THE OCEAN CITY, MARYLAND
PUBLIC SAFETY EMPLOYEES PENSION PLAN AND TRUST

PLAN SUMMARY

Effective April 1, 2009

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ABOUT THIS BOOKLET

We urge you to read this booklet carefully. It explains the benefits available to you through The Ocean City, Maryland Public Safety Employees Pension Plan and Trust (the "Plan").

This Summary is not a contract but is meant to summarize the Plan in easy-to-understand language. However, in the event of any ambiguity or inconsistency between this Summary and the Plan document, the Plan document will control. The Plan document is available for examination at the office of the Plan Administrator during regular business hours.

The Plan is meaningful only if you clearly understand its provisions and can take advantage of the benefits it provides. If anything in this Summary is not clear to you, please contact the Plan Administrator.

If you are not a Covered Employee at any time after March 31, 2009, this Plan Summary does not apply to you and your benefits and rights are determined under the version of the Plan that was in effect at the time you ceased to be a Covered Employee.

THE OCEAN CITY, MARYLAND PUBLIC SAFETY EMPLOYEES PENSION PLAN AND TRUST

Plan Summary (Effective April 1, 2009)

ELIGIBILITY

Who Is Eligible to Participate in the Plan?

If you are employed in eligible status (see below), you are required to become a participant in the Ocean City, Maryland Public Safety Employees Pension Plan and Trust (the "Plan") as a condition of employment with Ocean City, Maryland (the "City").

Does My Employment Status Affect My Eligibility to Participate in the Plan?

To become a Plan participant, you must be a "Covered Employee", which means, you must be employed in eligible status. You are employed in eligible status if you are employed as a full-time, permanent Employee of the City in any of the following categories:

- Emergency Management
- Electronics
- Communication Personnel
- Certified EMS Personnel
- Fire Marshal
- Sworn Police Officer
- Paid Firefighter

Other full-time employees of the City and leased employees are not eligible to participate in the Plan.

If you continue to be employed by the City but you cease to be a Covered Employee, you will continue to earn service credits toward vesting and eligibility to receive benefits, but you will not accrue any additional benefits unless you again become a Covered Employee.

SERVICE

How Is My Service Credited for Plan Purposes?

For vesting purposes, you will earn a year of credit for each whole year (12-month period beginning on your employment or reemployment date and each anniversary thereof) during which you are continuously employed by the City.

For benefit accrual purposes, you will earn credit for 1/12 of a year for each calendar month during which you are a Covered Employee for the entire month, but you will receive no credit for any calendar month if you are not a Covered Employee for that entire month.

If you are not actively working, but are on a paid leave of absence authorized by the City, you are not considered to have terminated your employment, so you are credited with the same service that you would have earned if you were actively working. Authorized leaves of absence include military leave where re-employment rights are guaranteed by law, and other absences of up to two years for reasons (such as sick leave or vacation) other than resignation, discharge, retirement or total and permanent disability.

If you are on an unpaid leave of absence, or if your rate of pay is reduced while on a leave of absence, you will not receive service credit for benefit accrual purposes unless you make contributions to the Plan equal to either a designated percentage of your pay in effect on the most recent anniversary date preceding your leave of absence (see "COST OF THE PLAN" below.) The required contribution percentage depends on your job classification and years of service and will be either 8% or 8.5%.

If you are a sworn police officer, for purposes of determining your eligibility for a normal retirement benefit under the Plan, to the extent required by an applicable collective bargaining agreement, you also may be credited with up to 36 months of service for periods of pre-employment military service that you performed with the armed forces of the United States or the State of Maryland or for seasonal officer service performed with the Employer.

Do I Get Service Credit for Sick Leave?

If you have unused sick leave at the time of your retirement (on or after your early retirement date or on or after your normal retirement date), you may receive Sick Leave Service Credit for benefit accrual purposes.

Sick Leave Service Credit is credited at the rate of one month of sick leave service credit for each 176 hours of unused sick leave that you have at the time of retirement. After the whole number of your 176 hour periods of unused sick leave has been determined, if you have at least 88 hours of unused sick leave left over, you will also receive credit for one additional month of Sick Leave Service Credit. For example, if you have a total of 630 hours of unused sick leave when you retire, you would receive 4 months of Sick Leave Service Credit (630 hours equals 3 times 176 hours plus 102 extra hours, so you would have 3 full months plus 102 hours left over and you would get an extra month of Sick Leave Service Credit because you have over 88 hours left over).

Sick Leave Service Credit applies only for purposes of determining your benefit accruals. It does not apply for vesting purposes or for determining when you qualify for early retirement.

Can I Lose Service That Has Been Credited to Me under the Plan?

