



**CALIFORNIA
TEACHERS
ASSOCIATION**

Plan and Trust Documents

As of March 27, 2013

**The California Teachers Association
Employees' Retirement Benefits Trust**

THE CALIFORNIA TEACHERS ASSOCIATION EMPLOYEES' RETIREMENT BENEFITS PLAN AND TRUST

PLAN AND TRUST DOCUMENTS

TAB	DOCUMENT	EFFECTIVE DATE	ADOPTION DATE
A	Declaration of Trust and Agreement Establishing the California Teachers Association Employees' Retirement Benefits Trust	January 1, 1999	December 2008
1	Amendment No. 1 <ul style="list-style-type: none"> • No employee paid contributions for new employers • Rolling five-year method for employer withdrawal liability 	January 1, 2002	June 2002
2	Amendment No. 2 <ul style="list-style-type: none"> • Investments in common, collective and group trust funds 	June 1, 2006	June 2006
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B	The California Teachers Association Employees' Retirement Benefits Plan	January 1, 2009	September 3, 2010
1	Amendment No. 1 <ul style="list-style-type: none"> • Purchasing Power Adjustment 	January 1, 2010	September 3, 2012
2	Amendment No. 2 <ul style="list-style-type: none"> • <i>De minimis</i> rule for withdrawal liability 	January 1, 2008	June 8, 2011
3	Amendment No. 3 <ul style="list-style-type: none"> • Definition of eligible employee 	January 1, 2009	April 13, 2012 (not executed)
4	Proposed Amendment No. 4 <ul style="list-style-type: none"> • Pensioner Verifications • Unclaimed Benefits • Correction of Errors • No Trustee discretion re payments to individuals or institutions providing care 	January 1, 2013	
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C	IRS Determination Letter (November 2, 2010)		
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D	Summary Plan Description (as of January 1, 2008)		
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E	Participation Agreement		
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**DECLARATION OF TRUST AND AGREEMENT
ESTABLISHING
THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS TRUST**

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
A. Name and Effective Date	1
B. Purpose	1
C. Objectives	1
II. DEFINITIONS	2
A. "Accounting Services" and "Accountant"	2
B. "Actuarial Services" and "Actuary"	2
C. "Administration"	3
D. "Administrator"	3
E. "Association"	4
F. "Association Trustee"	4
G. "Auditing Services" and "Auditor"	4
H. "Bad Faith"	4
I. "Benefits Consulting Services" and "Benefits Consultant"	4
J. "Board of Trustees" or "Board"	5
K. "Claimant"	5
L. "Contributions"	5
M. "Effective Date"	5
N. "Employer"	5
O. "Fund"	6
P. "Fund Custodian"	6
Q. "Investment Management Services" and "Investment Manager"	6
R. "Labor Organization"	7
S. "Legal Services" and "Attorney"	7
T. "Participation Agreement"	7
U. "Plan"	8
V. "Plan Year"	8
W. "Policy"	8
X. "Separate Account"	8
Y. "Termination Liability Charges"	8
Z. "Trust Corpus"	9
AA. "Trustee"	9

TABLE OF CONTENTS
(continued)

	Page
BB. "Unions"	9
CC. "Union Trustee"	9
DD. "Withdrawal Liability"	9
III. PURPOSE OF FUND	9
A. Formation	9
B. Exclusive Purpose Statement	10
C. Tax-Exempt Status	10
IV. PARTICIPATION IN THE TRUST	10
A. Participation in the Trust	10
1. Bargaining Unit Participation	10
2. Non-Bargaining Participation	11
3. All-Or-None Rule	11
B. Termination of Participation in the Trust	11
V. CONTRIBUTIONS TO THE FUND	14
A. Amount of Employer Contributions	14
B. Terms Governing Employer Contributions	14
C. Manner of Employer Contributions	14
D. Separate Employer Accounting	14
E. Due Date	14
F. Delinquent Contributions	14
1. When Employer Considered Delinquent	15
2. Liquidated Damages	15
3. Interest	16
4. Special Rules for Repeated Delinquencies	16
G. Recordkeeping and Audits	16
H. Collection Actions	17
1. Legal Proceedings	17
2. Costs	17
3. Settlement	18
4. Compromises	18
I. Return of Contributions	18
J. Cooperation With Board	19

TABLE OF CONTENTS
(continued)

	Page
VI. FIDUCIARIES.....	19
A. General Rules.....	19
B. Fiduciary Standards	19
C. Allocation of Fiduciary Responsibilities	20
D. Liability of Fiduciaries.....	20
VII. APPOINTMENT AND PROCEDURES OF BOARD OF TRUSTEES.....	21
A. Control Vested in Board of Trustees	21
B. Appointment of Trustees.....	21
C. Selection of Disinterested Trustees.....	22
D. Selection of Experienced Trustees.....	22
E. Appointment of Alternates.....	22
F. Removal of Trustees and Alternates	22
G. Trust Property Held by Former Trustee.....	22
H. Effect of Trustee Vacancy	23
I. Term of Office	23
J. Chairperson.....	23
K. Meetings.....	23
L. Minutes	23
M. Quorum	23
N. Voting	23
1. Seconds	24
2. Unit Voting	24
3. Determining Unit Vote	24
4. Nondiscretionary Matters.....	24
5. Maintenance of Equal Representation	25
O. Arbitration of Deadlocks.....	25
P. Proxies.....	25
Q. Trustee Compensation and Expenses.....	25
R. Bonds and Liability Insurance	26
VIII. AUTHORITY OF BOARD OF TRUSTEES	26
A. General Authority	26
B. Trustee Management and Administrative Authority	27

TABLE OF CONTENTS
(continued)

	Page
1. Mandatory Trustee Duties.....	27
2. Trustee Discretionary Authority	29
C. Trustee Fiscal Authority	31
1. Mandatory Trustee Duties.....	31
2. Trustee Discretionary Authority	33
D. Trustee Investment Authority	35
1. Mandatory Trustee Duties.....	35
2. Trustee Discretionary Authority	35
E. Trustee Claims Authority.....	37
1. Mandatory Trustee Duties.....	37
2. Trustee Discretionary Authority	38
F. Trustee Reporting Authority	39
1. Mandatory Trustee Duties.....	39
2. Trustee Discretionary Authority	40
G. Miscellaneous Powers.....	40
IX. RESOLUTION OF DISPUTES AMONG TRUSTEES.....	40
A. Arbitration of Deadlocks of the Board of Trustees.....	40
B. Arbitration Procedure.....	40
C. Decision of the Arbitrator	41
D. Issue and Claims Preclusion Under Collective Bargaining Agreements.....	42
E. Cost of Arbitrating Deadlocks of the Board of Trustees	43
X. AMENDMENT AND TERMINATION	44
A. Elective Amendments	44
B. Mandatory Amendments.....	44
C. Termination.....	45
D. Assets Transferred to or From Other Benefit Trusts	45
XI. GENERAL PROVISIONS	46
A. Agreement Controls Authority of Trustees.....	46
B. Reliance.....	46
C. Rights of the Parties	46
1. Rights of the Parties Governed by This Agreement	46
2. Grantors Not Liable for Validity of This Agreement	46

TABLE OF CONTENTS
(continued)

	Page
3. Grantors Not Liable for Benefit Claims.....	47
4. Grantors Not Liable For Acts of Trustees.....	47
D. Parties' Liability Limited.....	47
E. Benefit Claims Limited.....	47
F. Rights and Remedies Limited.....	47
G. Rights Not Transferable.....	47
H. Employer-Employee Relationship Not Affected	48
I. Effect of Trust Instruments	48
J. Notice Required by the Agreement.....	49
K. Conflicts of and Controlling Law	49
L. Severability	49
M. Fund Office	50
EXECUTION.....	51

DECLARATION OF TRUST AND AGREEMENT
ESTABLISHING
THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS TRUST

I. INTRODUCTION.

A. *Name and Effective Date.* The official name of the Trust created hereby, which is generally referred to hereafter as the "Trust," is "THE CALIFORNIA TEACHERS ASSOCIATION EMPLOYEES' RETIREMENT BENEFITS TRUST." Its effective date is the date this trust agreement (the "Agreement") is signed by the Association and the Unions.

B. *Purpose.* It is the purpose of this Trust to use and invest the Contributions received by it for the exclusive purpose of funding pension benefits and other benefits incidental thereto which are permitted to be provided under the Trust to eligible Members and their Beneficiaries and defraying reasonable expenses of administration. This purpose shall be accomplished in accordance with all applicable laws, specifically including the EMPLOYEE RETIREMENT INCOME SECURITY ACT of 1974, as amended from time to time ("ERISA"). The Trust shall be irrevocable, although it may be terminated as provided in Article X(C), and no part of its corpus or income shall ever revert to or inure to the benefit of any contributing Employer, except for the return of erroneous contributions as provided in Article V(I).

C. *Objectives.* The Unions and the Association enter into this Trust to achieve the following objectives:

1. The Unions and the Association desire to provide retirement benefits to the eligible Members and their Beneficiaries.
2. The Unions and the Association desire to ensure the assets of the Fund are held in a fiscally sound and responsible manner.

II. DEFINITIONS.

The following words and phrases have the special meanings indicated. Certain other words and phrases with special meanings are defined where they first appear unless their meaning is apparent from the context. Capitalized words and phrases that are not defined in this Agreement shall have the special meanings indicated in the Plan document.

A. *“Accounting Services”* and *“Accountant”* mean or refer to any person, firm or corporation:

1. Selected by the Board of Trustees and appointed for the purpose specified in this Agreement;
2. Qualified and doing business in the State of California;
3. Conducted by, or under the supervision of, a certified public accountant with at least three (3) years of experience in performing accounting services for large group employee benefit plans; and
4. Agreeing in writing to adhere to standards of accounting which meet or exceed “generally accepted accounting practices” and such other standards as may, from time to time, be promulgated by the applicable regulatory agencies, professional associations or other bodies which establish standards of practice for the accounting industry.

B. *“Actuarial Services”* and *“Actuary”* mean or refer to any person, firm or corporation:

1. Selected by the Board of Trustees and appointed for the purpose specified in this Agreement;
2. Qualified and doing business in the State of California;
3. Conducted by, or under the supervision of an actuary, who:
 - a. Is enrolled under the terms of Subtitle C of Title III of ERISA; and
 - b. Has at least three (3) years of experience in performing actuarial services for large group employee benefit plans; and

4. Agreeing in writing to adhere to actuarial standards which meet or exceed "actuarial standards of practice" and such other standards as may, from time to time, be promulgated by the applicable regulatory agencies, professional associations or other bodies which establish standards of practice for the actuarial industry.

C. *"Administration"* means the day-to-day management of the Fund, but not extraordinary matters involving the structure of the Fund, the latter being reserved to the Association and the Unions through the collective bargaining process.

D. *"Administrator"* means any person, firm or corporation:

1. Selected by the Board of Trustees and appointed for the purpose specified in this Agreement;
2. Qualified and doing business in the State of California; and
3. Acting under the direction of the Board of Trustees, to:
 - a. Administer the office or offices of the Trust and of the Board;
 - b. Collect, verify and analyze such data and other information as may be needed by the Board in the administration of the Trust, the Fund and the Plan;
 - c. Coordinate and administer accounting, bookkeeping and clerical services for the Fund;
 - d. Provide for the coordination of Actuarial Services furnished by the Actuary;
 - e. Prepare (in cooperation, where appropriate, with the Accountant, the Actuary, the Auditor, the Benefits Consultant and the Attorney) all reports and other documents to be prepared, filed or disseminated by or on behalf of the Trust in accordance with applicable law;
 - f. Assist in the collection of Contributions required to be paid to the Fund; and/or

g. Perform such other duties and furnish such other services as may be assigned, delegated or directed or as may be contracted by or on behalf of the Board.

E. *"Association"* means the *California Teachers Association* and any successor thereto.

F. *"Association Trustee"* means, collectively, the Trustees appointed by the Association.

G. *"Auditing Services"* and *"Auditor"* mean or refer to any person, firm or corporation:

1. Selected by the Board of Trustees and appointed for the purpose specified in this Agreement;
2. Qualified and doing business in the State of California;
3. Conducted by, or under the supervision of, a certified public accountant with at least three (3) years of experience in conducting and/or supervising auditing services for large group employee benefit plans; and
4. Agreeing in writing to adhere to auditing practices which meet or exceed "generally accepted auditing standards" and such other standards as may, from time to time, be promulgated by the applicable regulatory agencies, professional associations or other bodies which establish standards of practice for the accounting industry.

H. *"Bad Faith"* means any action, tactic or conduct that is:

1. Intended to cause unnecessary delay; and/or
2. Frivolous, in that it is:
 - a. Without merit; or
 - b. Taken for the purpose of harassing the opposing Trustee unit.

I. *"Benefits Consulting Services"* and *"Benefits Consultant"* mean or refer to any person, firm or corporation:

1. Selected by the Board of Trustees and appointed for the purpose specified in this Agreement;
2. Qualified and doing business in the State of California;
3. Conducted by, or under the supervision of, either a certified employee benefits specialist or an enrolled actuary with at least three (3) years of experience in performing benefits consulting services for large group employee benefit plans; and
4. Acting under the direction of the Board of Trustees to (a) collect, verify and analyze such data and other information as may be needed by the Board in the administration of the Trust, the Fund and the Plan; and/or (b) perform such other duties and furnish such other services as may be assigned, delegated or directed or as may be contracted by or on behalf of the Board.

J. *“Board of Trustees”* or *“Board”* means, collectively, the Association Trustee and the Union Trustee.

K. *“Claimant”* means any individual who (1) is (or claims to be) a Member or Beneficiary, and (2) has duly submitted a claim for benefits under the terms and conditions of the Plan.

L. *“Contributions”* means any payments made to the Fund by an Employer (including employee-paid contributions) in accordance with the relevant collective bargaining agreements and/or Participation Agreements with the Fund, under the terms established by Article V and as required by applicable law.

M. *“Effective Date”* means January 1, 1999.

N. *“Employer”* means:

1. The Association; and/or
2. Any affiliate of the Association or the National Education Association:
 - a. Whose participation in the Trust is permissible under applicable law; and

- b. That has become an Employer pursuant to Article IV and contributes to the Fund (or is obligated to contribute to the Fund) in accordance with the relevant collective bargaining agreements and/or Participation Agreements with the Board of Trustees.
- O. "*Fund*" means *The California Teachers Association Employees' Retirement Benefits Fund* and the assets of that Fund established by and maintained under this Agreement, as amended from time to time.
- P. "*Fund Custodian*" means any financial institution that is a bank (within the meaning of Section 581 of the INTERNAL REVENUE CODE of 1986, as amended from time to time (the "*Tax Code*")):
 - 1. Selected by the Board of Trustees and appointed for the purpose specified in this Agreement;
 - 2. Qualified and doing business in the State of California; and
 - 3. Subject to the supervision of the Comptroller of the Currency, the Federal Reserve Board or the Superintendent of Banks of the State of California.
- Q. "*Investment Management Services*" and "*Investment Manager*" mean or refer to any person, firm or corporation:
 - 1. Selected by the Board of Trustees and appointed for the purpose specified in this Agreement;
 - 2. Registered as an investment adviser under the INVESTMENT ADVISERS ACT of 1940, as amended; qualified as an "investment manager" under Section 3(38) of ERISA; and qualified and doing business in the State of California;
 - 3. Who, acting as a fiduciary under the direction of the Board; has or exercises the power to:
 - a. Manage, acquire or dispose of any assets of the Fund;
 - b. Collect, verify and analyze such data and other information as may be needed by the Board in managing the assets of the Fund;

- c. Advise the Board on the appropriateness, profitability, rate of return, or risk of loss of investments; and/or
- d. Perform such other duties and furnish such other investment services as may be contracted by or on behalf of the Board; and

4. Agreeing in writing to accept the delegation of fiduciary status from the Board.

R. *"Labor Organization"* means any labor organization (within the meaning of Section 2(2) of the NATIONAL LABOR RELATIONS ACT, as amended (the "NLRA")).

S. *"Legal Services"* and *"Attorney"* mean or refer to any person, firm, professional corporation or general or limited liability partnership:

1. Selected by the Board of Trustees and appointed for the purpose specified in this Agreement;
2. Qualified and practicing law in the State of California;
3. Rendered by, or under the supervision of, an attorney who is admitted to practice in the State of California and has had at least three (3) years of experience in providing legal services for large group employee benefit plans; and
4. Agreeing in writing to adhere to standards of professional conduct which meet or exceed the standards of care, skill, prudence and diligence under the circumstances then prevailing that a reasonable attorney experienced in providing legal services to large group employee benefit plans would use in similar circumstances, and such other standards as may, from time to time, be promulgated by the courts, applicable regulatory agencies, professional associations or other bodies which establish standards of practice for the legal profession.

T. *"Participation Agreement"* means the written agreement(s) approved by the Board of Trustees that:

1. Establish(es) the terms for the provision of Plan benefits to Eligible Employees of an Employer who become Members and their Beneficiaries; and
2. Require(s) Contributions to be made to the Fund by the Employer.

U. "*Plan*" means *The California Teachers Association Employees' Retirement Benefits Plan*, which is an employee pension benefit plan (within the meaning of Section 3(2) of ERISA) and a multiemployer plan (within the meaning of Section 4001(a)(3) of ERISA) adopted by the Association and the Unions (effective as of January 1, 1999) for the purpose of providing pension benefits and other benefits incidental thereto which are permitted to be provided under the Plan to eligible Members and their Beneficiaries on and after the Effective Date; *provided, however*, that the specific benefits to be provided by the Plan and funded by the Trust, and the eligibility requirements therefor, shall be consistent with applicable provisions of the collective bargaining agreements between the Employer and the Unions.

V. "*Plan Year*" means the twelve (12)-month fiscal year ending each December 31, which shall be the fiscal year on which the records of both the Fund and the Plan are kept.

W. "*Policy*" means any policy or contract of insurance issued by an insurance company which has been accepted by the Board of Trustees and which provides for the payment or provision of any of benefits set forth in the Plan. The term "*Policy*" shall include any amendments of or riders to any such *Policy*.

X. "*Separate Account*" means a bookkeeping account established or maintained by the Board of Trustees under which Contributions, income, gains, and losses, costs, and/or expenses, whether or not realized, from the portion of the Trust Corpus allocable to the account, are credited to or charged against an Employer, in accordance with the applicable Participation Agreement.

Y. "*Termination Liability Charges*" means those reasonable charges required to ensure that the termination or reduction of any Employer's participation in the

Trust will not impose any actual, additional or unanticipated costs or other financial burdens upon the Fund. Termination Liability Charges include any Withdrawal Liability an Employer may owe to the Fund.

Z. *"Trust Corpus"* means the aggregate of (1) the amount initially transferred to the Trust, effective as of 12:01 a.m. (PST) on the Effective Date, pursuant to the merger of The California Teachers Association Staff Retirement Plan Trust with and into this Trust; (2) Contributions made to the Fund pursuant to Article V; and (3) the investment yields on those amounts that are made and held by the Board of Trustees pursuant to this Agreement.

AA. *"Trustee"* means an individual designated as a trustee pursuant to Article VII and the successors in office of such individual as may occur from time to time.

BB. *"Unions"* means the *California Staff Organization*, the *California Associate Staff*, or any other Labor Organization that is the exclusive representative (within the meaning of Section 9(a) of the NLRA) of a collective bargaining unit composed of employees of the Association.

CC. *"Union Trustee"* means, collectively, the Trustees appointed by the Unions.

DD. *"Withdrawal Liability"* means amounts deemed by the Board of Trustees to be owed to the Fund by an Employer because of its termination of participation under this Agreement or withdrawal from the Trust, as described in Article IV(B)(1), IV(B)(2) or IV(B)(4).

III. PURPOSE OF FUND.

A. *Formation.* The Fund shall be comprised of the Trust Corpus, including all monies received by the Board of Trustees as Contributions or as income or earnings from investments made by the Board or otherwise, and any other funds or property received and/or held by the Board for the uses and purposes set forth in this Agreement, including, but not limited to, all contingency funds, surpluses, and other monetary reserves of any kind held by any insurance company and/or the Association or any other Employer, related to the provision of benefits to eligible Members and their Beneficiaries.

B. *Exclusive Purpose Statement.* The Fund is created and shall be maintained for the exclusive purposes of:

1. Funding such pension and other permissible incidental benefits to eligible Members and their Beneficiaries as are specified in the Plan, the collective bargaining agreement(s) between the Association and the Unions and/or in the applicable Participation Agreements;
2. Financing the objectives of the Trust; and
3. Defraying the reasonable expenses of administering the Trust, the Fund and the Plan in accordance with this Agreement and ERISA, the Tax Code and other applicable law.

C. *Tax-Exempt Status.* It is intended that the Fund shall be tax-exempt under Section 501(a) of the Tax Code. The Board of Trustees shall take all such action as may be necessary or appropriate to secure and maintain recognition of the tax-exempt status of the Fund.

IV. PARTICIPATION IN THE TRUST.

A. *Participation in the Trust.* Any affiliate of the Association or the National Education Association[, if it is Labor Organization located in California,] may become an Employer and thereby participate in the Trust.

1. *Bargaining Unit Participation.* Where a Labor Organization has been recognized as the exclusive representative of any group of employees of an Employer, both the Employer and the respective Labor Organization(s) may participate in the Trust by:
 - a. Executing this Agreement, or a written acceptance thereof, in a form approved by and filed with the Board of Trustees;
 - b. Contracting, through the execution of a collective bargaining agreement, to (1) authorize entry into the Trust and (2) set Contribution rate(s) for the Employer and, if applicable, the Eligible Employees who are to become Members; and

- c. Contracting, through the execution of a Participation Agreement with the Board of Trustees, to establish the terms of their participation in the Trust.
2. *Non-Bargaining Participation.* Where no Labor Organization has been recognized as the exclusive representative of a group of employees of an Employer, unless its participation would likely jeopardize the status of the Trust as a tax-exempt trust or the Plan as a multiemployer plan (within the meaning of Section 4001(a)(3) of ERISA), the Employer may participate in the Trust by:
 - a. Executing this Agreement, or a written acceptance thereof, in a form approved by and filed with the Board of Trustees; and
 - b. Contracting, through the execution of a Participation Agreement with the Board of Trustees, to (1) authorize entry into the Trust; (2) set Contribution rate(s) for the Employer and, if applicable, the Eligible Employees who are to become Members; and (3) establish the terms of its participation in the Trust.
3. *All-Or-None Rule.* Notwithstanding any contrary provisions of this Agreement or the Plan, unless the Trustees approve an exception with respect to and enter into a corresponding Participation Agreement with an Employer, in no event may any Employer participate in this Trust or in the Plan unless its Participation Agreement specifies that all Eligible Employees of the Employer, whether or not represented by a Labor Organization, are eligible to become Members of the Plan upon satisfaction of the eligibility requirements specified in the Plan.

