

**Fifth Amended and Restated**

**Michigan Catholic Conference**

**Lay Employees' Retirement Plan and Trust Agreement**

Effective as of January 1, 2016

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## **Introduction**

Michigan Catholic Conference established this defined benefit pension plan to provide a retirement program for lay employees of participating employers who are associated with or under the control of the seven Catholic Dioceses of Michigan that comprise the Michigan Catholic Conference. In order to provide a method of accumulating and distributing the money set aside for the Employees' benefit, Michigan Catholic Conference has entered into this trust agreement with the Trustee, and the Trustee has indicated its willingness to serve as Trustee.

The Trust shall be known as the Michigan Catholic Conference Lay Employees' Retirement Trust, and it shall be for the exclusive benefit of the Employees. The terms of the Plan are intended to comply with Code Sections 401(a) and 414(e) and applicable Treasury regulations, in order that the Trust may qualify as a tax-exempt pension trust under Code Section 501(a).

The Trustee and Michigan Catholic Conference agree to the following terms and conditions of this Fifth Amended and Restated Michigan Catholic Conference Lay Employees' Retirement Plan and Trust agreement:

# Article 1

## Definitions

When used in this Plan, the following words shall have the following meanings, unless the context clearly indicates otherwise:

**1.1 "Accrued Benefit"** means the Normal Retirement Benefit that would be payable to a Participant at Normal Retirement Age based on the Participant's years of Credited Service and Final Average Annual Compensation as of the time in question.

**1.2 "Actuarial Equivalent"** means a benefit of equivalent value when computed on the basis of the 1971 Group Annuity Mortality Table, with a five-year set back, and an assumed rate of interest of seven percent. Effective on and after May 8, 1990 the Mortality Table used under the previous sentence shall be the 1971 Group Annuity Mortality Table projected to 1984.

**1.3 "Affiliate"** means an employer that is required to be aggregated with a Covered Unit for purposes of subsections (b), (c), (m), or (o) of Code Section 414 and the regulations thereunder.

**1.4 "Anniversary Date"** means January 1 of each year.

**1.5 "Beneficiary"** means any person, except a Retirant, who is in receipt of or who is designated to receive a Pension payable by the Plan.

**1.6 "Board of Directors"** means the Board of Directors of the Conference.

**1.7 "Code"** means the Internal Revenue Code of 1986, as amended.

**1.8 "Compensation"** means wages, as defined in Code Section 3401(a), and all other payments of compensation to a Participant by a Covered Unit or an Affiliate (in the course of a Covered Unit's or an Affiliate's trade or business) for which a Covered Unit or an Affiliate is required to furnish the Participant with a written statement under Code Sections 6041(d) and 6051(a)(3), provided that Compensation shall not include an amount paid by a Covered Unit or an Affiliate on a Participant's behalf to purchase additional Credited Service for the Participant (during the time when the Plan permitted such purchase of Credited Service) or any payment of severance pay following a Participant's Termination Date, and provided further that, effective as of January 1, 2015, Compensation shall not include a cash-out of accumulated sick time paid to a Participant in connection with the Participant's termination of employment with a Covered Unit. Compensation also includes contributions by a Covered Unit or an Affiliate made pursuant to a salary reduction agreement, which are not includible in the Participant's gross income pursuant to Code Section 125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 403(b), or 457(b). Effective for Plan Years commencing on or after January 1, 1989, and before January 1, 1994, the annual Compensation of each Participant taken into account under the Plan for

any year shall not exceed \$200,000, as adjusted by the Secretary of the Treasury at the time and in the same manner as under Code Section 415(d).

In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, for Plan Years beginning on or after January 1, 1994, and before January 1, 2002, the annual Compensation of each Employee taken into account under the Plan shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit is \$150,000, as adjusted by the Commissioner for increases in the cost of living in accordance with Code Section 401(a)(17)(B). For Plan Years beginning on or after January 1, 2002, the annual Compensation of each Participant taken into account under the Plan shall not exceed the EGTRRA annual compensation limit. The EGTRRA annual compensation limit is \$200,000, as adjusted by the Commissioner for increases in the cost of living in accordance with Code Section 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Compensation is determined (determination period) beginning with or within such calendar year. If a determination period consists of fewer than 12 months, the applicable annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

For Plan Years beginning on or after January 1, 2002, any reference in this plan to the limitation under Code Section 401(a)(17) shall mean the EGTRRA annual compensation limit set forth in this provision.

If Compensation for any prior determination period is taken into account in determining an Employee's benefits accruing in the current Plan Year, the Compensation for that prior determination period is subject to the applicable annual compensation limit in effect for that prior determination period. For this purpose, in determining benefits in Plan Years beginning on or after January 1, 1989, and before January 1, 1994, the annual Compensation limit in effect for determination periods beginning before January 1, 1989 is \$200,000. In determining benefits in Plan Years beginning on or after January 1, 1994, and before January 1, 2002, the annual compensation limit in effect for determination periods beginning before January 1, 2002 is \$150,000. In determining benefits in Plan Years beginning on or after January 1, 2002, the annual compensation limit for determination periods before that date is \$200,000.

**1.9 "Conference"** means the Michigan Catholic Conference organized in 1963 by the Bishops of the seven Catholic Dioceses in the State of Michigan.

**1.10 "Covered Employment"** means employment as a lay employee of a Covered Unit in a position normally requiring 20 or more hours of service per week for five or more months in a calendar year. Effective with respect to Employees who complete an hour of service as an Employee on or after January 1, 1997, the total service of an Employee (including service performed prior to January 1, 1997) to all Covered Units shall be combined for purposes of satisfying the requirements of the preceding sentence. For purposes of this Plan, a permanent deacon who is employed by a Covered

Unit shall be treated as a lay employee. Service performed while a priest or while a member of a religious order is not employment as a lay employee and is not Covered Employment. An employee who is on an approved leave of absence from his or her Covered Unit shall be treated as working in Covered Employment for a period of up to two years. An Employee who is not performing service to his or her Covered Unit and whose status as an Employee is based on the fact that he or she is receiving weekly worker's compensation benefits shall be treated as working in Covered Employment for a period of up to three years from the date on which the Employee commenced receiving the weekly worker's compensation benefits. An employee who is not performing service to his or her Covered Unit and who is receiving employer-provided long-term disability insurance benefits shall not be treated as working in Covered Employment, except as provided in the previous sentence with respect to an Employee who is receiving weekly worker's compensation benefits.

**1.11 "Covered Unit"** means a parish, school, institution, organization, corporation or other entity in the State of Michigan which is an integral part of the Catholic Church, engaged in carrying out the functions of the Catholic Church, and under the control of an Archbishop or Bishop of a Michigan Diocese of the Catholic Church, unless the Archbishop or Bishop specifically exempts the unit from status as a Covered Unit. The Conference shall be a Covered Unit. Any parish, school, institution, organization, corporation or other entity in the State of Michigan which is an integral part of the Catholic Church and which is engaged in carrying out the functions of the Catholic Church, but which is not under the control of an Archbishop or Bishop of a Michigan Diocese, may become a Covered Unit pursuant to a written agreement between its governing authority and the Board of Directors. Determinations of Covered Unit status shall be made by the Board of Directors.

**1.12 "Credited Service"** means the number of years and months of service credited to a Participant under the Plan for purposes of determining if the Participant is eligible for a Pension and for purposes of calculating the amount of the Participant's Pension.

**1.13 "Disability"** means a physical or mental disability that renders the Participant totally and permanently incapacitated for duty in the employ of the Covered Unit.

**1.14 "Early Retirement Age"** means the date on which a Participant has attained age 55 and completed five or more years of Credited Service. Effective as of January 1, 2011, with respect to a Post-2010 Participant, "Early Retirement Age" means the date on which the Participant has attained the age that is 10 years less than the Participant's Social Security Normal Retirement Age and has completed five or more years of Credited Service.

**1.15 "Effective Date"** of the Plan is October 1, 1966, and, except as otherwise provided herein, the effective date of the amendments to this Fifth Amended and Restated Plan is January 1, 2016.

**1.16 "Employee"** means a lay employee of a Covered Unit.

**1.17 "Final Average Annual Compensation"** means the average annual Compensation received by a Participant using the Participant's highest five calendar years of Compensation. Effective as of January 1, 2011 with respect to Post-2010 Participants, and effective as of January 1, 2012 with respect to Pre-2011 Participants, "Final Average Annual Compensation" means the average annual Compensation received by a Participant using the Participant's highest ten calendar years of Compensation. For purposes of the preceding sentence, and effective as of the dates specified therein, (1) only years in which the Participant has completed a year of Credited Service will be counted in the determination of the Participant's Final Average Annual Compensation and (2) if the Participant has less than 10 years of Credited Service, Final Average Annual Compensation will be determined using the Participant's average annual Compensation for those years in which the Participant completed a year of Credited Service. Final Average Annual Compensation will be determined by ignoring periods during which an Employee is treated as working in Covered Employment under Section 1.10 based on the fact that he or she is receiving weekly worker's compensation benefits.

**1.18 "Frozen Benefit"** means the Accrued Benefit of a Pre-2011 Participant determined as of December 31, 2011. For this purpose, in the case of a Pre-2011 Participant who is working in Covered Employment on December 31, 2011, (1) only years in which the Participant completed a year of Credited Service will be counted in the determination of the Participant's Final Average Annual Compensation and (2) if the Participant has less than five years of Credited Service, Final Average Annual Compensation will be determined using the Participant's average annual Compensation for those years in which the Participant completed a year of Credited Service.

**1.19 "Investment Manager"** means an investment consultant appointed in accordance with Section 12.4 and the Trust and subject to the Investment Advisors Act of 1940, as amended.

**1.20 "Limitation Year"** means the 12-month period beginning on the Anniversary Date.

**1.21 "Normal Retirement Age"** means the date on which a Participant has attained age 65 and completed five or more years of Credited Service. Effective as of January 1, 2011 with respect to Post-2010 Participants, and effective as of January 1, 2012 with respect to Pre-2011 Participants, "Normal Retirement Age" means the date on which a Participant has attained Social Security Normal Retirement Age and completed five or more years of Credited Service.

**1.22 "Participant"** means an Employee who has satisfied the participation requirements of Section 2.1 and who is participating in the Plan.

**1.23 "Pension"** means a monthly amount payable by the Plan throughout the future life of a person, or for a temporary period, as provided in the Plan.

**1.24 "Pension Board"** means the Pension Board described in Article 11 of the Plan.

**1.25 "Plan"** means the Fifth Amended and Restated Michigan Catholic Conference Lay Employees' Retirement Plan set forth in this document and all subsequent amendments thereto.

**1.26 "Plan Year"** means the 12-month period beginning on the Anniversary Date.

**1.27 "Post-2010 Participant"** means (1) a Participant who first becomes a Participant on or after January 1, 2011, (2) a Participant who on December 31, 2010 was a former, nonvested Participant in the Plan and who returns to Covered Employment in 2011 on a date that is more than three years following his or her Termination Date, or (3) a Participant who on December 31, 2011 was a former, nonvested Participant in the Plan who terminated Covered Employment prior to January 1, 2009 and who returns to Covered Employment after December 31, 2011.

**1.28 "Pre-2011 Participant"** means a Participant who is not a Post-2010 Participant.

**1.29 "Retirant"** means a Participant who retires with a Pension payable by the Plan.

**1.30 "Social Security Normal Retirement Age"** means age 65, if the Participant was born before 1943, age 66, if the Participant was born after 1942 and before 1960, and age 67, if the Participant was born after 1959.

**1.31 "Termination Date"** means the first day of the calendar month next following the month in which a Participant ceases to be employed by a Covered Unit or an Affiliate.

**1.32 "Trust"** means the Michigan Catholic Conference Master Pension Trust described in Section 12.9.

**1.33 "Trustee"** means the Pension Board.

**1.34 "Worker's Compensation Period"** means the period of time during which a Participant or Retirant is in receipt of worker's compensation benefits paid for by a Covered Unit. If the Participant or Retirant is paid a single sum in lieu of future worker's compensation, the Worker's Compensation Period shall be the period, if any, during which he or she was in receipt of weekly worker's compensation benefits, plus the period determined by dividing the single sum by the weekly worker's compensation award. Any portion of a worker's compensation redemption paid to a Participant or Retirant that is designated as attorneys' fees and/or medical expenses shall be excluded from the single sum in calculating the Worker's Compensation Period.

