

CHRISTIAN SCHOOL PENSION PLAN

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CHRISTIAN SCHOOL PENSION PLAN

INTRODUCTION

The purpose of the CHRISTIAN SCHOOL PENSION PLAN (the "Plan") is to provide retirement benefits for eligible Employees of Participating Employers.

CSI established the Plan as of September 4, 1943. The Plan has been amended from time to time, including amendments to meet the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA") and its implementing rules and regulations. The Plan is hereby restated, effective as of September 1, 1997, unless a provision specifies a different effective date. Each Plan provision applies from its effective date until the effective date of an amendment.

The Declaration of Trust, which was originally authorized by CSI on August 23, 1944, as subsequently amended and as restated effective as of September 1, 1996, is part of the Plan. The Trust is established and shall be operated for the exclusive benefit of Participants and their Beneficiaries. Trust assets shall not be used for any other purpose except payment of reasonable administrative expenses.

The Plan and the Trust are intended to be a qualified defined benefit plan under Code Section 401(a) and in compliance with all qualified plan requirements of the Code and all applicable provisions of ERISA and related Regulations. The Trust is intended to be exempt from taxation under Code Section 501(a). Any modification or amendment of the Plan may be retroactive as necessary or appropriate or to maintain the qualified status as permitted by Code Section 401(b).

An amendment to this Plan will apply to former Participants and to Participants not employed in Covered Employment on the effective date of the amendment only if it amends a provision of the Plan that continues to apply to those Participants or only to the extent it expressly states that it is applicable. Except as specified in the preceding sentence, if a Participant is not employed in Covered Employment on the effective date of an amendment, the amendment shall not become applicable to the Participant unless the Participant has an Hour of Service in Covered Employment after the effective date of the amendment.

Section 1

DEFINITIONS

A Table of Definitions appears immediately after the Table of Contents.

1.1 Accrued Benefit.

"Accrued Benefit" means an annual pension, payable as a Single Life Annuity, beginning at or after the Participant's Normal Retirement Date.

The annual amount of the benefit shall be the sum of the following:

(a) **Accruals After August 31, 1951, and Before September 1, 2005.**

The greater of:

- (i) **Contributions.** 60% of the contributions made by the Participant (or deemed to have been made under Subsections 5.2(c) or 5.7) after August 31, 1951, and before September 1, 2005; or
- (ii) **Service.** \$60 multiplied by the number of the Participant's years of Adjusted Credited Participating Service, to the next highest 1/12th, earned after August 31, 1951, and before September 1, 2005; plus

(b) **Accruals After August 31, 2005.** 50% of the contributions made by the Participant (or deemed to have been made under Subsections 5.2(c) or 5.7) after August 31, 2005.

(c) **August 31, 1983, Increase.** 2% of the amount accrued under (b) above as of August 31, 1983, multiplied by the number of the Participant's years of Credited Participating Service (without the adjustment described in Subsection 3.3), to the next highest 1/12th earned during the period from September 1, 1951, through August 31, 1983.

(d) **September 1, 1985, Increase.** The Accrued Benefit of each Participant actively employed by a Participating Employer on September 1, 1986, shall be increased by 2% of the Participant's Accrued Benefit as of August 31, 1985, multiplied by the number of years of Credited Participating Service earned by the Participant between September 1, 1983, and August 31, 1985, to the next highest 1/12th. For this purpose Accrued Benefit does not include the Supplemental Spouse Pension described in Subsection 6.3.

(e) **September 1, 1987, Increase.**

- (i) **Active Employees.** The Accrued Benefit of each Participant actively employed by a Participating Employer on September 1, 1987, shall be increased by 11.5% of the Participant's Accrued Benefit as of August 31, 1987 (including the increase effective September 1, 1983, as described in (d) above), multiplied by the number of the years of Credited Participating Service earned by the Participant between September 1, 1985, and August 31, 1987, to the next highest 1/12th. For this purpose, the Accrued Benefit does not include the Supplemental Spouse Pension described in Subsection 6.3.

- (ii) **Terminated Employees.** The Accrued Benefit for Participants whose employment terminated before September 1, 1987, and whose benefits are not in pay status as of September 1, 1987, is increased by 3% for each year (rounded to the next highest 1/12th) from the Participant's Termination Date to August 31, 1987.
- (f) **September 1, 1990, Increase.**
- (i) **Active Employees.** The Accrued Benefit of each Participant actively employed by a Participating Employer on September 1, 1990, shall be increased by 2% of the Participant's Accrued Benefit as of August 31, 1990 (including the increases effective September 1, 1983, September 1, 1986, and September 1, 1987, as described in (c), (d) and (e) above), multiplied by the number of the years of Credited Participating Service earned by the Participant between September 1, 1987, and August 31, 1990, rounded to the next highest 1/12th. For this purpose, the Accrued Benefit does not include the Supplemental Spouse Pension described in Subsection 6.3.
 - (ii) **Terminated Employees.** The Accrued Benefit of each Participant whose employment terminated before September 1, 1990, and whose benefits are not in pay status as of September 1, 1990, shall be increased by 2% of the Participant's Accrued Benefit as of August 31, 1990 (including the increases effective September 1, 1983, September 1, 1986, and September 1, 1987, as described in (c), (d) and (e) above), multiplied by the number of years the Participant was a Participant between September 1, 1987, and August 31, 1990, rounded to the next highest 1/12th. For this purpose, the Accrued Benefit does not include the Supplemental Spouse Pension described in Subsection 6.3.
- (g) **September 1, 1992, Increase.**
- (i) **Active Employees.** The Accrued Benefit of each Participant actively employed by a Participating Employer on September 1, 1992, shall be increased by 3.5% of the Participant's Accrued Benefit as of August 31, 1992 (including the increases effective September 1, 1983, September 1, 1986, September 1, 1987, and September 1, 1990, as described in (c), (d), (e) and (f) above), multiplied by the number of the years of Credited Participating Service earned by the Participant between September 1, 1990, and August 31, 1992, to the next highest 1/12th. For this purpose, the Accrued Benefit does not include the Supplemental Spouse Pension described in Subsection 6.3.
 - (ii) **Terminated Employees.** The Accrued Benefit for Participants whose employment terminated before September 1, 1992, and whose benefits are not in pay status as of September 1, 1992, shall be increased by 3.5% of the Participant's Accrued Benefit as of August 31, 1992 (including the increases effective September 1, 1983, September 1, 1986, September 1, 1987, and September 1, 1990, as described in (c), (d), (e) and (f) above), multiplied by the number of years the Participant was a Participant between September 1, 1990, and August 31, 1992, rounded to the next highest 1/12th. For this purpose, the Accrued Benefit does not include the Supplemental Spouse Pension described in Subsection 6.3.

(h) **September 1, 1994, Increase.**

- (i) **Active Employees.** The Accrued Benefit of each Participant actively employed by a Participating Employer on September 1, 1994, shall be increased by 2% of the Participant's Accrued Benefit as of August 31, 1994 (including the increases effective September 1, 1983, September 1, 1986, September 1, 1987, September 1, 1990, and September 1, 1992, as described in (c), (d), (e), (f), and (g) above), multiplied by the number of years the Participant was a Participant between September 1, 1992, and August 31, 1994, rounded to the next highest 1/12th. For this purpose, the Accrued Benefit does not include the Supplemental Spouse Pension described in Subsection 6.3.
 - (ii) **Terminated Employees.** The Accrued Benefit for Participants whose employment terminated before September 1, 1994, and whose benefits are not in pay status as of September 1, 1994, shall be increased by 2% of the Participant's Accrued Benefit as of August 31, 1994 (including the increases effective September 1, 1983, September 1, 1986, September 1, 1987, September 1, 1990, and September 1, 1992, as described in (c), (d), (e), (f), and (g) above), multiplied by the number of years the Participant was a Participant between September 1, 1992, and August 31, 1994, rounded to the next highest 1/12th. For this purpose, the Accrued Benefit does not include the Supplemental Spouse Pension described in Subsection 6.3.
- (i) **Increases for Participants in Pay Status.** Increases for Participants receiving benefit payments are determined under Subsection 6.8.

1.2 Accrued Benefit Derived From Employee Contributions.

"Accrued Benefit Derived From Employee Contributions" means an annual benefit payable at Normal Retirement Date that is Actuarially Equivalent to the Employee's Accumulated Contributions. Effective September 1, 1996, actuarial equivalence for this purpose shall be determined on the basis of the interest rate and mortality table specified in Appendix A for determining lump sum amounts.

For purposes of this Subsection, "Accumulated Contributions" means the total of all Employee Contributions made by the Participant (and not repaid to the Participant), plus, if the calculation is made before the Participant's Normal Retirement Date, interest at the rate specified in Subsection 5.5 compounded to the Participant's Normal Retirement Date. Notwithstanding the preceding sentence, the rate of interest for all periods after August 31, 1976, and ending before September 1, 1988, shall be 5% per annum, compounded annually. The interest rate for all periods beginning after August 31, 1988, and ending on the date the Participant's Accrued Benefit Derived From Employee Contributions is determined, shall be 120% of the applicable federal mid-term rate (as in effect under Code Section 1274 for the first month of the Plan Year), per annum, compounded annually. Effective September 1, 1996, for periods beginning on or after the date the Accrued Benefit Derived From Employee Contributions is determined, the interest rate shall be the interest rate specified in Appendix A for determining lump sum amounts.

If greater than the amount determined under the preceding paragraph, Accumulated Contributions as of September 1, 1990, shall be the value of the Contribution Account determined under Subsection 5.5 as of that date.

1.3 Accrued Benefit Derived From Employer Contributions.

"Accrued Benefit Derived From Employer Contributions" as of any applicable date means the excess, if any, of the Participant's Accrued Benefit over the Participant's Accrued Benefit Derived From Employee Contributions.

1.4 Actuarially Equivalent.

"Actuarially Equivalent" means, with respect to two different forms of payment of benefits, equal monetary value on the date of determination. Equality in value shall be determined on the basis of the actuarial tables, factors and assumptions set forth in Appendix A or incorporated by reference in Appendix A. Any lump sum payment, other than repayment of the Participant's Contribution Account, shall be Actuarially Equivalent to the Participant's Normal Retirement Benefit.

1.5 Actuary.

"Actuary" means the individual or firm of actuaries selected by the Trustees to provide actuarial services to the Plan.

1.6 Administrator.

"Administrator," as defined in ERISA Section 3(16), means the Trustees.

1.7 Agent for Service of Process.

"Agent for Service of Process" means the Executive Secretary of the Plan.

1.8 Beneficiary.

"Beneficiary" means the Participant's Surviving Spouse at the date of the Participant's death and the spouse's estate with respect to any benefit due but not paid at the subsequent death of the spouse. If the Participant's spouse consents to designation of another Beneficiary in the manner described in Subsection 8.7, or if the Participant was not married at the time of the Participant's death, then Beneficiary means the Persons designated as the Beneficiary under Subsection 8.7 in the proportions and in the order provided in the designation, or if no provision is made, in equal shares. If the Participant fails to designate a specific Beneficiary under Subsection 8.7, the Beneficiary is the first of the following classes of Persons in the order named with a living member on the respective dates that benefits are payable:

- (a) **Children.** The Participant's natural and adopted children in equal shares, with the then living issue of any deceased child receiving the parent's share by right of representation;
- (b) **Parents.** The Participant's parents in equal shares;
- (c) **Brothers; Sisters.** The Participant's brothers and sisters in equal shares.
Determination of the Beneficiary, including the absence of a living Beneficiary on the date that an amount is payable, shall be made as specified in Subsection 8.7.

1.9 Board of Directors.

"Board of Directors" means the Board of Directors of CSI.

1.10 Break in Service.

"Break in Service" means a period of 12 consecutive months or longer, commencing on the Employee's Termination Date, during which the Employee renders no service for a Participating Employer.

If the termination of employment is the result of a Qualified Maternity or Paternity Absence or if the absence from work continues beyond the first anniversary of the first date of absence by reason of a Qualified Maternity or Paternity Absence, then the first 12 consecutive months following the termination of employment or the first 12 consecutive months following the first anniversary of the absence from work, whichever applies, shall be disregarded in determining the duration of the Break in Service. A "Qualified Maternity or Paternity Absence" means an absence from employment with a Participating Employer due to the (i) pregnancy of an Employee, (ii) birth of a child of an Employee, (iii) placement of a child with the Employee in connection with adoption of the child by the Employee or (iv) caring for a child immediately following birth or adoption by the Employee. An unpaid leave of absence under The Family and Medical Leave Act of 1993 shall not be treated as or counted toward a Break in Service.

1.11 CSI.

"CSI" means Christian Schools International, a Michigan nonprofit corporation.

1.12 Code.

"Code" means the Internal Revenue Code of 1986.

1.13 Compensation.

- (a) **Basic Definition.** Effective for Plan Years beginning on and after September 1, 1994, "Compensation" means the gross salary or wages paid to a Participant in a Plan Year for personal services performed for the Participating Employer that are required to be reported under Code Sections 6041, 6051, and 6052 (Wages, tips and other compensation as reported on Form W-2) for the Participant plus Elective Deferrals and any amount that is excluded from gross income pursuant to Code Sections 125 and 132(f)(4), but excluding, whether or not includable in income, reimbursements or other expense allowances, cash and noncash fringe benefits, moving expenses, deferred compensation, and welfare benefits.
- (b) **Elective Deferrals.** "Elective Deferrals" means any portion of the Participant's income deferred and excluded from current taxation under Code Sections 401(k) (a qualified cash or deferred arrangement); 408(k)(6) (a simplified employee pension plan); 403(b) (a tax-sheltered annuity); 408(p)(2)(A)(ii) (a SIMPLE retirement plan); 457 (a deferred compensation plan of governments and tax-exempts); or 501(c)(18) (a pre-June 25, 1959, employee contributions only plan).
- (c) **Disabled Participant.** For purposes of determining contributions and benefits under the Plan, a disabled Participant who receives Temporary Disability Benefits described in Subsection 6.6 of the Plan, or disability benefits under a long-term disability income plan sponsored by the disabled Participant's Participating Employer or under the federal Social Security Act, will be deemed to continue to receive Compensation (at the rate in effect immediately before the disabled Participant became disabled), even though no Compensation is actually paid, for the period for which the disabled Participant received such disability benefits.

- (d) **Monthly Compensation.** "Monthly Compensation" means 1/12th of an Employee's Compensation.
- (e) **Maximum Amount.** Compensation for any Plan Year shall not exceed the Annual Compensation Limit. For Plan Years beginning on or after September 1, 2002, the "Annual Compensation Limit" means \$200,000 (as adjusted under Code Section 401(a)(17)(B)).
- (f) **Prior Years.** If Compensation for any prior Plan Year is used to determine a Participant's benefit accruing in a Plan Year beginning on or after September 1, 2002, the Participant's Compensation for that prior Plan Year is subject to the Annual Compensation Limit. For this purpose, for Plan Years beginning on or before September 1, 2001, the Annual Compensation Limit is \$200,000.
- (g) **Compensation for Period of Qualified Military Service.** Effective December 12, 1994, if a Participant returns from Qualified Military Service to employment with the Participating Employer within the time limits established by USERRA, the Participant shall be treated as receiving Compensation from the Participating Employer at the rate of pay the Participant would have received during the period of Qualified Military Service. If the Participant's Compensation during the period of Qualified Military Service cannot be determined with reasonable certainty, the Participant's Compensation shall equal the Participant's average Compensation from the Participating Employer for the 12-month period immediately preceding the Qualified Military Service (or, if shorter than 12 months, the period of employment immediately preceding the Qualified Military Service).
- (h) **Imputed Compensation.** A Participating Employer may elect, for a Plan Year or the remainder of a Plan Year, that, when applicable, the Compensation of the Participants of that Participating Employer shall include Imputed Compensation.
 - (i) **Imputed Compensation.** "Imputed Compensation" means the gross salary or wages that would be Compensation under (a) if paid to the Participant by the Participating Employer but are paid to the Participant by, and as an employee of, a public school or public school system for personal services performed at the location of the Participating Employer that otherwise would have been performed for, and as an Employee of, the Participating Employer. Imputed Compensation is intended in all respects to comply with the requirements of Regulations Section 1.414(s)-1(f), as amended or superseded, and all related guidance. Imputed Compensation shall not be credited to any Participant who is a Highly Compensation Employee.
 - (ii) **Uniform Application.** An election by a Participating Employer to include Imputed Compensation for a Plan Year shall apply to the entire Plan Year or remainder of the Plan Year and shall be used to calculate the benefit accruals under the Plan for all Participants of that Participating Employer who are similarly situated within the meaning of Regulations Sections 1.414(s)-1(f)(2)(iii) and 1.401(a)(4)-11(d)(3)(iii)(A) for the Plan Year or remainder of the Plan Year.

1.14 Covered Employment.

"Covered Employment" means employment with a Participating Employer except employment with a Related Employer, employment as a 5% Owner, employment as a Leased Employee at any Participating Employer other than Westminster Christian

School, Miami, Florida, employment covered by a collective bargaining agreement under which the Participating Employer has engaged in good faith negotiations about retirement benefits, and employment as a nonresident alien receiving no earned income from sources within the United States. "Covered Employment" also excludes any Person who is classified by the Participating Employer as other than an Employee even if it is later determined that the classification is not correct. If determined by a Participating Employer, "Covered Employment" shall exclude an ordained minister who is eligible to participate in a retirement plan maintained for employees of a church or other denominational organization.

1.15 Credited Service.

"Credited Service" means "Credited Participating Service," and/or "Adjusted Credited Participating Service," as defined in Section 3.

1.16 Declaration of Trust; Trust.

"Declaration of Trust" or "Trust" means the Agreement and Declaration of Trust originally authorized by CSI on August 23, 1944, as amended.

1.17 Early Retirement Date.

"Early Retirement Date" means the first day of the month coincident with or next following the Participant's Termination Date, if the Participant's employment terminates after the later of attaining age 55 or earning a Vested Percentage of 100%.

1.18 Employee.

"Employee" means any individual employed by one or more Employers.

1.19 Employee Contributions.

"Employee Contributions" are contributions required to be made by a Participant to the Plan under the regular contribution alternatives set forth in Subsection 5.1 or contributions treated as made by the Participant under the Employer Contribution Plan, including deemed contributions during Disability under Subsection 5.2(c).

1.20 Employer.

"Employer" means CSI and any member of CSI.

1.21 5% Owner.

"5% Owner" means:

- (a) **Corporation.** An individual who owns (or is considered to own under Code Section 318) either more than 5% of the outstanding stock of a corporate employer or stock possessing more than 5% of the total combined voting power of all stock of a corporate employer;
- (b) **Partnership.** A partner who owns more than 5% of the capital or profits interest in an employer that is a partnership; or
- (c) **Proprietorship.** A sole proprietor.
The ownership percentage shall be determined separately for each entity that is an Employer or Related Employer.

1.22 Hour of Service.

"Hour of Service" means each hour that an Employee is directly or indirectly paid or entitled to be paid by a Participating Employer or a Related Employer for the performance of duties during the applicable period. These hours will be credited for the period in which the duties are performed.

- (a) **Back Pay.** Hours of Service include each hour for which back pay, irrespective of mitigation of damages, is awarded or agreed to by a Participating Employer or a Related Employer. Back pay hours shall be credited to the Employee for the period or periods to which the award or agreement pertains.
- (b) **No Duties Performed.** For all purposes under this Plan, an Employee shall be credited with the first 501 Hours of Service for which the Employee is directly or indirectly paid or entitled to be paid by a Participating Employer or a Related Employer (including back pay) for each single period of absence from work, even if no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military service, leave of absence, or other similar reasons, even if employment terminates. However, an Employee is not required to be credited with Hours of Service for periods in which no duties are performed if the Employee is compensated solely as required by workers' compensation, unemployment compensation, or disability insurance laws. Hours described in this paragraph shall be credited to the Employee for the period in which payment is made or amounts payable to the Employee become due.
- (c) **Qualified Maternity or Paternity Absence.** Only for purposes of determining whether the Employee has a Break in Service, an Employee shall be credited with the first 501 Hours of Service during a Qualified Maternity or Paternity Absence. If necessary to avoid a Break in Service, Hours of Service shall be credited for the period in which the absence begins. If the hours are not necessary to prevent a Break in Service for that period, the hours shall be credited for the next period. Hours of Service are credited at the rate the Employee normally would have earned Hours of Service. If these hours cannot be determined, the hours shall be credited at the rate of eight hours per day of absence.
- (d) **Qualified Military Service.** Effective December 12, 1994, if employment terminates due to Qualified Military Service, the Employee shall be credited with Hours of Service for the hours the Employee would have been scheduled to work during the period of Qualified Military Service.
 - (i) **Definition of Qualified Military Service.** "Qualified Military Service" means the performance of duty, on a voluntary or involuntary basis, in a uniformed service under competent authority and includes active duty, active duty for training, initial active duty for training, inactive duty training, full-time National Guard duty, and a period for which a person is absent from a position of employment for the purpose of an examination to determine the fitness of the person to perform any such duty. For purposes of this definition, a uniformed service means the Armed Forces, the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, or any other category of persons designated by the President in time of war or national emergency.

- (ii) **Qualification/Reemployment.** To qualify for this credit, the Employee must return to employment with the Participating Employer in accordance with and within the time limits established by the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA") (Chapter 43 of Title 38 of the United States Code).
- (e) **Leased Employee.** Hours of Service shall be credited for any period for which an individual is a Leased Employee or would have been a Leased Employee but for the requirement that the individual perform services as described in Subsection 1.24 on a full-time basis for at least a one-year period.
- (f) **Predecessor Plan.** If this Plan is required to be treated as a continuation of the plan of a predecessor employer under Code Section 414(a), an Employee shall be credited with all Hours of Service credited to the Employee under the predecessor's plan.
- (g) **Periods Credited.** Generally, Hours of Service shall be credited as provided in Section 2530.200b of the ERISA Regulations. Hours of Service under (b) above shall be credited under the rules of this Section and as provided in Section 2530.200b-2(b) of those Regulations. Hours of Service shall be credited to appropriate periods determined under the rules set forth in Section 2530.200b-2(c) of those Regulations.
- (h) **No Duplication.** There shall be no duplication in the crediting of Hours of Service. An Employee shall not be credited with more than one Hour of Service for each hour paid at a premium rate.
- (i) **Additional Hours.** The Administrator may adopt additional written, uniform, and nondiscriminatory rules that credit more Hours of Service than those required under the rules set forth in this Subsection.

1.23 Joint and Survivor Annuity.

"Joint and Survivor Annuity" for a married Participant means an immediate joint annuity under which equal monthly pension benefit payments in a reduced amount (compared with the amount of a Single Life Annuity) are payable to the Participant for the Participant's lifetime and the payments continue to the Participant's Surviving Spouse for life in an amount equal to 50% of the reduced monthly amount paid the Participant. For an unmarried Participant, the term means a Single Life Annuity. The amount of the Joint and Survivor Annuity shall be such that the value of the expected payments to the married Participant and the Surviving Spouse or to the unmarried Participant is Actuarially Equivalent to the benefit payable as a Single Life Annuity (excluding the Supplemental Spouse Pension under Subsection 6.3).

1.24 Leased Employee.

- (a) **Definition.** "Leased Employee" means an individual described in and required to be treated as employed by the recipient under Code Sections 414(n) and 414(o) and Regulations. For this definition, the term recipient includes the Participating Employer and any Related Employer for whom the individual performs services.
 - (i) **Code Section 414(n).** A Leased Employee under Code Section 414(n) is an individual who is not an Employee but who performs services for the recipient under the primary direction or control of the recipient, pursuant to an

agreement between the recipient and a leasing organization, on a full-time basis for at least a one-year period.

- (ii) **Code Section 414(o).** A Leased Employee includes a leased owner or a leased manager determined to be a Leased Employee under Code Section 414(o) and the Regulations.

(b) **Exceptions.** A Leased Employee shall not be treated as employed by the recipient if:

- (i) **Less Than 20%.** Leased Employees determined under (a) above do not constitute more than 20% of the recipient's non-highly compensated work force, and
- (ii) **Covered by Plan Described in Code Section 414(n).** The individual is covered by a money purchase pension plan described in Code Section 414(n) maintained by the leasing organization with a nonintegrated employer contribution rate of at least 10% of compensation, immediate participation for all employees of the leasing organization, and full and immediate vesting. Immediate participation shall not be required for employees who received less than \$1,000 in compensation from the leasing organization in each Plan Year during the four-year period ending with the current Plan Year. For purposes of this provision, compensation has the meaning that applies for Code Section 415, including, for Plan Years beginning before January 1, 1998, elective contributions that are excluded from gross income by Code Sections 125, 402(e)(3), 402(h)(1)(B), or 403(b).

1.25 Limitation Year.

"Limitation Year" means the Plan Year.

1.26 Nonforfeitable.

"Nonforfeitable" means the unconditional right of a living Participant or Beneficiary to receive a pension and other benefits provided in this Plan, to the extent funded, commencing at a date permitted under the Plan and payable as a Single Life Annuity or in some other applicable or elected form. The Beneficiary of a Participant who does not live to the date benefit payments commence, or who dies while receiving benefit payments, shall not be eligible for a benefit, except to the extent specified with respect to the Preretirement Survivor Annuity, the Joint and Survivor Annuity, another optional form of payment, or the Minimum Benefit.

1.27 Normal Retirement Date.

Effective September 1, 1990, "Normal Retirement Date" for all Participants (including those whose employment has terminated but who have a right to benefits under the Plan) means the first day of the month coincident with or next following the later of the Participant's Termination Date or the date the Participant attains age 65.

1.28 Participant.

"Participant" is defined in Section 2.

1.29 Participating Employer.

"Participating Employer" means CSI and any other Employer that has notified CSI, in writing, that it wishes to participate in the Plan and agrees to be bound by the provisions of the Plan. No Employer located in Canada shall be eligible to be a Participating Employer. No Employer shall become a Participating Employer without

the approval of the Trustees. The Trustees shall specify the date the Employer becomes a Participating Employer.

1.30 Person.

"Person" means an individual, committee, proprietorship, partnership, corporation, trust, estate, association, organization, or similar entity.

1.31 Plan Year.

"Plan Year" means each 12-consecutive-month period beginning September 1 and ending August 31.

1.32 Preretirement Survivor Annuity.

"Preretirement Survivor Annuity" means an annuity that provides equal monthly pension payments for the life of the Surviving Spouse of a Participant who has a Vested Percentage of 100% and dies before payments to the Participant are scheduled to begin. The monthly amount of the Preretirement Survivor Annuity payments is specified in Subsection 6.5(b).

1.33 Regulations.

"Regulations" means Regulations issued by the Secretary of Labor under ERISA or by the Secretary of the Treasury under the Code, or both, as the context indicates.

1.34 Related Employer.

"Related Employer" means (i) each corporation, other than a Participating Employer, that is a member of a controlled group of corporations, as defined in Code Section 414(b), of which the Participating Employer is a member, (ii) each trade or business, other than a Participating Employer, whether or not incorporated, under common control of or with the Participating Employer within the meaning of Code Section 414(c); (iii) each member, other than a Participating Employer, of an affiliated service group, as defined in Code Section 414(m), of which the Participating Employer is a member; and (iv) any other entity required to be aggregated with a Participating Employer by Regulations under Code Section 414(o). An entity shall not be considered a Related Employer for any purpose under this Plan during any period it is not described in (i), (ii), (iii), or (iv) in the preceding sentence.

1.35 Retirement.

"Retirement" means termination of employment for any reason other than death, after a Participant is eligible for a Normal Retirement Benefit or an Early Retirement Benefit.

1.36 Surviving Spouse.

"Surviving Spouse" means the surviving husband or wife to whom a deceased Participant was married on the date the first monthly benefit, excluding the Temporary Disability Benefit, was payable to the Participant. If the Participant dies before commencement of benefit payments, "Surviving Spouse" means the surviving husband or wife to whom the Participant was married for at least 12 months at the Participant's death. The former spouse of a Participant shall be treated as the spouse to the extent required in a Qualified Domestic Relations Order.

1.37 TAPP Leave of Absence.

A Teacher and Administrator Partnership Program Leave of Absence ("TAPP Leave of Absence") is an extended leave granted through a program approved by the Board of

Directors to a Participant who is employed by a Participating Employer as either a teacher or an administrator. During a TAPP Leave of Absence the Participant provides services to an approved organization and may or may not also provide some services to the Participating Employer. Also, during a TAPP Leave of Absence, Compensation of the Participant by the Participating Employer may be continued in full or at a reduced level or may not be paid.

1.38 Termination Date.

"Termination Date" means the date a Participant's employment terminates for any reason because the Participant quits (or retires), is discharged or dies, or, if later, the first anniversary of the first day the Participant is absent from work, with or without pay, for any other reason such as vacation, holiday, sickness, disability (subject to (a)), leave of absence or layoff.

- (a) **Disability.** If the Employee has a Disability as defined in Subsection 6.6, employment is deemed to continue for the limited purposes specified in Subsections 4.2(e), 5.2(c), and 7.6. If a disabled Employee recovers from the Disability and does not return to active service with a Participating Employer, the Employee's employment with a Participating Employer shall be considered terminated as of the date of recovery from Disability.
- (b) **Cessation of Employment with Participating Employer.** A Participant's employment shall be terminated on the date the Participant ceases to be employed by a Participating Employer and does not continue employment without a break in continuity with any other Participating Employer.
- (c) **Not Engaged for Following School Year.** If an Employee renders to a Participating Employer the expected services during the regular school year but has not been engaged by any Participating Employer for work during the following school year due to Retirement, the Employee's employment with a Participating Employer shall be considered terminated as of the date no further active services are expected of the Employee by any Participating Employer. If the circumstance described in the preceding sentence occurs during the Participant's fifth year of Vesting Service, the Participant's Vested Percentage shall be 100%.

1.39 Trustees; Trustee.

"Trustees" means, collectively, the members of the Christian School Pension Trust Fund Board of Trustees, who are appointed by the Board of Directors as provided in Subsection 9.2 and are responsible for the management of the Trust Fund and the administration of the Plan. "Trustee" means any one of the Trustees.

1.40 Trust Fund.

"Trust Fund" means the fund established under the Declaration of Trust, known as the Christian School Pension Trust Fund, from which benefits under the Plan are to be paid.

1.41 Vesting Service.

"Vesting Service" is defined in Section 4.

Section 2

ELIGIBILITY AND PARTICIPATION

2.1 Eligibility.

An Employee employed in Covered Employment on a half-time or more basis shall become a Participant as of the date the Employee first has an Hour of Service in Covered Employment. Any other Employee in Covered Employment shall become a Participant as of the earliest date determined by applying the following participation rules, (a), (b) and (c), in order, but not earlier than the date specified in (d):

- (a) **Hire Date Entry.** An Employee who completes at least 1,000 Hours of Service in the Plan Year that includes the date the Employee first has an Hour of Service shall become a Participant retroactively as of the first day the Employee has an Hour of Service.
- (b) **First Plan Year Entry.** An Employee who completes at least 1,000 Hours of Service in the 12-month period beginning on the date the Employee first has an Hour of Service shall become a Participant retroactively as of the first day of the Plan Year that begins in that 12-month period.
- (c) **Later Plan Year Entry.** An Employee shall become a Participant retroactively as of the first day of the first Plan Year, commencing with the Plan Year that begins during the Employee's first 12 months of employment, in which the Employee completes at least 1,000 Hours of Service.
- (d) **Earliest Entry.** An Employee shall not become a Participant earlier than the first day the Employee has an Hour of Service in Covered Employment.

An Employee shall be considered to be employed on a half-time or more basis if the Employee is scheduled to work at least 1,000 Hours of Service in a 12-month period.

Once an Employee has become a Participant, the Employee shall remain an active Participant as long as the Employee is employed in Covered Employment. If a Participant ceases to be employed in Covered Employment, the Participant shall cease to be an active Participant. If the inactive Participant is reemployed in Covered Employment, the Participant shall again become an active Participant on the first date the Participant has an Hour of Service in Covered Employment. Participation shall terminate upon the earlier of the date the Participant is not an Employee and has been paid the full amount due under the Plan or the date of the Participant's death. A former Participant shall become a Participant immediately upon completion of one Hour of Service in Covered Employment.

2.2 Participation Rules.

Each eligible Employee under the provisions of Subsection 2.1 must participate in the Plan as a condition of employment and, except as otherwise provided in Section 5, must make the required Employee Contributions. Each Participant shall sign an application authorizing required Employee Contributions by payroll deduction.

Section 3

CREDITED SERVICE

3.1 Credited Participating Service.

A Participant's "Credited Participating Service" is the total number of years (including fractions to the next highest 1/12th) of participation in the Plan on and after September 1, 1943.

- (a) **Determination.** Credited Participating Service shall be earned for each period of participation in the Plan, except as specified below. For this purpose, participation in the Plan shall be deemed to end on each Termination Date.
- (b) **Requirement of Contributions.** Except as otherwise provided in the Plan, a Participant's Credited Participating Service shall not include service during which the Participant or the Participant's Employer failed or refused to make the Employee Contributions required under the Plan. Credited Participating Service shall be credited for any period in which either a disabled Participant is deemed to be making Employee Contributions under Subsection 5.2(c), or the Participant's Participating Employer has adopted the Employer Contribution Plan under Subsection 5.7 and makes the contributions. Credited Participating Service also shall be credited for any period in which a Participant is on a TAPP Leave of Absence, provided that the Participant's Employer, and the Participant if applicable, contributes at the normal rate as required in Subsection 5.10 or at the higher rate permitted in Subsection 5.10.
- (c) **Employment After Retirement.** For each period of participation commencing on reemployment, for a Participant who is reemployed by a Participating Employer after pension payments begin, the Participant shall earn Credited Participating Service for each Plan Year in which the Participant completes at least 1,000 Hours of Service in Covered Employment.

3.2 Adjusted Credited Participating Service.

A Participant's "Adjusted Credited Participating Service" is the sum, as of August 31, 2005, or earlier termination of employment, of the following:

- (a) **2% Plan.** The number of years and twelfths of the Participant's Credited Participating Service under the 2% Plan.
- (b) **3% Plan.** One and one-half multiplied by the number of years and twelfths of the Participant's Credited Participating Service under the 3% Plan.
- (c) **5% Plan.** Two and one-half multiplied by the number of years and twelfths of the Participant's Credited Participating Service under the 5% Plan.

Section 4

VESTING: TERMINATION OF EMPLOYMENT

4.1 Vested Percentage.

A Participant's "Vested Percentage" shall be zero until the Participant has completed five years of Vesting Service, excluding any service properly excludable under Subsection 4.2. When a Participant has completed at least five years of Vesting Service, the Participant's Vested Percentage shall be 100% and the Participant's right to the Participant's Accrued Benefit shall be Nonforfeitable. A Participant's Vested Percentage also shall be 100% and the active Participant's Accrued Benefit shall be Nonforfeitable upon attainment of age 65, if the Participant is an active Participant at that time, or on any later date that the Participant becomes an active Participant again.

4.2 Vesting Service.

"Vesting Service" is the total number of years (and fractions to the next highest 1/12th) of employment with Participating Employers and any Related Employer subject to the following conditions and limitations:

- (a) **Pre-September 1, 1976.** The amount of a Participant's Vesting Service as of September 1, 1976, shall be the Participant's Credited Participating Service as of the end of August 31, 1976, determined under the terms of the Plan in effect on August 31, 1976.
- (b) **Post-August 31, 1976.** Subject to the other conditions and limitations stated in the Plan, Vesting Service after August 31, 1976, shall be earned for each period of employment with a Participating Employer and Related Employer.
- (c) **No Required Employee Contributions.** Except as provided in (d), (e) and (f) below, a Participant shall not earn Vesting Service for any period during which the Participant fails or declines to make the required Employee Contributions.
- (d) **Employer Contribution Plan Participation.** A Participant shall continue to earn Vesting Service for any period during which the Employee is not required to make Employee Contributions because the Participant's Employer has adopted the Employer Contribution Plan described in Subsection 5.7 and makes the contributions.
- (e) **Periods of Disability.** Notwithstanding (b) and (c) above, a Participant shall continue to earn Vesting Service, even though absent from work due to Disability as defined in Subsection 6.6(b) and not making or being credited with Employee Contributions, if the Participant is receiving (or eligible to receive after a waiting period) disability benefits under Subsection 6.6, under a long-term disability income plan sponsored by a Participating Employer, or under the federal Social Security Act.
- (f) **TAPP Leave of Absence.** Vesting Service for a Participant on a TAPP Leave of Absence shall be earned only if the contributions on behalf of the Participant comply with the requirements of Subsection 5.10.

- (g) **Resumption of Employment.** If a former Employee resumes employment with a Participating Employer or Related Employer, the Employee's Vesting Service shall resume with full credit for prior Vesting Service.
- (h) **Pre-Participation.** An Employee shall earn one year of Vesting Service for each Plan Year, if any, which is prior to the Plan Year in which the Employee initially becomes a Participant and in which the Employee has at least 1,000 Hours of Service.
- (i) **After Termination.** An Employee or former Employee shall not earn Vesting Service after the Employee's Termination Date.

Section 5

CONTRIBUTIONS

5.1 Contributions by Participants; Alternative Plans.

Except as provided in (g) and Subsection 5.7, each Participant shall make Employee Contributions of a percentage of all Compensation received while a Participant. For a participant on a TAPP Leave of Absence, Employee Contributions shall be as required or permitted by and consistent with Subsection 5.10. The regular contribution alternatives, specified in (a) through (f), for any period of participation, shall be 2%, 3%, 4%, 5%, 6%, or 7%, as elected by the Participating Employer:

- (a) **2% Plan.** The "2% Plan" was initially effective from September 4, 1943, through August 31, 1976 and became effective again September 1, 1997.
- (b) **3% Plan.** The "3% Plan" was initially effective September 1, 1951.
- (c) **4% Plan.** The "4% Plan" was initially effective September 1, 2005.
- (d) **5% Plan.** The "5% Plan" was initially effective September 1, 1975.
- (e) **6% Plan.** The "6% Plan" was initially effective September 1, 2005.
- (f) **7% Plan.** The "7% Plan" was initially effective September 1, 2005.
- (g) **Employer Contribution Plan.** The "Employer Contribution Plan" was initially effective September 1, 1982. Contribution rules and requirements for the Employer Contribution Plan are set forth in Subsections 5.7, 5.8, and 5.9.

The rates of Employee Contributions are subject to adjustment pursuant to Subsection 5.11.

5.2 Contributions by Participating Employers.

Except as otherwise provided, and except as provided in Subsection 5.10 for a Participant on a TAPP Leave of Absence, each Participating Employer shall contribute to the Plan an amount equal to the Employee Contributions made by the Participants employed by that Participating Employer.

- (a) **Transmittal of Contributions.** Each Participating Employer shall transmit to the Trustees at regular intervals the Employee Contributions collected from Participants, together with the corresponding contributions from the Participating Employer. All contributions shall be assets of the Trust Fund.

Effective February 3, 1997, any amount withheld from a Participant's Compensation for contribution to this Plan shall be paid to the Trustees as soon as administratively feasible but not later than the fifteenth business day of the month following the month in which the amounts are withheld from the Participant's Compensation or such other time prescribed by Regulations.

In the event of failure by a Participating Employer to remit contributions to the Plan as required, the Trustees, pursuant to policies and procedures established for this purpose, shall notify the Participating Employer, in writing, of the delinquency. Upon continuing failure to pay required amounts to the Plan the Trustees shall take such action as the Trustees deem necessary and appropriate, including, in the event

of continuing delinquency, termination of status as a Participating Employer. If a Participating Employer's status is terminated, the Trustees shall provide notice to the Participating Employer and to all eligible Employees of that Participating Employer and shall specify the effective date of termination of Participating Employer status for the Employer and inactive status for the Employees of that Employer.