B. *Termination of Participation in the Trust.*

1. The Board of Trustees may involuntarily terminate the participation under this Agreement of any Employer participating in the Trust:
 - a. For its failure to make timely Contribution payments;

- b. For its failure to continue to meet the requirements for participation as set forth in this Agreement or its Participation Agreement;
 - c. For its failure to satisfy any of its obligations under this Agreement or the Plan; or
 - d. If the Board determines, at its discretion, that the Employer's continued participation under the Agreement jeopardizes (1) the tax qualification of the Plan under Section 401(a) and other relevant provisions of the Tax Code; and/or (2) the tax-exempt status of the Fund under Section 501(a) and other relevant provisions of the Tax Code.
- 2. Any Employer may voluntarily terminate its participation under this Agreement, effective on the last day of the current or any future Plan Year, by providing the Board of Trustees ninety (90) days' prior written notice ("Notice of Termination"). To be effective, the Notice of Termination shall:
 - a. Include the Employer's consent to payment in full of its pro rata share of any Termination Liability Charges, including any Withdrawal Liability, on terms that comply with applicable provisions of this Agreement, the Plan and/or the law and any resolutions, rules and/or regulations adopted by the Board; and
 - b. Be executed by both the withdrawing Employer and any Labor Organization that is the exclusive representative of any Employees who are Members of the Plan.
- 3. The Board may adopt resolutions, rules and/or regulations to protect the Fund in the event that the participation of any Employer is terminated, whether voluntarily or involuntarily. Without limitation, these rules and regulations may provide for the curtailment, in whole or in part, of benefits attributable to or dependent upon employment with the

terminating Employer. Neither the terminating Employer, its current or former employee Members or their Beneficiaries or representatives shall have any right to the return of any Contributions or other monies paid to the Fund by the terminating Employer, all of which monies shall continue to be held in the Fund under this Agreement. Any terminated Employer shall remain liable to the Fund for any obligations incurred by the Trust prior to the effective date of its termination.

4. If an Employer (a) completely or partially withdraws (within the meaning of ERISA Section 4201) from the Trust; (b) is involuntarily terminated from participation under this Agreement (as described in Article IV(B)(1)); or (c) voluntarily terminates its participation under this Agreement (as described in Article IV(B)(2)), the Employer shall be liable to the Fund for the full amount of any Withdrawal Liability. The amount of an Employer's Withdrawal Liability shall be calculated using the method described in Section 4211(c)(4) of ERISA, including the ratio described in Section 4211(c)(4)(D)(i) of ERISA. Except to the extent required by Part 1 of Title IV(E) of ERISA, an Employer's Withdrawal Liability shall be calculated without the reduction described in Section 4209 of ERISA. The Board of Trustees shall:
 - a. In the case of a withdrawal, determine whether a complete withdrawal (within the meaning of ERISA Section 4203) or a partial withdrawal (within the meaning of ERISA Section 4205) has occurred with respect to an Employer;
 - b. Determine the date of such complete or partial withdrawal;
 - c. Determine the amount of an Employer's Withdrawal Liability;
 - d. Determine the schedule of payments of an Employer's Withdrawal Liability; and
 - e. Adopt any resolutions, rules and/or regulations and make any decisions as shall be necessary or appropriate for the

establishment, calculation, imposition or collection of Withdrawal Liability.

V. CONTRIBUTIONS TO THE FUND.

- A. *Amount of Employer Contributions.* In order to effectuate the purposes of the Trust, Employers participating in the Trust shall make Contributions to the Fund in the amounts required by applicable collective bargaining agreements and/or their Participation Agreements. The Board of Trustees shall have no power to modify the amount or rate of Employer Contributions established by any applicable collective bargaining agreement or, except by means of an amendment thereto, Participation Agreement.
- B. *Terms Governing Employer Contributions.* Employer Contributions shall be accepted only in accordance with the terms of the applicable collective bargaining agreements and/or Participation Agreements, except as otherwise provided in this Agreement. In no event shall Contributions, whether Employer- or employee-paid in the first instance, be accepted by or on behalf of the Board of Trustees from any person other than an Employer.
- C. *Manner of Employer Contributions.* Contributions to the Fund shall be made in the manner and at the location established by the Board of Trustees.
- D. *Separate Employer Accounting.* For cost allocation purposes, the Trust shall maintain a Separate Account to record the Contributions of each Employer. Notwithstanding the foregoing, the Plan shall be maintained as a single plan (within the meaning of Section 414(l) of the Tax Code) and all assets of the Fund shall be available to pay benefits to all eligible Members and their Beneficiaries on an ongoing basis.
- E. *Due Date.* An Employer's Contributions for a month shall be due on the date specified in the applicable Participation Agreement or such other date as may be established by the Board of Trustees (the "Due Date").
- F. *Delinquent Contributions.* It is recognized and acknowledged by each Employer that the regular and timely payment of Contributions is essential to the efficient

and fair administration of the Fund and the maintenance of Plan benefits. If Employers do not make timely payments, the Fund loses the investment return it should have received, and incurs additional administrative expense in the form of letters, telephone calls and other collection expenses. The Fund may also experience delays in, or be prevented from, processing claims for benefits under the Plan. The Fund's collection expenses and loss of return on investments constitute damages arising from an Employer's default in making timely payments, and these damages cannot be allowed to deplete the Contributions promptly paid by other Employers. Therefore, the following provisions shall apply with respect to delinquent Contributions:

1. *When Employer Considered Delinquent.* Any Employer shall be considered to be delinquent if late payment or underpayment occurs, whether because the Employer fails:
 - a. To submit a Contribution report form with the full Contribution amount within thirty (30) days after the Due Date;
 - b. To submit the full amount of Contributions required under its Participation Agreement;
 - c. Properly to compute the Contributions required under its Participation Agreement; or
 - d. Otherwise to meet its obligations under this Article V.
2. *Liquidated Damages.* It would be extremely difficult and impractical to fix the actual expense and damage to the Fund, over and above attorney's fees and interest on the delinquent Contributions, for each Employer's default. Therefore, the amount of liquidated damages to the Fund resulting from any Employer's default, over and above attorney's fees, other costs of collection, and interest on delinquent Contributions, shall be an amount equal to the greater of (a) the interest on the delinquent Contributions or (b) twenty percent (20%) of the delinquent Contributions (unless the Board of Trustees has set a lower rate), and shall be payable as

of the last day of the month in which the delinquency occurs, unless the required Contributions have been received by then. Such amount is due and payable to the Fund as liquidated damages (and not as a penalty), and such liquidated damages may be waived only pursuant to resolutions, rules or regulations adopted by the Board.

3. *Interest.* Delinquent Contributions, liquidated damages and any other sums owing to the Fund shall accrue interest from the first day after the Contribution delinquency date at the rate of one and one-half percent (1.5%) per month, or such other reasonable rate as the Board of Trustees may from time to time establish. Interest on either delinquent Contributions or liquidated damages may be waived, but only pursuant to resolutions, rules or regulations adopted by the Board.
4. *Special Rules for Repeated Delinquencies.* In the event of repeated delinquencies by the same Employer, the Board of Trustees may apply special rules in establishing the Due Date for that Employer's Contributions and may require the Employer to post a bond or other security to protect the Fund against further delinquencies.

G. Recordkeeping and Audits. Each Employer shall maintain such time records, checks, check stubs, quarterly or other pertinent withholding tax returns, or such other records relating to employment for which Contributions are payable under this Agreement and the applicable Participation Agreement, as are sufficient (1) to determine whether it has satisfied all obligations to the Fund, and (2) to permit the Fund to comply with all applicable laws. These records shall be maintained within California, for a period of not less than seven (7) years following the end of the calendar year in which the employment occurs. If an Employer fails to keep adequate records, the Board of Trustees, at its discretion, may waive all or part of such costs if the discrepancy is minor and not willful, or for other good cause shown. Each Employer is obligated to furnish to the Board, promptly on demand, the names of its Employees, their social security numbers, and such other information as the Board may require in connection with the administration

of the Fund. Each Employer is obligated to make available to the Board, and the Fund's Administrator, Attorney, Auditors or other designees, for inspection and copying at reasonable times at the premises of the Employer, its payroll records whenever the Board considers such an examination to be advisable.

H. *Collection Actions.*

1. *Legal Proceedings.* The Fund may institute legal or other proceedings to collect delinquent Employer Contributions, liquidated damages, interest, costs, reasonable attorney's fees and other costs of collection, including collection agency fees. Such proceedings may be instituted in the name of the Fund, the Trust or the Board of Trustees, or the claim may be assigned to a third person for collection. If legal proceedings are brought in state court, the county in which the particular Employer Contribution is payable (as determined under Article V(C)) shall be a proper county in which to institute such proceedings.
2. *Costs.* A delinquent Employer shall reimburse the Fund, or its assignee, for all reasonable attorney's fees, audit fees, court costs, collection agency fees, and other reasonable expenses of whatever nature incurred in connection with any suit or claim brought under this Article V(H), including any and all appellate proceedings therein. It is recognized by each Employer that the extent of legal services necessarily incurred in the collection of required Contributions may in certain cases have no relation to the fact that the amount of the delinquency is relatively small. In the event that an applicable collective bargaining agreement or Participation Agreement contains provisions relating to collections that specify additional remedies, or obligate the delinquent Employer to pay greater amounts of liquidated damages, interest, attorney's fees or other items than those set forth in this Article V, the Board of Trustees, at its discretion, may pursue the additional remedies or impose the greater charges.

3. *Settlement.* If the Board of Trustees, at its discretion, determines that it is prudent and in the interest of Members and their Beneficiaries, the Board may:
 - a. Forego the collection of any portion of the costs incurred in attempting to collect delinquent Contributions if it is apparent that the costs involved would exceed the amount likely to be recovered;
 - b. Cooperate with an Employer's other creditors in a contractual or court-supervised renegotiation of the Employer's indebtedness; or
 - c. Make any other practical collection decisions that are consistent with the Board's fiduciary duties and characteristic of a responsible creditor concerned with a maximizing its recovery net of costs.
4. *Compromises.* If the Board of Trustees, at its discretion, determines that it is prudent and in the Beneficiaries' interest, the Board may adjust, compromise, settle or submit to arbitration any claim by the Fund for delinquent Contributions. Whenever the Board decides to compromise or settle any such claim, the Administrator may execute on behalf of the Board all documents that the Fund's Attorney determines are necessary or appropriate to implement the compromise or settlement.

I. *Return of Contributions.* Employer Contributions made to the Fund as a result of mistake of fact or law shall be returned to the Employer within six (6) months after the Administrator determines that the Contribution was made by reason of such a mistake. If a Contribution is made by or on behalf of an Employer from whom Contributions are not permitted or are not required under the Participation Agreement, the Fund's sole obligation with respect thereto shall be to return the erroneous Contribution to the extent permissible by applicable law. The Fund shall not be obligated to provide benefits dependent upon any such returned Contribution.

J. *Cooperation With Board.* Whenever requested by the Board of Trustees, an Employer shall distribute to all Members currently in its employ such information as the Board deems necessary to carry out the Board's obligations. That distribution shall be made in such manner as the Board may specify and without charge or expense to either the Members or the Fund. Any Employer that willfully fails to comply with any such reasonable request of the Board shall be liable for any penalties or damages which are thereby incurred.

VI. FIDUCIARIES.

A. *General Rules.* The Board and the individual Trustees who are its members shall be the "named fiduciaries" referred to by Section 402(a)(1) of ERISA.

1. Other persons shall be fiduciaries only to the extent that they (a) have discretionary authority or discretionary control respecting management of the Fund or the Plan; (b) exercise any authority or control respecting management or disposition of Trust assets; (c) have any discretionary authority or discretionary responsibility in the administration of the Plan; or (d) render investment advice for a fee or other compensation, direct or indirect, or have any authority or responsibility to do so. Any person or group of persons may serve in more than one fiduciary capacity with respect to the Fund or the Plan.
2. It is not intended that any Employer, any firm or association representing any Employer, any Labor Organization, or any attorney, accountant, broker, actuary, office personnel, professional administrator or consultant (other than an Investment Manager) shall be a fiduciary (within the meaning of Section 3(21)(A) of ERISA) with respect to the Fund or the Plan simply as a result of performing services for the Fund pursuant to an agreement with the Board of Trustees. Therefore, such persons shall not perform acts of the type described in Article VI(A)(1) which would make them fiduciaries, except as specifically authorized by the Board.

B. *Fiduciary Standards.* All fiduciaries with respect to the Fund or the Plan (whether or not "named fiduciaries") shall discharge their duties solely in the

interest and for the exclusive benefit of the Members and their Beneficiaries in furtherance of the Trust's purpose as set forth in Articles I and III and in accordance with the requirements of this Agreement, the Plan, ERISA, the Tax Code, and applicable collective bargaining agreements and Participation Agreements. In so doing, they shall use the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

C. Allocation of Fiduciary Responsibilities. Fiduciary responsibilities may be allocated or delegated as follows, so long as the allocation or delegation meets the fiduciary standards of Article VI(B) and is evidenced by an appropriate resolution of the Board of Trustees:

1. Any responsibility to manage or control Fund assets may be allocated only among the Board of Trustees and any Fund Custodian and/or Investment Manager.
2. Responsibilities for other matters relating to the Administration of the Fund may be allocated or delegated to the Administrator or any other person, but any Claimant whose claim for benefits is denied shall have the right to have the denial ultimately reviewed by the Board itself, except insofar as the claim review procedures, as set forth in the Plan or adopted by the Board pursuant to Section 503 of ERISA, authorize the Administrator or any other person to make a final decision on review.

D. Liability of Fiduciaries. In no event will a fiduciary be liable with respect to a breach of a fiduciary duty if such breach was committed before he or she became a fiduciary or after he or she ceased to be a fiduciary. Furthermore, to the fullest extent permitted by applicable law, no fiduciary shall be liable for any act or omission of any other person. Specifically:

1. If a specific responsibility, obligation or duty relating to control or management of Fund assets is allocated among the Board of Trustees and/or any Fund Custodian or Investment Manager, then one to whom

such a function has not been allocated shall not be liable, either individually or as a Trustee, for any loss to the Fund arising from any acts or omissions on the part of those to whom such function has been allocated.

2. Upon the proper allocation or delegation of any other fiduciary responsibility, the Board of Trustees shall not be liable for the acts or omissions of the person or persons to whom such responsibility has been allocated or delegated, *provided* that there has been no violation of the fiduciary standards set forth in Article VI(B) with respect to such allocation or delegation, with respect to the establishment or implementation of procedures relative thereto, nor in continuing the delegation.
3. Nothing in this Article VI(D) shall be construed as limiting a fiduciary's liability for a breach of fiduciary responsibility of another fiduciary with respect to the Fund if (a) such fiduciary knowingly participates in or undertakes to conceal an act of omission of such other fiduciary, knowing it is a breach; (b) by failing to comply with applicable fiduciary standards in the administration of their fiduciary responsibilities, such fiduciary enables such other fiduciary to commit a breach; or (c) such fiduciary has knowledge of a breach by such other fiduciary and fails to make reasonable efforts under the circumstances to remedy the breach.

VII. APPOINTMENT AND PROCEDURES OF BOARD OF TRUSTEES.

- A. *Control Vested in Board of Trustees.* The control, direction and management of the Trust and the Fund shall be vested in a Board of Trustees. Four (4) Trustees shall be appointed by the Association. Six (6) Trustees shall be appointed by the Unions.
- B. *Appointment of Trustees.* The Association Trustees shall be designated in writing by the Association. The Union Trustees shall be designated in writing by the appointing Unions. Such written designations shall be presented to the Board of Trustees and held by the Administrator.

- C. *Selection of Disinterested Trustees.* The Association and the Unions agree to use their best efforts to appoint Trustees who are free from any conflicts of interest. No Trustee who is also a Member or Beneficiary and otherwise eligible shall be prohibited from receiving benefits under the Plan, but he or she shall not, as a member of the Board of Trustees, act or pass upon any matters pertaining specifically to the benefits provided under the Plan to him or her, or to any other individual however related to him or her.
- D. *Selection of Experienced Trustees.* The Association and the Unions agree to use their best efforts to appoint Trustees who have experience or expertise in investment matters, retirement benefit trusts, and/or the provision of retirement benefits.
- E. *Appointment of Alternates.* The parties appointing Trustees may also appoint such alternates as they individually may determine, but neither the Association nor the Unions shall appoint a number of alternates which exceeds the number of Trustees that such party is entitled to appoint. Any such appointment shall be made by written instrument delivered to the Board of Trustees. In the event that a regular Trustee is absent from a Board meeting, or is not readily available to sign any written consent or to participate in any telephonic meeting authorized under this Agreement, an alternate Trustee who has been duly appointed by the same appointing party shall have full power and authority to act as a regular Trustee during such absence or unavailability.
- F. *Removal of Trustees and Alternates.* A Trustee may at any time be removed by the appointing party, with or without cause. A Trustee may resign by written notice addressed to the Chair of the Board of Trustees at least thirty (30) days prior to the effective date of such resignation. In the event of the resignation, removal or death of any Trustee, the Trustee's successor shall, within thirty (30) days, be appointed by the party who designated the former Trustee.
- G. *Trust Property Held by Former Trustee.* Any Trustee who resigns, is removed from office, or otherwise terminates service as a Trustee shall forthwith turn over to the Chair or the Co-Chair of the Board of Trustees, at the principal office of the

Trust, any and all records, books, documents, monies and other properties which belong to the Trust or which were received by the former Trustee in his or her capacity as a Trustee.

- H. *Effect of Trustee Vacancy.* No vacancy or vacancies in the offices of the Trustees shall impair the power of the remaining Trustees, acting in the manner provided in this Agreement, to administer the affairs of the Fund and the Plan and to direct, control and manage the Trust.
- I. *Term of Office.* Both regular and alternate Trustees shall serve from the effective date of their initial appointments by the Unions or the Association for an indefinite term until such time as they are removed in accordance with Article VII(F).
- J. *Chairperson.* The Board of Trustees shall select its own Chair. The Trustee serving as Chair shall alternate, for successive periods of one (1) year, between a Union Trustee and an Association Trustee.
- K. *Meetings.* The Board of Trustees shall meet at least four (4) times per year. Additionally, the Board may act on routine administrative matters by telephonic or other electronic means of communication, without a meeting being called or held.
- L. *Minutes.* Minutes of all meetings of the Board of Trustees and written records of the substance of all actions taken by the Board without a meeting shall be prepared and held by the Administrator. Copies of such minutes and records shall be distributed to all members of the Board, as soon as practicable following any meeting or action by the Board.
- M. *Quorum.* Except as otherwise provided in Article VII(N)(4), a quorum of at least two (2) Association Trustees and at least four (4) Union Trustees shall be required for any action to be taken, with or without a meeting, by the Board of Trustees.
- N. *Voting.* The Board of Trustees will act by the vote or written consent of its members.

1. *Seconds.* A motion made by any Trustee must be seconded by at least one (1) other Trustee, who may have been appointed by the same or the opposite party as the Trustee who made the motion.
2. *Unit Voting.* All actions of the Board of Trustees shall be decided by unit voting. The Union Trustees shall be collectively entitled to cast one (1) vote, and the Association Trustees shall be collectively entitled to cast one (1) vote.
3. *Determining Unit Vote.* In the event that either the Union Trustees or the Association Trustees who are present or participating cannot determine their respective unit vote among themselves by a majority decision (or a unanimous decision if vacancies have resulted in there being fewer than three (3) regular Association Trustees or six (6) regular Union Trustees), then the question at issue (a) shall remain status quo until the undecided unit of Trustees can cast the unit vote as described above, and (b) shall be presented at the next meeting of the Board of Trustees. If at such subsequent meeting, the particular unit of Trustees shall remain unable to decide how to cast its unit vote until the meeting is adjourned, the vote of the undecided Trustee unit shall be deemed automatically cast in opposition to the vote of the Trustee unit that has cast its one (1) vote, thereby causing a deadlocked vote among the Trustees which shall be subject to resolution in accordance with Article VII(O).
4. *Nondiscretionary Matters.* The Board of Trustees may authorize in writing one (1) of the Union Trustees and one (1) of the Association Trustees to transmit jointly the Board's instructions to the Fund Custodian or others, or to take or authorize any other action not requiring the exercise of discretion; *provided, however,* that such authority shall not extend to the authorization or issuance of any check, draft, voucher or other withdrawal or disbursement from the Fund in an amount which exceeds ten thousand dollars (\$10,000).

5. *Maintenance of Equal Representation.* Notwithstanding any change in the number of Employers participating in the Trust or the Fund or any merger of the Trust or the Fund with any other fund established for similar purposes, the ratio of one (1) vote for the Association Trustee to one (1) vote for the Union Trustee shall be maintained.
- O. *Arbitration of Deadlocks.* In the event that the Union and Association Trustees are unable to agree on a matter or reach a deadlocked (or tie) vote on any motion or resolution (including but not limited to the arbitrability of a dispute), the matter in dispute shall immediately become subject to arbitration under the terms of Article IX.
- P. *Proxies.* No regular or alternate Trustee may give his or her proxy to any other regular or alternate Trustee. Instead, each regular or, if applicable under Article VII(E), alternate Trustee shall participate and cast his or her own vote as Trustee with respect to any matter coming before the Board of Trustees.
- Q. *Trustee Compensation and Expenses.*
 1. The Trustees shall receive no compensation for their services as Trustees.
 2. To the extent authorized by the Board of Trustees, all fiduciaries may be:
 - a. Reimbursed for expenses actually and properly incurred in accordance with the performance of their duties under this Agreement, pursuant to the terms governing the reimbursement of expenses under the collective bargaining agreement, contract and/or the policy governing the Trustee's employment relationship with the Association; or
 - b. Given an appropriate advance against such reimbursement, subject to immediate repayment if the advance should exceed the amount authorized by the Board.
 3. Expenses of alternate Trustees shall be borne by the Fund only when an alternate replaces a regular Trustee who is absent, or when otherwise approved in advance by the Board of Trustees.

4. Expenses for which reimbursement may be authorized shall include, without limitation, those incurred (a) in attendance at or participation in meetings or other functions of the Board of Trustees or its committees; (b) in attendance at institutes, seminars, conferences or work shops relating to matters of common interest to retirement trusts such as the Fund; or (c) in defending against legal actions which do not result in a judgment that the action taken or position advanced by the Trustee was taken in Bad Faith or involved a willful violation of ERISA or other applicable law.

