



# Retirement Savings Policy

CHATHAM AREA TRANSIT

Effective Date: July 1, 2014

## POLICY:

Chatham Area Transit Authority (CAT) encourages employees to save and accumulate financial resources for their future retirement. CAT offers two (2) retirement savings programs, a 401(a) and 457 plan through ICMA Retirement Corporation and provides contributions towards the 401(a) plan.

## POLICY SPECIFICS:

Subject to statutory limits on tax deductibility, the Plans allows employees to elect how much of their salary they want to contribute to the Plan and to direct the investment of their funds into professionally managed investment funds. An employee is fully vested in his/her own contributions and entitled to those contributions upon termination of employment regardless of the length of employment.

### 401(a) Plan

Upon obtaining eligibility to participate in the 401(a) plan, employees may contribute to the plan up to the statutory limit on a pre-tax basis. CAT will provide a matching dollar for dollar contribution to each participating employee, up to a maximum of 3% employer contribution. In accordance with the plan's provisions, once an employee elects a level of contribution, he/she may not increase, decrease or eliminate employee contributions to the plan.

The 401(a) plan has a gradual vesting schedule for the employer contributions:

Employment Service	Vested Percentage
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 years	100%

Employees should note that IRS limits on annual deferrals apply and that contributions to this plan, when combined with other plans in which the employee may participate, may not exceed 100 per cent of those IRS limits.

Employees may contact the Human Resource Department for information on the current IRS limits and for information about other plans subject to these limitations.

As with other benefits provided by the company, this policy is not a binding agreement. CAT reserves the right to modify the provisions of the plan including the employer contribution level, vesting schedule and/or terminate the Plan at any time.

## APPLIES TO:

All full-time, non-union employees of Chatham Area Transit Authority.