- (b) **Crediting of Benefits.** Benefits shall be credited to a Participant under the terms of the Plan only to the extent that the contributions required under the Plan from both the Participant and the Participating Employer are actually transmitted to the Trustees.
- (c) **Disabled Participant.** If a Participant has a Disability as defined in Subsection 6.6(b) and is receiving or entitled to receive, even if fully offset by other benefits, disability benefits under Subsection 6.6, under a long-term disability income plan sponsored by the Participating Employer or under the federal Social Security Act, the Participant and the Participating Employer will be deemed to be contributing at the required rate, even though no contributions are actually being made. In such event no contributions shall be required of the Participant or the Participating Employer. The contributions deemed made by the Participant and the Participating Employer shall be credited only for purposes of calculating the Participant's Accrued Benefit, shall cease upon the date the Participant recovers from Disability or commences receiving the Accrued Benefit under the Plan, and shall not apply in calculating the amount of any withdrawal under Subsection 5.6 or the Minimum Benefit.

5.3 Requirements for Contributions by Participants.

Except as permitted in Subsection 5.10 for a Participant on a TAPP Leave of Absence, a Participant's Employee Contributions for a Plan Year shall be made by regular payroll deductions from all Compensation for the Plan Year. Except as specified in the preceding sentence, no contribution may be made by a Participant after termination of employment, unless the Participant again becomes an active Employee of a Participating Employer.

5.4 Contribution Account.

A "Contribution Account" shall be established for each Participant. At any time, the balance in a Participant's Contribution Account shall be the excess, if any, of (a) over (b):

- (a) **Employee Contributions.** The aggregate amount of the Participant's Employee Contributions made after September 1, 1951, reduced by contributions refunded to the Participant, together with Credited Interest as defined in Subsection 5.5;
- (b) **Benefit Payments.** The aggregate amount of any benefit payments made to the Participant or to any other Person on account of the Participant's participation in the Plan, including any Supplemental Spouse Pension under Subsection 6.3 and excluding Temporary Disability Benefits under Subsection 6.6.

5.5 Credited Interest.

The "Credited Interest" that shall be included in a Participant's Contribution Account shall be determined as follows:

- (a) **Pre-September 1, 1963.** No interest shall be credited for any period before September 1, 1963.

- (b) **Post-August 31, 1963.** Interest at the rates specified below, compounded annually, shall be credited on each contribution included in a Participant's Contribution Account for the period beginning on September 1, 1963, or on the September 1 following the date such contribution was made (whichever is later) and ending on the first to occur of the following dates:
 - (i) **Refund.** The first day of the month in which a refund of contributions is made;
 - (ii) **Death.** The first day of the month in which the Participant's death occurs; or
 - (iii) **Pension Begins.** The date of commencement of the Participant's pension under the Plan.
- (c) **Interest Rates.**
 - (i) **Pre-September 1, 1982.** The rate of interest shall be 2 1/2% per annum for all periods before September 1, 1968; 3 1/2% per annum for periods between September 1, 1968, and September 1, 1973; 4% per annum for periods between September 1, 1973, and September 1, 1976; and 5% per annum during the period from September 1, 1976 through August 31, 1981. The rate of interest shall be 7 1/2% for the 12-month period beginning on September 1, 1981 and ending August 31, 1982.
 - (ii) **Pre-September 1, 1990.** The rate of interest for Plan Years beginning on or after September 1, 1982, and ending before September 1, 1990, shall be established from time to time by the Trustees and shall be not less than 5% per annum or such other minimum rate specified pursuant to Code Section 411(c)(2)(D). This interest rate shall be in effect until the earlier of September 1, 1990, or the date the Contribution Account is determined.
 - (iii) **Post-August 31, 1990.** For Plan Years beginning on or after September 1, 1990, the interest rate shall be established from time to time by the Trustees and shall be not less than 120% of the federal mid-term rate (as in effect under Code Section 1274 for the first month of the Plan Year), per annum, compounded annually, to the date the Contribution Account is determined. This interest shall be in effect until the date the Contribution Account is determined.
 - (iv) **Post-Date of Determination.** For periods beginning on or after the date the Participant's Contribution Account is determined, the interest rate shall be the interest rate specified in Appendix A for determining lump sum amounts.

5.6 Withdrawal of Contribution Account on Termination of Employment.

A Participant may not withdraw any Employee Contributions while the Participant remains employed by a Participating Employer or Related Employer. A Participant whose employment terminates, as described in Subsection 1.38, shall choose among the following alternatives:

- (a) **No Withdrawal.** The Participant may leave the Participant's Contribution Account in the Trust Fund. The account will continue to be credited with interest as specified in Subsections 5.4 and 5.5. For a Participant whose Vested Percentage is zero, the Accrued Benefit Derived From Employer Contributions will be preserved in the event the Participant subsequently resumes participation and earns a Vested Percentage of 100%. For a Participant whose Vested Percentage is 100% at

termination, the entire Accrued Benefit will be preserved and paid as specified in Sections 6 and 7.

- (b) **Withdrawal of Contribution Account.** The Participant may elect to withdraw the Participant's Contribution Account, subject to a requirement of spousal consent for a married Participant. If the Participant has a Vested Percentage of zero, the withdrawal shall be payment in full of the Participant's Accrued Benefit Derived From Employee Contributions. The Participant also shall forfeit the Participant's Accrued Benefit Derived From Employer Contributions at the time of the withdrawal subject to the repayment rights described below. For a Participant with a Vested Percentage of 100%, the withdrawal shall be payment in full of the Participant's Accrued Benefit Derived From Employee Contributions, but the Accrued Benefit Derived From Employer Contributions shall remain payable as specified in Sections 6 and 7.

A withdrawal may be elected at any time following termination of employment and before the date that is 30 days prior to the date benefit payments begin to or with respect to the Participant. For a married Participant, the withdrawal may be elected only with the consent of the spouse and the consent must comply with the requirements of Subsection 7.8. On and after the date that is 30 days prior to the date benefit payments begin to or with respect to the Participant, withdrawal of the Contribution Account shall not be permitted under this Subsection and the Participant's benefits shall be determined under the applicable provisions of Sections 6 and 7.

A Participant whose Vested Percentage is zero and who has withdrawn the balance in the Participant's Contribution Account may repay to the Trust Fund, after reemployment by a Participating Employer, the full amount of the withdrawal, plus interest, on or before the fifth anniversary of the date of reemployment, if the Participant is reemployed before the Participant has a Break in Service of at least 60 consecutive months. Interest shall be at the rate of 120% of the federal mid-term rate as in effect during the first month of the Plan Year, per annum, calculated for the period from the date the withdrawal is paid to the date the repayment is made. The repayment shall be made in a single sum that includes the withdrawn amount and the applicable interest. The repayment shall restore in full the Participant's Accrued Benefit Derived From Employer Contributions otherwise forfeited by reason of the withdrawal and the Participant's Accrued Benefit Derived From Employee Contributions deemed paid in full by the withdrawal. No repayment shall be permitted if the Participant is reemployed after the Participant has a Break in Service of at least 60 consecutive months.

- (c) **Special Withdrawal Provision.** The Contribution Account shall be 200% of the amount determined under (a) and (b) above for a Participant who is described by all of the following:
- (i) The Participant was an Employee of a new Participating Employer at the time the new Participating Employer first joined the Plan.
 - (ii) The new Participating Employer first joined the Plan on or after January 1, 2003.

- (iii) The Participant is continuously employed by the Participating Employer until the Participant's employment terminates at or after the date the Participant attains age 55 and before the date the Participant attains age 65.
- (iv) The Participant does not have a Vesting Percentage of 100% under Subsection 4.1.

5.7 Employer Contribution Plan.

Effective from and after September 1, 1992, and notwithstanding any other provision, a Participating Employer may elect to contribute the total Employee Contributions otherwise required from its Participants, so as to increase the amount of the Participating Employer's contributions and eliminate the required Employee Contributions. An election under this Subsection 5.7 shall be known as an election to join in the "Employer Contribution Plan" and shall be subject to the following terms and conditions:

- (a) **Election to Participate in Employer Contribution Plan.** The election to participate in the Employer Contribution Plan, in lieu of electing a regular contribution alternative, shall be made by the Participating Employer and shall apply uniformly with respect to all of its Participants.
- (b) **Elimination of Contributions by Participant.** Under the Employer Contribution Plan the Participating Employer shall increase the amount of the Participating Employer's contributions and thereby eliminate the amount of the Participant's Employee Contributions.
- (c) **Amount of Contributions.** The amount to be contributed by the Participating Employer for each Participant shall be double the percentage specified for the elected contribution alternative (e.g., under the 2% Plan the amount contributed by the Participating Employer shall be 4% of each Participant's Compensation). Therefore, the total contributions paid to the Plan by the Participating Employer with respect to each of its Participants shall be the same as under the corresponding regular contribution alternatives.
- (d) **Requirement of Continued Participation.** If a Participating Employer chooses to participate in the Employer Contribution Plan, participation in the Plan nevertheless shall continue to be a condition of employment and all eligible Employees of the Participating Employer must participate.
- (e) **Waiver of Contributions in the Event of Disability.** Contributions by the Participating Employer and the Participant are waived in the event of Disability as provided and to the extent specified in Subsection 5.2.

If a Participating Employer elects to participate in the Employer Contribution Plan, its Employees are exempted from making required Employee Contributions. The Participants shall be credited with all credits for eligibility for benefits, service, vesting and the amount of benefits by reason of contributions by the Participating Employer in lieu of Employee Contributions to the same extent as if the contributions had been made by the Participants.

5.8 Comparability of Employer Contribution Plan and Regular Plans.

For all purposes under the Plan, other than making required Employee Contributions, a Participant in the Employer Contribution Plan shall be treated as equivalent to a Participant under the corresponding regular contribution alternative. The Participant's Contribution Account and the Participant's Accrued Benefit Derived From Employee Contributions shall be determined as though one-half of the Participating Employer's contribution for the Participant was contributed by the Participant. Upon termination of employment of a Participant whose Vested Percentage is zero, or in the event of death, the Participant, Surviving Spouse, or other Beneficiary shall have the same withdrawal and repayment rights as under a regular contribution alternative. Even though the benefit for a Participant under the Employer Contribution Plan is comparable to the benefit under the corresponding regular contribution alternative, the income tax treatment will not be the same, because there will be no nontaxable contributions by the Participant. Under the Employer Contribution Plan, a Participant's Compensation shall not be deemed to include the amount contributed by the Participating Employer that would have been contributed by the Participant under the regular contribution alternative.

5.9 Employer Contribution Guidelines.

Pursuant to the general powers stated in Section 9, the Trustees shall establish uniform, nondiscriminatory rules and guidelines as needed for the interpretation, administration and operation of the Employer Contribution Plan.

5.10 TAPP Leave of Absence.

In the event that a Participant is on a TAPP Leave of Absence, the Participant shall be credited with Credited Participating Service and Vesting Service, if otherwise eligible, if all the following requirements are met, and the otherwise applicable requirements for Employee Contributions and contributions by the Participating Employer shall be modified as follows:

- (a) The Participating Employer, and the Participant if applicable, shall continue to make required contributions to the Plan during the period of the TAPP Leave of Absence, subject to the limit in (c) below. If the Participant is being paid less than full Compensation by the Participating Employer during the TAPP Leave of Absence, the contributions shall be based on that Compensation unless the Participating Employer and the Participant agree, at or prior to the beginning of the TAPP Leave of Absence, on an alternative higher contribution. If agreed, the alternative higher contribution shall be based on the Compensation paid by the Participating Employer to the Participant during the 12 months immediately prior to the TAPP Leave of Absence.
- (b) During a TAPP Leave of Absence, the Participating Employer's contributions, and contributions by the Participant if applicable, shall be remitted to the Plan by the Participating Employer in the normal manner. To the extent not obtained by payroll deductions, the Participating Employer and the Participant shall agree on how the Participant will remit the Employee Contributions to the Participating Employer.
- (c) A TAPP Leave of Absence cannot result in more than 5 years of Credited Participating Service and Vesting Service.

5.11 Revision of Contribution Rates.

The total contributions required by Participants and Participating Employers under the regular contribution alternatives or required by the Participating Employer under each Employer Contribution Plan are 4%, 6%, 8%, 10%, 12% or 14% of Compensation. If, in the opinion of the Trustees, the financial condition of the Trust Fund is such that additional contributions are required in order to provide all benefits specified by the Plan, the Board of Directors shall have the power to increase all contribution rates, applicable both to Employee and Employer Contributions, by up to 25%. Such revised contribution rates shall become effective 30 days after written notice of the increase is mailed to each Participating Employer.

Section 6

BENEFITS: ELIGIBILITY AND AMOUNT

6.1 Normal Retirement Benefit.

The "Normal Retirement Benefit" for a Participant who retires on or after the Participant's Normal Retirement Date is an annual pension, payable as a Single Life Annuity, in the amount of the Participant's Accrued Benefit. The Normal Retirement Benefit shall be paid at the time and in the manner specified in Section 7.

Notwithstanding the foregoing, the annual amount of a Participant's Normal Retirement Benefit shall be not less than the greatest amount of any Early Retirement Benefit to which the Participant would have been entitled if the Participant had retired at any time on or after the Participant's earliest Early Retirement Date.

A Participant who works beyond the Participant's Normal Retirement Date shall be subject to and notified in accordance with the provisions of Subsection 8.6.

A married Participant shall be entitled to the Supplemental Spouse Pension described in Subsection 6.3.

6.2 Early Retirement Benefit.

The "Early Retirement Benefit" for an eligible Participant who retires on the Participant's Early Retirement Date is an annual pension, payable as a Single Life Annuity, beginning at the Participant's Normal Retirement Date in the amount of the Participant's Accrued Benefit. The Early Retirement Benefit shall be paid at the time and in the manner, and subject to the reductions, specified in Section 7.

A married Participant shall be entitled to the Supplemental Spouse Pension described in Subsection 6.3.

6.3 Supplemental Spouse Pension.

A married Participant entitled to a Normal Retirement Benefit or an Early Retirement Benefit under Subsections 6.1 or 6.2 and living with the Participant's spouse (whether the spouses were married before or after the Normal or Early Retirement Date) also shall be entitled to a Supplemental Spouse Pension. The "Supplemental Spouse Pension" is an annual benefit in the amount of \$20 multiplied by the total number of years and fractions of years of the Participant's Adjusted Credited Participating Service rendered before September 1, 1973. The pension payable under this paragraph shall be paid monthly at 1/12th the annual rate. If the Participant and spouse are married at the time of the Participant's death, the Supplemental Spouse Pension shall be continued to the spouse during the lifetime of the spouse. The Supplemental Spouse Pension shall be paid at the time and in the manner specified in Subsection 7.5. The Supplemental Spouse Pension of a Participant who was receiving a Normal or Early Retirement Benefit and whose Supplemental Spouse Pension was forfeited under the terms of the Plan in effect on February 29, 1992, shall be reinstated effective as of March 1, 1992. The Supplemental Spouse Pension is payable only to a Participant who is receiving benefit payments in a monthly annuity form. It is not payable to a Participant who receives a lump sum Cash Out.

6.4 Vested Benefit.

- (a) **100% Vesting.** If a Participant's employment terminates, as described in Subsection 1.38, prior to eligibility for an Early or Normal Retirement Benefit and the Participant's Vested Percentage is 100%, the Participant shall be eligible for a Vested Benefit. "Vested Benefit" means an annual pension, payable as a Single Life Annuity, in the amount of the Participant's Accrued Benefit. The Vested Benefit shall be paid at the time and in the manner specified in Section 7.
- (b) **Zero Vesting.** If a Participant's employment terminates prior to eligibility for an Early or Normal Retirement Benefit and the Participant's Vested Percentage is zero, and if the Participant's Contribution Account has not been withdrawn or cashed out under Subsections 5.6 or 7.12, the Participant's Vested Benefit shall be an annual pension for life only in the amount of the Participant's Accrued Benefit Derived From Employee Contributions. The Vested Benefit shall be paid at the time and in the manner specified in Section 7.

6.5 Preretirement Survivor Annuity.

Subject to (a) and (b) below, if a married Participant who has a Vested Percentage of 100% dies before the date benefit payments to the Participant are scheduled to begin under Section 7 (whether or not the Participant is employed by a Participating Employer at the time of death), the Participant's Surviving Spouse shall be paid a Preretirement Survivor Annuity. The Preretirement Survivor Annuity shall be paid at the time, in the manner, and subject to the conditions specified in Subsection 7.6.

- (a) **Eligibility.** A Surviving Spouse shall be paid a Preretirement Survivor Annuity for the remainder of the Surviving Spouse's life if the Participant had a Vested Percentage of 100% at the time of death and if the Participant's death occurred before the date benefit payments to the Participant began or were required or elected by the Participant to begin.
- (b) **Amount.**
 - (i) **General Rule.** In general, the monthly amount of the Preretirement Survivor Annuity, as defined in Subsection 1.32, shall be 50% of the amount that would have been payable to the Participant if the Participant's employment terminated on the day before the date of death and the Participant elected payment in the form of an immediate Joint and Survivor Annuity beginning on the earliest permitted payment date. The Preretirement Survivor Annuity shall be subject to the reductions that apply for converting the Single Life Annuity form of payment to the Joint and Survivor Annuity form and, if applicable, for payment prior to the Participant's Normal Retirement Date. Even if the benefit begins earlier than the Participant's earliest Early Retirement Date, there shall be no further reduction for payment earlier than that date.
 - (ii) **Special Age 45 Rule.** Notwithstanding (i) above, if a married Participant who has a Vested Percentage of 100% and whose spouse is not more than 10 years younger than the Participant dies after attaining age 45 while employed by a Participating Employer, the amount of the Preretirement Survivor Annuity shall be 50% of the Participant's Accrued Benefit at the date the Participant dies. For purposes of this subparagraph only, the Preretirement Survivor Annuity shall not be subject to the reductions that apply for converting the Single Life Annuity form of payment to the Joint and Survivor Annuity form

and for payment prior to the Participant's Normal Retirement Date or for payment earlier than the Participant's earliest Early Retirement Date, if otherwise applicable.

6.6 Temporary Disability Benefits.

Subject to the requirements, conditions, and restrictions set forth below, a Participant who has a Disability, as defined in (b) below, while an active Employee of a Participating Employer shall be entitled to receive "Temporary Disability Benefits" from the Trust Fund. The benefits shall begin after the Participant has been disabled four weeks. No benefit shall be payable for any period after the Participant's recovery from Disability. If the Plan is terminated, no Temporary Disability Benefits shall be payable to any Participant who becomes disabled on or after the date of termination.

(a) **Amount of Benefit.** Temporary Disability Benefits shall be paid monthly, as of the 30th day of the month, at a monthly rate equal to three-fourths of the Participant's Monthly Compensation, as in effect at the date of occurrence of the Participant's Disability. A pro rata payment shall be made for any month in which the Participant is not entitled to benefits for the entire month. The maximum aggregate amount of Temporary Disability Benefits that shall be payable to any Participant with respect to any one period of Disability shall be three and three-fourths times the Participant's Monthly Compensation.

(b) **Definition of Disability.** A Participant shall be considered to have a "Disability" when, on the basis of medical evidence satisfactory to them, the Trustees determine that the Participant is only able, because of physical or mental illness or injury, to function as an Employee in less than 50% of the capacity for which the Employee was engaged by the Employee's Participating Employer. Such medical evidence ordinarily shall be furnished by the Participant's Physician.

"Physician" means an individual licensed to practice medicine and surgery and any other legally licensed practitioner of the healing arts who renders services within the scope of the practitioner's license. Physician does not include a resident doctor, an intern, or an individual in training.

(c) **Active Participant.** A Participant shall be considered an active Employee for the purposes of this Subsection 6.6 if the Participant's employment has not terminated as described in Subsection 1.38.

(d) **Subsequent Medical Examinations.** The Trustees may require any Participant who is receiving Temporary Disability Benefits to submit to a medical examination to determine whether the Participant continues to have a Disability. If the Participant refuses to submit to the examination, the Participant's Temporary Disability Benefits shall cease.

(e) **Recovery.** A Participant who is receiving Temporary Disability Benefits shall be deemed to have recovered from the Participant's Disability if the Participant is able to or does engage in any employment at a level that is 50% or more of the capacity for which the Employee was engaged prior to the Disability.

(f) **Conditions and Restrictions.** Payment of Temporary Disability Benefits shall be subject to the following conditions and restrictions:

(i) **Pre-existing Conditions.** Effective September 1, 1992, Temporary Disability Benefits shall not apply and shall not be payable if a Participant has a

Disability during the first 12 months of participation caused by or contributed or related to a pre-existing condition. A pre-existing condition is a sickness, injury or related condition for which the Participant received medical treatment, consultation, care or services, including diagnostic measures, or took prescribed drugs or medicines at any time during the three months prior to the date the Participant initially became a Participant in the Plan. A Participant who has a Disability during the first 12 months of participation caused by or contributed or related to a pre-existing condition will be entitled to a Temporary Disability Benefit if the Participant:

- (A) **Three-Month Exception.** Has a three-month period during which the Participant receives no medical treatment, consultation, care or services, including diagnostic measures or prescribed drugs or medicines, for the pre-existing condition, or
 - (B) **Six-Month Exception.** Has continuously participated in the Plan and has been actively at work for a period of six months.
- (ii) **Application.** No benefits shall be paid until proper application for the benefits has been made and accepted by the Trustees. Effective September 1, 2002, a proper application must be filed not later than the first anniversary of the initial absence from work or reduction in working capacity due to the Disability.
 - (iii) **Termination of Employment.** If a Participant's employment terminates with a Participating Employer after the date of the Participant's Disability but before the end of four weeks of continuous Disability, and if the Participant has not been engaged by a Participating Employer for services in the following school year, the Participant shall not be entitled to Temporary Disability Benefits.
 - (iv) **Second Disability.** If a Participant has a Disability, then recovers and returns to work, and then has another Disability, after less than six months of active work, from a cause that is the same as or closely related to the cause of the Participant's original Disability, both periods of Disability combined shall constitute one period of Disability for the purposes of this Subsection 6.6. Otherwise, two or more periods of Disability, separated by periods of active work, shall each be treated as separate periods of Disability.
 - (v) **Final Decision.** If any dispute arises between a Participant and the Trustees as to the existence of Disability or as to the period for which benefits are to be paid, the Participant may appeal the Participant's case to the Board of Directors, pursuant to Subsection 9.5, whose decision in the matter shall be final and binding on the Participant and the Trustees.
 - (vi) **Reduction for Other Benefits.** Temporary Disability Benefits otherwise payable for any period under the Plan shall be reduced by any workers' compensation, unemployment, disability income or other comparable benefits provided wholly or partially at the expense (through taxes, premiums or other payments) of the Participant's Participating Employer or any employer providing Imputed Compensation credited to the Participant. Generally, the amount of the reduction or offset in Temporary Disability Benefits shall be the same as the amount of the other benefit payments. In the case of workers'

compensation benefits, the amount of the reduction shall relate only to payments on account of loss of compensation and shall not include any payments of medical expenses or fixed statutory payments for the loss of any bodily member or function. If the workers' compensation benefits are paid by a lump-sum settlement, the lump-sum amount shall be divided by the maximum number of monthly payments to which the Participant was entitled by law to determine the period with respect to which such benefits are deemed received for purposes of the reduction under this provision and the monthly amount of the reduction. If such period and amount cannot be determined, the reduction shall be prorated over the shorter of 10 years or the Participant's life expectancy. The amount of any reduction and offset under this provision shall be determined by the Trustees on the basis of uniform, nondiscriminatory rules.

- (vii) **Inapplicability of Joint and Survivor and Preretirement Survivor Annuity.** Temporary Disability Benefits are not subject to the Preretirement Survivor Annuity and Joint and Survivor Annuity requirements.

6.7 Minimum Benefit.

Upon completion of all benefit payments to or with respect to the Participant under Subsection 6.1, 6.2, 6.4 or 6.5, whichever applies, including any Supplemental Spouse Pension under Subsection 6.3, any remaining balance in the Participant's Contribution Account, determined under Subsection 5.4, shall be paid to the Participant's Beneficiary as the "Minimum Benefit." The Minimum Benefit shall be paid at the time and in the manner specified in Subsection 7.9.

6.8 Increases in Past Benefits.

- (a) **September 1, 1973, Increase.** The amount of any pension payable after September 1, 1973, under Subsection 6.1, 6.2, 6.4 or 6.5, including any Supplemental Spouse Pension under Subsection 6.3, to an individual who was receiving a pension as of August 31, 1973, shall be 110% of the amount that was payable as of August 31, 1973.
- (b) **September 1, 1979, Increase.** The amount of any pension payable after September 1, 1979, under Subsection 6.1, 6.2, 6.4 or 6.5, including any Supplemental Spouse Pension under Subsection 6.3, to an individual who was receiving a pension as of August 31, 1979, shall be 105% of the amount that was payable as of August 31, 1979.
- (c) **September 1, 1982, Increase.** The amount of any pension payable on or after September 1, 1982, under Subsection 6.1, 6.2, 6.4 or 6.5, including any Supplemental Spouse Pension under Subsection 6.3, to an individual who was receiving a pension as of August 31, 1982, shall be 110% of the amount that was payable as of August 31, 1982.
- (d) **September 1, 1983, Increase.** The amount of any pension payable on or after September 1, 1983, under Subsection 6.1, 6.2, 6.4 or 6.5, including any Supplemental Spouse Pension under Subsection 6.3, to an individual who was receiving a pension as of August 31, 1983, shall be 105% of the amount that was payable as of August 31, 1983.

- (e) **September 1, 1986, Increase.** The amount of any pension payable on or after September 1, 1986, under Subsection 6.1, 6.2, 6.4, or 6.5, including any Supplemental Spouse Pension under Subsection 6.3, to an individual who retired before September 1, 1986, and who is eligible to receive and receiving a pension on September 1, 1986, shall be 105% of the amount that was payable as of August 31, 1986.
- (f) **September 1, 1987, Increase.** The amount of any pension payable on or after September 1, 1987, under Subsection 6.1, 6.2, 6.4, or 6.5, including any Supplemental Spouse Pension under Subsection 6.3, to an individual who retired before September 1, 1987, and who is eligible to receive and receiving a pension on September 1, 1987, shall be 110% of the amount that was payable as of August 31, 1987.
- (g) **September 1, 1990, Increase.** The amount of any pension payable on or after September 1, 1990, under Subsection 6.1, 6.2, 6.4 or 6.5, including any supplement under Subsection 6.3, to an individual who retired before September 1, 1990, and who is eligible to receive and receiving a pension under the Plan on September 1, 1990, shall be 110% of the amount which was payable as of August 31, 1990.
- (h) **September 1, 1992, Increase.** The amount of any pension payable on or after September 1, 1992, under Subsection 6.1, 6.2, 6.4 or 6.5, including any Supplemental Spouse Pension under Subsection 6.3, to an individual who retired before September 1, 1992, and who is eligible to receive and receiving a pension on September 1, 1992, shall be 107% of the amount that was payable as of August 31, 1992.
- (i) **September 1, 1994, Increase.** The amount of any pension payable on or after September 1, 1994, under Subsection 6.1, 6.2, 6.4, or 6.5, including any Supplemental Spouse Pension under Subsection 6.3, to a retired individual who is eligible to receive and receiving a pension on September 1, 1994, shall be 104% of the amount that was payable as of September 1, 1994, without regard to this Subsection.

6.9 Reduction for Benefits Previously Paid.

Notwithstanding any other Plan provision, the amount of a benefit payable on behalf of a Participant under the Plan (including any Supplemental Spouse Pension and excluding the Temporary Disability Benefit) shall be reduced by the amount of benefits previously paid to or with respect to the Participant. All reductions shall be computed on a uniform basis by calculating and offsetting the Actuarially Equivalent value of the benefit previously paid. This Subsection 6.9 does not apply to benefits that are paid as a Cash Out under Subsection 7.12.

6.10 Death Benefit.

There is no death benefit under the Plan other than the Surviving Spouse's portion of the Joint and Survivor Annuity, the Preretirement Survivor Annuity, or the Minimum Benefit under Subsection 6.7.

6.11 Minimum Monthly Payment.

The minimum total dollar amount of benefits payable from the Plan to any individual Participant whose Vested Percentage is 100%, or to the Surviving Spouse or other Beneficiary with respect to that Participant, including any Surviving Spouse who is also receiving other payments as a Participant, shall be not less than \$75 per month.

The \$75 monthly minimum applies only to benefits payable in any monthly annuity form and does not apply to any lump sum Cash Out. The \$75 minimum does not apply if the total dollar amount of the first monthly benefit payable to a participant, including any Supplemental Spouse Pension, exceeds \$75. The \$75 monthly minimum applies to any monthly pension payable to or with respect to a Participant even if the Participant elected withdrawal of the Participant's Contribution Account. The \$75 monthly minimum also applies to any monthly pension payable at the Participant's Normal Retirement Date to a Participant who has a Vested Percentage of zero and did not withdraw his or her Contribution Account. The \$75 monthly minimum applies to the monthly amount payable after any applicable reduction due to payment in an optional form or due to permitted commencement of benefit payments prior to the Participant's Normal Retirement Date, except for payment of an immediate Joint and Survivor Annuity in lieu of the Cash Out payable under Subsection 7.12(b).

Section 7

BENEFITS: FORM AND TIME OF PAYMENTS

7.1 Application; Time of Payments.

Except as otherwise specified in this subsection and subject to the required distribution rules of Subsections 7.10 and 7.11, benefit payments shall begin not later than the time required under Code Section 401(a)(14). Notwithstanding the preceding sentence, a Participant may elect to defer benefit payments scheduled to begin at the Participant's Normal Retirement Date or actual Retirement, if later, to any date not later than the Participant's Required Beginning Date as defined in Subsection 7.10(a).

The benefit for an eligible Participant shall not be paid until the notices required under Subsection 7.8 are distributed and the Participant has properly completed and filed with the Trustees a written application for the benefit on the form provided for such purpose by the Trustees. If the written application as originally filed is not completed properly, benefit payments shall not begin until a properly completed application has been filed.

If payment of benefits is delayed after the Participant's Normal Retirement Date or actual Retirement, whichever is later, by failure to provide the required notices, the amount of the benefit payment shall be Actuarially Equivalent to the benefit that would have been payable but for the delay. If the required notices are properly provided to the Participant at the Participant's Normal Retirement Date or actual Retirement date, if later, and the Participant fails to make an election, the Participant shall be deemed to have made an election to defer payment to a later date. If the Participant makes or is deemed to make an election to defer payment beyond the Participant's Normal Retirement Date or actual Retirement date, if later, the amount of the benefit payment shall be Actuarially Equivalent to the benefit that would have been payable but for the deferral.

Except as otherwise provided in the Plan, benefits shall be payable in equal monthly installments of 1/12th of the annual amount. Unless earlier commencement is specified in Subsection 7.6 or payment is delayed or deferred as described in this subsection, the first monthly installment shall be payable as of the 30th day of the month that includes the Participant's Normal Retirement Date or actual Retirement date if later, or as of the 30th day of an earlier month elected by a Participant who retires at an Early Retirement Date or elects early payment of a Vested Benefit, if the Participant is living on such date. If payment is delayed or deferred beyond the Participant's Normal Retirement Date or actual Retirement, if later, the actuarially increased monthly benefit shall begin on the 30th day of the month following valid election of the form of payment. Subsequent monthly installments shall be payable on the 30th day of each succeeding month, ceasing with the installment due on the 30th day of the month in which the Participant (or other Beneficiary) dies.

7.2 Normal Retirement Benefit.

The Normal Retirement Benefit for an eligible Participant shall be paid in the form of the Joint and Survivor Annuity, unless the Participant properly elects another form of payment.

7.3 Early Retirement Benefit.

The Early Retirement Benefit for an eligible Participant who retires on the Participant's Early Retirement Date shall be paid in the form of the Joint and Survivor Annuity unless the Participant properly elects another form of payment.

The Participant may elect earlier, reduced payment of the Early Retirement Benefit commencing on the 30th day of any month that includes or follows the Participant's Early Retirement Date. The benefit, including the Supplemental Spouse Pension, if applicable, shall be reduced as follows:

- (a) **Accruals Before September 1, 2005.** With respect to benefits earned prior to September 1, 2005:
 - (i) **No Reduction.** There shall be no reduction if payment of the Participant's Early Retirement Benefit begins after the first day of the month coincident with or next following the date the Participant attains age 62.
 - (ii) **5/12% Per Month Reduction.** If payment of the Participant's Early Retirement Benefit begins prior to the date specified in (i), the rate of reduction shall be 5/12% per month for each month that the benefit is payable prior to that date.
- (b) **Accruals Beginning September 1, 2005.** For benefits earned on and after September 1, 2005, if payment of the Participant's Early Retirement Benefit begins prior to the month that includes the Participant's Normal Retirement Date, the rate of reduction shall be 2/3% per month for each month, up to a total of 60 months, that the benefit is payable prior to the month that includes the Participant's Normal Retirement Date and 1/3% per month for each additional month (in excess of 60 months) that the benefit is payable prior to the month that includes the Participant's Normal Retirement Date.

7.4 Vested Benefit.

The Vested Benefit for an eligible Participant shall be paid in the form of the Joint and Survivor Annuity unless the Participant elects another form of payment. The Participant may elect to have payment of the Participant's Vested Benefit begin on the 30th day of any month that includes or follows the Participant's earliest Early Retirement Date. The amount of the Vested Benefit shall be reduced as follows:

- (a) **Accruals Before September 1, 2005.** For benefits earned prior to September 1, 2005:
 - (i) **5/12% Per Month Reduction.** If the Participant has attained age 55 at the time of termination of employment, the reduction shall be 5/12% per month for each month that the benefit is payable prior to the first day of the month coincident with or next following the date the Participant attains age 62.
 - (ii) **1/3% Per Month Reduction.** For all other Participants whose employment terminates prior to attainment of age 55, the rate of reduction shall be 1/3% for

each month the benefit is payable prior to the Participant's Normal Retirement Date.

- (b) **Accruals Beginning September 1, 2005.** For benefits earned on and after September 1, 2005, if payment begins prior to the month that includes the Participant's Normal Retirement Date, the rate of reduction shall be 2/3% for each month, up to a total of 60 months, that the benefit is payable prior to the month that includes the Participant's Normal Retirement Date and 1/3% per month for each additional month (in excess of 60 months) that the benefit is payable prior to the month that includes the Participant's Normal Retirement Date.

7.5 Supplemental Spouse Pension.

While payable, the Supplemental Spouse Pension shall be paid as an addition to any benefit otherwise payable to or with respect to the Participant. The Supplemental Spouse Pension shall not be subject to the Preretirement Survivor Annuity or the Joint and Survivor Annuity requirements under the Plan and shall not be considered in calculating the value of either of those benefits.

7.6 Preretirement Survivor Annuity.

The Surviving Spouse shall elect the date that Preretirement Survivor Annuity payments begin. If the Participant was an Employee of a Participating Employer at the time of death, the Preretirement Survivor Annuity may begin on or after the 30th day of the month that includes the date of the Participant's death. If the Participant was not an Employee of a Participating Employer at the time of death, the Preretirement Survivor Annuity may begin on or after the 30th day of the month that includes the Participant's earliest Early Retirement Date or, if later, the 30th day of the month that includes the date of the Participant's death. For purposes of the preceding sentences, a Participant shall be an Employee until the Participant's Termination Date; provided, however, that the employment of a disabled Employee shall be deemed to continue to the extent provided in Subsection 1.38. Payments to the Surviving Spouse must begin not later than the 30th day of the month that would have included the Participant's Normal Retirement Date or, if later, the 30th day of the month that includes the Participant's date of death.

7.7 Optional Forms.

The Participant may elect an Actuarially Equivalent optional form of benefit payment.

(a) Forms.

- (i) **Single Life Annuity.** The Participant may elect a Single Life Annuity. A "Single Life Annuity" is a monthly benefit payable in equal installments for the life of the Participant or other recipient with no payments after death.
- (ii) **Contingent Annuity.** The Participant may elect a Contingent Annuity.
 - (A) **Amount of Benefit.** A "Contingent Annuity" is an Actuarially Equivalent reduced monthly benefit payable during the lifetime of the retired Participant and continuing after the Participant's death, in an amount equal to 50%, 75% or 100% of such reduced amount, during the remaining lifetime of a surviving contingent annuitant. The contingent annuitant and the percentage to be continued to the contingent annuitant after the death of the retired Participant must be designated by the Participant at the time this option is elected.

- (B) **Limitations.** The Contingent Annuity shall not become effective if:
- (1) **Not Living.** The Participant or the contingent annuitant is not living on the date specified in (c) below.
 - (2) **No Evidence of Age and Sex.** The Participant does not, within 90 days of election of this option and prior to the date specified in (c) below, furnish evidence satisfactory to the Trustees of the age and sex of the contingent annuitant.
 - (3) **Less Than \$300.** The annual amount of contingent pension that would become payable to the contingent annuitant is less than \$300.
- (iii) **Period Certain and Life Annuity.** The Participant may elect a Period Certain and Life Annuity. A "Period Certain and Life Annuity" is an Actuarially Equivalent reduced monthly benefit payable during the lifetime of the retired Participant. If the Participant dies before receiving 60 or 120 monthly pension payments, the Participant's Beneficiary shall receive monthly pension payments until the Participant and Beneficiary together received a total of 60 or 120 monthly payments. The minimum period (either 60 months or 120 months) over which monthly pension payments are to be paid must be designated at the time this option is elected.
- (iv) **Pop-Up Option.** A married participant may elect a modified Joint and Survivor Annuity or a modified Contingent Annuity, or an unmarried Participant may elect a modified Contingent Annuity, in each case an Actuarially Equivalent benefit that includes an additional Pop-Up Feature. The "Pop-Up Feature" increases the amount of the monthly benefit payment to the Participant if the spouse who would qualify as the Surviving Spouse with respect to the Joint and Survivor Annuity or the spouse or other contingent annuitant with respect to the Contingent Annuity dies before the Participant. In such event, the monthly payment to the Participant shall increase to the monthly amount that would have been payable to the Participant as a Single Life Annuity when benefit payments began plus any applicable increase in past benefits that would have applied. The increased monthly payment to the Participant shall be effective beginning with the monthly payment due for the month following the month in which the spouse or other contingent annuitant dies and for each month thereafter for the life of the Participant.
- (v) **Staged Payment.** The purpose of this optional form is to provide for payments that begin at or after age 62 and are initially based only on the portion of the benefit that is not subject to an early payment reduction and are then increased, at age 65, to include the portion of the benefit that would have been reduced if paid earlier. The optional form of payment may be elected by a Participant in conjunction with payment in the Joint and Survivor Annuity or in any other optional form available to the Participant under (a)(i) through (a)(iv). This optional form of payment also may be elected by a Surviving Spouse for payment of the Preretirement Survivor Annuity. When this option is elected, the Participant or Surviving Spouse will receive monthly payments during the initial stage of payment that are attributable only to the Participant's Accrued Benefit as of August 31, 2005. The payments will begin on the elected date, which must be on or after the earliest date on which they would not be subject to an early payment reduction described in Subsection 7.3 or 7.4 and before the

Participant attains or would have attained age 65. The monthly payments will increase, to include the value of the entire benefit, on the 30th day of the month that includes the Participant's Normal Retirement Date. The benefit payable under this option is an Actuarially Equivalent single benefit payable in two stages.

- (b) **Availability.** Except as permitted for a Surviving Spouse in (a)(v), these optional forms of payment are available only to a Participant living at the date payments are scheduled to begin. For a married Participant, election of an option shall be effective only if the Participant and spouse elect, in the manner specified in Subsection 7.8 at the time of election of the option, not to take the Joint and Survivor Annuity and confirm the waiver of the Joint and Survivor Annuity form in the manner specified in Subsection 7.8 within the 90-day period described in that Subsection.

Except as permitted for a Surviving Spouse in (a)(v), the optional forms of payment are not available to a Surviving Spouse or other contingent annuitant or Beneficiary.

- (c) **When Effective; Election Irrevocable.** An option shall become effective on the date payments are scheduled to begin. When effective, an option shall be irrevocable notwithstanding subsequent death of the Participant or the Participant's spouse, divorce of the Participant and spouse, or death of any other contingent annuitant or Beneficiary, including the Surviving Spouse.
- (d) **Limitation.** No optional form of pension shall be allowed that would reduce the Actuarially Equivalent present value of the pension expected to be paid to the Participant below 50% of the Actuarially Equivalent present value of the pension otherwise payable to or with respect to the Participant unless the optional form of benefit payment is the Contingent Annuity and the contingent annuitant is the Participant's spouse.
- (e) **Effect on Certain Benefits.** Election of an optional form of payment shall not affect or apply to the Supplemental Spouse Pension described in Subsection 6.3.

7.8 Waiver of Joint and Survivor Annuity; Election of Method and Time of Benefit Payments.

(a) **Waiver of Joint and Survivor Annuity Form.**

- (i) **Notice.** At least 30 but not more than 90 days before the Annuity Starting Date, the Administrator shall provide each Participant, in writing, a reasonable explanation of (A) the terms and conditions of the Joint and Survivor Annuity; (B) the Participant's right to waive, and the effect of a waiver of, the Joint and Survivor Annuity; (C) the rights of the spouse; and (D) the right to revoke, and the effect of a revocation of, a previous waiver of the Joint and Survivor Annuity.
- (ii) **Waiver.** During the 90-day period before the Annuity Starting Date, a Participant may waive the Joint and Survivor Annuity and elect another form of payment, or waive the Single Life Annuity and elect another form of payment, if the Participant is not married, and may revoke a prior waiver. A waiver of a Joint and Survivor Annuity shall not be effective unless the spouse consents to the waiver. The Participant may revoke the waiver without the spouse's consent. Any waiver after the revocation of a prior waiver will require a

new spousal consent. The waiver shall be in the form of a written election under (f) below containing the spouse's consent, when required.

- (b) **Spousal Consent.** Consent by a spouse shall not be effective unless the consent is in writing, signed by the spouse and witnessed by an individual designated for this purpose by the Administrator or by a notary public. The consent must acknowledge the effect of the waiver of the Joint and Survivor Annuity. If it is established to the satisfaction of the Administrator that the spouse cannot be located or if other circumstances exist that are described in Regulations issued under Code Section 417, the spouse's consent is not required. The consent is effective only with respect to the consenting spouse and not with respect to a subsequent spouse. Consent by the spouse will be irrevocable with respect to the Participant's election, waiver, or designation of a Beneficiary to which the consent relates.
- (i) **Specific Beneficiary or Form of Payment.** The consent may be limited to payment to a specific alternate Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, and a specified form of payment.
- (ii) **General Consent.** The consent may permit the Participant to designate a Beneficiary, or elect an optional form of benefit payment, or to change either or both, without a further consent by the spouse. This form of consent is not valid unless the spouse expressly and voluntarily permits such designations and elections without any further spousal consent. The consent may be limited to certain Beneficiaries or to certain forms of payment.
- (c) **Permitted Elections.** To the extent permitted under this Section 7, and subject to waiver of the Joint and Survivor Annuity, the Participant or other recipient may elect the method and time of payment. To the extent satisfied under (a) or (b), the requirements under (d) and (f) need not be met again.
- (d) **Participant Consent.** If payment is due to termination of employment prior to the Participant's Normal Retirement Date for any reason other than death, payment of benefits shall not begin without the Participant's consent. The consent shall be given by an election of benefit payments. An election of payment shall be made within the 90-day period ending on the Annuity Starting Date.
- (i) **Notice.** When consent is required, the Participant shall be notified of the right to elect benefit payments. The written notice shall provide an explanation of the material features and relative values of the available forms of payment. The notice shall be provided at least 30 but not more than 90 days before the Annuity Starting Date.
- (ii) **Annuity Starting Date.** "Annuity Starting Date" means the first day of the first period for which an amount, other than the Temporary Disability Benefit and the Supplemental Spouse Benefit, is payable in any form. Generally, the Annuity Starting Date is the date on which benefit payments may begin after all conditions and requirements for payment have been met. If benefit payments are suspended pursuant to Subsection 8.6 for an Employee who continues to be employed without terminating employment and without receiving benefit payments under this Plan, the date benefit payments start shall be the Annuity Starting Date for the Participant.

(e) **Exceptions.**

- (i) **Small Balance Exception.** The waiver of the Joint and Survivor Annuity and the Participant's consent are not required with respect to a payment to be made on or after September 1, 2002, if the Actuarially Equivalent present value of the Participant's Accrued Benefit is \$5,000 (or such larger amount as may be specified in Code Section 411(a)(11)(A)) or less, unless the payment is one of a series of scheduled periodic payments and the Participant's consent was required at the time the initial payment was made.
- (ii) **Waiver of Notice Period.** Payments may commence less than 30 days after the notices required under (a)(i) and (d)(i) above are given, provided:
 - (A) **Right to 30-day Period.** The Administrator clearly informs the Participant that the Participant has a right to a period of at least 30 days after receiving the notices to consider the decision of whether or not to elect payment or to waive the Joint and Survivor Annuity and consent to another form of payment;
 - (B) **Election.** The Participant, after receiving the notices, affirmatively elects an optional form of payment;
 - (C) **Right to Revoke.** The Participant is permitted to revoke the affirmative election until the Annuity Starting Date or, if later, at any time prior to the end of the seven-day period that begins the day after the notices are given to the Participant; and
 - (D) **Benefit Payments.** Benefit payments in accordance with the affirmative election do not commence before the end of the seven-day period described in (C) above.

(f) **Election Requirements.**

- (i) **Time.** An election shall be made not later than the date benefit payments begin or, if earlier, the date when benefit payments must begin. An election may be revoked or changed before benefit payments begin.
- (ii) **Form.** An election shall be made in a form acceptable to the Administrator.
- (iii) **Other Conditions.** An election shall become void upon the death of the Participant prior to the date the first monthly payment is required to be paid to the Participant. If a benefit is payable to a Surviving Spouse or other contingent annuitant and conditioned upon the survival of and measured by the life of the contingent annuitant, death of the contingent annuitant prior to the date the first monthly benefit is required to be paid to the Participant shall void the election.

(g) **Failure to Elect.** If a Participant fails to elect:

- (i) **Method.** The form of benefit payment shall be the Joint and Survivor Annuity if the Participant is married or a Single Life Annuity if the Participant is not married.
- (ii) **Time.** Benefit payments shall begin at the time specified in this Section 7.

- (h) **Additional Information.** The Administrator may require additional forms or information when required by law or deemed necessary or appropriate in connection with any benefit payment.
- (i) **No Reduction or Delay of Payments.** An election or failure to elect shall not cause noncompliance with the Preretirement Survivor Annuity and Joint and Survivor Annuity provisions, the Minimum Distribution and payment requirements of Subsections 7.10 and 7.11, the requirements of Code Section 415, or the terms of a Qualified Domestic Relation Order.

7.9 Minimum Benefit.

The Minimum Benefit described in Subsection 6.7, if applicable, shall be paid in a lump sum to the Beneficiary as soon as administratively feasible after the Participant's death.

7.10 Required Distribution Rules - Lifetime.

Subject to the Joint and Survivor Annuity provisions, this Subsection generally states the requirements of Code Section 401(a)(9) and the Regulations and shall take precedence over any other provision of this Plan that permits payment at a later time or in a smaller amount during a Participant's lifetime.

- (a) **Required Beginning Date.** Unless payments begin earlier, the entire interest of the Participant must be distributed or distribution must begin not later than the Participant's Required Beginning Date. "Required Beginning Date" means:
 - (i) **General.** For a Participant who is not a 5% Owner and who attains age 70 1/2 after December 31, 1999, the April 1 following the calendar year in which the Participant attains age 70 1/2 or, if later, following the calendar year in which the Participant's employment terminates.
 - (ii) **5% Owner.** For a Participant who is a 5% Owner, the April 1 following the calendar year in which the Participant attains age 70 1/2. For purposes of this definition, a Participant is treated as a 5% Owner if the Participant is a 5% Owner during the Plan Year in which the Participant attains age 66 1/2 or any later Plan Year. Once distribution begins to a 5% Owner, it shall continue even if the Participant ceases to be a 5% Owner.
 - (iii) **Other.** For any other Participant who attains age 70 1/2 on or before December 31, 1999, the definition specified in the Plan as in effect on December 31, 1999, or the earlier date on which benefit payments begin.
- (b) **Annuity Payments.** If benefit payments under the Plan are to be paid in the form of an annuity, the annuity payments shall comply with the following requirements:
 - (i) **Payment Intervals.** Benefits must be paid at intervals not longer than one year;
 - (ii) **Payment Period.** The payment period must be the Participant's life expectancy, the joint life and last survivor expectancy of the Participant and Beneficiary, or a period certain not longer than a life expectancy (or joint life and last survivor expectancy) described in Code Sections 401(a)(9)(A)(ii) or 401(a)(9)(B)(iii), whichever is applicable;

- (iii) **No Recalculation.** For purposes of determining a period certain, the life expectancy or joint life and last survivor expectancy shall be determined without recalculation of life expectancy;
 - (iv) **No Extension of Period Certain.** After payments have begun over a period certain, the period certain may not be extended even if the period certain is shorter than the maximum period otherwise permitted;
 - (v) **Nonincreasing or Permissible Increase.** Payments must either be nonincreasing or may increase as follows:
 - (A) **Cost-of-Living.** With any percentage increase in a specified and generally recognized cost-of-living index;
 - (B) **Death of Beneficiary.** To the extent of the reduction to the amount of the Participant's periodic benefit payment to provide for a survivor benefit upon death, but only if the Beneficiary whose life was being used to determine the payment period dies and the payments continue over the life of the Participant;
 - (C) **Cash Refunds.** To provide cash refunds of after-tax employee contributions upon the Participant's death; or
 - (D) **Benefit Increase.** Due to an increase in benefits under the Plan.
- (c) **Timing of Required Payments.**
- (i) **Life Annuity.** If the annuity is a life annuity or a life annuity with a period certain not exceeding 20 years, the amount that must be paid on or before the Participant's Required Beginning Date (or in the case of payments after the Participant's death, the date payments are required to begin under Subsection 7.11) shall be the payment required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received (month, quarter, year, etc.).
 - (ii) **Period Certain.** If the annuity is a period certain annuity without a life contingency or is a life annuity with a period certain exceeding 20 years, periodic payments for each calendar year shall be combined and treated as an annual amount. The amount that must be paid by the Participant's Required Beginning Date (or in the case of payments after the Participant's death, the date payments are required to begin under Subsection 7.11) is the annual amount for the first calendar year for which payments are required. The annual amounts for each succeeding calendar year, including the annual amount for the calendar year that includes the Participant's Required Beginning Date or the date payments are required to begin under Subsection 7.11, must be paid on or before the last day of the calendar year for which the payments are required.
- (d) **Other Rules.**
- (i) **Annuities Purchased After December 31, 1988; Beneficiary Not Spouse.** Annuities purchased after December 31, 1988, are subject to the following additional conditions if the spouse is not the Beneficiary:
 - (A) **Period Certain.** If payments are being paid in the form of a period certain annuity without a life contingency, the period certain for the first calendar

year for which payments are required may not exceed the applicable period determined under Code Section 401(a)(9) and Regulations.

- (B) **Life Annuity.** If benefits are being paid in the form of a joint and survivor annuity for the joint lives of the Participant and a nonspouse Beneficiary, payments to be made on or after the Participant's Required Beginning Date to the Beneficiary after the Participant's death must never exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant under Code Section 401(a)(9) and Regulations.
- (ii) **Transitional Rule.** If payments under an annuity that complies with the other provisions of this Subsection began before January 1, 1989, the requirements in effect under Code Section 401(a)(9), as of July 27, 1987, shall apply to the payments from the Plan, regardless of whether the annuity form is irrevocable.
- (iii) **Additional Accruals.** If payments are being made in a form that complies with this Subsection, any additional benefits accrued after the Participant's Required Beginning Date shall be paid as a separate and identifiable component of the annuity beginning with the first payment interval ending in the calendar year immediately following the calendar year in which the additional accrual occurs.
- (iv) **Individual Account.** Any part of the Participant's interest in the Plan in the form of an individual account shall be distributed in a manner satisfying the requirements of Code Section 401(a)(9) and Regulations.
- (v) **Actuarial Increase.** If benefit payments to a Participant who is not a 5% Owner begin on a Required Beginning Date that is later than the April 1 following the calendar year in which the Participant attains age 70 1/2, the benefit shall be actuarially increased to reflect the delay in payment to the date on which benefit payments commence.

The period for the actuarial increase shall begin on April 1 following the calendar year in which the Participant attains age 70 1/2 and shall end on the date on which benefits commence after termination of employment in an amount sufficient to satisfy Code Section 401(a)(9). The amount of the increase for the period for the actuarial increase must result in a benefit that is Actuarially Equivalent to the benefit payable on the April 1 following the calendar year in which the Participant attains age 70 1/2 plus the Actuarially Equivalent value of all additional benefits accrued after that date minus the Actuarially Equivalent value of any benefit payments made after that date. The actuarial increase is generally the same as, and not in addition to, the actuarial increase required for that same period under Code Section 411 to reflect a delay in payments after normal retirement, except that the actuarial increase required under Code Section 401(a)(9)(C) must be provided even during the period during which a Participant is in Section 203(a)(3)(B) Service, as defined in Section 8.6.

For purposes of Code Section 411(b)(1)(H), the actuarial increase will be treated as an adjustment attributable to the delay in payment of benefits after the attainment of normal retirement age. Accordingly, to the extent permitted under Code Section 411(b)(1)(H), the actuarial increase required under Code Section 401(a)(9)(C)(iii) may reduce the benefit accrual otherwise required under Code Section 411(b)(1)(H)(i), except that the rules on suspension of benefits are not applicable.

7.11 Required Distribution Rules - Death.

Subject to the Preretirement Survivor Annuity provisions, this Subsection generally states the requirements of Code Section 401(a)(9) and the Regulations and shall take precedence over any other provision of this Plan that permits payment at a later date or in a smaller amount following a Participant's death. All payments shall be determined and made in accordance with the Regulations under Code Section 401(a)(9), including the minimum incidental benefit requirement of those Regulations.

- (a) **Death Before Required Beginning Date.** If the Participant dies before the Required Beginning Date and before payment in the form of an irrevocable annuity has begun:
 - (i) **Spouse.** If the Surviving Spouse is the Beneficiary, payments must begin on or before the last day of the calendar year in which date the Participant would have attained age 70 1/2 or, if later, the last day of the calendar year following the calendar year in which the Participant died. If the Surviving Spouse dies before payments begin, payments shall be made under (ii) or (iii) as though the Surviving Spouse were the Participant. If the Surviving Spouse dies after payments must begin, payments shall be made under (b) below as though the Surviving Spouse was the Participant.
 - (ii) **Other Beneficiary.** If payments are to be paid to a Beneficiary other than the Surviving Spouse and payments are elected and begin before the end of the calendar year following the year in which the Participant died, the Beneficiary may elect an optional form of benefit payment under which payments are to be made over a period not exceeding the Beneficiary's life expectancy. If a death benefit remains to be paid after the death of the Beneficiary, the remaining death benefit shall be paid to the successor Beneficiary at least as rapidly as under the form of benefit payment in effect at the Beneficiary's death.
 - (iii) **Five Year Rule.** Unless paid under (i) or (ii) above, payment of the death benefit will be completed by the last day of the calendar year that includes the fifth anniversary of the Participant's death. If the Beneficiary dies before complete payment of the death benefit, the remainder shall be paid to the successor Beneficiary no later than the last day of the calendar year that includes the fifth anniversary of the Participant's death.
- (b) **Death After Required Beginning Date.** If the Participant dies after the Required Beginning Date, or if earlier, the date payment begins in the form of an irrevocable annuity, payments shall be made at least as rapidly as benefit payments were being paid to the Participant before death.
- (c) **Beneficiary is Minor Child.** Any amount paid to the Participant's minor child will be treated as paid to the Surviving Spouse if the remainder becomes payable to the Surviving Spouse after the child reaches the age of majority.

7.12 Cash Out.

Notwithstanding any other Plan provision, effective for distributions under this Subsection on or after March 28, 2005, if benefit payments have not commenced to a Participant whose Vested Percentage is 100% and the Participant elects withdrawal of the Participant's Contribution Account under Subsection 5.6, the Trustees shall direct payment of the Actuarially Equivalent present value of the Participant's Accrued

Benefit Derived From Employer Contributions in a single lump sum payment (a “Cash Out”) in accordance with the following:

- (a) **\$1,000 or Less.** If the Actuarially Equivalent present value of the Participant’s Accrued Benefit is \$1,000 or less, the Cash Out shall be paid as soon as administratively feasible after the Participant elects to receive a refund of the Participant’s Contribution Account.
- (b) **Over \$1,000.** If the Actuarially Equivalent present value of the Participant’s Accrued Benefit exceeds \$1,000 and the Participant’s Accrued Benefit Derived From Employer Contributions after withdrawal of the Contribution Account does not exceed \$1,200 (\$100 per month), the Cash Out shall be paid as soon as administratively feasible; provided that if the Actuarially Equivalent present value of the Participant’s Accrued Benefit exceeds \$5,000, the Cash Out shall be paid as soon as administratively feasible after the Participant elects to receive the Cash Out payment and only upon waiver of the Joint and Survivor Annuity in the manner specified in Subsection 7.8 within the 90-day period described in that Subsection.

7.13 Direct Transfer.

A distributee may elect to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan.

- (a) **Eligible Rollover Distribution.** An eligible rollover distribution is a distribution of any portion of the balance to the credit of a distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee’s designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent that the distribution is required under Code Section 401(a)(9); any hardship distribution; and any other distribution that is reasonably expected to total less than \$200 during a year.
- (b) **Eligible Retirement Plan.** An eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), an annuity contract described in Code Section 403(b), or a qualified trust described in Code Section 401(a), that accepts the distributee’s eligible rollover distribution. An eligible retirement plan also includes an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan. For any portion of an eligible rollover distribution consisting of after-tax contributions that are not includable in gross income, an eligible retirement plan is an individual retirement account or annuity described in Code Section 408(a) or 408(b) or a qualified defined contribution plan described in Code Section 401(a) or 403(a) that agrees to separately account for such portion.
- (c) **Distributee.** A distributee includes a Participant or former Participant, the Participant’s or former Participant’s Surviving Spouse, and the Participant’s or former Participant’s spouse or former spouse who is an alternate payee under a Qualified Domestic Relations Order.

Section 8

BENEFITS: GENERAL PROVISIONS AND LIMITATIONS

8.1 Application of Benefit Provisions.

The eligibility for and amount of a benefit provided under the Plan for any Participant, Surviving Spouse or other Beneficiary, if any, shall be based upon the terms of the Plan in effect at the Participant's Termination Date and shall not be affected by any amendment with a later effective date unless retroactive effect is expressly stated in the amendment; provided, however, that benefit payments to a Participant, Surviving Spouse or other Beneficiary shall be paid in the form and at the time described in Section 7 for such payments. A Participant or Beneficiary shall not be eligible for more than one benefit under the Plan or payment of the benefit in more than one form under the Plan, and the benefit provisions and forms of payment shall be mutually exclusive to that extent. The preceding sentence does not apply to the continuing benefit for a Surviving Spouse or other contingent annuitant, the Supplemental Spouse Pension, the Temporary Disability Benefit or the Minimum Benefit, all of which shall be paid as provided in the Plan, or to receipt of a benefit as a Participant and a different benefit as the Beneficiary (including Surviving Spouse) of another Participant.

8.2 Method of Election or Designation.

Except as otherwise provided in the Plan, when a Participant or other individual is permitted to make an election or a designation under the Plan, the action by the Participant or other individual must be evidenced by a written instrument in the form approved by the Trustees. The written instrument shall be effective only when delivered to the Trustees or to an individual designated by the Trustees. The written instrument shall be null and void if delivered after the occurrence of an intervening event, such as death, that would render the Participant or other individual unable to take the action intended in the instrument.

8.3 Information Required to be Furnished by Participants.

Each Participant and Beneficiary will furnish the Trustees information reasonably necessary for the proper administration of the Plan, including, without limitation, proof of age, and a current mailing address. In the absence of necessary information, the Trustees may use and rely on information they deem reliable regardless of the source of the information. The Participant or Beneficiary shall be entitled to no greater benefits under the Plan than the Participant or Beneficiary would be entitled to receive if the Trustees used the correct information to determine the amount of the benefits. If the amount of benefits is based on erroneous information, the Trustees shall direct adjustments, by increase or reduction of future payments where possible, as they deem proper and equitable and shall have the power to reclaim by legal process excess payments not recoverable by future offsets.

The Trustees and each other Person responsible for the administration of the Plan and Trust shall be entitled to rely upon the address of the Participant or Beneficiary last furnished to the Trustees by the Participant or Beneficiary. If no such address has been furnished, the Trustees may rely upon the last known address shown on the records of the Employer.

8.4 Facility of Payment.

If the Trustees shall determine that any retired Participant or other individual to whom any benefit is payable is unable to care for his or her personal affairs because of illness, accident, minority, or other incapacity, any payment due (unless prior claim has been made by a duly qualified guardian or other legal representative) may be paid to the spouse, parent, brother or sister of the Participant or other individual, or any other Person as the Trustees may determine. Any such payment shall be a payment for the account and benefit of such retired Participant or other individual and shall, to the extent thereof, be a complete discharge of any liability under the Plan to such individual.

8.5 Qualified Domestic Relations Order.

Upon receipt of a Qualified Domestic Relations Order, the Trustees shall provide for payment of benefits to an alternate payee as set forth in the order. A "Qualified Domestic Relations Order" means an order defined in Code Section 414(p). The Trustees shall establish procedures to determine whether an order is a Qualified Domestic Relations Order, to notify the Participant and any alternate payee of such determination, and to administer benefit payments pursuant to a qualified order.

Payments to an alternate payee may begin or may be made any time after the later of the date the Trustees determine that a domestic relations order is a Qualified Domestic Relations Order, and the date the Participant attains age 55. Notwithstanding the preceding sentence, payments from a Participant's Contribution Account may be made to an alternate payee pursuant to a Qualified Domestic Relations Order at any time after the earlier of the date the Participant terminates employment and the date the Participant attains age 50.

8.6 Suspension of Benefits.

(a) **Suspended Benefits.** A Normal or Early Retirement Benefit that is being paid (or that would be payable if the Participant elected to retire) will be suspended for each calendar month of each Plan Year during which the Employee completes at least 1,000 Hours of Service with a Participating Employer in Section 203(a)(3)(B) Service.

"Section 203(a)(3)(B) Service" means employment with a Participating Employer for any period beginning on or after the date benefit payments actually began or the date benefit payments would have begun if the Participant was not employed by the Participating Employer.

(b) **Resumption of Payment.** If benefit payments have been suspended, payments shall resume no later than the first day of the third calendar month after the calendar month in which the Participant ceases to be employed in Section 203(a)(3)(B) Service. The initial payment upon resumption shall include the payment scheduled to occur in the calendar month when payments resume and any

amounts withheld during the period between the cessation of Section 203(a)(3)(B) Service and the resumption of payments.

Benefits payable upon resumption shall be the same as the suspended benefit plus any additional benefit accrued during the period of reemployment. In no event shall a benefit be actuarially increased by reason of a period of suspension under this Subsection.

- (c) **Notification.** No payment shall be withheld by the Plan pursuant to this Subsection unless the Trustees notify the Participant by personal delivery or first class mail during the first calendar month or payroll period in which the Plan withholds payments that the Participant's benefits are suspended. Such notifications shall contain a description of the specific reasons why benefit payments are being suspended, a description of the Plan provision relating to the suspension of payments, a copy of such provisions, and a statement to the effect that applicable Department of Labor Regulations may be found in ERISA Regulation Section 2530.203-3. In addition, the notice shall inform the Participant of the Plan's procedures for affording a review of the suspension of benefits. Requests for such reviews may be considered in accordance with the claims procedure adopted by the Plan pursuant to ERISA Section 503 and applicable Regulations.
- (d) **Amount Suspended.**
 - (i) **Life Annuity.** With respect to benefits payable on a monthly basis for as long as a life or lives continue, such as a Single Life Annuity or a Joint and Survivor Annuity, an amount equal to the portion of a monthly benefit payment derived from Employer contributions.
 - (ii) **Other Benefit Forms.** With respect to benefits payable in a form other than the form described in (i) above, an amount of the employer-derived portion of benefit payments for a Plan Year in which the Participant is employed in Section 203(a)(3)(B) Service, equal to the lesser of:
 - (A) **Projected Payments.** The amount of benefits that would have been payable to the Participant during the Plan Year if the Participant had been receiving monthly benefits under the Plan since the Participant's actual Retirement based on a Single Life Annuity beginning at the Participant's actual retirement age; or
 - (B) **Actual Payments.** The actual amount paid or scheduled to be paid to the Participant for such Plan Year. Payments scheduled to be paid less frequently than monthly may be converted to monthly payments for purposes of the preceding sentence.
- (e) **Top-Heavy Minimum Accrued Benefit.** This Subsection does not apply to the Top-Heavy Minimum Accrued Benefit to which the Participant is entitled under the top-heavy provisions of Section 14.

8.7 Designation of Beneficiary.

Subject to Subsection 1.8, a Participant may designate or change a Beneficiary by filing a signed designation with the Trustees in the form approved by the Trustees. The Participant's Will is not effective for this purpose.

- (a) **Spousal Consent.** If a married Participant designates or changes a Beneficiary other than the spouse without complying with all of the spousal consent requirements of Section 7.8, the designation shall be void unless permitted by a general consent.
 - (i) **Successor Beneficiaries.** A Participant may designate one or more successor Beneficiaries to the spouse without the spouse's consent.
 - (ii) **Change of Marital Status.** A Beneficiary designation by a Participant will not be effective upon the Participant's subsequent marriage unless the spouse consents to and acknowledges the effect of the designation.
- (b) **Death of Beneficiary.** If distribution is being made to a Beneficiary who dies prior to complete distribution, and if any benefit remains payable, the remaining benefit shall be paid to the successor Beneficiary determined under Subsection 1.8 and this Subsection 8.7. If distribution is being made to more than one Beneficiary, distribution shall continue to the survivor or survivors of them, and any amount remaining upon the death of the last survivor shall be paid to the successor Beneficiary determined in the same manner.
- (c) **No Beneficiary.** If a Participant has no Beneficiary, as defined in Subsection 1.8, on the date a payment is due, the entire amount remaining to be paid, if any, shall be paid to the estate of the Participant, if then under active probate administration, or if not, to those Persons who would take the Participant's personal property under the applicable intestate laws, in the proportions specified therein, as though the Participant had died at such time.
- (d) **Determination.** The Trustees shall determine the proper individual or individuals to whom payment should be made hereunder, and the decision of the Trustees shall be final and binding on all Persons.

8.8 Maximum Annual Benefits.

Notwithstanding any other provision of this Plan, benefits payable to a Participant in a Limitation Year shall not exceed the maximum amount permitted under Code Section 415 and Regulations.

8.9 Lost Recipients.

If an individual entitled to a benefit under the Plan cannot be located when payment is required to begin, the Participant's Accrued Benefit may be forfeited. If an Accrued Benefit is forfeited, it shall be restored if the Person entitled to the benefit submits a written application for payments to the Trustees. All payments due before the delayed payments actually begin shall be paid in a lump sum at the time of the first delayed payment.

Effective for benefit payments with an Annuity Starting Date on or after December 31, 2002, notwithstanding any other plan provisions to the contrary, the applicable mortality table used for purposes of adjusting any benefit or limitation under Code Section 415(b)(2)(B), (C), or (D), and the applicable mortality table used for purposes of satisfying the requirements of Code Section 417(e) as set forth in Appendix A is the table prescribed in Rev. Rul. 2001-62.

Section 9

ADMINISTRATION

9.1 Responsibility for Administration.

The Trustees shall be responsible for the general administration and operation of the Plan and shall have all powers necessary for those purposes. The Trustees, as a body, shall be the named fiduciary for operation and management of the Plan under ERISA. The Trustees may, from time to time, establish rules for the administration and interpretation of the Plan, which shall be applied uniformly without discrimination in favor of or against any Employee or group of Employees.

The Trustees' powers and duties shall include, but shall not be limited to, the following:

- (a) **Participant Rights.** To construe and interpret the Plan, decide all questions of eligibility and determine the amount, manner and time of payment of any benefits under the Plan;
- (b) **Prescribe Forms and Procedures.** To prescribe forms and procedures to be followed by Participants in filing applications for benefits;
- (c) **Recordkeeping.** To establish procedures for and supervise the establishment and maintenance of all records necessary and appropriate for the proper administration of the Plan;
- (d) **Administration Information.** To obtain to the extent reasonably possible, all information necessary for the proper administration of the Plan;
- (e) **Disclosure/Distribution.** To prepare and distribute, in such manner as required by law or as the Trustees determine appropriate, information concerning the Plan;
- (f) **Disclosure/Examination.** To make available for examination, upon request of a Participant or Beneficiary, copies of documents, reports, or other information concerning the Plan;
- (g) **Claims and Elections.** To establish or approve the manner of making an election, designation, application, or claim for benefits and for appealing adverse determinations as provided in Subsection 9.5;
- (h) **Plan Interpretation.** To interpret this instrument including resolution of an inconsistency, or ambiguity and correction of an error or omission;
- (i) **Advisors.** To employ on behalf of the Plan, to the extent reasonably necessary for operation, administration and management of the Plan, attorneys, actuaries, accountants, clerical employees, agents and other Persons;
- (j) **Expenses, Fees, and Charges.** To pay from the Trust Fund all reasonable and necessary expenses, fees and charges, including fees for attorneys, actuaries, accountants, clerical employees, agents and other Persons, incurred in connection with the administration or operation of the Plan;
- (k) **Reporting.** To prepare and file, within the time limit required, all necessary reports required by applicable law;

- (l) **Delegation.** To delegate any of its authority and allocate any of its responsibilities for the administration and operation of the Plan to any one or more Employees of a Participating Employer by written instruction to that effect; and
- (m) **Other Powers and Duties.** All other powers and duties necessary or appropriate under the Plan, except those powers and duties allocated to another named fiduciary.

The Trustees shall have no power to add to, subtract from or modify any of the terms of the Plan, nor to change or add to any benefits provided by the Plan nor to waive or fail to apply any election or requirement of eligibility for a benefit under the Plan.

9.2 Appointment of Trustees.

There shall be a minimum of nine Trustees who shall be appointed by the Board of Directors. Each Trustee shall be appointed for a term of three years with a limit of three reappointments for a total of four terms, counting as one term any partial term resulting from an appointment to complete the unexpired term of another Trustee. If any Trustee dies, resigns, or otherwise fails to serve the Trustee's full term, the Board of Directors shall appoint a successor, who shall hold office until the end of the predecessor's term. The Board of Directors may, at any time, remove any Trustee and appoint a successor to complete the Trustee's term.

One-half of the Trustees must be board members or former board members of Christian school societies that are Participating Employers under the Plan or must be other nonemployee individuals that have been actively involved in the administration of a Participating Employer or its educational function. The remaining Trustees must be Participants in the Plan. Notwithstanding the foregoing, the Board of Directors may appoint one Trustee that does not meet the qualification requirements of either of the preceding two sentences in lieu of one member of either category.

9.3 Administrative Organization and Operations.

The Trustees shall adopt bylaws governing the organization of the Christian School Pension Plan and Trust Fund Board of Trustees. The bylaws shall provide for the hiring of certain administrative officers who will have charge of the day-to-day operation of the Plan and the Trust Fund. The bylaws shall also cover the details of meetings of the Board and the specific procedures by which the Board shall take action with respect to the Plan and the Trust Fund. The bylaws shall be subject to approval by the Board of Directors.

9.4 Indemnification of the Trustees.

The Trustees and any individual performing administrative services for the Plan shall be indemnified by CSI against any and all liabilities arising by reason of any act or failure to act made in good faith pursuant to the provisions of the Plan, including expenses incurred in the defense of any claim relating to such act or failure to act.

9.5 Benefit Applications; Appeal Procedures.

- (a) **Application for Benefits.** The Trustees will process an application for benefits by a Participant or Beneficiary and provide written notification of the determination to the Participant or Beneficiary not later than 90 days after receipt of the application unless the Trustees determine that special circumstances require an extension of time for processing the application.

- (b) **Initial Appeal.** Any Participant or Beneficiary who believes that he or she is entitled to a benefit different from the benefit approved by the Trustees in response to the application for payment, or has received an adverse determination from the Trustees, whether relating to the amount, form of payment or time of payment, may, within 120 days after notice of the determination, file a written appeal for a full and fair review by the Trustees.
- (c) **Allowance/Disallowance of Appeal.** The Trustees shall either approve or deny the appeal. Written notification shall be provided to the Participant or Beneficiary within 60 days after receipt of the initial appeal unless the Trustees determine that special circumstances require an extension of time for processing the appeal.
- (d) **Appeal To Board of Directors.** A Participant or Beneficiary who is notified of an adverse determination with respect to any part of the initial appeal may, within 60 days after such determination, submit a written appeal for a full and fair review by the Board of Directors.
- (e) **Final Decision.** The Board of Directors shall render a final determination and provide written notification to the Participant or Beneficiary within 60 days after receipt of the appeal, unless the Board of Directors determines that circumstances require an extension of time for processing the appeal.
- (f) **Disability Claims.** For the application and any appeal involving a claim for the Temporary Disability Benefit, the alternative and additional requirements and the shorter response times specified Regulations Section 2560.503-1 shall apply.
- (g) **Extensions.** If the response time in (a), (c) or (e) is extended, written notice of the extension must be provided within the original response period and the extension cannot be longer than the original response period – i.e., 90 or 60 days. Notice of the extension must specify the circumstances requiring the extension and the date by which the Trustees or Board of Directors expects to complete the determination.

Except as provided in (f), the initial and extended response times in (c) and (e) are automatically extended, to the extent permitted under Regulations Section 2560.503-1(i), based on the scheduled meeting dates of the Trustees and the Board of Directors. The Trustees and the Board of Directors respectively shall appoint an appeals committee, or delegate the responsibility for appeals to an existing committee, for all claims related to the Temporary Disability Benefit and all claims for which response times related to their respective scheduled meeting dates are not allowed under the Regulations. In those cases, the committee shall be the appropriate named fiduciary and shall act for the Trustees or the Board of Directors for purposes of the appeals, with full and absolute authority and discretion to make the required decisions.
- (h) **Full and Fair Review.** A full and fair review provides the Participant with (i) reasonable access to, and copies of, all documents, records, and information relevant to the claim at no cost, (ii) the opportunity to submit written comments, documents or information relating to the claim, and (iii) the right to have such comments, documents or information taken into account, even if not submitted or considered in the preceding determination.
- (i) **Adverse Determinations.** Notification of any adverse determination with respect to an application for a benefit, the initial appeal to the Trustees or the further appeal to the Board of Directors shall be written in a manner that can be understood by the

Participant and shall include: (i) the specific reasons for the denial; (ii) specific reference to pertinent plan provisions on which the denial is based; (iii) for the initial appeal to the Trustees, a statement outlining additional material or information necessary to enable approval of the claim and the reasons why such material is necessary, or for the appeal to the Board of Directors, a statement of the Participant's right of reasonable access to, and copies of, all documents, records and information relevant to the claim at no cost; and (iv) an explanation of the additional appeal procedures, if any are available, including a statement of the Participant's right to initiate a lawsuit under ERISA Section 502(a) concerning an adverse determination with respect to any aspect of the final appeal by the Board of Directors or its delegated committee.

- (j) **Authorized Representative; Hearings.** A Participant or Beneficiary may designate an authorized representative to act on behalf of or with the Participant or Beneficiary at all stages of the initial appeal to the Trustees and the final appeal to the Board of Directors. There shall be no right to a hearing or other presentation before the Trustees or Board of Directors or their respective committees. The Trustees, Board of Directors, or applicable committee may in its sole discretion require a hearing or other presentation if deemed necessary for full and fair review and adjudication of the claim.

The Trustees, the Board of Directors, and any committee to which responsibilities are delegated shall have the full discretion and binding authority described in Subsection 9.7(c) in carrying out the responsibilities and making the determinations specified in this Subsection 9.5.

9.6 Errors in Participant's Benefits.

When an error, omission or deficiency in operation of the Plan is discovered, including but not limited to errors, omissions and deficiencies relating to contributions, enrollment, vesting or payment of a Participant's benefits, or crediting of interest to Participants' Contribution Accounts, the Trustees shall correct, to the extent appropriate, the error, omission or deficiency by making necessary adjustments to Plan records and corrective distributions as required. To the extent that there has been a failure by a Participating Employer to pay the proper amount of contributions to the Plan with respect to any Participant, the Trustees shall notify the Participating Employer of the amount of the additional contribution and interest necessary to correct the deficiency. The Trustees shall adopt such policies and procedures as the Trustees deem necessary or appropriate to implement the foregoing powers and duties under the Plan.

9.7 Fiduciaries.

A Person may serve in more than one fiduciary capacity with respect to the Plan and the related Trust.

- (a) **Performance of Duties.** Each fiduciary shall act in accordance with the Plan and the Trust. Each fiduciary shall be responsible for the proper exercise of its responsibilities.
- (b) **Reliance on Others.** Except as required by ERISA Section 405(b), each fiduciary may rely upon the action of another fiduciary and is not required to inquire into the propriety of any action.

- (c) **Discretionary Authority of Fiduciaries.** Each fiduciary shall have full discretionary authority in the exercise of the powers, duties and responsibilities allocated or delegated to that fiduciary under the Plan and the Trust. All decisions of each fiduciary shall be final and binding on all affected and interested parties.

9.8 **Fiduciary Standards.**

Each fiduciary shall act solely in the interest of Participants and Beneficiaries:

- (a) **Prudence.** With the care, skill, and diligence of a prudent Person;
- (b) **Exclusive Purpose.** For the exclusive purpose of providing benefits and paying expenses of administration; and
- (c) **Prohibited Transaction.** To avoid engaging in a prohibited transaction under the Code or ERISA unless an exemption for the transaction is available or obtained.

9.9 **Electronic Administration.**

Notwithstanding the requirement set forth in this Plan that certain transactions, notices, elections, consents and disclosures be evidenced in the form of written documentation, documentation for such transactions, notices, elections, consents or disclosures may be provided or obtained through electronic media to the extent consistent with Regulations and other guidance.

Section 10

TRUST FUND

The Trust Fund has been established by CSI as the funding medium of the Plan. Under the provisions of the Declaration of Trust, the Trustees shall receive contributions of the Participants and the Participating Employers to the Plan and shall hold, invest, and distribute the Trust Fund in accordance with the terms and conditions of the Plan and Declaration of Trust.

The Participating Employers intend that the Plan shall be a permanent Plan for the exclusive benefit of their Employees and expect to contribute to the Trust Fund, with and for the Participants, amounts that will fully provide the benefits payable under the Plan. Any Participating Employer may, however, elect to terminate its participation in the Plan at the end of any Plan Year and will have no further obligation to make contributions to the Trust Fund for any subsequent Plan Year. Neither the Board of Directors, nor any Participating Employer, nor the Trustees shall be liable in any manner if the assets of the Trust Fund shall be insufficient to provide for the payment of the benefits specified in the Plan. Except as provided under Title IV of ERISA, the benefits of the Plan are payable only from the Trust Fund and only to the extent that the Trust Fund is sufficient for that purpose.

The Trust Fund shall be used for the exclusive benefit of Participants, their spouses, or other Beneficiaries. No Participating Employer shall have any right, title, or interest in or to the contributions made to the Trust Fund, and, except as provided in Subsection 12.7, no part of the assets of the Trust Fund shall ever revert to or be repaid to any Participating Employer. The provisions of this Section 10 shall not be construed to prevent the use of Trust Fund assets to pay the reasonable administrative expenses of the Plan.

Section 11

GENERAL PROVISIONS

11.1 Nonalienation of Benefits.

Except as otherwise provided in a Qualified Domestic Relations Order or in (a) or (b) below, the assets held under the Plan shall not in any manner be liable for or subject to the debts or liabilities of any Participant. No retirement pension or other benefit at any time payable under the Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, or encumbrance of any kind. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of benefits before actual receipt of the benefits, or of a right to receive benefits, shall be void. The Trust shall not be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of an individual entitled to benefits. The benefits and Trust assets under this Plan shall not be considered an asset of a Participant or Beneficiary in the event of insolvency or bankruptcy. If a Participant or other individual entitled to benefits under the Plan attempts to or does alienate, sell, transfer, assign, pledge, or otherwise encumber the individual's retirement pension or other Plan benefits, or any part of the individual's Plan benefits, or if, by reason of the individual's bankruptcy or other circumstances, such benefits would be received by anyone else or would not be enjoyed by the Participant or Beneficiary, the individual's interest in any such benefits shall terminate and the Trustees shall hold or apply the individual's interest to or for the benefit of such individual, the individual's spouse, children or other dependents, or any of them, as the Trustees shall see fit.

- (a) **Not Security.** An interest shall not provide collateral or security for a debt of a Participant or Beneficiary or be subject to garnishment, execution, assignment, levy, or to another form of judicial or administrative process or to the claim of a creditor of a Participant or Beneficiary, through legal process or otherwise, except for a claim under a voluntary revocable assignment permitted by Regulation Section 1.401(a)-13.
- (b) **Crimes and ERISA Violations.** Effective with respect to judgments issued, and settlements entered into, on or after August 5, 1997, a Participant's interest in the Trust may be offset to pay an amount that the Participant is required to pay to the Plan for certain crimes and ERISA violations in accordance with the following rules:
 - (i) **Express Provision.** An offset may be made if it is expressly provided for by:
 - (A) **Judgment of Conviction.** A judgment of conviction for a crime involving this Plan;
 - (B) **Civil Judgment.** A civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of the fiduciary responsibility provisions under ERISA; or
 - (C) **IRS/PBGC Settlement.** A settlement agreement between the Participant and the Internal Revenue Service or Pension Benefit Guaranty Corporation in connection with a violation (or alleged violation) of the fiduciary responsibility provisions under ERISA by a fiduciary or any other Person.

- (ii) **Spousal Consent.** A Participant's interest in the Trust shall not be offset if the Participant has a spouse on the date of the offset unless the Joint and Survivor Annuity has been waived or the spouse consents in writing to the offset as specified in Subsection 7.8.
- (iii) **Waiver of Consent Requirement.** The consent of the spouse is not required if the judgment or settlement agreement in (i) above:
 - (A) **Payment Ordered.** Orders or requires the spouse to pay an amount to this Plan in connection with a violation of the fiduciary responsibility provisions under ERISA; or
 - (B) **Rights Retained.** Retains the spouse's right to the Joint and Survivor Annuity determined in accordance with the Code Section 401(a)(13)(D).

11.2 No Enlargement of Employment Rights.

Establishment and operation of the Plan is strictly a voluntary undertaking by CSI and the Participating Employers and shall not be deemed to constitute a contract between any Employer and its Employees or to be consideration for, or an inducement to, the employment of any Employee. Nothing contained in the Plan shall be deemed to give any Employee the right to be retained in the service of the Employee's Employer or to interfere with the right of such Employer to discharge or retire any Employee at any time. Inclusion under the Plan will not give any Employee any right or claim to a Plan benefit except as provided in the terms of the Plan and except to the extent there are sufficient assets in the Trust Fund.

11.3 Employment After Retirement.

Except as provided in the Plan, an individual receiving a pension under the Plan shall continue to receive the pension payments regardless of any earnings from employment (other than with a Participating Employer) or self-employment. Pension payments on reemployment with a Participating Employer are governed by Subsection 8.6.

11.4 Governing Law.

The Plan shall be construed, regulated and administered under the laws of the State of Michigan to the extent not preempted by the laws of the United States of America.

11.5 Severability.

If any provision of the Plan is invalid, unenforceable, or disqualified under the Code, ERISA or other applicable law, the remaining provisions shall be unaffected.

11.6 Construction.

The singular includes the plural, and the plural includes the singular, unless the context clearly indicates the contrary. Capitalized terms (except those at the beginning of a sentence or part of a heading) have the meaning specified in the Plan. If a capitalized term is not defined, the term shall have the general, accepted meaning of the term. If a term that is defined does not have the first letter capitalized, and the definition is applicable at that location in the Plan, the term shall apply as defined.

11.7 Exclusive Benefits.

The Plan and the related Trust are established and shall be administered for the exclusive benefit of Participants and their Beneficiaries.

11.8 Nondiscrimination.

The Plan shall meet the nondiscrimination requirements of Code Section 401(a)(4) and 410(b) and Regulations and shall not discriminate in favor of Highly Compensated Employees.

"Highly Compensated Employee" means an individual determined to be a Highly Compensated Employee under Code Section 414(q) and Regulations without regard to the top-paid 20% election under Code Section 414(q)(1)(B)(ii).

Section 12

AMENDMENT AND TERMINATION

12.1 Right to Amend.

CSI reserves the right at any time or times, by action of the Board of Directors, to alter, amend or modify the Plan or the Trust, or both, provided that no amendment or modification may be made that shall enlarge the rights of any Participating Employer.

- (a) **Decrease Accrued Benefit.** No amendment shall decrease the amount of a Participant's Accrued Benefit as of the later of the effective date of the amendment or the date the amendment is adopted, except as permitted by ERISA Section 302(c)(8) and Code Section 412(c)(8).
- (b) **Reduce Vested Percentage.** No amendment shall reduce a Participant's Vested Percentage, as of the later of the date of adoption of the amendment or the effective date of the amendment.
- (c) **Vesting Schedule.** No amendment shall modify determination of the Vested Percentage in a manner that will affect directly or indirectly the Vested Percentage of a Participant who was a Participant on the effective date of the amendment except to the extent the Participant's Vested Percentage would not be decreased.
- (d) **Elimination of Protected Benefits.** As required by Code Section 411(d)(6)(B)(i), no amendment shall eliminate any early retirement benefit or retirement-type subsidy under or any optional form of payment of benefits attributable to service earned before the amendment, except as may be permitted under Code Sections 401(a)(4) and 411.

12.2 Termination of Participating Employer Status.

Each Participating Employer reserves the right, by action of its Board of Directors or other governing body, to terminate its participation in the Plan at the end of any Plan Year. The terminating Employer shall have no obligation or liability to make further contributions to the Trust Fund for any subsequent Plan Year. Termination of Participation in the Plan by a Participating Employer also may result from delinquency in payment of contributions to the Trust Fund, as provided in Subsection 5.2(a).

Termination of participation shall be a partial termination of the Plan with respect to the Participants of the withdrawing Employer.

12.3 Automatic Termination of Participating Employer Status.

Termination of participation in the Plan by a Participating Employer shall result upon the legal dissolution of the Participating Employer, or upon its adjudication as bankrupt or insolvent, or upon a general assignment by the Participating Employer for the benefit of creditors, or upon the appointment of a receiver for its assets, or when required by ERISA or the Code.

12.4 Right to Terminate.

CSI reserves the right to revoke this instrument and terminate this Plan and the Trust. The right to terminate is subject to, and conditioned upon, proper and timely notice to the Participants and to the Pension Benefit Guaranty Corporation ("PBGC") before the effective date of Plan termination. These requirements include:

- (a) **Cessation of Benefit Accrual.** If applicable, reasonable advance notice of the effective date of an amendment which ceases the accrual of benefits under this Plan;
- (b) **Intent to Terminate.** A notice of the intention to terminate this Plan to the affected parties at least 60 days and not more than 90 days before the proposed termination date;
- (c) **PBGC Certification.** An actuarial certification to the PBGC stating the projected amount of Plan assets, the Actuarially Equivalent present value of Benefit Commitments, and either that this Plan is projected to be sufficient for all Benefit Commitments or that this Plan meets the criteria for a distress termination together with a certification by the Administrator of the accuracy of the information underlying the actuarial certification; and
- (d) **Benefit Commitments.** As soon as possible after issuance of the notice of intent to terminate, a notice to each Participant and Beneficiary of the amount of Benefit Commitments or benefits payable, the amount and availability of alternative benefits or forms of payment, and the specific personal data (retirement age, spouse's age, and service) used to calculate the benefit. "Benefit Commitments" consist of all amounts set forth in subparagraphs (i) through (iv) of Subsection 12.5(c).

12.5 Termination or Partial Termination of Plan.

- (a) **Termination.** Upon termination, the Trust assets shall be liquidated over a reasonable period determined by the Trustee after consultation with the Administrator. Upon expiration of the statutory 60-day period after filing of the PBGC certification or extension of that period (for a standard termination), or upon the consent and approval of the PBGC (for a distress termination), the net assets (after provision is made for administrative expenses and expenses of liquidation) shall be applied and paid as provided in this Subsection.
- (b) **Partial Termination.** If there is a partial termination of this Plan, Trust assets representing the interests of affected Participants shall be segregated by the Trustee. The proportionate interest of the affected Participants shall be determined by the Actuary on the basis of the funding method used by this Plan, the assumptions used by the Actuary in making actuarial valuations of this Plan, and other factors as the Actuary deems appropriate and equitable.
- (c) **Priorities.** Assets remaining after reserving sufficient assets to pay the expenses of administration and termination shall be applied as required under ERISA Section 4044 in the following order of priority:
 - (i) **Mandatory Contribution Benefits.** First, to the portion of Participant's Accrued Benefits derived from Participants' mandatory contributions. The amount of mandatory contributions shall be reduced by amounts paid to the Participant before the termination of this Plan.

- (ii) **Benefits Payable.** Second, to benefits payable to a Participant or Beneficiary who at the date which is three years before termination either had begun to receive benefit payments or would have begun receiving benefit payments had the Participant elected to retire and begin receiving benefits as of that date.
 - (A) **Benefit.** For this purpose, the benefit shall be the smaller of the benefit that was being received or the benefit that would have been received had the Participant retired based on the least benefit in effect during the five-year period ending at termination.
 - (B) **Benefit Decrease.** If benefits under this Plan had been reduced during the three-year period ending at termination by amendment or due to the form of payment, the lowest payment received during that period shall be considered as the benefit that was being received three years before termination.
 - (iii) **Benefits Guaranteed.** Third, to benefits to a Participant (or Beneficiary) if, on the effective date of Plan termination, the Participant's employment had terminated with a pension payable or the Participant would have had a pension payable had the Participant's employment terminated other than by death on that date.
 - (A) **Benefit.** The benefit shall be the benefit not covered in the previous priority category which was provided by this Plan at the date five years prior to the effective date of Plan termination and a prorated portion of any benefit increase from that period to the effective date of termination. The prorated portion of a benefit increase shall be determined by multiplying the amount of the increase by 20% for each Plan Year that the increase was in effect.
 - (B) **Limitation.** A benefit payable under this Subsection shall not be greater than the actuarial value of a monthly Single Life Annuity benefit of \$750 beginning at age 65. The amount shall be increased by applicable cost of living and other adjustments.
 - (iv) **Other Vested Benefits.** Fourth, to benefits to a Participant (or Beneficiary) if, on the effective date of Plan termination, the Participant's employment had terminated with a benefit payable or the Participant would have had a benefit payable had such Participant's employment terminated other than by death on that date. The benefit shall be the benefit provided by this Plan as in effect on the date of termination.
 - (v) **Other Nonvested Benefits.** Fifth, to benefits to a nonvested Participant whose employment had not terminated as of the effective date of Plan termination. The benefit shall be the Actuarially Equivalent present value of the Participant's Accrued Benefit determined without regard to the vesting schedule under this Plan.
- (d) **Rules For Application.** The liability established by each priority shall be fully satisfied before provision for payment may be made under the next priority.
- (i) **Distress Termination.** If the assets of the Trust Fund are insufficient to satisfy the benefits payable under priorities (c)(i) through (iv), this Plan shall be subject to the distress termination provisions of ERISA.

- (ii) **Insufficiency Within Priority.** If the assets of the Trust are insufficient within a priority to provide full benefits for all Persons included within priorities (c)(i), (ii), (iii), and (v), the benefits shall be proportionately reduced based upon the present value of the full benefit payable. If the insufficiency occurs in priority (c)(iv), benefits in effect for the entire five-year period shall first be satisfied. Then benefit increases shall be satisfied in the chronological order of their effective dates.

12.6 Effect of Termination or Partial Termination.

- (a) **Nonforfeitability.** Upon termination or partial termination of this Plan, the rights of all affected Participants to Accrued Benefits as of the date of termination shall be Nonforfeitable, except to the extent that they are subject to limitations with respect to maximum benefits.
- (b) **Distribution.** Upon satisfaction of the procedural termination (or partial termination) requirements, the Administrator shall direct payment of benefits under the payment provisions of this Plan, providing the benefits, where appropriate or required, through the purchase of annuity contracts.
- (c) **Recourse Only Against Trust Assets.** Except as required under ERISA, Participants shall not have recourse for the payment of Accrued Benefits as of the date of Plan termination other than against the Trust assets and the Employer shall have no further liability for contributions to this Plan or for payment of benefits for affected Participants upon Plan termination.

12.7 Exclusive Purpose; Return of Contributions; Reversion.

- (a) **Exclusive Benefits.** The Trust Fund is established and shall be administered for the exclusive benefit of the Participants, Beneficiaries and contingent annuitants, and no part shall be diverted to other purposes, except as expressly provided in the Plan. Notwithstanding the preceding, the Trust Fund may be used to defray reasonable expenses of administering the Plan and Trust.
- (b) **Return of Employer Contribution.**
 - (i) **Mistake of Fact.** Part or all of any Employer or Employee Contribution made by mistake of fact shall be returned to the Participating Employer who made the contribution upon demand, within one year after payment of the contribution.
 - (ii) **Deductibility.** Each Employer Contribution is conditioned on its deductibility under Code Section 404. A nondeductible Employer Contribution shall be returned to the Employer, upon demand, before the due date for the Employer's federal income tax return for the taxable year for which the contribution was made or if later within one year after the date of disallowance of the deduction. The portion of the contribution to be returned shall not exceed the amount determined to be nondeductible.
- (c) **Amount.** The amount returned shall be the excess of the amount contributed over the amount that is deductible or the amount that would have been contributed if the mistake of fact had not occurred. Earnings attributable to the excess amount shall not be returned. Losses attributable to the excess amount shall reduce the amount returned.

- (d) **Failure to Return Excess Contribution.** If a nondeductible Employer Contribution is not returned by the due date of the contribution, the Employer may be subject to an excise tax equal to 10% of the nondeductible amount. Excess contributions not distributed by the due date shall be applied to reduce the Employer Contribution for the Plan Year immediately following the Plan Year for which it was made.
- (e) **No Reversion.** Except as provided in this Subsection, no part of the assets of the Plan shall revert or be repaid to the Participating Employers prior to termination of the Plan and payment or provision for payment of all liabilities for Accrued Benefits, including Temporary Disability Benefits, the Supplemental Spouse Pension, and the Minimum Benefit.

12.8 Effect of Merger or Consolidation.

In the case of any merger or consolidation with, or transfer of assets or liabilities to, any other plan, each Participant in the Plan shall have a benefit immediately after the merger, consolidation, or transfer, determined as if the Plan terminated, that is equal to or greater than the benefit the Participant would have been entitled to receive immediately before the merger, consolidation, or transfer if the Plan had then terminated.

12.9 Highest Paid Restriction.

- (a) **Restrictions on Distributions.** The benefits payable to any of the 25 present and former Highly Compensated Employees paid the most compensation in the current or any prior Plan Year shall be restricted to annual payments no greater than (1) the annual payment that would be made to or with respect to the Participant under a life annuity that is Actuarially Equivalent to the sum of the Participant's Accrued Benefit and the Participant's other benefits under this Plan (other than a social security supplement) plus (2) the amount the Participant is entitled to receive under a social security supplement.
 - (i) **Exceptions.** The restriction shall not apply if: after payment of the benefit the value of the Plan assets equals or exceeds 110% of the value of current liabilities as defined in Code Section 412(1)(7); the value of the benefits for the Participant is less than 1% of the value of current liabilities before distribution; the value of the benefit payable does not exceed the amount described in Code Section 411(a)(11)(A); or the Plan terminates and the benefit is nondiscriminatory under Code Section 401(a)(4).
 - (ii) **Benefit.** For purposes of the restriction, the Participant's benefit includes loans in excess of the amount set forth in Code Section 72(p)(2)(A), any periodic income, any withdrawal values paid to a Participant, and any death benefits not provided for by insurance on the Participant's life.
- (b) **Payment of Restricted Benefit in Full.** A Participant's otherwise restricted benefit may be paid in full if the Participant enters into a written agreement with the Administrator to secure repayment of the restricted amount. The restricted amount is the excess of the amount paid to the Participant (accumulated with reasonable interest) over the amount that could have been paid under the restriction (accumulated with reasonable interest). The Participant may secure repayment of the restricted amount by one of the following methods.

- (i) **Deposit in Escrow.** The Participant may deposit in escrow, with an acceptable depository, property having a fair market value equal to at least 125% of the restricted amount. The escrow arrangement may permit the Participant to withdraw amounts in excess of 125% of the restricted amount. If the market value of the property falls below 110% of the remaining restricted amount, the Participant must deposit additional property to bring the value of the property held by the depository up to 125% of the restricted amount. The escrow arrangement may provide that the Participant may have the right to receive any income from the property placed in escrow, subject to the Participant's obligation to deposit additional property.
- (ii) **Letter of Credit.** The Participant may provide a bank letter of credit in an amount equal to at least 100% of the restricted amount.
- (iii) **Bond.** The Participant may post a bond equal to at least 100% of the restricted amount. If a bond is posted, the bond must be furnished by an insurance company, bonding company or other surety for federal bonds.

A surety or bank may release any liability on a bond or letter of credit in excess of 100% of the restricted amount. If the Administrator certifies to the depository, surety, or bank that the Participant (or the Participant's estate) is no longer obligated to repay any restricted amount, a depository may redeliver any property held under the escrow arrangement, and a surety or bank may release any liability on the Participant's bond or letter of credit. The Administrator shall make such a certification only upon an occurrence described in (a)(i) above.

- (c) **Payments Prior to January 1, 1994.** Payments that were made or began before January 1, 1994, and that were restricted under Regulations Section 1.401-4(c) will not continue to be restricted unless the payments also would be subject to restriction under the rules of this Subsection. Any payment that remains restricted will be restricted in accordance with Regulations Section 1.401-4(c), but the Participant may receive payment of an amount in escrow or release of any bond or letter of credit if the amount could be released under either Regulations Section 1.401-4(c) or 1.401(a)(4)-5(b).

Section 13

TRANSFERS BETWEEN THE PLAN AND THE CANADIAN PLAN

13.1 Prohibition on Transfer of Funds.

Effective September 1, 1987, a transfer of funds between pension funds of this Plan and the Canadian Christian School Pension Plan ("Canadian Plan") is not permitted.