R. *Bonds and Liability Insurance.*

1. No bonds or other security shall be required of any fiduciary or other person, except as required by Section 412 of ERISA or other applicable law, but the Board of Trustees may direct that such other bonds be obtained as it deems appropriate for itself or others.
2. The Board of Trustees may also direct the purchase of such fiduciary liability and/or non-fiduciary errors and omissions insurance coverage as it deems appropriate for regular and alternate Trustees or others; *provided, however,* that any such insurance that is purchased at the expense of the Fund, to insure against liability or losses occurring by reason of the act or omission of a fiduciary, shall permit recourse by the insurer against the fiduciary in the case of a breach of a fiduciary obligation by such fiduciary. Insurance to protect against such recourse liability may be purchased by any such fiduciary, *provided* that it is not purchased at the expense of the Fund.

VIII. AUTHORITY OF BOARD OF TRUSTEES.

A. *General Authority.* The Board of Trustees is hereby designated as the administrator (within the meaning of Section 3(16)(A) of ERISA) of the Fund and the Plan, and it shall have the sole discretionary authority to control and manage the operation and administration of the Fund and the Plan as a "named fiduciary" under Section 402(a)(1) of ERISA. In addition to those powers which are

mentioned elsewhere in this Agreement or in the Plan, the Board shall have all such powers, authority and discretion as are necessary or appropriate to permit it to perform its function of administering the Fund and the Plan. However, the Board shall not exercise its discretion in any manner which conflicts with or renders ineffectual any provision of this Agreement, any collective bargaining agreement providing for participation in the Trust, and/or any Participation Agreement.

B. *Trustee Management and Administrative Authority.*

1. *Mandatory Trustee Duties.* The Board of Trustees shall:

- a. Adopt such policies and procedures as the Board deems necessary or appropriate to direct and administer the Trust and the Fund so as to comply fully, at all times, with all requirements of law applicable to a tax-qualified retirement trust (within the meaning of Section 501(a) of the Tax Code);
- b. Exercise its authority and discretion in accordance with this Agreement, and with such by-laws, policies, rules and regulations for the Administration of the Trust, the Fund or the Plan as the Board shall adopt and as are not inconsistent with the terms and intent of this Agreement;
- c. Except as may be inherent in their capacities as Members or Beneficiaries under this Agreement, not engage in conflict of interest or self-dealing of any kind, including but not limited to non-exempt transactions prohibited by Section 406(b) of ERISA;
- d. Create and maintain suitable and adequate records of and for the administration of the Trust, the Fund and the Plan;
- e. Adopt such policies and procedures as are necessary or appropriate to ensure that all records they receive in their capacity as Trustees are held and preserved as the property of the Trust;

- f. Enter into all contracts, investment management agreements, insurance Policies and/or other agreements only in the name of and issued to the Board of Trustees;
- g. Formulate and establish the terms and conditions of, and the Contribution amounts or rates under, all Participation Agreements;
- h. Prepare, sign and furnish such statements, reports, information and certificates as may be required by applicable law;
- i. Designate and/or contract for an individual, firm or corporation to serve as the custodian of all documents and other records of the Board and of the Fund;
- j. Pay the reasonable cost of the services rendered by the document custodian;
- k. Designate and contract for the services of an Attorney to provide Legal Services to the Board, jointly for benefit of the Association Trustees and the Union Trustees; *provided, however,* that if the Board is unable to agree upon an Attorney, the Association Trustees and the Union Trustees may each select an Attorney, as they may determine, and the Attorneys so selected shall cooperate and act to represent jointly the interests of the Members and their Beneficiaries;
- l. Pay the reasonable cost of the services rendered by the Attorney(s);
- m. Designate and contract for the services of a Benefits Consultant to provide Benefits Consulting Services to the Board;
- n. Pay the reasonable cost of the services rendered by the Benefits Consultant;
- o. Designate and contract for a financial institution to serve as the Fund Custodian for the purpose of receiving, holding and disbursing the assets of the Fund;

- p. Pay the reasonable cost of the services rendered by the Fund Custodian;
- q. Designate and contract for the services of an Actuary to provide actuarial services to the Fund;
- r. Pay the reasonable cost of services rendered by the Actuary;
- s. Designate and contract for the services of an Accountant to provide accounting services to the Fund;
- t. Pay the reasonable cost of services rendered by the Accountant;
- u. Designate and contract for the services of an Administrator to perform day-to-day management of the Fund;
- v. Pay the reasonable cost of services rendered by the Administrator;
- w. Designate and contract for the services of an Auditor to provide auditing services to the Fund;
- x. Pay the reasonable cost of services rendered by the Auditor;
- y. Designate and contract for the services of an Investment Manager or Investment Managers to manage the assets of the Fund;
- z. Pay the reasonable cost of services rendered by the Investment Manager(s);
- aa. Require any Employer, Member and/or Beneficiary to submit to the Board any information, data, report or document which is relevant and necessary or appropriate to the direction, control, management and/or administration of the Trust, the Fund or the Plan; and the Employers agree that they will use their best efforts to secure compliance with any reasonable request of the Board for any such information, data, report or documents, including verification of the accuracy of Contributions.

2. *Trustee Discretionary Authority.* The Board of Trustees, at its discretion, may:

- a. Allocate fiduciary responsibilities and various administrative duties to committees or subcommittees of the Board;
- b. Except as otherwise mandated by this Agreement, contract for the provision of such accounting, actuarial, legal, investment and other consulting services as the Board may deem necessary or appropriate to administer the Trust, the Fund and the Plan;
- c. Delegate such responsibilities and duties to other persons as it may deem necessary or appropriate;
- d. Contract for policies of insurance to insure against the errors and omissions of the Board and employees of the Trust who engage in business and related activities for and on behalf of the Trust;
- e. Review, from time to time, the policies of insurance against errors and omissions and effect such adjustments in their coverage as are appropriate;
- f. Contract for policies of insurance to insure against injuries or property damage suffered by the Board and employees of the Trust who engage in business and related activities for and on behalf of the Trust;
- g. Review, from time to time, the policies of insurance against injuries or property damage and effect such adjustments in their coverage as are appropriate;
- h. Seek a judicial determination or declaratory judgment, which shall be binding upon all parties to, or claiming under, this Agreement, as to (1) any question of construction of, or for instructions as to any action under, this Agreement; (2) any question relating to the discharge of its duties and obligations under this Agreement, or in connection with the administration of the Trust, the Fund or the Plan; and (3) the distribution of assets of the Fund;

- i. Coordinate with other similar trust funds for the utilization of accounting, actuarial, legal, investment, consulting and administrative services;
- j. Adopt rules and regulations for the administration of the Trust, the Fund or any Plan which are not inconsistent with the terms and intent of this Agreement; and
- k. Perform such other administrative acts as the Board deems necessary or appropriate to accomplish the objectives of the Trust.

C. *Trustee Fiscal Authority.*

- 1. ***Mandatory Trustee Duties.*** The Board of Trustees shall:
 - a. Compute the amount of:
 - (1) Contributions payable to the Fund by any person, or
 - (2) Benefits payable under the Plan to any person;
 - b. Demand and enforce the prompt payment of Contributions to the Fund, as required by any applicable collective bargaining agreement and/or Participation Agreement, including delinquent Contribution payments;
 - c. Accept no Contributions from any Employer under any collective bargaining agreement, Participation Agreement or Employer policy that contains terms inconsistent with this Agreement;
 - d. In consultation with the Fund's Actuary, Accountant and/or Auditor, establish the amount of Termination Liability Charges, including any Withdrawal Liability, applicable to any Employer as are necessary or appropriate to ensure that termination or reduction of any Employer's participation in the Trust will not impose any actual, additional or unanticipated costs or other financial burdens upon the Fund;

- e. Pay benefits to Members or their Beneficiaries only in accordance with and to the extent authorized by the terms of the Plan;
- f. Grant no claim for benefits or other rights under the Plan the granting of which would unreasonably jeopardize the Fund's tax-exempt status under applicable provisions of the Tax Code or any regulations or rulings thereunder;
- g. In the event that any question or dispute shall arise as to the proper person or persons to whom any payments shall be made under this Agreement or the Plan, withhold such payment until there shall have been made an adjudication or resolution of such question or dispute which the Board, at its discretion, deems satisfactory, or until the Board shall have been fully protected against loss by means of such indemnification agreement or bond as the Board, at its discretion, deems to be adequate;
- h. Make all reasonable efforts to ensure that the Fund does not become insolvent;
- i. Make valuations and appraisals of the assets of the Fund;
- j. Exercise all such rights and privileges as are authorized by this Agreement or as the Board, at its discretion, deems necessary or appropriate to protect all property held by the Trust or the Fund;
- k. Designate and contract for the services of an Auditor to provide Auditing Services to the Board and to audit the books, accounts and records of the Board pertaining to the Trust, at least once during each Plan Year;
- l. Require any Employer seeking to terminate or reduce its participation in the Trust and the Fund pursuant to Article IV(B) to pay the full amount of any Termination Liability Charges;

- m. Pursuant to Section 412 of ERISA or other applicable law, secure fidelity bonding for all Trustees and employees of the Trust who handle the monies of the Fund;
- n. Pay premiums on any fidelity bond mandated by Article VIII(C)(1)(m);
- o. Pay premiums on any policies of fiduciary, errors and omissions or other liability insurance purchased pursuant to Article VII(R)(2) or mandated by this Article VIII; and
- p. Make such accounting as is required by the terms of this Agreement and/or applicable law.

2. *Trustee Discretionary Authority.* The Board of Trustees, at its discretion, may:

- a. Review, from time to time, the fidelity bonds mandated by Article VIII(C)(1)(m) and effect such adjustments in their coverage as are necessary or appropriate;
- b. Establish and accumulate such reserve funds, as the Board deems necessary and desirable for the proper execution of the Trust;
- c. Hold in cash in a non-interest bearing account such portion of the Fund assets as may be necessary or appropriate for the day-to-day administration of the Fund and disbursement of benefits, deposited in any bank (including any bank acting as Fund Custodian), subject to the rules and regulations governing such deposits;
- d. Pay or provide for the payment out of the Fund of all reasonable, proper and necessary expenses of:
 - (1) Collecting the Employers' Contributions and payments and other monies and property to which the Trust may be entitled;
 - (2) Paying fees under service provider agreements;

- (3) Administering the affairs of the Trust, including the employment of administrative, legal, accounting, expert and clerical assistance;
- (4) Purchasing or leasing such premises, materials, supplies and equipment, and the performance of such other acts, as the Board finds necessary or appropriate in the performance of its duties;
- (5) To the extent permitted by applicable law, defending any Trustee in litigation arising out of the performance of any action in his or her capacity as a Trustee, which is not a result of willful misconduct or Bad Faith;
- (6) Paying premiums on the policies of insurance against injuries or property damage, casualty and property damage, and other insurance permitted by the terms of this Agreement;
- (7) Paying the fees and the expenses of one or more Investment Managers, to the extent permitted by applicable law; and
- (8) Paying such other fees or costs as may be incurred by any Trustee pursuant to Article VII(Q), but not otherwise specified in this Article VIII;

- e. Demand and enforce interest and liquidated damages provisions mandated by Article V(F) or V(H);
- f. File demands, suits, claims or other actions to enforce Contribution liability, interest and/or liquidated damages provisions mandated by Article V;
- g. Compromise, settle or release claims or demands related to the enforcement of Contribution liability, liquidated damages and/or other debts or liabilities on such terms and conditions as the Board

may deem desirable; *provided, however*, that this clause shall not excuse any violation of this Agreement;

- h. Make appropriate allocations of common administrative expenses and disbursements shared or to be shared between the Trust and any other similar trust fund;
- i. Seek a judicial settlement of its accounts and/or judicial protection by any action or proceeding it determines necessary or appropriate; and
- j. Perform such other fiscal duties as the Board may deem necessary or appropriate to accomplish the objectives of the Trust.

D. *Trustee Investment Authority.*

- 1. ***Mandatory Trustee Duties.*** The Board of Trustees shall:
 - a. Diversify the assets of the Fund, so as to minimize the potential for loss;
 - b. Exercise all rights and privileges authorized under this Agreement to maximize the return on monies invested and to protect all property held under this Agreement;
 - c. In connection with any allocation or delegation of investment functions under this Article VIII(D), (1) adopt appropriate investment policies or guidelines, from time to time; and (2) contract that any delegation of investment authority may be terminated by the Board upon thirty (30) days' written notice; and
 - d. Not engage in any non-exempt prohibited transaction under Section 406 of ERISA.
- 2. ***Trustee Discretionary Authority.*** The Board of Trustees, at its discretion, may:
 - a. Invest and reinvest such funds as are not necessary for current expenditures or liquid reserves, as it may from time to time

determine, in such investments as are prudent for such purpose and permitted under Part 4 of Title I(B) of ERISA and other applicable law;

- b. Sell, exchange or otherwise dispose of such investments at any time and, from time to time;
- c. Purchase, hold and/or sell any securities issued by the United States Government; common or preferred stocks; bonds; other securities listed on any exchange or traded in an over-the-counter market (including shares of mutual funds or other registered investment companies); interests in pooled investment portfolios managed by insurance companies; promissory notes; mortgages; deeds of trust or other evidences of indebtedness; certificates of deposit of any bank (including those of the Fund Custodian); or other property, real or personal, including improved or unimproved real estate and equity interests in real estate, where such an investment appears to the Board, at its discretion and consistent with its fiduciary obligations, to be in the best interests of the Trust and the Beneficiaries, judged by then prevailing business conditions and standards;
- d. With respect to any stocks, bonds or other property, real or personal, held by the Board, to exercise all such rights, powers and privileges as might be lawfully exercised by any person owning similar stocks, bonds or other property in their own right;
- e. Allocate to a committee of Trustees such duties and responsibilities to invest and reinvest such Fund assets as it shall specify in such allocation;
- f. Delegate to one or more Investment Managers the fiduciary duty to invest such portions of the assets of the Fund, as the Board shall specify in such delegation;

- g. Appoint one or more Investment Managers who shall be responsible for the management, acquisition, disposition, investment and reinvestment of such portions of the assets of the Fund as the Board shall specify;
- h. Coordinate with other similar trust funds to maximize the investment opportunities available to the Fund; and
- i. Take such other actions as the Board, at its discretion, deems necessary or appropriate to protect, preserve and maximize the assets of the Fund.

E. *Trustee Claims Authority.*

- 1. ***Mandatory Trustee Duties.*** The Board of Trustees shall:
 - a. Contract with the Administrator, the Benefits Consultant and/or one or more other qualified consultants to compute the amount(s) of the benefit(s) payable under the terms of the Plan to any Member or Claimant or, subject to such reasonable limitations as the Board, at its discretion, may deem appropriate, any Member or the Beneficiary of any deceased Member;
 - b. Adopt and/or incorporate in the Plan document such policies and procedures as are necessary or appropriate, at all times, to comply with Section 503 of ERISA, and other applicable law relating to employee retirement benefits claim processing;
 - c. Adopt such policies and procedures as are necessary or appropriate to establish and maintain a reasonable claims procedure, which shall satisfy the minimum requirements of Section 503 of ERISA and:
 - (1) Provide standards and procedures for the initial submission of claims;

- (2) Require that all claims duly submitted are so processed as to ensure accurate payment, pursuant to the terms of the Plan;
- (3) Provide standards and time-lines for the payment or denial of all claims within a reasonable period of time;
- (4) Provide any Claimant an opportunity to review pertinent Plan documents;
- (5) Provide any Claimant whose claim for benefits is being denied, in whole or in part, written notice setting forth the specific reasons for the denial, stated in a manner likely to be understood by the Claimant;
- (6) Provide for a procedure for the reconsideration, at the request of the affected Claimant, of such claims as may be initially denied under the terms of the Plan;
- (7) Provide for a procedure under which any Claimant whose claim for benefits has been reconsidered and again denied, in whole or in part, may (a) submit issues and comments, in writing, to the Board or its designee; and (b) receive a full and fair review of the claim denial decision by the Board or its designee;
- (8) Provide Claimants notice and an opportunity to be heard in an appeal to the Board; and
- (9) Provide a final and binding arbitration procedure for the ultimate resolution of disputes between Claimants and the Board which have not been resolved through the foregoing claims procedures.

2. *Trustee Discretionary Authority.* The Board of Trustees, at its discretion, may:

- a. Compromise, settle or release claims or demands in favor of or against the Fund on such terms and conditions as the Board may deem desirable; and
- b. Perform such other acts related to claims processing as the Board deems necessary or appropriate to accomplish the objectives of the Trust.

F. *Trustee Reporting Authority.*

1. *Mandatory Trustee Duties.* The Board of Trustees shall:

- a. Deliver copies of the Fund's audited financial statements to the Unions, the Employers and each Trustee within thirty (30) days after the Auditor's report is received;
- b. Make the Fund's audited financial statements available for inspection by interested persons at the principal office of the Trust and at such other suitable places as the Board may designate from time to time;
- c. Make all such reports to governmental bodies and disclosures to Beneficiaries as are required by Part 1 of Title I(B) of ERISA or other applicable law;
- d. Prepare and deliver periodic reports to the Unions and the Employers which shall include, but not be limited to, the investments, assets and administration of the Fund, the funding status of the Plan, and all reports required by applicable law;
- e. Deliver such summary information as is necessary adequately to describe the financial condition of the Fund, including but not limited to the audited financial statements, to the Members and their Beneficiaries at least once each Plan Year; and
- f. Immediately notify, in writing, the relevant Unions and Beneficiaries of the failure of the relevant Employer to make the full amount of all Contributions mandated by Article V.

2. *Trustee Discretionary Authority.* The Board of Trustees, at its discretion, may prepare and deliver such other reports to the Unions and the Employers, and/or the Members and their Beneficiaries, as the Board deems necessary or appropriate to accomplish the objectives of the Trust.

G. *Miscellaneous Powers.* The Board of Trustees shall have and, at its discretion, may exercise all other lawful discretionary and nondiscretionary powers appropriate to the exercise of its authority under this Agreement or the Plan, including the following discretionary powers:

1. To interpret the provisions of this Agreement and the Plan, to exercise general supervision over the administration of the Trust, the Fund and the Plan, and to determine any questions arising under this Agreement or the Plan, or in connection with the administration or operation thereof; and
2. To determine all questions affecting the eligibility of any employee or dependent to become or remain a Beneficiary under the Plan.

IX. RESOLUTION OF DISPUTES AMONG TRUSTEES.

A. *Arbitration of Deadlocks of the Board of Trustees.* In the event of a deadlock of the Association Trustees and the Union Trustees on any matter within their power, the dispute, including the arbitrability of the dispute, shall be subject to final and binding arbitration.

B. *Arbitration Procedure.* The following procedure shall govern arbitration under this Article IX.

1. After twenty (20) days of the occurrence of a deadlock, the dispute may be referred by either the Association Trustee or the Union Trustee units to an impartial arbitrator for a final and binding decision.
2. Either the Union Trustee unit may serve upon the Association Trustee unit, or vice versa, a written demand for arbitration, which shall initiate the arbitration process. The arbitration demand shall state whether the arbitration shall be conducted under the procedures of the Labor

Arbitration Rules or under the Expedited Labor Arbitration Procedures of the American Arbitration Association.

3. If, within ten (10) days after the service of the demand for arbitration, the Union Trustee and the Association Trustee units fail to agree on who shall be arbitrator:
 - a. Arbitration shall commence pursuant to Rule 7 of the Labor Arbitration Rules of the American Arbitration Association; and
 - b. Pursuant to Rule 12 of the Labor Arbitration Rules, the American Arbitration Association shall submit to both the Union Trustee and the Association Trustee units a single list of at least five (5) arbitrators. From the panel submitted, the Union Trustee and the Association Trustee units shall each alternatively strike one (1) name until all but one name remains. The person whose name remains shall be the arbitrator.
4. Within twenty (20) days after the service of the demand for arbitration, the Union Trustee and the Association Trustee units shall jointly submit to the American Arbitration Association a statement of the issue or issues to be decided and the remedy or remedies sought. If the Trustees cannot agree on a written submission statement, the Union Trustee and the Association Trustee units shall each submit to each other and to the American Arbitration Association their respective statements of the issue or issues in dispute.

C. *Decision of the Arbitrator.* The decision of the arbitrator shall be final and binding upon the Trustees, the Employers, and the Members and their Beneficiaries.

1. The arbitrator shall decide the issue or issues in dispute and order a remedy or remedies in the form of a written opinion:
 - a. Within ten (10) days after the close of the hearing, if the arbitration is conducted under the Expedited Arbitration Procedure; or

- b. Within thirty (30) days after the close of the hearing, if the arbitration is conducted under the Labor Arbitration Rules.

2. The arbitrator shall have jurisdiction to:

- a. Decide any dispute regarding the submission statements of the Union Trustee and Association Trustee units;
- b. Decide any arbitrability claim;
- c. Decide the merits of any dispute submitted to the arbitrator; and
- d. Find that any Trustee has acted in Bad Faith.

3. The arbitrator shall:

- a. Base any award on the terms of this Agreement and, if applicable, the Plan or any Participation Agreement;
- b. Be bound by the terms of this Agreement, the Plan, and any applicable collective bargaining agreement and/or Participation Agreement;
- c. Make no award which alters or amends any of the terms of any applicable collective bargaining agreement and/or Participation Agreement; *provided, however,* that the arbitrator shall have the authority to interpret any of the terms of those agreements;
- d. Make no award which alters or amends any of the terms of this Agreement or the Plan; *provided, however,* that the arbitrator shall have the authority to interpret any of the terms of this Agreement or the Plan; and
- e. Make no award which establishes or fixes a rate of Contribution to be paid by Employers participating in the Trust.

4. The decision of the arbitrator shall be enforceable under applicable law.

D. *Issue and Claims Preclusion Under Collective Bargaining Agreements.* No issue or claim which has been arbitrated under this Article IX shall be subject to

the arbitration procedure provided in an applicable collective bargaining agreement or to any judicial proceeding alleging breach of contract to enforce an applicable collective bargaining agreement.

E. *Cost of Arbitrating Deadlocks of the Board of Trustees.*

1. The following fees and reasonable expenses of arbitrating disputes among the Trustees shall be paid by the Trust:
 - a. The fees and reasonable expenses of the arbitrator, including the cost of any hearing room and the original reporter's transcript;
 - b. The reasonable costs and expenses incurred by the opposing Union and Association Trustee units in the preparation and arbitration of disputes; *provided, however,* that no Trustee unit shall be reimbursed for:
 - (1) A total amount in excess of ten thousand dollars (\$10,000) in connection with any single arbitration proceeding; and
 - (2) The arbitration costs and expenses incurred by a Trustee unit in arbitrating any claim or issue, if the arbitrator affirmatively finds that the Trustee or Trustee unit acted in Bad Faith in:
 - a) Causing the deadlock to occur;
 - b) Pressing any issue or claim to arbitration;
 - c) Arguing or otherwise presenting the merits of any issue or claim which is the subject of the arbitration proceeding; or
 - d) Any other matter related to the resolution of a deadlock among the Trustees.
2. The decision and opinion of the arbitrator shall include an award of costs, fees and expenses in accordance with this Article IX.