## Article 2

### Eligibility for Participation

**2.1 Eligibility Requirements.** An Employee not excluded under this Section who is working in Covered Employment is eligible to participate in the Plan. An Employee who, as of the day preceding the effective date of his or her employer's participation in the Plan, is (1) covered under an independent retirement plan designated by the Board of Directors, or (2) not covered under such an independent retirement plan solely because the employer declined to be so covered, shall not be eligible to participate in the Plan until such time as the employer's governing authority and the Board of Directors mutually agree upon conditions under which the Employee is eligible to participate. An individual shall be treated as an Employee for purposes of satisfying the eligibility requirements of this Section only if he or she is reported on the payroll records of the Covered Unit he or she works for as a common law employee and not as an independent contractor. It is expressly intended that individuals treated as independent contractors by Covered Units on their payroll records are to be excluded from Plan participation, even if a court or administrative agency determines that such individuals are common law employees and not independent contractors. Effective June 2, 2010, an Employee the terms of whose employment is governed by a collective bargaining agreement between employee representatives (within the meaning of Code Section 7701(a)(46)) and a Covered Unit shall not be eligible to participate in the Plan unless under the terms of the collective bargaining agreement the Employee is eligible to participate in the Plan.

**2.2 Commencement of Participation.** An Employee who is eligible to participate in the Plan shall become a Participant on the first day of Covered Employment. A former Participant in the Plan shall again become a Participant on the day he or she returns to Covered Employment.

## Article 3

### Credited Service

**3.1 Calculation of Credited Service.** A Participant shall earn one year of Credited Service if the Participant works in Covered Employment during at least five months in a Plan Year. A Participant who works in Covered Employment for less than five months in a Plan Year shall earn one-twelfth of a year of Credited Service for each month in which the Participant works at least one day in Covered Employment. Credited Service shall include time spent in Covered Employment prior to the Effective Date of the Plan, provided the Participant was working in Covered Employment on the Effective Date of the Plan. In the case of an employer that became a Covered Unit subsequent to the Effective Date of the Plan, its employees shall receive Credited Service for time worked for the employer prior to the date on which it became a Covered Unit only to the extent agreed to by the employer's governing authority and the Board of Directors.

**3.2 Forfeiture and Reinstatement of Credited Service.** If a Participant's Termination Date occurs prior to the time the Participant becomes eligible for a retirement benefit under the Plan, the Participant's Credited Service shall be forfeited; provided, however, if a former Participant again becomes a Participant within five years following his or her Termination Date, the former Participant's prior Credited Service shall be reinstated. If a former Participant previously forfeited the Participant's Credited Service under this Section 3.2 and again becomes a Participant more than five years following his or her Termination Date, the former Participant's prior Credited Service shall not be reinstated. In the case of a Participant who on December 31, 2013 was an active Participant who was earning back Credited Service that was previously forfeited under the terms of this Section 3.2 as in effect prior to December 31, 2013, such Participant shall receive additional Credited Service as of December 31, 2013 in an amount equal to the remaining Credited Service that was eligible to be reinstated to the Participant under the terms of this Section 3.2 as in effect on December 30, 2013.

**3.3 Military Service Credit.** In the event a Participant, who while employed by a Covered Unit, enters any armed services of the United States and is on active duty during time of war or period of compulsory military service, the Participant shall earn Credited Service for the time spent in military service, not to exceed five years, provided that the Participant returns to Covered Employment within one year following termination of military service. Notwithstanding any provision of this Plan to the contrary, effective as of December 12, 1994, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).

**3.4 Waiver of Credited Service.** The provisions of this Section 3.5 shall apply notwithstanding anything in the Plan to the contrary. A Participant who terminates Covered Employment and who subsequently becomes a member of the Michigan Public School Employees Retirement System ("MPERS") established under the Public School Employees Retirement Act of 1979, as that Act may be amended from time to time, or a member of another retirement system that constitutes a qualified retirement plan under

Code Section 401(a) and that allows a member of such system to purchase out of system service credit with respect to service that constitutes Credited Service under the Plan and conditions the purchase of such service on the member not being entitled to a benefit from the Plan (an "Eligible Retirement System") may make an election on a form provided by the Conference to waive the Participant's years of Credited Service under the Plan. Such an election to waive years of Credited Service may be made only if the Participant establishes to the satisfaction of the Conference that the Participant has made an election to purchase service credit under MPERS or another Eligible Retirement System with respect to the years of Credited Service waived under the Plan (an "Out of System Service Purchase Election"). An election by a Participant to waive the Participant's years of Credited Service shall not become effective and binding on the Plan until the Participant's Out of System Service Purchase Election has been accepted by MPERS or the other applicable Eligible Retirement System and written proof of such acceptance has been provided to the Conference. No benefit shall be payable under the Plan with respect to a Participant whose election under this Section to waive the Participant's years of Credited Service becomes effective.

## Article 4

### Eligibility for Retirement Benefits

**4.1 Normal Retirement Benefit.** A Participant who has completed five or more years of Credited Service and who terminates Covered Employment (other than as a result of death) on or after the Participant's Normal Retirement Age is eligible for a Normal Retirement Benefit in accordance with the provisions of Section 5.1. The rights of a Participant to a Normal Retirement Benefit shall be nonforfeitable on and after the date on which the Participant has earned five or more years of Credited Service and attained Normal Retirement Age..

**4.2 Early Retirement Benefit.** A Participant who has completed five or more years of Credited Service and whose Termination Date occurs (other than as a result of death or Disability) on or after the Participant's Early Retirement Age, but prior to the Participant's Normal Retirement Age, is eligible for an Early Retirement Benefit in accordance with the provisions of Section 5.2. Additionally, effective as of January 1, 2008, a Participant who has completed five or more years of Credited Service and who terminates Covered Employment on or after the Participant's 62nd birthday, but prior to the Participant's Normal Retirement Age, is eligible for an Early Retirement Benefit in accordance with the provisions of Section 5.2, regardless of whether the Participant's Termination Date has occurred.

**4.3 Deferred Withdrawal Retirement Benefit.** A Participant who has completed five or more years of Credited Service and whose Termination Date occurs (other than as a result of death) prior to the Participant's Early Retirement Age, and who is not eligible for any other benefit under the Plan, is eligible for a Deferred Withdrawal Retirement Benefit commencing on or after the first day of the month coincident with or next following the date on which the Participant attains Early Retirement Age, which benefit shall be paid in accordance with the provisions of Section 5.3.

**4.4 Disability Retirement Benefit.** (a) **Initial Eligibility.** A Participant who has completed five or more years of Credited Service and whose Termination Date occurs on account of Disability is eligible for a Disability Retirement Benefit in accordance with the provisions of Section 5.4. The requirement in the previous sentence that a Participant must have completed five or more years of Credited Service shall be waived if the Pension Board determines the Participant's Disability is the natural and proximate result of a personal injury or disease arising out of and in the course of the Participant's actual performance of duty in the employ of a Covered Unit and the Participant has been granted worker's compensation benefits on account of the same physical or mental incapacity.

(b) **Re-examination of Disability Retirants.** A Disability Retirant who has not attained Early Retirement Age shall submit to one or more medical examinations, to be made by or under the direction of a physician designated by the Pension Board, at such reasonable times as the Pension Board may require. If a

Disability Retirant refuses to submit to a medical examination requested by the Pension Board, the Pension Board may suspend the Retirant's Disability Retirement Benefit until such time as he or she agrees to submit to the medical examination. If such refusal continues for one year or more, the Pension Board may terminate and revoke the Retirant's rights to a Disability Retirement Benefit. If upon a medical examination, it is determined that the Retirant has recovered from his or her Disability, the Retirant's Disability Retirement Benefit shall be terminated. If, within 90 days following the termination of a Retirant's Disability Retirement Benefit on account of recovery, the Retirant returns to work in Covered Employment, his or her prior Credited Service shall be reinstated. If a former Disability Retirant does not return to work in Covered Employment within 90 days following the date his or her Disability Retirement Benefit is terminated, he or she shall be eligible for a Deferred Withdrawal Retirement Benefit in accordance with Section 5.3, without regard to the service requirement of Section 4.3.

## Article 5

### Amount of Retirement Benefits

**5.1 Normal Retirement Benefit.** (a) **Provisions Prior to Design Changes Approved in 2010.** A Participant's Normal Retirement Benefit shall be a monthly benefit for the lifetime of the Participant equal in amount to one-twelfth of 1.4 percent of the Participant's Final Average Annual Compensation times the number of the Participant's years of Credited Service. Effective for Participants who terminate Covered Employment on or after January 1, 1991, "1.6 percent" shall be substituted for "1.4 percent" in the previous sentence. Effective for Participants who terminate Covered Employment on or after January 1, 1992, "1.8 percent" shall be substituted for "1.4 percent" in the first sentence of this Section. Effective for Participants who terminate Covered Employment on or after January 1, 2002, "2.0 percent" shall be substituted for "1.4 percent" in the first sentence of this Section. Effective January 1, 1991, the monthly retirement benefit of all Retirants in pay status under the Plan on that date (whether on account of Normal, Early, Deferred Withdrawal or Disability Retirement) shall be increased by five percent. Effective January 1, 1992, the monthly retirement benefit of all Retirants in pay status under the Plan on that date (whether on account of Normal, Early, Deferred Withdrawal or Disability Retirement) shall be increased by five percent. Effective January 1, 1993, the monthly retirement benefit of all Retirants in pay status under the Plan on that date (whether on account of Normal, Early, Deferred Withdrawal, or Disability Retirement) shall be increased by five percent. Effective January 1, 1994, the monthly retirement benefit of all Retirants in pay status under the Plan on that date (whether on account of Normal, Early, Deferred Withdrawal, or Disability Retirement) shall be increased by three percent. Effective January 1, 1995, the monthly retirement benefit of all Retirants in pay status under the Plan on that date (whether on account of Normal, Early, Deferred Withdrawal, or Disability Retirement) shall be increased by three percent. Effective July 1, 1996, the monthly retirement benefit of all Retirants in pay status under the Plan on that date (whether on account of Normal, Early, Deferred Withdrawal, or Disability Retirement) shall be increased by three percent. Effective April 1, 2001, the monthly retirement benefit of all Retirants in pay status under the Plan on that date (whether on account of Normal, Early, Deferred Withdrawal or Disability Retirement) shall be increased by five percent.

(b) **Normal Retirement Benefit for a Pre-2011 Participant.** Notwithstanding Subsection (a) above, the Normal Retirement Benefit payable to a Pre-2011 Participant who terminates Covered Employment on or after January 1, 2012 is a monthly benefit for the lifetime of the Participant equal to the sum of the following:

- (1) the Participant's Frozen Benefit, and
- (2) one-twelfth of 1.5 percent of the Participant's Final Average Annual Compensation times the number of the Participant's years of Credited Service earned on or after January 1, 2012.

If (i) the years of Credited Service used to determine a Pre-2011 Participant's Frozen Benefit are forfeited under Section 3.2 above subsequent to December 31, 2011, (ii) a Pre-2011 Participant does not have a Frozen Benefit due to the fact that the Participant's years of Credited Service earned prior to December 31, 2011 were forfeited under Section 3.2 above on or before December 31, 2011, or (iii) a Pre-2011 Participant has a Frozen Benefit, but also as of December 31, 2011 has years of Credited Service earned prior to December 31, 2011 that were forfeited under Section 3.2 above subject to possible reinstatement under that Section, then Paragraph (1) of this Subsection (b) is modified in its entirety with respect to such Pre-2011 Participant to read as follows:

(1) one-twelfth of 2.0 percent of the Participant's Final Average Annual Compensation (determined as of December 31, 2011, and based on the provisions of the Plan applicable to Pre-2011 Participants on that date, and in the case of a Pre-2011 Participant who was working in Covered Employment on December 31, 2011, as modified by the last sentence of Section 1.18 above) times the number of the Participant's years of Credited Service that relate to years prior to 2012, including years of Credited Service earned prior to December 31, 2011 that were forfeited under Section 3.2 above and subsequently reinstated under that Section, and

(c) **Normal Retirement Benefit for a Post-2010 Participant.** Notwithstanding Subsection (a) above, effective as of January 1, 2011, the Normal Retirement Benefit payable to a Post-2010 Participant is a monthly benefit for the lifetime of the Participant equal to one-twelfth of 1.5 percent of the Participant's Final Average Annual Compensation times the number of the Participant's years of Credited Service.

**5.2 Early Retirement Benefit.** (a) **Provisions Prior to Design Changes Approved in 2010.** A Participant's Early Retirement Benefit shall be equal to the Participant's Normal Retirement Benefit reduced by:

(1) one-half of one percent multiplied by the number of complete months not in excess of 60 between the date the Participant's Early Retirement Benefit commences and the Participant's 65th birthday, and

(2) one-third of one percent multiplied by the number of complete months in excess of 60 between the date the Participant's Early Retirement Benefit commences and the Participant's 65th birthday.

(b) **Early Retirement Benefit for a Pre-2011 Participant.** Notwithstanding Subsection (a) above, the Early Retirement Benefit payable to a Pre-2011 Participant who becomes eligible for an Early Retirement Benefit on or after January 1, 2012 shall be equal to the Participant's Normal Retirement Benefit reduced by:

(1) with respect to the portion of the Participant's Normal Retirement Benefit determined under Section 5.1(b)(1):

(A) one-half of one percent multiplied by the number of complete months not in excess of 60 between the date the Participant's Early Retirement Benefit commences and the Participant's 65th birthday, and

(B) one-third of one percent multiplied by the number of complete months in excess of 60 between the date the Participant's Early Retirement Benefit commences and the Participant's 65th birthday, and

(2) with respect to the portion of the Participant's Normal Retirement Benefit determined under Section 5.1(b)(2):

(A) one-half of one percent multiplied by the number of complete months not in excess of 60 between the date the Participant's Early Retirement Benefit commences and the Participant's Normal Retirement Age, and

(B) one-third of one percent multiplied by the number of complete months in excess of 60 between the date the Participant's Early Retirement Benefit commences and the Participant's Normal Retirement Age.

(c) **Early Retirement Benefit for a Post-2010 Participant.** Notwithstanding Subsection (a) above, effective as of January 1, 2011, the Early Retirement Benefit payable to a Post-2010 Participant shall be equal to the Participant's Normal Retirement Benefit reduced by:

(1) one-half of one percent multiplied by the number of complete months not in excess of 60 between the date the Participant's Early Retirement Benefit commences and the Participant's Normal Retirement Age, and

(2) one-third of one percent multiplied by the number of complete months in excess of 60 between the date the Participant's Early Retirement Benefit commences and the Participant's Normal Retirement Age.

(d) **Rule of 85.** Notwithstanding anything in Subsections (a) through (c) above, effective for Participants who become eligible for an Early Retirement Benefit on or after January 1, 1997, the Participant's Early Retirement Benefit shall be equal to the Participant's Normal Retirement Benefit, if the sum of the Participant's age (determined to the nearest one-twelfth year as of the date on which the Participant's Early Retirement Benefit commences) and the Participant's years of Credited Service equals or exceeds 85. Effective as of January 1, 2012, the preceding sentence shall apply only to Participants who were born prior to January 1, 1960.

(e) **Rule of 90.** Notwithstanding anything in Subsections (a) through (c) above, effective as of January 1, 2012, a Participant's Early Retirement Benefit shall be equal to the Participant's Normal Retirement Benefit, if the sum of the Participant's age (determined to the nearest one-twelfth year as of the date on which the Participant's Early Retirement Benefit commences) and the Participant's years of Credited Service equals or exceeds 90.

**5.3 Deferred Withdrawal Retirement Benefit.** (a) **Provisions Prior to Design Changes Approved in 2010.** A Participant's Deferred Withdrawal Retirement Benefit shall be equal to the Participant's Normal Retirement Benefit reduced by:

(1) one-half of one percent multiplied by the number of complete months not in excess of 60 between the date the Participant's Deferred Withdrawal Retirement Benefit commences and the Participant's 65th birthday, and

(2) one-third of one percent multiplied by the number of complete months in excess of 60 between the date the Participant's Deferred Withdrawal Retirement Benefit commences and the Participant's 65th birthday.

(b) **Deferred Withdrawal Retirement Benefit for a Pre-2011 Participant.** Notwithstanding Subsection (a) above, the Deferred Withdrawal Retirement Benefit payable to a Pre-2011 Participant whose Termination Date occurs on or after January 1, 2012 shall be equal to the Participant's Normal Retirement Benefit reduced by:

(1) with respect to the portion of the Participant's Normal Retirement Benefit determined under Section 5.1(b)(1):

(A) one-half of one percent multiplied by the number of complete months not in excess of 60 between the date the Participant's Deferred Withdrawal Retirement Benefit commences and the Participant's 65th birthday, and

(B) one-third of one percent multiplied by the number of complete months in excess of 60 between the date the Participant's Deferred Withdrawal Retirement Benefit commences and the Participant's 65th birthday, and

(2) with respect to the portion of the Participant's Normal Retirement Benefit determined under Section 5.1(b)(2):

(A) one-half of one percent multiplied by the number of complete months not in excess of 60 between the date the Participant's Deferred Withdrawal Retirement Benefit commences and the Participant's Normal Retirement Age, and

(B) one-third of one percent multiplied by the number of complete months in excess of 60 between the date the Participant's Deferred Withdrawal Retirement Benefit commences and the Participant's Normal Retirement Age.

(c) **Deferred Withdrawal Retirement Benefit for a Post-2010 Participant.** Notwithstanding Subsection (a) above, effective as of January 1, 2011, the Deferred Withdrawal Retirement Benefit payable to a Post-2010 Participant shall be equal to the Participant's Normal Retirement Benefit reduced by:

(1) one-half of one percent multiplied by the number of complete months not in excess of 60 between the date the Participant's Deferred Withdrawal Retirement Benefit commences and the Participant's Normal Retirement Age, and

(2) one-third of one percent multiplied by the number of complete months in excess of 60 between the date the Participant's Deferred Withdrawal Retirement Benefit commences and the Participant's Normal Retirement Age.

(d) **Rule of 85.** Notwithstanding anything in Subsections (a) through (c) above, effective for Participants who become eligible for a Deferred Withdrawal Retirement Benefit on or after January 1, 1997, the Participant's Deferred Withdrawal Retirement Benefit shall be equal to the Participant's Normal Retirement Benefit, if the sum of the Participant's age (determined to the nearest one-twelfth year as of the date on which the Participant's Early Retirement Benefit commences) and the Participant's years of Credited Service equals or exceeds 85. Effective as of January 1, 2012, the preceding sentence shall apply only to Participants who were born prior to January 1, 1960.

(e) **Rule of 90.** Notwithstanding anything in Subsections (a) through (c) above, effective as of January 1, 2012, a Participant's Deferred Withdrawal Retirement Benefit shall be equal to the Participant's Normal Retirement Benefit, if the sum of the Participant's age (determined to the nearest one-twelfth year as of the date on which the Participant's Deferred Withdrawal Retirement Benefit commences) and the Participant's years of Credited Service equals or exceeds 90.

**5.4 Disability Retirement Benefit.** (a) **Provisions Prior to Design Changes Approved in 2010.** A Participant's Disability Retirement Benefit shall be a monthly benefit for the lifetime of the Participant in an amount equal to one-twelfth of 1.4 percent of the Participant's Final Average Annual Compensation times the number of the

Participant's years of Credited Service, or, if greater, one-twelfth of 10 percent of the Participant's Final Average Annual Compensation. Effective for Participants whose Termination Date occurs on account of Disability on or after January 1, 1991, "1.6 percent" shall be substituted for "1.4 percent" in the previous sentence. Effective for Participants whose Termination Date occurs on account of Disability on or after January 1, 1992, "1.8 percent" shall be substituted for "1.4 percent" in the first sentence of this Section. Effective for Participants whose Termination Date occurs on account of Disability on or after January 1, 2002, "2.0 percent" shall be substituted for "1.4 percent" in the first sentence of this Section.

**(b) Disability Retirement Benefit for a Pre-2011 Participant.**

Notwithstanding Subsection (a) above, the Disability Retirement Benefit payable to a Pre-2011 Participant whose Termination Date occurs on or after January 1, 2012 is a monthly benefit for the lifetime of the Participant equal to the greater of:

(1) the sum of the following:

(A) the Participant's Frozen Benefit, and

(B) one-twelfth of 1.5 percent of the Participant's Final Average Annual Compensation times the number of the Participant's years of Credited Service earned on or after January 1, 2012, or

(2) one-twelfth of 10 percent of the Participant's Final Average Annual Compensation.

If (i) the years of Credited Service used to determine a Pre-2011 Participant's Frozen Benefit are forfeited under Section 3.2 above subsequent to December 31, 2011, (ii) a Pre-2011 Participant does not have a Frozen Benefit due to the fact that the Participant's years of Credited Service earned prior to December 31, 2011 were forfeited under Section 3.2 above on or before December 31, 2011, or (iii) a Pre-2011 Participant has a Frozen Benefit, but also as of December 31, 2011 has years of Credited Service earned prior to December 31, 2011 that were forfeited under Section 3.2 above subject to possible reinstatement under that Section, then Paragraph (1)(A) of this Subsection (b) is modified in its entirety with respect to such Pre-2011 Participant to read as follows:

(1) one-twelfth of 2.0 percent of the Participant's Final Average Annual Compensation (determined as of December 31, 2011, and based on the provisions of the Plan applicable to Pre-2011 Participants on that date, and in the case of a Pre-2011 Participant who was working in Covered Employment on December 31, 2011, as modified by the last sentence of Section 1.18 above) times the number of the Participant's years of Credited Service that relate to years prior to 2012, including years of Credited Service earned prior to December 31, 2011 that were forfeited under Section 3.2 above and subsequently reinstated under that Section, and

(c) **Disability Retirement Benefit for a Post-2010 Participant.**

Notwithstanding Subsection (a) above, effective as of January 1, 2011, the Disability Retirement Benefit payable to a Post-2010 Participant is a monthly benefit for the lifetime of the Participant equal to the greater of:

(1) one-twelfth of 1.5 percent of the Participant's Final Average Annual Compensation times the number of the Participant's years of Credited Service, or

(2) one-twelfth of 10 percent of the Participant's Final Average Annual Compensation.

(d) **Reduction to Disability Retirement Benefit for Earnings During Period of Disability.**

In the case of a Participant who has not attained Normal Retirement Age, if the Participant's monthly Disability Retirement Benefit plus one-twelfth of the annualized rate of amounts paid to the Participant for personal services in any gainful occupation, which the Participant receives during the Participant's period of Disability, exceed one-twelfth of 75 percent of the Participant's Final Average Annual Compensation, then the Participant's Disability Retirement Benefit will be reduced by the amount of the excess. The 75 percent figure specified in the previous sentence shall be increased by 2.5 percentage points for each full year that elapses following the effective date of the Participant's Disability Retirement Benefit. In the case of a Pre-2011 Participant, solely for purposes of this Section 5.4(d), the Participant's Final Average Annual Compensation shall be the greater of the Participant's Final Average Annual Compensation determined as of December 31, 2011 under the Plan provisions then in effect and the Participant's Final Average Annual Compensation determined at the time the Participant terminated Covered Employment on account of Disability.

**5.5 Minimum Pension.** The minimum Pension payable under the Plan at Normal Retirement Age shall be \$100 per month for the Participant's lifetime. Except if paid on account of Disability, the minimum Pension shall be reduced on account of commencement prior to Normal Retirement Age or selection of a distribution option other than a straight life annuity in accordance with applicable Plan provisions. Effective as of January 1, 1995, this Section shall not apply to a Participant who previously received a cashout of the Participant's Accrued Benefit under the Plan pursuant to Section 7.5. Effective as of March 3, 2010, this Section shall not apply to a Participant who has not completed five or more years of Credited Service.

**5.6 Limitations on Benefits.**(a) **Annual Benefit.** The annual benefit otherwise payable to a Participant at any time will not exceed the maximum permissible benefit. If the benefit the Participant would otherwise accrue in a Limitation Year would produce an annual benefit in excess of the maximum permissible benefit, the rate of accrual will be reduced so that the annual benefit will equal the maximum permissible benefit.

(b) **Limitation if Covered by Another Qualified Defined Benefit Plan.** If a Participant is, or has ever been, covered under more than one defined benefit plan maintained by the employer, the sum of the Participant's annual benefits from all such plans may not exceed the maximum permissible benefit. The rate of accrual for a Participant under this Plan will be reduced to the extent necessary to prevent a violation of the limitations set forth in this section.

(c) **Pre-July 1, 2007 Limitations.** In the case of an individual who was a participant in one or more defined benefit plans of the employer as of the first day of the first Limitation Year beginning after July 1, 2007, the application of the limitations of this section shall not cause the maximum permissible benefit for such individual under all such defined benefit plans to be less than the individual's accrued benefit under all such defined benefit plans as of the end of the last Limitation Year beginning before July 1, 2007 under provisions of the plans that were both adopted and in effect before April 5, 2007. The preceding sentence applies only if the provisions of such defined benefit plans that were both adopted and in effect before April 5, 2007 satisfied the applicable requirements of statutory provisions, regulations, and other published guidance relating to Code Section 415 in effect as of the end of the last Limitations Year beginning before July 1, 2007, as described in Treasury Regulation Section 1.415(a)-1(g)(4).

(d) **Definitions.** The following definitions shall be applicable for purposes of this section.

(1) **"annual benefit"** means a retirement benefit under the Plan which is payable annually in the form of a straight life annuity. Except as provided below, a benefit payable in a form other than a straight life annuity must be adjusted to an actuarially equivalent straight life annuity before applying the limitations of this section. The actuarially equivalent straight life annuity is equal to the greater of the annuity benefit computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for adjusting benefits in the same form and the annuity benefit computed using a five percent interest rate assumption and the Code Section 417 applicable mortality table set forth in Code Section 417(e)(3)(B). No actuarial adjustment to the benefit is required for (1) the value of a qualified joint and survivor annuity, (2) the value of benefits that are not directly related to retirement benefits (such as preretirement death benefits, and post-retirement medical benefits), and (3) the value of post-retirement cost-of-living increases made in accordance with Code Section 415(d) and Treasury Regulation Section 1.415-3(c)(2)(iii). The annual benefit does not include any benefits attributable to Employee contributions or rollover contributions, or the assets transferred from a qualified plan that was not maintained by the employer.

(2) **"compensation"** means a Participant's wages, salaries, and fees for professional services, and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the employer maintaining the Plan to the extent that the amounts are includible in gross income (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on

insurance premiums, tips and bonuses, fringe benefits, and reimbursements, or other expense allowances under a nonaccountable plan, as described in Treasury Regulation Section 1.62-2(c)), and excluding the following:

(A) employer contributions to a plan of deferred compensation which are not included in the Employee's gross income for the taxable year in which contributed or employer contributions under a simplified employee pension plan to the extent such contributions are deductible by the Employee or any distributions from a plan of deferred compensation;

(B) amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by the Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

(C) amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

(D) other amounts which received special tax benefits, or contributions made by the employer (whether or not under a salary reduction agreement) towards the purchase of an annuity described in Code Section 403(b) (whether or not the amounts are actually excludable from the gross income of the Employee).

For any self-employed individual, compensation will mean earned income. For purposes of this section, a participant's compensation for a Limitation Year shall not include compensation in excess of the limitation under Code Section 401(a)(17) that is in effect for the calendar year in which such Limitation Year begins.

Except as provided herein, for Limitation Years beginning after December 31, 1991, for purposes of applying the limitations of this section, compensation for a Limitation Year is the compensation actually paid or made available during such Limitation Year. For Limitation Years beginning after December 31, 1997, for purposes of applying the limitations of this section, compensation paid or made available during such Limitation Year shall include any elective deferral (as defined in Code Section 402(e)(3)), and any amount which is contributed or deferred by the employer at the election of the Employee and which is not includible in the gross income of the Employee by reason of Code Section 125, 132(f)(4), or 457.

For Limitation Years beginning on or after July 1, 2007, compensation for a Limitation Year shall also include compensation paid by the later of 2 ½ months after an employee's severance from employment with the employer maintaining the Plan or the end of the Limitation Year that includes the date of the employee's severance from employment with the employer maintaining the Plan, if: (i) the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and,

absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or (ii) the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued; or (iii) the payment is received by the employee pursuant to a nonqualified unfunded deferred compensation plan and would have been paid at the same time if employment had continued, but only to the extent includible in gross income.

Any payments not described above shall not be considered compensation if paid after severance from employment, even if they are paid by the later of 2 ½ months after the date of severance from employment or the end of the Limitation Year that includes the date of severance from employment, except payments to an individual who does not currently perform services for the employer by reason of qualified military service (within the meaning of Code Section 414(u)(i)) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the employer rather than entering qualified military service.

Back pay, within the meaning of Treasury Regulation Section 1.415(c)-2(g)(8), shall be treated as compensation for the Limitation Year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.

(3) "**defined benefit compensation limitation**" means 100 percent of the Participant's highest average compensation. In the case of a Participant who is rehired after a severance from employment, the defined benefit compensation limitation is the greater of 100 percent of the Participant's highest average compensation, as determined prior to the severance from employment, or 100 percent of the Participant's highest average compensation, as determined after the severance from employment.

(4) "**defined benefit dollar limitation**" means \$160,000, effective for Limitation Years ending after December 31, 2001. Effective on January 1 of each year thereafter, the \$160,000 limitation above will be automatically adjusted by multiplying such limit by the cost-of-living adjustment factor prescribed by the Secretary of the Treasury under Code Section 415(d) in such manner as the Secretary shall prescribe. The new limitation will apply to Limitation Years ending within the calendar year for which the adjustment applies.

(5) "**employer**" means the Covered Unit and all members of a controlled group of corporations (as defined in Code Section 414(b), as modified by Code Section 415(h)), all commonly controlled trades or businesses (as defined in Code Section 414(c), as modified by Code Section 415(h)), or affiliated service groups (as defined in Code Section 414(m)) of which the Covered Unit is a part, and any other entity required to be aggregated with the Covered Unit pursuant to regulations under Code Section 414(o).

(6) **"formerly affiliated plan of the employer"** means a plan that immediately prior to the cessation of affiliation, was actually maintained by the employer. For this purpose, "cessation" of affiliation means the event that (A) causes an entity to no longer be considered the employer, such as the sale of a member of a controlled group of corporations, as defined in Code Section 414(b), as modified by Code Section 415(h), to an unrelated corporation, or (B) causes a plan to not actually be maintained by the employer, such as transfer of plan sponsorship outside a controlled group.

(7) **"highest average compensation"** means the average compensation for the three-consecutive years of service (or, if the participant has less than three consecutive years of service, the participant's longest consecutive period of service, including fractions of a year, but not less than one year) with the employer that produces the highest average. A year of service with the employer for purposes of this paragraph is each 12-consecutive-month period ending on the last day of each Limitation Year for which a participant is credited with at least the number of hours of service for benefit accrual purposes required under the terms of the Plan in order to accrue a benefit for the accrual computation period, taking into account only service with the employer or a predecessor employer. In the case of a Participant who has had a severance from employment, the Participant's highest average compensation will be automatically adjusted by multiplying such compensation by the cost of living adjustment factor prescribed by the Secretary of the Treasury under Code Section 415(d) in such manner as the Secretary shall prescribe. The adjusted compensation amount will apply to Limitation Years ending within the calendar year of the date of the adjustment.

In the case of a Participant who is rehired by the employer after a severance from employment, the Participant's highest average compensation shall be calculated by excluding all years for which the Participant performs no services for and receives no compensation from the employer (the break period) and by treating the years immediately preceding and following the break period as consecutive.

(8) **"maximum permissible benefit"** means, subject to Subparagraph (E), the defined benefit dollar limitation (adjusted where required, as provided in Subparagraph (A) and, if applicable in Subparagraphs (B), (C), and (D) below). However, in the case of highly compensated benefits, "maximum permissible benefit" means, subject to Subparagraph (E), the lesser of the defined benefit dollar limitation or the defined benefit compensation limitation (both adjusted where required, as provided in Subparagraph (A) and, if applicable, in Subparagraphs (B), (C), and (D) below). For purposes of this Paragraph, "highly compensated benefits" means any benefits accrued for an Employee in any year on or after the first year in which such employee is a highly compensated employee (as defined in Code Section 414(q)) of the employer. For purposes of applying the defined benefit compensation limitation to highly compensated benefits, all benefits of the employee otherwise taken into account (without regard to this Paragraph) shall be taken into account.

(A) If the Participant has fewer than 10 years of participation in the Plan, the defined benefit dollar limitation shall be multiplied by a fraction -- (i) the numerator of which is the number of years (or part thereof) of participation in the Plan, and (ii) the denominator of which is ten. In the case of a Participant who has less than ten years of service with the employer, the compensation limitation shall be multiplied by a fraction -- (i) the numerator of which is the number of years (or part thereof) of service with the employer, and (ii) the denominator of which is ten.

(B) If the benefit of a Participant begins prior to age 62, the defined benefit dollar limitation applicable to the Participant at such earlier age shall be limited to:

(i) **if the Plan does not have an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement**, the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant's annuity starting date that is the actuarial equivalent of the dollar limitation under Code Section 415(b)(1)(A) (as adjusted under Code Section 415(d)), with actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table described in Code Section 417(e)(3)(B) and expressing the Participant's age based on completed calendar months as of the annuity starting date.

(ii) **if the Plan has an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement**, the lesser of (1) the adjusted dollar limitation determined in accordance with (i); and (2) the product of the dollar limitation under Code Section 415(b)(1)(A) (as adjusted under Code Section 415(d)) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the Plan at the Participant's annuity starting date to the annual amount of the immediately commencing straight life annuity under the Plan at age 62, both determined without applying the limitations of Code Section 415.

(C) If the benefit of a Participant begins after the Participant attains age 65, the defined benefit dollar limitation applicable to the Participant at the later age is increased to:

(i) **if the Plan does not have an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement**, the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant's annuity starting date that is the actuarial equivalent of the dollar limitation under Code Section 415(b)(1)(A) (as adjusted under Code Section 415(d)), with actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table described in Code Section 417(e)(3)(B) and expressing the Participant's age based on completed calendar months as of the annuity starting date.

(ii) **if the Plan has an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement**, the lesser of (1) the adjusted dollar limitation determined in accordance with (i); and (2) the product of the dollar limitation under Code Section 415(b)(1)(A) (as adjusted under Code Section 415(d)) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the Plan at the Participant's annuity starting date to the annual amount of the immediately commencing straight life annuity under the Plan at age 65, both determined without applying the limitations of Code Section 415.

(D) Notwithstanding the requirements of Section 5.6(d)(8)(B) and (C), in adjusting the defined benefit dollar limitation for the Participant's annuity starting date under Section 5.6(d)(8)(B)(i) or 5.6(d)(8)(C)(i), no adjustment shall be made to reflect the probability of a Participant's death between the annuity starting date and age 62, or between age 65 and the annuity starting date, as applicable, if benefits are not forfeited upon the death of the Participant prior to the annuity starting date. To the extent benefits are forfeited upon death before the annuity starting date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon the Participant's death if the Plan does not charge Participants for providing a qualified preretirement survivor annuity, as defined in Code Section 417(c), upon the Participant's death.

(E) Notwithstanding anything else in this section to the contrary, the benefit otherwise accrued or payable to a Participant under this Plan shall be deemed not to exceed the maximum permissible benefit if:

(i) the retirement benefits payable for a Limitation Year under any form of benefit with respect to such Participant under this Plan and under all other defined benefit plans (regardless of whether terminated) ever maintained by the employer do not exceed \$1,000 multiplied by the Participant's number of years of service or parts thereof (not to exceed ten) with the employer; and

(ii) the employer has not at any time maintained a defined contribution plan in which the Participant participated (for this purpose, mandatory employee contributions under a defined benefit plan, individual medical accounts under Code Section 401(h), and accounts for post-retirement medical benefits established under Code Section 419A(d)(1) are not considered a separate defined contribution plan).

(9) **"predecessor employer"** means, with respect to a Participant, a former employer of such Participant if the employer maintains a plan that provides a benefit which the Participant accrued while performing services for the former employer. A former entity that antedates the employer is also a predecessor employer with respect to a Participant if, under the facts and circumstances, the employer constitutes a continuation of all or a portion of the trade or business of the former entity. For this purpose, the formerly affiliated plan rules in Treasury Regulation Section 1.415(f)-

1(b)(2) apply as if the employer and predecessor employer constituted a single employer under the rules described in Treasury Regulation Section 1.415(a)-1(f)(1) and (2) immediately prior to the cessation of affiliation (and as if they constituted two, unrelated employers under the rules described in Treasury Regulation Section 1.415(a)-1(f)(1) and (2) immediately after the cessation of affiliation) and cessation of affiliation was the event that gives rise to the predecessor employer relationship, such as a transfer of benefits or plan sponsorship.

(10) "**severance from employment**" means, with respect to any individual, cessation from being an employee of the employer maintaining the Plan. An employee does not have a severance form employment if, in connection with a change of employment, the employee's new employer maintains the Plan with respect to the employee.

(11) "**straight life annuity**" means an annuity payable in equal installments for the life of a Participant that terminates upon the Participant's death.

(12) "**year of participation**" means the Participant shall be credited with a year of participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met:

(A) The Participant is credited with at least the number of hours of service for benefit accrual purposes, required under the terms of the Plan in order to accrue a benefit for the accrual computation period, and

(B) The Participant is included as a Participant under the eligibility provisions of the Plan for at least one day of the accrual computation period.

If these two conditions are met, the portion of a year of participation credited to the Participant shall equal the amount of benefit accrual service credited to the Participant for such accrual computation period. A Participant who is permanently and totally disabled within the meaning of Code Section 415(c)(3)(C)(i) for an accrual computation period shall receive a year of participation with respect to that period. In addition, for a Participant to receive a year of participation (or part thereof) for an accrual computation period, the Plan must be established no later than the last day of such accrual computation period. In no event will more than one year of participation be credited for any 12-month period.

(e) **Other Rules.**

(1) **Benefits Under Terminated Plans.** If a defined benefit plan maintained by the employer has terminated with sufficient assets for the payment of benefit liabilities of all plan participants and a Participant in the Plan has not yet commenced benefits under the Plan, the benefits provided pursuant to the annuities purchased to provide the Participant's benefits under the terminated plan at each possible annuity starting date shall be taken into account in applying the limitations of this section.

If there are not sufficient assets for the payment of all participants' benefit liabilities, the benefits taken into account shall be the benefits that are actually provided to the Participant under the terminated plan.

(2) **Benefits Transferred from the Plan.** If a Participant's benefits under a defined benefit plan maintained by the employer are transferred to another defined benefit plan maintained by the employer and the transfer is not a transfer of distributable benefits pursuant to Treasury Regulation Section 1.411(d)-4, Q&A-3(c), then the transferred benefits are not treated as being provided under the transferor plan (but are taken into account as benefits provided under the transferee plan). If a Participant's benefits under a defined benefit plan maintained by the employer are transferred to another defined benefit plan that is not maintained by the employer and the transfer is not a transfer of distributable benefits pursuant to Treasury Regulation Section 1.411(d)-4, Q&A-3(c), then the transferred benefits are treated by the employer's plan as if such benefits were provided under annuities purchased to provide benefits under a plan maintained by the employer that terminated immediately prior to the transfer with sufficient assets to pay all participants' benefit liabilities under the plan. If a Participant's benefits under a defined benefit plan maintained by the employer are transferred to another defined benefit plan in a transfer of distributable benefits pursuant to Treasury Regulation Section 1.411(d)-4, Q&A-3(c), the amount transferred is treated as a benefit paid from the transferor plan.

(3) **Formerly Affiliated Plans of the Employer.** A formerly affiliated plan of the employer shall be treated as a plan maintained by the employer, but the formerly affiliated plan shall be treated as if it had terminated immediately prior to the cessation of affiliation with sufficient assets to pay participants' benefit liabilities under the plan and had purchased annuities to provide benefits.

(4) **Plans of a Predecessor Employer.** If the employer maintains a defined benefit plan that provides benefits accrued by a Participant while performing services for a predecessor employer, then the Participant's benefits under a plan maintained by the predecessor employer shall be treated as provided under a plan maintained by the employer. However, for this purpose, the plan of the predecessor employer shall be treated as if it had terminated immediately prior to the event giving rise to the predecessor employer relationship with sufficient assets to pay participants' benefit liabilities under the plan, and had purchased annuities to provide benefits; the employer and the predecessor employer shall be treated as if they were a single employer immediately prior to such event and as unrelated employer immediately after the event; and if the event giving rise to the predecessor relationship is a benefit transfer, the transferred benefits shall be excluded in determining the benefits provided under the plan of the predecessor employer.

(5) **Special Rules.** The limitations of this section shall be determined and applied taking into account the rules in Treasury Regulation Section 1.415(f)-1(d), (e), and (h).

(6) **Aggregation with Multiemployer Plans.**

(A) If the employer maintains a multiemployer plan, as defined in Code Section 414(f), and the multiemployer plan so provides, only the benefits under the multiemployer plan that are provided by the employer shall be treated as benefits provided under a plan maintained by the employer for purposes of this section.

(B) Effective for Limitation Years ending after December 31, 2001, a multiemployer plan shall be disregarded for purposes of applying the compensation limitation of paragraph 5.6(d)(3) and subparagraph 5.6(d)(8)(A) to a plan which is not a multiemployer plan.

(f) **Incorporation by Reference.** Notwithstanding anything in the Plan to the contrary, all benefits under the Plan are subject to and will be calculated in accordance with the limitations of Code Section 415 and the Treasury Regulations thereunder, which are hereby incorporated by reference.

## Article 6

### Commencement of Retirement Benefits

**6.1 Application for Benefits.** Participants eligible for benefits under the Plan shall file a written application for the benefits with the Pension Board on a form or forms provided by the Pension Board. Applications should be filed not less than 30 days nor more than 180 days prior to the date on which the benefits are to commence. The Pension Board may require any Participant applying for benefits to furnish it with any information reasonably necessary for the proper administration of the Plan, and if the Participant fails to provide the information, the Pension Board may compute the Participant's benefits on any reasonable basis. Subject to Section 6.4, no benefits shall be payable under the Plan with respect to any period which is prior to the date on which application for the benefits is received by the Pension Board in accordance with procedures established by it, unless the Pension Board determines that the delay was not due to negligence on the part of the Participant.

**6.2 Commencement of Normal, Early and Deferred Withdrawal Retirement Benefits.** Subject to Section 6.4, a Normal Retirement Benefit, Early Retirement Benefit or Deferred Withdrawal Retirement Benefit shall commence to a Participant who is eligible for it and who has properly applied for it as of the first day of the month selected by the Participant, provided that such date is not earlier than the first day of the month coincident with or next following the date on which such Participant becomes eligible for such benefit.

**6.3 Commencement of Disability Retirement Benefits.** A Participant's Disability Retirement Benefit shall commence on the first day of the month coincident with or next following the latest of:

- (a) the date on which the Pension Board approves the Participant's Disability,
- (b) the expiration of any period for which the Participant is paid temporary sickness or accident benefits, or
- (c) the expiration of the Participant's Worker's Compensation Period.

**6.4 Special Limitations on Commencement of Benefits. (a) General Rules.**

(1) **Precedence.** The requirements of this section will take precedence over any inconsistent provisions of the Plan.

(2) **Requirements of Treasury Regulations Incorporated.** All distributions required under this section will be determined and made in accordance with the Treasury Regulations under Code Section 401(a)(9).

(3) **TEFRA Section 242(b)(2) Elections.** Notwithstanding the other provisions of this section, other than Section 6.4(a)(2), distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to Section 242(b)(2) of TEFRA.

(b) **Time and Manner of Distribution.**

(1) **Required Beginning Date.** The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(2) **Death of Participant Before Distributions Begin.** If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(A) Distributions to the Participant's designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(B) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

For purposes of this Section 6.4(b)(2) and Section 6.4(e), distributions are considered to begin on the Participant's required beginning date. If annuity payments irrevocably commence to the Participant before the Participant's required beginning date, the date distributions are considered to begin is the date distributions actually commence.

(3) **Forms of Distribution.** Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Subsections (c), (d), and (e) of this section. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Treasury Regulations. Any part of the Participant's interest which is in the form of an individual account described in Code Section 414(k) will be distributed in a manner satisfying the requirements of Code Section 401(a)(9) and the Treasury Regulations that apply to individual accounts.

(c) **Determination of Amount to be Distributed Each Year**

(1) **General Annuity Requirements.** If the Participant's interest is paid in the form of annuity distributions under the Plan, payments under the

annuity will satisfy the following requirements:

(A) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(B) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in Subsection (d) or (e);

(C) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(D) payments will either be nonincreasing or increase only as follows:

(i) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

(ii) to the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in Subsection (d) dies or is no longer the Participant's beneficiary pursuant to a qualified domestic relations order within the meaning of Code Section 414(p) ;

(iii) to provide cash refunds of employee contributions upon the Participant's death; or

(iv) to pay increased benefits that result from a Plan amendment.

**(2) Amount Required to be Distributed by Required Beginning Date.** The amount that must be distributed on or before the Participant's required beginning date (or, if the Participant dies before distributions begin, the date distributions are required to begin under Section 6.4(b)(2)(A) or (B)) is the payment that is 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, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's required beginning date.

**(3) Additional Accruals After First Distribution Calendar Year.** Any additional benefits accruing to the Participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval

ending in the calendar year immediately following the calendar year in which such amount accrues.

**(d) Requirements For Annuity Distributions That Commence During Participant's Lifetime**

(1) **Joint Life Annuities.** If the Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and his or her designated beneficiary, annuity payments to be made on or after the Participant's required beginning date to the designated beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Treasury Regulations Section 1.401(a)(9)-6, Q&A-2(c)(2). If the form of distribution combines a joint and survivor annuity and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

(2) **Period Certain Annuities.** The period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in Treasury Regulations Section 1.401(a)(9)-9, Q&A-2 for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in Treasury Regulations Section 1.401(a)(9)-9, Q&A-2 plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the annuity starting date.

**(e) Requirements For Minimum Distributions Where Participant Dies Before Date Distributions Begin**

(1) **Participant Survived by Designated Beneficiary.** If the Participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, the Participant's entire interest will be distributed, beginning no later than the time described in Section 6.4(b)(2)(A) or (B), over the life of the designated beneficiary or over a period certain not exceeding:

(A) unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

(B) if the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.

(2) **No Designated Beneficiary.** If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(f) **Definitions**

(1) **“designated beneficiary”** means the individual who is designated as the Beneficiary under Section 8.1 and is the designated beneficiary under Code Section 401(a)(9) and Treasury Regulations Section 1.401(a)(9)-4, Q&A-1.

(2) **“distribution calendar year”** means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Section 6.4(b)(2).

(3) **“life expectancy”** means life expectancy as computed by use of the Single Life Table in Treasury Regulations Section 1.401(a)(9)-9.

(4) **“required beginning date”** means April 1 of the calendar year following the calendar year in which the Participant attains age 70½, or if later, the calendar year in which the Participant retires.

**6.5 Reemployment after Commencement of Retirement Benefits.** If a Participant who is receiving retirement benefits under the Plan returns to work in Covered Employment, payment of retirement benefits to the Participant shall stop. On the Participant's subsequent retirement under the Plan, the Participant's retirement benefit shall be recomputed as of the subsequent retirement date, provided that the Participant's recalculated retirement benefit shall be adjusted, using the interest factor set forth in Section 1.2, to reflect the retirement benefits previously paid out to the Participant. The recalculated retirement benefit of the Participant shall not be less than the Actuarial Equivalent of the Participant's retirement benefit as of the Participant's prior retirement date.

**6.6 Missing Participant or Beneficiary.** If within three years after payment of a Participant's or Beneficiary's benefit under the Plan was scheduled to commence, the Pension Board, after making a reasonable effort, is unable to locate the Participant or the Beneficiary, the Pension Board shall hold the benefit until a claim is made by the Participant or the Beneficiary. A Participant's or a Beneficiary's benefit held by the Pension Board under this Section shall be reduced by the amount of the benefits paid by the Pension Board to any state or political subdivision under any escheat law or statute.

## Article 7

### Form of Distribution of Retirement Benefits

**7.1 Normal Form of Distribution.** The normal form of distribution of a Normal, Early or Deferred Withdrawal Retirement Benefit and, effective June 1, 1987, the required form of distribution of a Disability Retirement Benefit under the Plan is a monthly benefit for the lifetime of the Participant. Amounts payable under any optional form of distribution permitted by the Plan shall be computed so that the total projected payments under the optional form are the Actuarial Equivalent of the total projected payments under the normal form of distribution.

**7.2 Optional Forms of Distribution.** A Participant may elect any one of the following optional forms of distribution of the Participant's Normal, Early or Deferred Withdrawal Retirement Benefit:

(a) **Term Certain and Life Option.** Under this form of distribution, the Participant is paid a guaranteed monthly benefit for the Participant's lifetime. If the Participant dies during the first 60 months following the time payment of the Participant's benefit commences, the monthly benefit payment continues to be made to the Participant's designated beneficiary for the remainder of the 60-month period. If the Participant's death occurs after the expiration of the 60-month period, all benefit payments cease upon the Participant's death.

(b) **Joint and 100 percent Survivor Annuity Option.** Under this form of distribution, the Participant is paid a reduced monthly benefit for the Participant's lifetime. Following the Participant's death, the same monthly benefit payment continues for the life of the Participant's designated joint annuitant. If the Participant's designated joint annuitant predeceases the Participant, the monthly amount of the Participant's lifetime benefit will be increased (prospectively from the first day of the month following the designated joint annuitant's death; provided that no retroactive payment of the increase in the monthly benefit will be made with respect to any periods that are more than 12 months preceding the date on which the Conference receives a copy of the designated joint annuitant's death certificate, and provided further that no interest will be paid on such retroactive payment) to the monthly amount which would have been paid if the Participant had originally elected at the time the Participant's benefits commenced to have his or her benefit paid under the normal form of distribution. A Participant may not elect the joint and 100 percent survivor annuity form of distribution available under this Section 7.2(b) with a joint annuitant who is more than ten years younger than the Participant.

(c) **Joint and 50 percent Survivor Annuity Option.** Under this form of distribution, a Participant is paid a reduced monthly benefit for the Participant's lifetime. Following the Participant's death, one-half of the monthly benefit paid during the Participant's lifetime is continued and paid throughout the life of the Participant's designated joint annuitant. If the Participant's designated joint annuitant predeceases the

Participant, the monthly amount of the Participant's lifetime benefit will be increased (prospectively from the first day of the month following the designated joint annuitant's death; provided that no retroactive payment of the increase in the monthly benefit will be made with respect to any periods that are more than 12 months preceding the date on which the Conference receives a copy of the designated joint annuitant's death certificate, and provided further that no interest will be paid on such retroactive payment) to the monthly amount which would have been paid if the Participant had originally elected at the time the Participant's benefits commenced to have his or her benefit paid under the normal form of distribution.

Once benefits commence, a Participant's election of a form of distribution is irrevocable, and the individual designated as the Participant's joint annuitant, if applicable, may not be changed.

The present value of the retirement benefit payments to be made to the Participant must be more than 50 percent of the present value of the total payments to be made to the Participant and the Participant's beneficiaries, all as determined as of the later of the Participant's retirement date or the Participant's Termination Date. For purposes of this Section, the actuarial assumptions set forth in Section 1.2 shall be used.

**7.3 Default Form of Distribution at Required Beginning Date.** If a Participant has not elected a form of distribution at least 60 days prior to the Participant's required beginning date, as that term is defined in Section 6.4(f)(4) above, the normal form of distribution for the Participant shall be a straight life annuity for the lifetime of the Participant.

**7.4 Direct Rollover of Eligible Rollover Distributions.(a) General Rule.** This section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this section, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(b) **Definitions.**

(1) **Eligible rollover distribution.** An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the 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 such distribution is required under Code Section 401(a)(9); and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities). A portion of a distribution shall not fail

to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be paid only to an individual retirement account or annuity described in Code Section 408(a) or (b), or to a qualified trust (as defined in Code Section 402(c)(8)(A)) or an annuity contract described in Code Section 403(b) if such trust or contract provides for separate accounting for amounts so transferred (and earnings thereon), including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(2) **Eligible retirement plan.** An eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity (other than an endowment contract) described in Code Section 408(b), a qualified trust described in Code Section 401(a), an annuity plan described in Code Section 403(a), an eligible plan under Code Section 457(b) which is maintained by a state, a political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state which agrees to separately account for amounts transferred into such Plan from this Plan, an annuity contract described in Code Section 403(b), or a Roth IRA described in Code Section 408A, subject to any limitations imposed by that Code Section. This definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is an alternate payee under a qualified domestic relations order, as defined in Code Section 414(p). Notwithstanding the foregoing, in the case of a distribution to a nonspouse Beneficiary, 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), or a Roth IRA described in Code Section 408A, subject to any limitations imposed by that Code Section.

(3) **Distributee.** A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are distributees with regard to the interest of the spouse or former spouse. In addition, a distributee includes the nonspouse Beneficiary of an employee or former employee.

(4) **Direct rollover.** A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

**7.5 Voluntary Cash out of Small Accrued Benefit.** Notwithstanding anything in the Plan to the contrary, if a Participant's Termination Date has occurred, other than on account of death or Disability, at any time thereafter that is prior to the date on which the Participant's Normal, Early or Deferred Withdrawal Retirement Benefit commences, the Participant may elect on a form provided by the Pension Board to have the Trustee distribute the present value of the Participant's vested Accrued Benefit to the Participant in a single payment within a reasonable amount of time following receipt of the Participant's voluntary election to receive the cash-out benefit; provided, however, this voluntary cash-out election shall be available only if the present value of the Participant's vested Accrued Benefit does not exceed \$25,000, determined as of the time the voluntary

cash-out payment is made. For purposes of this Section, the present value of a Participant's Accrued Benefit will be determined based on the interest rate and mortality table set forth in Section 1.2. If a Participant whose Accrued Benefit is cashed out under this Section subsequently returns to Covered Employment, his or her prior Credited Service which was cashed out shall be disregarded for all purposes under the Plan and such Participant shall not be entitled to any additional benefits under the Plan, except with respect to Credited Service and Compensation earned by the Participant after the date of his or her cashout and following a return to Covered Employment. No distribution shall be made to a Participant under this Section 7.5 on or after March 28, 2005 without the Participant's written consent.

## Article 8

### Death Benefits

**8.1 Eligibility for Death Benefit.** In the event a Participant dies after completing five or more years of Credited Service, but prior to the commencement of retirement benefits under the Plan, or in the event a Disability Retirant dies while receiving a Disability Retirement Benefit under the Plan, a death benefit shall be paid with respect to the Participant or Disability Retirant (both of whom will sometimes be referred to as the "deceased" in this article). The death benefit shall be paid to the Beneficiary or Beneficiaries designated by the deceased on a form provided by the Pension Board. If the deceased failed to make a proper Beneficiary designation, or if no designated Beneficiaries survive the deceased, payment shall be made to the deceased's descendants by right of representation, and if there are no living descendants, payment shall be made to the deceased's estate.

**8.2 Amount of Death Benefit.** The amount of the death benefit payable under this Article 8 shall be equal to eighty percent (80%) of the Actuarial Equivalent of the Participant's Accrued Benefit.

**8.3 Form of Death Benefit.** The death benefit payable under this Article 8 shall be paid as a single lump sum payment within one year following the deceased's death. However, in the event that (1) the deceased's designated beneficiary is one natural person, and (2) the value of the death benefit calculated pursuant to Section 8.2 is equal to or greater than \$50,000, the designated beneficiary may elect to receive the death benefit as an Actuarially Equivalent monthly annuity payable for the designated beneficiary's lifetime.

## Article 9

### Top-Heavy Plan Compliance

**9.1 General Rule.** If, for any Plan Year beginning after December 31, 1983, the Plan is a top-heavy plan as determined under Section 9.2, then the requirements of Section 9.3 shall apply to the extent indicated therein.

**9.2 Top-Heavy Test.** The Plan's status as a top-heavy plan for any Plan Year shall be determined in accordance with the following four-step procedure and in accordance with Code Section 416 and the regulations thereunder:

(a) **Key Employees Sum.** First, there shall be computed, as of the determination date, the sum of the present values of the cumulative accrued benefits of all key employees under this Plan and all defined benefit plans in the required aggregation group and the account balances of all key employees under all defined contribution plans (including any Simplified Employee Pension Plan) in the required aggregation group. For purposes of this computation, the following provisions shall apply:

(1) The present value of a cumulative accrued benefit shall be determined as of the most recent valuation date occurring within a 12-month period ending on the determination date, except as provided in Code Section 416 and the regulations thereunder for the first and second plan years of a defined benefit plan.

(2) Account balance means the account balance as of the most recent valuation date occurring within the 12-month period ending on the determination date, plus an adjustment for contributions due as of the determination date. In the case of a plan not subject to the minimum funding requirements of Code Section 412, the adjustment shall be the amount of any contributions actually made after the valuation date but on or before the determination date, except that in the first plan year the adjustment shall include any contributions made after the determination date that are allocated as of a date within the first plan year. In the case of a plan subject to the minimum funding requirements of Code Section 412, the adjustment shall be the amount of any contributions that would be allocated as of a date not later than the determination date, even though such amount is not yet required to be contributed, plus the amount of any contribution actually made (or due to be made) after the valuation date but before the expiration of the extended payment period under Code Section 412(c)(10).

(3) There shall be included in the sum any distribution made to an employee from this Plan, or from another plan in the required aggregation group, within the one-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Code Section 416(g)(2)(A)(i). In the case of a distribution made for a reason other than severance from employment, death, or Disability, this provision shall be applied by substituting "five-year period" for "one-year period." The extent to which rollover amounts and plan-to-plan transfers will be taken into

account shall be determined in accordance with Code Section 416 and the regulations thereunder.

(4) There shall be excluded from the sum any rollover contribution and any plan-to-plan transfer initiated by the employee and accepted after December 31, 1983 by this Plan and any other plan in the required aggregation group from a plan other than a plan of a Covered Unit or an Affiliate.

(5) There shall be included in the sum accrued benefits attributable to voluntary or mandatory employee contributions, but not deductible employee contributions.

(6) For plan years beginning after December 31, 2001, there shall be excluded from the sum the accrued benefit (or the account balance) of any individual who has not performed services for a Covered Unit or an Affiliate at any time during the one-year period ending on the determination date.

(7) When aggregating plans, the value of account balances and accrued benefits will be calculated with reference to the determination dates that fall within the same calendar year.

(8) If a Covered Unit maintains more than one defined benefit plan, the accrued benefits of an employee other than a key employee shall be determined (A) under the method, if any, that uniformly applies for accrual purposes under all plans maintained by the employer, or (B) if there is no such method as described under (A), as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rate of Code Section 411(b)(1)(C).

(b) **All Employees Sum.** Second, under the same rules and procedures as set forth in Subsection (a) above, there shall be computed the sum of the present values of the cumulative accrued benefits and the account balances for all employees in the required aggregation group other than employees who formerly were key employees but who are not key employees as of the determination date.

(c) **Top-Heavy Test For Required Aggregation Group.** Third, the key employees sum computed in Subsection (a) shall be divided by the all employees sum computed in Subsection (b). If the resulting fraction is 0.60 or less, this Plan is not a top-heavy plan for the Plan Year, and no plan in the required aggregation group is a top-heavy plan for its plan year. If the resulting fraction is greater than 0.60, both this Plan and each plan in the required aggregation group are top-heavy plans for the relevant plan year, unless after application of the top-heavy test for a permissive aggregation group set forth in Subsection (d) below, the recomputed fraction is 0.60 or less.

(d) **Top-Heavy Test For Permissive Aggregation Group.** Fourth, if the Plan would be a top-heavy plan under Subsection (c) above, then the Administrator may elect to compute the key employees sum and the all employees sum, using the same

procedure set forth in Subsections (a) and (b) above, for all plans in a permissive aggregation group. Such recomputed key employees sum shall then be divided by the recomputed all employees sum. If the resulting fraction is 0.60 or less, then neither this Plan nor any plan in the required aggregation group is a top-heavy plan for the relevant plan year. If the resulting fraction is greater than 0.60, then this Plan and each plan in the required aggregation group are top-heavy plans for the relevant plan year, but no plan in a permissive aggregation group which is not in the required aggregation group will be deemed a top-heavy plan by reason of the application of this Subsection.

**9.3 Superseding Rules.** In the event the Plan is a top-heavy plan for a Plan Year, then anything in the other articles of this Plan notwithstanding, the provisions of the Plan are modified in the following manner:

(a) **Accelerated Vesting.** A Participant's vested percentage of the Participant's Accrued Benefit for purposes of receiving a Deferred Withdrawal Retirement Benefit under Section 4.3 shall be determined in accordance with the following vesting schedule:

<b>Years of Credited Service</b>	<b>Vested Percentage</b>
Less than 2 Years	0%
2	20%
3	40%
4	60%
5 Years or More	100%

The requirement in Section 4.3 that a Participant must complete five years of Credited Service to be entitled to a Deferred Withdrawal Retirement Benefit shall not be superseded with respect to any Employee or former Employee who does not complete an hour of service during a Plan Year in which the Plan is top-heavy. If in a subsequent Plan Year the Plan is not a top-heavy plan, then the accelerated vesting schedule set forth above shall cease to apply as of the first day of the Plan Year following the last Plan Year during which the Plan was a top-heavy plan.

(b) **Minimum Accrued Benefit.** A Participant who is not a key employee and who works in Covered Employment during the Plan Year shall receive an Accrued Benefit for the Plan Year derived from employer contributions which, when expressed as a single life annuity (with no ancillary benefits) commencing at the Participant's Normal Retirement Age, is equal to at least the Participant's average compensation (as defined in Section 9.4(b)) multiplied by the applicable percentage (as defined in Section 9.4(a)). For the purpose of satisfying this minimum Accrued Benefit requirement, employer-derived accruals, whether or not attributable to Plan Years for which the Plan is top-heavy, shall be considered, but any employee-derived Accrued Benefits shall not be considered. The minimum Accrued Benefit provided under this Subsection shall be determined without regard to any Social Security contribution, and it shall apply notwithstanding the fact that under other Plan provisions the Participant would not be entitled to receive an accrual, or would receive a lesser accrual for the year,

because the employee failed to make mandatory contributions to the Plan or because the Plan is integrated with Social Security. The provisions of this Subsection shall not apply to any Participant to the extent that the Participant is covered under any other plan or plans of a Covered Unit and the other plan or plans provide that the minimum Accrued Benefit requirement applicable to this Plan, if it is a top-heavy plan, will be met in the other plan or plans. For purposes of satisfying the minimum benefit requirements of Code Section 416(c)(1) and the Plan, in determining years of Credited Service with a Covered Unit, any Credited Service with the Covered Unit shall be disregarded to the extent that such Credited Service occurs during a Plan Year when the Plan benefits (within the meaning of Code Section 410(b)) no key employee or former key employee.

**9.4 Special Definitions.** For purposes of this Article 9, the following terms shall have the meanings indicated:

(a) "**applicable percentage**" means the lesser of:

(1) Two percent multiplied by the Participant's number of years of Credited Service with a Covered Unit or an Affiliate, or

(2) 20 percent.

For purposes of determining the applicable percentage, years of Credited Service shall not include any year of Credited Service ending in a Plan Year when the Plan was not top-heavy and any year of Credited Service completed in a Plan Year beginning before January 1, 1984.

(b) "**average compensation**" means the aggregate compensation for the years during the five-consecutive years for which the Participant had the highest compensation in which the Participant was credited with a year of Credited Service for vesting purposes divided by the number of such years of Credited Service, excluding any year of Credited Service ending in a Plan Year beginning before January 1, 1984, and any year of Credited Service which begins after the close of the last Plan Year in which the Plan was a top-heavy plan. For purposes of this Subsection, "compensation" means compensation from a Covered Unit or an Affiliate as described in Code Section 415(c)(3), but including amounts contributed by a Covered Unit pursuant to a salary reduction agreement which are excludible from the employee's gross income under Code Sections 125, 402(a)(8), 402(h) or 403(b).

(c) "**determination date**" means, with respect to any plan year, the last day of the preceding plan year, except that in the case of the first plan year, the determination date shall be the last day in that plan year. Where one or more plans are required or permitted to be aggregated with this Plan, and where all plan years do not coincide, the key employee sum and the all employee sum shall be determined separately for each of the plans on their respective determination dates, and the results shall then be combined for the determination dates falling within the same calendar year.

(d) "**employee**" means a common-law employee of a Covered Unit or an Affiliate who is or once was a Participant, including any Beneficiary of an employee.

(e) "**key employee**" means any employee or former employee (including any deceased employee) who at any time during the Plan Year that includes the determination date was an officer of a Covered Unit having annual compensation greater than \$130,000 (as adjusted under Code Section 416(i)(1) for Plan Years beginning after December 31, 2002), a five-percent owner of a Covered Unit, or a one-percent owner of a Covered Unit having annual compensation of more than \$150,000. For this purpose, annual compensation means compensation within the meaning of Code Section 415(c)(3). The determination of who is a key employee will be made in accordance with Code Section 416(i)(1) and the applicable Treasury Regulations and other guidance of general applicability issued thereunder.

(f) "**permissive aggregation group**" means each plan of a Covered Unit and its Affiliates in the required aggregation group plus one or more plans of the Covered Unit and its Affiliates which provide benefits or contributions comparable to this Plan and that satisfy the requirements of Code Sections 401(a)(4) and 410 when considered together with the required aggregation group.

(g) "**present value**" means present value based on the interest rate and mortality table set forth in Section 1.2.

(h) "**required aggregation group**" means each plan of a Covered Unit and its Affiliates in which a key employee is a participant or was a participant at any time during the determination period (regardless of whether the plan terminated) and each other plan of the Covered Unit and its Affiliates which enables any plan in which a key employee participates to meet the requirements of Code Section 401(a)(4) or 410.

(i) "**valuation date**" means the date used for computing plan costs for minimum funding in the case of any defined benefit plan, including this Plan, and the last day of the plan year in the case of any defined contribution plan.

**9.5 No Reduction of Accrued Benefits.** Notwithstanding the foregoing rules of this article, in no event shall any change in the Plan's benefit structure, including its vesting provisions, that results from a change in the Plan's top-heavy status, cause the Accrued Benefit of any Participant to be reduced in violation of Code Section 411. Additionally, the minimum Accrued Benefit required under this article (to the extent

required to be nonforfeitable under Code Section 416(b)) may not be suspended or forfeited under Code Sections 411(a)(3)(B) or 411(a)(3)(D).

## Article 10

### Financing

**10.1 Amount of Employer Contributions.** At such times directed by the Pension Board, but not less often than annually, the Plan actuary shall make an actuarial valuation of the Plan's assets and liabilities and determine the amount of employer contributions necessary to provide the benefits promised under the Plan and to maintain the Plan in sound financial condition according to accepted actuarial principles. From the information provided by the Plan actuary, the Pension Board shall determine, and may from time to time change, the employer rate of contribution to the Plan, which shall be expressed as a percentage of the payroll of a Covered Unit's employees who are engaged in Covered Employment. The employer rate of contribution for a Covered Unit which became a Covered Unit pursuant to a written agreement between its governing authority and the Board of Directors shall be determined on an individual basis in accordance with rules and procedures established by the Pension Board.

**10.2 Collection of Employer Contributions.** The Pension Board shall annually certify to each Covered Unit its employer rate of contribution. Each Covered Unit shall remit its employer contributions directly to the Pension Board at the time or times designated by the Pension Board, and the payments shall be accompanied by such supporting data as the Pension Board from time to time prescribes.

**10.3 Payment of Administrative Expenses.** The administrative expenses of the Plan shall be paid from the assets of the Trust.

## Article 11

### Administration

**11.1 Appointment of Pension Board.** The Plan shall be administered by a Pension Board composed of 12 members. Three members shall be appointed by the Archbishop of the Detroit Archdiocese, and one member shall be appointed by the Bishop of each of the other six Michigan Dioceses. Two members shall be members of the Board of Directors appointed by the Chairman of the Board of Directors. The final member shall be the President and Chief Executive Officer of the Conference.

**11.2 Terms of Members of Pension Board.** The nine members of the Pension Board appointed by the Archbishop of the Detroit Archdiocese and the Bishops of the other six Michigan Dioceses shall serve for staggered three-year terms established by the Board of Directors. None of these members of the Pension Board shall serve more than two consecutive three-year terms; provided, however, that upon the request of the Bishop or Archbishop responsible for appointing a member under Section 11.1 above, the member's second three-year term may be extended for up to one additional year by majority vote of the Board of Directors. If such an extension of a member's term is made under the preceding sentence, the period of that extension shall be applied to reduce the initial three-year term of the member's successor, but such reduced term served by the member's successor shall count as a three-year term for purposes of the "two consecutive three-year terms" limit imposed by the preceding sentence. The other three members of the Pension Board shall serve for terms established by the Chairman of the Board of Directors.

**11.3 Vacancy on Pension Board, How Filled.** Any member of the Pension Board, except the President and Chief Executive Officer of the Conference, may resign from the Pension Board at any time by filing a written resignation with the Board of Directors. If a member fails to attend three consecutive meetings of the Pension Board and, in each case, the member is not excused from attendance for cause by those members who are present, the member shall be considered to have resigned from the Pension Board, and the Pension Board shall by resolution declare the member's position vacated as of the date the resolution is adopted. If a vacancy occurs on the Board, the vacancy shall be filled for the unexpired portion of the term in the same manner as the position was previously filled.

**11.4 Meetings of Pension Board, Quorum, Vote.** The Pension Board shall meet not less often than four times each year on dates fixed by the Pension Board, and it shall meet more frequently, as necessary, on call of the Chairman of the Pension Board. Seven members of the Pension Board shall constitute a quorum for the transaction of business, and at least seven concurring votes shall be necessary for a decision by the Board.

**11.5 Officers of the Pension Board.** At its first meeting in each Plan Year, the members of the Pension Board shall elect a Chairman and a Vice Chairman to serve for

the duration of the Plan Year. If a vacancy occurs during the year in the position of Chairman or Vice Chairman, the members of the Pension Board shall elect a replacement for the remainder of the Plan Year. The President and Chief Executive Officer of the Conference shall designate an employee of the Conference to serve as secretary at meetings of the Pension Board and shall designate one or more employees of the Conference to serve as the primary administrative officer(s) in charge of the day-to-day administration of the Plan. The President and Chief Executive Officer of the Conference shall have the authority to sign any document on behalf of the Pension Board.

**11.6 Reports of Pension Board.** The Pension Board shall render annually to the Board of Directors a report of the fiscal transactions of the Plan for the Plan Year and the balance sheet of the Plan showing its financial condition.

**11.7 Powers and Duties of Pension Board.** The Pension Board shall perform all duties assigned to it in the Plan, interpret and construe the provisions of the Plan, decide any disputes which may arise relative to the rights of Employees, past and present, and their beneficiaries, under the terms of the Plan, recommend changes to the terms of the Plan to the Board of Directors, and, in general, direct the administration of the Plan. The Pension Board may by resolution establish one or more standing or ad hoc committees of the Pension Board and charge such committees with such responsibilities as the Pension Board may determine from time to time. The Pension Board shall keep records containing all relevant data pertaining to the administration of the Plan. The Pension Board may employ agents and advisors to assist it in the performance of its duties, and it may delegate to the President and Chief Executive Officer of the Conference and/or to employees of the Conference such administrative duties as it deems necessary, including the authority to make benefit determinations for individual Participants and beneficiaries. The Pension Board may rely on the written information, opinions or certificates supplied by any agent, counsel, actuary, Investment Manager, physician or fiduciary. The Pension Board and its agents acting on its behalf shall have any and all power and authority (including discretion with respect to the exercise of that power and authority) which are necessary or convenient to enable it to carry out its duties under the Plan. Benefits under this Plan will be paid only if the Pension Board or its agents acting on its behalf decide, in their discretion, that the applicant is entitled to them.

**11.8 Reimbursement for Expenses.** Any expense properly incurred by the Pension Board, or by its delegee, in the performance of administrative duties under the Plan shall be reimbursed or otherwise paid in full from the assets of the Trust.

**11.9 Indemnification.** A member of the Pension Board shall be indemnified by the Trustee from the assets of the Trust against any and all claims, lawsuits, damages, expenses and liabilities arising from any act of commission or omission, if the act is judicially determined not to be a breach of fiduciary responsibility by the member of the Pension Board. The indemnification shall include actual attorney's fees and all other costs and expenses reasonably incurred by the member of the Pension Board in defense of any action brought against the member arising from such act of commission or omission.

## Article 12

### Trustee

**12.1 Acceptance of Trust.** The Pension Board accepts the Trust created hereunder and agrees to perform the duties imposed on it, as Trustee, by the Plan.

**12.2 Duties of Trustee.** The Trustee shall hold, invest, manage, administer and distribute the Trust assets, as set forth in the Plan, for the exclusive benefit of Participants and their beneficiaries. In furtherance of these duties, the Trustee shall:

- (a) appoint one or more Investment Managers and charge them with investment direction over the Trust assets, in accordance with the Plan investment objectives;
- (b) receive contributions under the terms of the Plan;
- (c) make distributions from the Trust in accordance with the terms of the Plan; and
- (d) maintain accurate records of the administration of the Trust assets.

**12.3 Powers of Trustee.** The Trustee shall have all powers given by law with respect to the Trust assets. In performing its duties under the Plan, the Trustee may employ lawyers, accountants, Investment Managers and other agents, as it deems advisable. In dealing with the Trustee, any person may rely on a written communication signed by the President and Chief Executive Officer of the Conference. All expenses incurred by the Trustee in the administration of the Trust shall be reimbursed or otherwise paid in full from the assets of the Trust.

**12.4 Appointment of Investment Managers.** The Trustee shall, subject to the approval of the Board of Directors, appoint one or more Investment Managers. A duly appointed Investment Manager shall have the authority and duty to direct the investment and management of that portion of the Trust assets the Trustee places under its control. The Pension Board shall not be liable for any losses or other unfavorable results arising from matters under the direction of a properly appointed Investment Manager.

**12.5 Use of Commingled Funds.** The Pension Board may authorize any investment of all or any portion of the Trust assets allocated to an Investment Manager (a "Portfolio") through a medium of any common, collective or commingled trust fund (a "Pooled Fund"), now or hereafter maintained by the Investment Manager or any banking affiliate thereof as trustee, which Pooled Fund is qualified under Code Section 401(a) and exempt under the provisions of Code Section 501(a). Upon the making of any such investment, the declaration of trust establishing the Pooled Fund, as amended from time to time, shall be incorporated herein and made a part hereof during the period of the

investment. All assets invested in a Pooled Fund shall be managed in all respects pursuant to the terms and conditions of the declaration of trust establishing the Pooled Fund, as amended from time to time, and shall be under the exclusive management and control of the trustee of the Pooled Fund during the period of the investment. Nothing in this Section is intended to or shall increase the Trustee's responsibility with respect to any portion of the Trust assets invested in any Pooled Fund pursuant to the provisions of this Section.

**12.6 Agency Agreements.** The Trustee shall, subject to the approval of the Board of Directors, enter into an agency agreement or agreements with one or more banks or trust companies organized under federal or state laws and authorized under such laws to exercise trust powers. The agreement or agreements shall authorize the agent to receive and hold Trust assets, as agent of the Trustee, subject to the terms of the Plan, the agency agreement and written instructions given by the Trustee or a duly appointed Investment Manager. If so instructed, an agent having custody of Trust assets may invest all or any portion of such assets in any one or more of the collective investment funds maintained by the agent, provided that such investments comply with any regulatory or statutory investment restrictions and with the terms of the Plan. The Trust assets so invested may be commingled with the assets of other trusts, to the extent permitted by law. The Trust assets invested in such a collective investment fund maintained by the agent shall be subject to the terms of the declaration of trust creating the fund, as it may be amended from time to time.

**12.7 Removal or Resignation of Investment Manager or Agent.** The Trustee may, subject to the approval of the Board of Directors, remove any Investment Manager or agent acting under an agency agreement at any time without cause. An Investment Manager or agent may resign upon giving 60 days advance written notice to the Trustee.

**12.8 Investment Objectives.** The investment objectives of the Plan shall be to assist in promoting the retirement security of Participants and their beneficiaries by securing the optimum total investment return, including both interest and dividend income and capital appreciation, consistent with reasonable safety of principal and the avoidance of investment areas where serious questions of morality may exist. Care is to be exercised not to purchase or hold the securities of corporations or governmental entities whose operations or business practices may be contrary to sound moral principles. The Trustee shall advise Investment Managers and agents concerning the specific applications of the foregoing principles.

**12.9 Participation in Master Trust.** Notwithstanding any other provision of this Article 12, the Trustee is specifically authorized to invest all of the Trust assets in the Michigan Catholic Conference Master Pension Trust created under a Master Trust Agreement with the Pension Board of the Michigan Catholic Conference as Trustee (the "Master Trust Agreement"). The provisions of the Master Trust Agreement shall supersede the provisions of this Article 12, to the extent of any conflict.

## Article 13

### Non-Alienation of Benefits

**13.1 Prohibition on Assignment.** No benefits payable at any time under the Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment or encumbrance of any kind. The previous sentence shall not apply to the creation, assignment or recognition of a right to any benefit payable with respect to a Participant pursuant to a qualified domestic relations order, as defined in Code Section 414(p), and subject to the limitations that the Plan will not recognize the order as a qualified domestic relations order unless: (1) effective for domestic relations orders entered on or after July 1, 1994, it is on the form provided by the QDRO Coordinator and approved by the Pension Board, as such form may be amended from time to time, (2) effective for domestic relations orders first received by the Conference on or after January 1, 2012, the parties to the order first pay the Plan's QDRO processing fee in an amount determined by the Conference and uniformly applied to all Participants, and (3) the domestic relations order is first received by the Conference prior to January 1, 2016. A domestic relations order which relates solely to the provision of child support and which is received between January 1, 2015 and December 31, 2015 shall not be required to comply with items (1) or (2) of the previous sentence. Except as permitted in the previous sentences, any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefit, whether presently or thereafter payable, shall be void. No retirement benefit nor the Trust shall in any manner be liable for or subject to the debts or liabilities of any Participant entitled to any retirement benefit. If any Participant attempts to or does alienate, sell, transfer, assign, pledge, or otherwise encumber his or her benefits under the Plan, or any part thereof, or if by reason of the Participant's bankruptcy or other event happening at any such time, such benefits would devolve upon anyone else or would not be enjoyed by the Participant, or in the event of a legal disability of a retired Participant, the Pension Board, in its discretion, may terminate the Participant's interest in any such benefits and hold or apply them to or for the benefit of such person, his or her family, or any of them, in such manner as the Pension Board may deem proper. Notwithstanding the foregoing, if a Participant who is covered under a group insurance or prepayment plan through a Covered Unit is permitted and elects to continue such coverage after retirement, the Participant may authorize the Pension Board to deduct from the Participant's Pension the payments required to continue coverage under the group insurance plan. Notwithstanding anything in this Section 13.1 to the contrary, benefits payable to a Participant who is convicted of a crime against any Covered Unit, including but not limited to embezzlement, may be assigned to the affected Covered Unit (or to a state or federal agency to be dispersed to the affected Covered Unit) in order to provide restitution to the Covered Unit, if so ordered by a court.

## Article 14

### Termination of the Plan

**14.1 Event of Termination; Consequence.** The Conference expects to continue the Plan indefinitely but necessarily reserves the right to terminate it at any time. Upon termination or partial termination of the Plan, or complete discontinuance of contributions thereunder, the rights of affected parties to their Accrued Benefits (to the extent funded) as of the date of the termination or discontinuance shall be nonforfeitable.

**14.2 Allocation of Trust Assets upon Termination of the Plan.** In the event of the termination of the Plan, the Trust assets available for distribution shall be allocated in the following order of precedence:

(a) First, to provide for continuance of Pensions to Retirants and Beneficiaries;

(b) Second, to provide for the payment of benefits to all other Participants and Beneficiaries based on their Accrued Benefits at the date of the Plan termination on an equitable and nondiscriminatory basis according to accepted actuarial principles;

(c) Third, if any Trust assets remain after satisfaction of all liabilities provided in (a) and (b) above, any excess shall be delivered over and paid to the Covered Units according to determinations made by the Plan actuary.

No Retirant, Participant, Beneficiary, or other person shall have any rights or claims under the Plan beyond the capacity of the Trust assets to pay benefits as provided in this Section.

**14.3 Termination of Participation by Covered Unit; Withdrawal Liability.** A Covered Unit which is under the control of an Archbishop or Bishop of a Michigan Diocese may not withdraw from participation in the Plan. A Covered Unit which is not under the control of an Archbishop or Bishop of a Michigan Diocese and which is participating in the Plan pursuant to a written agreement between its governing authority and the Board of Directors may withdraw from participation in the Plan upon giving not less than 60 days advance written notice to the Pension Board. A Covered Unit that withdraws from participation in the Plan (referred to in this Section as the "Withdrawing Employer") shall be obligated to pay to the Plan all contributions required of it under Article 10 of the Plan through the effective date of its withdrawal from the Plan, payable within 60 days of the effective date of its withdrawal from the Plan or such greater period of time agreed to by the Board of Directors, plus a withdrawal liability (if the calculation under Subsection (a) below produces a positive number) calculated and payable as follows:

(a) **Determination of Amount of Withdrawal Liability.** The withdrawal liability shall be the sum of (1) the product of (i) the Plan's Unfunded Liabilities as of the

Determination Date and (ii) the Withdrawing Employer's Percentage of Plan Liabilities as of the Determination Date, as determined by the Plan actuary, and (2) the "Administration Charge." For this purpose--

(1) the "Plan's Unfunded Liabilities" shall be determined by subtracting the market value of the Plan's assets as of the Determination Date from the Total Present Value of Accrued Benefits for the Plan as of the Determination Date.

(2) the "Withdrawing Employer's Percentage of Plan Liabilities" shall be determined by dividing (1) the Total Present Value of Accrued Benefits for all Participants and former Participants who are or were employees of the Withdrawing Employer (the "Withdrawing Employer's Participants") by (2) the Total Present Value of Accrued Benefits for the Plan. For purposes of determining the Withdrawing Employer's Participants, a former Participant shall be treated as one of the Withdrawing Employer's Participants if the former Participant is reported on the Plan's records as of the Determination Date under the billing number assigned to the Withdrawing Employer.

(3) the "Determination Date" shall be the date prior to the effective date of the withdrawal from the Plan by the Withdrawing Employer as of which the Plan's most recent annual (as of July 1) actuarial valuation is available; provided, however, that the Pension Board may, in its discretion and at the Plan's expense, direct the Plan actuary to make the calculation of the Withdrawing Employer's withdrawal liability as of a more current date.

(4) the "Administrative Charge" shall be an amount determined by the Plan actuary that is calculated in good faith and is based on the present value of the product of (1) a reasonable annual per participant cost of administration for the Plan as a whole and (2) the average life expectancy of the Withdrawing Employer's Participants and (3) the number of the Withdrawing Employer's Participants.

(b) **Method of Payment of Withdrawal Liability to Plan.** The Withdrawing Employer shall pay the withdrawal liability to the Plan in full within 60 days following the date on which the Withdrawing Employer is provided with a copy of the Plan actuary's calculation of the withdrawal liability (the "Due Date"); provided, however, that by written notice delivered to the Conference not later than the Due Date, the Withdrawing Employer may elect to pay its withdrawal liability in equal monthly installments over a period not to exceed five years from the Due Date. The amount of the monthly installments shall be calculated by the Plan actuary and shall include interest at the rate of the Plan's earnings assumption on the Due Date.

Notwithstanding anything in the Plan to the contrary, the Accrued Benefits of a Withdrawing Employer's Participants shall be frozen in amount as of the effective date of the Withdrawing Employer's withdrawal from the Plan and shall not be subject to any increases otherwise provided under any subsequent amendment to the Plan.

**14.4 Spinoff of Participating Nondiocesan Unit.** Notwithstanding anything in the Plan to the contrary, including the provisions of Section 14.3, with the approval of the Board of Directors, a Covered Unit that is not under the control of a Bishop or Archbishop of a Michigan (Arch)Diocese (a "Nondiocesan Unit") may withdraw from participation in the Plan without being subject to the withdrawal liability provisions or other provisions of Section 14.3, if the withdrawal is a Spinoff Withdrawal. For purposes of this Section, a "Spinoff Withdrawal" is the transfer as of the Spinoff Date of the Determined Assets and the Determined Liabilities with respect to all Affected Parties to an Approved Plan pursuant to a Spinoff Agreement. The following definitions shall apply for purposes of this Section:

(a) "Affected Parties" means the persons identified as Affected Parties in the Spinoff Agreement.

(b) "Approved Plan" means a defined benefit plan maintained by the withdrawing Nondiocesan Unit or an affiliate of the withdrawing Nondiocesan Unit that to the satisfaction of Michigan Catholic Conference is determined to be a qualified plan under Code Section 401(a) and a church plan under Code Section 414(e), which permits the transfer of the Determined Assets and the Determined Liabilities to the Approved Plan, and which provides that each Affected Party would, if the Approved Plan terminated immediately following the Spinoff Date, receive a benefit from the Approved Plan which is equal to or greater than the benefit the Affected Party would have been entitled to receive under the Plan if the Plan had terminated immediately prior to the Spinoff Date.

(c) "Determined Assets" means the amount of Plan assets determined as of the Spinoff Date (or another date proximate to the Spinoff Date that is identified in the Spinoff Agreement) that represents the interest of the withdrawing Nondiocesan Unit in the Plan, calculated as set forth in the Spinoff Agreement.

(d) "Determined Liabilities" means the present value of Accrued Benefits of the Affected Parties under the Plan, as determined by the regularly engaged Plan actuary and calculated as of the date set forth in the Spinoff Agreement, which shall be the date as of which Affected Parties cease to accrue additional benefits under the Plan.

(e) "Spinoff Agreement" means the agreement between the Michigan Catholic Conference and the withdrawing Nondiocesan Unit providing for termination of participation in the Plan by the withdrawing Nondiocesan Unit and setting forth the terms of the Spinoff Withdrawal.

(f) "Spinoff Date" means the date as of which the Determined Assets and the Determined Liabilities are transferred to the Approved Plan, as set forth in the Spinoff Agreement.

## Article 15

### Miscellaneous

**15.1 Plan Amendments.** The Board of Directors may amend the Plan in any manner and at any time. An amendment shall be made in writing by the Board of Directors, and it shall be effective upon delivery of the written amendment to the Pension Board. The Board of Directors may amend the Plan to qualify it under the provisions of Code Section 401(a), and the amendment, by its terms, may be retroactive. No amendment to the Plan shall eliminate an optional form of distribution with respect to the portion of a Participant's Accrued Benefit attributable to Credited Service before the amendment.

The Board of Directors may, by resolution, delegate the authority to amend the Plan to one or more officers of the Conference, provided that such delegation of authority shall be limited to technical amendments to the Plan to keep it in compliance with applicable laws and other minor amendments that do not affect the substantive rights of current Plan Participants, such as the vesting or benefit provisions of the Plan. An amendment adopted pursuant to this delegation of authority will be deemed adopted by the Conference, effective as of the date specified therein, without need for a further resolution or Board of Directors involvement.

**15.2 Correction of Errors.** Should any change or error in the records of the Plan result in any person receiving from the Plan more or less than the person would have been entitled to receive had the records been correct, the Pension Board shall correct such error and, as far as is practicable, shall adjust the payment of the benefit in such manner that the Actuarial Equivalent of the benefit to which the person was correctly entitled shall be paid.

**15.3 Participation in Plan Not Contract of Employment.** The establishment of the Plan, the creation of the Trust, or the payment of any benefits does not create in any Employee, Participant or other party a right to continuing employment with a Covered Unit or create any claim against the Trust for any payment, except as set forth in the Plan.

**15.4 Effect of Partial Invalidity.** If any provision of the Plan is declared invalid or unenforceable, the remaining provisions shall remain effective.

**15.5 Participants and Beneficiaries Bound by Plan.** Each Participant, by executing the beneficiary designation, agrees for the Participant, the Participant's heirs, beneficiaries, successors and permitted assigns to be bound by all of the provisions of the Plan.

**15.6 Gender and Number.** Except where otherwise indicated by the context, as used in the Plan the masculine gender includes the feminine and neuter, and words used in the singular include the plural.

**15.7 Headings.** The headings contained in the Plan are for reference only, and they do not in any manner limit or expand the terms and provisions of the Plan.

**15.8 Waiver of Notice.** Any notice required under the Plan may be waived by the person entitled to it.

**15.9 Controlling Law.** The construction, validity and administration of the Plan shall be governed by the laws of the State of Michigan, to the extent such laws are not preempted by Federal law.

**15.10 Veterans Benefits.** Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).

In the case of a death occurring on or after January 1, 2007, if a Participant dies while performing qualified military service (as defined in Code Section 414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the Participant had resumed and then terminated employment on account of death.

For years beginning after December 31, 2008, (i) an individual receiving a differential wage payment, as defined by Code Section 3401(h)(2), shall be treated as an Employee of the employer making the payment, (ii) the differential wage payment shall be treated as Compensation, and (iii) the Plan shall not be treated as failing to meet the requirements of any provision described in Code Section 414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

Executed this 23rd day of December, 2015.

**MICHIGAN CATHOLIC CONFERENCE**

By: \_\_\_\_\_  
**Paul A. Long**, President and Chief Executive Officer

**MICHIGAN CATHOLIC CONFERENCE**

**PENSION BOARD**, Trustee

By: \_\_\_\_\_  
**Paul A. Long**, President and Chief Executive  
Officer of the Michigan Catholic Conference

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