based on the selection criteria outlined in the RFP.

**37. For the RHS plan, how many of the 98 participants with balances are in the accumulation phase (e.g., receiving contributions but not yet eligible to file claims) and how many participants are eligible to file claims?**

As of 08/01/2016, the Town has 47 retirees eligible to file claims and 55 active employees with balances who are in the accumulation phase.

**38. How is the RHS program designed? (e.g., how does an employee become eligible to participate, what are the contribution sources, when can an employee begin to make claims, etc.?)**

Active employees accrue sick leave hours at a rate equal to one day/shift per month. On an annual basis, the Town will defer into individual employee RHS accounts 100% of the value of accrued sick leave hours in excess of the sick leave cap as of 12/31. The maximum sick leave accrual cap is equivalent to 18 weeks. At retirement, 100% of the value of remaining accrued sick leave is contributed to the retiring employee's RHS account. An employee can begin to make claims upon retirement.

**39. How can an employee/retiree become eligible to receive a contribution to the RHS plan? What is the amount of and frequency of those contributions?**

See Question #38 for description of active employee eligibility for annual plan contributions and retiring employee eligibility for one-time contribution at retirement.

If a retirement-eligible employee dies while still an active employee, he/she will be considered to have retired for purposes of this benefit. A contribution equal to 100% of the value of unused sick leave at the time of the employee's death will be deferred into an RHS account for use by his qualified dependents.

Employees who terminate employment prior to reaching retirement eligibility will forfeit employer contributions made to their account. Employees who are terminated for disciplinary reasons will forfeit employer contributions made to their account regardless of retirement eligibility. These funds will be used to offset future Town contributions.

**40. Is the Town contributing to the RHS plan after employment ends? If so, please elaborate on the post-employment contributions.**

The Town provides an employer-funded HRA for use by active employees. 100% of the value of an employee's remaining HRA balance (maximum of \$5,000) will be transferred to their RHS account within 60 days after their retirement date. Currently, no other post-employment contributions are made by the Town.

**41. For the RHS plan, is the Town interested in establishing a §115 Integral Part Government Trust or a §501 (c)9 VEBA Trust instrument?**

While the current structure serves the Town's current needs, the Town would be willing to discuss alternative plan structures to the extent they support the Town's goals and objective for the plans.

**42. The Town has three Retirement Health Savings Plans. Are those staying with their current provider or are they moving as well? If so, are there any termination restrictions on that money?**

The Town prefers one vendor that can provide bundled services for plan administration, recordkeeping and participant education for their defined contribution plans (401 & 457) and retirement health savings plans. If a vendor can meet and positively affirm their compliance with all of the minimum requirements specifically defined on the Minimum Requirements Certification (Exhibit 2 of the RFP), we will accept your proposal. All proposals will be reviewed and evaluated based on the selection criteria outlined in the RFP.

The Town would prefer to work with one provider, and this will be reflected in the evaluation of each provider's response to the RFP. The Town is not aware of any restrictions on the RHS plan funds.

**43. Is the RHSP in a 115 trust currently, or other?**

Adoption Agreements for the 401(k) and RHS Plans are posted on the procurement page of the Town's web site.

**44. What funds are included in the RHSP currently?**

This is not relevant to the scope of this RFP. The Town is interested in an open architecture bid – so the funds would be mapped into the new funds at the new provider. The Town will select the new fund lineup with assistance from the Investment Consultant.

**45. Can you please confirm what date the RHSP was established?** February 6, 2002.

**46. Is it the Town's desire to implement an open architecture structure for the Retirement Health Savings Plan also?**

The Town's preference is to utilize the same funds that will be offered in the 401(k) and 457 Plans.

**47. Please confirm that a fund lineup is not to be provided for the Retirement Health Savings plan.**

Confirmed. The Town will communicate the final fund lineup to finalists in October.

**48. Does the Town have an GASB 75 OPEB liability for retiree healthcare? If so, is the Town interested in mitigation strategy options that leverage the RHS?**

To date, our auditors have determined the Town's RHS liability to be immaterial. However, considering potential growth in liability, the Town would be interested in evaluating mitigation strategy options.

**49. Please provide copies of the plan documents and administrative agreements for the Town's 401(k), 457 and Retirement Health Savings Plans.**

Adoption Agreements for the 401(k) and RHS Plans are posted on the procurement page of the Town's website. The Administrative Services Agreement for the 401k and 457 plans is also posted. The adoption agreement for the 457 Plan is not available. The 457 Plan consists of 100% employee deferrals with standard 457 plan provisions. The 457 plan permits Roth deferrals as well as a loans.

C63-2011

**ADMINISTRATIVE SERVICES AGREEMENT**

Between

**ICMA Retirement Corporation**

and

Town of Hilton Head Island

Type: 457

Account #: 301675

Type: 401

Account #: 109615, 109616

## **ADMINISTRATIVE SERVICES AGREEMENT**

This Administrative Services Agreement (“Agreement”), made as of the day of \_\_\_\_\_, 2011 (herein referred to as the “Inception Date”), between the International City/County Management Association Retirement Corporation (“ICMA-RC”), a nonprofit corporation organized and existing under the laws of the State of Delaware, and the Town of Hilton Head Island (“Employer”), a Town organized and existing under the laws of the State of South Carolina with an office at One Tower Center Court, Hilton Head Island, South Carolina 29928.

### **RECITALS**

Employer acts as public plan sponsor of a retirement plan (“Plan”), and in that capacity, has responsibility to obtain administrative services and investment alternatives for the Plan;

VantageTrust (the “Trust”) is a group trust established and maintained in accordance with New Hampshire Revised Statutes Annotated section 391:1 and Internal Revenue Service Revenue Ruling 81-100, 1981-1 C.B. 326, which provides for the commingled investment of retirement funds held by various state and local governmental units for their employees;

ICMA-RC acts as investment adviser to VantageTrust Company, the Trustee of the Trust;

ICMA-RC has designed, and the Trust offers, a series of separate funds (the “Funds”) for the investment of plan assets as referenced in the Trust’s principal disclosure document, “Making Sound Investment Decisions: A Retirement Investment Guide.” (“Retirement Investment Guide”).

The Funds are available only to public employers and only through the Trust and ICMA-RC.

In addition to serving as investment adviser to the Trust, ICMA-RC provides a range of services to public employers for the operation of employee retirement plans including, but not limited to, communications concerning investment alternatives, account maintenance, account recordkeeping, investment and tax reporting, transaction processing, benefit disbursement, and asset management.

## AGREEMENTS

1. Appointment of ICMA-RC

Employer hereby appoints ICMA-RC as Administrator of the Plan to perform all nondiscretionary functions necessary for the administration of the Plan in accordance with the terms of the Plans' governing documents and applicable administrative guidelines and procedures. The functions to be performed by ICMA-RC shall be those set forth in Exhibit A to this Agreement. ICMA-RC shall perform such functions in accordance with the service standards set forth in Exhibit B.

2. Adoption of Trust

Employer has adopted the Declaration of Trust of VantageTrust Company and agrees to the commingled investment of assets of the Plan within the Trust. Employer agrees that operation of the Plan and the investment, management, and distribution of amounts deposited in the Trust shall be subject to the Declaration of Trust, as it may be amended from time to time and shall also be subject to terms and conditions set forth in disclosure documents (such as the Retirement Investment Guide or Employer Bulletins) as those terms and conditions may be adjusted from time to time.

3. Exclusivity Agreement

Employer agrees that for the initial or succeeding term of this Agreement specified in Section 10, so long as ICMA-RC continues to perform in all material respects and to reasonable industry standards the services to be performed by it under this Agreement, Employer shall not obtain plan administration from anyone other than ICMA-RC. Employer acknowledges that ICMA-RC has agreed to the compensation to be paid to ICMA-RC under this Agreement in the expectation that ICMA-RC will be able to offset costs allocable to performing this Agreement with revenues arising from Employer's exclusive use of ICMA-RC at the rates provided herein throughout the initial or succeeding term.

4. Employer Duty to Furnish Information

Employer agrees to furnish to ICMA-RC on a timely basis such information as is necessary for ICMA-RC to carry out its responsibilities as Administrator of the Plan, including information needed to allocate individual participant accounts to Funds in the Trust, and information as to the employment status of participants, and participant ages, addresses, and other identifying information (including tax identification numbers). Employer also agrees that it will notify ICMA-RC in a timely basis regarding changes in staff as it relates to various roles. This is to be completed through the online EZLink employer contact options. ICMA-RC shall be entitled to rely upon the accuracy of any information that is furnished to it by a responsible official of the Employer or any information relating to an individual participant or beneficiary that is furnished by such participant or beneficiary, and ICMA-RC shall not be responsible for any error arising from its reliance on such information. ICMA-RC will provide reports, statements and

account information to the Employer through EZLink, the online plan administrative tool. Employer is required to send in contributions through EZLink, Alternative electronic methods may be allowed, but must be approved by ICMA-RC for use. Contributions may not be sent through paper submittal documents.

5. Certain Representations and Warranties

ICMA-RC represents and warrants to Employer that:

- (a) ICMA-RC is a non-profit corporation with full power and authority to enter into this Agreement and to perform its obligations under this Agreement.
- (b) ICMA-RC is an investment adviser registered as such with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. ICMA-RC Services, LLC (a wholly owned subsidiary of ICMA-RC) is registered as a broker-dealer with the U.S. Securities and Exchange Commission ("SEC") and is a member in good standing with Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").
- (c)(i) ICMA-RC shall maintain and administer the Plan in compliance with the requirements for eligible deferred compensation plans under Section 457 of the Internal Revenue Code and other applicable federal law; provided, however, that ICMA-RC shall not be responsible for the eligible status of the Plan in the event that the Employer directs ICMA-RC to administer the Plan or disburse assets in a manner inconsistent with the requirements of Section 457 or otherwise causes the Plan not to be carried out in accordance with its terms. Further, in the event that the Employer uses its own customized plan document, ICMA-RC shall not be responsible for the eligible status of the Plan to the extent affected by terms in the Employer's plan document that differ from those in ICMA-RC's standard plan document. ICMA-RC shall not be responsible for monitoring state or local law or for administering the Plan in compliance with local or state requirements unless Employer notifies ICMA-RC of any such local or state requirements.
- (c)(ii) ICMA-RC shall maintain and administer the Plan in compliance with the requirements for plans which satisfy the qualification requirements of Section 401 of the Internal Revenue Code and other applicable federal law; provided, however, ICMA-RC shall not be responsible for the qualified status of the Plan in the event that the Employer directs ICMA-RC to administer the Plan or disburse assets in a manner inconsistent with the requirements of Section 401 or otherwise causes the Plan not to be

carried out in accordance with its terms; provided, further, that if the plan document used by the Employer contains terms that differ from the terms of ICMA-RC's standardized plan document, ICMA-RC shall not be responsible for the qualified status of the Plan to the extent affected by the differing terms in the Employer's plan document. ICMA-RC shall not be responsible for monitoring state or local law or for administering the Plan in compliance with local or state requirements unless Employer notifies ICMA-RC of any such local or state requirements.

- (d) Employer represents and warrants to ICMA-RC that Employer is organized in the form and manner recited in the opening paragraph of this Agreement with full power and authority to enter into and perform its obligations under this Agreement and to act for the Plan and participants in the manner contemplated in this Agreement. Execution, delivery, and performance of this Agreement will not conflict with any law, rule, regulation or contract by which the Employer is bound or to which it is a party.
- (e) Employer understands and agrees that ICMA-RC's sole function under this Agreement is to act as recordkeeper and to provide administrative, investment or other services at the direction of Plan participants, the Employer, its agents or designees in accordance with the terms of this Agreement. Under the terms of this Agreement, ICMA-RC does not render investment advice, is not the Plan Administrator or Plan Sponsor as those terms are defined under applicable federal, state, or local law, and does not provide legal, tax or accounting advice with respect to the creation, adoption or operation of the Plan and the Trust. ICMA-RC does not perform any service under this Agreement that might cause ICMA-RC to be treated as a "fiduciary" of the Plan under applicable law.
- (f) Employer acknowledges and agrees that ICMA-RC does not assume any responsibility with respect to the Employer's selection or retention of the Plan's investment options. Employer shall have exclusive responsibility for the Plan's investment options, including the selection of the applicable mutual fund share class. Where applicable, Employer understands that the VantageTrust Retirement Income Advantage Fund is an investment option for the Plan and that the fund invests in a separate account available through a group variable annuity contract. By entering into this Agreement, Employer acknowledges that it has received the Important Considerations document and the Retirement Investment Guide and that it has read the information therein concerning the VantageTrust Retirement Income Advantage Fund.
- (g) Employer acknowledges that certain such services to be performed by ICMA-RC under this Agreement may be performed by an affiliate or

agent of ICMA-RC pursuant to one or more other contractual arrangements or relationships, and that ICMA-RC reserves the right to change vendors with which it has contracted to provide services in connection with this Agreement without prior notice to Employer.

- (h) Employer approves the use of its Plan in ICMA-RC external media, publications and materials. Examples include press releases announcements and inclusion of the general plan information in request for proposal responses.

6. Participation in Certain Proceedings

The Employer hereby authorizes ICMA-RC to act as agent, to appear on its behalf, and to join the Employer as a necessary party in all legal proceedings involving the garnishment of benefits or the transfer of benefits pursuant to the divorce or separation of participants in the Plan. Unless Employer notifies ICMA-RC otherwise, Employer consents to the disbursement by ICMA-RC of benefits that have been garnished or transferred to a former spouse, current spouse, or child pursuant to a domestic relations order or child support order.

7. Compensation and Payment

- (a) There shall be no asset-based or per-participant fees charged under this Agreement. ICMA-RC's compensation under this Agreement shall be as set forth in subsection (b) below.
- (b) **Compensation for Management Services to the Trust, Compensation for Advisory and other Services to The Vantagepoint Funds and Payments from Third-Party Mutual Funds.** Employer acknowledges that in addition to amounts payable under this Agreement, ICMA-RC receives fees from the Trust for investment management services furnished to the Trust. Employer further acknowledges that certain wholly owned subsidiaries of ICMA-RC receive compensation for advisory and other services furnished to The Vantagepoint Funds, which serve as the underlying portfolios of a number of Funds offered through the Trust. The fees referred to in this subsection are disclosed in the Retirement Investment Guide. These fees are not assessed against assets invested in the Trust's Mutual Fund Series. In addition, to the extent that third party mutual funds are included in the investment line-up for the Plan, ICMA-RC may receive payments from such third party mutual funds or their service providers, which may be in the form of 12b-1 fees, service fees, or compensation for sub-accounting or other services provided by ICMA-RC on behalf of the funds.

- (c) **Revenue Requirement.** ICMA-RC shall receive total annual aggregate revenue of 0.33% from funds offered by the Plan. ICMA-RC shall pay an administrative allowance quarterly to the Employer or to the Plan in an amount equal to any revenue in excess of the revenue requirement. In the event that revenue received by ICMA-RC from funds offered by the Plan falls below the revenue requirement, ICMA-RC and the Employer shall mutually agree upon a method to make up the shortfall necessary to meet the revenue requirement. Employer understands that the Plan administrative allowance is to be used only to pay for reasonable plan administrative expenses of the Plan or allocated to Plan participants at the instruction of the EMPLOYER.
- (d) **Redemption Fees.** Redemption fees imposed by outside mutual funds in which Plan assets are invested are collected and paid to the mutual fund by ICMA-RC. ICMA-RC remits 100% of redemption fees back to the specific mutual fund to which redemption fees apply. These redemption fees and the individual mutual fund's policy with respect to redemption fees are specified in the prospectus for the individual mutual fund and referenced in the Retirement Investment Guide.
- (e) **Payment Procedures.** All payments to ICMA-RC pursuant to this Section 7 shall be paid out of the Plan assets held by the Trust and shall be paid by the Trust. The amount of Plan assets held in the Trust shall be adjusted by the Trust as required to reflect such payments. In the event that the Employer agrees to pay amounts owed pursuant to this section 7 directly, any amounts unpaid and outstanding after 30 days of invoice to the Employer shall be withdrawn from Plan assets held by the Trust.

The compensation and payment set forth in this section 7 is contingent upon the use of ICMA-RC's proprietary stable value fund through the contract period and further contingent upon the Employer's use of ICMA-RC's EZLink system for contribution processing and submitting contribution funds by ACH or wire transfer on a consistent basis over the term of this Agreement.

Employer further acknowledges and agrees that compensation and payment under this Agreement shall be subject to re-negotiation in the event that the Employer chooses to implement additional mutual funds outside of the ICMA-RC Mutual Fund Alliance.

#### 8. Contribution Remittance

Employer understands that amounts invested in the Trust are to be remitted directly to the Trust in accordance with instructions provided to Employer by ICMA-RC and are not to be remitted to ICMA-RC. In the event that any check or wire transfer is incorrectly

labeled or transferred to ICMA-RC, ICMA-RC may return it to Employer with proper instructions.

9. Indemnification

ICMA-RC shall not be responsible for any acts or omissions of any person with respect to the Plan or related Trust, other than ICMA-RC in connection with the administration or operation of the Plan. To the extent permitted by applicable law, Employer shall indemnify ICMA-RC against, and hold ICMA-RC harmless from, any and all loss, damage, penalty, liability, cost, and expense, including without limitation, reasonable attorney's fees, that may be incurred by, imposed upon, or asserted against ICMA-RC by reason of any claim, regulatory proceeding, or litigation arising from any act done or omitted to be done by any individual or person with respect to the Plan or related Trust, excepting only any and all loss, damage, penalty, liability, cost or expense resulting from ICMA-RC's negligence, bad faith, or willful misconduct.

10. Term

This Agreement shall be in effect and commence on the date all parties have signed and executed this Agreement ("Inception Date"). The term of this Agreement will commence on the Inception Date and extend five (5) years from that date. This Agreement will be renewed automatically for each succeeding year unless written notice of termination is provided by either party to the other no less than 180 days before the end of such Agreement year; provided, however, that the Employer may terminate this Agreement for cause upon 30 days' prior written notice in the event that ICMA-RC materially breaches this Agreement, and such breach is not cured within 30 days following notice of the breach and intent to terminate by the Employer. The Employer understands and agrees that, in the event the Employer terminates this Agreement (or replaces the VantageTrust PLUS Fund as an investment option in its investment line-up), ICMA-RC retains full discretion to release Plan assets invested in the VantageTrust PLUS Fund in an orderly manner over a period of up to 12 months from the date ICMA-RC receives written notification from the Employer that it has made a final and binding selection of a replacement for ICMA-RC as administrator of the Plan (or a replacement investment option for the VantageTrust PLUS Fund).

11. Amendments and Adjustments

- (a) This Agreement may be amended by written instrument signed by the parties.
- (b) ICMA-RC may amend this agreement by providing 60 days' advance written notice to the Employer prior to the effective date of such proposed amendment. Such amendment shall become effective unless, within the 60-day notice period, the Employer notifies ICMA-RC in writing that it objects to such amendment.
- (c) The parties agree that enhancements may be made to administrative and operations services under this Agreement. The Employer will be notified of enhancements through the Employer Bulletin, quarterly statements, electronic

messages or special mailings. Likewise, if there are any reductions in fees, these will be announced through the Employer Bulletin, quarterly statement, electronic or special mailing.

12. Notices

All notices required to be delivered under this Agreement shall be in writing and shall be delivered, mailed, e-mailed or faxed to the location of the relevant party set forth below or to such other address or to the attention of such other persons as such party may hereafter specify by notice to the other party.

**ICMA-RC:** Legal Department, ICMA Retirement Corporation, 777 North Capitol Street, N.E., Suite 600, Washington, D.C., 20002-4240  
**Facsimile;** (202) 962-4601

**Employer:** at the office set forth in the first paragraph hereof, or to any other address, facsimile number or e-mail address designated by the Employer to receive the same by written notice similarly given.

Each such notice, request or other communication shall be effective when transmitted to the applicable facsimile number, e-mail or street address and there is appropriate verbal or written confirmation of receipt from the Employer.

13. Complete Agreement

This Agreement shall constitute the complete and full understanding and sole agreement between ICMA-RC and Employer relating to the object of this Agreement and correctly sets forth the complete rights, duties and obligations of each party to the other as of its date. This Agreement supersedes all written and oral agreements, communications or negotiations among the parties. Any prior agreements, promises, negotiations or representations, verbal or otherwise, not expressly set forth in this Agreement are of no force and effect.

14. Titles

The headings of Sections of this Agreement and the headings for each of the attached schedules are for convenience only and do not define or limit the contents thereof.

15. Incorporation of Schedules

All Schedules (and any subsequent amendments thereto), attached hereto, and referenced herein, are hereby incorporated within this Agreement as if set forth fully herein.

16. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina, applicable to contracts made in that jurisdiction without reference to its conflicts of laws provisions.

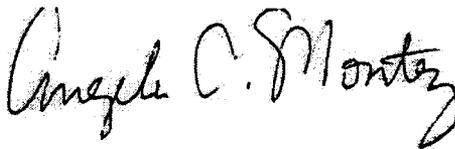
In Witness Whereof, the parties hereto certify that they have read and understand this Agreement and all Schedules attached hereto and have caused this Agreement to be executed by their duly authorized officers as of the Inception Date first above written.

TOWN OF HILTON HEAD ISLAND

By  Date 11-7-11  
Signature

Gregory A. DeLoach, Ass't. T. Mgr.  
Name and Title (Please Print)

INTERNATIONAL CITY/COUNTY MANAGEMENT  
ASSOCIATION RETIREMENT CORPORATION



By \_\_\_\_\_  
Angela C. Montez  
Assistant Corporate Secretary

Please return fully executed contract to:      New Business Unit  
ICMA-RC  
777 North Capitol Street NE  
Suite 600  
Washington DC 20002-4240

**Exhibit A**

**Administrative Services**

The administrative services to be performed by ICMA-RC under this Agreement shall be as follows:

- (a) Participant enrollment services, including providing a welcome package and enrollment kit containing instructions and notices necessary to implement the Plan's administration. Employer will enroll employees through EZLink.
- (b) Establishment of participant accounts for each employee participating in the Plan for whom ICMA-RC receives appropriate enrollment instructions. ICMA-RC is not responsible for determining if such Plan participants are eligible under the terms of the Plan.
- (c) Allocation in accordance with participant directions received in good order of individual participant accounts to investment funds offered under the Trust. Participants can complete allocations through Investor Services, Voice Response System or through Account Access, the secure participant online system provided by ICMA-RC.
- (d) Maintenance of individual accounts for participants reflecting amounts deferred, income, gain or loss credited, and amounts distributed as benefits.
- (e) Maintenance of records for all participants for whom participant accounts have been established. These files shall include enrollment instructions (provided to ICMA-RC through Account Access, EZLink or form), beneficiary designation instructions and all other and documents concerning each participant's account, and if applicable, records of any transaction conducted through the Voice Response Unit ("VRU"), Account Access or other electronic means.
- (f) Provision of periodic reports to the Employer through EZLink Participants will have access to account information through Investor Services, Voice Response System, Account Access and through quarterly statements that can be delivered electronically through Account Access or by postal service.
- (g) Communication to participants of information regarding their rights and elections under the Plan.
- (h) Making available Investor Services Representatives through a toll-free telephone number from 8:30 a.m. to 9:00 p.m. Eastern Time, Monday

through Friday (excluding holidays and days on which the securities markets or ICMA-RC are closed for business (including emergency closings), to assist participants.

- (i) Making available a toll-free number and access to VantageLine, ICMA-RC's interactive VRU, and ICMA-RC's web site, to allow participants to access certain account information and initiate plan transactions at any time. Account access and VantageLine are normally available 24 hours a day, seven days a week except during scheduled maintenance periods designed to ensure high-quality performance. The scheduled maintenance window is outlined at <https://harper1.icmarc.org/login.jsp>
- (j) Distribution of benefits as agent for the Employer in accordance with terms of the Plan. Participants who have separated from service can request distributions through Account Access or via form.
- (k) Upon approval by the Employer of the transfer of assets to an alternate payee under a qualified domestic relations order, ICMA-RC will establish a separate account record for the alternate payee and provide for the investment and distribution of assets held there under.
- (l) Loans may be made available on the terms specified in the Loan Guidelines, if loans are adopted by the Employer. Participants can request loans through Investor Services or Account Access.
- (m) Online Advice may be made available through a third party vendor on the terms specified on ICMA-RC's website.
- (n) ICMA-RC will determine appropriate delivery method (electronic and/or print) for plan sponsor/participant communications and education based on a number of factors (audience, effectiveness, etc.)

**Exhibit B  
Performance Guarantees**

We are pleased to serve the Town of Hilton Head Island for a five year exclusive arrangement. We value our 27 year relationship with the Town. Our service standards and financial commitment are focused on key participant "touch-points" as described in the following chart.

Service	Service Standard	Financial Penalty
<b>Quarterly Participant Statement Delivery</b>	Quarterly statements in aggregate delivered electronically and/or those mailed no later than 15 business days from the end of each quarterly reporting period unless performance returns received late due to factors beyond ICMA-RC's control.	\$2,500 per year in which less than 99% of statements in aggregate meet deadline due to circumstances under ICMA-RC control.
<b>Corporate Call Center Phone Response time</b>	Calls picked-up within an average of 45 seconds or less annualized and in aggregate for Call Center in aggregate for ICMA-RC.  Note: Measurement will not include days in which extraordinary events occur beyond the control of ICMA-RC that increase daily call volumes by 25% above the average daily call volume for the year	\$1,000 per year in which this does not occur.
<b>Number of On-Site Group Seminars</b>	Mutually agreed-upon number of on-site seminars.	\$5,000 per year in which target number of seminars is not met.
<b>Individual Meetings</b>	Mutually agreed-upon availability for on-site individual consultations.	\$5,000 per year in which target commitment of time for individual consultations is not met.

The following reflects additional service standards. Should the Town of Hilton Head determine that ICMA-RC's service is not satisfactory, the Town may provide ICMA-RC with written notice within 30 days of the service deficiency. If ICMA-RC fails to resolve the deficiency within 30 days, the Town may request that a service guarantee be paid not to exceed \$ 5,000 annually for all combined service deficiencies outlined below. In lieu of a financial penalty, ICMA-RC and the Town may determine an alternative mutually agreed upon resolution such as additional onsite service days, for example.

<b><i>Service</i></b>	<b><i>Service Standard</i></b>
<b>Voice Response System/Participant and Plan Sponsor Website availability</b>	The Voice Response System/Participant and Plan Sponsor websites will be available 24 hours/day, 7-days per week 98% of the time. Measurement does not include the time established on early Sunday mornings for routine maintenance and the scheduled, announced maintenance windows outside of that timeframe.
<b>Transaction Confirmation Statements</b>	99% mailed within 2 business days of transaction completion.
<b>Processing of new participant loans</b>	99% processed within one business day when loans are initiated online or through the "Loans by Call Center" feature
<b>Fund Balance Transfers</b>	99% processed same business day if initiated by 4 p.m. ET and in good order and requested through the Call Center, VRU or online.
<b>Investment Election Requests</b>	99% processed same business day if initiated by 4 p.m. ET and in good order and requested through the Call Center, VRU or online.
<b>Termination/Inservice Withdrawals/Rollovers Out</b>	99% of withdrawals processed within 3 business days provided the request is received in good order by 4 p.m. ET.
<b>Hardship/Unforeseeable Emergency Withdrawals</b>	99% of Hardship withdrawals processed within 2 business days provided the approved request is received with full documentation in good order by 4 p.m. ET.
<b>Contribution and loan repayment posting</b>	99% processed same business day if funds and contribution detail received by 4:00 p.m. ET and are complete and in good order.
<b>QDRO processing</b>	Not applicable. Due to various timeframes related to attorneys involved, ex-spouses and participant, a specific service standard is not available.
<b>Plan Sponsor reports</b>	Reports available on EZLink within 5 business days of the end of the month or quarter, depending upon the frequency of the report.
<b>Plan Performance Reviews</b>	Plan Performance Reviews will be provided semi-annually for quarter periods ending June 30 <sup>th</sup> and December 31 <sup>st</sup>

Plan numbers 301675, 109615, 109616

	with an agreed upon time established between the Town and ICMA-RC. Investment data provided in EZLink within 5 business days of each month-end.
<b>Participant Satisfaction</b>	ICMA-RC will conduct an employee satisfaction survey once per calendar year and review results with the Town of Hilton Head Island.
<b>Implementation of all new fund changes and self directed brokerage accounts</b>	ICMA-RC and the Town of Hilton Head will develop a mutually agreed upon schedule and ICMA-RC will implement this change based upon the schedule.
<b>Implementation of Roth 457 and 401(K) accounts including communications and education</b>	ICMA-RC and the Town of Hilton Head will develop a mutually agreed upon schedule and ICMA-RC will implement this change based upon the schedule.

**ICMA RETIREMENT CORPORATION  
GOVERNMENTAL PROFIT-SHARING PLAN & TRUST  
ADOPTION AGREEMENT**

Plan Number 109615

The Employer hereby establishes a Profit Sharing Plan and Trust to be known as TOWN OF HILTON HEAD ISLAND STAFF 401(K) PLAN (the "Plan") in the form of the ICMA Retirement Corporation Governmental Profit Sharing Plan and Trust.

This Plan is an amendment and restatement of an existing defined contribution profit sharing plan.

Yes                       No

If yes, please specify the name of the defined contribution profit sharing plan which this Plan hereby amends and restates:

TOWN OF HILTON HEAD ISLAND RETIREMENT PLAN

I. **Employer:** TOWN OF HILTON HEAD ISLAND

II. **Effective Dates**

1. **Effective Date of Restatement.** If this document is a restatement of an existing plan, the effective date of the Plan shall be January 1, 2007 unless an alternate effective date is hereby specified: \_\_\_\_\_

(Note: An alternate effective date can be no earlier than January 1, 2007.)

2. **Effective Date of New Plan.** If this is a new Plan, the effective date of the Plan shall be the first day of the Plan Year during which the Employer adopts the Plan, unless an alternate Effective Date is hereby specified: \_\_\_\_\_

3. **Special Effective Dates.** Please note here any elections in the Adoption Agreement with an effective date that is different from that noted in 1. or 2. above.

(Note provision and effective date.)

III. **Plan Year** will mean:

The twelve (12) consecutive month period which coincides with the limitation year. (See Section 5.05(h) of the Plan.)

The twelve (12) consecutive month period commencing on \_\_\_\_\_ and each anniversary thereof.

IV. **Normal Retirement Age** shall be age 55.0 (not to exceed age 65).

**V. ELIGIBILITY REQUIREMENTS**

1. The following group or groups of Employees are eligible to participate in the Plan:

- All Employees
- All Full Time Employees
- Salaried Employees
- Non union Employees
- Management Employees
- Public Safety Employees
- General Employees excluding PORS Retirees rehired into General positions after 09/08/10
- Other Employees (Specify the group(s) of eligible employees below. Do not specify employees by name. Specific positions are acceptable.) \_\_\_\_\_

The group specified must correspond to a group of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other material in effect in the state or locality of the Employer. The eligibility requirements cannot be such that an Employee becomes eligible only in the Plan Year in which the Employee terminates employment. Note: As stated in Sections 4.08 and 4.09, the Plan may, however, provide that Final Pay Contributions or Accrued Leave Contributions are the only contributions made under the Plan.

2. The Employer hereby waives or reduces the requirement of a twelve (12) month Period of Service for participation. The required Period of Service shall be (write N/A if an Employee is eligible to participate upon employment) N/A.

If this waiver or reduction is elected, it shall apply to all Employees within the Covered Employment Classification.

3. A minimum age requirement is hereby specified for eligibility to participate. The minimum age requirement is N/A (not to exceed age 21. Write N/A if no minimum age is declared.)

**VI. CONTRIBUTION PROVISIONS**

1. The Employer shall contribute as follows (Choose all that apply):

**Fixed Employer Contributions With or Without Mandatory Participant Contributions.** (If Option B is chosen, please complete section C.)

A. Fixed Employer Contributions. The Employer shall contribute on behalf of each Participant 5.0% of Earnings or \$\_\_\_\_\_ for the Plan Year (subject to the limitations of Article V of the Plan).  
Mandatory Participant Contributions:

are required       are not required

to be eligible for this Employer Contribution.

B. Mandatory Participant Contributions for Plan Participation.

Required Mandatory Contributions. A Participant is required to contribute (subject to the limitations of Article V of the Plan) the specified amounts designated in items (i) through (iii) of the Contribution Schedule below:

Yes                       No

Employee Opt-In Mandatory Contributions. To the extent that mandatory Participant contributions are not required by the Plan, each Employee eligible to participate in the Plan shall be given the opportunity to irrevocably elect to participate in the Mandatory Participant Contribution portion of the Plan by electing to contribute the specified amounts designated in items (i) through (iii) of the Contribution Schedule below for each Plan Year (subject to the limitations of Article V of the Plan):

Yes                       No

Contribution Schedule.

- (i) \_\_\_\_\_ % of Earnings,
- (ii) \$ \_\_\_\_\_, or
- (iii) a whole percentage of Earnings between the range of \_\_\_\_\_ (*insert range of percentages between 1% and 20% inclusive (e.g., 3%, 6%, or 20%; 5% to 7%)*), as designated by the Employee in accordance with guidelines and procedures established by the Employer for the Plan Year as a condition of participation in the Plan. A Participant must pick a single percentage and shall not have the right to discontinue or vary the rate of such contributions after becoming a Plan Participant.

Employer "Pick Up". The Employer hereby elects to "pick up" the Mandatory Participant Contributions.<sup>1</sup>

Yes                       No (*"Yes" is the default provision under the Plan if no selection is made.*)

C. Election Window. (Complete if Option B is selected.)

Newly eligible Employees shall be provided an election window of \_\_\_\_\_ days (*no more than 60 calendar days*) from the date of initial eligibility during which they may make the election to participate in the Mandatory Participant Contribution portion of the Plan. Participation in the Mandatory Participant Contribution portion of the Plan shall begin the first of the month following the end of the election window.

An Employee's election is irrevocable and shall remain in force until the Employee terminates employment or ceases to be eligible to participate in the Plan. In the event of re-employment to an eligible position, the Employee's original election will resume. In no event does the Employee have the option of receiving the pick-up contribution amount directly.

Discretionary Employer Contributions

The Employer will determine the amount of Employer contributions to be made to the Plan for each Plan Year. The amount of Employer contributions to be allocated to the Account of each Participant will be based on the ratio for the Plan Year that such Participant's Earnings bears to the Earnings of all Participants eligible for such contributions.

<sup>1</sup> Neither an IRS advisory letter nor a determination letter issued to an adopting Employer is a ruling by the Internal Revenue Service that Participant contributions that are "picked up" by the Employer are not includable in the Participant's gross income for federal income tax purposes. Pick-up contributions are not mandated to receive private letter rulings, however, if an adopting employer wishes to receive a ruling on pick-up contributions they may request one in accordance with Revenue Procedure 2012-4 (or subsequent guidance).

**Fixed Employer Match of Voluntary After-Tax Participant Contributions.**

The Employer shall contribute on behalf of each Participant \_\_\_% of Earnings for the Plan Year (subject to the limitations of Article V of the Plan) for each Plan Year that such Participant has contributed \_\_\_\_\_ % of Earnings or \$ \_\_\_\_\_. Under this option, there is a single, fixed rate of Employer contributions, but a Participant may decline to make the required Participant contributions in any Plan Year, in which case no Employer contribution will be made on the Participant's behalf in that Plan Year.

**Variable Employer Match of Voluntary After-Tax Participant Contributions.**

The Employer shall contribute on behalf of each Participant an amount determined as follows (subject to the limitations of Article V of the Plan):

\_\_\_\_\_ % of the Voluntary Participant Contributions made by the Participant for the Plan Year (not including Participant contributions exceeding \_\_\_\_\_ % of Earnings or \$ \_\_\_\_\_);

PLUS \_\_\_\_\_ % of the contributions made by the Participant for the Plan Year in excess of those included in the above paragraph (but not including Voluntary Participant Contributions exceeding in the aggregate \_\_\_\_\_ % of Earnings or \$ \_\_\_\_\_).

Employer Matching Contributions on behalf of a Participant for a Plan Year shall not exceed \_\_\_\_\_ \$ or \_\_\_\_\_ % of Earnings, whichever is \_\_\_ more or \_\_\_ less.

- 2. Each Participant may make a voluntary (unmatched), after tax contribution, subject to the limitations of Section 4.06 and Article V of the Plan:

Yes  No (*"No" is the default provision under the Plan if no selection is made.*)

- 3. Employer contributions for a Plan Year shall be contributed to the Trust in accordance with the following payment schedule (no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable depending on the basis on which the Employer keeps its books) with or within which the particular Limitation year ends, or in accordance with applicable law):

BI-WEEKLY

- 4. Participant contributions for a Plan Year shall be contributed to the Trust in accordance with the following payment schedule (no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable depending on the basis on which the Employer keeps its books) with or within which the particular Limitation year ends, or in accordance with applicable law):

BI-WEEKLY

- 5. In the case of a Participant performing qualified military service (as defined in Code section 414(u)) with respect to the Employer:

A. Plan contributions will be made based on differential wage payments:

Yes  No (*"Yes" is the default provision under the Plan if no selection is made.*)

If yes is selected, this is effective beginning January 1, 2009 unless another later effective date is filled in here

\_\_\_\_\_

B. Participants who die or become disabled will receive Plan contributions with respect to such service:

- Yes
- No (*"No" is the default provision under the Plan if no selection is made.*)

If yes is selected, this is effective for participants who died or became disabled while performing qualified military service on or after January 1, 2007 unless another later effective date is filled in here

\_\_\_\_\_

**VII. CASH OR DEFERRED ARRANGEMENT UNDER SECTION 401(k)**

1. This Plan will include a cash or deferred arrangement allowing for Elective Deferrals under section 401(k) of the Code:<sup>2</sup>

- Yes
- No (*"No" is the default provision under the Plan if no selection is made.*)

*(If "no" is selected, skip to section VIII.)*

Each Participant may elect to make Elective Deferrals, not to exceed 100 % of Earnings for the Plan Year, subject to the limitations of Article V of the Plan.

The provisions of the cash or deferred arrangement (the "401(k) feature") may be made effective as of the first day of the Plan Year in which the 401(k) feature is adopted. However, under no circumstances may a salary reduction agreement or other deferral mechanism be adopted retroactively.

2. The Employer will match Elective Deferrals:

- Yes
- No (*"No" is the default provision under the Plan if no selection is made.*)

The Employer will contribute as follows (choose one, if applicable):

**Employer Percentage Match of Elective Deferrals.**

The Employer shall contribute on behalf of each Participant an amount determined as follows (subject to the limitations of Article V of the Plan):

100% of the Elective Deferrals made on behalf of the Participant for the Plan Year (not including Elective Deferrals exceeding 3.0% of Earnings or \$ \_\_\_\_\_);

PLUS 50 % of the Elective Deferrals made on behalf of the Participant for the Plan Year in excess of those included in the above paragraph (but not including Elective Deferrals exceeding in the aggregate 3.0% of Earnings or \$ \_\_\_\_\_).

Employer Contributions on behalf of a Participant for a Plan Year shall not exceed \$ \_\_\_\_\_ or 4.5% of Earnings, whichever is \_\_\_\_\_ more or \_\_\_\_\_ less.

<sup>2</sup> Under current law, the cash or deferred arrangement option under section 401(k) of the Code is not available to an employer that is a State or local government or political subdivision thereof, or any agency or instrumentality thereof, unless that employer established a cash or deferred arrangement on or before May 6, 1986.

**Employer Dollar Match of Elective Deferrals.**

The Employer shall contribute on behalf of each Participant an amount determined as follows (subject to the limitations of Article V of the Plan):

\$ \_\_\_\_\_ for each \_\_\_\_\_ % of Earnings or \$ \_\_\_\_\_ that the Employer contributes on behalf of the Participant as Elective Deferrals for the Plan Year (not including Elective Deferrals exceeding \_\_\_\_\_% of Earnings or \$ \_\_\_\_\_ );

PLUS \$ \_\_\_\_\_ for each \_\_\_\_\_% of Earnings or \$ \_\_\_\_\_ that the Employer contributes on behalf of the Participant as Elective Deferrals for the Plan Year in excess of those included in the above paragraph (but not including Elective Deferrals exceeding in the aggregate \_\_\_\_\_ % of Earnings or \$ \_\_\_\_\_ ).

Employer Contributions on behalf of a Participant for a Plan Year shall not exceed \$ \_\_\_\_\_ or \_\_\_\_\_% of Earnings, whichever is \_\_\_\_\_ more or \_\_\_\_\_ less.

- 3. The Employer will permit Elective Deferrals and Catch-up Contributions elections to be made during the annual election window of 365 days (at least 30 calendar days). The election window will run from 1/1 to 12/31 (insert annual time frame for the election window or multiple time periods) and will not apply retroactively.
- 4. **Roth Provisions.** As provided in Section 20.03, Participants are permitted to make Roth Elective Deferrals from Compensation in the amount or percentage specified in a salary reduction agreement:

- Yes                       No (*"No" is the default provision under the Plan if no selection is made.*)

**VIII. EARNINGS**

Earnings, as defined under Section 2.10 of the Plan, shall include:

- 1. Overtime
  - Yes                       No
- 2. Bonuses
  - Yes                       No
- 3. Other Pay (specifically describe any other types of pay to be included below)

**IX. ROLLOVER PROVISIONS**

- 1. The Employer will permit rollover contributions in accordance with Section 4.13 of the Plan:
  - Yes                       No (*"Yes" is the default provision under the Plan if no selection is made.*)
- 2. The Plan will accept a direct rollover contribution to a Designated Roth Account as permitted in Section 20.05(b) (*401(k) plans with Roth feature only*):
  - Yes                       No (*"Yes" is the default provision under the Plan if no selection is made.*)
- 3. The Plan will allow In-Plan Roth Conversions as provided in Section 20.06 (*401(k) plans with Roth feature only*):
  - Yes                       No (*"Yes" is the default provision under the Plan if no selection is made.*)

4. Direct rollovers by non-spouse beneficiaries are effective for distributions after 2006 unless the Plan delayed making them available. If the Plan delayed making such rollovers available, check the box below and indicate the later effective date in the space provided.

Effective Date is \_\_\_\_\_.

*(Note: Plans must offer direct rollovers by non-spouse beneficiaries no later than plan years beginning after December 31, 2009.)*

**X. LIMITATION ON ALLOCATIONS**

If the Employer maintains or ever maintained another qualified plan in which any Participant in this Plan is (or was) a participant or could possibly become a participant, the Employer hereby agrees to limit contributions to all such plans as provided herein, if necessary in order to avoid excess contributions (as described in Section 5.04 of the Plan).

1. If the Participant is covered under another qualified defined contribution plan maintained by the Employer, the provisions of Section 5.04(a) through (e) of the Plan will apply, unless another method has been indicated below.

Other Method. (Provide the method under which the plans will limit total Annual Additions to the Maximum Permissible Amount, and will properly reduce any excess amounts, in a manner that precludes Employer discretion.)

2. The Limitation Year is the following 12 consecutive month period:

January 1 - December 31

3. Unless the Employer elects a delayed effective date below, Article 5 of the Plan will apply to limitations years beginning on or after July 1, 2007.

*(The effective date listed cannot be later than 90 days after the close of the first regular legislative session of the legislative body with authority to amend the plan that begins on or after July 1, 2007.)*

**XI. VESTING PROVISIONS**

The Employer hereby specifies the following vesting schedule, subject to (1) the minimum vesting requirements and (2) the concurrence of the Plan Administrator. *(For the blanks below, enter the applicable percent – from 0 to 100 (with no entry after the year in which 100% is entered), in ascending order.)*

<u>Period of Service Completed</u>	<u>Percent Vested</u>
Zero	<u>0</u> %
One	<u>20</u> %
Two	<u>40</u> %
Three	<u>60</u> %
Four	<u>80</u> %
Five	<u>100</u> %
Six	<u>        </u> %
Seven	<u>        </u> %
Eight	<u>        </u> %
Nine	<u>        </u> %
Ten	<u>        </u> %

**XII. WITHDRAWALS AND LOANS**

1. Qualified reservist distributions are available under the plan (*401(k) plans only*):
- Yes  No (*"Yes" is the default provision under the Plan if no selection is made.*)
2. In-service distributions are permitted under the Plan, as provided in Section 9.08, after a participant attains age (*select one of the below options*):
- 59 ½  
 70½ (*"70½" is the default provision under the Plan if no selection is made.*)  
 Not permitted at any age
3. A Participant shall be deemed to have a severance from employment solely for purposes of eligibility to receive distributions from the Plan during any period the individual is performing service in the uniformed services for more than 30 days:
- Yes  No (*"Yes" is the default provision under the Plan if no selection is made.*)
4. Tax-free distributions of up to \$3,000 for the direct payment of qualifying insurance premiums for eligible retired public safety officers are available under the Plan.
- Yes  No (*"No" is the default provision under the Plan if no selection is made.*)
5. In-service distributions of the Rollover Account are permitted under the Plan as provided in Section 9.09
- Yes  No (*"No" is the default provision under the Plan if no selection is made.*)
6. The Plan will provide the following with respect to loans:
- a. Loans are permitted under the Plan, as provided in Article XIII of the Plan:
- Yes  No (*"No" is the default provision under the Plan if no selection is made.*)
- b. Designated Roth Accounts will be available as a source for loans under the Plan (*401(k) plans with Roth feature only*):
- Yes  No (*"No" is the default provision under the Plan if no selection is made.*)
7. (*401(k) plans only*) Hardship withdrawals are permitted under the Plan as provided in Section 9.07 but only if specifically elected by the Employer.
- Yes  No (*"No" is the default provision under the Plan if no selection is made.*)

If selected, hardship distributions will be available for the following accounts:

- a. Employer Contribution Account (Nonforfeitable Interest):
- Yes  No (*"No" is the default provision under the Plan if no selection is made.*)
- b. Participant Elective Deferral Account (not including earnings thereon accrued after December 31, 1988):
- Yes  No (*"Yes" is the default provision under the Plan if no selection is made.*)

c. The determination of any deemed immediate and heavy financial need will be expanded to include any immediate and heavy financial need of the Participant's Primary Beneficiary, as provided in Section 9.07(b)(3):

- Yes
- No (*"Yes" is the default provision under the Plan if no selection is made.*)

**XIII. SPOUSAL PROTECTION**

The Plan will provide the following level of spousal protection (select one):

- 1. Participant Directed Election. The normal form of payment of benefits under the Plan is a lump sum. The Participant can name any person(s) as the Beneficiary of the Plan, with no spousal consent required.
- 2. Beneficiary Spousal Consent Election (Article XII). The normal form of payment of benefits under the Plan is a lump sum. Upon death, the surviving spouse is the Beneficiary, unless he or she consents to the Participant's naming another Beneficiary. (*"Beneficiary Spousal Consent Election" is the default provision under the Plan if no selection is made.*)
- 3. QJSA Election (Article XVII). The normal form of payment of benefits under the Plan is a 50% qualified joint and survivor annuity with the spouse (or life annuity, if single). In the event of the Participant's death prior to commencing payments, the spouse will receive an annuity for his or her lifetime. (If C is selected, the spousal consent requirements in Article XII also will apply.)

**XIV. FINAL PAY CONTRIBUTIONS**

The Plan will provide for Final Pay Contributions if either 1 or 2 below is selected.

The following group of Employees shall be eligible for Final Pay Contributions:

- All Eligible Employees
- Other: \_\_\_\_\_

**Final Pay shall be defined as (select one):**

- A. Accrued unpaid vacation
- B. Accrued unpaid sick leave
- C. Accrued unpaid vacation and sick leave
- D. Other (*insert definition of Final Pay – must be leave that Employee would have been able to use if employment had continued and must be bona fide vacation and/or sick leave*):  
\_\_\_\_\_

- 1. **Employer Final Pay Contribution.** The Employer shall contribute on behalf of each Participant \_\_\_\_\_% of Final Pay to the Plan (subject to the limitations of Article V of the Plan).
- 2. **Employee Designated Final Pay Contribution.** Each Employee eligible to participate in the Plan shall be given the opportunity at enrollment to irrevocably elect to contribute \_\_\_\_ % (insert fixed percentage of final pay to be contributed) or up to \_\_\_\_ % (insert maximum percentage of final pay to be contributed) of Final Pay to the Plan (subject to the limitations of Article V of the Plan).

Once elected, an Employee's election shall remain in force and may not be revised or revoked.

**XV. ACCRUED LEAVE CONTRIBUTIONS**

The Plan will provide for accrued unpaid leave contributions annually if either 1 or 2 is selected below.

The following group of Employees shall be eligible for Accrued Leave Contributions:

- All Eligible Employees
- Other: \_\_\_\_\_

**Accrued Leave shall be defined as (select one):**

- A. Accrued unpaid vacation
- B. Accrued unpaid sick leave
- C. Accrued unpaid vacation and sick leave
- D. Other (*insert definition of accrued leave that is bona fide vacation and/or sick leave*):  
\_\_\_\_\_

1. **Employer Accrued Leave Contribution.** The Employer shall contribute as follows (choose one of the following options):

- For each Plan Year, the Employer shall contribute on behalf of each Eligible Participant the unused Accrued Leave in excess of \_\_\_\_\_ (insert number of hours/days/weeks (circle one)) to the Plan (subject to the limitations of Article V of the Plan).
- For each Plan Year, the Employer shall contribute on behalf of each Eligible Participant \_\_\_\_\_ % of unused Accrued Leave to the Plan (subject to the limitations of Article V of the Plan).

2. **Employee Designated Accrued Leave Contribution.**

Each eligible Participant shall be given the opportunity at enrollment to irrevocably elect to contribute \_\_\_\_\_ % (insert fixed percentage of accrued unpaid leave to be contributed) or up to \_\_\_\_\_ % (insert maximum percentage of accrued unpaid leave to be contributed) of Accrued Leave to the Plan (subject to the limitations of Article V of the Plan).

Once elected, an Employee's election shall remain in force and may not be revised or revoked.

**XVI.** The Employer hereby attests that it is a unit of state or local government or an agency or instrumentality of one or more units of state or local government.

**XVII.** The Employer understands that this Adoption Agreement is to be used with only the ICMA Retirement Corporation Governmental Profit Sharing Plan and Trust. This ICMA Retirement Corporation Governmental Profit Sharing Plan and Trust is a restatement of a previous plan, which was submitted to the Internal Revenue Service for approval on April 2, 2012, and received approval on March 31, 2014.

The Plan Administrator hereby agrees to inform the Employer of any amendments to the Plan made pursuant to Section 14.05 of the Plan or of the discontinuance or abandonment of the Plan. The Employer understands that an amendment(s) made pursuant to Section 14.05 of the Plan will become effective within 30 days of notice of the amendment(s) unless the Employer notifies the Plan Administrator, in writing, that it disapproves of the amendment(s). If the Employer so disapproves, the Plan Administrator will be under no obligation to act as Administrator under the Plan.

**XVIII.** The Employer hereby appoints the ICMA Retirement Corporation as the Plan Administrator pursuant to the terms and conditions of the ICMA RETIREMENT CORPORATION GOVERNMENTAL PROFIT SHARING PLAN & TRUST.

The Employer hereby agrees to the provisions of the Plan and Trust.

**XIX.** The Employer hereby acknowledges it understands that failure to properly fill out this Adoption Agreement may result in disqualification of the Plan.

**XX.** An adopting Employer may rely on an advisory letter issued by the Internal Revenue Service as evidence that the Plan is qualified under section 401 of the Internal Revenue Code to the extent provided in applicable IRS revenue procedures and other official guidance.

In Witness Whereof, the Employer hereby causes this Agreement to be executed on this 7 day of APRIL, 2016.

EMPLOYER

ICMA RETIREMENT CORPORATION  
777 North Capitol St., NE Suite 600  
Washington, DC 20002  
800-326-7272

By: STEPHEN G. RILEY

By: 

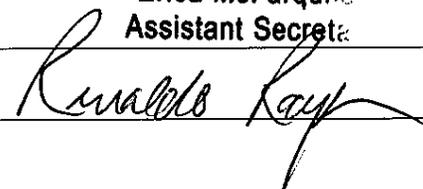
Print Name: STEPHEN G. RILEY

Print Name: Erica McFarquhar

Title: TOWN MANAGER

Title: Assistant Secretary

Attest: NANCY H. GASEN

Attest: 

**ICMA RETIREMENT CORPORATION  
GOVERNMENTAL PROFIT-SHARING PLAN & TRUST  
ADOPTION AGREEMENT**

Plan Number 109616

The Employer hereby establishes a Profit Sharing Plan and Trust to be known as TOWN OF HILTON HEAD ISLAND FIRE RESCUE 401K  
(the "Plan") in the form of the ICMA Retirement Corporation Governmental Profit Sharing Plan and Trust. **PLAN**

This Plan is an amendment and restatement of an existing defined contribution profit sharing plan.

- Yes                       No

If yes, please specify the name of the defined contribution profit sharing plan which this Plan hereby amends and restates:  
TOWN OF HILTON HEAD ISLAND SAVINGS PLAN (FIRE & RESCUE DIVISION)

I. **Employer:** TOWN OF HILTON HEAD ISLAND 401(K)

II. **Effective Dates**

1. **Effective Date of Restatement.** If this document is a restatement of an existing plan, the effective date of the Plan shall be January 1, 2007 unless an alternate effective date is hereby specified: \_\_\_\_\_

(Note: An alternate effective date can be no earlier than January 1, 2007.)

2. **Effective Date of New Plan.** If this is a new Plan, the effective date of the Plan shall be the first day of the Plan Year during which the Employer adopts the Plan, unless an alternate Effective Date is hereby specified:  
\_\_\_\_\_

3. **Special Effective Dates.** Please note here any elections in the Adoption Agreement with an effective date that is different from that noted in 1. or 2. above.

(Note provision and effective date.)

III. **Plan Year** will mean:

- The twelve (12) consecutive month period which coincides with the limitation year. (See Section 5.05(h) of the Plan.)
- The twelve (12) consecutive month period commencing on \_\_\_\_\_ and each anniversary thereof.

IV. **Normal Retirement Age** shall be age 55.0 (not to exceed age 65).

**V. ELIGIBILITY REQUIREMENTS**

1. The following group or groups of Employees are eligible to participate in the Plan:

- All Employees
- All Full Time Employees
- Salaried Employees
- Non union Employees
- Management Employees
- Public Safety Employees Police Officers Retirement System participants
- General Employees
- Other Employees (Specify the group(s) of eligible employees below. Do not specify employees by name. Specific positions are acceptable.) \_\_\_\_\_

The group specified must correspond to a group of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other material in effect in the state or locality of the Employer. The eligibility requirements cannot be such that an Employee becomes eligible only in the Plan Year in which the Employee terminates employment. Note: As stated in Sections 4.08 and 4.09, the Plan may, however, provide that Final Pay Contributions or Accrued Leave Contributions are the only contributions made under the Plan.

2. The Employer hereby waives or reduces the requirement of a twelve (12) month Period of Service for participation. The required Period of Service shall be (write N/A if an Employee is eligible to participate upon employment) N/A.

If this waiver or reduction is elected, it shall apply to all Employees within the Covered Employment Classification.

3. A minimum age requirement is hereby specified for eligibility to participate. The minimum age requirement is N/A (not to exceed age 21. Write N/A if no minimum age is declared.)

**VI. CONTRIBUTION PROVISIONS**

1. The Employer shall contribute as follows (Choose all that apply):

**Fixed Employer Contributions With or Without Mandatory Participant Contributions.** (If Option B is chosen, please complete section C.)

A. Fixed Employer Contributions. The Employer shall contribute on behalf of each Participant \_\_\_\_\_% of Earnings or \$\_\_\_\_\_ for the Plan Year (subject to the limitations of Article V of the Plan). Mandatory Participant Contributions:

- are required
- are not required

to be eligible for this Employer Contribution.

B. Mandatory Participant Contributions for Plan Participation.

Required Mandatory Contributions. A Participant is required to contribute (subject to the limitations of Article V of the Plan) the specified amounts designated in items (i) through (iii) of the Contribution Schedule below:

Yes                       No

Employee Opt-In Mandatory Contributions. To the extent that mandatory Participant contributions are not required by the Plan, each Employee eligible to participate in the Plan shall be given the opportunity to irrevocably elect to participate in the Mandatory Participant Contribution portion of the Plan by electing to contribute the specified amounts designated in items (i) through (iii) of the Contribution Schedule below for each Plan Year (subject to the limitations of Article V of the Plan):

Yes                       No

Contribution Schedule.

- (i) \_\_\_\_\_ % of Earnings,
- (ii) \$ \_\_\_\_\_ , or
- (iii) a whole percentage of Earnings between the range of \_\_\_\_\_ (*insert range of percentages between 1% and 20% inclusive (e.g., 3%, 6%, or 20%; 5% to 7%)*), as designated by the Employee in accordance with guidelines and procedures established by the Employer for the Plan Year as a condition of participation in the Plan. A Participant must pick a single percentage and shall not have the right to discontinue or vary the rate of such contributions after becoming a Plan Participant.

Employer "Pick Up". The Employer hereby elects to "pick up" the Mandatory Participant Contributions.<sup>1</sup>

Yes                       No (*"Yes" is the default provision under the Plan if no selection is made.*)

C. Election Window. (Complete if Option B is selected.)

Newly eligible Employees shall be provided an election window of \_\_\_\_\_ days (*no more than 60 calendar days*) from the date of initial eligibility during which they may make the election to participate in the Mandatory Participant Contribution portion of the Plan. Participation in the Mandatory Participant Contribution portion of the Plan shall begin the first of the month following the end of the election window.

An Employee's election is irrevocable and shall remain in force until the Employee terminates employment or ceases to be eligible to participate in the Plan. In the event of re-employment to an eligible position, the Employee's original election will resume. In no event does the Employee have the option of receiving the pick-up contribution amount directly.

Discretionary Employer Contributions

The Employer will determine the amount of Employer contributions to be made to the Plan for each Plan Year. The amount of Employer contributions to be allocated to the Account of each Participant will be based on the ratio for the Plan Year that such Participant's Earnings bears to the Earnings of all Participants eligible for such contributions.

<sup>1</sup> Neither an IRS advisory letter nor a determination letter issued to an adopting Employer is a ruling by the Internal Revenue Service that Participant contributions that are "picked up" by the Employer are not includable in the Participant's gross income for federal income tax purposes. Pick-up contributions are not mandated to receive private letter rulings, however, if an adopting employer wishes to receive a ruling on pick-up contributions they may request one in accordance with Revenue Procedure 2012-4 (or subsequent guidance).

**Fixed Employer Match of Voluntary After-Tax Participant Contributions.**

The Employer shall contribute on behalf of each Participant \_\_\_% of Earnings for the Plan Year (subject to the limitations of Article V of the Plan) for each Plan Year that such Participant has contributed \_\_\_\_\_ % of Earnings or \$ \_\_\_\_\_. Under this option, there is a single, fixed rate of Employer contributions, but a Participant may decline to make the required Participant contributions in any Plan Year, in which case no Employer contribution will be made on the Participant's behalf in that Plan Year.

**Variable Employer Match of Voluntary After-Tax Participant Contributions.**

The Employer shall contribute on behalf of each Participant an amount determined as follows (subject to the limitations of Article V of the Plan):

\_\_\_\_\_ % of the Voluntary Participant Contributions made by the Participant for the Plan Year (not including Participant contributions exceeding \_\_\_\_\_ % of Earnings or \$ \_\_\_\_\_);

PLUS \_\_\_\_\_ % of the contributions made by the Participant for the Plan Year in excess of those included in the above paragraph (but not including Voluntary Participant Contributions exceeding in the aggregate \_\_\_\_\_ % of Earnings or \$ \_\_\_\_\_).

Employer Matching Contributions on behalf of a Participant for a Plan Year shall not exceed \_\_\_\_\_ \$ or \_\_\_\_\_ % of Earnings, whichever is \_\_\_ more or \_\_\_ less.

- 2. Each Participant may make a voluntary (unmatched), after tax contribution, subject to the limitations of Section 4.06 and Article V of the Plan:

Yes  No (*"No" is the default provision under the Plan if no selection is made.*)

- 3. Employer contributions for a Plan Year shall be contributed to the Trust in accordance with the following payment schedule (no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable depending on the basis on which the Employer keeps its books) with or within which the particular Limitation year ends, or in accordance with applicable law):

BI-WEEKLY OR SEMI-MONTHLY

- 4. Participant contributions for a Plan Year shall be contributed to the Trust in accordance with the following payment schedule (no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable depending on the basis on which the Employer keeps its books) with or within which the particular Limitation year ends, or in accordance with applicable law):

BI-WEEKLY OR SEMI-MONTHLY

- 5. In the case of a Participant performing qualified military service (as defined in Code section 414(u)) with respect to the Employer:

A. Plan contributions will be made based on differential wage payments:

Yes  No (*"Yes" is the default provision under the Plan if no selection is made.*)

If yes is selected, this is effective beginning January 1, 2009 unless another later effective date is filled in here

\_\_\_\_\_

B. Participants who die or become disabled will receive Plan contributions with respect to such service:

- Yes
- No (*"No" is the default provision under the Plan if no selection is made.*)

If yes is selected, this is effective for participants who died or became disabled while performing qualified military service on or after January 1, 2007 unless another later effective date is filled in here

\_\_\_\_\_

**VII. CASH OR DEFERRED ARRANGEMENT UNDER SECTION 401(k)**

1. This Plan will include a cash or deferred arrangement allowing for Elective Deferrals under section 401(k) of the Code:<sup>2</sup>

- Yes
- No (*"No" is the default provision under the Plan if no selection is made.*)

*(If "no" is selected, skip to section VIII.)*

Each Participant may elect to make Elective Deferrals, not to exceed 100 % of Earnings for the Plan Year, subject to the limitations of Article V of the Plan.

The provisions of the cash or deferred arrangement (the "401(k) feature") may be made effective as of the first day of the Plan Year in which the 401(k) feature is adopted. However, under no circumstances may a salary reduction agreement or other deferral mechanism be adopted retroactively.

2. The Employer will match Elective Deferrals:

- Yes
- No (*"No" is the default provision under the Plan if no selection is made.*)

The Employer will contribute as follows (choose one, if applicable):

**Employer Percentage Match of Elective Deferrals.**

The Employer shall contribute on behalf of each Participant an amount determined as follows (subject to the limitations of Article V of the Plan):

\_\_\_\_\_% of the Elective Deferrals made on behalf of the Participant for the Plan Year (not including Elective Deferrals exceeding \_\_\_\_% of Earnings or \$ \_\_\_\_\_);

PLUS \_\_\_\_ % of the Elective Deferrals made on behalf of the Participant for the Plan Year in excess of those included in the above paragraph (but not including Elective Deferrals exceeding in the aggregate \_\_\_\_% of Earnings or \$ \_\_\_\_\_).

Employer Contributions on behalf of a Participant for a Plan Year shall not exceed \$ \_\_\_\_\_ or \_\_\_\_% of Earnings, whichever is \_\_\_\_ more or \_\_\_\_ less.

<sup>2</sup> Under current law, the cash or deferred arrangement option under section 401(k) of the Code is not available to an employer that is a State or local government or political subdivision thereof, or any agency or instrumentality thereof, unless that employer established a cash or deferred arrangement on or before May 6, 1986.

**Employer Dollar Match of Elective Deferrals.**

The Employer shall contribute on behalf of each Participant an amount determined as follows (subject to the limitations of Article V of the Plan):

\$ \_\_\_\_\_ for each \_\_\_\_\_ % of Earnings or \$ \_\_\_\_\_ that the Employer contributes on behalf of the Participant as Elective Deferrals for the Plan Year (not including Elective Deferrals exceeding \_\_\_\_\_% of Earnings or \$ \_\_\_\_\_ );

PLUS \$ \_\_\_\_\_ for each \_\_\_\_\_% of Earnings or \$ \_\_\_\_\_ that the Employer contributes on behalf of the Participant as Elective Deferrals for the Plan Year in excess of those included in the above paragraph (but not including Elective Deferrals exceeding in the aggregate \_\_\_\_\_ % of Earnings or \$ \_\_\_\_\_ ).

Employer Contributions on behalf of a Participant for a Plan Year shall not exceed \$ \_\_\_\_\_ or \_\_\_\_\_% of Earnings, whichever is \_\_\_\_\_ more or \_\_\_\_\_ less.

- 3. The Employer will permit Elective Deferrals and Catch-up Contributions elections to be made during the annual election window of 365 days (at least 30 calendar days). The election window will run from 1/1 to 12/31 (insert annual time frame for the election window or multiple time periods) and will not apply retroactively.
- 4. **Roth Provisions.** As provided in Section 20.03, Participants are permitted to make Roth Elective Deferrals from Compensation in the amount or percentage specified in a salary reduction agreement:

Yes                       No (*"No" is the default provision under the Plan if no selection is made.*)

**VIII. EARNINGS**

Earnings, as defined under Section 2.10 of the Plan, shall include:

- 1. Overtime

Yes                       No

- 2. Bonuses

Yes                       No

- 3. Other Pay (specifically describe any other types of pay to be included below)

**IX. ROLLOVER PROVISIONS**

- 1. The Employer will permit rollover contributions in accordance with Section 4.13 of the Plan:

Yes                       No (*"Yes" is the default provision under the Plan if no selection is made.*)

- 2. The Plan will accept a direct rollover contribution to a Designated Roth Account as permitted in Section 20.05(b) (*401(k) plans with Roth feature only*):

Yes                       No (*"Yes" is the default provision under the Plan if no selection is made.*)

- 3. The Plan will allow In-Plan Roth Conversions as provided in Section 20.06 (*401(k) plans with Roth feature only*):

Yes                       No (*"Yes" is the default provision under the Plan if no selection is made.*)

4. Direct rollovers by non-spouse beneficiaries are effective for distributions after 2006 unless the Plan delayed making them available. If the Plan delayed making such rollovers available, check the box below and indicate the later effective date in the space provided.

Effective Date is \_\_\_\_\_.

*(Note: Plans must offer direct rollovers by non-spouse beneficiaries no later than plan years beginning after December 31, 2009.)*

**X. LIMITATION ON ALLOCATIONS**

If the Employer maintains or ever maintained another qualified plan in which any Participant in this Plan is (or was) a participant or could possibly become a participant, the Employer hereby agrees to limit contributions to all such plans as provided herein, if necessary in order to avoid excess contributions (as described in Section 5.04 of the Plan).

1. If the Participant is covered under another qualified defined contribution plan maintained by the Employer, the provisions of Section 5.04(a) through (e) of the Plan will apply, unless another method has been indicated below.

Other Method. (Provide the method under which the plans will limit total Annual Additions to the Maximum Permissible Amount, and will properly reduce any excess amounts, in a manner that precludes Employer discretion.)

2. The Limitation Year is the following 12 consecutive month period:  
January 1 - December 31

3. Unless the Employer elects a delayed effective date below, Article 5 of the Plan will apply to limitations years beginning on or after July 1, 2007.
- \_\_\_\_\_

*(The effective date listed cannot be later than 90 days after the close of the first regular legislative session of the legislative body with authority to amend the plan that begins on or after July 1, 2007.)*

**XI. VESTING PROVISIONS**

The Employer hereby specifies the following vesting schedule, subject to (1) the minimum vesting requirements and (2) the concurrence of the Plan Administrator. *(For the blanks below, enter the applicable percent – from 0 to 100 (with no entry after the year in which 100% is entered), in ascending order.)*

<u>Period of Service Completed</u>	<u>Percent Vested</u>
Zero	<u>100</u> %
One	<u>      </u> %
Two	<u>      </u> %
Three	<u>      </u> %
Four	<u>      </u> %
Five	<u>      </u> %
Six	<u>      </u> %
Seven	<u>      </u> %
Eight	<u>      </u> %
Nine	<u>      </u> %
Ten	<u>      </u> %

**XII. WITHDRAWALS AND LOANS**

1. Qualified reservist distributions are available under the plan (*401(k) plans only*):
- Yes  No (*"Yes" is the default provision under the Plan if no selection is made.*)
2. In-service distributions are permitted under the Plan, as provided in Section 9.08, after a participant attains age (*select one of the below options*):
- 59 ½  
 70½ (*"70½" is the default provision under the Plan if no selection is made.*)  
 Not permitted at any age
3. A Participant shall be deemed to have a severance from employment solely for purposes of eligibility to receive distributions from the Plan during any period the individual is performing service in the uniformed services for more than 30 days:
- Yes  No (*"Yes" is the default provision under the Plan if no selection is made.*)
4. Tax-free distributions of up to \$3,000 for the direct payment of qualifying insurance premiums for eligible retired public safety officers are available under the Plan.
- Yes  No (*"No" is the default provision under the Plan if no selection is made.*)
5. In-service distributions of the Rollover Account are permitted under the Plan as provided in Section 9.09
- Yes  No (*"No" is the default provision under the Plan if no selection is made.*)
6. The Plan will provide the following with respect to loans:
- a. Loans are permitted under the Plan, as provided in Article XIII of the Plan:
- Yes  No (*"No" is the default provision under the Plan if no selection is made.*)
- b. Designated Roth Accounts will be available as a source for loans under the Plan (*401(k) plans with Roth feature only*):
- Yes  No (*"No" is the default provision under the Plan if no selection is made.*)
7. (*401(k) plans only*) Hardship withdrawals are permitted under the Plan as provided in Section 9.07 but only if specifically elected by the Employer.
- Yes  No (*"No" is the default provision under the Plan if no selection is made.*)
- If selected, hardship distributions will be available for the following accounts:
- a. Employer Contribution Account (Nonforfeitable Interest):
- Yes  No (*"No" is the default provision under the Plan if no selection is made.*)
- b. Participant Elective Deferral Account (not including earnings thereon accrued after December 31, 1988):
- Yes  No (*"Yes" is the default provision under the Plan if no selection is made.*)

- c. The determination of any deemed immediate and heavy financial need will be expanded to include any immediate and heavy financial need of the Participant's Primary Beneficiary, as provided in Section 9.07(b)(3):

Yes                       No (*"Yes" is the default provision under the Plan if no selection is made.*)

**XIII. SPOUSAL PROTECTION**

The Plan will provide the following level of spousal protection (select one):

- 1. Participant Directed Election. The normal form of payment of benefits under the Plan is a lump sum. The Participant can name any person(s) as the Beneficiary of the Plan, with no spousal consent required.
- 2. Beneficiary Spousal Consent Election (Article XII). The normal form of payment of benefits under the Plan is a lump sum. Upon death, the surviving spouse is the Beneficiary, unless he or she consents to the Participant's naming another Beneficiary. (*"Beneficiary Spousal Consent Election" is the default provision under the Plan if no selection is made.*)
- 3. QJSA Election (Article XVII). The normal form of payment of benefits under the Plan is a 50% qualified joint and survivor annuity with the spouse (or life annuity, if single). In the event of the Participant's death prior to commencing payments, the spouse will receive an annuity for his or her lifetime. (If C is selected, the spousal consent requirements in Article XII also will apply.)

**XIV. FINAL PAY CONTRIBUTIONS**

The Plan will provide for Final Pay Contributions if either 1 or 2 below is selected.

The following group of Employees shall be eligible for Final Pay Contributions:

- All Eligible Employees
- Other: \_\_\_\_\_

**Final Pay shall be defined as (select one):**

- A. Accrued unpaid vacation
- B. Accrued unpaid sick leave
- C. Accrued unpaid vacation and sick leave
- D. Other (*insert definition of Final Pay – must be leave that Employee would have been able to use if employment had continued and must be bona fide vacation and/or sick leave*):  
\_\_\_\_\_

- 1. **Employer Final Pay Contribution.** The Employer shall contribute on behalf of each Participant \_\_\_\_\_% of Final Pay to the Plan (subject to the limitations of Article V of the Plan).
- 2. **Employee Designated Final Pay Contribution.** Each Employee eligible to participate in the Plan shall be given the opportunity at enrollment to irrevocably elect to contribute \_\_\_\_ % (insert fixed percentage of final pay to be contributed) or up to \_\_\_\_ % (insert maximum percentage of final pay to be contributed) of Final Pay to the Plan (subject to the limitations of Article V of the Plan).

Once elected, an Employee's election shall remain in force and may not be revised or revoked.

**XV. ACCRUED LEAVE CONTRIBUTIONS**

The Plan will provide for accrued unpaid leave contributions annually if either 1 or 2 is selected below.

The following group of Employees shall be eligible for Accrued Leave Contributions:

- All Eligible Employees
- Other: \_\_\_\_\_

**Accrued Leave shall be defined as (select one):**

- A. Accrued unpaid vacation
- B. Accrued unpaid sick leave
- C. Accrued unpaid vacation and sick leave
- D. Other (*insert definition of accrued leave that is bona fide vacation and/or sick leave*):  
\_\_\_\_\_

1. **Employer Accrued Leave Contribution.** The Employer shall contribute as follows (choose one of the following options):

- For each Plan Year, the Employer shall contribute on behalf of each Eligible Participant the unused Accrued Leave in excess of \_\_\_\_ (insert number of hours/days/weeks (circle one)) to the Plan (subject to the limitations of Article V of the Plan).
- For each Plan Year, the Employer shall contribute on behalf of each Eligible Participant \_\_\_\_\_ % of unused Accrued Leave to the Plan (subject to the limitations of Article V of the Plan).

2. **Employee Designated Accrued Leave Contribution.**

Each eligible Participant shall be given the opportunity at enrollment to irrevocably elect to contribute \_\_\_\_\_ % (insert fixed percentage of accrued unpaid leave to be contributed) or up to \_\_\_\_\_ % (insert maximum percentage of accrued unpaid leave to be contributed) of Accrued Leave to the Plan (subject to the limitations of Article V of the Plan).

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In Witness Whereof, the Employer hereby causes this Agreement to be executed on this 7 day of APRIL, 2016.

EMPLOYER

ICMA RETIREMENT CORPORATION  
777 North Capitol St., NE Suite 600  
Washington, DC 20002  
800-326-7272

By: STEPHEN G. RILEY

By: 

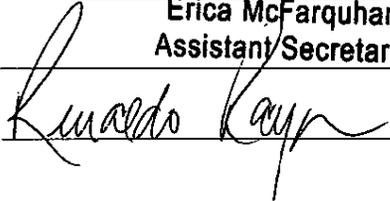
Print Name: STEPHEN G. RILEY

Print Name: \_\_\_\_\_

Title: TOWN MANAGER

Title: Erica McFarquhar  
Assistant Secretary

Attest: NANCY H. GASEN

Attest: 



Town of Hilton Head Island

---

NAME OF EMPLOYER

## RETIREE WELFARE BENEFITS PLAN



# RETIREE WELFARE BENEFITS PLAN

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Name of Employer

## RETIREE WELFARE BENEFITS PLAN

### ARTICLE I

#### Preamble

THIS INSTRUMENT made and published by Town of Hilton Head Island (hereinafter called "Employer") on the 6th day of February, 20 02, creates the Town of Hilton Head Island Retiree Welfare Benefits Plan, as follows:

#### 1.01 Establishment of Plan

The Employer named above hereby establishes a Retiree Welfare Benefits Plan as of the 6th day of February, 20 02.

#### 1.02 Purpose of Plan

This Plan has been established to reimburse the eligible Retirees of the Employer for medical and dental expenses incurred by them, their Spouses and Dependents pursuant to the Employer's VantageCare Retirement Health Savings (RHS) Plan.

### ARTICLE II

#### Definitions

The following words and phrases as used herein shall have the following meanings, unless a different meaning is plainly required by the context:

**2.01 "Benefits"** means any amounts paid to a Participant, Spouse or Dependents in the Plan as reimbursement for Eligible Medical and Dental Expenses incurred by the Participant during a Plan Year by him, his Spouse or his Dependents.

**2.02 "Code"** means the Internal Revenue Code of 1986, as amended.

**2.03 "Dependent"** means any individual who is a dependent of the Participant within the meaning of Code Sec. 152, as amplified by Internal Revenue Service Notice 2004-79, 2004-49 I.R.B.898.

**2.04 "Eligible Medical Expenses"** means those expenses designated by the Employer as eligible for reimbursement in the VantageCare Retirement Health Savings Plan Adoption Agreement.

**2.05 "Employer"** means the unit of state or local government creating this Plan, or any affiliate or successor thereof that likewise adopts this Plan.

**2.06 "Entry Date"** means the first day the Participant meets the eligibility requirements of Article III as of such Date.

**2.07 "Participant"** means any Retiree who has met the eligibility requirements set forth in Article III.

**2.08 "Plan Administrator"** means the Employer or other person appointed by the Employer who has the authority and responsibility to manage and direct the operation and administration of the Plan.

**2.09 "Plan Year"** means the annual accounting period of the Plan, which begins on the 1st day of January, 20 02, and ends on the 31st day of December, 20 02, with respect to the first Plan Year, and thereafter as long as this Plan remains in effect, the period that begins on January 1st, and ends on month/day December 31st.

**2.10 "Retiree"** means any individual who, while in the service of the Employer, was considered to be in a legal employer-employee relationship with the Employer for federal withholding tax purposes, and who was part of the classification of employees designated as covered by the Employer's VantageCare Retirement Health Savings Plan.

**2.11 "Spouse"** means the Participant's lawful spouse as determined under the laws of the jurisdiction in which the Participant was married. All other defined terms in this Plan shall have the meanings specified in the various Articles of the Plan in which they appear.

## **ARTICLE III**

### **Eligibility**

Each Retiree who meets the eligibility requirements outlined in the Employer's VantageCare Retirement Health Savings Plan shall be eligible to participate in this Plan.

## **ARTICLE IV**

### **Amount of Benefits**

#### **4.01 Annual Benefits Provided by the Plan**

Each Participant shall be entitled to reimbursement for his documented, Eligible Medical Expenses incurred during the Plan Year in an annual amount not to exceed the account balance of the Participant in the Employer's VantageCare Retirement Health Savings Plan.

#### **4.02 Cost of Coverage**

The expense of providing the benefits set out in Section 4.01 shall be contributed as outlined in the Employer's VantageCare Retirement Health Savings Plan.

## **ARTICLE V**

### **Payment of Benefits**

#### **5.01 Eligibility for Benefits**

- a) Each Participant in the Plan shall be entitled to a benefit hereunder for all Eligible Medical Expenses incurred by the Participant on or after the Entry Date of his or her participation (and after the effective date of the Plan), subject to the limitations contained in this Article V, regardless whether the mental or physical condition for which the Participant makes application for benefits under this Plan was detected, diagnosed, or treated before the Participant became covered by the Plan.
- b) In order to be eligible for benefits, the Participant must separate from service or separate from service and meet the benefit eligibility criteria outlined in the Employer's VantageCare Retirement Health Savings Plan Adoption Agreement.
- c) A Participant who becomes totally and permanently disabled (as defined by the Social Security Administration, by the Employer's primary retirement plan, or otherwise by the Employer) will become immediately eligible to receive medical benefit payments from the Plan. Pursuant to Section 9.02 and Employer's VantageCare Retirement Health Savings Plan Adoption Agreement, the surviving Spouse and Dependents shall become immediately eligible to receive or to continue receiving medical benefit payments from the Plan upon the death of the Participant.

## **5.02 Claims for Benefits**

No benefit shall be paid hereunder unless a Participant, his Spouse or Dependent has first submitted a written claim for benefits to the Plan Administrator on a form specified by the Plan Administrator, and pursuant to the procedures set out in Article VI, below. Upon receipt of a properly documented claim, the Plan Administrator shall pay the Participant, his Spouse or Dependent the benefits provided under this Plan as soon as is administratively feasible.

# **ARTICLE VI**

## **Plan Administration**

### **6.01 Allocation of Authority**

The Employer shall control and manage the operation and Administration of the Plan. The Employer shall have the exclusive right to interpret the Plan and to decide all matters arising thereunder, including the right to remedy possible ambiguities, inconsistencies, or omissions. All determinations of the Employer with respect to any matter hereunder shall be conclusive and binding on all persons.

Without limiting the generality of the foregoing, the Employer shall have the following powers and duties:

- a) To decide on questions concerning the Plan and the eligibility of any Employee to participate in the Plan, in accordance with the provisions of the Plan;
- b) To determine the amount of benefits that shall be payable to any person in accordance with the provisions of the Plan; to inform the Plan Administrator, as appropriate, of the amount of such Benefits; and to provide a full and fair review to any Participant whose claim for benefits has been denied in whole or in part; and
- c) To designate other persons to carry out any duty or power which would otherwise be a fiduciary responsibility of the Plan Administrator, under the terms of the Plan.
- d) To require any person to furnish such reasonable information as it may request for the purpose of the proper administration of the Plan as a condition to receiving any benefits under the Plan;
- e) To make and enforce such rules and regulations and prescribe the use of such forms as he shall deem necessary for the efficient administration of the Plan.

### **6.02 Provision for Third-Party Plan Service Providers**

The Plan Administrator, subject to approval of the Employer, may employ the services of such persons as it may deem necessary or desirable in connection with operation of the Plan. The Plan Administrator, the Employer (and any person to whom it may delegate any duty or power in connection with the administration of the Plan), and all persons connected therewith may rely upon all tables, valuations, certificates, reports and opinions furnished by any duly appointed actuary, accountant, (including Employees who are actuaries or accountants), consultant, third party administration service provider, legal counsel, or other specialist, and they shall be fully protected in respect to any action taken or permitted in good faith in reliance thereon. All actions so taken or permitted shall be conclusive and binding as to all persons.

### **6.03 Several Fiduciary Liability**

To the extent permitted by law, neither the Plan Administrator nor any other person shall incur any liability for any acts or for failure to act except for his own willful misconduct or willful breach of this Plan.

#### **6.04 Compensation of Plan Administrator**

Unless otherwise agreed to by the Employer, the Plan Administrator shall serve without compensation for services rendered in such capacity, but all reasonable expenses incurred in the performance of his duties shall be paid by the Employer.

#### **6.05 Bonding**

Unless otherwise determined by the Employer, or unless required by any Federal or State law, the Plan Administrator shall not be required to give any bond or other security in any jurisdiction in connection with the administration of this Plan.

#### **6.06 Payment of Administrative Expenses**

All reasonable expenses incurred in administering the Plan, including but not limited to administrative fees and expenses owing to any third party administrative service provider, actuary, consultant, accountant, attorney, specialist, or other person or organization that may be employed by the Plan Administrator in connection with the administration thereof, shall be paid by the Employer, provided, however that each Participant shall bear the monthly cost (if any) charged by a third party administrator for maintenance of his Benefit Account unless otherwise paid by the Employer.

#### **6.07 Timeliness of Payment for Benefits**

Payment for Benefits shall be made as soon as administratively feasible after the required forms and documentation have been received by the Plan Administrator.

#### **6.08 Annual Statements**

The Plan Administrator shall furnish each Participant with an annual statement of his medical expense reimbursement account within ninety (90) days after the close of each Plan Year.

### **ARTICLE VII**

#### **Claims Procedure**

##### **7.01 Procedure if Benefits are Denied Under the Plan**

Any Participant, Spouse, Dependent, or his duly authorized representative may file a claim for a plan benefit to which the claimant believes that he is entitled. Such a claim must be in writing on a form provided by the Plan Administrator and delivered to the Plan Administrator, in person or by mail, postage paid. Within thirty (30) days after receipt of such claim, the Plan Administrator shall send to the claimant, by mail, postage prepaid, notice of the granting or denying, in whole or in part, of such claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension exceed forty-five (45) days from the end of the initial period. If such extension is necessary, the claimant will be given a written notice to this effect prior to the expiration of the initial 30-day period. If such extension is necessary due to a failure of the Participant, Spouse or Dependent to submit the information necessary to decide the claim, the notice of extension shall describe the required information and the claimant shall be afforded at least forty-five (45) days from receipt of the notice within which to provide such information. The Plan Administrator shall have full discretion to deny or grant a claim in whole or in part. If notice of the denial of a claim is not furnished in accordance with this Section, the claim shall be deemed denied and the claimant shall be permitted to exercise his right to review pursuant to Sections 7.03 and 7.04.

## **7.02 Requirement for Written Notice of Claim Denial**

The Plan Administrator shall provide, to every claimant who is denied a claim for benefits, written notice setting forth in a manner calculated to be understood by the claimant:

- a) The specific reason or reasons for the denial;
- b) Specific reference to pertinent Plan provisions on which the denial is based;
- c) A description of any additional material of information necessary for the claimant to perfect the claim and an explanation of why such material is necessary, and
- d) An explanation of the Plan's claim review procedure.

## **7.03 Right to Request Hearing on Benefit Denial**

Within one-hundred eighty (180) days after the receipt by the claimant of written notification of the denial (in whole or in part) of his claim, the claimant or his duly authorized representative, upon written application to the Plan Administrator, in person or by certified mail, postage prepaid, may request a review of such denial, may review pertinent documents, and may submit issues and comments in writing.

## **7.04 Disposition of Disputed Claims**

Upon its receipt of notice of a request for review, the Plan Administrator shall make a prompt decision on the review. The decision on review shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent plan provisions on which the decision is based. The decision on review shall be made not later than sixty (60) days after the Plan Administrator's receipt of a request for a review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered not later than one hundred-twenty (120) days after receipt of a request for review. If an extension is necessary, the claimant shall be given written notice of the extension prior to the expiration of the initial sixty (60) day period. If notice of the decision on the review is not furnished in accordance with this Section, the claim shall be deemed denied and the claimant shall be permitted to exercise his right to legal remedy pursuant to Section 7.05.

## **7.05 Preservation of Other Remedies**

After exhaustion of the claims procedures provided under this Plan, nothing shall prevent any person from pursuing any other legal or equitable remedy otherwise available.

# **ARTICLE VIII**

## **Amendment or Termination of Plan**

### **8.01 Permanency**

While the Employer fully expects that this Plan will continue indefinitely, due to unforeseen, future business contingencies, permanency of the Plan will be subject to the Employer's right to amend or terminate the Plan, as provided in Sections 8.02 and 8.03, below.

## **8.02 Employer's Right to Amend**

The Employer reserves the right to amend the Plan at any time and from time-to-time, and retroactively if deemed necessary or appropriate to meet the requirements of the Code, or any similar provisions of subsequent revenue or other laws, or the rules and regulations in effect under any of such laws or to conform with governmental regulations or other policies, to modify or amend in whole or in part any or all of the provisions of the Plan.

## **8.03 Employer's Right to Terminate**

The Employer reserves the right to discontinue or terminate the Plan at any time without prejudice.

# **ARTICLE IX**

## **General Provisions**

### **9.01 No Employment Rights Conferred**

Neither this Plan nor any action taken with respect to it shall confer upon any person the right to be continued in the employment of the Employer.

### **9.02 Payments After Death of Participant**

Any benefits otherwise payable to a Participant following the date of death of such Participant shall be paid as outlined in the Employer's VantageCare Retirement Health Savings Plan Adoption Agreement.

### **9.03 Nonalienation of Benefits**

No benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void. No benefit under the Plan shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person. If any person entitled to benefits under the Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any benefit under the Plan, or if any attempt is made to subject any such benefit to the debts, contracts, liabilities, engagements or torts of the person entitled to any such benefit, except as specifically provided in the Plan, then such benefit shall cease and terminate in the discretion of the Plan Administrator, and he may hold or apply the same or any part thereof to the benefit of any dependent of such person, in such manner and proportion as he may deem proper.

### **9.04 Mental or Physical Incompetency**

If the Plan Administrator determines that any person entitled to payments under the Plan is incompetent by reason of physical or mental disability, he may cause all payments thereafter becoming due to such person to be made to any other person for his benefit, without responsibility to follow the application of amounts so paid. Payments made pursuant to this Section shall completely discharge the Plan Administrator and the Employer.

### **9.05 Inability to Locate Payee**

If the Plan Administrator is unable to make payment to any Participant or other person to whom a payment is due under the Plan because he cannot ascertain the identity or whereabouts of such Participant or other person after reasonable efforts

have been made to identify or locate such person (including a notice of the payment so due mailed to the last known address of such Participant or other person as shown on the records of the Employer), such payment and all subsequent payments otherwise due to such Participant or other person shall be escheated under the laws of the State of the last known address of the Participant or other persons eligible for benefits.

### **9.06 Requirement of Proper Forms**

All communications in connection with the Plan made by a Participant shall become effective only when duly executed on forms provided by and filed with the Plan Administrator.

### **9.07 Source of Payments**

The Employer shall be the sole source of benefits under the Plan. No Employee, Spouse or Dependents shall have any right to, or interest in, any assets of the Employer upon termination of employment or otherwise, except as provided from time to time under the Plan, and then only to the extent of the benefits payable under the Plan to such Employee, Spouse or Dependents.

### **9.08 Tax Effects**

Neither the Employer nor the Plan Administrator makes any warranty or other representation as to whether any payments received by a Participant, his Spouse or Dependents hereunder will be treated as includible in gross income for federal or state income tax purposes.

### **9.09 Multiple Functions**

Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan.

### **9.10 Gender and Number**

Masculine pronouns include the feminine as well as the neuter gender, and the singular shall include the plural, unless indicated otherwise by the context.

### **9.11 Headings**

The Article and Section headings contained herein are for convenience of reference only, and shall not be construed as defining or limiting the matter contained thereunder.

### **9.12 Applicable Laws**

The provisions of the Plan shall be construed, administered and enforced according to the laws of the State of SC.

### **9.13 Severability**

Should any part of this Plan subsequently be invalidated by a court of competent jurisdiction, the remainder thereof shall be given effect to the maximum extent possible.

IN WITNESS WHEREOF, we have executed this Plan Agreement the date and year first written above.

EMPLOYER

By:  Title: Town Manager  
Signature of Authorized Official

ATTEST (if applicable)

By:  Title: Human Resources Director  
Signature of Attestor

**EMPLOYER VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN  
ADOPTION AGREEMENT**

Plan Number: 8 00163

Select as applicable:  Standalone RHS  Integrated RHS  Amendment to Existing Plan  New Plan (see NOTE below)

NOTE: (For existing employers only): **Check here**  if you want ICMA-RC to use existing plan contact information for this new plan setup. Otherwise, if contact information has changed, please complete and return the Implementation Data Form found on pg. II:31 along with the adoption materials.

Employer Retirement Health Savings Plan Name:

I. **Employer Name:** Town of Hilton Head Island State: SC

II. **The Employer hereby attests that it is a unit of a state or local government or an agency or instrumentality of one or more units of a state or local government.**

III. **Effective Date of the Plan:** July 1, 2015

IV. **The Employer intends to utilize the Trust to fund only welfare benefits pursuant to the following welfare benefit plan(s) established by the Employer:** Town of Hilton Head Island Retiree Welfare Benefits Plan

V. **Eligible Groups, Participation and Participant Eligibility Requirements**

A. **Eligible Groups**

The following group or groups of Employees are eligible to participate in the VantageCare Retirement Health Savings Plan (check all applicable boxes):

- All Employees
- All Full-Time Employees
- Non-Union Employees
- Public Safety Employees – Police
- Public Safety Employees – Firefighters
- General Employees
- Collectively-Bargained Employees (Specify unit(s)) \_\_\_\_\_
- Other (specify group(s)) All Full-time Employees and Part-time Employees who participate in the Police Officers Retirement System (PORS)

The Employee group(s) specified must correspond to a group(s) of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other documents or provisions in effect in the state or locality of the Employer.

B. **Participation**

**Mandatory Participation:** All Employees in the covered group(s) are required to participate in the Plan and shall receive contributions pursuant to Section VI.

If the Employer's underlying welfare benefit plan or funding under this VantageCare Retirement Health Savings Plan is in whole or part a non-collectively bargained, self-insured plan, the nondiscrimination requirements of Internal Revenue Code (IRC) Section 105(h) will apply. These rules may impose taxation on the benefits received by highly compensated individuals if the Plan discriminates in favor of highly compensated individuals in terms of eligibility or benefits. The Employer should discuss these rules with appropriate counsel.

C. **Participant Eligibility Requirements**

1. Minimum service: The minimum period of service required for participation is N/A (write N/A if no minimum service is required).
2. Minimum age: The minimum age required for eligibility to participate is N/A (write N/A if no minimum age is required).

**VI. Contribution Sources and Amounts**

**A. Definition of Earnings**

The definition of Earnings will apply to all RHS Contribution Features that reference "Earnings", including Direct Employer Contributions (Section VI.B.1.) and Mandatory Employee Compensation Contributions (Section VI.B.2.).

Definition of earnings: \_\_\_\_\_

**B. Direct Employer Contributions and Mandatory Contributions**

1. Direct Employer Contributions

The Employer shall contribute on behalf of each Participant

- \_\_\_\_\_ % of Earnings
- \$ \_\_\_\_\_ each Plan Year
- A discretionary amount to be determined each Plan Year
- Other (describe): 100% of the value of an employee's remaining MedFlex balance no later than 60 days after retirement date

2. Mandatory Employee Compensation Contributions

The Employer will make mandatory contributions of Employee compensation as follows:

- Reduction in Salary - \_\_\_\_\_ % of Earnings or \$ \_\_\_\_\_ will be contributed for the Plan Year.
- Decreased Merit or Pay Plan Adjustment - All or a portion of the Employees' annual merit or pay plan adjustment will be contributed as follows:

An Employee shall not have the right to discontinue or vary the rate of Mandatory Contributions of Employee Compensation.

3. Mandatory Employee Leave Contributions

The Employer will make mandatory contributions of accrued leave as follows (provide formula for determining Mandatory Employee Leave contributions):

- Accrued Sick Leave On an annual basis, the value of forfeited sick leave (hours in excess of cap as of 12/31)
- Accrued Vacation Leave \_\_\_\_\_
- Other (specify type of leave) Accrued Sick Leave 100% of the value of an employee's remaining sick leave balance as of retirement date

An Employee shall not have the right to discontinue or vary the rate of mandatory leave contributions.

**C. Limits on Total Contributions** (check one box)

The total contribution by the Employer on behalf of each Participant (including Direct Employer and Mandatory Employee Contributions) for each Plan Year shall not exceed the following limit(s) below. Limits on individual contribution types are defined within the appropriate section above.

- There is no Plan-defined limit on the percentage or dollar amount of earnings that may be contributed.
- \_\_\_\_\_ % of earnings\*
- \*Definition of earnings:     Same as Section VI.A..     Other
- \$ \_\_\_\_\_ for the Plan year.

See Section V.B. for a discussion of nondiscrimination rules that may apply to non-collectively bargained self-insured Plans.

**VII. Vesting for Direct Employer Contributions**

**A. Vesting Schedule** (check one box)

- The account is 100% vested at all times.
- The following vesting schedule shall apply to Direct Employer Contributions as outlined in Section VI.B.1.:

Years of Service Completed	Vesting Percentage
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

**B. The account will become 100% vested upon the death, disability, retirement\*, or attainment of benefit eligibility (as outlined in Section IX) by a Participant.**

\*Definition of retirement includes a separation from service component and is further defined by (check one):

- The primary retirement plan of the Employer
- Separation from service
- Other \_\_\_\_\_

**C. Any period of service by a Participant prior to a rehire of the Participant by the Employer shall not count toward the vesting schedule outlined in A above.**

**VIII. Forfeiture Provisions**

Upon separation from the service of the Employer prior to attainment of benefit eligibility (as outlined in Section IX), or upon reversion to the Trust of a Participant's account assets remaining upon the participant's death (as outlined in Section XI), a Participant's non-vested funds shall (check one box):

- Remain in the Trust to be reallocated among all remaining Employees participating in the Plan as Direct Employer Contributions for the next and succeeding contribution cycle(s).
- Remain in the Trust to be reallocated on an equal dollar basis among all Plan Participants.
- Remain in the Trust to be reallocated among all Plan Participants based upon Participant account balances.
- Revert to the Employer.

**IX. Eligibility Requirements to Receive Medical Benefit Payments from the VantageCare Retirement Health Savings Plan**

**A. A Participant is eligible to receive benefits:**

- At retirement only (also complete Section B.)

Definition of retirement:

- Same as Section VII.B.

- Other \_\_\_\_\_

- At separation from service with the following restrictions

- No restrictions

- Other \_\_\_\_\_

**B. Termination prior to general benefit eligibility:** In case where the general benefit eligibility as outlined in Section IX.A includes a retirement component, a Participant who separates from service of the Employer prior to retirement will be eligible to receive benefits:

- Immediately upon separation from service

- Other \_\_\_\_\_

**C. A Participant that becomes totally and permanently disabled**

- as defined by the Social Security Administration

- as defined by the Employer's primary retirement plan

- other \_\_\_\_\_

will become immediately eligible to receive medical benefit payments from his/her VantageCare Retirement Health Savings Plan account.

**D. Upon the death of the Participant, benefits shall become payable as outlined in Section XI.**

**X. Permissible Medical Benefit Payments**

Benefits eligible for reimbursement consist of:

- All Medical Expenses eligible under IRC Section 213\* other than (i) direct long-term care expenses, and (ii) expenses for medicines or drugs which are not prescribed drugs (other than insulin).
- The following Medical Expenses eligible under IRC Section 213\* other than (i) direct long-term care expenses, and (ii) expenses for medicines or drugs which are not prescribed drugs (other than insulin). Select only the expenses you wish to cover under the VantageCare Retirement Health Savings Plan:
- Medical Insurance Premiums
  - Medical Out-of-Pocket Expenses\*
  - Medicare Part B Insurance Premiums
  - Medicare Part D Insurance Premiums

- Medicare Supplemental Insurance Premiums
- Prescription Drug Insurance Premiums
- COBRA Insurance Premiums
- Dental Insurance Premiums
- Dental Out-of-Pocket Expenses\*
- Vision Insurance Premiums
- Vision Out-of-Pocket Expenses\*
- Qualified Long-Term Care Insurance Premiums
- Non-Prescription medications allowed under IRS guidance\*
- Other qualifying medical expenses (describe)\*

\* See Section V.A. for a discussion of nondiscrimination rules which may apply to non-collectively bargained, self-insured Plans.

## **XI. Benefits After the Death of the Participant**

In the event of a Participant's death, the following shall apply:

### **A. Surviving Spouse and/or Surviving Dependents**

The surviving spouse and/or surviving eligible dependents (as defined in Section XII.D.) of the deceased Participant are immediately eligible to maintain the account and utilize it to fund eligible medical benefits specified in Section X above.

Upon notification of a Participant's death, the Participant's account balance will be transferred into Dreyfus Cash Management fund\* (or another fund selected by the Employer). The account balance may be reallocated by the surviving spouse or dependents.

*\*An investment in the Dreyfus Cash Management money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. Investors should consider the investment objectives, risks, charges, and expenses of the fund carefully before investing. You may visit us at [www.icmarc.org](http://www.icmarc.org) or call 800-669-7400 to obtain a prospectus that contains this and other information about the fund. Read the prospectus carefully before investing.*

If a Participant's account balance has not been fully utilized upon the death of the eligible spouse, the account balance may continue to be utilized to pay benefits of eligible dependents. Upon the death of all eligible dependents, the account will revert to the Plan to be applied as specified in Section VIII.

### **B. No Surviving Spouse or Surviving Dependents**

If there are no living spouse or dependents at the time of death of the Participant, the account will revert to the Plan to be applied as specified in Section VIII.

## **XII. The Plan will operate according to the following provisions:**

### **A. Employer Responsibilities**

1. The Employer will submit all VantageCare Retirement Health Savings Plan contribution data via electronic submission.
2. The Employer will submit all VantageCare Retirement Health Savings Plan Participant status updates or personal information updates via electronic submission. This includes but is not limited to termination notification and benefit eligibility notification.

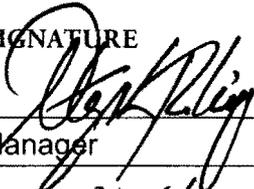
- ### **B. Participant account administration and asset-based fees will be paid through the redemption of Participant account shares, unless agreed upon otherwise in the Administrative Services Agreement.**

- C. Assignment of benefits is not permitted. Benefits will be paid only to the Participant, his/her Survivors, the Employer, or an insurance provider (as allowed by the claims administrator). Payments to an third-party payee (e.g., medical service provider) are not permitted with the exception of reimbursement to the Employer or insurance provider (as allowed by the claims administrator).
- D. An eligible dependent is (a) the Participant's lawful spouse, (b) the Participant's child under the age of 27, as defined by IRC Section 152(f)(1) and Internal Revenue Service Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as clarified by Internal Revenue Service Notice 2004-79.
- E. The Employer will be responsible for withholding, reporting and remitting any applicable taxes for payments which are deemed to be discriminatory under IRC Section 105(h), as outlined in the VantageCare Retirement Health Savings Plan Employer Manual.

**XIII. Employer Acknowledgements**

- A. The Employer hereby acknowledges it understands that failure to properly fill out this Employer VantageCare Retirement Health Savings Plan Adoption Agreement may result in the loss of tax exemption of the Trust and/or loss of tax-deferred status for Employer contributions.
- B.  Check this box if you are including supporting documents that include plan provisions.

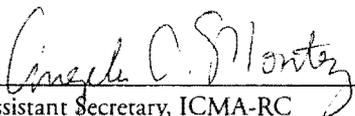
**EMPLOYER SIGNATURE**

By:   
 Title: Town Manager  
 Attest: Nancy H. Bozen  
 Title: Human Resources Director

Date: AUGUST 20, 2015

Date: August 13, 2015

Accepted: VANTAGEPOINT TRANSFER AGENTS, LLC

  
 Assistant Secretary, ICMA-RC

# EMPLOYER VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN ADOPTION AGREEMENT

Plan Number: 8 00164

Select as applicable:  Standalone RHS  Integrated RHS  Amendment to Existing Plan  New Plan (see NOTE below)

NOTE: (For existing employers only): **Check here**  if you want ICMA-RC to use existing plan contact information for this new plan setup. Otherwise, if contact information has changed, please complete and return the Implementation Data Form found on pg. II:31 along with the adoption materials.

Employer Retirement Health Savings Plan Name:

I. **Employer Name:** Town of Hilton Head Island State: SC

II. **The Employer hereby attests that it is a unit of a state or local government or an agency or instrumentality of one or more units of a state or local government.**

III. **Effective Date of the Plan:** July 1, 2015

IV. **The Employer intends to utilize the Trust to fund only welfare benefits pursuant to the following welfare benefit plan(s) established by the Employer:** Town of Hilton Head Island Retiree Welfare Benefits Plan

## V. Eligible Groups, Participation and Participant Eligibility Requirements

### A. Eligible Groups

The following group or groups of Employees are eligible to participate in the VantageCare Retirement Health Savings Plan (check all applicable boxes):

- All Employees
- All Full-Time Employees
- Non-Union Employees
- Public Safety Employees – Police
- Public Safety Employees – Firefighters
- General Employees
- Collectively-Bargained Employees (Specify unit(s)) \_\_\_\_\_
- Other (specify group(s)) All regular full-time and part-time employees who do not participate in the Police Officers Retirement System (PORS)

The Employee group(s) specified must correspond to a group(s) of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other documents or provisions in effect in the state or locality of the Employer.

### B. Participation

**Mandatory Participation:** All Employees in the covered group(s) are required to participate in the Plan and shall receive contributions pursuant to Section VI.

If the Employer's underlying welfare benefit plan or funding under this VantageCare Retirement Health Savings Plan is in whole or part a non-collectively bargained, self-insured plan, the nondiscrimination requirements of Internal Revenue Code (IRC) Section 105(h) will apply. These rules may impose taxation on the benefits received by highly compensated individuals if the Plan discriminates in favor of highly compensated individuals in terms of eligibility or benefits. The Employer should discuss these rules with appropriate counsel.

### C. Participant Eligibility Requirements

1. Minimum service: The minimum period of service required for participation is N/A (write N/A if no minimum service is required).
2. Minimum age: The minimum age required for eligibility to participate is N/A (write N/A if no minimum age is required).

**VI. Contribution Sources and Amounts**

**A. Definition of Earnings**

The definition of Earnings will apply to all RHS Contribution Features that reference "Earnings", including Direct Employer Contributions (Section VI.B.1.) and Mandatory Employee Compensation Contributions (Section VI.B.2.).

Definition of earnings: \_\_\_\_\_  
\_\_\_\_\_

**B. Direct Employer Contributions and Mandatory Contributions**

1. Direct Employer Contributions

The Employer shall contribute on behalf of each Participant

- \_\_\_\_\_ % of Earnings
- \$ \_\_\_\_\_ each Plan Year
- A discretionary amount to be determined each Plan Year
- Other (describe): 100% of the value of an employee's remaining MedFlex balance no later than 60 day after retirement date

2. Mandatory Employee Compensation Contributions

The Employer will make mandatory contributions of Employee compensation as follows:

- Reduction in Salary - \_\_\_\_\_ % of Earnings or \$ \_\_\_\_\_ will be contributed for the Plan Year.
- Decreased Merit or Pay Plan Adjustment - All or a portion of the Employees' annual merit or pay plan adjustment will be contributed as follows:

An Employee shall not have the right to discontinue or vary the rate of Mandatory Contributions of Employee Compensation.

3. Mandatory Employee Leave Contributions

The Employer will make mandatory contributions of accrued leave as follows (provide formula for determining Mandatory Employee Leave contributions):

- Accrued Sick Leave On an annual basis, the value of forfeited sick leave (hours in excess of cap as of 12/31)
- Accrued Vacation Leave \_\_\_\_\_
- Other (specify type of leave) Accrued Sick Leave 100% of the value of an employee's remaining sick leave balance as of retirement date

An Employee shall not have the right to discontinue or vary the rate of mandatory leave contributions.

**C. Limits on Total Contributions** (check one box)

The total contribution by the Employer on behalf of each Participant (including Direct Employer and Mandatory Employee Contributions) for each Plan Year shall not exceed the following limit(s) below. Limits on individual contribution types are defined within the appropriate section above.