X. AMENDMENT AND TERMINATION.

A. *Elective Amendments.* This Agreement may be amended at any time by a written instrument signed by (1) the Association, (2) the Unions, (3) Association Trustees, and (4) the Union Trustees; *provided, however*, that the Association and Unions specifically reserve the right and authority, through the collective bargaining process and to the extent consistent with applicable law, to direct the Board of Trustees regarding (i) Plan design and retirement benefit levels, (ii) Employer- and employee-paid Contribution levels, and (iii) policies governing the Administration of the Fund. Failure to agree to a proposed amendment to this Agreement shall not be subject to arbitration under Article IX, except as provided in Article X(B). No amendment shall alter or negate (x) the purpose of the Fund as set forth in Articles I(B) and III or (y) any applicable and lawful provision of a collective bargaining agreement or, except on a prospective basis, a Participation Agreement which has been approved or accepted by the Board.

B. *Mandatory Amendments.* The Association and the Unions shall amend this Agreement and/or the Plan in the following situations:

1. If and to the extent necessary or appropriate to assure compliance with ERISA, the Tax Code, or other applicable law;
2. If and to the extent necessary or appropriate to assure that (a) the Fund remains tax-exempt; (b) Contributions to the Fund will not be deemed part of the "regular rate" at which an employee is employed for purposes of the FAIR LABOR STANDARDS ACT; and (c) Contributions will not be subject to deductions for purposes of the CALIFORNIA UNEMPLOYMENT INSURANCE ACT, the FEDERAL UNEMPLOYMENT INSURANCE ACT, the FEDERAL UNEMPLOYMENT TAX ACT, the FEDERAL INSURANCE CONTRIBUTIONS ACT, or any similar legislation, if such result is avoidable by amending this Agreement or the Plan.
3. If this Agreement or the Plan is not amended when so required under Article X(B)(2), the matter shall be submitted to arbitration under Article IX, and notwithstanding any contrary provision of this Agreement,

the Board shall be bound to execute such amendment of this Agreement or the Plan as the arbitrator deems necessary to satisfy the requirements of this Article X(B).

C. *Termination.* The Fund or the Plan may be terminated at any time.

1. The Fund shall not be terminated without terminating the Plan, but the Plan may be wholly or partially terminated without terminating the Fund. Termination shall be accomplished in the same manner as amendment and shall be effected in compliance with applicable provisions of Title IV of ERISA and the Tax Code.
2. Upon termination of the Fund, all obligations shall first be satisfied and funds sufficient to satisfy disputed claims shall be reserved until such claims are resolved. The Board shall thereupon apply the remaining Fund assets in such manner as the Plan may provide.

D. *Assets Transferred to or From Other Benefit Trusts.* Notwithstanding any contrary provision of this Agreement:

1. The Board of Trustees may, (a) if the Fund is wholly or partially terminated, transfer the Fund assets or any portion thereof to the trustees of any other trust or trusts which are tax-exempt under and provide benefits permitted under Section 501(a) of the Tax Code; or (b) receive assets transferred from any other such trust which is wholly or partially terminated. However, failure of the Board to agree on any such action shall not be subject to arbitration under Article IX.
2. Neither the Trust nor the Plan shall be merged or consolidated with, or transfer its assets or liabilities to, any other plan or trust unless each Member or Beneficiary under the Plan would (if the Plan terminated) be entitled to receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit he or she would have been entitled to receive immediately before the merger, consolidation or transfer if the Plan had terminated.

XI. GENERAL PROVISIONS.

- A. *Agreement Controls Authority of Trustees.* The powers, duties and liabilities of any Trustee under this Agreement shall be determined solely by the express provisions of this Agreement and no further power, duties or liabilities shall be implied or imposed.
- B. *Reliance.* The Board of Trustees, to the extent permitted by applicable law, shall be permitted to rely upon the advice, computations and reports of the Board's professional consultants and advisors. The Board shall be fully protected in respect of any action taken or suffered by them in good faith in reliance upon any such tables, valuations, certificates, reports, opinions or other advice of any Accountant, Actuary, Attorney or Benefits Consultant. Any action so taken or suffered by the Board shall be conclusive upon each Trustee, the Employers, the Unions and all Members and their Beneficiaries. The Board shall be deemed to have relied, without detriment, on the following professional sources:
 1. All tables, valuations, certificates and reports furnished by any Actuary;
 2. All certificates and reports made by any Accountant and/or Auditor;
 3. All opinions rendered by any Attorney; and
 4. Any advice given by any Benefits Consultants.
- C. *Rights of the Parties.*
 1. *Rights of the Parties Governed by This Agreement.* The rights and duties of all parties, including the Employers, the Unions, the Members, the Beneficiaries and other persons claiming any interest under the Trust, the Fund or the Plan, shall be governed by the provisions of this Agreement and the Plan.
 2. *Grantors Not Liable for Validity of This Agreement.* Neither the Employers nor the Unions shall be liable or responsible for the validity of this Agreement or the Plan.

3. *Grantors Not Liable for Benefit Claims.* Neither the Employers nor the Unions shall be liable or responsible in respect of any failure or omission by the Board of Trustees to pay any benefits under the Plan for any reason.
4. *Grantors Not Liable For Acts of Trustees.* Neither the Employers nor the Unions shall be liable in any respect of any of the obligations, acts or omissions of the Board of Trustees, nor any member of the Board, for any conduct in which the Trustees may engage in their official capacity as Trustees under this Agreement.

D. *Parties' Liability Limited.* The Employers and the Unions shall have only such liabilities to the Fund as are set forth or authorized under this Agreement, the Plan or their respective Participation Agreements. The parties shall have no other liabilities for the operation or obligations of the Fund, nor for the failure of other Employers to fulfill their obligations to the Fund, except as specifically imposed under ERISA or other applicable law. However, non-payment by an Employer of any Contribution or Termination Liability charge or other monies owed to the Fund shall not relieve any other Employer from its obligations to make its required payments to the Fund.

E. *Benefit Claims Limited.* No Member nor Beneficiary shall have any right or claim to benefits under the Plan except as specified in the Plan.

F. *Rights and Remedies Limited.* No person shall have any right, title or interest in or to Fund assets except as otherwise required by law or otherwise specifically provided in this Agreement.

G. *Rights Not Transferable.* Except to the extent permitted by ERISA and approved in advance by the Board of Trustees, all benefits provided to Members and Beneficiaries under the Plan shall be paid directly to them and shall not otherwise be subject to or liable for the Members' or Beneficiaries' debts or other obligations or assigned, alienated or used as security by them, and shall not be subject to attachment, execution or other legal proceedings, except to the extent authorized under Section 401(a)(13) of the Tax Code with respect to federal tax liabilities or qualified domestic relations orders (within the meaning of Section

414(p) of the Tax Code). Notwithstanding the foregoing sentence, if at any time any person entitled to receive payments from the Fund has already received payments in excess of what he or she was entitled to receive as of that date, to the extent not prohibited by ERISA or other applicable law, the Board may withhold from future payments due to or in respect of such person such amounts as are necessary to reimburse the Fund for such excess payments.

H. Employer-Employee Relationship Not Affected. Nothing in this Agreement shall give any employee the right to be retained in the employment of any Employer, and any employer-employee relationship relating to the Trust, the Fund or any Plan shall continue in the same manner as though the Trust, the Fund and the Plan had not been executed.

I. Effect of Trust Instruments.

1. The name of the Trust may be used to designate the Trustees collectively, and all instruments may be executed by the Board of Trustees in that name.
2. Every instrument executed by the Board of Trustees or at its direction shall:
 - a. Be signed by at least one (1) Association Trustee and one (1) Union Trustee.
 - b. Conclusively establish the following facts in favor of every person who relies on it:
 - (1) At the time of the delivery of the instrument, this Agreement was in full force and effect;
 - (2) The instrument was executed in accordance with the terms and conditions of this Agreement; and
 - (3) The Board of Trustees was duly authorized to execute the instrument or direct its execution.

3. The Trustees, to the extent permitted by applicable law, shall incur no liability in acting upon any instrument, application, notice, request, signed letter, telegram, facsimile transmission, or other paper or document believed by them to be genuine and to contain a true statement of facts, and to be signed by the proper person. Any Trustee, to the extent permitted by applicable law, may rely upon any instrument in writing purporting to have been signed by a majority of the Trustees or in accordance with Article XI(I)(2)(a) as conclusive evidence of the fact that the Board of Trustees has taken the action stated to have been taken in such instrument.

J. *Notice Required by the Agreement.* Any notice required to be given under the terms of this Agreement shall be deemed to have been duly served if delivered personally to the person to be notified in writing, or if mailed in a sealed envelope, postage prepaid, to such person at the last known address as shown in the records of the Trust.

K. *Conflicts of and Controlling Law.*

1. All questions pertaining to this Agreement, the Trust, the Fund or the Plan and their validity, administration and construction shall be determined in accordance with applicable provisions of ERISA, the Tax Code and other federal law and, to the extent not preempted, the laws of the State of California.
2. This Agreement may be executed in a number of counterparts, each of which shall have the force and effect of an original, and no more than one counterpart need be signed by any party thereto; *provided, however,* that each signed counterpart shall be filed in the principal office of the Trust.

L. *Severability.* If any provision of this Agreement, the Plan, any resolution, rule or regulation adopted by the Board of Trustees pursuant thereto, or any step in the Administration of the Trust, the Fund or the Plan is held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining portions of this Agreement, the Plan, the mode of Administration, or such resolutions, rules

and regulations, unless such illegality or invalidity prevents or, in substantial degree unfavorably affects, the accomplishment of the objectives and purposes of this Agreement or the Plan. In the event of any such occurrence, the parties will immediately commence negotiations or attempt to remedy any such defect.

M. *Fund Office.* The principal office of the Fund, which may be the principal office of the Administrator, shall be the situs of this Trust. The Board of Trustees may change the principal office of the Fund at any time upon notice to the Association and the Unions.

EXECUTION

In Witness Whereof, (a) the Association and the Union have executed this Agreement to create the Trust, and (b) the Trustees have executed this Agreement to evidence (1) their acceptance of the Trust created by this Agreement, and (2) their agreement to be bound by the terms of this Agreement and any collective bargaining agreement relating to participation in the Trust. This Agreement may be executed in two or more counterparts, each of which shall be deemed originals, and all of which taken together shall constitute one instrument.

CALIFORNIA STAFF ORGANIZATION

By: Robert E. Marlin

Dated: 23 Dec 98

CALIFORNIA TEACHERS ASSOCIATION

By: _____

Dated: _____

CALIFORNIA ASSOCIATE STAFF

By: _____

Dated: _____

UNION TRUSTEES:

By: _____

Name: Debby Diaz

Dated: _____

By: _____

Name: Maureen Keating

Dated: _____

ASSOCIATION TRUSTEES:

By: _____

Name: Ernie Ciarrocchi

Dated: _____

By: _____

Name: Carolyn Doggett

Dated: _____

EXECUTION

In Witness Whereof, (a) the Association and the Union have executed this Agreement to create the Trust, and (b) the Trustees have executed this Agreement to evidence (1) their acceptance of the Trust created by this Agreement, and (2) their agreement to be bound by the terms of this Agreement and any collective bargaining agreement relating to participation in the Trust. This Agreement may be executed in two or more counterparts, each of which shall be deemed originals, and all of which taken together shall constitute one instrument.

CALIFORNIA STAFF ORGANIZATION

By: _____

Dated: _____

CALIFORNIA TEACHERS ASSOCIATION

By: _____

Dated: _____

CALIFORNIA ASSOCIATE STAFF

By: Cynthia S. Water

Dated: 12/21/98

UNION TRUSTEES:

By: _____

Name: Debby Diaz

Dated: _____

By: _____

Name: Maureen Keating

Dated: _____

ASSOCIATION TRUSTEES:

By: _____

Name: Ernie Ciarrocchi

Dated: _____

By: _____

Name: Carolyn Doggett

Dated: _____

EXECUTION

In Witness Whereof, (a) the Association and the Union have executed this Agreement to create the Trust, and (b) the Trustees have executed this Agreement to evidence (1) their acceptance of the Trust created by this Agreement, and (2) their agreement to be bound by the terms of this Agreement and any collective bargaining agreement relating to participation in the Trust. This Agreement may be executed in two or more counterparts, each of which shall be deemed originals, and all of which taken together shall constitute one instrument.

CALIFORNIA STAFF ORGANIZATION

By: _____

Dated: _____

CALIFORNIA TEACHERS ASSOCIATION

By: _____

Dated: _____

CALIFORNIA ASSOCIATE STAFF

By: _____

Dated: _____

UNION TRUSTEES:

By: Debby Diaz

Name: Debby Diaz

Dated: December 18, 1998

By: _____

Name: Maureen Keating

Dated: _____

ASSOCIATION TRUSTEES:

By: _____

Name: Ernie Ciariocchi

Dated: _____

By: _____

Name: Carolyn Doggett

Dated: _____

EXECUTION

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CALIFORNIA STAFF ORGANIZATION

By: _____

Dated: _____

CALIFORNIA ASSOCIATE STAFF

By: _____

Dated: _____

UNION TRUSTEES:

By: _____

Name: Debby Diaz

Dated: _____

By: Maureen Keating
Name: Maureen Keating

Dated: December 26, 1998

CALIFORNIA TEACHERS ASSOCIATION

By: _____

Dated: _____

ASSOCIATION TRUSTEES:

By: _____

Name: Ernie Ciarrocchi

Dated: _____

By: _____

Name: Carolyn Doggett

Dated: _____

EXECUTION

In Witness Whereof, (a) the Association and the Union have executed this Agreement to create the Trust, and (b) the Trustees have executed this Agreement to evidence (1) their acceptance of the Trust created by this Agreement, and (2) their agreement to be bound by the terms of this Agreement and any collective bargaining agreement relating to participation in the Trust. This Agreement may be executed in two or more counterparts, each of which shall be deemed originals, and all of which taken together shall constitute one instrument.

CALIFORNIA STAFF ORGANIZATION

By: _____

Dated: _____

CALIFORNIA TEACHERS ASSOCIATION

By: Lois Wilson

Dated: Dec. 21, 1998

CALIFORNIA ASSOCIATE STAFF

By: _____

Dated: _____

UNION TRUSTEES:

By: _____

Name: Debby Diaz

Dated: _____

By: _____

Name: Maureen Keating

Dated: _____

ASSOCIATION TRUSTEES:

By: _____

Name: Ernie Ciarrocchi

Dated: _____

By: _____

Name: Carolyn Doggett

Dated: _____

EXECUTION

In Witness Whereof, (a) the Association and the Union have executed this Agreement to create the Trust, and (b) the Trustees have executed this Agreement to evidence (1) their acceptance of the Trust created by this Agreement, and (2) their agreement to be bound by the terms of this Agreement and any collective bargaining agreement relating to participation in the Trust. This Agreement may be executed in two or more counterparts, each of which shall be deemed originals, and all of which taken together shall constitute one instrument.

CALIFORNIA STAFF ORGANIZATION

By: _____

Dated: _____

CALIFORNIA ASSOCIATE STAFF

By: _____

Dated: _____

UNION TRUSTEES:

By: _____

Name: Debby Diaz

Dated: _____

By: _____

Name: Maureen Keating

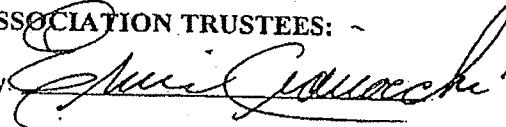
Dated: _____

CALIFORNIA TEACHERS ASSOCIATION

By: _____

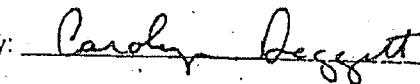
Dated: _____

ASSOCIATION TRUSTEES:

By: 

Name: Ernie Ciarocchi

Dated: 12/21/98

By: 

Name: Carolyn Doggett

Dated: 12/21/98

UNION TRUSTEES (cont'd):

By: 

Name: Bob Lindquist

Dated: _____

By: _____

Name: Dan Saling

Dated: _____

By: _____

Name: Joan Stout

Dated: _____

By: _____

Name: David D. Unruhe

Dated: _____

ASSOCIATION TRUSTEES (cont'd):

By: _____

Name: Wayne Johnson

Dated: _____

By: _____

Name: Lois Tinson

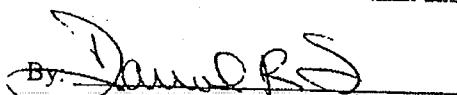
Dated: _____

UNION TRUSTEES (cont'd):

By: _____

Name: Bob Lindquist

Dated: _____

By: 

Name: Dan Saling

Dated: Dec 18, 1998

By: _____

Name: Joan Stout

Dated: _____

By: _____

Name: David D. Unruhe

Dated: _____

ASSOCIATION TRUSTEES (cont'd):

By: _____

Name: Wayne Johnson

Dated: _____

By: _____

Name: Lois Tinson

Dated: _____

UNION TRUSTEES (cont'd):

By: _____

Name: Bob Lindquist

Dated: _____

By: _____

Name: Dan Saling

Dated: _____

By: Joan S. Stout

Name: Joan Stout

Dated: 12/18/98

By: _____

Name: David D. Unruhe

Dated: _____

ASSOCIATION TRUSTEES (cont'd):

By: _____

Name: Wayne Johnson

Dated: _____

By: _____

Name: Lois Tinson

Dated: _____

UNION TRUSTEES (cont'd):

By: _____

Name: Bob Lindquist

Dated: _____

By: _____

Name: Dan Saling

Dated: _____

By: _____

Name: Joan Stout

Dated: _____

By: David D. Unruhe

Name: David D. Unruhe

Dated: December 28, 1998

ASSOCIATION TRUSTEES (cont'd):

By: _____

Name: Wayne Johnson

Dated: _____

By: _____

Name: Lois Tinson

Dated: _____

UNION TRUSTEES (cont'd):

By: _____

Name: Bob Lindquist

Dated: _____

By: _____

Name: Dan Saling

Dated: _____

By: _____

Name: Joan Stout

Dated: _____

By: _____

Name: David D. Unruhe

Dated: _____

ASSOCIATION TRUSTEES (cont'd):

By: Wayne Johnson

Name: Wayne Johnson

Dated: 12-18-98

By: _____

Name: Lois Tinson

Dated: _____

UNION TRUSTEES (cont'd):

By: _____

Name: Bob Lindquist

Dated: _____

By: _____

Name: Dan Saling

Dated: _____

By: _____

Name: Joan Stout

Dated: _____

By: _____

Name: David D. Unruhe

Dated: _____

ASSOCIATION TRUSTEES (cont'd):

By: _____

Name: Wayne Johnson

Dated: _____

By: _____

Name: Lois Tinson

Dated: Dec. 14, 1995

**AMENDMENT NO. 1 TO
DECLARATION OF TRUST AND AGREEMENT
ESTABLISHING
THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS TRUST**

The California Teachers Association Employees' Retirement Benefits Trust (the "Trust") was created effective January 1, 1999 by the trust agreement (the "Agreement") executed during December 1998 by the California Teachers Association (the "Association"), the California Staff Organization and the California Associate Staff (the "Unions") and the Trustees appointed by the Association and the Unions. Acting pursuant to Article X(A) of the Agreement, the Association, the Unions and the Trustees hereby amend the Agreement, effective as of January 1, 2002, as follows:

1. Article IV(A) is amended by adding at the end thereof a new Article IV(A)(4) to read as follows:

4. ***No Employee-Paid Contributions for New Employers.***
Notwithstanding any contrary provisions of this Agreement or the Plan, in no event may any Employer begin participating in this Trust or in the Plan after December 31, 2001 unless the applicable collective bargaining agreement or its Participation Agreement specifies that (a) the Employer shall make all contributions necessary to fund the Plan (as determined pursuant to Article V of this Agreement and Section 4.1 of the Plan), and (b) none of its Eligible Employees shall make Required Contributions.

2. The second sentence of Article IV(B)(4) is deleted and the following sentence is substituted therefor:

The amount of an Employer's Withdrawal Liability shall be calculated using the "rolling five-year" method (also called the "one-pool" method) described in Section 4211(c)(3) of ERISA.

EXECUTION

In Witness Whereof, the Association, the Unions and the Trustees have executed this Amendment to the Agreement to evidence (a) their acceptance of the changes to the Agreement effected by this Amendment, and (b) their agreement to be bound by the terms of the amended Agreement and any collective bargaining agreement relating to participation in the Trust. This Amendment may be executed in two or more counterparts, each of which shall be deemed originals, and all of which taken together shall constitute one instrument.

CALIFORNIA STAFF ORGANIZATION

By: Marilyn Allen

Dated: 6/4/02

CALIFORNIA TEACHERS ASSOCIATION

By: Donald A. Sanchez

Dated: 6-04-02

CALIFORNIA ASSOCIATE STAFF

By: G. Diaz

Dated: 6/4/02

UNION TRUSTEES:

By: Debby Diaz

Name: Debby Diaz (CAS)

Dated: 6/5/02

By: Bob Lindquist

Name: Bob Lindquist (CSO)

Dated: 6/5/02

ASSOCIATION TRUSTEES:

By: Carolyn Doggett

Name: Carolyn Doggett

Dated: June 5, 2002

By: Wayne Johnson

Name: Wayne Johnson

Dated: 6/5/02

UNION TRUSTEES (cont'd):

By: Elizabeth Tokar

Name: Elizabeth Tokar (CAS)

Dated: 6/4/02

By: Barbara Tomita

Name: Barbara Tomita (CSO)

Dated: 6/4/02

By: Hal Vick

Name: Hal Vick (CSO)

Dated: 6/4/02

By: David D. Unruhe

Name: David D. Unruhe (CAS)

Dated: David D. Unruhe

ASSOCIATION TRUSTEES (cont'd):

By: Barbara E. Kerr

Name: Barbara Kerr

Dated: 6-04-02

By: David A. Sanchez

Name: David A. Sanchez

Dated: 6-04-02

**AMENDMENT NO. 2 TO
DECLARATION OF TRUST AND AGREEMENT
ESTABLISHING
THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS TRUST**

The California Teachers Association Employees' Retirement Benefits Trust (the "Trust") was created effective January 1, 1999 by the trust agreement (the "Agreement") executed during December 1998 by the California Teachers Association (the "Association"), the California Staff Organization and the California Associate Staff (the "Unions") and the Trustees appointed by the Association and the Unions. Acting pursuant to Article X(A) of the Agreement, the Association, the Unions and the Trustees hereby amend Article VIII(D)(2) of the Agreement, effective as of June 1, 2006, by deleting "and" from the end of paragraph (h), substituting ";" and" for the period at the end of paragraph (i), and adding at the end thereof a new paragraph (j) to read as follows:

- j. Invest and reinvest assets of the Fund in units of or other interests in common, collective or group trust funds exempt from federal income tax under Section 501(a) or 584 of the Tax Code. If and to the extent required by the terms of the trust agreement establishing any such trust fund, the terms and provisions of such trust agreement shall be deemed by this reference thereto to have been incorporated into this Agreement, effective as of the date and for the duration of the Fund's investment in such trust fund, as if such terms and provisions were set forth in this Agreement.

