

**OAKLAND COUNTY EMPLOYEES' RETIREMENT SYSTEM (OCERS)
DEFINED CONTRIBUTION PLAN
&
OAKLAND COUNTY RETIREMENT HEALTH SAVINGS PLAN AND TRUST**

PAYMENT OF PLAN/TRUST EXPENSES AND USE OF FORFEITURES

I. GENERAL

A. Purpose

The Oakland County Employees' Retirement and Deferred Compensation Board (the "Retirement Board"), is responsible for the administration, management, and proper operation of the OCERS Defined Contribution Plan (the "DC Plan"). The Oakland County VEBA Board (the "VEBA Board") serves as the Trustee and investment fiduciary of the Oakland County Retirement Health Savings Plan and Trust (the "RHS Plan"). This Policy is intended to establish the Retirement Board's and VEBA Board's rules and procedures with respect to the payment of DC Plan and RHS Plan expenses and the use of forfeitures under the applicable Plans.

B. Plan Provisions

1. Section 7.1 of the DC Plan Resolution, entitled "Forfeitures and Plan/Trust Expenses", provides as follows:

Any amounts that are forfeited under Section 2.4(b) shall be credited to a "Forfeiture Account" for the DC Part of the Retirement System. The Forfeiture Account shall first be used to reinstate the account of a rehired Member in accordance with Section 2.4(c). The Forfeiture Account may then be used to (i) reduce the County's Contribution to the Plan or (ii) pay reasonable Plan and/or Trust expenses permitted by law for the DC Part of the Retirement System. Notwithstanding the foregoing sentence or any other provision of the Plan and/or Trust, such Plan and/or Trust expenses may only be paid from the Trust in the event that the County ceases to pay such Plan and/or Trust expenses. All Plan and/or Trust expenses shall be presented to the Retirement Board for approval prior to being paid with Trust assets. If the County declines to pay any Plan and/or Trust expenses, the County shall immediately provide to the Trustees and the Chairman of the Oakland County Board of Commissioners a written explanation for the refusal.

In accordance with this Section 7.1 and any written policies and/or procedures established by the Retirement Board, amounts credited to the Forfeiture Account will be used during the Plan Year in which the forfeiture occurred or as soon as administratively feasible during the following Plan Year.

All transfers from the Forfeiture Account shall be approved in writing by the Retirement Board prior to transfer.

2. Section 7.3 of the Restatement of the RHS Plan, entitled “Forfeitures and Payment of Trust and Plan Expenses” provides:

The Trustee may pay reasonable Plan and/or Trust expenses permitted by law, subject to this Section 7.3. Amounts due to forfeitures under the Plan may be used to (i) reduce the County’s Contribution to the Plan or (ii) pay reasonable Plan and/or Trust expenses permitted by law (including expenses under Section 6.3 and Section 7.2). Notwithstanding the foregoing sentence or any other provision of the Plan, such Plan and/or Trust expenses may only be paid from the Trust in the event that the County ceases to pay such Plan and/or Trust expenses. All Plan and/or Trust expenses shall be presented to the Trustee for approval prior to being paid with Trust assets. If the County declines to pay such Plan and/or Trust expenses, the County shall immediately provide to the Trustee and the Chairman of the Oakland County Board of Commissioners a written explanation for the refusal.

In accordance with this Section 7.3 and any written policies and/or procedures established by the Trustee, amounts credited to the Forfeiture Account will be used during the Plan Year in which the forfeiture occurred or as soon as administratively feasible during the following Plan Year.

All transfers from the Forfeiture Account shall be approved in writing by the Trustee prior to transfer.

II. POLICY AND PROCEDURES

A. Use of Forfeitures

1. The Retirement Administrator shall monitor the balance of the Forfeiture Accounts and report said balances at the monthly meetings of the Retirement Board and VEBA Board.

2. Subject to any requirements for the reinstatement of a member’s account balance, Forfeiture Account assets shall be used during the Plan Year in which the forfeiture occurred, or shall be used as soon as administratively feasible during the following Plan Year to reduce the County’s Contribution to the DC Plan and/or RHS Plan. The Retirement Administrator shall periodically request a transfer from the Forfeiture Account to offset any future County Contributions.

a. All transfers from the Forfeiture Account to offset County Contributions with Trust assets shall be approved by the Retirement and/or VEBA Board, as applicable prior to transfer. Upon approval, the Retirement Administrator shall notify the County of the amount(s) to be offset from future Contribution(s) to the DC Plan and/or RHS Plan.

3. Forfeiture Account assets may be used to pay reasonable Plan and/or Trust expenses, but only in the event that the County first declines to pay such expenses.

B. Payment of Plan and Trust Expenses

1. All reasonable Plan and/or Trust expenses shall be reviewed by the Retirement Administrator and submitted to the Retirement Board, VEBA Board or to the County, as appropriate, for payment.
2. Those Plan/Trust expenses paid directly by the County shall be presented to the Retirement Board or VEBA Board, as applicable, for review at its next regularly scheduled meeting.
3. In the event the County declines to pay any Plan/Trust expenses, said expenses shall be presented to the Retirement Board or VEBA Board, as appropriate, for payment from the applicable Forfeiture Accounts.
 - a. All expenses paid from the Forfeiture Account shall be approved by the Board prior to payment.
4. Plan expenses attributable to any individual member or his/her account (e.g., loans, QDROs, etc.) shall be allocated to such member and may be charged against the member's account.

III. REVIEW AND AMENDMENT

A. Periodic Review

The Retirement and VEBA Boards shall review this Policy at least once every three (3) years to assure its efficacy and relevance. The Retirement and/or VEBA Board may amend this policy, from time to time, by majority vote of the applicable Board.

IV. POLICY HISTORY

A. Adoption

This Policy was adopted by the Retirement Board and VEBA Board on September 19, 2019.