If you leave employment with the City and then resume employment with the City within 12 months, your periods of service before and after your separation from employment will be aggregated for vesting and benefit accrual purposes. However, if you do not resume employment with the City within 12 months of separating from employment, all of your service prior to your separation from employment will be disregarded in determining your eligibility to receive, the vested percentage of, and the amount of any benefits you may accrue after reemployment.

If your employment terminates and you receive a lump sum cash-out of your Employee Contribution Benefit in lieu of all other benefits under the Plan and then are rehired by the City, the service that you previously had earned will be disregarded for all purposes. However, if you return to employment as a Covered Employee within 12 months of leaving employment and within 90 days of your reemployment you repay the amount of your prior distribution, plus 5% interest, your periods of service prior to your termination of employment will be reinstated.

May I Transfer Service Credit from Another Maryland Governmental Retirement Plan?

If you were employed by another State or local government agency in Maryland within thirty calendar days before you were hired (or rehired) by the City, and you participated in a retirement plan sponsored by that governmental entity, you may have the right to elect to transfer service credited under that plan to this Plan. In that case, if you elect to transfer that prior service, your service with that previous employer will count as service for the City for eligibility, vesting and benefit accrual purposes under this Plan. An election to receive credit under this Plan for service recognized under another Maryland governmental retirement plan is subject to the requirements of the Plan and applicable State law and must be made in writing on a form supplied by or acceptable to the City. If you believe this may apply to you and you would like more information about this option, please contact the Plan Administrator for details.

COST OF THE PLAN

Who Pays the Cost of the Plan?

Both the City and eligible employees share the cost for providing retirement benefits under the Plan. Generally, the City makes periodic contributions to the Plan, as required by applicable law, so that funds are available to pay your benefits when you retire, or otherwise become eligible for benefits.

What Types of Employee Contributions are Required or Permitted under the Plan?

If you are a Covered Employee, you are required to make contributions to the Plan equal to 8% or 8.5% (depending on your job classification and years of service) of your compensation, which are deducted from your pay and "picked up" (paid to the Plan) by the City. These contributions are required for each pay period until termination of employment.

All participants who are sworn police personnel are required to make contributions equal to 8% of compensation for each pay period.

All participants who are not sworn police personnel are required to make contributions, for each pay period until termination of employment, equal to 8% of their compensation except for such participants who were credited with at least 15 years of service on July 1, 2007, who are required to make contributions equal to 8.5% of compensation.

"Compensation" means your monthly rate of pay in effect on the most recent anniversary date of your employment or reemployment. Your contributions will always be fully vested. If you are on a paid leave of absence, your required contributions will continue to be deducted from your pay.

In addition to your required employee contributions, you may elect to make after-tax contributions to the plan in the following two situations:

- If you received a lump sum cash out of your Employee Contribution Benefit upon leaving service and then are reemployed as a Covered Employee within 12 months, you may elect to pay back the amount of the cash out plus interest.

- If you are on an approved, unpaid leave of absence, you will not receive service credit for benefit accrual purposes unless you make contributions equal to 8% or 8.5% (depending on your job classification and years of service) of your monthly rate of compensation in effect on your most recent anniversary date preceding your leave of absence.

Interest on your employee contributions is also credited on your behalf each March 31 at the rate of 2.5% (compounded annually) for employee contributions made during the Plan year that ends on that date and 5% (compounded annually) for employee contributions made during previous Plan years. Your employee contributions plus the interest credited on those amounts equal your total Employee Contribution Benefit under the Plan. You are always 100% vested in your Employee Contribution Benefit.

TRANSFERS

What Happens If I Transfer from the Employees Plan to this Plan?

If, for any reason, your participation in The Employees of Ocean City, Maryland Pension Plan and Trust (the "Employees Plan") is transferred directly to this Plan, the following procedures will be followed:

- Your accrued benefit under the Employees Plan and the present value of that accrued benefit, determined under the Employees Plan, will be calculated as of the date of the transfer.

- Assets will be transferred from the Employees Plan to this Plan in an amount equal to the present value of your accrued benefit, determined under the Employees Plan.

- All of your periods of service for eligibility, vesting and benefit accrual purposes under the Employees Plan will be transferred to this Plan and counted under this Plan as service for eligibility, vesting and benefit accrual purposes.

What Happens If I Transfer from this Plan to the Employees Plan?

If, for any reason, you have your participation in the Plan transferred directly to the Employees Plan, the following procedures will be followed:

- Your accrued benefit under this Plan and the present value of that accrued benefit, determined under this Plan, will be calculated as of the date of the transfer.