EXECUTION

In Witness Whereof, the Association, the Unions and the Trustees have executed this Amendment No. 2 to the Agreement to evidence (a) their acceptance of the changes to the Agreement effected by this Amendment No. 2, and (b) their agreement to be bound by the terms of the amended Agreement and any collective bargaining agreement relating to participation in the Trust. This Amendment No. 2 may be executed in two or more counterparts, each of which shall be deemed originals, and all of which taken together shall constitute one instrument.

**CALIFORNIA STAFF
ORGANIZATION**

By: _____

Dated: _____

CALIFORNIA ASSOCIATE STAFF

By: _____

Dated: _____

UNION TRUSTEES:

By: _____

Name: Pam Bowen (CAS)

Dated: _____

By: _____

Name: Alan Frey (CSO)

Dated: _____

By: _____

Name: Tim Hill (CSO)

Dated: _____

By: _____

Name: Bob Lindquist (CSO)

Dated: _____

**CALIFORNIA TEACHERS
ASSOCIATION**

By: _____

Dated: _____

ASSOCIATION TRUSTEES:

By: _____

Name: Carolyn Doggett

Dated: _____

By: _____

Name: Barbara Kerr

Dated: _____

By: _____

Name: David A. Sanchez

Dated: _____

By: Dean E. Vogel

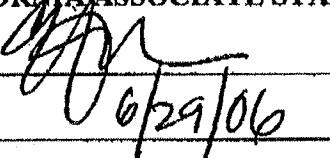
Name: Dean E. Vogel

Dated: _____

**CALIFORNIA STAFF
ORGANIZATION**

By: _____

Dated: _____

CALIFORNIA ASSOCIATE STAFFBy: Dated: 6/29/06**UNION TRUSTEES:**

By: _____

Name: Pam Bowen (CAS)

Dated: _____

By: _____

Name: Alan Frey (CSO)

Dated: _____

By: _____

Name: Tim Hill (CSO)

Dated: _____

By: _____

Name: Bob Lindquist (CSO)

Dated: _____

**CALIFORNIA TEACHERS
ASSOCIATION**

By: _____

Dated: _____

ASSOCIATION TRUSTEES:

By: _____

Name: Carolyn Doggett

Dated: _____

By: _____

Name: Barbara Kerr

Dated: _____

By: _____

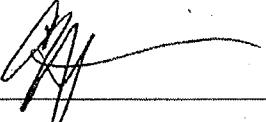
Name: David A. Sanchez

Dated: _____

By: _____

Name: Dean E. Vogel

Dated: _____

By: 

Name: Elizabeth Tokar (CAS)

Dated: _____

By: 

Name: David Unruhe (CAS)

Dated: _____

**CALIFORNIA STAFF
ORGANIZATION**

By: Alan J. Frey

Dated: 6/12/06

**CALIFORNIA TEACHERS
ASSOCIATION**

By: _____

Dated: _____

CALIFORNIA ASSOCIATE STAFF

By: _____

Dated: _____

UNION TRUSTEES:

By: _____

Name: Pam Bowen (CAS)

Dated: _____

By: Alan J. Frey

Name: Alan Frey (CSO)

Dated: 6/12/06

By: _____

Name: Tim Hill (CSO)

Dated: _____

By: _____

Name: Bob Lindquist (CSO)

Dated: _____

ASSOCIATION TRUSTEES:

By: _____

Name: Carolyn Doggett

Dated: _____

By: _____

Name: Barbara Kerr

Dated: _____

By: _____

Name: David A. Sanchez

Dated: _____

By: _____

Name: Dean E. Vogel

Dated: _____

**CALIFORNIA STAFF
ORGANIZATION**

By: Tim Hill
Dated: 4/29/06

CALIFORNIA ASSOCIATE STAFF

By: _____
Dated: _____

UNION TRUSTEES:

By: _____
Name: Pam Bowen (CAS)
Dated: _____

By: _____
Name: Alan Frey (CSO)

Dated: _____

By: Tim Hill
Name: Tim Hill (CSO)

Dated: 4/29/06

By: _____
Name: Bob Lindquist (CSO)
Dated: _____

**CALIFORNIA TEACHERS
ASSOCIATION**

By: _____
Dated: _____

ASSOCIATION TRUSTEES:

By: _____
Name: Carolyn Doggett
Dated: _____

By: _____
Name: Barbara Kerr

Dated: _____

By: _____
Name: David A. Sanchez
Dated: _____

By: _____
Name: Dean E. Vogel
Dated: _____

**CALIFORNIA STAFF
ORGANIZATION**

By: _____

Dated: _____

CALIFORNIA ASSOCIATE STAFF

By: _____

Dated: _____

UNION TRUSTEES:

By: Pam Bowen

Name: Pam Bowen (CAS)

Dated: 6/29/06

By: _____

Name: Alan Frey (CSO)

Dated: _____

By: _____

Name: Tim Hill (CSO)

Dated: _____

By: _____

Name: Bob Lindquist (CSO)

Dated: _____

**CALIFORNIA TEACHERS
ASSOCIATION**

By: _____

Dated: _____

ASSOCIATION TRUSTEES:

By: _____

Name: Carolyn Doggett

Dated: _____

By: _____

Name: Barbara Kerr

Dated: _____

By: _____

Name: David A. Sanchez

Dated: _____

By: _____

Name: Dean E. Vogel

Dated: _____

**CALIFORNIA STAFF
ORGANIZATION**

By: _____

Dated: _____

CALIFORNIA ASSOCIATE STAFF

By: _____

Dated: _____

UNION TRUSTEES:

By: _____

Name: Pam Bowen (CAS)

Dated: _____

By: _____

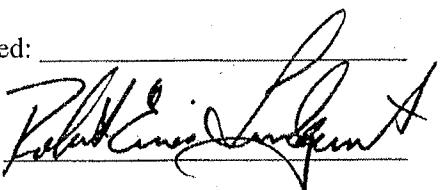
Name: Alan Frey (CSO)

Dated: _____

By: _____

Name: Tim Hill (CSO)

Dated: _____

By: 

Name: Bob Lindquist (CSO)

Dated: 5 July 2006

**CALIFORNIA TEACHERS
ASSOCIATION**

By: _____

Dated: _____

ASSOCIATION TRUSTEES:

By: _____

Name: Carolyn Doggett

Dated: _____

By: _____

Name: Barbara Kerr

Dated: _____

By: _____

Name: David A. Sanchez

Dated: _____

By: _____

Name: Dean E. Vogel

Dated: _____

**CALIFORNIA STAFF
ORGANIZATION**

By: _____

Dated: _____

CALIFORNIA ASSOCIATE STAFF

By: _____

Dated: _____

UNION TRUSTEES:

By: _____

Name: Pam Bowen (CAS)

Dated: _____

By: _____

Name: Alan Frey (CSO)

Dated: _____

By: _____

Name: Tim Hill (CSO)

Dated: _____

By: _____

Name: Bob Lindquist (CSO)

Dated: _____

**CALIFORNIA TEACHERS
ASSOCIATION**By: Jane ClarkDated: 6-30-06**ASSOCIATION TRUSTEES:**By: Carolyn Doggett

Name: Carolyn Doggett

Dated: 6/30/06By: Barbara E. Kerr

Name: Barbara Kerr

Dated: 6/29/06By: David A. Sanchez

Name: David A. Sanchez

Dated: 06/29/06By: Dean E. Vogel

Name: Dean E. Vogel

Dated: 06/30/06

B

**THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN**

(As Amended and Restated Effective January 1, 2009)

EXECUTION

The undersigned hereby amend and restate The California Teachers Association Employees' Retirement Benefits Plan in its entirety to read as set forth in this document, effective as of January 1, 2009, and the other dates set forth herein. This Plan document may be executed in two or more counterparts, each of which shall be deemed originals, and all of which taken together shall constitute one instrument.

CALIFORNIA TEACHERS ASSOCIATION

By Dean E. Wright
Dated 9/3/2010

CALIFORNIA STAFF ORGANIZATION

By Alia J. Suy
Dated 9/3/2010

CALIFORNIA ASSOCIATE STAFF

By Robert D. S.
Dated 9/3/10

**THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN**

(As Amended and Restated Effective as of January 1, 2009)

TABLE OF CONTENTS

	Page
PREAMBLE AND PURPOSE STATEMENTS.....	1
SECTION 1. DEFINITIONS.....	3
1.1 "Accrued Benefit".....	3
1.2 "Accumulated Required Contributions".....	3
1.2.1 Pre-1976.....	3
1.2.2 1976 Through 1987.....	4
1.2.3 Post-1987	4
1.3 "Actuarial(ly) Equivalent".....	4
1.4 "Average Monthly Compensation".....	4
1.5 "Board"	5
1.6 "Bargaining Parties"	5
1.7 "Breaks in Service".....	5
1.8 "Code".....	5
1.9 "Eligible Employee".....	5
1.10 "Employee".....	6
1.11 "Employer"	6
1.12 "Employer Contributions".....	6
1.13 "Entry Date".....	6
1.14 "ERISA"	6
1.15 "Hour of Service"	6
1.15.1 Limitations	7
1.15.2 Crediting Hours.....	7
1.15.3 Child Care and FMLA Leaves.....	7
1.16 "Member"	8
1.17 "Monthly Compensation"	8
1.17.1 Salaried Employees.....	9
1.17.2 Hourly Employees	9
1.17.3 Production Incentives,.....	9
1.17.4 Section 401(a)(17) Limits	9
1.18 "Normal Retirement Age"	10

TABLE OF CONTENTS
(continued)

	Page
1.19 "Participating Employer".....	10
1.20 "Plan".....	10
1.21 "Plan Year"	10
1.22 "Prior Board"	10
1.23 "Prior Plan".....	10
1.24 "Prior Trust".....	10
1.25 "Rehired Member".....	10
1.26 "Required Contributions"	11
1.27 "Retirement Allowance".....	11
1.28 "State Association"	11
1.29 "Temporary Employee"	11
1.30 "Trust Agreement".....	11
1.31 "Trust Fund"	11
1.32 "Union".....	11
1.32.1 "CAS" or "California Associate Staff".....	11
1.32.2 "CSO" or "California Staff Organization"	11
1.33 "Vested Member"	12
1.34 "Year of Credited Benefit Service"	12
1.34.1 Prior Plan Service	12
1.34.2 If Qualified for Disability Benefit.....	13
1.34.3 Exclusions.....	13
1.34.4 Unused Sick Leave Credit	13
1.35 "Year of Vesting Service"	14
1.35.1 Exclusions	14
1.35.2 Partial Credit for Required Contributions.....	14
1.36 Editorial Conventions	15
SECTION 2. ELIGIBILITY AND MEMBERSHIP	15
2.1 Prior Members	15
2.2 New Members.....	15
2.3 Temporary Employees	15

TABLE OF CONTENTS

(continued)

	Page
2.4 Termination of Membership	15
2.5 Rehired Members.....	15
2.5.1 Rehired Before Permanent Break in Service	16
2.5.2 Rehired After Permanent Break in Service.....	16
2.6 Benefit Accruals.....	16
SECTION 3. SERVICE.....	16
3.1 Military Service	16
3.1.1 Service Credits Upon Reemployment.....	17
3.1.2 Employer Contribution Payment	17
3.2 Rehired Members.....	17
3.3 Service With Multiple Employers	19
SECTION 4. CONTRIBUTIONS	19
4.1 Employer Contributions.....	19
4.1.1 Actuarial Basis	19
4.1.2 Anti-Spiking Rule.....	19
4.1.3 Unused Sick Leave Credit	20
4.1.4 Non-Reversion Rule.....	21
4.2 Required Contributions.....	21
SECTION 5. RETIREMENT DATES	21
5.1 Normal Retirement.....	21
5.2 Early Retirement	22
5.3 Delayed Retirement	22
5.4 Required Beginning Date.....	22
5.5 Special Rules Governing Delayed Retirement Benefits	23
5.5.1 General Rules.....	23
5.5.2 Actuarial Increase	23
5.5.3 Benefit Suspension Notices	24
5.5.4 Benefit Adjustments.....	24
SECTION 6. RETIREMENT BENEFITS.....	24
6.1 Benefit Accrual	24

TABLE OF CONTENTS
(continued)

	Page
6.2 Benefit at Normal Retirement.....	25
6.3 Early Retirement.....	25
6.3.1 Eligible Members.....	25
6.3.2 Ineligible Vested Members.....	26
6.4 Delayed Retirement	26
6.5 Supplemental Increases.....	27
6.5.1 Future Increases	27
6.5.2 Prior Increases.....	27
6.5.3 Effective in 1999.....	27
6.5.4 1999 Purchasing Power Adjustment.....	27
6.5.5 Effective in 2000.....	28
6.5.6 2000 Purchasing Power Adjustment.....	28
6.5.7 2007 Purchasing Power Adjustment.....	29
6.6 Maximum Accrued Benefit.....	29
6.7 Prior Benefit Accruals.....	29
SECTION 7. FORM AND PAYMENT OF BENEFITS	30
7.1 Payments of Benefits	30
7.2 Commencement of Payments	30
7.3 Suspension of Benefits When Membership Renews	30
7.3.1 Work 40 or More Hours During Month.....	30
7.3.2 Benefit After Suspension	31
7.4 Termination of Payments.....	31
7.5 Normal Form of Payment – Married Members	31
7.5.1 Spousal Consent.....	31
7.5.2 Marital Status	32
7.5.3 Special Effective Date Rule	32
7.6 Normal Form of Payment – Unmarried Members.....	33
7.7 Optional Single Life Annuity Form.....	33
7.8 Optional Joint and Contingent Annuity Forms.....	33
7.8.1 Standard Joint and 100% Contingent Annuity.....	34

TABLE OF CONTENTS
(continued)

	Page
7.8.2 Pop-Up Joint and 100% Contingent Annuity	34
7.8.3 Standard Joint and 75% Contingent Annuity.....	34
7.8.4 Pop-Up Joint and 75% Contingent Annuity	34
7.8.5 Standard Joint and 50% Contingent Annuity.....	35
7.8.6 Pop-Up Joint and 50% Contingent Annuity	35
7.9 Social Security Adjustment Option	35
7.9.1 General Rule	35
7.9.2 Restriction While Plan is in Critical Status.....	36
7.10 Application and Election Procedures.....	36
7.10.1 Election of Optional Form	36
7.10.2 Written Explanation.....	37
7.10.3 Time Periods for Providing Information.....	37
7.10.4 Limited Time Option to Reconsider Election.....	38
7.11 Beneficiaries	39
7.11.1 Changes.....	39
7.11.2 No Surviving Beneficiary	40
7.11.3 Form of Designation	40
7.11.4 Prior Plan Beneficiaries	40
7.12 Persons to Whom Benefits are Payable	40
7.12.1 General Rule	40
7.12.2 Qualified Domestic Relations Orders	41
7.12.3 Death of Alternate Payee	43
SECTION 8. OTHER BENEFITS.....	43
8.1 Disability.....	43
8.1.1 Eligibility	43
8.1.2 Additional Accruals	43
8.1.3 Amount	43
8.1.4 Definition	44
8.1.5 Application.....	44
8.1.6 First Payment.....	44

TABLE OF CONTENTS
(continued)

	Page
8.1.7 Form.....	44
8.1.8 Prior Plan Members	45
8.2 Termination of Employment Before Vesting	45
8.3 Death Benefits.....	45
8.3.1 Prior to Retirement.....	45
8.3.2 After Retirement	47
8.4 Rules Governing Rollovers.....	47
8.4.1 Direct Rollovers	47
8.4.2 Nonspousal Beneficiary Rollovers	48
8.5 Restriction While Plan is in Critical Status.....	48
SECTION 9. AMENDMENT AND TERMINATION.....	49
9.1 General Rules.....	49
9.1.1 Vesting Rule Change	49
9.1.2 Vesting Upon Plan Termination	49
9.2 Distribution Upon Termination.....	49
9.3 Plan Merger.....	50
9.4 Multiemployer Plan Status.....	50
SECTION 10. WITHDRAWAL FROM THE PLAN BY INDIVIDUAL EMPLOYERS.....	51
10.1 Withdrawal Liability Rules.....	51
10.2 Voluntary Withdrawal	51
10.3 Participating Employer's Failure to Contribute.....	51
10.4 Participating Employer's Participation Jeopardizes Plan Qualification	52
SECTION 11. PRETERMINATION LIMITATIONS ON BENEFITS	52
11.1 General Rules.....	52
11.2 Other Applicable Rules.....	52
11.2.1 Trust Fund Reversions	53
11.2.2 Withholding Restricted Benefits.....	53
SECTION 12. MAXIMUM BENEFITS PERMITTED BY LAW	53
12.1 General Rule	53

TABLE OF CONTENTS
(continued)

	Page
12.2 Specific Inclusions	53
12.3 Limitation Year.....	54
SECTION 13. CONTINGENT TOP-HEAVY RULES	54
13.1 General Rule	54
13.2 Determination of Top-Heavy Status	54
13.2.1 Determination Date.....	54
13.2.2 Top-Heavy Status.....	54
13.2.3 Key Employees	55
13.2.4 Aggregation Rule.....	55
13.2.5 Special Rules.....	55
13.3 Special Vesting and Minimum Benefit Rules.....	56
13.3.1 Vesting	56
13.3.2 Special Minimum Benefit Rules.....	56
13.3.3 "Top-Heavy Compensation".....	57
SECTION 14. PURCHASE OF ADDITIONAL BENEFITS.....	57
14.1 General	57
14.2 Source of Contributions	57
14.2.1 Conduit IRA Only Permitted Source	57
14.2.2 Lump Sum Rollover Transfer	58
14.3 Accumulated Voluntary Contributions.....	58
14.4 Amount of Benefit	58
14.5 Form of Payment.....	58
14.6 Death Benefits.....	59
14.6.1 Beneficiary's Election of Modified Benefit Form	59
14.6.2 Beneficiary's Election of Lump Sum Payment	59
14.7 Estimated Additional Benefit Calculations.....	59
14.8 Administrative Expenses	60
14.9 Insurance.....	60

TABLE OF CONTENTS
(continued)

	Page
EXHIBIT A – ACTUARIAL FACTORS.....	A-1
EXHIBIT B – PARTICIPATING EMPLOYERS.....	B-1
EXHIBIT C – 1999 PURCHASING POWER ADJUSTMENT FACTORS	C-1
EXHIBIT D – 2007 PURCHASING POWER ADJUSTMENT FACTORS.....	D-1
EXHIBIT E – EGTRRA AMENDMENTS	E-1

**THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN**

(As Amended and Restated Effective as of January 1, 2009)

PREAMBLE AND PURPOSE STATEMENTS

A. The California Teachers Association Employees' Retirement Benefits Plan (the "Plan") was established effective as of January 1, 1999. The Plan is maintained, for the exclusive benefit of Eligible Employees of the California Teachers Association and the other Participating Employers and their Beneficiaries (as defined in Section 7.11), pursuant to collective bargaining agreements entered into between (i) the State Association and (ii) the California Associate Staff and the California Staff Organization (collectively, the "Bargaining Parties"). The Plan and the Trust Fund are intended (1) to qualify for favorable tax treatment as a defined benefit pension plan under Sections 401(a), 501(a) and related provisions of the Code; (2) to constitute a multiemployer plan (within the meaning of Section 4001(a)(3) of ERISA); and (3) to constitute a so-called "Taft-Hartley Plan" which satisfies the requirements of Section 302(c)(5) of the Labor Management Relations Act of 1947, as amended and in effect as of the relevant date (29 U.S.C. § 186(c)(5)).

B. The Plan replaced, and was established for the exclusive benefit of substantially the same Eligible Employees as were participating in, The California Teachers Association Staff Retirement Plan, as amended and in effect on December 31, 1998 (the "Prior Plan"). The Prior Plan and its related trust fund (the "Prior Trust") were intended to constitute a single-employer plan (within the meaning of Section 4001(a)(15) of ERISA). At the direction of the Bargaining Parties as set forth in their collective bargaining agreements, (i) the Prior Plan was closed to new membership and all members of the Prior Plan ceased to accrue benefits effective as of 12:00 midnight (PST) on December 31, 1998, pursuant to amendments adopted by the joint

board of trustees that administered the Prior Plan (the "Prior Board"); and (ii) the assets and liabilities of the Prior Plan and the Prior Trust were merged with and into the Plan and the Trust Fund, effective as of 12:01 a.m. (PST) on January 1, 1999, pursuant to resolutions adopted and other actions taken by the Board and the Prior Board.

C. The Participating Employers under the Plan on January 1, 1999 were the same as those participating in the Prior Plan as of December 31, 1998, except for any Employer that did not submit a participation agreement prior to January 1, 1999 in the form and manner prescribed by the Bargaining Parties. If an Employer participating in the Prior Plan as of December 31, 1998 did not become a Participating Employer under the Plan on January 1, 1999 pursuant to the preceding sentence, such Employer became a Participating Employer, effective retroactively as of January 1, 1999, by submitting a participation agreement prior to July 1, 1999 in the form and manner prescribed by the Board and making retroactive contributions (with interest) as required by the Board. In no other circumstances was an Employer permitted to become a Participating Employer under the Plan on a retroactive basis.

D. The rights of Members who retire or otherwise terminate active membership in the Plan before any Plan amendment becomes effective shall be controlled by the provisions of the Plan in effect on the date of such retirement or termination. The rights of members of the Prior Plan who retired or otherwise terminated active membership in the Prior Plan before January 1, 1999, or whose Employer did not become, or did not retroactively become (as described in Paragraph C above), a Participating Employer under the Plan on or as of January 1, 1999 shall be controlled, with respect to all service earned with and compensation paid by a Participating Employer for periods prior to that date, by the provisions of the Prior Plan in effect

on December 31, 1998 or the dates of their earlier retirement or termination of active membership in the Prior Plan.

E. The Plan was originally established effective as of January 1, 1999. Except as otherwise specified in this document, the provisions of this amendment and restatement of the Plan shall be effective as of January 1, 2009 and the other dates specified herein.

SECTION 1. DEFINITIONS

The following words and phrases as used herein shall have the following meanings unless a different meaning is plainly required by the context:

1.1 "Accrued Benefit" means for each Member the amount of benefit accumulated pursuant to the schedule set forth in Section 6.1, based on his or her Years of Credited Benefit Service up to the determination date. As of the relevant determination date, the portion of the Member's Accrued Benefit derived from:

(a) The Member's Required Contributions (as defined in Section 4.2) (if any) shall be equal to his or her Accumulated Required Contributions when expressed as an Actuarially Equivalent single life annuity commencing at the Member's Normal Retirement Age (as determined pursuant to Section C of Appendix A) (the Member's "Employee-Derived Benefit"); *provided, however,* that in no event shall a Member's Accrued Benefit be less than his or her Employee-Derived Benefit (if any); and

(b) Employer Contributions shall be equal to the greater of (i) the Member's Accrued Benefit less his or her Employee-Derived Benefit, or (ii) zero (the Member's "Employer-Derived Benefit").

1.2 "Accumulated Required Contributions" means the sum of a Member's Required Contributions (as defined in Section 4.2), together with interest thereon credited and compounded annually, which interest shall be credited:

1.2.1 Pre-1976. Prior to January 1, 1976, at such rate as was determined by the State Association's Board of Directors;

1.2.2 **1976 Through 1987.** From January 1, 1976 through December 31, 1987, at 5% per annum; and

1.2.3 **Post-1987.** Effective as of January 1, 1988:

(a) For the period beginning on January 1, 1988 and ending on the Member's Retirement Date (as defined in Section 7.2), the date his or her membership terminates or another relevant determination date (the "Calculation Date"), at 120% of the federal mid-term rate (as in effect under Section 1274(d) of the Code for the first month of each Plan Year during that period); and

(b) For the period beginning on the Calculation Date and ending on the date the Member attains Normal Retirement Age, at the "applicable interest rate" (as defined in Section 417(e)(3) of the Code) for the third month before each Plan Year during that period.

1.3 "**Actuarial(lly) Equivalent**" means a benefit of equivalent value when computed at such interest, mortality and other conversion factors as may from time to time be approved by the Board, based on recommendation of a qualified actuary as being reasonable, and set forth as part of the Plan in Exhibit A attached hereto. Such factors shall be consistently applied for reasonable groupings of Members, as the Board may determine based on the provisions of Exhibit A attached hereto.

1.4 "**Average Monthly Compensation**" means, subject to the provisions of Section 3.2, the Monthly Compensation which prevailed during an Eligible Employee's Plan Year of employment which will produce the highest Average Monthly Compensation. In determining Average Monthly Compensation under the Plan, in the case of any Member whose employment status changed (at any time during the 60-month period preceding the date of his or her termination) from part-time or temporary to full-time status, his or her Average Monthly Compensation shall be equal to:

(a) the amount otherwise determined under this Section 1.4, *times*

(b) the weighted average of the percentages, for each period of part-time, temporary or full-time employment during the 60-month period, of a full-time rate of

employment that the Member worked (or was scheduled to work); *provided* that 100% shall be the maximum percentage taken into account for any such period.

1.5 **“Board”** means the Joint Board of Trustees appointed pursuant to the Trust Agreement.

1.6 **“Bargaining Parties”** has the meaning set forth in Paragraph A of the Preamble.

1.7 **“Breaks in Service”** are of two kinds:

(a) A **“One-Year Break in Service”** means a Plan Year during which a Member, whose employment with a Participating Employer has been terminated, completes less than 501 Hours of Service.

(b) A **“Permanent Break in Service”** occurs if there have been five consecutive One-Year Breaks in Service, including any One-Year Break in Service incurred prior to January 1, 1999, as that term was defined by the Prior Plan as in effect on December 31, 1998, before a Member has accumulated five Years of Vesting Service or attained Normal Retirement Age while an Employee.

1.8 **“Code”** means the Internal Revenue Code of 1986, as amended and in effect as of the relevant date.

1.9 **“Eligible Employee”** means any Employee who is employed by a Participating Employer, including those compensated through the State Association’s Payroll Service; *provided* that the following classes of Employees shall not be Eligible Employees:

(a) Employees employed on a contract for service basis and not represented by a Union;

(b) Employees employed as auxiliary staff and excluded from eligibility to participate in this Plan by the terms of the applicable collective bargaining agreement;

(c) Employees employed as law clerks;

(d) Employees employed on a pro-rata salaried basis, *i.e.*, those sharing the position held by another Employee, unless and until the day after the end of the first 12 consecutive month period during which any such pro-rata salaried Employee is credited with at least 1,000 Hours of Service (such 12-month periods to begin on the date the Employee first completed an Hour of Service and anniversaries of that date); and

(e) Employees serving only as member of the Board of Directors of the State Association, unless and until the day after the end of the first 12 consecutive month

period during which any such Employee is credited with at least 1,000 Hours of Service (such 12-month periods to begin on the date the Employee first completed an Hour of Service and anniversaries of that date).

1.10 **“Employee”** means any person who is employed by a Participating Employer as an employee, as determined under California common law or applicable provisions of federal labor law.

1.11 **“Employer”** means the State Association and any other employing organization that is an affiliate of the State Association.

1.12 **“Employer Contributions”** means such contributions as are made by the Participating Employer pursuant to Section 4.1.

1.13 **“Entry Date”** means the date an Eligible Employee satisfies all the eligibility requirements for membership set forth in Section 2.

1.14 **“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended and in effect as of the relevant date.

1.15 **“Hour of Service”** means each hour for which an Employee is paid or entitled to payment by a Participating Employer (i) for the performance of duties, including each hour for which back pay (irrespective of mitigation of damages) has been awarded or agreed to by the Participating Employer, and (ii) for periods during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. For purposes of determining whether a Member has a One-Year Break in Service, Hours of Service shall also be credited as described in Section 1.15.3 (relating to Child Care and FMLA Leaves); *provided* that such hours will not be used in determining whether the Member has completed a Year of Vesting Service.

1.15.1 Limitations. Notwithstanding the foregoing, no Hours of Service will be credited for periods during which no duties are performed if payment by the Participating Employer (i) is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, unemployment compensation or disability insurance laws, or (ii) is made as a reimbursement to an Employee for medical or medically related expenses. In no event, unless specifically provided otherwise elsewhere hereunder, will more than 501 Hours of Service be credited on account of any single continuous period during which an Employee performs no duties, except for any such period for which the Employee receives salary continuation, vacation pay or other substantially similar payments.

1.15.2 Crediting Hours. Hours of Service will be credited in accordance with U.S. Department of Labor Regulations § 2530.200b-2. For each Employee for whom a Participating Employer keeps no records of actual Hours of Service worked, Hours of Service shall be credited (i) for Employees paid on a semi-monthly payroll period, on the basis of 95 Hours of Service for each such payroll period during which such Employee would have been credited with at least one Hour of Service if such records were kept, or (ii) for Employees paid on a monthly payroll period, on the basis of 190 Hours of Service for each such payroll period during which such Employee would have been credited with at least one Hour of Service if such records were kept.

1.15.3 Child Care and FMLA Leaves. Hours of Child Care Leave (as defined in paragraph (a) below) occurring on or after January 1, 1985, and hours of leave granted in accordance with the Family and Medical Leave Act of 1993, as amended and in effect as of the relevant date (an "FMLA Leave") occurring on or after the applicable FMLA effective date,

shall be taken into account for purpose of determining whether an Employee has had a One-Year Break in Service.

(a) Such Hours are ones during which the Employee was absent from work for any period (1)(i) by reason of the Employee's pregnancy, (ii) by reason of the birth of the Employee's child, (iii) by reason of the placement of a child with the Employee, in connection with the adoption of such child by such Employee, or (iv) for purposes of caring for such child for a period beginning immediately following such birth or placement (collectively, "Child Care Leave"); or (2) by reason of an FMLA Leave. Furthermore, such Hours shall not be credited unless the Employee furnishes the Board with such timely information as it may reasonably require to establish that the absence from work is for one of such reasons, and the number of days for which there was such an absence.

(b) The number of hours credited shall be eight Hours of Service per day of such absence, up to a maximum of 501 hours in connection with any one birth or placement; however, if the Plan is able to determine the Hours of Service which otherwise would normally have been credited to the Employee but for such absence, that normal number of hours shall be credited instead. The Hours shall be credited (1) to the Plan Year in which Leave began if the Employee would thereby be prevented from incurring a One-Year Break in Service in that Plan Year, and (2) otherwise, to the immediately following Plan Year.

1.16 "Member" means an Employee who has become included in the membership of the Plan, and whose membership has not terminated, as provided in Section 2.

1.17 "Monthly Compensation" for salaried Employees means their monthly rate of regular compensation paid by a Participating Employer. It shall also include (i) any Employee FICA payments made on behalf of Members by their Participating Employers (computed as specified below); and (ii) any otherwise taxable compensation which the Member elects to divert to a plan of benefits in accordance with the provisions of Section 401(k) of the Code, but it shall not include any travel reimbursement payments, whether or not taxable to the Employee.

Monthly Compensation (1) shall be calculated before any payroll deduction for income tax, social security, group insurance, or any other purpose; and (2) shall exclude bonuses, overtime pay, contributions by the Employer under the Plan, the Participating Employer's share of FICA

payments, and the Participating Employer's payments for group insurance, retainer fees or the like. Unused sick leave paid to the Member in cash shall not be included.

1.17.1 Salaried Employees. The Monthly Compensation of a salaried Employee (whether full- or part-time) for any Plan Year shall be deemed to be the highest monthly rate which prevailed for at least one calendar month at any time during the Plan Year (the "Highest Monthly Compensation"). If a Member's Employer is obligated to pay the Employee FICA payments, then the Member's Highest Monthly Compensation shall be calculated by adding to the Member's highest Monthly Compensation (without adjustment for Employer-paid Employee FICA payments) the *lesser* of:

- (a) the Employee FICA tax on such Member's highest Monthly Compensation (without adjustment for Employer-paid Employee FICA payments), or
- (b) the Employee FICA tax (Social Security and Medicare) on 1/12th of the Social Security contribution and benefit base for the Plan Year (as determined under Section 230 of the Social Security Act of 1935, as amended and in effect as of the relevant date).

1.17.2 Hourly Employees. The Monthly Compensation for an hourly Employee shall be the amount paid for the total number of hours worked during the Plan Year divided by the number of months worked.

1.17.3 Production Incentives. A Member's Monthly Compensation shall include an amount equal to 1/12th of any earned income production incentive amount (including commissions) paid to an Employee with respect to any Plan Year; *provided* that the full amount is included in the compensation base used by the Participating Employer in calculating and remitting its Employer Contributions to the Trust Fund pursuant to Section 4.1.

1.17.4 Section 401(a)(17) Limits. Notwithstanding the foregoing, the maximum amount that may be treated as a Member's Monthly Compensation for any Plan Year shall be 1/12th of the amount specified in Section 401(a)(17) of the Code, *i.e.*, \$245,000 (as

indexed, effective January 1, 2009), as adjusted periodically for cost of living increases in accordance with Section 401(a)(17) and 415(d) of the Code.

1.18 "Normal Retirement Age" means age 65.

1.19 "Participating Employer" means (either jointly or singly as the context may require) the Employers that became Participating Employers on or as of January 1, 1999 (as described in Paragraph C of the Preamble) and any other Employer listed on Exhibit B attached hereto, but only for the periods indicated with respect to such Employers as listed on Exhibit B attached hereto, as the same may be revised from time to time on authority of the Board. Any change in a Participating Employer's election to participate in the Plan which terminates Plan coverage for its Eligible Employees (i) shall be ineffective unless the advance notice requirements of Section 204(h) of ERISA are satisfied in full by the Participating Employer, and (ii) must be effected in accordance with the requirements of Section 10. Subject to the approval of the Board, other Employers may elect to become Participating Employers, thereby enabling their Eligible Employees to become Members of the Plan, by submitting a participation agreement in the form and manner prescribed by the Board.

1.20 "Plan" means this Retirement Plan, which shall be known as "The California Teachers Association Employees' Retirement Benefits Plan," as amended and in effect as of the relevant date.

1.21 "Plan Year" means the calendar year.

1.22 "Prior Board" has the meaning set forth in Paragraph B of the Preamble.

1.23 "Prior Plan" has the meaning set forth in Paragraph B of the Preamble.

1.24 "Prior Trust" has the meaning set forth in Paragraph B of the Preamble.

1.25 "Rehired Member" has the meaning set forth in Section 2.5.

1.26 **“Required Contributions”** means such contributions as are actually made by Members pursuant to Section 4.2.

1.27 **“Retirement Allowance”** means any retirement benefit provided for in Section 6.

1.28 **“State Association”** means the California Teachers Association.

1.29 **“Temporary Employee”** means an Eligible Employee who is classified as a non-permanent, non-regular or non-continuing Employee under (i) the applicable collective bargaining agreement, or (ii) for non-represented Employees, his or her Participating Employer's standard personnel policies.

1.30 **“Trust Agreement”** means the California Teachers Association Employees' Retirement Benefits Trust Agreement, as amended and in effect as of the relevant date.

1.31 **“Trust Fund”** means the trust fund established under the Trust Agreement, which is the sole source of all benefits payable under the Plan.

1.32 **“Union”** means the California Associate Staff, the California Staff Organization and any other labor organization which is the exclusive representative of a bargaining unit of Employees of an Employer, or any successors thereto.

1.32.1 **“CAS” or “California Associate Staff”** means the labor organization which is the exclusive representative of the bargaining unit or units of Employees of the State Association, as specified in the currently effective CTA-CAS collective bargaining agreement, or any predecessor or successor agreement to that agreement, as in effect at the time of reference.

1.32.2 **“CSO” or “California Staff Organization”** means the labor organization which is the exclusive representative of the bargaining unit or units of Employees of the State Association, as specified in the currently effective CTA-CSO collective bargaining

agreement, or any predecessor or successor agreement to that agreement, as in effect at the time of reference.

1.33 "Vested Member" means a Member (or a member of the Prior Plan) who has either (i) attained Normal Retirement Age while an Employee of a Participating Employer, or (ii) completed five Years of Vesting Service, excluding any Years of Vesting Service earned prior to a Permanent Break in Service. A Member's rights to his or her Accrued Benefit become nonforfeitable upon completing five Years of Vesting Service or attaining his or her Normal Retirement Age while an Employee of a Participating Employer, subject to the foregoing exclusion.

1.34 "Year of Credited Benefit Service" means any Plan Year beginning on or after January 1, 1999 during which an Employee was regularly employed throughout the Year (either on a part-time or full-time basis) while an Eligible Employee and a Member of the Plan. If an Employee has been employed as an Eligible Employee and a Member of the Plan for less than 12 months of a Plan Year, he or she shall be entitled to 1/12th of a Year of Credited Benefit Service for each full or partial calendar month of employment in that Plan Year while he or she was an Eligible Employee and a Member of the Plan, excluding the month in which his or her Retirement Date (as defined in Section 7.2) occurs. For this purpose, Years of Credited Benefit Service will be deemed to include any period of unused sick leave to which the Member is entitled at termination of employment, as determined in a manner prescribed by the Board and Sections 1.34.4 and 4.1.3 shall apply.

1.34.1 Prior Plan Service. For an Employee who was a member of the Prior Plan, Year of Credited Benefit Service also means each year or a fraction thereof included within

the term "Year of Credited Benefit Service" as that term was defined by the Prior Plan as in effect on December 31, 1998.

1.34.2 If Qualified for Disability Benefit. A Member who qualifies for the Disability Benefit described in Section 8.1 but who is not receiving that Benefit shall instead be entitled to accrue Years of Credited Benefit Service during the period of time, prior to his or her normal retirement date (as defined in Section 5.1), that the Member is totally and permanently disabled (as defined in Section 8.1.4) and is not receiving any benefits under the Plan. A Member shall be entitled to accrue such Years of Credited Benefit Service during any period of time for which the Member is (i) eligible for long-term disability income under any group plan applicable to the Member's employment with a Participating Employer, or (ii) has received a Social Security disability award and continues to receive Social Security disability benefits. Additional benefits dependent upon this Section 1.34.2 shall not be paid for months prior to January 1, 1983.

1.34.3 Exclusions. Notwithstanding the foregoing, a Member's total number of Years of Credited Benefit Service shall not include, and a Member shall not accumulate an additional Accrued Benefit pursuant to Section 6.1, for the following:

- (a) Full or partial Years of Credited Benefit Service during which the Member (but not the Participating Employer) failed to make Required Contributions pursuant to Section 4 or for which the Member received a distribution pursuant to Section 8.2 and made no repayment pursuant to Section 3.2;
- (b) In the case of a Member who is *not* a Vested Member, all Years of Credited Benefit Service performed prior to any One-Year Break in Service, unless the Member completed a Year of Vesting Service after that One-Year Break in Service; or
- (c) In the case of a Member who has a Permanent Break in Service, all Years of Credited Benefit Service occurring prior to that Permanent Break in Service.

1.34.4 Unused Sick Leave Credit. Each Participating Employer shall treat any unused sick leave credited to a Member, as of the last day on which he or she completed an

Hour of Service for any Participating Employer, as additional Years of Credited Benefit Service.

The portion of a Year (or the number of Years) of Credited Benefit Service to be credited pursuant to the preceding sentence shall be based on a fraction, the numerator of which is the number of days such unused sick leave and the denominator of which is 225, *i.e.*, exactly one Year of Credited Benefit Service shall be credited to a Member who has exactly 225 days of such unused sick leave.

1.35 "Year of Vesting Service" means (i) any Plan Year beginning on or after January 1, 1999 during which an Employee is credited with at least 1,000 Hours of Service, and (ii) for an Employee who was a member of the Prior Plan, each year of service (or fraction thereof) included within the term "Year of Vesting Service" as that term was defined by the Prior Plan as in effect on December 31, 1998.

1.35.1 Exclusions. Notwithstanding the foregoing, a Member's total number of Years of Vesting Service shall not include the following:

(a) Years of Vesting Service during which the Member (but not the Participating Employer) failed to make Required Contributions pursuant to Section 4 or for which the Member received a distribution pursuant to Section 8.2 and made no repayment pursuant to Section 3.2;

(b) In the case of a Member who is *not* a Vested Member, Years of Vesting Service performed prior to any One-Year Break in Service, unless the Member completed a Year of Vesting Service after that One-Year Break in Service; or

(c) In the case of a Member who has a Permanent Break in Service, all Years of Vesting Service occurring prior to that Permanent Break in Service.

1.35.2 Partial Credit for Required Contributions. In the event a Member is credited in a Plan Year with a number of Hours of Service less than 1,000, he or she shall be entitled to 1/12th of a Year of Vesting Service for each month for which he or she made any Required Contribution to the Plan.

1.36 Editorial Conventions. Whenever used in the Plan, the singular shall include the plural and the masculine pronoun shall include the masculine and feminine genders.

SECTION 2. ELIGIBILITY AND MEMBERSHIP

2.1 Prior Members. Each (i) Eligible Employee who was a member of the Prior Plan as of December 31, 1998, and (ii) current or former Employee whose membership in the Prior Plan had not terminated as of December 31, 1998 in accordance with Section 2.4 of the Prior Plan, became Members on January 1, 1999.

2.2 New Members. Each other Eligible Employee became or shall become a Member as of the later of January 1, 1999, or the first day of the calendar month in which he or she first performs an Hour of Service as an Eligible Employee, subject to Section 2.3. No Participating Employer may impose a more stringent service requirement as a condition of eligibility for membership for its Eligible Employees.

2.3 Temporary Employees. Notwithstanding Section 2.2, an Eligible Employee who is a Temporary Employee shall become a Member as of the earliest of:

- (a) The time specified in the applicable collective bargaining agreement; or
- (b) The first day of the calendar month (1) after the Employee first completes 1,000 Hours of Service within the 12 consecutive month period commencing with the day on which the first of such Hours of Service was performed, or (2) in which he or she first completes 1,000 Hours of Service during any Plan Year (assuming that he or she does not complete 1,000 Hours of Service within his or her initial 12 consecutive month period), commencing with the Plan Year beginning after the day on which he or she first performed an Hour of Service.

2.4 Termination of Membership. An Eligible Employee shall cease to be a Member of the Plan when he or she retires, dies or incurs a One-Year Break in Service.

2.5 Rehired Members. A former Member (or a former member of the Prior Plan) who is rehired as an Eligible Employee (a "Rehired Member") will return to membership in (or become a Member of) the Plan as follows:

2.5.1 Rehired *Before* Permanent Break in Service. If the Rehired Member is rehired as an Eligible Employee *before* incurring a Permanent Break in Service, he or she will (again) become a Member of the Plan as of the first day of the calendar month in which the date of rehire occurs.

2.5.2 Rehired *After* Permanent Break in Service. If the Rehired Member is rehired as an Eligible Employee *after* incurring a Permanent Break in Service, he or she will be treated as a new Employee and will become eligible for membership as provided in Sections 2.2 or 2.3.

2.6 Benefit Accruals. Notwithstanding any contrary Plan provision, no Employee shall accumulate an additional Accrued Benefit under the Plan for any portion of a calendar month during which he or she is not an Eligible Employee, regardless of whether the Employee is a Member during that period.

SECTION 3. SERVICE

3.1 Military Service. If a Member who is absent from work on account of membership in the United States uniformed services (as defined in 38 U.S.C. § 4303(16), as amended by the Uniformed Services Employment and Reemployment Rights Act of 1994, and as thereafter amended and in effect as of the relevant date (“**USERRA**”)), fails to return to the employment of any Participating Employer (in the absence of reasonable justification for additional delay) within (i) 90 days after the time when a discharge from such uniformed service was first available to the Member, or (ii) any longer period during which he or she retains reemployment rights under **USERRA**, the period of such absence shall count towards a One-Year Break in Service.

3.1.1 Service Credits Upon Reemployment. If a Member's employment was interrupted on account of such uniformed service, and if the Member is reemployed, within the time period described in clauses (i) and (ii) above:

(a) By any Participating Employer, he or she shall receive full credit for the period of such uniformed service towards Years of Vesting Service (without payment of Employer or Required Contributions); and/or

(b) As an Eligible Employee, he or she shall receive full credit for the period of such uniformed service towards Years of Credited Benefit Service (upon payment of Employer and any Required Contributions for the period).

(c) This Section 3.1 shall apply in like manner to members of the Prior Plan who return to the employment of any Participating Employer after December 31, 1998, except that their rights shall be controlled by the Prior Plan unless they are reemployed as Eligible Employees.

3.1.2 Employer Contribution Payment. If Section 3.1.1(b) applies:

(a) Such Employer Contributions shall be paid into the Trust Fund in a lump sum amount not later than 90 days after the Board notifies the Employer of the required amount, which shall be determined using the Employer Contribution rate(s) in effect during the period of such uniformed service; and

(b) Such Required Contributions shall be paid (1) in one or more payments to the Trust Fund within two years of the date of rehire, or (2) in installment payments, commencing during the period described in clause (1) above and continuing until the required payment is made in full, at an annual rate not exceeding 10% of the rehired Member's annualized Monthly Compensation.

3.2 Rehired Members. The following rules shall apply to Rehired Members

(i) whose employment with all Participating Employers terminated or who received benefit payments by reason of the withdrawal of their Employer from the Plan pursuant to Section 10, (ii) who are rehired by any Participating Employer after December 31, 1998 and (again) become Members, and (iii) whose employment with all Participating Employers terminates after that date:

(a) **Off Payroll Less Than 96 Months.** If the Member was a Vested Member when his or her former membership ended and had been off the payrolls of all Participating Employers for a period of *less than 96 months* before the date of rehire, or if

the Member was not vested when his or her former membership ended but was rehired before incurring a Permanent Break in Service, credit shall be given for the nonforfeited Years of Vesting Service and Years of Credited Benefit Service which had accrued prior to the earlier termination ("Prior Service Credit"), and upon later termination the Retirement Allowance and Accrued Benefit shall be calculated on the basis of the aggregate Years of Credited Benefit Service for all membership periods, with both (1) the amounts of Monthly Compensation and Average Monthly Compensation, and (2) the benefit formula (including the period over which Average Monthly Compensation is determined), determined as of the *later* termination; and

(b) **Off Payroll 96 Months or More.** If the Member was a Vested Member who had been off the payrolls of all Participating Employers for a period of *96 months or more* before the date of rehire, Prior Service Credit shall be given in accordance with paragraph (a) above, but upon *later* termination, the portion of the Retirement Allowance and Accrued Benefit based on Years of Credited Benefit Service for the prior membership period shall be calculated using Monthly Compensation, Average Monthly Compensation and the benefit formula determined as of the *earlier* termination.

(c) **Repayment of Accumulated Required Contributions.** Notwithstanding the provisions of paragraphs (a) and (b) above, a Rehired Member who received his or her Accumulated Required Contributions upon termination of membership pursuant to Section 8.2 shall be entitled to restoration of his or her Prior Service Credit in accordance with paragraph (a) or (b) above only if he or she repays the total amount distributed, with interest thereon to date of repayment at the Repayment Rate, upon again becoming a Member.

(1) "Repayment Rate" means, for purposes of applying this Section 3.2(c), (i) 5% per annum, or (ii) 120% of the federal mid-term rate (as in effect under Section 1274(d) of the Code for the first month of each Plan Year during the repayment period), whichever yields the *lower* repayment amount.

(2) Such repayment, however, must be made (i) in one or more payments to the Trust Fund within two years of the date of rehire, or (ii) in installment payments, commencing during the period described in clause (i) above and continuing until the required repayment is made in full, at an annual rate not exceeding 10% of the Rehired Member's annualized Monthly Compensation.

(3) If upon the Rehired Member's later termination only partial repayment has been made, the Rehired Member shall be entitled to restoration of only a pro rata portion of the Prior Service Credit otherwise to be restored upon full payment in accordance with the preceding sentence.

3.3 Service With Multiple Employers. Service with more than one Participating Employer shall be considered service with a single Participating Employer for all purposes under the Plan.

SECTION 4. CONTRIBUTIONS

4.1 Employer Contributions. All Participating Employers shall make Employer Contributions monthly to the Trust Fund in such amounts as the Board, subject to the provisions of the Trust Agreement, may determine. Taking into account Members' Required Contributions and other funds on hand, the amount of such contributions will be based on a contribution rate which the Board determines (in its discretion) will be adequate to finance the benefits provided under the Plan on a sound actuarial basis.

4.1.1 Actuarial Basis. The Employer Contribution rate required shall be recommended by a competent enrolled actuary selected by the Board, and shall reflect the effect of forfeitures arising from termination of employment, death or any other reason. The actuarial calculations necessary to determine the required Employer Contribution rate shall be made annually or at such other times as deemed necessary by the Board (in its discretion).

4.1.2 Anti-Spiking Rule. If the Final Five-Year Average Pay Increase of a retiring or terminating Member who is not a member of a collective bargaining unit of Employees of the State Association exceeds the five-year average of the Annual Average Pay Increase for all Eligible Employees of the State Association during the last five Plan Years of the Member's employment as an Eligible Employee, the Participating Employer of that Member shall make a Special One-Time Contribution as determined under this Section 4.1.2. Such contribution shall be paid into the Trust Fund no later than 30 days after the Board notifies the Participating Employer of any contribution required under this Section 4.1.2. Notwithstanding the above, a Special One-Time Contribution shall not be required if the Member's compensation

was increased due to a good faith transfer of employment to another position during the applicable five Plan Year period.

(a) The "Annual Pay Increase" used to compute averages under this Section 4.1.2 shall equal rate of increase in Average Monthly Compensation for a Member from one Plan Year to the next Plan Year.

(b) The "Final Five-Year Average Pay Increase" for a Member shall be the average of the Annual Pay Increases (as determined under paragraph (a) above) during the Member's last five Plan Years of employment as an Eligible Employee.

(c) The "Annual Average Pay Increase" for a Plan Year shall be the average of the Annual Pay Increases (as determined under paragraph (a) above) for all Eligible Employees of the State Association.

(d) A "Special One-Time Contribution" under this Section 4.1.2 shall equal the actuarial present value of the increase in the Member's Accrued Benefit in excess of the amount of the Accrued Benefit that would have been payable under the Plan had his or her Average Monthly Compensation been limited so that the Member's Final Five-Year Average Pay Increase did not exceed the five-year average of the Annual Average Pay Increase for all Eligible Employees of the State Association during the last five Plan Years of the Member's Employment as an Eligible Employee. The actuarial present value of the excess Accrued Benefit shall be based on actuarial assumptions used by the Plan's actuary to determine minimum funding requirements under Sections 412, 431 and 432 of the Code for Member's last Plan Year of employment as an Eligible Employee.

4.1.3 Unused Sick Leave Credit. If any unused sick leave credit is treated as an addition to a Member's Years of Credited Benefit Service pursuant to Section 1.34.4, the Participating Employer of that Member shall contribute a lump sum amount equal to the product of (a), (b) and (c), as follows:

(a) The additional portion of a Year (or the number of Years) of Credited Benefit Service credited to the Member pursuant to Section 1.34.4, but taking into account only such portion of a Year (or the number of Years) of Credited Benefit Service as provide(s) an incremental benefit under this Plan as of the Member's Retirement Date (as defined in Section 7.2); *multiplied by*

(b) The Member's Average Monthly Compensation; *multiplied by*

(c) A factor representing the Actuarially Equivalent value of the incremental benefit attributable to one additional Year of Credited Benefit Service and one dollar of Average Monthly Compensation.

4.1.4 Non-Reversion Rule. Notwithstanding any other provision of the Plan or any amendment to the Plan to the contrary, no portion of the Trust Fund shall at any time revert to, or be recoverable by, any Employer or be used for, or diverted to, purposes other than for the exclusive benefit of Members, former Members or their Beneficiaries (as defined in Section 7.11) of the Plan or the administrative expenses of the Plan, except for such portion of the Trust Fund, if any, as may remain, due to erroneous actuarial calculations, at termination of the Trust Fund after satisfaction of all of its liabilities.

4.2 Required Contributions. If (*and only if*) expressly required, both before January 1, 2002 and (with respect to the Prior Plan) as of December 31, 1998, by the applicable collective bargaining agreement or participation agreement signed by his or her Participating Employer, each Member shall contribute by means of payroll deduction 3% of the first \$350.00 of his or her monthly salary, and 6% of that portion of monthly salary which exceeds \$350.00, excluding any overtime or bonus pay. Otherwise, each Participating Employer shall make all contributions necessary to fund the Plan (as determined pursuant to Section 4.1), and none of its Eligible Employees shall make Required Contributions. Required Contributions made by Participating Employers shall, for purposes of Section 1.2 (defining "**Accumulated Required Contributions**"), not be counted as Members' Required Contributions but shall be treated as Employer Contributions under Section 4.1.

SECTION 5. RETIREMENT DATES

5.1 Normal Retirement. The normal retirement date of a Member shall be the first day of the calendar month next succeeding the Member's 65th birthday or the day the Member attains age 65 if that day is the first day of a calendar month. Upon written application to the Board, a Member may elect to retire on his or her normal retirement date; *provided* that such date is later than (i) the last day for which the Member earns an Hour of Service, or (ii) the day the

application is filed with the Board; *provided* that the application is filed with the Board no more than 90 days before the normal retirement date.

5.2 Early Retirement. Upon written application to the Board, a Vested Member who has attained the age of 50 years or more may elect to retire as of an early retirement date which shall be the later of (i) the day after the last day for which the Member earns an Hour of Service, (ii) the day after the day the application is filed with the Board, or (iii) the early retirement date specified by the Member in the application; *provided* that the application is filed with the Board no more than 90 days before the early retirement date.

5.3 Delayed Retirement. A Member may delay retirement beyond his or her normal retirement date (as defined in Section 5.1) and continue employment until a delayed retirement date. Upon written application to the Board, a Member may elect to retire as of a delayed retirement date which shall be the later of (i) the day after the last day for which the Member earns an Hour of Service, (ii) the day after the day the application is filed with the Board, or (iii) the delayed retirement date specified by the Member in the application; *provided* that the application is filed with the Board no more than 90 days before the delayed retirement date.

5.4 Required Beginning Date. Once a Member attains age 70½, payment of his or her Plan benefits may not commence before his or her delayed retirement date but must commence no later than April 1 of the year following the later of (i) the calendar year in which his or her employment with all Participating Employers terminates, or (ii) the calendar year in which he or she attained age 70½. Accrued Benefits will be paid in a manner which complies with the requirements of Section 401(a)(9) of the Code, including the minimum distribution incidental benefit requirements of Section 401(a)(9)(G) of the Code and applicable Treasury Regulations.

5.5 Special Rules Governing Delayed Retirement Benefits.

5.5.1 General Rules. If a Member remains in employment with a Participating Employer beyond his or her normal retirement date (as defined in Section 5.1) (the "Age 65 Date") and he or she receives a benefit suspension notice in accordance with Section 5.5.3, the Member's delayed Retirement Benefit will begin on the earlier of (i) the delayed retirement date described in Section 5.3, or (ii) the mandatory commencement date described in Section 5.4 (the "Age 70½ Date"). Delayed retirement benefits will be determined in accordance with Section 6 and may be subject to actuarial increase (if applicable) as described in Section 5.5.2.

5.5.2 Actuarial Increase. If a Member remains in employment beyond his or her Age 65 Date, the Member's delayed retirement benefit will be actuarially increased to reflect periods described below during which he or she does not receive benefits:

(a) If a Member does not receive a benefit suspension notice as described in Section 5.5.3, he or she will receive an actuarial increase for the period beginning on the Member's Age 65 Date and ending on the earlier of:

- (1) the date the Member receives a benefit suspension notice; or
- (2) the date payment of the Member's Retirement Allowance commences.

(b) If a Member remains in employment beyond age 70½, he or she will receive an actuarial increase for the period beginning on the April 1 that next follows the calendar year in which he or she attained age 70½ and ending on the date payment of the Member's Retirement Allowance commences.

(c) A Member will receive an actuarial increase for any month beginning on or after his or her Age 65 Date during which he or she completes fewer than 40 Hours of Service related to the performance of duties.

(d) Any actuarial increase effected under the Section 5.5 will be based on the 1983 Group Annuity Mortality Table (Male), with interest at 6% per annum.

5.5.3 Benefit Suspension Notices. If a Member remains in employment beyond his or her Age 65 Date, the Board will send him or her a written notice of suspension of benefits. The notice will inform the Member that benefits are not being paid due to the Member's continued employment. The notice will describe the reasons for the suspension and the applicable procedures (pursuant to U.S. Department of Labor Regulations § 2530.203-3) and will be sent within the first month of suspension. No benefit will be withheld unless the Member is notified at once of the reasons for the suspension and is given an opportunity to seek review of the suspension. A Member (i) may request a review by the Board of whether specific contemplated employment will result in suspension of benefits, and (ii) may appeal an unfavorable decision.

5.5.4 Benefit Adjustments. If a Member remains in employment beyond (or is reemployed after) his or her Age 65 Date, his or her Accrued Benefit will be adjusted annually as of each January 1 to reflect additional benefits accrued during the prior Plan Year. This adjustment will be made only to the extent the additional accrual exceeds the Actuarial Equivalent value of any portion of the Employer-Derived Benefit (as defined in Section 1.1(b)) paid to the Member. In the case of a Member who is not receiving payment of his or her Accrued Benefit, this adjustment will be made only to the extent the additional accrual exceeds the actuarial increase (if any) provided under Section 5.5.2.

SECTION 6. RETIREMENT BENEFITS

6.1 Benefit Accrual. Subject to the provisions of Section 3.2, the Accrued Benefit of a Member who is an Eligible Employee after December 31, 1998, and whose employment with all Participating Employers terminates after that date, shall be an amount equal to the product of (i) 3% of the Member's Average Monthly Compensation (as defined in Section 1.4) through his

or her termination date, multiplied by (ii) the total amount of the Member's Years of Credited Benefit Service (including partial years) through his or her termination date.

(a) *For example*, in the case of a salaried Employee Member who was credited with 20 Years of Credited Benefit Service upon termination of her employment with a Participating Employer on August 1, 2009, her Accrued Benefit would be a lifetime annuity benefit payable starting at her Normal Retirement Date of \$3,000 per month (or \$36,000 per year) if her highest rate of Monthly Compensation was \$5,000 per month (or \$60,000 per year) at any point during her covered employment up to her termination date (*i.e.*, \$5,000 *times* 0.03 *times* 20 = \$3,000).

(b) For each Member whose employment with all Participating Employers terminated before January 1, 1999, the Prior Plan provisions in effect on his or her termination date shall apply.

6.2 Benefit at Normal Retirement. A Member who retires at his or her normal retirement date pursuant to Section 5.1 shall be entitled to receive for life a monthly Retirement Allowance, beginning on his or her Retirement Date (as defined in Section 7.2), equal to his or her Accrued Benefit.

6.3 Early Retirement.

6.3.1 Eligible Members. A Member who retires early pursuant to Section 5.2 shall be entitled to receive for life a monthly Retirement Allowance, beginning on his or her Retirement Date (as defined in Section 7.2), based on the Member's Years of Credited Benefit Service up to the date of early retirement. The amount of the monthly Retirement Allowance will be a percentage of the Member's Accrued Benefit beginning at his or her normal retirement date calculated from the following schedule:

<i>Early Retirement Age¹</i>	<i>Percentage of Accrued Benefit</i>
50	66%
51	72%
52	78%
53	85%
54	92%
55 or older	100%

6.3.2 Ineligible Vested Members. For a Vested Member whose employment with all Participating Employers terminates, but who is not eligible for early retirement at his or her termination date, his or her benefit shall be calculated from the following schedule:

<i>Early Retirement Age²</i>	<i>Percentage of Accrued Benefit</i>
50	64%
51	69%
52	74%
53	79%
54	84%
55	89%
56	91%
57	93%
58	95%
59	98%
60	100%

6.4 Delayed Retirement. Subject to Section 5.4, a Member who retires at his or her delayed retirement date pursuant to Section 5.3 shall be entitled to receive for life a monthly Retirement Allowance, beginning on his or her Retirement Date (as defined in Section 7.2), equal to the Accrued Benefit earned through the date of delayed retirement.

¹ Ages shall be prorated on a monthly basis for fractions of a year.

² Ages shall be prorated on a monthly basis for fractions of a year.

6.5 Supplemental Increases.

6.5.1 Future Increases. Increases for cost of living for retirees in future years shall not be automatic, but shall be made only in such amounts and subject to such conditions as may be set forth in a Plan amendment.

6.5.2 Prior Increases. Retired Members and Beneficiaries (as defined in Section 7.11) receiving Retirement Allowances as of January 1 of certain prior years have received increases in their prior years' monthly Retirement Allowances, under this Plan or the Prior Plan.

6.5.3 Effective in 1999. Effective as of January 1, 1999, a further monthly increase of 1% shall take effect January 1, 1999, for persons who were receiving a Retirement Allowance from the Plan immediately prior to that date; *provided, however,* that the amount of such increase shall be determined under Section 6.5.4 and shall not be determined separately under this Section 6.5.3.

6.5.4 1999 Purchasing Power Adjustment. Effective as of January 1, 1999, the monthly amount of the Retirement Allowance payable from the Plan to any person who was receiving a Retirement Allowance immediately prior to January 1, 1999 shall be increased by *multiplying* (i) the monthly amount of the Retirement Allowance paid in December 1998, by (ii) the 1999 Purchasing Power Adjustment Factor (as listed on Exhibit C attached hereto) that corresponds to the Retirement Date (as defined in Section 7.2) of the retired Member or the date of death of the Deceased Member (as defined in Section 8.3.1).

(a) For example, the monthly amount of the Retirement Allowance payable in January 1999 to an eligible retired Member whose monthly Retirement Allowance was \$1,000.00 in December 1998 and whose Retirement Date occurred in 1973 shall be \$1,362.60 (*i.e.*, \$1,000.00 *times* 1.3626 (or 136.26%)).

(b) Any Retirement Allowance increase payable under this Section 6.5.4 for monthly payment dates occurring in 1999 and 2000 (but prior to the adoption of this

Section 6.5.4) shall be implemented by including a one-time retroactive make-whole payment (with compound interest at the rate of 6% per annum) in a regular monthly payment).

6.5.5 Effective in 2000. Effective as of January 1, 2000, a further monthly increase of 2% took effect on January 1, 2000, for persons who were receiving a Retirement Allowance from the Plan immediately prior to that date; *provided, however,* that the amount of such increase shall be determined under Section 6.5.6 and shall not be determined separately under this Section 6.5.5.

6.5.6 2000 Purchasing Power Adjustment. Effective as of January 1, 2000, the monthly amount of the Retirement Allowance payable from the Plan to any person who was receiving a Retirement Allowance immediately prior to January 1, 2000 was increased by *multiplying* (i) the monthly amount of the Retirement Allowance paid in December 1999, by (ii) the 2000 COLA and PPA Factor (as listed below) that corresponds to the Retirement Date (as defined in Section 7.2) of the retired Member or, with respect to a Deceased Member who died before his or her Retirement Date, the date of death of the Deceased Member (as defined in Section 8.3.1).

<i>Year of Member's Retirement or Death Date</i>	<i>2000 COLA and PPA Factor</i>
Before 1979	104.2%
1979-1999	102.0%

(a) For example, the monthly amount of the Retirement Allowance payable in January 2000 to an eligible retired Member whose monthly Retirement Allowance was \$1,000.00 in December 1999 (after taking into account previous cost of living and/or purchasing power adjustments) and whose Retirement Date occurred in 1973 was \$1,042 (*i.e.*, \$1,000 *times* 1.042 (or 104.2%)).

(b) Any Retirement Allowance increase payable under this Section 6.5.6 for monthly payment dates occurring in 2000 and 2001 (but prior to the adoption of this Section 6.5.6) was implemented by including a one-time retroactive make-whole payment (with compound interest at the rate of 6% per annum) in a regular monthly payment.

6.5.7 2007 Purchasing Power Adjustment. Effective as of January 1, 2007, the monthly amount of the Retirement Allowance payable from the Plan to any person who was receiving a Retirement Allowance immediately prior to January 1, 2007 was increased by *multiplying* (i) the monthly amount of the Retirement Allowance paid in December 2006, by (ii) the 2007 Purchasing Power Adjustment Factor (as listed on Exhibit D attached hereto) that corresponds to the Retirement Date (as defined in Section 7.2) of the retired Member or the date of death of the Deceased Member (as defined in Section 8.3.1).

(a) For example, the monthly amount of the Retirement Allowance payable in January 2007 to an eligible retired Member whose monthly Retirement Allowance was \$1,000.00 in December 2006 and whose Retirement Date occurred in 1973 was increased to \$1,207.70 (*i.e.*, \$1,000 *times* 1.2077 (or 120.77%)).

(b) Any Retirement Allowance increase payable under this Section 6.5.7 for monthly payment dates occurring in 2007 and 2008 (but prior to the adoption of this Section 6.5.7) was implemented by including a one-time retroactive make-whole payment (with compound interest at the rate of 6% per annum) in a regular monthly payment).

6.6 Maximum Accrued Benefit. Notwithstanding any contrary Plan provision, in no event shall the Accrued Benefit of any Member exceed (i) an amount equal to 100% of the greatest amount of Monthly Compensation credited for any of his or her Years of Credited Benefit Service, as adjusted for cost of living increases under Section 415(d) of the Code, subject to Section 12.2(a); or (ii) the maximum amount permitted under Section 12 of the Plan and Section 415 of the Code.

6.7 Prior Benefit Accruals. Notwithstanding any contrary Plan or Prior Plan provision, the Accrued Benefit of any Member (including the right to any optional form of benefit provided under the Plan or the Prior Plan) determined as of any date after December 31, 1998 shall in no event be less than the Member's Accrued Benefit as determined under the Prior Plan.

SECTION 7. FORM AND PAYMENT OF BENEFITS

7.1 Payments of Benefits. Retirement Allowance payments normally shall be made in equal installments on the last day of each month. However, Retirement Allowance payments of \$10 or less shall be made annually.

7.2 Commencement of Payments. For normal, early or delayed retirements, a Member's Retirement Allowance shall be payable for the period beginning on his or her normal, early or delayed retirement date as determined under Section 5 (the Member's "Retirement Date").

(a) The first payment shall be made as soon as administratively practicable, but no earlier than the last day of the month in which occurs the later of (1) his or her Retirement Date, or (2) the 30th day after the day the application required by Section 7.10 is filed with the Board and is complete. The first payment shall be prorated if it covers more or less than a full month since the Member's Retirement Date.

(b) Monthly payments shall commence no later than 60 days following the end of the Plan Year in which the Member's Retirement Date occurs. However, benefits shall not begin before the Participant has terminated all employment of the type which would create a suspension of benefits under Section 7.3. The only exception shall be payments to a former spouse or other Alternate Payee (as defined in Section 7.12.2(a)(1)), which will begin earlier if and to the extent so required by a Qualified Domestic Relations Order as described in Section 7.12.

7.3 Suspension of Benefits When Membership Renews. If a former Member receiving any type of retirement benefit under this Plan returns to (or continues) work of a type subject to federal wage withholding and, if such work is (i) in California, (ii) for a Participating Employer, and (iii) in the same trade or craft as when such benefit commenced, his or her benefits will be subject to suspension and reinstatement as follows:

7.3.1 Work 40 or More Hours During Month. Retirement benefits will be suspended one month for every month in which the Member engages in work of the type described in the preceding sentence for 40 or more hours.

7.3.2 Benefit After Suspension. When the Member again retires after a suspension of benefits, his or her new retirement benefit will be computed as follows:

- (a) If there have been less than 12 consecutive months of suspension, the new retirement benefit will be the sum of the prior benefit plus whatever additional benefits may have been earned during the period of renewed membership.
- (b) If there have been 12 or more consecutive months of suspension, the new retirement benefit will be recalculated as though the Member were retiring for the first time, but with an Actuarially Equivalent reduction to take account of any benefits previously paid.

7.4 Termination of Payments. Retirement Allowance payments shall continue until the death of the Member or other recipient, except that if such death occurs after the 20th day of the month, the Retirement Allowance payment otherwise payable at the end of the month shall be paid to the appropriate Beneficiary (as defined in Section 7.11) or estate.

7.5 Normal Form of Payment – Married Members. Unless he or she elects otherwise in accordance with Sections 7.7 through 7.10, the Retirement Allowance of a Member who is *married* on his or her Retirement Date (as defined in Section 7.2) shall be payable in a form of a joint and 50% contingent annuity, which (i) shall be the Actuarial Equivalent of the Member's Retirement Allowance as determined under Section 6, and (ii) shall provide reduced monthly payments during the life of the Member and monthly payment of 50% of such amount to the spouse who survives the Member's death.

7.5.1 Spousal Consent. Any election to receive one of the optional forms of benefit described in Sections 7.7 through 7.9 shall require the spouse's written consent, which must be notarized or witnessed by a notary. However, the Board may waive the spousal consent requirement if it is established to its satisfaction that the consent may not be obtained because there is no lawful spouse, because the spouse cannot be located or because of such other

circumstances as may be prescribed under Section 417 of the Code. Any spousal consent provided pursuant to this Section 7.5 must acknowledge the effect of what is being consented to.

7.5.2 Marital Status. The Special Effective Date Rule set forth in Section 7.5.3 applies to this Section 7.5.2.

(a) If this Section 7.5.2 applies with respect to a Member, for all purposes of this Plan, the Member shall be treated as married if at the relevant time he or she is:

- (1) Married to the individual who is his wife or her husband in a marital relationship which is legally valid under applicable local law; or
- (2) Not legally married but is the domestic partner of one individual (i) who shares the same regular and permanent residence with the current intent to continue doing so indefinitely, (ii) who have agreed to be jointly responsible for their basic living expenses (such as food, shelter and any other expenses of the common household), (iii) whom he or she would not be prohibited from marrying under California law on account of his or her blood relationship to that individual, (iv) who was mentally competent to enter into a contract when the domestic partner relationship began, and (v) who has executed (together with the Member) an affidavit to the effect that the foregoing terms of this paragraph (a)(2) have been satisfied; *provided* that the current or former domestic partner of a Member shall not be treated as his or her former spouse or other Alternate Payee (as defined in Section 7.12.2(a)(1)) for purposes of applying Section 7.12.2 (relating to Qualified Domestic Relations Orders) or any related Plan provision.

(b) Any Member to whom this Section 7.5.2 applies, and who claims to be married for purposes of this Plan, as a condition to his or her eligibility for any benefit available only to married Members or their spouses under this Plan, shall provide such evidence as to the continued existence of his or her marital or domestic partnership relationship as is reasonably requested by the Board.

(c) Each reference in this Plan to the spouse, lawful spouse, husband or wife of a Member to whom this Section 7.5.2 applies, or to his or her status as a married individual, shall also refer to the domestic partner of such Member, or to his or her status as an individual who is a member of a domestic partnership; *provided* that such relationship satisfies the criteria set forth in paragraph (a)(2) above.

7.5.3 Special Effective Date Rule. Any provision of this Plan which specifies that this Special Effective Date Rule applies shall be effective only with respect to a Member who retires, dies or otherwise terminates employment with all Participating Employers, while he or she is (i) represented by the CAS or the CSO or employed by the State Association

(but not represented by a Union), or (ii) employed in another position which is subject to a collective bargaining agreement or resolution duly adopted by the governing body of his or her Employer which adopts such provision, on or after January 1, 1999 (with respect to Members described in clause (i) above) or such later date as is specified in such an agreement or resolution (with respect to Members described in clause (ii) above).

7.6 Normal Form of Payment – Unmarried Members. Unless he or she elects otherwise in accordance with Sections 7.8 through 7.10, the Retirement Allowance of a Member who is *unmarried* on his or her Retirement Date (as defined in Section 7.2) shall be payable in the form of a single life annuity, which shall be equal to the Member's Retirement Allowance as determined under Section 6.

7.7 Optional Single Life Annuity Form. Subject to the conditions and restrictions set forth in Sections 7.5 and 7.11, a Member who is married on his or her Retirement Date (as defined in Section 7.2) may elect upon retirement to receive the Retirement Allowance payable in the form of a single life annuity, which shall be equal to the Member's Retirement Allowance as determined under Section 6.

7.8 Optional Joint and Contingent Annuity Forms. Subject to the conditions and restrictions set forth in Sections 7.5 and 7.11, any Member may elect upon retirement to receive the Retirement Allowance payable in one of the following forms, each of which forms (a) shall be Actuarially Equivalent to the Member's Retirement Allowance as determined under Section 6; (b) shall provide that the payments to be made during the Member's lifetime will equal at least 50% of the present value of the Member's Retirement Allowance, determined as of the Member's Retirement Date (as defined in Section 7.2); and (c) shall provide that any contingent annuity benefits payable after the Member's death shall be paid no less rapidly than

applies under the annuity form of payment in effect prior to the date of death (*i.e.*, for the remainder of the Beneficiary's life):

7.8.1 Standard Joint and 100% Contingent Annuity. A joint and 100% contingent annuity providing a Retirement Allowance of reduced monthly payments throughout the retired Member's life and, following his or her death, continuing at the same reduced monthly amount to any surviving Beneficiaries (as defined in Section 7.11).

7.8.2 Pop-Up Joint and 100% Contingent Annuity. Subject to the Special Effective Date Rule set forth in Section 7.5.3 which applies to this Section 7.8.2, a joint and 100% contingent annuity providing a Retirement Allowance of reduced monthly payments throughout the retired Member's life and, following his or her death, continuing at the same reduced monthly amount to any surviving Beneficiaries (as defined in Section 7.11); *provided* that if both the Member's spouse and all Beneficiaries die before the retired Member, unreduced monthly payments of his or her Retirement Allowance as determined under Section 6 shall be made to the retired Member throughout the remainder of his or her life.

7.8.3 Standard Joint and 75% Contingent Annuity. A joint and 75% contingent annuity providing a Retirement Allowance of reduced monthly payments throughout the retired Member's life and, following his or her death, continuing at 75% of such reduced monthly amount to any surviving Beneficiaries (as defined in Section 7.11).

7.8.4 Pop-Up Joint and 75% Contingent Annuity. Subject to the Special Effective Date Rule set forth in Section 7.5.3 which applies to this Section 7.8.4, a joint and 75% contingent annuity providing a Retirement Allowance of reduced monthly payments throughout the retired Member's life and, following his or her death, continuing at 75% of such reduced monthly amount to any surviving Beneficiaries (as defined in Section 7.11); *provided*

that if both the Member's spouse and all Beneficiaries die before the retired Member, unreduced monthly payments of his or her Retirement Allowance as determined under Section 6 shall be made to the retired Member throughout the remainder of his or her life.

7.8.5 Standard Joint and 50% Contingent Annuity. A joint and 50% contingent annuity providing a Retirement Allowance of reduced monthly payments throughout the retired Member's life and, following his or her death, continuing at 50% of such reduced monthly amount to any surviving Beneficiaries (as defined in Section 7.11).

7.8.6 Pop-Up Joint and 50% Contingent Annuity. Subject to the Special Effective Date Rule set forth in Section 7.5.3 which applies to this Section 7.8.6, a joint and 50% contingent annuity providing a Retirement Allowance of reduced monthly payments throughout the retired Member's life and, following his or her death, continuing at 50% of such reduced monthly amount to any surviving Beneficiaries (as defined in Section 7.11); *provided* that if both the Member's spouse and all Beneficiaries die before the retired Member, unreduced monthly payments of his or her Retirement Allowance as determined under Section 6 shall be made to the retired Member throughout the remainder of his or her life.

7.9 Social Security Adjustment Option.

7.9.1 General Rule. Subject to the conditions and restrictions set forth in Section 7.5, 7.9.2 and 7.11, a Member who elects to retire early pursuant to Section 5.2, may elect a special optional form of Retirement Allowance, which shall be Actuarially Equivalent to the Retirement Allowance otherwise payable but provide (i) greater monthly payments prior to (at the option of the Member) either age 62 or the earliest age at which full Social Security benefits are available to him or her, and (ii) smaller monthly payments (or none) commencing at the age selected. To the extent practicable, the amount of the monthly payment payable under

this option prior to the age selected will be approximately equal to the sum of (1) the amount payable under this option after the age selected, and (2) the Primary Insurance Amount which may become payable under the Social Security Act as in effect on the Member's Retirement Date (as defined in Section 7.2).

7.9.2 Restriction While Plan is in Critical Status. A Social Security Adjustment Option may not be elected with respect to any "annuity starting date" (as defined in Section 417(f)(2) of the Code) occurring after December 31, 2007, if the Plan is in Critical Status as of the annuity starting date. "Critical Status" means that:

- (a) Notice of the Plan's critical status for the initial critical year under Section 432(b)(3)(D) of the Code has been sent to the Secretary of Labor and the other parties described therein; and
- (b) the Plan's actuary has not yet certified (in accordance with Section 431(b)(3)(A) of the Code) that the Plan is not projected to have an accumulated funding deficiency for a subsequent Plan Year or any of the nine succeeding Plan Years (as described in Section 432(e)(4)(B) of the Code).

7.10 Application and Election Procedures. To apply for retirement, an application shall be made in writing on a form and in the manner prescribed by the Board, and shall be filed with the Board at least one day, but no earlier than 90 days, before the Member's desired Retirement Date (as defined in Section 7.2). An application will not be considered complete for purposes of Section 7.2 until all information and documents required from the Member or his or her Beneficiary have been received by the Board. This includes any written statements, documents and other information required from a Member who wishes to elect an optional form of Retirement Allowance.

7.10.1 Election of Optional Form. An election of an optional form of Retirement Allowance must be made no earlier than 90 days before the Member's Retirement Date (as defined in Section 7.2), and may be revoked or changed by the Member at any time

before or within 90 days after the date his or her election of a form of payment is signed by the Member, notwithstanding the first sentence of Section 7.10. If a Member is married, his or her spouse's consent is required for the election of any optional form of Retirement Allowance (as provided in Section 7.5), subject to the Special Effective Date Rule set forth in Section 7.5.3 which applies to this Section 7.10.1.

7.10.2 Written Explanation. Within the time periods described in Section 7.10.3 and subject to the Special Effective Date Rule set forth in Section 7.5.3 which applies to this Section 7.10.2, the Member shall be provided with a written explanation of:

- (a) The terms and conditions of the normal form of payment of the Member's Retirement Allowance (as determined under Section 7.5 or 7.6) and a summary of the optional forms of payment available under the Plan;
- (b) The Member's right to make, and the effect of, an election to waive the normal form of payment of his or her Retirement Allowance;
- (c) The fact that the spouse of a married Member must consent to any election other than the joint and 50% contingent annuity with the Member's spouse as his or her Beneficiary; and
- (d) The Member's right to make, and the effect of, a revocation of an optional form of payment of his or her Retirement Allowance.

7.10.3 Time Periods for Providing Information. The information described in Section 7.10.2 shall be provided to the Member as follows:

- (a) General information on the Plan's normal and optional forms of payment shall be provided to the Member:

(1) No less than 30 days and no more than 180 days before the Member's Retirement Date; or

(2) After the Member's Retirement Date, but no less than 30 days and no more than 180 days before payment of his or her Retirement Allowance actually begins;

provided that the Member may waive either 30-day period if payment of his or her Retirement Allowance begins more than seven (7) days after such general information is provided;

(b) A Member's written request for specific information on the normal and optional forms of payment available to the Member must be received (1) at least 60 days before his or her Retirement Date, or (2) if paragraph (a)(2) above applies, at least 60 days before payment of his or her Retirement Allowance actually begins; and

(c) Specific information on the normal and optional forms of payment available to a Member must be provided within 30 days of the Member's timely request therefor.

7.10.4 Limited Time Option to Reconsider Election. The special election made available by this Section 7.10.4 (i) was available only during the 90-day period that began beginning on the date set forth on the written notice of the reconsideration option (the "Notice Date"), and (ii) if elected, was deemed null and void if any payment required under paragraph (c) below was not received during the 120-day period beginning on the Notice Date.

(a) As soon as reasonably practicable after June 4, 2002, written notice was provided to each retired Member:

(1) Whose Retirement Date occurred after:

(i) September 1, 1995 (if he or she was represented by the CSO or not represented by a Union when his or her employment terminated); or

(ii) September 1, 1995 (if he or she was represented by the CAS when his or her employment terminated); and

(2) Whose Retirement Allowance is being paid in the form of standard or pop-up joint and contingent annuity (as described in Sections 7.8.1 through 7.8.6),

that the retired Member had a limited one-time option to reconsider his or her prior form of payment election.

(b) The alternate form of payment available to the retired Member was limited to the standard or pop-up joint and contingent annuity form that corresponded to the form of payment currently in effect and, if elected, was made effective retroactively to the date payment of his or her Retirement Allowance actually began. For example, the only option available to an eligible retired Member whose Retirement Allowance was being paid in the form of the standard joint and 50% contingent annuity (as described in Section 7.8.5) was to elect instead the pop-up joint and 50% contingent annuity (as described in Section 7.8.6).

(c) If an election of an optional form of payment made under paragraph (b) above would have resulted in a retroactive *decrease* in the monthly payments previously made, the election did not take effect unless and until payment in full of the accumulated value of such decrease with interest at 6% per annum (as specified in the notice) was received by the Board within the period specified in clause (ii) above.

(d) If an election of an optional form of payment made under paragraph (b) above would have resulted in a retroactive *increase* in the monthly payments previously made, the accumulated value of such increase with interest at 6% per annum (as specified in the notice) was paid to the retired Member as soon as practicable after payments began to be made in the newly elected form of payment.

7.11 Beneficiaries. A Member may file a written designation of the person or persons who shall receive payments due the Member's Beneficiary or Beneficiaries by reason of his or her death under Section 7.8, 8.3.1 or 8.3.2. Subject to the Special Effective Date Rule set forth in Section 7.5.3 (which applies to this Section 7.11), the only persons who may be designated as a Member's "Beneficiary" are any of his or her lawful spouse (as described in Section 7.5.2(a)(1)), spouse (as described in Section 7.5.2(a)(2)), parents, children, brothers or sisters; *provided, however,* that designation of any person other than the Member's spouse (as described in Section 7.5.2(a)(1) or (2)) who is living at the time the designation is made shall require spousal consent (as described in Section 7.5.1).

7.11.1 Changes. The Member may, from time to time, change his or her Beneficiary by filing a new designation with the Board. However, a designated Beneficiary under a joint and contingent annuity shall not be changed unless (i) the Beneficiary dies prior to the commencement of the Member's Retirement Allowance, or (ii) the change is made within 90 days after the date his or her election of a form of payment is signed by the Member, in which case a new Beneficiary may be designated; *provided* that (y) the new designation must be made in the same manner and subject to the same time limitations as set forth in this Section 7, and

(z) the reduced monthly amounts payable shall be recalculated to reflect any life expectancy differences and to assure satisfaction of Section 401(a)(9) of the Code.

7.11.2 No Surviving Beneficiary. If there is no validly designated surviving Beneficiary upon the death of a Member or former Member, any Accumulated Required Contributions that would otherwise be payable to his or her Beneficiary shall be made to Member's estate, if a duly-appointed administrator makes claim therefor. Notwithstanding the foregoing, joint and contingent benefits will be paid only to a spouse, or to a Beneficiary designated by the Member, who survives the Member.

7.11.3 Form of Designation. Whenever a Member may designate a Beneficiary, the designation shall be in writing in the form and manner required by the Board (in its discretion), and may be changed from time to time in the same manner, but only to the extent permitted under Section 7.11.1. If the Member is married, the spouse must approve the designation in the same manner as required for a spouse's consent under Section 7.5.

7.11.4 Prior Plan Beneficiaries. Notwithstanding any contrary Plan provision, the beneficiary(ies) of a Member, as determined under Section 7.11 of the Prior Plan as of December 31, 1998, shall be his or her Beneficiaries under this Section 7.11 unless and until a Beneficiary change is made in accordance with this Section 7.11.

7.12 Persons to Whom Benefits are Payable.

7.12.1 General Rule. Benefits are payable only (i) to former Members or their Beneficiaries (as defined in Section 7.11), including former spouses or other alternate payees when required by a Qualified Domestic Relations Order as described in Section 7.12.2; (ii) to their court-appointed representatives; or (iii) to the California Teachers Association Employees' Health & Welfare Trust pursuant to a voluntary and revocable assignment by the

former Member or his or her Beneficiary of such amounts as may be payable by him or her toward the purchase of long term care insurance coverage. All benefit payments shall be made directly to such persons and shall not be subject to claims of creditors or others, nor to legal process, and may not be voluntarily or involuntarily alienated or encumbered, except insofar as permitted under Section 206(d) of ERISA. However, if any former Member or Beneficiary is unable to give a valid receipt for a benefit payment and the payment has not been claimed by a court-appointed representative, then that payment may, in the discretion of the Board, be paid to any individual or institution providing for the care and maintenance of the Member or Beneficiary.

7.12.2 Qualified Domestic Relations Orders. The Plan will pay benefits in accordance with the applicable requirements of any court order which the Board determines (in its discretion) is a Qualified Domestic Relations Order (a "QDRO"), which term, as defined in Section 206(d)(3) of ERISA and used in this Plan, means a state court order satisfying the following requirements:

(a) **Type of Order.** The court order must:

- (1) relate to the provisions of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of a Member and/or a member of the Prior Plan (an "Alternate Payee");
- (2) create or recognize the existence of such an Alternate Payee's right to, or assign to an Alternate Payee the right to, receive all or a portion of the Member's and/or Prior Plan member's benefits; and
- (3) be made pursuant to a state domestic relations or community property law.

(b) **Required Provisions.** The court order must specify:

- (1) the name and last known mailing address of the Member and/or Prior Plan member and each Alternate Payee covered by the order;

- (2) the amount or percentage of benefits to be paid to each alternate payee, or the manner in which such amount or percentage is to be determined;
- (3) the number of payments or period to which the order applies; and
- (4) that it applies to this Plan and/or the Prior Plan.

(c) **Prohibited Provisions.** The court order must not:

- (1) require payment of any portion of the Accrued Benefit of a non-Vested Member or a non-vested Prior Plan member;
- (2) require the Plan to provide any type or form of benefit, or any option, not otherwise provided under the Plan, except as provided in paragraph (d) below;
- (3) require the Plan to provide increased benefits determined on the basis of Actuarially Equivalent value;
- (4) require the payment of benefits to an Alternate Payee to commence prior to the date the Member or Prior Plan member attains age 50; or
- (5) require the payment of benefits to an Alternate Payee which are required to be paid to another Alternate Payee under another order previously determined to be a QDRO.

(d) **Permitted Provisions.** A QDRO may provide either or both of the following:

- (1) In the case of any payment to be made before the Member has retired pursuant to Section 5.1 or 5.2 of this Plan or the Prior Plan or when the Member or Prior Plan member would be unable to receive retirement benefits because of a suspension of benefits under Section 7.3 of this Plan or the Prior Plan, a QDRO may nevertheless require that payment of benefits be made to an Alternate Payee beginning with the earliest month that the Member or Prior Plan member could have elected to begin receiving retirement benefits under this Plan or the Prior Plan; *provided* that:
 - (i) the order also provides that the Plan shall take into account only the present value of the Accrued Benefit (or the Prior Plan member's accrued benefit under the Prior Plan) payable at Normal Retirement Age, without taking into account the present value of any subsidy for benefits payable prior to Normal Retirement Age, until such time (if the order so provides) as the subsidy applies to benefit payments made to the Member or Prior Plan member after his or her Annuity Starting Date; and
 - (ii) the order permits payment of the Alternate Payee's benefits only in a form which would be available to the Member or Prior Plan

member, other than a joint and contingent annuity with the Alternate Payee's later spouse as his or her Beneficiary.

(2) A QDRO may also provide that the former spouse shall be treated as a surviving spouse for purposes of Section 7.5 of this Plan or the Prior Plan if the Member or Prior Plan member and former spouse had been married for at least one (1) year by the date of the order.

7.12.3 Death of Alternate Payee. In the event that an Alternate Payee to whom benefits (a) would have been payable under a QDRO should die before any such benefits become payable, or (b) are being paid under a QDRO (based on the life of a Member or Prior Plan member), dies before the Member or Prior Plan member, then unless the QDRO provides otherwise, any interest of the deceased Alternate Payee in those benefits shall terminate and revert to the Member or Prior Plan member.

SECTION 8. OTHER BENEFITS

8.1 Disability.

8.1.1 Eligibility. Any Member who has five or more Years of Vesting Service and who becomes totally and permanently disabled shall be entitled to receive a Disability Benefit. An eligible Member may elect to retire and receive his or her Disability Benefit at any age once it is determined that the Member is totally and permanently disabled.

8.1.2 Additional Accruals. As provided in Section 1.34 (defining "Year of Credited Benefit Service"), Members accrue additional benefits during periods when they are totally and permanently disabled and not receiving Disability Benefits.

8.1.3 Amount. The amount of a Member's Disability Benefit shall be determined in the same manner as for an early retirement benefit pursuant to Section 6.3, but with a further Actuarially Equivalent reduction to take account of any years prior to age 50 for which the Disability Benefit will be paid.

8.1.4 Definition. A Member shall be deemed "totally and permanently disabled" (within the meaning of this Section 8.1) if the Board (in its discretion) determines, upon the basis of medical evidence that the Member is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. