YOUR PENSION PLAN

A brief description of the
Canadian Christian School
Pension Plan & Trust Fund

CHRISTIAN SCHOOLS
INTERNATIONAL

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YOUR PENSION PLAN

This booklet is a short, simplified description of the Canadian Christian School Pension Plan (the Plan), its regulations and benefits. The Trustees offer it to participants and beneficiaries as a convenient way to understand the major provisions of the Plan.

Because it is condensed and simplified, it is only a guide to the Plan, not a complete description. If questions of interpretation arise, the actual Plan Document is the final authority.

For questions regarding your Pension Plan, call CSI at (800) 635-8288, extension 231.

THE PLAN

The Canadian Christian School Pension Plan and Trust Fund is an excellent way to build toward a comfortable retirement. Combined with personal savings and government pension plans, the Plan can help you meet your retirement goals. Advance planning for retirement will help assure that your basic finances are secure, and that you will have the freedom to do the things that make retirement enjoyable.

When Christian Schools International began the program in 1943, the Pension Plan was a way people in the Christian school community could band together and help provide retirement benefits for Christian school employees. The founders were frugal, conservative people who wanted a fair program that provided a measure of security without undue risk.

The Plan has grown in strength and performance. Today there are over 100 participating schools in Canada with more than 3,000 individuals enrolled. The Plan is a Defined Benefit Plan. This means that retirement benefits are guaranteed and the Plan assumes all the investment risk. The Plan provides benefits beginning with your enrolment, continuing for the rest of your life with no investment risk to you.

Every dollar you put into the Plan is always yours. If you leave employment before retirement, you can have all of your money refunded with interest. For a projection of what your retirement income will be with this Plan, contact the Plan office at (800) 635-8288, extension 231.

HOW THE PLAN WORKS

For retirees to maintain their preretirement lifestyle, they must have disposable income (government pensions, savings, pension plans) close to what was earned during their working years. The Canadian Christian School Pension Plan and Trust Fund is designed to provide a portion of the money needed for a comfortable retirement. This is how the Plan works:

1. You make a contribution to the Plan through payroll deduction.

2. Your employer matches your contribution to the Plan.

3. Contributions are sent to the Plan office and are carefully invested by Plan Trustees.

4. You contribute to the Plan for at least two years to become Vested. If you leave the Plan before you have completed two years of participation, your contribution can be refunded with any accrued interest. This does not include the contributions made by your employer. Once you are Vested, you are eligible to receive a pension benefit upon retirement.

Retirement and other benefits are discussed in detail under the Benefits section of this booklet.

1. PENSION BENEFIT

Normal Retirement Benefit. Your Normal Retirement Date is the first day of the month coincident with or following the day of your 65th birthday. Available at age 65 when you retire, the pension benefit is also available at a reduced rate as early as age 55 if you choose to retire at that time.

Your annual benefit is based on your Years of Service and your Final Average Earnings.

Years of Service are prorated based on the percentage of full-time worked in a year. For example, if you worked 100% of full-time you would receive credit for one year of service. If you worked 50% of full-time, you would receive credit for one-half of one year of service.

In addition, if you are participating in the 4% Plan, your years of service will be increased by 33%.

Final Average Earnings are computed by averaging your highest three consecutive years of earnings. For example, if you worked 100% of full-time and your highest three consecutive years of earnings were $28,000, $30,000, and $32,000, your final average earnings would equal $30,000.

If you worked 50% of full-time and your highest three consecutive years of earnings were $14,000, $15,000, and $16,000, your earnings would first be adjusted to the full-time equivalents of $28,000, $30,000, and $32,000. So, your final average earnings would be $30,000.

To calculate your annual benefit, multiply your Years of Service times your Final Average Earnings times 1.38% (.0138).

If you choose the option to receive a larger death benefit than the one normally offered, your monthly payments will be smaller. (See #4, Retirement Benefit Options).

Supplemental Pension. You are entitled to receive an annual supplemental pension equal to $20 for each year of Vesting Service earned before September 1, 1973. The benefit will be paid for the lifetime of you and your spouse.

Early Retirement Benefit. Provided you are Vested, you may choose to retire as early as age 55, and you will receive a pension for life. If you have ten years of credited service and retire at age 60 or older, there is no reduction in the benefit. If you have ten years of credited service and retire before reaching age 60, the benefit is reduced by five percent for each year you are younger than age 60. If you retire before reaching age 65 and before completing ten years of credited service, the benefit is reduced by four percent for each year you are younger than age 65.

Vested Benefit. If you are Vested and leave employment in a participating school before you are retirement age, you are eligible to receive normal pension benefits. You may also elect to retire as early as age 55, but your benefits will be reduced by four percent for each year you are younger than age 65.