- The difference between (1) the amount of your employee contributions, plus interest, under this Plan through the date of the transfer and (2) the amount of employee contributions that you would have contributed (plus interest) under the Employees Plan if you had been a participant in the Employees Plan through the date of the transfer, will be calculated. The resulting amount will be credited with interest (5.0% per year, compounded annually), and will be payable to you, as an additional benefit at retirement, death or termination of employment.

- Assets will be transferred from this Plan to the Employees Plan in an amount equal to the present value of your accrued benefit, determined under this Plan.

- All of your periods of service for eligibility, vesting and benefit accrual purposes under this

Plan will be transferred to the Employees Plan and counted under the Employees Plan as service for eligibility, vesting and benefit accrual purposes.

PLAN BENEFITS

How Is My Retirement Benefit Calculated?

The amount of retirement benefit you receive is based on a mathematical formula, that takes into account your Average Monthly Compensation and number of years and whole months of Creditable Service. Effective July 1, 2008, the mathematical formula under the Plan changed. If you were a Covered Employee before April 1, 1996 and continued as a Covered Employee on or after June 30, 2008, the amount of your retirement benefit is determined as the better of the prior formula or the current formula. If you are a Covered Employee after June 30, 2008 and all of your service for benefit accrual purposes occurred after April 1, 1996, only the first formula will apply. (For anyone who is not a Covered Employee after June 30, 2008, your benefits are determined under the version of the Plan that applied at the time your employment terminated and this Summary does not apply to you.)

Benefit Formula After June 30, 2008

Under the current benefit formula, if you became a Covered Employee after April 1, 1996 and you were also a Covered Employee after June 30, 2008, your monthly benefit would be 60% of your Average Monthly Compensation, reduced by one three hundredths (1/300) for each month less then 300 in your total periods of credited service (not counting Sick Leave Service Credit) plus one-twelfth times 2% of your Average Monthly Compensation times the number of your months of Sick Leave Service Credit.

Alternative Benefit Formula If You Were a Covered Employee before April 1, 1996

If you are a Covered Employee after June 30, 2008 and were also a Covered Employee before April 1, 1996, your monthly retirement benefit is the greater of (1) the amount determined under the post-June 30, 2008 formula (described above) or (2) 60% of your Average Monthly Compensation, reduced by 1/180th for each month that your credited service for benefit accrual purposes is less than 180 months (not counting Sick Leave Service Credit) plus one-twelfth times three and one-third percent (3⅓%) times your Average Monthly Compensation times your number of months of Sick Leave Service Credit.

Your "Average Monthly Compensation" is your average monthly rate of compensation for the three consecutive Qualifying Dates during the 120 months immediately preceding the calculation of your benefit that result in the highest average. A "Qualifying Date" is the date that is one year after your employment (or re-employment) commences and each anniversary of that date on which you are still employed as an eligible employee of the Employer. If you have worked less than three consecutive Qualifying Dates prior to the calculation of your benefit, your Average Monthly Compensation will be based on an average of any Qualifying Dates on which you were employed in an eligible status. Any Qualifying Date on which you were not employed on a full-time basis or on which you were on a leave of absence will not be counted toward your Average Monthly Compensation.

For example, assume an employee retires on February 1, 2010. The employee's Average

Monthly Compensation would be determined using the following "Qualifying Dates" and monthly compensation rates:

June 1, 2000: $3,600	June 1, 2005: $4,500
June 1, 2001: $3,700	June 1, 2006: $4,700
June 1, 2002: $3,900	June 1, 2007: $5,000
June 1, 2003: $4,100	June 1, 2008: $5,300
June 1, 2004: $4,200	June 1, 2009: $5,500

Because "Average Monthly Compensation" is based on the three consecutive Qualifying Dates that would result in the highest average, the employee's Average Monthly Compensation would be the average of the monthly compensation for the three most recent anniversary dates, which equals $5,266.67, computed as follows:

$ 5,000
$ 5,300
$ 5,500
$15,800 divided by 3 = $5,266.67

For purposes of determining your Average Monthly Compensation, "compensation" for a year means your monthly rate of pay, determined on the anniversary date that starts that year, excluding overtime pay, bonuses, other extra remuneration and direct reimbursement for expenses. In addition, the amount of annual compensation that can be taken into account in determining your Average Monthly Compensation cannot exceed a certain dollar limit that applies under federal tax law (this limit is indexed for inflation–for 2009, the limit is $245,000).

Compensation includes amounts that are not currently includible in your gross income because the amounts were deferred by you under a cafeteria plan, a simplified employee pension, a tax-sheltered annuity plan qualified under Internal Revenue Code section 403(b), an "eligible deferred compensation plan" qualified under Internal Revenue Code section 457(b), a "qualified transportation fringe benefit program" under Internal Revenue Code §132(f)(4) or a governmental "pick-up" program (including under this Plan).

What Is My Normal Retirement Benefit?

Your normal retirement benefit is a monthly benefit paid to you for life.

The following example is designed to show you how the retirement benefit formula is used to calculate benefits. Assume an employee who is age 65 and who began employment in eligible status on June 1, 1987, retires on June 1, 2011 (so the employee had 24 years or 288 months of Creditable Service). The employee's Average Monthly Compensation was $4,800. Also, assume the employee had 400 hours of unused sick leave at the time of retirement, which means he would have 2 months of Sick Leave Service Credit.

Because the employee was a covered employee before April 1, 1996 and after June 30, 2008, we have to compute his benefit under both formulas. First, we compute his benefit under the current formula:

Step 1: Multiply 60% times Average Monthly Compensation ($4,800) = $2,880

Step 2: Because the employee has only 288 months of service (12 less than 300), multiply $1/300 \times 12 = 0.04$

Step 3: Multiply $0.04 \times \$2,880 = \$115.20$

Step 4: Subtract \$115 from \$2,880 = \$2,764.80

Step 5: The employee has 2 months of Sick Leave Service Credit, so he gets an additional amount added to his monthly benefit: $2 \times \$4,800 \times 2\% \times 1/12 = \$16$

Therefore, the employee's total benefit at Normal Retirement Date under the current formula would be \$2,780.80 per month, or \$33,370 per year. Now, we need to calculate his benefit under the old formula to see if it would be higher.

Step 1: Multiply 60% times Average Monthly Compensation (\$4,800) = \$2,880

Step 2: Because the employee has more than 180 months of credited service, no reduction is required for this formula.

Step 3: The employee has 2 months of Sick Leave Service Credit, so he gets an additional amount added to his monthly benefit: $2 \times \$4,800 \times 3\frac{1}{3}\% \times 1/12 = \$26.67$

Therefore the employee's total benefit at Normal Retirement Date under the "old" formula is \$2,906.67 per month, or \$34,880 per year.

Because the employee was a Covered Employee before April 1, 1996 and his benefit would be higher under the old formula, that higher benefit would be paid. So, his benefit would be \$2,906.67 per month.

NORMAL RETIREMENT

When Is My Normal Retirement Date?

Your "Normal Retirement Date" is the first day of the month that coincides with or immediately follows your 65th birthday. If you elect normal retirement, your benefits will begin on your Normal Retirement Date.

EARLY RETIREMENT

When Can I Retire Early?

You may retire early on or after your "Early Retirement Date", which is the first day of any month that coincides with or immediately follows (i) the date on which you attain age 55 and complete a period of service of at least 10 continuous years, or (ii) your completion of a period of service of at least 25 continuous years.

What Is My Early Retirement Benefit?

The amount of your monthly early retirement benefit depends on when you want to begin receiving your benefit payments. You can either wait and receive your retirement benefits on or after your Normal Retirement Date in an unreduced amount or begin receiving a reduced amount immediately on your Early Retirement Date, or on the first day of any month after your Early Retirement Date and before your Normal Retirement Date. However, if you have completed a period of service of at least 25 years, your Early Retirement Benefit will not be reduced for commencement before Normal Retirement Age.

If you retire and begin receiving benefit payments prior to your normal retirement date and you have less than 25 years of service, your normal retirement benefit, calculated as described above, will be reduced by a fraction equal to 1/180th for each month during the first 5 years preceding your Normal Retirement Date, and 1/360th for each month during the next 5 years preceding Normal Retirement Date.

For example, if your monthly normal retirement benefit is $1,000 commencing at age 65, and you elect early retirement with payments commencing on your 62nd birthday (and you do not have 25 years of service), your benefit will be reduced by 36/180 or 20%, which would yield a monthly early retirement benefit of $800.

Notwithstanding the preceding, if you retire before your Normal Retirement Date you may elect to increase your retirement benefit by 20% until you attain age 65, at which time your benefit will be decreased so that your overall benefit will be the actuarial equivalent of the normal retirement benefit.

DEFERRED RETIREMENT OPTION PROGRAM ("DROP")

What is DROP?

The Plan also offers a feature that allows a Covered Employee who is a police officer with the Ocean City Police Department and who has completed twenty-five years of credited service to continue working, for a period of up to three years, but to have benefit payments commence. Those payments are not paid to the Covered Employee until after retirement, but are credited as a separate benefit under the Plan. The amounts credited to the employee under DROP earn interest and are payable to the employee upon retirement. This is called the "Deferred Retirement Option Program" or "DROP".

The Plan has also offered various special or temporary DROP opportunities in the past with temporary enrollment periods. Those programs are not currently available except to participants who properly elected to participate in them when they were available. If you elected to participate in a special DROP program in the past, note that the terms of that DROP program that applied to you at the time of your election, which may differ in some respects from the DROP provisions described in this Summary, will continue to apply to you, instead of the provisions of this section of your Plan Summary.

How Do I Participate in DROP?

To qualify for DROP, you must have completed at least 25 years of credited service (not counting any Sick Leave Service Credit) and you must have elected the DROP option within a reasonable period of time before you are expected to complete your 25th year of credited service. The City will provide an election form and a written explanation of the DROP option to you in time for you to make that election. You will then have at least 45 days to make the election.

If you qualify for DROP and you decide to participate, you must elect the option within the required time period. Your election will also require that you sign a release of any claims you may have against the City, its officers and employees or against the Plan or any representatives of fiduciaries of the Plan. You also will be required to commit to retiring from the City on a specified date (your "Expected Retirement Date"), which cannot be more than three years after your "DROP Participation Date", which is the date you complete 25 years of credited service (not counting any Sick Leave Service Credit). Any additional requirements for making an election to participate in the DROP will be explained on the election form and materials provided to you at the time when you qualify to make a DROP election.

If you do not elect to participate in DROP within the required time period, you will not have another opportunity to participate. If you do elect to participate in DROP, you may revoke that election within seven days after the date of the election, but, after that seven-day period, the election becomes permanent and cannot be revoked.

How Does DROP Work?

If you qualify and elect to participate in DROP, the Plan will determine the amount of your monthly benefit payments that you would be entitled to if you had retired on your "DROP Participation Date" and elected the Plan's normal form of benefit (a monthly annuity for life, as described below under "METHODS OF PAYMENT").

Each month, beginning on your DROP Participation Date and ending with the month before your retirement date, the amount of the monthly benefit computed as described above will be credited to your "DROP Account" under the Plan. In addition, each month, interest will be credited to your DROP Account. The interest rate used to compute interest will be determined based on a variable interest rate published by the Federal Reserve each month (as detailed in the Plan document). Note that this DROP Account is simply a bookkeeping account and that amounts credited to your DROP Account are not actually separated from the general assets of the Plan's trust.

If you participate in DROP, then, when you reach your Expected Retirement Date, you must retire. At that time, or earlier if your employment terminates (for any reason other than death) before then, you will begin receiving benefit payments equal to the monthly benefit you would have received if you had retired on your DROP Participation Date. You will receive these benefits as a monthly annuity for life unless you elect another form of benefit permitted under the Plan (see "METHODS OF PAYMENT").

How Do I Receive My DROP Benefit?

When you retire or if your employment terminates because of disability while you are participating in DROP, you may elect to have the amount credited to your DROP Account paid to you in a cash lump sum (as soon as administratively feasible after you retire) or you can elect to have the actuarial equivalent value of your DROP Account paid in the same form as you elect for your other benefits, as described above. If you prefer to delay receiving your DROP Account balance until the start of the next year, you also may elect to have your DROP Account balance paid to you after the next January 1 following your retirement date. In that case, the benefit will be paid as a cash lump sum (as soon as administratively feasible after January 1) and interest will continue to be credited (as described above) to your DROP Account balance through December 31 of the year in which you retire.

If a DROP participant dies before his or her DROP Account has been distributed, the value of the participant's DROP Account on the date of death will be distributed to the participant's beneficiary as a cash lump sum as soon as administratively feasible after the participant's death.

LATE RETIREMENT

If you continue to work past your Normal Retirement Date (and you are not participating in DROP), you will be eligible for a late retirement benefit. Your benefit payments will not begin until the first day of the month after you terminate employment following your Normal Retirement Date except as provided in the next sentence. Currently, applicable law requires that you begin receiving benefit payments by the April 1 following the later of (1) the calendar year in which you reach age 70½, or (2) the calendar year in which you leave service with the City.

Your benefit payments on your actual late retirement date will be the greater of (1) the benefit determined by taking into account additional service and compensation after your Normal Retirement Date, or (2) the benefit you would have received at your Normal Retirement Date actuarially increased to take into account the delayed commencement date.

DISABILITY RETIREMENT

If you become disabled (as defined in the Plan) while you are an active employee of the City, you will be entitled to receive disability retirement benefits beginning on your Normal Retirement Date, or you may elect to have your benefit begin on the first day of any month following the determination by the City that you are disabled, and continuing until the first day of the month in which you cease to suffer the disability or upon your death. Your disability benefit will be an amount equal to the benefit you had earned as of the date you became disabled, calculated under the Plan's retirement benefit formula described above. Your disability benefit will be actuarially reduced for commencement prior to your Normal Retirement Date. If your disability ends before your Normal Retirement Date, you may still be entitled to an early retirement or normal retirement benefit, but you must return to work to earn any additional benefit under the Plan.

TERMINATION OF EMPLOYMENT

Am I Entitled to Retirement Benefits If My Employment Terminates Before I Am Eligible for Normal, Early or Disability Retirement?

If your employment terminates for reasons other than normal, early, or disability retirement or death *before* you have completed 5 years of service for vesting purposes, you will not have any vested accrued benefit. However, you still will be entitled to a retirement benefit, equal to your Employee Contribution Benefit (as described in the "COSTS OF THE PLAN" section).

If you terminate employment *after* you have completed at least 5 years of service for vesting purposes, you will be entitled to a benefit equal to the greater of (i) your Employee Contribution Benefit or (ii) your "Vested Accrued Benefit". Your Vested Accrued Benefit is determined in two steps. The first step it to compute a benefit in the same manner as Early Retirement Benefits–this is your Accrued Benefit. The second step is to determine the portion of your Accrued Benefit to which you are entitled. This is your Vested Accrued Benefit and it is measured by the number of years of service for vesting purposes you complete, using the following table:

Number of Years of Service	Vested Percentage
Less than 5	0%
5	25%
6	30%
7	35%
8	40%
9	45%
10	50%
11	60%
12	70%
13	80%
14	90%
15 or more	100%

For example, if an employee terminates employment after completing 7 years and 6 months of service, with an annual Accrued Benefit of $10,000, the employee's Vested Accrued Benefit, payable at normal retirement date, is $3,500, computed as follows:

$10,000 multiplied by 35% = $3,500

In addition, if you are employed by the City on your Normal Retirement Date or if you terminate employment on a date when you would be entitled to an early retirement benefit, you automatically will become 100% vested in your Plan benefit.

Deferred Pension Benefits will begin at your Normal Retirement Date, or if you have periods of service of at least 10 years, you may elect to begin your benefit payments on the first day of any month on or after your 55th birthday. If you elect this Early Deferred Pension, the amount of your benefit will be reduced in the same manner as an Early Retirement described above in the section titled "EARLY RETIREMENT".

You also may choose to receive your Employee Contribution Benefit at any time after your termination date. However, if you choose this option, no further benefit will be available to you from the Plan, unless you return to employment with the City and pay back the amount you received as described above under "Can I Lose Service That Has Been Credited to Me under the Plan?"

SUSPENSION, REDUCTION AND FORFEITURE OF BENEFITS

Can My Benefits Be Suspended, Reduced or Forfeited for Any Reason?

If you separate from service, begin to receive benefits under the Plan, and then are reemployed, your benefits will be suspended until you retire again (unless an annuity was purchased to pay your benefits).

In any event, any monthly pension you receive from the Plan will be reduced by the actuarial equivalent of the amount you are receiving or are entitled to receive from any other defined benefit pension plan of the City, if that benefit would duplicate any benefit you are to receive from this Plan.

Notwithstanding any provision of this Summary to the contrary, no benefits (other than any remaining Employee Contribution Benefit) provided under the Plan shall be paid or payable to you (or your beneficiary) if you are charged, or your beneficiary is charged, with a criminal offense against the City, which the Trustees determine was committed by you or your beneficiary. This prohibition applies even though you are (or your beneficiary is) receiving any benefit payments under the Plan at the time of the criminal charges. In that case you, or your beneficiary, will forfeit all benefits under the Plan, other than the payment of any remaining Employee Contribution Benefit.

METHODS OF PAYMENT

How Are My Benefits Paid to Me?

Normal Form of Payment. Your retirement benefits normally will be paid as a life annuity, which is a monthly payment payable to you during your lifetime with no additional payments after your death, unless you elect one of the following optional forms.

Optional Forms of Payment.

Life Annuity (with guaranteed 5 or 10 year period certain). Under this option, your benefits are paid to you as a life annuity, but with a guarantee that, if you die before you have received the guaranteed number of monthly payments, payments will continue to your designated beneficiary until the combined number of payments to you and your beneficiary equals the guaranteed number of payments. You may elect that the guaranteed payments will be paid for either a 5-year or a 10-year period. If your beneficiary dies before you, you will be able to designate another beneficiary. If your beneficiary dies after you and after benefits have begun, benefits will continue to your beneficiary's estate, unless you have designated another beneficiary.

Joint and Survivor Spouse Annuity. Under this option, your benefits are paid as life annuity except that you will receive a reduced periodic retirement benefit during your life (i.e., reduced below the normal life annuity amount) because this option also provides for the payments to continue to your surviving spouse following your death. You can elect that the payments made to your surviving spouse will be either 50% or 100% (as elected by you) of the amount you were receiving being continued after your death to your surviving spouse for his or her life. If your spouse dies before your benefits commence, your election of the joint and survivor form will become void and you may elect another optional form, or receive your benefit in the normal form. If your spouse dies after benefits commence or you divorce your spouse, the joint and survivor annuity election will remain in effect, and you will continue to receive the reduced retirement income.

Lump Sum Option. This option is a single lump sum distribution equal to the value of your Employee Contribution Benefit. If you elect this option, you will forfeit your right to any other benefit under the Plan.

REDUCTION FOR HEALTH BENEFITS

For Covered Employees hired before July 1, 2005, if you have at least 25 years of credited service for vesting purposes or you have at least 15 years of credited service for vesting purposes and are at least 55 years old at the time of your retirement, and you elect retiree health coverage under the Employer's health and hospitalization benefit plan, your share of the required premium (currently, 20% for single coverage, 100% for spouse or dependent coverage) will be deducted from your benefit payment and paid to the Employer for purposes of providing for health and hospitalization coverage.

For Covered Employees hired on or after July 1, 2005, if you have at least 25 years of credited service for vesting purposes at the time of your retirement, and you elect health coverage under the Employer's health and hospitalization benefit plan, your share of the required premium (currently, 20% for single coverage, 100% for spouse or dependent coverage) will be deducted from your benefit payment and paid to the Employer for purposes of providing for health and hospitalization coverage.

If you meet the eligibility requirements for retiree health coverage on your date of retirement, you may drop health coverage under the Town's plan and enroll in a spouse's plan. As long as you remain covered under a group health plan, the retiree health coverage will be available to you if you lose coverage under your spouse's plan. If you and your spouse both work for the Town and one of you retires, the retired spouse will be eligible under the active employee's coverage and will not have to enroll in the retiree health plan and pay the higher rates. If you are eligible for retiree health coverage, you will only be eligible to drop coverage and re-enroll one time and, as a requirement for re-enrollment, you must provide proof of continuous coverage under a group health plan (a HIPAA certificate of coverage). Any additional eligibility requirements or election procedures established by the Employer for retiree health benefits will be noted on the retiree health coverage election form or other information provided to you by the Employer.

DEATH BENEFITS

Will My Spouse or Other Beneficiary Receive Benefits If I Die Before I Retire?

If you die before your retirement benefits begin, your spouse will be entitled to receive a lifetime monthly benefit if:

- You are 100% vested in your benefit,
- You are legally married to your spouse on the date of your death,
- Your death occurs while you are actively employed by the City and before your benefit begins, and
- Your spouse does not choose to receive an immediate distribution of your Employee Contribution Benefit.

This benefit is paid to your spouse in the form of a monthly annuity beginning on a date that your spouse elects (but not earlier than what would have been your 55th birthday), although your surviving spouse may elect to defer payment until as late as your Normal Retirement Date. The surviving spouse benefit will end in the month in which the death of your spouse occurs. The benefit is the actuarial equivalent to either (i) 50% of your accrued benefit, actuarially reduced for commencement prior to what would have been your Normal Retirement Date, if your spouse elects early commencement, or (ii) 100% of the value of your Employee Contribution Benefit, if greater.

This death benefit will automatically be paid to your spouse unless you elect in writing on a form supplied by the City to waive the spousal benefit and have your Employee Contribution Benefit paid to a non-spouse beneficiary. To be eligible to make this election, you must be 100% vested in your accrued benefit.

Also, if you do not have a spouse or if your spouse does not qualify for the death benefit described above for any other reason and you die before you have received the value of your Employee Contribution Benefit, your designated beneficiary will still be entitled to receive a death benefit equal to the value of your remaining Employee Contribution Benefit. This benefit may be paid in one or more installments over a period that is no longer than permitted under applicable law, as elected by you, or, if you made no such election, by your beneficiary.

Are There Any Death Benefits If I Die After I Begin Receiving Benefits?

Except for the "Special Death Benefit" that is available for certain employees, as described in the next paragraph, if you die after benefits have begun, the death benefits, if any, that will be payable to your spouse or other beneficiary are governed entirely by the method under which your retirement benefits were being paid (described under the section titled "METHODS OF PAYMENT").

There is also a "Special Death Benefit" that is available only for the beneficiaries of participants who are covered by the collective bargaining agreement between the City and the union representing Sworn Police Officers that became effective July 1, 2005. If you are covered by that agreement and that agreement is still in effect at the time of your retirement and you retire on or after July 1, 2005, and you die after benefits have commenced, your beneficiary will be entitled to receive a Special Death Benefit, in addition to any other death benefit that may be provided based on the method under which your benefit payments are being made.

The Special Death Benefit will be equal to $10,000 reduced by 1/300 for each month less than 300 months of credited service (not counting Sick Leave Service Credit, if any) that was credited to the participant at the time of his or her retirement. This benefit will be paid as a cash lump sum, within a reasonable time after the participant's death. A participant who may be eligible for this benefit may designate a beneficiary for this benefit and that beneficiary need not be the same beneficiary designated for any other death benefit that may be available.

ROLLOVERS AND TRANSFERS

Subject to uniform rules established by the Plan Administrator and subject to applicable law, you may elect a direct rollover of any lump sum distribution of your Plan benefit to another tax qualified plan, to an IRA or to certain annuity contracts. You should contact the Plan Administrator to obtain its approval before taking steps to have a direct rollover made.

LIMITS TO RETIREMENT BENEFITS

The Internal Revenue Code limits the amount of contributions which may be made to the Plan on behalf of any one participant. No contributions may be made to the Plan which exceed any of the limits imposed by the Internal Revenue Code. It is unlikely that you would ever be affected by these limits, but if you are, you will be notified by the Plan Administrator.

AMENDMENT OR TERMINATION OF THE PLAN

Although the City intends to continue the Plan, it has the right to terminate the Plan at any time. In the event that termination occurs, affected participants will become 100% vested in their retirement benefit to the extent that it is funded. Should the Plan ever actually be terminated, the Plan has established an order of priorities for the allocation of assets on Plan termination. If any assets remain after the satisfaction of all Plan liabilities, they will be returned to the City.

PLAN GUARANTEES

The Plan has been established for the benefit of the participants. Plan benefits are provided through the medium of a trust. The trust fund is the sole source to which participants may look for Plan benefits. The City does not guarantee the payment of benefits by the trust fund, nor can the City guarantee qualified, tax exempt status of the Plan and trust or that contributions or benefits will be subject to any particular tax consequences.

APPLYING FOR BENEFITS

To receive your benefits, you must file the appropriate forms with the Plan Administrator. You will be asked to indicate the form of payment you have selected, as well as supply important information such as your address and the name of your spouse or beneficiary.

Benefits will be paid to you according to the information you have supplied. If any of the information you have given changes–for instance, if you move or your marital status changes–be sure to inform the Plan Administrator.

If your claim for Plan benefits is denied, you will be notified in writing. This written notice will tell you the reason for the denial, with specific references to pertinent Plan provisions on which the denial is based. It will also point out what additional information is needed, if any, which could change the decision to deny the claim, and will explain the Plan's claim review procedure.

REVIEW OF DENIAL

After you receive written notification of the denial of your claim, you have 60 days to apply in writing to the Plan Administrator to review the denial. You may also review pertinent documents and submit issues and comments in writing.

The Plan Administrator will review your appeal within 60 days of receiving it. However, in special cases, the Plan Administrator may be allowed 120 days. The Plan Administrator's final decision will be sent to you in writing, together with an explanation of how the decision was made.

STATUTE OF LIMITATIONS

Please note that no legal action may be commenced or maintained to recover benefits under the Plan more than 12 months after the final review/appeal decision by the Plan Administrator has been rendered (or deemed rendered).

ASSIGNMENT OF BENEFITS

Except as may be required pursuant to a valid domestic relations order (a type of court order relating to divorce or legal separation) or as described in the "Reduction for Health Benefits" section of this Summary, neither you nor your beneficiaries can transfer, assign or pledge any Plan benefits.

NO EMPLOYMENT CONTRACT

Nothing in the Plan or in this Summary shall be construed as a contract of employment between the City and the Employee, or to give any employee any rights of continued employment with the City or limit the right of the City to discharge any employee with or without cause.

ADDITIONAL INFORMATION

Plan name: The Ocean City, Maryland Public Safety Employees Pension Plan and Trust

The Plan Sponsor is the City: The Mayor and City Council of Ocean City, Maryland
3rd Street and Baltimore Avenue
Ocean City, MD 21842

The Plan Administrator is a Pension Committee appointed by the City. Plan Administrator correspondence should be mailed to:

Pension Plan Committee
c/o City Clerk
Town of Ocean City, Maryland
3rd Street and Baltimore Avenue
Ocean City, MD 21842

The Plan Administrator's Telephone Number: (410) 289-8824

As of April 1, 2009, the Plan Trustees are:

Guy R. Ayres	Richard Meehan
Reese F. Cropper, III	Joseph M. Mitrecic
Thomas F. Kane	Geoffrey Robbins
Timothy J. King	

In addition, an employee representative has been appointed to participate in all pension committee and trustee meetings pertaining to this Plan.

Trustees' Address: The Ocean City, Maryland Public Safety Employees Pension Plan and Trust
c\o Town of Ocean City, Maryland
3rd Street and Baltimore Avenue
Ocean City, MD 21842

PLAN YEAR

The fiscal year of the Plan for purposes of administration and recordkeeping is April 1 through March 31.