13.2 Transfer of Employment With No Transfer of Funds.

The rights under this Plan of a transferred Participant who transferred from this Plan to the Canadian Plan shall be determined as if (while the Participant continues as an active Participant in the Canadian Plan) the Participant had continued as an active Participant in this Plan, subject to the following exceptions:

- (a) **No Contributions Under This Plan.** The Participant will not make any Employee Contributions and there will be no Employer Contributions under this Plan while participating in the Canadian Plan.
- (b) **Credited Service Limitations.** The Participant's credited service accrued under the Canadian Plan will be deemed to be Credited Service under this Plan for the purpose of determining the Participant's Vested Percentage and eligibility for an Early Retirement Benefit but such credited service under the Canadian Plan will not count in the calculation of any benefit under this Plan.
- (c) **Disability.** If the Participant becomes disabled while employed in Canada, the Participant will not be entitled to the Temporary Disability Benefit.

If a transferred Participant moves from the Canadian Plan to this Plan, the transferred Participant's credited service accrued under the Canadian Plan shall be combined with the Participant's Vesting Service and Credited Service under this Plan for the purpose of determining the Participant's Vested Percentage and eligibility for an Early Retirement Benefit but the credited service under the Canadian Plan will not count in the calculation of any pension under Section 6.

Section 14

TOP-HEAVY PLAN PROVISIONS

14.1 Top-Heavy Determination.

If the Plan is or becomes a Top-Heavy Plan with respect to a Participating Employer in a Plan Year, the provisions of this Section shall supersede all conflicting Plan provisions for that Participating Employer.

- (a) **Top-Heavy Plan.** The Plan is a "Top-Heavy Plan" for a Plan Year if the Top-Heavy Ratio exceeds 60%, regardless of whether the Plan is not part of a Required Aggregation Group or a Permissive Aggregation Group, is part of a Required Aggregation Group (but not part of a Permissive Aggregation Group), or is part of a Permissive Aggregation Group.
- (b) **Calculation.** Calculation of the Top-Heavy Ratio and the extent to which benefit payments, rollovers, and transfers are taken into account in the calculation will be made in accordance with Code Section 416 and Regulations, and shall be determined separately with respect to each Participating Employer and Related Employers.
 - (i) **Disregard Certain Employees.** In calculating the Top-Heavy Ratio, the account balance or Accrued Benefit of a Participant who was a Key Employee in a prior year but is no longer a Key Employee or has not performed services for an employer maintaining this plan at any time during the one-year period ending on the Determination Date(s) will be disregarded.
 - (ii) **Ownership.** Ownership shall be determined under Code Section 318 as modified by Code Section 416(i)(1)(B)(iii) without regard to the aggregation rules under Code Section 414.
 - (iii) **Rollovers and Transfers.** A lump-sum payment rolled over or an amount transferred from the Plan to another qualified retirement plan of the Participating Employer or a Related Employer shall not be included in the Present Value of Accrued Benefits under the Plan. An amount rolled over or transferred from another qualified retirement plan of the Participating Employer or a Related Employer to this Plan shall be included in the Present Value of Accrued Benefits under this Plan. If a rollover or transfer to a qualified retirement plan of an unrelated employer was initiated by the former Participant, it shall be deemed a lump-sum payment from the Plan. If a rollover or transfer from a qualified retirement plan of an unrelated employer to this Plan for a Participant was initiated by the Participant, it shall not be included in the Present Value of Accrued Benefits under the Plan unless the rollover or transfer to the Plan was accepted on or before December 31, 1983.

14.2 Top-Heavy Definitions.

For purposes of this Section:

- (a) **Top-Heavy Ratio.** "Top-Heavy Ratio" means the ratio, as of the Plan's Determination Date, calculated by dividing the aggregate Present Value of Accrued Benefits of all Key Employees of each plan in the Required Aggregation Group (and each other plan in the Permissive Aggregation Group, if necessary or desirable) by the aggregate Present Value of Accrued Benefits of all participants under all plans in the Required (or Permissive) Aggregation Group.
- (b) **Present Value of Accrued Benefits.**
 - (i) **This Plan.** "Present Value of Accrued Benefits" under this Plan means the Actuarially Equivalent present value of the Accrued Benefits of all Participants and Beneficiaries determined as of the Determination Date. The Present Value of Accrued Benefits includes:
 - (A) **One-Year Period.** The amount of benefit payments made from this plan due to termination of employment, death or disability during the one-year period ending on the Determination Date; and
 - (B) **Five-Year Period.** The amount of benefit payments made from this plan for any other reason during the five-year period ending on the Determination Date.
 - (ii) **Accrual Method.** The Accrued Benefit of any Participant who is not a Key Employee shall be determined (i) under the method, if any, that applies uniformly with respect to all defined contribution plans maintained by the Participating Employer, or (ii) if there is no uniform method, as if the benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Code Section 411(b)(1)(C).
 - (iii) **Other Plans.** The Present Value of Accrued Benefits shall be determined with respect to, and pursuant to the provisions of, all qualified retirement plans (including a simplified employee pension plan) in the aggregation group.
 - (iv) **Unpaid Contribution.** A contribution not paid as of a Determination Date for any plan in the aggregation group shall be included in the determination of the Present Value of Accrued Benefits as required under Code Section 416 and Regulations.
 - (v) **Actuarial Assumptions.** If this Plan is part of a Permissive Aggregation Group or a Required Aggregation Group and at least one of the qualified retirement plans aggregated with this Plan is a defined benefit plan, the Present Value of Accrued Benefits under any such defined benefit plan shall be determined based on the interest rate and mortality table specified in Appendix A.
- (c) **Required Aggregation Group.** "Required Aggregation Group" means all qualified retirement plans, including terminated plans, of the Participating Employer and each Related Employer in which at least one Key Employee is a participant, plus all other qualified retirement plans of the Participating Employer and each Related Employer, that enable one or more of the plans covering at least one Key Employee to meet the requirements of Code Sections 401(a)(4) or 410.

- (d) **Permissive Aggregation Group.** "Permissive Aggregation Group" means all qualified retirement plans, including terminated plans, if any, of the Participating Employer and each Related Employer that are part of a Required Aggregation Group that includes this Plan, plus any other qualified retirement plan (designated by the Employer) of the Participating Employer and each Related Employer that is not part of the Required Aggregation Group but that, when considered part of the Permissive Aggregation Group, does not prevent the group from meeting the requirements of Code Sections 401(a)(4) and 410.
- (e) **Determination Date.** For any Plan Year after the initial Plan Year, "Determination Date" means the last day of the preceding Plan Year. For the initial Plan Year, "Determination Date" means the last day of the initial Plan Year.
 - (i) **Present Value of Accrued Benefits.** The Present Value of Accrued Benefits is determined as of the most recent Top-Heavy Valuation Date within the 12-month period ending on the Determination Date.
 - (ii) **Multiple Plans.** When aggregating plans, the Present Value of Accrued Benefits will be calculated with reference to the Determination Dates that occur within the same calendar year.
- (f) **Key Employee.** "Key Employee" means an Employee or former Employee (including any deceased Employee or the Beneficiary of any deceased Employee) who, under Code Section 416(i), is or was, during the Plan Year that includes the Determination Date, one of the following:
 - (i) **Officer.** An officer of a Participating Employer or Related Employer if the officer's compensation exceeds \$130,000 (as adjusted under Code Section 416(i)(1) for Plan Years beginning on or after September 1, 2003);
 - (ii) **5% Owner.** A 5% Owner; or
 - (iii) **1% Owner; \$150,000 Compensation.** A 1% owner, determined under the definition of 5% Owner but replacing "5%" with "1%," whose compensation exceeds \$150,000.

Ownership under (ii) and (iii) shall be determined separately for each Participating Employer and Related Employer. Compensation for (i) and (iii) above for a Plan Year is determined without regard to the Annual Compensation Limit specified in Subsection 1.13. For Plan Years beginning on or before September 1, 1997, for purposes of determining compensation under (i) and (iii) above, compensation has the meaning that applies for Code Section 415, plus elective contributions that are excluded from gross income by Code Sections 125, 402(e)(3), 402(h)(1)(B), or 403(b).

- (g) **Top-Heavy Valuation Date.** "Top-Heavy Valuation Date" means, for a defined contribution plan (including a simplified employee pension plan), the date for revaluation of the assets to market value coinciding with, or occurring most recently within the 12-month period ending on, the Determination Date. For a defined benefit plan, the term means the most recent date used for computing the plan costs for minimum funding purposes (whether or not an actuarial valuation is performed during that plan year) occurring within the 12-month period ending on the Determination Date.

14.3 Top-Heavy Minimum Benefits.

For each Plan Year in which this Plan is or becomes a Top-Heavy Plan, each Participant who is not a Key Employee and who completes at least 1,000 Hours of Service shall accrue a Top-Heavy Minimum Accrued Benefit, whether or not the Participant fails or declines to make any required Employee Contributions and whether or not the Participant's employment terminates during the Plan Year.

- (a) **Top-Heavy Minimum Accrued Benefit.** "Top-Heavy Minimum Accrued Benefit" for a Participant who is not a Key Employee means the monthly amount of a pension benefit payable for the life of the Participant only beginning on the first day of the first month following the Participant's Normal Retirement Date. The monthly amount shall be 2% of Top-Heavy Minimum Average Monthly Compensation multiplied by years of Vesting Service (maximum of 10 years) earned for Plan Years during which this Plan is a Top-Heavy Plan.
- (b) **Top-Heavy Minimum Average Monthly Compensation.** "Top-Heavy Minimum Average Monthly Compensation" is the average of the Participant's compensation for the five consecutive Plan Years during the Participant's period of employment that yield the highest amount. The five consecutive Plan Years shall not include Plan Years beginning before September 1, 1984, and any Plan Year after the last Plan Year in which this Plan is a Top-Heavy Plan, and shall not include or be deemed interrupted by, Plan Years during which the Participant does not earn a year of Vesting Service. Compensation for this purpose has the meaning that applies for Code Section 415.

14.4 Vesting Schedule.

The vesting schedule for each Participant who has an Hour of Service during a Plan Year in which the Plan is or becomes a Top-Heavy Plan, shall be replaced with the following schedule:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
Less than 2 years	-0-
2 years	20%
3 years	40%
4 years	60%
5 years	100%

- (a) **Cessation.** If the Plan ceases to be a Top-Heavy Plan, Vested Percentages shall continue to be determined under this schedule until the Plan is otherwise amended.
- (b) **Vesting Schedule Change.** Any change in the vesting schedule due to the Plan becoming, or ceasing to be, a Top-Heavy Plan shall be treated as an amendment to the Plan, and all rules applying to the amendment of a vesting schedule shall apply.

Section 15

PAST SERVICE

15.1 Past Service.

Subject to approval by the Trustees and to the provisions of this Section 15 and any additional conditions or requirements imposed by the Trustees, an Employer may become a Participating Employer or resume Participating Employer status as of a retroactive effective date.

15.2 Contributions.

Participation as of a retroactive date shall be effective only upon payment in full of all Employee Contributions and corresponding Participating Employer contributions (or Participating Employer contributions under the Employer Contribution Plan, if applicable) for the period from the retroactive date to the date of payment, together with applicable interest. For this purpose, the applicable interest shall be calculated at the rate of return actually experienced by the Trust Fund for each applicable period of time, including the estimated rate of return for any final period for which investment performance is not yet available.

15.3 Eligibility and Participation.

Employees of the Participating Employer shall become Participants under the terms of Section 2 upon fulfilling the requirements of Section 2 applied as though the Participating Employer were joining the Plan currently without a retroactive date.

15.4 Service Credits.

Service credits for Participants of the Participating Employer shall be determined as though the Participating Employer had joined the Plan as of the retroactive effective date. Such retroactive service credits shall apply only to Participants actively employed by the Participating Employer who have an Hour of Service on or after the date the Trustees approve the retroactive effective date. A former Employee of the Participating Employer who had service with the Participating Employer during the retroactive period and is subsequently rehired shall be granted retroactive Credited Service upon payment in full to the Trust Fund of the required contributions and applicable interest. The required contributions and applicable interest shall be paid to the Trust Fund promptly by the Participating Employer upon rehire and enrollment of the former Employee.

15.5 Vesting.

Vesting Service shall be determined and credited for each Participant under Section 4 as though the Participating Employer had joined the Plan on the retroactive effective date and the required contributions had been paid to the Trust Fund when due during the retroactive period.

15.6 Additional Requirements.

The Trustees may impose such additional uniform, nondiscriminatory conditions and requirements as the Trustees deem necessary or appropriate for proper administration of the Plan and compliance with the Code, ERISA and applicable Regulations, and for fulfillment of their fiduciary responsibilities, with respect to past service credit hereunder.

Appendix A

ASSUMPTIONS AND TABLES TO BE USED TO DETERMINE ACTUARIAL EQUIVALENCE

The purpose of this Appendix A is to specify the basis for determining actuarial equivalence as defined in Subsection 1.4, or any other actuarial value that may be needed in the operation of the Plan. Except for the determination of a lump sum benefit or cashout as specified below, actuarial equivalence or actuarial value shall be determined on the basis of the following actuarial assumptions:

Mortality - 417(e) Mortality Table.

Interest – 7.5% per annum, compounded annually.

The amount of any benefit shall be not less than the Actuarially Equivalent value of the Accrued Benefit as of August 31, 2004, determined on the basis of the applicable adjustment factors or other applicable interest and mortality assumptions in effect on that date.

The interest rate used to determine a lump sum benefit or cashout shall be the interest rate equal to the annual yield for 30-year Treasury constant maturities, as reported in Federal Reserve Statistical Release G.13 and H.15, as of the second month preceding the beginning of the Plan Year in which the lump sum or cashout is paid. The mortality table used to determine a lump sum benefit or cashout shall be the 417(e) Mortality Table. The “417(e) Mortality Table” is the table prescribed by the Secretary of the Internal Revenue Service as the table to be used for purposes of Code Section 417(e). Effective for benefit payments with an Annuity Starting Date on or after December 31, 2002, the 417(e) Mortality Table is the table prescribed in Rev. Rul. 2001-62.

BYLAWS

I. ORGANIZATION

A. Officers.

The officers of the Christian School Pension Plan and Trust Fund shall be the President, Vice-President, Secretary and Treasurer, who shall perform the duties devolving upon officers of any organization, subject, however, to the direction and control of the Trustees. Subject to confirmation by the Board of Directors of Christian Schools International, the Board of Trustees shall appoint an Executive Secretary-Treasurer, who shall be an employee of Christian Schools International, to be in charge of the day-to-day operation of the Plan and Trust Fund, under the direction of the Trustees, and who shall serve as advisory member of the Board of Trustees in the following capacities:

1. Under the direction of the Secretary, the Executive Secretary-Treasurer shall be responsible for the permanent file of minutes, be in charge of all correspondence, serve as chief liaison with the CSI Board of Directors, and assist the Secretary in carrying on the ordinary functions of his office.
2. Under the direction of the Treasurer, the Executive Secretary-Treasurer shall maintain accurate and detailed records of accounts of all properties held in the Trust Fund and of all investments, receipts, disbursements and other transactions hereunder and shall prepare regular financial reports as instructed.

He, or such other person(s) as may be designated by bylaw or by resolution of the Board of Trustees, assisting the Treasurer in carrying on the ordinary functions of his office, shall sign all checks, drafts, orders for payments of money, or any other documents.

B. Election of Officers.

The Board of Trustees shall each year at its first meeting after the beginning of a new fiscal year effect its own organization.

C. Meetings.

The Board of Trustees shall meet quarterly. At the request of any two (2) of its members a special meeting will be called by the Secretary.

D. Quorum.

Six Trustees present at a regular or special meeting shall constitute a quorum. All action of the Trustees shall be lawfully taken upon the vote of a majority of the membership of the Board of Trustees.

E. Method of Transacting Business.

The power granted to the Trustees shall be exercised at any regular meeting, or at any meeting of which the Secretary shall have given at least five (5) days written notice. In an emergency, business may be transacted by mail or telephone, provided any proposed action is approved by at least five (5) Trustees, and voting recorded.

II. SPECIAL COMMITTEES

A. Finance and Investments Committee.

1. This committee, consisting of at least three (3) members of the Board of Trustees and the Executive Secretary-Treasurer, shall be constituted each year by the Board of Trustees during its first meeting after the beginning of a new fiscal year. The committee each year shall effect its own organization.
2. The Executive Secretary-Treasurer shall be a non-voting member of the Committee.
3. Any two members of the Committee may jointly sign promissory notes or any other instruments necessary for obtaining short-term loans.
4. The Committee shall have the authority to invest and reinvest, to sell securities, to explore new investments, acting on its best judgment and ability, within the provisions of the Agreement and Declaration of Trust concerning the Christian School Pension Trust Fund as amended and restated effective September 1, 1976.
5. All actions of the Committee denoted under 4, above, shall be reported for review at each Board of Trustees' meeting.

B. Plan Benefits and Policy Study Committee.

1. This committee, consisting of at least three (3) members of the Board of Trustees, and the Executive Secretary-Treasurer, shall be constituted each year by the Board of Trustees during its first meeting after the beginning of the new fiscal year. The committee each year shall effect its own organization.
2. The Executive Secretary-Treasurer shall be a non-voting member of the Plan Benefit and Policy Study Committee.
3. The committee's function shall be to make periodic reviews of all Plan benefits and policies with respect to the features, operations, and practices of the Fund except in areas designated as responsibilities of the Finance Committee.

C. Member Relations and Promotion Committee.

1. This committee, consisting of at least three (3) members of the Board of Trustees, and the Executive Secretary-Treasurer, shall be constituted each year by the Board of Trustees during its first meeting after the beginning of the new fiscal year. The Committee each year shall effect its own organization.
2. The Executive Secretary-Treasurer shall be a non-voting member of the Member Relations and Promotion Committee.
3. The committee's function shall be to direct such activities as may be necessary to foster good relationships with the members of the Plan and to promote the Plan among the members of Christian Schools International and its Employees.

D. Other Committees.

The President shall, with the advice and consent of the Trustees, appoint such other committees as from time to time are required by the Trustees or deemed desirable by them.

III. ADMINISTRATION

- A. The office and place of the records of the Christian School Pension Plan and Trust Fund in the state of Michigan shall be 3350 East Paris Avenue, SE, Grand Rapids, Michigan 49512.
- B. The seal of the Christian School Pension Plan and Trust Fund shall be circular in form with the name of the Fund imprinted on the face.
- C. The fiscal year of the Christian School Pension Plan and Trust Fund shall commence on the first day of September in each year and end the following thirty-first day of August. The Trustees may require an annual audit of the Treasurer's books.
- D. Christian Schools International shall be compensated for any reasonable expenses it incurs in connection with the administration and operation of the Plan and the Trust Fund. Such compensation is to include, in addition to a reasonable charge for overhead expense, the appropriate salary and expenses paid to the Executive Secretary-Treasurer and staff for carrying out the responsibilities of that office.
- E. The Executive Secretary-Treasurer shall be accountable for all funds and securities of the Trust Fund. When necessary and proper, the Executive Secretary-Treasurer shall endorse on behalf of the Trust Fund for collection, checks, notes, and other obligations, and shall deposit the same to the credit of the Fund in such bank(s) or depository as the Board of Trustees may designate.
- F. The Board of Trustees shall have power to establish a reserve(s) fund for any proper purpose and to increase, decrease, or abolish any such reserve so established.
- G. At the expense of the Fund, the Treasurer, the Executive Secretary-Treasurer, and any other member of the Board Of Trustees and others authorized to sign checks, drafts, orders for payments of money, and other documents shall be required to furnish surety bonds to the satisfaction of the Board of Trustees and the Board of Directors of Christian Schools International.
- H. The Trustees shall be reimbursed for expenses involved in attending meetings or otherwise discharging the function of their offices.
- I. These bylaws may be amended at any lawful meeting of the Board of Trustees by a majority vote of the membership, provided the proposed amendment(s) shall have been described fully in notice of the meeting. Such amendment(s) shall be subject to the approval of the Board of Directors of Christian Schools International.