2. DEATH BENEFIT

If you die either before or after you begin receiving your pension benefit, your beneficiary is entitled to a lump sum payment of the balance in your Contribution Account, provided that no pension benefits are payable to a survivor.

3. PRERETIREMENT SURVIVING SPOUSE BENEFIT

If you are married, Vested, and die before beginning to receive retirement benefits, your surviving spouse will receive a lump sum amount.

This lump sum equals the present value of your Accrued Benefit, including the Additional Benefit.

If you are age 45 or over, Vested, and actively employed at death, your spouse is entitled to an annuity. This annuity is equal to 60% of your pension benefit, calculated as if you had retired immediately before dying. These benefit payments begin the month that you die, and continue throughout the life of your spouse.

4. RETIREMENT BENEFIT OPTIONS

Automatic/Normal Form of Benefit. If you are married, you and your spouse will automatically receive a reduced pension (surviving spouse annuity) during your lifetime, so that 60% (66 2/3% in Manitoba, 50% in Saskatchewan) of your benefits will be paid to your surviving spouse for his or her lifetime. The amount of the reduction in monthly benefits is calculated on the difference in the ages of you and your spouse. You and your spouse may, in writing, waive this benefit and choose another benefit option.

If you are not married, or if you and your spouse waive the surviving spouse annuity option, you may receive the full or normal pension benefit for life with a guarantee that the benefit will continue for at least 10 years. If you die before receiving 10 years of payments, the monthly payments will continue to your beneficiary until 10 years of payments have been made.

Contingent Annuity. This option is similar to a surviving spouse annuity except that the benefit is paid to your spouse, former spouse, or a dependent, as chosen by you. A dependent means a parent, grandparent, sibling, child or grandchild who is eighteen years or younger and a full-time student, or who is mentally or physically infirm. You may select the percentage of your benefit (50, 60, 75 or 100%) to be paid for the life of the contingent beneficiary.

Life Only, Life Guaranteed Five or Fifteen Years Options. With the Life Only option, benefits cease at your death. With the five and fifteen year options, the pension benefit is guaranteed for five or fifteen years. If you die prior to having received five or fifteen years of benefit payments, the monthly payments will continue to your beneficiary until the five or fifteen years of benefit payments is reached.

Joint and Surviving Spouse Option. With this option, you may elect to receive a joint and surviving spousal pension. With this option, benefits shall consist of an Actuarially Equivalent amount of pension payable during the lifetime of the participant and continuing after the participant's death equal to 50, 60, 75, or 100% of such amount during the remaining lifetime of a surviving spouse or former spouse. You must designate the percentage to be continued to your surviving spouse or former spouse at the time you choose this option.

5. CASH REFUND

If you terminate employment with a Participating Employer before earning two years of Vesting Service and before your retirement date, your Contribution Account may be fully refunded and your rights canceled. As an alternative, you may leave your contributions in the Trust Fund in anticipation of resuming participation in the Plan at a later date. If you leave your contributions in the Trust Fund, you will be required to withdraw them after your normal retirement date.

If your employment terminates after you are Vested, and prior to being eligible for an early retirement benefit, you can choose to have the present value of your pension benefit transferred to a locked-in RRSP, a locked-in retirement account, or the registered pension plan of a successor employer, if the successor plan accepts the transfer. Alternatively, you may purchase an annuity. Additional Benefits, if any, may be paid in cash. Such a withdrawal will erase all rights under the Plan. If you elect to withdraw only your Additional Benefit, you still retain full rights to your Accrued Benefit.

If you are not Vested when you take a cash refund, and later return to employment with a Participating Employer, you may repay the amount of the withdrawal with interest at the rate used in the calculation of lump sums payable to inactive participants. Repayment must be made either within five years from the date of refund, or two years from the date of reemployment, whichever is earlier. Repayment reinstates all your rights under the Plan.

DEFINITIONS

1. **Participating Employer**— Christian Schools International (CSI) and member Christian schools, societies, or related groups which choose to participate in the Canadian Christian School Pension Plan and Trust Fund.

2. **Defined Benefit Plan**— retirement benefits are guaranteed. The Plan, not the Participants, assumes all of the investment risk.

3. **Eligibility to Participate**— all full-time employees of a participating school must, as a condition of employment, participate in the Pension Plan.

Eligible part-time employees of participating schools, except schools located in Manitoba, must participate in the Plan after completing one year of employment. Part-time employees of participating schools located in Manitoba must participate after completing two years of employment. If you were hired before September 1, 1987, you have the option not to participate in the Plan.

4. **3% Plan and 4% Plan**— the employer must choose one of these Plans. Either 3 or 4% of the employee's salary, depending on which Plan is selected, is contributed yearly to the Plan. Of course, larger retirement benefits accrue with the 4% Plan.

5. **Participant (Employee) and Employer Contributions**— the Employee's Contribution (3 or 4% of annual compensation) is collected through payroll deduction and the employer matches each contribution so that either 6 or 8% of the employee's salary is sent to the Plan office.

6.. Contribution Account— contains all the money the Participant has contributed, and remains his or her property. If you leave the Plan, the Contribution Account, plus any accrued interest, will be refunded. In the event of death or retirement, benefit payments will draw from the Contribution Account and will reduce or eliminate the total amount.

7. Vested— describes a Participant who has contributed to the Plan for at least two years. A Vested Participant is entitled to a lifelong retirement benefit based on the Plan formula.

8. Normal Retirement Date— the first day of the month coincident with or following a Participant's 65th birthday.

9. Accrued Benefit— annual pension benefit payable for life, beginning after Normal Retirement Date. The pension benefit is equal to the greater of:

a. the sum of:

Credited service earned before
9/1/5....$33.00 per year

Employee Contributions made from
9/1/51 to 8/31/92...662/3% of total

Accrued Benefit effective
9/1/83.........................2% increase
(for each year of unadjusted
service from 9/1/51 - 8/31/83)

Accrued Benefit effective
9/1/85..........................2% increase
(for each year of unadjusted
service from 9/1/83 - 8/31/85)

Accrued Benefit effective
9/1/87.......................2% increase
(for each year of unadjusted
service from 9/1/85 - 8/31/87)

Accrued Benefit effective
9/1/90........................3% increase
(for each year of unadjusted
service from 9/1/87 - 8/31/90)

1.38% of Final Average Earnings times Adjusted Credited Participating Service completed after 8/31/92.

b. 1.38% of Final Average Earnings times Total Adjusted Credited Participating Service.

Pursuant to Canada Customs and Revenue Agency rules, the pension provided to you under the Plan is limited to 2% of your final three-year average earnings times your years of credited service.

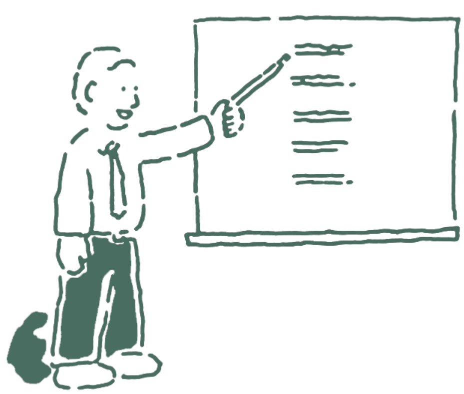
10. Vesting Service— total number of years of employment with one or more Participating Employers during which you were an active contributor to the Plan.

11. Credited Participating Service— equals Vesting Service prorated based on the percentage of full-time worked in a year. For example, if you worked 100% of full-time, you would receive credit for one year of service. If you worked 50% of full-time, you would receive credit for one half of one year of service.

12. Adjusted Credited Participating Service— the sum of the following:

> Years of Credited Participating Service, plus 1/3 times the years of Credited Participating Service under the 4% Plan.

13. Additional Benefit— is equal to your Contribution Account less 50% of the present value of the Accrued Benefit at your retirement, death, or termination of employment. The benefit is payable in a lump sum.



CHOICE OF BENEFICIARY

You may select the beneficiary who will receive any balance remaining in your account after your death, and after all pension benefits to your survivors have stopped. Your selection of a beneficiary is not valid unless consented to, in writing, by your spouse.

You make this choice when you complete and sign the form furnished by your employer. You must use this form. A provision in your will is not sufficient for this purpose.

If you do not have a spouse at the time of your death, or if you and your spouse have filed a waiver to appoint a beneficiary other than your spouse, any lump sum benefits payable on your death will be made as follows:

> to your designated beneficiary;
>
> if your beneficiary is no longer living, to your spouse if you have one;
>
> if your beneficiary is no longer living and you are not survived by a spouse, in equal shares to your children. If no children exist, to your parents or, if no parents exist, to your brothers and sisters.

APPEAL PROCEDURE

The Trustees have the responsibility for applying the Plan in individual cases, including decisions on Eligibility to Participate, right to receive benefits upon termination, the type and amount of any benefit entitlements, and all other matters involving rights in the Plan.

If you feel you are eligible to receive a larger benefit than that determined by the Trustees, you have a right to ask the Trustees for a redetermination of your benefit, provided you file a claim in writing with the Trustees no later than 120 days after such determination.

Within 60 days, the Trustees will give you their written decision. Reasons for the decision will be explained, including the section of the Plan on which the decision is based, and a description of any regulations affecting the decision. You will also be told about any steps you must take for further review.

After you receive the written decision, you, or your representative, have 60 days to send a written application for redetermination to the CSI Board of Directors.

You, or your representative, may also submit written statements in support of your claim.

The CSI Board of Directors must give you its final decision, in writing, along with an explanation of the reasons for the decision, within 60 days of receiving your request, unless you and the Board agree upon a greater period of time.

AMENDMENT

CSI has the right to amend the Plan at any time, but your Accrued Benefit or Vested interest in the Plan cannot be decreased. If the vesting schedule is changed, Participants in the Plan will always be covered by the vesting schedule most favorable to them.

TERMINATION

CSI may terminate the Plan at any time. Any Participating Employer may terminate its participation in the Plan at the end of any school year.

If the Plan should be terminated, you will become fully Vested in your Accrued Benefit. However, the funds may remain in trust to be distributed to you when you are eligible.

YOUR RIGHTS

As a Participant of the Plan, you are entitled to the following information:

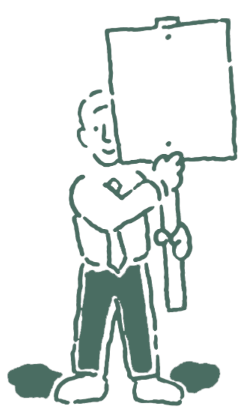
1. An annual personalized statement showing your position in the Plan.

2. A statement showing your benefits and options under the Plan at the date of retirement or termination.

3. A plan description like this one that summarizes your benefits under the Plan.

4. Notice of any amendment that would reduce or adversely affect your benefits accruing after the date of the amendment.

In addition, you may request to see copies of the official Plan text and any other documents that are filed with the Financial Services Commission of Ontario. This excludes information about another participant. This request must be made in writing to the Plan administrator, and may not be made more than once annually. You may also request to have a copy made, but copies may be subject to a fee.



PLAN DESCRIPTION

Name: Canadian Christian School Pension Plan

Address: 3350 East Paris Avenue SE
Grand Rapids MI 49512 USA

Phone Number: (616) 957-1070
(800) 635-8288, extension 231

Sponsor: The Plan is sponsored by Christian Schools International (CSI) who maintains the Plan for itself and for its participating schools.
The Plan is registered with Canada Customs and Revenue Agency under #0283812.

Administrator: The administration is handled by a Board of Trustees appointed by the Board of Directors of CSI. The Canadian Christian School Pension Trust Fund has been established in connection with this Plan.

Plan Year: Begins on September 1 and ends on August 31. All records of the Plan are based on the Plan Year.

Duties of Trustees: In strict accordance with the terms of the Plan and the Trust agreement, the Trustees determine eligibility for participation in the Plan, establish procedures for receiving benefits, and periodically review the schedule of benefits.

The Trustees, with the help of qualified investment counselors, also carefully invest funds received. Investment strategy is to seek safety of principal while securing the best possible yield.

QUESTIONS & ANSWERS

This section provides answers to frequently asked questions posed by boards and participants. For a complete explanation of the features of your Pension Plan, consult the official Plan Document or contact the CSI Employee Benefits Department.

I am only working part-time. Can I be part of the Plan?
Yes, but you need to meet three criteria:

- You must work for a Participating Employer. This is a group Plan and individuals cannot join independently.
- You must earn 35% of the Year's Maximum Pensionable Earnings (YMPE) (25% in Manitoba) at a Participating Employer in the preceding year. For 2003, 35% of YMPE is $13,965.
- Required contributions to the Plan must be made.

If you meet these three criteria and were hired before September 1, 1987, you may choose whether or not you wish to participate. For qualified part-time employees hired on or after September 1, 1987, participation is required.

In Manitoba, participation is required of part-time employees who meet the three criteria and who have had two years of employment with the Participating Employer.

Once you are a participant, you remain a participant as long as you are employed by a Participating Employer.

In addition to some investments and savings, I am paying into a government pension. Why do I need an employment pension plan at all?
Unless you have a substantial savings account, you need pension income because the Canada Pension Plan, (CPP) and the Old Age Security, (OAS) will provide less than you need.

For most people to have a comfortable retirement, a disposable retirement income of approximately 75 to 90% of the after-tax income earned during the final working years is needed. To have that income, you need three sources: government pension(s), a good employment pension, and savings.

Because your employment pension plan will provide a substantial amount of your income during retirement, it is a very important part of your retirement planning.

How does the Canadian Christian School Pension Plan and Trust Fund compare to the pension plans of public schools and businesses?
This Plan, sponsored by Christian Schools International and administered by a separate Board of Trustees, is a first-rate program to secure a good retirement income. In fact, it is equal to many of the retirement plans offered by public schools and businesses.

What if I leave this job before I am eligible for a pension? Do I lose the money I have contributed?
No. Even if you have not worked long enough to become Vested, every dollar you put into the Plan as an employee is yours and can be refunded to you, with interest, if you leave employment.
Your contributions are in a Contribution Account that belongs to you. The balance in that account is the amount you contribute plus interest.

What does Vested mean?
Although the money you put into the Plan always belongs to you and can be returned with interest if you leave employment, you are not immediately entitled to a pension. After you have made contributions to the Plan for a prescribed time, you can collect a lifelong pension benefit and are said to be Vested. Employees are Vested after two years of participation.

How can I know how much my pension will be?
Your pension benefit is based on your years of service and your final average earnings. Each year you receive a status report that gives important information about the Plan and your status in the Plan. Refer to your most recent status report for information about pension benefits.

If you are nearing retirement, the CSI Employee Benefits Department will be pleased to prepare a more detailed estimate of your pension.

What is the difference in benefits between the 3% and 4% Plans?
Your school board will select either the 3% or 4% Plan. If the Plan is 3% of your yearly compensation, you will have a smaller payroll deduction, but a retirement benefit that is only about 75% as large as it would be under the 4% Plan.

For example, someone retiring at age 65 after twenty-five years of service with final average earnings of $35,000, will receive a minimum of $12,075 per year through the 3% Plan and a minimum of $16,060 per year through the 4% Plan.

If I leave employment here for a while and then come back, do I have to start from zero to become Vested?
If you leave employment with a Participating Employer before you have completed the two years required for vesting, and do not ask for a refund of your contributions, you can return and continue the vesting process where you left off.

If you ask to have your contributions refunded when you leave employment, your vesting process starts from zero when you return.

If you return to employment and repay your previously refunded contributions with interest and within certain time limits, your vesting is reinstated to the point at which you left your first employment.

The Trustees at CSI invest my money to build a retirement fund. How do I know they are smart enough to make good investments? How do I know they will be here when I retire?
The Canadian Christian School Pension Plan and Trust Fund has a strong economic foundation of millions of dollars in accumulated Plan assets.

Professional investment managers, who are selected and monitored by the Plan's Trustees, invest the monthly contributions made by you and your employer. The investment strategy is to maximize return while minimizing risk.

Since its inception over fifty years ago, the investment portfolio has generated returns that are steady and have been well above average.

Do I have to wait until I am 65 to collect my pension? What if I want to retire a little earlier?
Presently, you can retire at age 65. However, you can retire as early as age 55. If you have ten years of service and retire early, your benefit is reduced 5% for each year you are younger than age 60. If you have less than ten years of service your benefit is reduced 4% for each year you are younger than age 65.

If I die before I retire, will my spouse still receive my pension benefits?
If you die before age 45, your spouse will receive a lump sum payment equal to the commuted value of your pension earned to the date of death. If you die after age 45, your spouse will receive a lifetime pension equal to 60% of the pension that you would have received on the day before your death or, if greater, the commuted value of your accrued pension.

Suppose I retire and my spouse outlives me. Will my spouse have a lifelong pension after I die?
If you are married at retirement, you automatically receive the 60% Surviving Spouse Annuity retirement benefit. After you die, your spouse will receive 60% of your retirement benefit for life.

You may waive this benefit option with your spouse's consent and choose another level of continuing benefits for your spouse. You also have the option of choosing an increased benefit with no provision for your spouse after your death.

I am concerned about the effects of inflation after I retire. Will the Plan have me locked into an income that shrinks because of inflation?
The investments made with the fund result in growth. Although the terms of the Plan do not provide for cost-of-living increases for retirees, in the past when investments have produced surplus funds, payments to retirees have been increased to partially compensate for inflation.

If I am Vested, can I withdraw my money prior to retirement if I quit working?
If you terminate employment with a Participating Employer and are Vested, among the options provided in the Plan, you may choose to leave your accrued benefit in the Plan. Alternatively, you may choose to have the commuted value of your pension benefit transferred to a locked-in RRSP. Your Additional Benefit, if any, may be transferred to an RRSP or paid to you in cash, subject to tax. However, if you transfer your benefits out of the Plan, you will cancel all your rights under the Plan.

CHRISTIAN SCHOOLS
INTERNATIONAL

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