- There is no Plan-defined limit on the percentage or dollar amount of earnings that may be contributed.
- \_\_\_\_\_ % of earnings\*
  - \*Definition of earnings:  Same as Section VI.A..  Other
- \$ \_\_\_\_\_ for the Plan year.

See Section V.B. for a discussion of nondiscrimination rules that may apply to non-collectively bargained self-insured Plans.

**VII. Vesting for Direct Employer Contributions**

**A. Vesting Schedule** (check one box)

- The account is 100% vested at all times.
- The following vesting schedule shall apply to Direct Employer Contributions as outlined in Section VI.B.1.:

Years of Service Completed	Vesting Percentage
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

**B. The account will become 100% vested upon the death, disability, retirement\*, or attainment of benefit eligibility (as outlined in Section IX) by a Participant.**

\*Definition of retirement includes a separation from service component and is further defined by (check one):

- The primary retirement plan of the Employer
- Separation from service
- Other \_\_\_\_\_

**C. Any period of service by a Participant prior to a rehire of the Participant by the Employer shall not count toward the vesting schedule outlined in A above.**

**VIII. Forfeiture Provisions**

Upon separation from the service of the Employer prior to attainment of benefit eligibility (as outlined in Section IX), or upon reversion to the Trust of a Participant's account assets remaining upon the participant's death (as outlined in Section XI), a Participant's non-vested funds shall (check one box):

- Remain in the Trust to be reallocated among all remaining Employees participating in the Plan as Direct Employer Contributions for the next and succeeding contribution cycle(s).
- Remain in the Trust to be reallocated on an equal dollar basis among all Plan Participants.
- Remain in the Trust to be reallocated among all Plan Participants based upon Participant account balances.
- Revert to the Employer.

**IX. Eligibility Requirements to Receive Medical Benefit Payments from the VantageCare Retirement Health Savings Plan**

**A. A Participant is eligible to receive benefits:**

- At retirement only (also complete Section B.)

Definition of retirement:

- Same as Section VII.B.

- Other \_\_\_\_\_

- At separation from service with the following restrictions

- No restrictions

- Other \_\_\_\_\_

**B. Termination prior to general benefit eligibility:** In case where the general benefit eligibility as outlined in Section IX.A includes a retirement component, a Participant who separates from service of the Employer prior to retirement will be eligible to receive benefits:

- Immediately upon separation from service

- Other \_\_\_\_\_

**C. A Participant that becomes totally and permanently disabled**

- as defined by the Social Security Administration

- as defined by the Employer's primary retirement plan

- other as defined by the Town's Long-Term Disability Insurance Carrier \_\_\_\_\_

**will become immediately eligible to receive medical benefit payments from his/her VantageCare Retirement Health Savings Plan account.**

**D. Upon the death of the Participant, benefits shall become payable as outlined in Section XI.**

**X. Permissible Medical Benefit Payments**

Benefits eligible for reimbursement consist of:

- All Medical Expenses eligible under IRC Section 213\* other than (i) direct long-term care expenses, and (ii) expenses for medicines or drugs which are not prescribed drugs (other than insulin).

- The following Medical Expenses eligible under IRC Section 213\* other than (i) direct long-term care expenses, and (ii) expenses for medicines or drugs which are not prescribed drugs (other than insulin). Select only the expenses you wish to cover under the VantageCare Retirement Health Savings Plan:

- Medical Insurance Premiums

- Medical Out-of-Pocket Expenses\*

- Medicare Part B Insurance Premiums

- Medicare Part D Insurance Premiums

- Medicare Supplemental Insurance Premiums
- Prescription Drug Insurance Premiums
- COBRA Insurance Premiums
- Dental Insurance Premiums
- Dental Out-of-Pocket Expenses\*
- Vision Insurance Premiums
- Vision Out-of-Pocket Expenses\*
- Qualified Long-Term Care Insurance Premiums
- Non-Prescription medications allowed under IRS guidance\*
- Other qualifying medical expenses (describe)\*

\* See Section V.A. for a discussion of nondiscrimination rules which may apply to non-collectively bargained, self-insured Plans.

## **XI. Benefits After the Death of the Participant**

In the event of a Participant's death, the following shall apply:

### **A. Surviving Spouse and/or Surviving Dependents**

The surviving spouse and/or surviving eligible dependents (as defined in Section XII.D.) of the deceased Participant are immediately eligible to maintain the account and utilize it to fund eligible medical benefits specified in Section X above.

Upon notification of a Participant's death, the Participant's account balance will be transferred into Dreyfus Cash Management fund\* (or another fund selected by the Employer). The account balance may be reallocated by the surviving spouse or dependents.

*\*An investment in the Dreyfus Cash Management money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. Investors should consider the investment objectives, risks, charges, and expenses of the fund carefully before investing. You may visit us at [www.icmarc.org](http://www.icmarc.org) or call 800-669-7400 to obtain a prospectus that contains this and other information about the fund. Read the prospectus carefully before investing.*

If a Participant's account balance has not been fully utilized upon the death of the eligible spouse, the account balance may continue to be utilized to pay benefits of eligible dependents. Upon the death of all eligible dependents, the account will revert to the Plan to be applied as specified in Section VIII.

### **B. No Surviving Spouse or Surviving Dependents**

If there are no living spouse or dependents at the time of death of the Participant, the account will revert to the Plan to be applied as specified in Section VIII.

## **XII. The Plan will operate according to the following provisions:**

### **A. Employer Responsibilities**

1. The Employer will submit all VantageCare Retirement Health Savings Plan contribution data via electronic submission.
2. The Employer will submit all VantageCare Retirement Health Savings Plan Participant status updates or personal information updates via electronic submission. This includes but is not limited to termination notification and benefit eligibility notification.

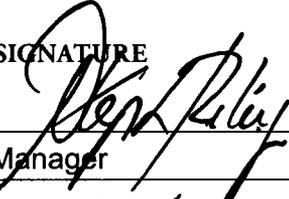
### **B. Participant account administration and asset-based fees will be paid through the redemption of Participant account shares, unless agreed upon otherwise in the Administrative Services Agreement.**

- C. Assignment of benefits is not permitted. Benefits will be paid only to the Participant, his/her Survivors, the Employer, or an insurance provider (as allowed by the claims administrator). Payments to an third-party payee (e.g., medical service provider) are not permitted with the exception of reimbursement to the Employer or insurance provider (as allowed by the claims administrator).
- D. An eligible dependent is (a) the Participant's lawful spouse, (b) the Participant's child under the age of 27, as defined by IRC Section 152(f)(1) and Internal Revenue Service Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as clarified by Internal Revenue Service Notice 2004-79.
- E. The Employer will be responsible for withholding, reporting and remitting any applicable taxes for payments which are deemed to be discriminatory under IRC Section 105(h), as outlined in the VantageCare Retirement Health Savings Plan Employer Manual.

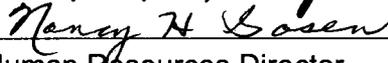
**XIII. Employer Acknowledgements**

- A. The Employer hereby acknowledges it understands that failure to properly fill out this Employer VantageCare Retirement Health Savings Plan Adoption Agreement may result in the loss of tax exemption of the Trust and/or loss of tax-deferred status for Employer contributions.
- B.  Check this box if you are including supporting documents that include plan provisions.

EMPLOYER SIGNATURE

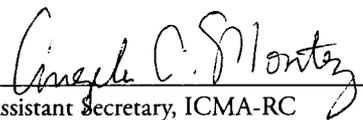
By:   
 Title: Town Manager

Date: AUGUST 20, 2015

Attest:   
 Title: Human Resources Director

Date: August 13, 2013

Accepted: VANTAGEPOINT TRANSFER AGENTS, LLC

  
 Assistant Secretary, ICMA-RC

# EMPLOYER VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN ADOPTION AGREEMENT

Plan Number: 8 00162

Select as applicable:  Standalone RHS  Integrated RHS  Amendment to Existing Plan  New Plan (see NOTE below)

NOTE: (For existing employers only): **Check here**  if you want ICMA-RC to use existing plan contact information for this new plan setup. Otherwise, if contact information has changed, please complete and return the Implementation Data Form found on pg. II:31 along with the adoption materials.

Employer Retirement Health Savings Plan Name:

I. **Employer Name:** Town of Hilton Head Island State: SC

II. **The Employer hereby attests that it is a unit of a state or local government or an agency or instrumentality of one or more units of a state or local government.**

III. **Effective Date of the Plan:** July 1, 2015

IV. **The Employer intends to utilize the Trust to fund only welfare benefits pursuant to the following welfare benefit plan(s) established by the Employer:** Town of Hilton Head Island Retiree Welfare Benefits Plan

## V. Eligible Groups, Participation and Participant Eligibility Requirements

### A. Eligible Groups

The following group or groups of Employees are eligible to participate in the VantageCare Retirement Health Savings Plan (check all applicable boxes):

- All Employees
- All Full-Time Employees
- Non-Union Employees
- Public Safety Employees – Police
- Public Safety Employees – Firefighters
- General Employees
- Collectively-Bargained Employees (Specify unit(s)) \_\_\_\_\_
- Other (specify group(s)) Town Manager

The Employee group(s) specified must correspond to a group(s) of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other documents or provisions in effect in the state or locality of the Employer.

### B. Participation

**Mandatory Participation:** All Employees in the covered group(s) are required to participate in the Plan and shall receive contributions pursuant to Section VI.

If the Employer's underlying welfare benefit plan or funding under this VantageCare Retirement Health Savings Plan is in whole or part a non-collectively bargained, self-insured plan, the nondiscrimination requirements of Internal Revenue Code (IRC) Section 105(h) will apply. These rules may impose taxation on the benefits received by highly compensated individuals if the Plan discriminates in favor of highly compensated individuals in terms of eligibility or benefits. The Employer should discuss these rules with appropriate counsel.

### C. Participant Eligibility Requirements

1. Minimum service: The minimum period of service required for participation is N/A (write N/A if no minimum service is required).
2. Minimum age: The minimum age required for eligibility to participate is N/A (write N/A if no minimum age is required).

**VI. Contribution Sources and Amounts**

**A. Definition of Earnings**

The definition of Earnings will apply to all RHS Contribution Features that reference "Earnings", including Direct Employer Contributions (Section VI.B.1.) and Mandatory Employee Compensation Contributions (Section VI.B.2.).

Definition of earnings: \_\_\_\_\_  
\_\_\_\_\_

**B. Direct Employer Contributions and Mandatory Contributions**

1. Direct Employer Contributions

The Employer shall contribute on behalf of each Participant

- \_\_\_\_\_ % of Earnings
- \$ \_\_\_\_\_ each Plan Year
- A discretionary amount to be determined each Plan Year
- Other (describe): 100% of the value of the Town Manager's remaining MedFlex balance at separation from service

2. Mandatory Employee Compensation Contributions

The Employer will make mandatory contributions of Employee compensation as follows:

- Reduction in Salary - \_\_\_\_\_ % of Earnings or \$ \_\_\_\_\_ will be contributed for the Plan Year.
- Decreased Merit or Pay Plan Adjustment - All or a portion of the Employees' annual merit or pay plan adjustment will be contributed as follows:

An Employee shall not have the right to discontinue or vary the rate of Mandatory Contributions of Employee Compensation.

3. Mandatory Employee Leave Contributions

The Employer will make mandatory contributions of accrued leave as follows (provide formula for determining Mandatory Employee Leave contributions):

- Accrued Sick Leave On an annual basis, the value of forfeited sick leave (hours in excess of cap as of 12/31)
- Accrued Vacation Leave \_\_\_\_\_
- Other (specify type of leave) Accrued Sick Leave  
100% of the value of the Town Manager's sick leave balance at separation from service.

An Employee shall not have the right to discontinue or vary the rate of mandatory leave contributions.

**C. Limits on Total Contributions** (check one box)

The total contribution by the Employer on behalf of each Participant (including Direct Employer and Mandatory Employee Contributions) for each Plan Year shall not exceed the following limit(s) below. Limits on individual contribution types are defined within the appropriate section above.

- There is no Plan-defined limit on the percentage or dollar amount of earnings that may be contributed.
- \_\_\_\_\_ % of earnings\*
  - \*Definition of earnings:     Same as Section VI.A..     Other
- \$ \_\_\_\_\_ for the Plan year.

See Section V.B. for a discussion of nondiscrimination rules that may apply to non-collectively bargained self-insured Plans.

**VII. Vesting for Direct Employer Contributions**

**A. Vesting Schedule** (check one box)

- The account is 100% vested at all times.
- The following vesting schedule shall apply to Direct Employer Contributions as outlined in Section VI.B.1.:

Years of Service Completed	Vesting Percentage
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

**B. The account will become 100% vested upon the death, disability, retirement\*, or attainment of benefit eligibility (as outlined in Section IX) by a Participant.**

\*Definition of retirement includes a separation from service component and is further defined by (check one):

- The primary retirement plan of the Employer
- Separation from service
- Other \_\_\_\_\_

**C. Any period of service by a Participant prior to a rehire of the Participant by the Employer shall not count toward the vesting schedule outlined in A above.**

**VIII. Forfeiture Provisions**

Upon separation from the service of the Employer prior to attainment of benefit eligibility (as outlined in Section IX), or upon reversion to the Trust of a Participant's account assets remaining upon the participant's death (as outlined in Section XI), a Participant's non-vested funds shall (check one box):

- Remain in the Trust to be reallocated among all remaining Employees participating in the Plan as Direct Employer Contributions for the next and succeeding contribution cycle(s).
- Remain in the Trust to be reallocated on an equal dollar basis among all Plan Participants.
- Remain in the Trust to be reallocated among all Plan Participants based upon Participant account balances.
- Revert to the Employer.

**IX. Eligibility Requirements to Receive Medical Benefit Payments from the VantageCare Retirement Health Savings Plan**

**A. A Participant is eligible to receive benefits:**

At retirement only (also complete Section B.)

Definition of retirement:

Same as Section VII.B.

Other \_\_\_\_\_

At separation from service with the following restrictions

No restrictions

Other \_\_\_\_\_

**B. Termination prior to general benefit eligibility:** In case where the general benefit eligibility as outlined in Section IX.A includes a retirement component, a Participant who separates from service of the Employer prior to retirement will be eligible to receive benefits:

Immediately upon separation from service

Other \_\_\_\_\_

**C. A Participant that becomes totally and permanently disabled**

as defined by the Social Security Administration

as defined by the Employer's primary retirement plan

other as defined by the Town's Long-Term Disability Insurance Carrier

**will become immediately eligible to receive medical benefit payments from his/her VantageCare Retirement Health Savings Plan account.**

**D. Upon the death of the Participant, benefits shall become payable as outlined in Section XI.**

**X. Permissible Medical Benefit Payments**

Benefits eligible for reimbursement consist of:

All Medical Expenses eligible under IRC Section 213\* other than (i) direct long-term care expenses, and (ii) expenses for medicines or drugs which are not prescribed drugs (other than insulin).

The following Medical Expenses eligible under IRC Section 213\* other than (i) direct long-term care expenses, and (ii) expenses for medicines or drugs which are not prescribed drugs (other than insulin). Select only the expenses you wish to cover under the VantageCare Retirement Health Savings Plan:

Medical Insurance Premiums

Medical Out-of-Pocket Expenses\*

Medicare Part B Insurance Premiums

Medicare Part D Insurance Premiums

- Medicare Supplemental Insurance Premiums
- Prescription Drug Insurance Premiums
- COBRA Insurance Premiums
- Dental Insurance Premiums
- Dental Out-of-Pocket Expenses\*
- Vision Insurance Premiums
- Vision Out-of-Pocket Expenses\*
- Qualified Long-Term Care Insurance Premiums
- Non-Prescription medications allowed under IRS guidance\*
- Other qualifying medical expenses (describe)\*

\* See Section V.A. for a discussion of nondiscrimination rules which may apply to non-collectively bargained, self-insured Plans.

## **XI. Benefits After the Death of the Participant**

In the event of a Participant's death, the following shall apply:

### **A. Surviving Spouse and/or Surviving Dependents**

The surviving spouse and/or surviving eligible dependents (as defined in Section XII.D.) of the deceased Participant are immediately eligible to maintain the account and utilize it to fund eligible medical benefits specified in Section X above.

Upon notification of a Participant's death, the Participant's account balance will be transferred into Dreyfus Cash Management fund\* (or another fund selected by the Employer). The account balance may be reallocated by the surviving spouse or dependents.

*\*An investment in the Dreyfus Cash Management money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. Investors should consider the investment objectives, risks, charges, and expenses of the fund carefully before investing. You may visit us at [www.icmarc.org](http://www.icmarc.org) or call 800-669-7400 to obtain a prospectus that contains this and other information about the fund. Read the prospectus carefully before investing.*

If a Participant's account balance has not been fully utilized upon the death of the eligible spouse, the account balance may continue to be utilized to pay benefits of eligible dependents. Upon the death of all eligible dependents, the account will revert to the Plan to be applied as specified in Section VIII.

### **B. No Surviving Spouse or Surviving Dependents**

If there are no living spouse or dependents at the time of death of the Participant, the account will revert to the Plan to be applied as specified in Section VIII.

## **XII. The Plan will operate according to the following provisions:**

### **A. Employer Responsibilities**

1. The Employer will submit all VantageCare Retirement Health Savings Plan contribution data via electronic submission.
2. The Employer will submit all VantageCare Retirement Health Savings Plan Participant status updates or personal information updates via electronic submission. This includes but is not limited to termination notification and benefit eligibility notification.

- B.** Participant account administration and asset-based fees will be paid through the redemption of Participant account shares, unless agreed upon otherwise in the Administrative Services Agreement.

- C. Assignment of benefits is not permitted. Benefits will be paid only to the Participant, his/her Survivors, the Employer, or an insurance provider (as allowed by the claims administrator). Payments to an third-party payee (e.g., medical service provider) are not permitted with the exception of reimbursement to the Employer or insurance provider (as allowed by the claims administrator).
- D. An eligible dependent is (a) the Participant's lawful spouse, (b) the Participant's child under the age of 27, as defined by IRC Section 152(f)(1) and Internal Revenue Service Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as clarified by Internal Revenue Service Notice 2004-79.
- E. The Employer will be responsible for withholding, reporting and remitting any applicable taxes for payments which are deemed to be discriminatory under IRC Section 105(h), as outlined in the VantageCare Retirement Health Savings Plan Employer Manual.

**XIII. Employer Acknowledgements**

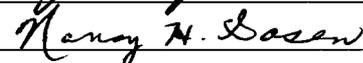
- A. The Employer hereby acknowledges it understands that failure to properly fill out this Employer VantageCare Retirement Health Savings Plan Adoption Agreement may result in the loss of tax exemption of the Trust and/or loss of tax-deferred status for Employer contributions.
- B.  Check this box if you are including supporting documents that include plan provisions.

**EMPLOYER SIGNATURE**

By: 

Date: AUGUST 20, 2015

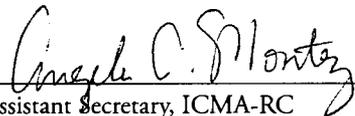
Title: Town Manager

Attest: 

Date: August 13, 2015

Title: Human Resources Director

Accepted: VANTAGEPOINT TRANSFER AGENTS, LLC

  
 Assistant Secretary, ICMA-RC



## Quarterly Financial Report for Your 401 Qualified Plan

005-0013



LISA STAUFFER  
TOWN OF HILTON HEAD ISLAND (K)  
ONE TOWN CENTER COURT  
HILTON HEAD ISLAND SC 29928-2701

### Submit Separation Dates for RMD Processing

Please submit separation dates for participants age 70 and above as soon as administratively possible. This will help ensure their Required Minimum Distributions are processed in a timely manner. To do so, log in to EZLink at [www.icmarc.org/login](http://www.icmarc.org/login), click the Participant tab, then select **Participant Administration** and **Terminate Participant**.

### April 1, 2016 - June 30, 2016

**Total Plan Assets** **\$22,943,685.93**

### If You Need Assistance

**Call Your Client Services Team** **800-326-7272**  
Automated Access 24 hours/7 days  
En Español 800-669-8216  
**Web site** **[www.icmarc.org](http://www.icmarc.org)**

### Plan Data

Plan Name **TOWN OF HILTON HEAD ISLAND (K)**  
Plan Number 109615

If any of your data is incorrect, please contact Client Services so that we can update your records.

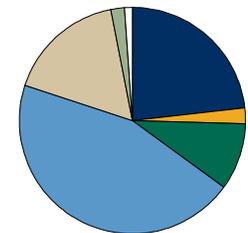
### Account Summary

	<i>This Period</i>	<i>Year-To-Date</i>
<b>Beginning Balance</b>	<b>\$21,899,510.14</b>	<b>\$21,583,673.82</b>
Contributions/Other Credits	\$483,284.50	\$874,168.92
Distributions/Other Debits	-\$161,050.32	-\$409,469.24
Fees	-\$1,689.23	-\$3,168.32
Gain/Loss	\$299,639.93	\$474,489.84
<b>Ending Balance</b>	<b>\$22,519,695.02</b>	<b>\$22,519,695.02</b>
Outstanding Loan Balance	\$423,990.91	
<b>Total Plan Assets</b>	<b>\$22,943,685.93</b>	

Total plan assets includes fund and active loan balances.

### Asset Allocation

<i>Asset Category</i>	<i>Percent of Assets</i>	<i>Balance</i>
Stable Value/Cash Management	23%	\$5,218,697.44
Bond	2%	\$518,483.92
Guaranteed Lifetime Income	10%	\$2,150,833.05
Balanced/Asset Allocation	45%	\$10,145,710.82
U.S. Stock	17%	\$3,791,387.49
International/Global Stock	2%	\$439,282.50
Specialty	1%	\$255,299.80
<b>Total Assets</b>	<b>100%</b>	<b>\$22,519,695.02</b>



Please review your statement carefully. If you believe there is an error, please notify ICMA-RC at 800-326-7272 (en Español 800-669-8216) within 90 days of quarter end.

**Quarterly Financial Report for  
Your 401 Qualified Plan**

April 1, 2016 - June 30, 2016

**Allocation Summary by Fund**

<i>Investment</i>	<i>Percent of Assets</i>	<i>Units/ Shares</i>	<i>Unit/Share Value</i>	<i>Ending Balance</i>
<b>Stable Value/Cash Management</b>				
VT PLUS Fund	23%	N/A	N/A	\$5,145,786.86
VT Cash Management	0%	72,910.5800	\$1.00	\$72,910.58
<b>Bond</b>				
VT Western Asset Core Plus Bnd	1%	26,671.8041	\$11.87	\$316,594.32
VT Vantagepoint Infltn Focused	0%	6,045.4278	\$11.48	\$69,401.53
VT PIMCO High Yield	1%	15,532.0131	\$8.53	\$132,488.07
<b>Guaranteed Lifetime Income</b>				
VT Retirement IncomeAdvantage	10%	145,242.3757	\$14.81	\$2,150,833.05
<b>Balanced/Asset Allocation</b>				
VT Vantagepoint MS Ret Inc	3%	52,332.9335	\$11.83	\$619,098.60
VT Vantagepoint Milestone 2010	2%	33,181.2208	\$12.52	\$415,428.87
VT Vantagepoint Milestone 2015	8%	133,798.5970	\$13.05	\$1,746,071.70
VT Vantagepoint Milestone 2020	1%	20,471.4431	\$13.50	\$276,364.48
VT Vantagepoint Milestone 2025	12%	195,191.6694	\$13.76	\$2,685,837.38
VT Vantagepoint Milestone 2030	7%	112,740.7207	\$14.22	\$1,603,173.09
VT Vantagepoint Milestone 2035	6%	92,388.8256	\$14.43	\$1,333,170.75
VT Vantagepoint Milestone 2040	5%	69,181.0746	\$14.84	\$1,026,647.15
VT Vantagepoint Milestone 2045	2%	24,375.2034	\$15.96	\$389,028.21
VT Vantagepoint Milestone 2050	0%	3,752.9936	\$13.56	\$50,890.59
<b>U.S. Stock</b>				
VT AllianzGI NFJ Div Value	2%	30,180.4029	\$15.92	\$480,472.00
VT Vantagepoint 500 Stk Idx	2%	31,632.9455	\$16.75	\$529,851.83
VT Vantagepoint Grwth & Income	1%	17,315.7609	\$16.19	\$280,342.18
VT Parnassus Core Equity	0%	1,114.6752	\$37.99	\$42,346.51
VT Contrafund	6%	12,907.1354	\$97.03	\$1,252,379.36
VT Gold Sachs Mid Cap Value	1%	3,013.5834	\$33.47	\$100,864.65
VT AMG TimesSquare Mid Cap Gr	2%	26,921.1255	\$17.48	\$470,581.29





**Quarterly Financial Report for  
Your 401 Qualified Plan**

April 1, 2016 - June 30, 2016

**Allocation Summary by Fund (continued)**

<i>Investment</i>	<i>Percent of Assets</i>	<i>Units/ Shares</i>	<i>Unit/Share Value</i>	<i>Ending Balance</i>
<b>U.S. Stock (continued)</b>				
VT AllianzGI NFJ Sm-Cap Val	0%	1,471.0116	\$20.78	\$30,567.62
VT Vantagepoint Md/Sm Co Idx	2%	24,236.1779	\$21.91	\$531,014.66
VT Vantagepoint Discovery	0%	5,574.2854	\$13.09	\$72,967.39
<b>International/Global Stock</b>				
VT Diversified International	2%	13,207.5311	\$33.26	\$439,282.50
<b>Specialty</b>				
VT Nuveen Real Estate Secs	1%	10,102.8813	\$25.27	\$255,299.80
<b>Total</b>	<b>100%</b>			<b>\$22,519,695.02</b>

**Activity Summary by Fund**

<i>Investment</i>	<i>Beginning Balance</i>	<i>Contributions/ Other Credits</i>	<i>Distributions/ Other Debits</i>	<i>Transfers</i>	<i>Fees</i>	<i>Gain/Loss</i>	<i>Ending Balance</i>
<b>Stable Value/Cash Management</b>							
VT PLUS Fund	\$5,034,864.40	\$64,697.86	-\$76,059.02	\$101,463.70	-\$306.57	\$21,126.49	\$5,145,786.86
VT Cash Management	\$73,053.46	\$301.03	-\$6,000.00	\$5,554.29	\$0.00	\$1.80	\$72,910.58
<b>Bond</b>							
VT Western Asset Core Plus Bnd	\$302,296.48	\$5,379.05	\$0.00	\$114.24	-\$96.67	\$8,901.22	\$316,594.32
VT Vantagepoint Infltn Focused	\$66,638.26	\$1,690.27	\$0.00	\$20.29	-\$28.88	\$1,081.59	\$69,401.53
VT PIMCO High Yield	\$123,018.51	\$5,798.14	\$0.00	-\$374.04	-\$25.31	\$4,070.77	\$132,488.07
<b>Guaranteed Lifetime Income</b>							
VT Retirement IncomeAdvantage	\$2,098,026.35	\$26,168.87	-\$3,704.97	\$3,016.44	\$0.00	\$27,326.36	\$2,150,833.05





## Quarterly Financial Report for Your 401 Qualified Plan

003-0160



LISA STAUFFER  
TOWN OF HILTON HEAD ISLAND (K)  
ONE TOWN CENTER COURT  
HILTON HEAD ISLAND SC 29928-2701

### Submit Separation Dates for RMD Processing

Please submit separation dates for participants age 70 and above as soon as administratively possible. This will help ensure their Required Minimum Distributions are processed in a timely manner. To do so, log in to EZLink at [www.icmarc.org/login](http://www.icmarc.org/login), click the Participant tab, then select **Participant Administration** and **Terminate Participant**.

### April 1, 2016 - June 30, 2016

**Total Plan Assets** **\$2,019,974.43**

### If You Need Assistance

**Call Your Client Services Team** **800-326-7272**  
Automated Access 24 hours/7 days  
En Español 800-669-8216  
**Web site** **[www.icmarc.org](http://www.icmarc.org)**

### Plan Data

Plan Name **TOWN OF HILTON HEAD ISLAND (K)**  
Plan Number 109616

If any of your data is incorrect, please contact Client Services so that we can update your records.

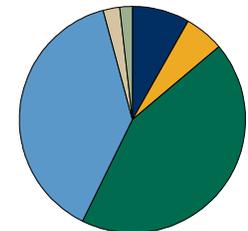
### Account Summary

	<i>This Period</i>	<i>Year-To-Date</i>
<b>Beginning Balance</b>	<b>\$1,924,057.60</b>	<b>\$1,936,850.73</b>
Contributions/Other Credits	\$20,927.97	\$42,463.85
Distributions/Other Debits	-\$57,993.87	-\$100,799.87
Fees	-\$385.92	-\$762.81
Gain/Loss	\$30,828.14	\$39,682.02
<b>Ending Balance</b>	<b>\$1,917,433.92</b>	<b>\$1,917,433.92</b>
Outstanding Loan Balance	\$102,540.51	
<b>Total Plan Assets</b>	<b>\$2,019,974.43</b>	

Total plan assets includes fund and active loan balances.

### Asset Allocation

<i>Asset Category</i>	<i>Percent of Assets</i>	<i>Balance</i>
Stable Value/Cash Management	8%	\$157,620.66
Bond	6%	\$107,879.13
Balanced/Asset Allocation	43%	\$833,208.09
U.S. Stock	39%	\$738,561.32
International/Global Stock	2%	\$45,578.43
Specialty	2%	\$34,586.29
<b>Total Assets</b>	<b>100%</b>	<b>\$1,917,433.92</b>



Please review your statement carefully. If you believe there is an error, please notify ICMARC at 800-326-7272 (en Español 800-669-8216) within 90 days of quarter end.

**Quarterly Financial Report for  
Your 401 Qualified Plan**

April 1, 2016 - June 30, 2016

**Allocation Summary by Fund**

<i>Investment</i>	<i>Percent of Assets</i>	<i>Units/ Shares</i>	<i>Unit/Share Value</i>	<i>Ending Balance</i>
<b>Stable Value/Cash Management</b>				
VT PLUS Fund	8%	N/A	N/A	\$157,620.66
<b>Bond</b>				
VT Western Asset Core Plus Bnd	2%	2,895.7524	\$11.87	\$34,372.58
VT Vantagepoint Inflt n Focused	2%	3,400.2762	\$11.48	\$39,035.17
VT PIMCO High Yield	2%	4,041.1940	\$8.53	\$34,471.38
<b>Balanced/Asset Allocation</b>				
VT Vantagepoint Milestone 2010	0%	117.1129	\$12.52	\$1,466.25
VT Vantagepoint Milestone 2015	9%	13,690.7916	\$13.05	\$178,664.83
VT Vantagepoint Milestone 2020	13%	17,972.6708	\$13.50	\$242,631.05
VT Vantagepoint Milestone 2025	14%	19,787.8713	\$13.76	\$272,281.11
VT Vantagepoint Milestone 2030	2%	2,522.8920	\$14.22	\$35,875.53
VT Vantagepoint Milestone 2035	0%	291.8369	\$14.43	\$4,211.21
VT Vantagepoint Milestone 2040	2%	2,212.4037	\$14.84	\$32,832.07
VT Vantagepoint Milestone 2045	3%	4,088.0980	\$15.96	\$65,246.04
<b>U.S. Stock</b>				
VT AllianzGI NFJ Div Value	3%	3,850.9518	\$15.92	\$61,307.15
VT Vantagepoint 500 Stk Idx	8%	9,039.1798	\$16.75	\$151,406.26
VT Vantagepoint Grwth & Income	5%	5,277.6820	\$16.19	\$85,445.67
VT Parnassus Core Equity	0%	138.7578	\$37.99	\$5,271.40
VT Contrafund	15%	2,905.3419	\$97.03	\$281,905.33
VT Gold Sachs Mid Cap Value	0%	168.9937	\$33.47	\$5,656.21
VT AMG TimesSquare Mid Cap Gr	3%	3,459.5022	\$17.48	\$60,472.10
VT AllianzGI NFJ Sm-Cap Val	0%	131.3986	\$20.78	\$2,730.46
VT Vantagepoint Md/Sm Co Idx	2%	1,550.2346	\$21.91	\$33,965.63
VT Vantagepoint Discovery	2%	2,529.7278	\$13.09	\$33,114.14
VT Oppenheimer Discovery	1%	229.8494	\$75.21	\$17,286.97





**Quarterly Financial Report for  
Your 401 Qualified Plan**

April 1, 2016 - June 30, 2016

**Allocation Summary by Fund (continued)**

<i>Investment</i>	<i>Percent of Assets</i>	<i>Units/ Shares</i>	<i>Unit/Share Value</i>	<i>Ending Balance</i>
<b>International/Global Stock</b>				
VT Diversified International	2%	1,370.3681	\$33.26	\$45,578.43
<b>Specialty</b>				
VT Nuveen Real Estate Secs	2%	1,368.6703	\$25.27	\$34,586.29
<b>Total</b>	<b>100%</b>			<b>\$1,917,433.92</b>

**Activity Summary by Fund**

<i>Investment</i>	<i>Beginning Balance</i>	<i>Contributions/ Other Credits</i>	<i>Distributions/ Other Debits</i>	<i>Transfers</i>	<i>Fees</i>	<i>Gain/Loss</i>	<i>Ending Balance</i>
<b>Stable Value/Cash Management</b>							
VT PLUS Fund	\$184,082.64	\$1,720.25	-\$29,797.87	\$918.00	-\$52.88	\$750.52	\$157,620.66
<b>Bond</b>							
VT Western Asset Core Plus Bnd	\$58,150.14	\$507.65	-\$26,142.36	\$481.35	-\$10.74	\$1,386.54	\$34,372.58
VT Vantagepoint Inflt n Focused	\$37,889.80	\$401.11	\$0.00	\$135.16	-\$3.52	\$612.62	\$39,035.17
VT PIMCO High Yield	\$32,686.82	\$659.53	\$0.00	\$55.32	-\$3.77	\$1,073.48	\$34,471.38
<b>Balanced/Asset Allocation</b>							
VT Vantagepoint Milestone 2010	\$1,441.66	\$0.00	\$0.00	\$0.00	\$0.00	\$24.59	\$1,466.25
VT Vantagepoint Milestone 2015	\$175,835.87	\$0.00	\$0.00	\$0.00	-\$46.10	\$2,875.06	\$178,664.83
VT Vantagepoint Milestone 2020	\$236,667.64	\$3,422.93	-\$2,053.64	\$466.52	\$0.00	\$4,127.60	\$242,631.05
VT Vantagepoint Milestone 2025	\$263,356.84	\$4,435.00	\$0.00	\$0.00	-\$34.07	\$4,523.34	\$272,281.11
VT Vantagepoint Milestone 2030	\$34,185.83	\$1,159.80	\$0.00	\$0.00	-\$66.40	\$596.30	\$35,875.53
VT Vantagepoint Milestone 2035	\$4,144.08	\$0.00	\$0.00	\$0.00	\$0.00	\$67.13	\$4,211.21
VT Vantagepoint Milestone 2040	\$30,829.60	\$1,506.42	\$0.00	\$0.00	\$0.00	\$496.05	\$32,832.07
VT Vantagepoint Milestone 2045	\$64,264.90	\$0.00	\$0.00	\$0.00	\$0.00	\$981.14	\$65,246.04





## Quarterly Financial Report for Your 457 Deferred Compensation Plan

002-0583

LISA STAUFFER  
 TOWN OF HILTON HEAD ISLAND  
 ONE TOWN CENTER COURT  
 HILTON HEAD ISLAND SC 29928-2701

### Submit Separation Dates for RMD Processing

Please submit separation dates for participants age 70 and above as soon as administratively possible. This will help ensure their Required Minimum Distributions are processed in a timely manner. To do so, log in to EZLink at [www.icmarc.org/login](http://www.icmarc.org/login), click the Participant tab, then select **Participant Administration** and **Terminate Participant**.

### April 1, 2016 - June 30, 2016

**Total Plan Assets** **\$4,864,738.57**

### If You Need Assistance

**Call Your Client Services Team** **800-326-7272**  
 Automated Access 24 hours/7 days  
 En Español 800-669-8216  
**Web site** **[www.icmarc.org](http://www.icmarc.org)**

### Plan Data

Plan Name **TOWN OF HILTON HEAD ISLAND**  
 Plan Number 301675

If any of your data is incorrect, please contact Client Services so that we can update your records.

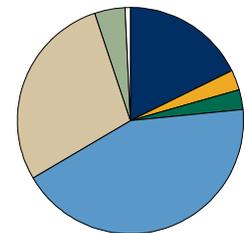
### Account Summary

	This Period	Year-To-Date
<b>Beginning Balance</b>	<b>\$4,633,908.21</b>	<b>\$4,552,605.51</b>
Contributions/Other Credits	\$113,101.03	\$330,488.85
Distributions/Other Debits	-\$53,056.55	-\$208,379.51
Fees	-\$361.29	-\$818.33
Gain/Loss	\$71,970.66	\$91,665.54
<b>Ending Balance</b>	<b>\$4,765,562.06</b>	<b>\$4,765,562.06</b>
Outstanding Loan Balance	\$99,176.51	
<b>Total Plan Assets</b>	<b>\$4,864,738.57</b>	

Total plan assets includes fund and active loan balances.

### Asset Allocation

Asset Category	Percent of Assets	Balance	
Stable Value/Cash Management	18%	\$843,795.18	
Bond	3%	\$136,079.32	
Guaranteed Lifetime Income	3%	\$135,976.54	
Balanced/Asset Allocation	43%	\$2,055,285.37	
U.S. Stock	28%	\$1,349,997.90	
International/Global Stock	4%	\$207,907.01	
Specialty	1%	\$36,520.74	
<b>Total Assets</b>	<b>100%</b>	<b>\$4,765,562.06</b>	



Please review your statement carefully. If you believe there is an error, please notify ICMA-RC at 800-326-7272 (en Español 800-669-8216) within 90 days of quarter end.

0583.5.03



**Quarterly Financial Report for  
Your 457 Deferred Compensation Plan**

April 1, 2016 - June 30, 2016

**Allocation Summary by Fund**

<i>Investment</i>	<i>Percent of Assets</i>	<i>Units/ Shares</i>	<i>Unit/Share Value</i>	<i>Ending Balance</i>
<b>Stable Value/Cash Management</b>				
VT PLUS Fund	18%	N/A	N/A	\$843,795.18
<b>Bond</b>				
VT Western Asset Core Plus Bnd	1%	4,526.3264	\$11.87	\$53,727.51
VT Vantagepoint Infltfn Focused	0%	723.6536	\$11.48	\$8,307.54
VT PIMCO High Yield	2%	8,680.4525	\$8.53	\$74,044.27
<b>Guaranteed Lifetime Income</b>				
VT Retirement IncomeAdvantage	3%	9,182.2820	\$14.81	\$135,976.54
<b>Balanced/Asset Allocation</b>				
VT Vantagepoint Milestone 2015	8%	29,741.5998	\$13.05	\$388,127.88
VT Vantagepoint Milestone 2020	5%	19,053.1310	\$13.50	\$257,217.26
VT Vantagepoint Milestone 2025	8%	27,674.7251	\$13.76	\$380,804.21
VT Vantagepoint Milestone 2030	10%	33,740.1275	\$14.22	\$479,784.61
VT Vantagepoint Milestone 2035	8%	25,460.1540	\$14.43	\$367,390.02
VT Vantagepoint Milestone 2040	1%	3,496.9744	\$14.84	\$51,895.10
VT Vantagepoint Milestone 2045	3%	7,623.6321	\$15.96	\$121,673.17
VT Vantagepoint Milestone 2050	0%	618.9614	\$13.56	\$8,393.12
<b>U.S. Stock</b>				
VT AllianzGI NFJ Div Value	3%	8,734.6114	\$15.92	\$139,055.00
VT Vantagepoint 500 Stk Idx	7%	21,370.8236	\$16.75	\$357,961.28
VT Vantagepoint Grwth & Income	3%	7,693.6161	\$16.19	\$124,559.65
VT Parnassus Core Equity	0%	112.8302	\$37.99	\$4,286.42
VT Contrafund	4%	1,998.5741	\$97.03	\$193,921.63
VT Gold Sachs Mid Cap Value	0%	341.3610	\$33.47	\$11,425.35
VT AMG TimesSquare Mid Cap Gr	2%	5,110.3681	\$17.48	\$89,329.22
VT AllianzGI NFJ Sm-Cap Val	0%	191.0705	\$20.78	\$3,970.44





**Quarterly Financial Report for  
Your 457 Deferred Compensation Plan**

April 1, 2016 - June 30, 2016

**Allocation Summary by Fund (continued)**

<i>Investment</i>	<i>Percent of Assets</i>	<i>Units/ Shares</i>	<i>Unit/Share Value</i>	<i>Ending Balance</i>
<b>U.S. Stock (continued)</b>				
VT Vantagepoint Md/Sm Co Idx	5%	11,035.4597	\$21.91	\$241,786.92
VT Vantagepoint Discovery	3%	9,701.0487	\$13.09	\$126,986.72
VT Oppenheimer Discovery	1%	754.0921	\$75.21	\$56,715.27
<b>International/Global Stock</b>				
VT Diversified International	4%	6,250.9630	\$33.26	\$207,907.01
<b>Specialty</b>				
VT Nuveen Real Estate Secs	1%	1,445.2209	\$25.27	\$36,520.74
<b>Total</b>	<b>100%</b>			<b>\$4,765,562.06</b>

**Activity Summary by Fund**

<i>Investment</i>	<i>Beginning Balance</i>	<i>Contributions/ Other Credits</i>	<i>Distributions/ Other Debits</i>	<i>Transfers</i>	<i>Fees</i>	<i>Gain/Loss</i>	<i>Ending Balance</i>
<b>Stable Value/Cash Management</b>							
VT PLUS Fund	\$845,968.74	\$4,680.13	-\$10,358.28	-\$1.01	-\$7.14	\$3,512.74	\$843,795.18
<b>Bond</b>							
VT Western Asset Core Plus Bnd	\$64,637.55	\$2,590.63	-\$15,109.09	-\$133.33	-\$4.93	\$1,746.68	\$53,727.51
VT Vantagepoint Infltn Focused	\$7,518.11	\$276.21	-\$99.05	\$491.43	-\$2.30	\$123.14	\$8,307.54
VT PIMCO High Yield	\$72,059.78	\$2,178.51	-\$2,748.22	\$201.90	-\$1.61	\$2,353.91	\$74,044.27
<b>Guaranteed Lifetime Income</b>							
VT Retirement IncomeAdvantage	\$134,070.32	\$175.00	\$0.00	\$0.00	\$0.00	\$1,731.22	\$135,976.54





## Quarterly Financial Report for Your VantageCare Retirement Health Savings Plan

001-1369


**NANCY GASEN**  
 TOWN OF HILTON HEAD/TOWN MANAGER  
 ONE TOWN CENTER COURT  
 HILTON HEAD ISLAND SC 29928-2701

**Important Reminder for RHS Plan Sponsors Patient-Centered Outcomes Research Institute (PCORI) Fee Due to IRS July 31, 2016.** If you are subject to the PCORI fee, ICMA-RC makes available a PCORI fee calculator within EZLink to assist you with reporting. Log in to EZLink and under Reports, select PCORI Fee Report. Click "?" for details.

### April 1, 2016 - June 30, 2016

**Total Plan Assets** **\$85,050.65**

### If You Need Assistance

**Call Your Client Services Team** **800-326-7272**  
 Automated Access 24 hours/7 days  
 En Español 800-669-8216  
**Web site** [www.icmarc.org](http://www.icmarc.org)

### Plan Data

Plan Name **TOWN OF HILTON HEAD/TOWN MANAGER**  
 Plan Number 800162

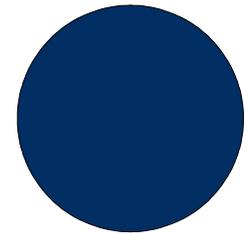
If any of your data is incorrect, please contact Client Services so that we can update your records.

### Account Summary

	<i>This Period</i>	<i>Year-To-Date</i>
<b>Beginning Balance</b>	<b>\$83,733.35</b>	<b>\$75,273.44</b>
Contributions/Other Credits	\$0.00	\$7,322.59
Fees	-\$127.78	-\$190.49
Gain/Loss	\$1,445.08	\$2,645.11
<b>Ending Balance</b>	<b>\$85,050.65</b>	<b>\$85,050.65</b>

### Asset Allocation

<i>Asset Category</i>	<i>Percent of Assets</i>	<i>Balance</i>
Balanced/Asset Allocation	100%	\$85,050.65
<b>Total Assets</b>	<b>100%</b>	<b>\$85,050.65</b>



Please review your statement carefully. If you believe there is an error, please notify ICMA-RC at 800-326-7272 (en Español 800-669-8216) within 90 days of quarter end.



1369.2.03

**Quarterly Financial Report for  
Your VantageCare Retirement Health Savings Plan**

April 1, 2016 - June 30, 2016

**Allocation Summary by Fund**

<i>Investment</i>	<i>Percent of Assets</i>	<i>Units/ Shares</i>	<i>Unit/Share Value</i>	<i>Ending Balance</i>
<b>Balanced/Asset Allocation</b>				
VT II VP Milestone 2025	100%	4,837.9212	\$17.58	\$85,050.65
<b>Total</b>	<b>100%</b>			<b>\$85,050.65</b>

**Activity Summary by Fund**

<i>Investment</i>	<i>Beginning Balance</i>	<i>Contributions/ Other Credits</i>	<i>Distributions/ Other Debits</i>	<i>Transfers</i>	<i>Fees</i>	<i>Gain/Loss</i>	<i>Ending Balance</i>
<b>Balanced/Asset Allocation</b>							
Vantagepoint Milestone 2025	\$83,733.35	\$0.00	\$0.00	-\$83,454.14	-\$127.78	-\$151.43	\$0.00
VT II VP Milestone 2025	\$0.00	\$0.00	\$0.00	\$83,454.14	\$0.00	\$1,596.51	\$85,050.65
<b>Total Account</b>	<b>\$83,733.35</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>-\$127.78</b>	<b>\$1,445.08</b>	<b>\$85,050.65</b>

**Activity Detail**

<i>Contributions/Other Credits</i>	<i>Distributions/Other Debits</i>
<b>Total</b>	<b>Total</b>
<b>\$0.00</b>	<b>\$0.00</b>

**Account Balance by Source**

<b>Total Employer</b>	<b>\$85,050.65</b>
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## Quarterly Financial Report for Your VantageCare Retirement Health Savings Plan

001-1368


 NANCY GASEN  
 TOWN OF HILTON HEAD/FIRE RESCUE  
 ONE TOWN CENTER COURT  
 HILTON HEAD ISLAND SC 29928-2701

**Important Reminder for RHS Plan Sponsors Patient-Centered Outcomes Research Institute (PCORI) Fee Due to IRS July 31, 2016.** If you are subject to the PCORI fee, ICMA-RC makes available a PCORI fee calculator within EZLink to assist you with reporting. Log in to EZLink and under Reports, select PCORI Fee Report. Click "?" for details.

### April 1, 2016 - June 30, 2016

**Total Plan Assets** **\$1,194,896.91**

### If You Need Assistance

**Call Your Client Services Team** **800-326-7272**  
 Automated Access 24 hours/7 days  
 En Español 800-669-8216  
**Web site** **www.icmarc.org**

### Plan Data

Plan Name **TOWN OF HILTON HEAD/FIRE RESCUE**  
 Plan Number 800163

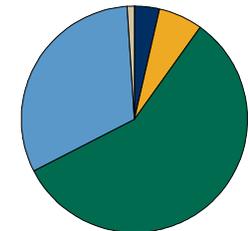
If any of your data is incorrect, please contact Client Services so that we can update your records.

### Account Summary

	This Period	Year-To-Date
<b>Beginning Balance</b>	<b>\$1,188,315.71</b>	<b>\$1,132,006.55</b>
Contributions/Other Credits	\$12,885.31	\$116,229.19
Distributions/Other Debits	-\$25,331.74	-\$84,681.10
Fees	-\$2,068.55	-\$3,267.61
Gain/Loss	\$21,096.18	\$34,609.88
<b>Ending Balance</b>	<b>\$1,194,896.91</b>	<b>\$1,194,896.91</b>

### Asset Allocation

Asset Category	Percent of Assets	Balance	
Stable Value/Cash Management	4%	\$43,101.72	
Bond	6%	\$74,944.46	
Balanced/Asset Allocation	58%	\$687,870.65	
U.S. Stock	31%	\$376,487.47	
International/Global Stock	1%	\$12,492.61	
<b>Total Assets</b>	<b>100%</b>	<b>\$1,194,896.91</b>	



Please review your statement carefully. If you believe there is an error, please notify ICMA-RC at 800-326-7272 (en Español 800-669-8216) within 90 days of quarter end.



**Quarterly Financial Report for  
Your VantageCare Retirement Health Savings Plan**

April 1, 2016 - June 30, 2016

**Allocation Summary by Fund**

<i>Investment</i>	<i>Percent of Assets</i>	<i>Units/ Shares</i>	<i>Unit/Share Value</i>	<i>Ending Balance</i>
<b>Stable Value/Cash Management</b>				
VT II Cash Management Fund	4%	2,624.9525	\$16.42	\$43,101.72
<b>Bond</b>				
VT II VP Core Bond Index	5%	2,010.5388	\$27.89	\$56,073.93
VT II Vantagepoint Inflat Foc	2%	722.1788	\$26.13	\$18,870.53
<b>Balanced/Asset Allocation</b>				
VT II VP Milestone 2015	4%	2,674.2177	\$16.64	\$44,498.99
VT II VP Milestone 2020	4%	2,813.8655	\$17.10	\$48,117.10
VT II VP Milestone 2025	17%	11,756.5543	\$17.58	\$206,680.22
VT II VP Milestone 2030	5%	3,066.0131	\$17.89	\$54,850.97
VT II VP Milestone 2035	5%	3,144.9253	\$18.26	\$57,426.33
VT II VP Milestone 2040	2%	1,116.9667	\$18.51	\$20,675.05
VT II VP Milestone 2045	1%	819.3457	\$17.52	\$14,354.94
VT II Model Port Conservative	2%	1,029.2179	\$27.92	\$28,735.76
VT II VP MP Traditional Growth	4%	1,596.2952	\$31.45	\$50,203.48
VT II VP MP Long-Term Growth	8%	2,782.5065	\$34.77	\$96,747.75
VT II VP MP Global Equity Gr	5%	1,754.8852	\$37.37	\$65,580.06
<b>U.S. Stock</b>				
VT II Vantagepoint Equity Inc	2%	377.4515	\$65.90	\$24,874.05
VT II VP 500 Stock Index	1%	432.4867	\$29.38	\$12,706.46
VT II VP Broad Market Index	6%	1,263.4115	\$58.43	\$73,821.13
VT II Vantagepnt Growth & Inc	7%	2,258.5502	\$35.00	\$79,049.25
VT II Vantagepoint Growth	1%	402.4141	\$46.53	\$18,724.32
VT II Vantagepoint Select Val	1%	504.2686	\$18.83	\$9,495.37
VT II Vantagepoint Aggr Opps	7%	1,417.6357	\$61.82	\$87,638.23
VT II VP Mid/Small Co Index	4%	1,279.7966	\$37.67	\$48,209.93
VT II Vantagepoint Discovery	2%	1,270.6034	\$17.29	\$21,968.73





**Quarterly Financial Report for  
Your VantageCare Retirement Health Savings Plan**

April 1, 2016 - June 30, 2016

**Allocation Summary by Fund (continued)**

<i>Investment</i>	<i>Percent of Assets</i>	<i>Units/ Shares</i>	<i>Unit/Share Value</i>	<i>Ending Balance</i>
<b>International/Global Stock</b>				
VT II Vantagepoint Internat	0%	118.1871	\$23.86	\$2,819.94
VT II VP Overseas Equity Idx I	1%	581.9900	\$16.62	\$9,672.67
<b>Total</b>	<b>100%</b>			<b>\$1,194,896.91</b>

**Activity Summary by Fund**

<i>Investment</i>	<i>Beginning Balance</i>	<i>Contributions/ Other Credits</i>	<i>Distributions/ Other Debits</i>	<i>Transfers</i>	<i>Fees</i>	<i>Gain/Loss</i>	<i>Ending Balance</i>
<b>Stable Value/Cash Management</b>							
Dreyfus Cash Management	\$46,526.58	\$0.00	-\$3,342.25	-\$43,101.72	-\$83.68	\$1.07	\$0.00
VT II Cash Management Fund	\$0.00	\$0.00	\$0.00	\$43,101.72	\$0.00	\$0.00	\$43,101.72
<b>Bond</b>							
Vantagepoint Core Bond Idx I	\$57,444.57	\$0.00	-\$2,438.00	-\$55,792.45	-\$91.10	\$876.98	\$0.00
VT II VP Core Bond Index	\$0.00	\$0.00	\$0.00	\$55,792.45	\$0.00	\$281.48	\$56,073.93
Vantagepoint Inflation Focused	\$19,157.05	\$0.00	-\$549.24	-\$18,747.76	-\$32.90	\$172.85	\$0.00
VT II Vantagepoint Inflat Foc	\$0.00	\$0.00	\$0.00	\$18,747.76	\$0.00	\$122.77	\$18,870.53
<b>Balanced/Asset Allocation</b>							
Vantagepoint Milestone Ret Inc	\$1,126.36	\$0.00	-\$1,126.36	\$0.00	\$0.00	\$0.00	\$0.00
Vantagepoint Milestone 2015	\$43,864.20	\$0.00	\$0.00	-\$43,830.43	-\$76.81	\$43.04	\$0.00
VT II VP Milestone 2015	\$0.00	\$0.00	\$0.00	\$43,830.43	\$0.00	\$668.56	\$44,498.99
Vantagepoint Milestone 2020	\$55,937.85	\$926.60	-\$9,572.74	-\$47,272.94	-\$90.94	\$72.17	\$0.00
VT II VP Milestone 2020	\$0.00	\$0.00	\$0.00	\$47,272.94	\$0.00	\$844.16	\$48,117.10
Vantagepoint Milestone 2025	\$193,216.93	\$11,158.71	-\$570.28	-\$203,086.03	-\$369.72	-\$349.61	\$0.00
VT II VP Milestone 2025	\$0.00	\$0.00	-\$285.14	\$203,086.03	\$0.00	\$3,879.33	\$206,680.22
Vantagepoint Milestone 2030	\$54,030.94	\$0.00	-\$3.24	-\$53,624.57	-\$113.25	-\$289.88	\$0.00
VT II VP Milestone 2030	\$0.00	\$0.00	\$0.00	\$53,624.57	\$0.00	\$1,226.40	\$54,850.97
Vantagepoint Milestone 2035	\$56,656.40	\$0.00	\$0.00	-\$56,042.57	-\$107.25	-\$506.58	\$0.00





## Quarterly Financial Report for Your VantageCare Retirement Health Savings Plan

001-1367



NANCY GASEN  
TOWN OF HILTON HEAD/ADMIN STAFF  
ONE TOWN CENTER COURT  
HILTON HEAD ISLAND SC 29928-2701



1367.3.3.03

**Important Reminder for RHS Plan Sponsors Patient-Centered Outcomes Research Institute (PCORI) Fee Due to IRS July 31, 2016.** If you are subject to the PCORI fee, ICMA-RC makes available a PCORI fee calculator within EZLink to assist you with reporting. Log in to EZLink and under Reports, select PCORI Fee Report. Click "?" for details.

### April 1, 2016 - June 30, 2016

**Total Plan Assets** **\$839,790.11**

### If You Need Assistance

**Call Your Client Services Team** **800-326-7272**  
Automated Access 24 hours/7 days  
En Español 800-669-8216  
**Web site** **www.icmarc.org**

### Plan Data

Plan Name **TOWN OF HILTON HEAD/ADMIN STAFF**  
Plan Number 800164

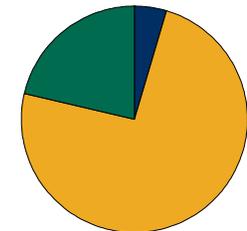
If any of your data is incorrect, please contact Client Services so that we can update your records.

### Account Summary

	<i>This Period</i>	<i>Year-To-Date</i>
<b>Beginning Balance</b>	<b>\$787,504.92</b>	<b>\$737,371.19</b>
Contributions/Other Credits	\$50,569.56	\$109,309.48
Distributions/Other Debits	-\$10,789.80	-\$29,727.68
Fees	-\$1,427.01	-\$2,236.25
Gain/Loss	\$13,932.44	\$25,073.37
<b>Ending Balance</b>	<b>\$839,790.11</b>	<b>\$839,790.11</b>

### Asset Allocation

<i>Asset Category</i>	<i>Percent of Assets</i>	<i>Balance</i>
Stable Value/Cash Management	5%	\$38,520.57
Balanced/Asset Allocation	74%	\$622,006.75
U.S. Stock	21%	\$179,262.79
<b>Total Assets</b>	<b>100%</b>	<b>\$839,790.11</b>



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**Quarterly Financial Report for  
Your VantageCare Retirement Health Savings Plan**

April 1, 2016 - June 30, 2016

**Allocation Summary by Fund**

<i>Investment</i>	<i>Percent of Assets</i>	<i>Units/ Shares</i>	<i>Unit/Share Value</i>	<i>Ending Balance</i>
<b>Stable Value/Cash Management</b>				
VT II Cash Management Fund	5%	2,345.9543	\$16.42	\$38,520.57
<b>Balanced/Asset Allocation</b>				
VT II VP Milestone Ret Income	10%	5,621.1300	\$15.03	\$84,485.59
VT II VP Milestone 2010	15%	7,689.5259	\$16.21	\$124,647.22
VT II VP Milestone 2015	21%	10,395.8427	\$16.64	\$172,986.81
VT II VP Milestone 2020	6%	2,851.4619	\$17.10	\$48,760.01
VT II VP Milestone 2025	5%	2,294.6099	\$17.58	\$40,339.24
VT II VP Milestone 2030	5%	2,500.8736	\$17.89	\$44,740.63
VT II VP Milestone 2045	2%	737.0640	\$17.52	\$12,913.36
VT II VP MP Traditional Growth	11%	2,961.3318	\$31.45	\$93,133.89
<b>U.S. Stock</b>				
VT II VP 500 Stock Index	11%	3,260.4579	\$29.38	\$95,792.25
VT II Vantagepnt Growth & Inc	7%	1,789.6378	\$35.00	\$62,637.32
VT II VP Mid/Small Co Index	2%	553.0454	\$37.67	\$20,833.22
<b>Total</b>	<b>100%</b>			<b>\$839,790.11</b>

**Activity Summary by Fund**

<i>Investment</i>	<i>Beginning Balance</i>	<i>Contributions/ Other Credits</i>	<i>Distributions/ Other Debits</i>	<i>Transfers</i>	<i>Fees</i>	<i>Gain/Loss</i>	<i>Ending Balance</i>
<b>Stable Value/Cash Management</b>							
Dreyfus Cash Management	\$38,585.96	\$0.00	\$0.00	-\$38,520.57	-\$66.31	\$0.92	\$0.00
VT II Cash Management Fund	\$0.00	\$0.00	\$0.00	\$38,520.57	\$0.00	\$0.00	\$38,520.57
<b>Balanced/Asset Allocation</b>							
Vantagepoint Milestone Ret Inc	\$64,041.66	\$22,507.13	-\$3,012.90	-\$83,417.57	-\$139.87	\$21.55	\$0.00
VT II VP Milestone Ret Income	\$0.00	\$0.00	\$0.00	\$83,417.57	\$0.00	\$1,068.02	\$84,485.59
Vantagepoint Milestone 2010	\$123,672.76	\$0.00	-\$981.12	-\$122,955.52	-\$235.04	\$498.92	\$0.00





**Quarterly Financial Report for  
Your VantageCare Retirement Health Savings Plan**

April 1, 2016 - June 30, 2016

**Activity Summary by Fund (continued)**

<i>Investment</i>	<i>Beginning Balance</i>	<i>Contributions/ Other Credits</i>	<i>Distributions/ Other Debits</i>	<i>Transfers</i>	<i>Fees</i>	<i>Gain/Loss</i>	<i>Ending Balance</i>
<b>Balanced/Asset Allocation (continued)</b>							
VT II VP Milestone 2010	\$0.00	\$0.00	\$0.00	\$122,955.52	\$0.00	\$1,691.70	\$124,647.22
Vantagepoint Milestone 2015	\$145,404.95	\$28,062.43	-\$2,980.80	-\$170,387.86	-\$259.43	\$160.71	\$0.00
VT II VP Milestone 2015	\$0.00	\$0.00	\$0.00	\$170,387.86	\$0.00	\$2,598.95	\$172,986.81
Vantagepoint Milestone 2020	\$48,049.27	\$0.00	\$0.00	-\$47,904.56	-\$100.92	-\$43.79	\$0.00
VT II VP Milestone 2020	\$0.00	\$0.00	\$0.00	\$47,904.56	\$0.00	\$855.45	\$48,760.01
Vantagepoint Milestone 2025	\$39,742.79	\$0.00	\$0.00	-\$39,582.02	-\$88.92	-\$71.85	\$0.00
VT II VP Milestone 2025	\$0.00	\$0.00	\$0.00	\$39,582.02	\$0.00	\$757.22	\$40,339.24
Vantagepoint Milestone 2030	\$44,065.72	\$0.00	\$0.00	-\$43,740.28	-\$88.96	-\$236.48	\$0.00
VT II VP Milestone 2030	\$0.00	\$0.00	\$0.00	\$43,740.28	\$0.00	\$1,000.35	\$44,740.63
Vantagepoint Milestone 2045	\$12,736.09	\$0.00	\$0.00	-\$12,559.57	-\$24.74	-\$151.78	\$0.00
VT II VP Milestone 2045	\$0.00	\$0.00	\$0.00	\$12,559.57	\$0.00	\$353.79	\$12,913.36
Vantagepoint MP Trad Growth	\$93,299.97	\$0.00	-\$1,511.70	-\$91,386.70	-\$147.18	-\$254.39	\$0.00
VT II VP MP Traditional Growth	\$0.00	\$0.00	\$0.00	\$91,386.70	\$0.00	\$1,747.19	\$93,133.89
<b>U.S. Stock</b>							
Vantagepoint 500 Stock Index I	\$93,775.15	\$0.00	\$0.00	-\$92,988.26	-\$141.26	-\$645.63	\$0.00
VT II VP 500 Stock Index	\$0.00	\$0.00	\$0.00	\$92,988.26	\$0.00	\$2,803.99	\$95,792.25
Vantagepoint Growth & Income	\$62,834.47	\$0.00	-\$1,172.66	-\$60,919.27	-\$101.02	-\$641.52	\$0.00
VT II Vantagepnt Growth & Inc	\$0.00	\$0.00	\$0.00	\$60,919.27	\$0.00	\$1,718.05	\$62,637.32
Vantagepoint Mid/Sm Co Idx I	\$21,296.13	\$0.00	-\$1,130.62	-\$20,335.48	-\$33.36	\$203.33	\$0.00
VT II VP Mid/Small Co Index	\$0.00	\$0.00	\$0.00	\$20,335.48	\$0.00	\$497.74	\$20,833.22
<b>Total Account</b>	<b>\$787,504.92</b>	<b>\$50,569.56</b>	<b>-\$10,789.80</b>	<b>\$0.00</b>	<b>-\$1,427.01</b>	<b>\$13,932.44</b>	<b>\$839,790.11</b>

**Activity Detail**

<i>Contributions/Other Credits</i>		<i>Distributions/Other Debits</i>	
Contributions	\$50,569.56	Distributions	-\$10,789.80
<b>Total</b>	<b>\$50,569.56</b>	<b>Total</b>	<b>-\$10,789.80</b>

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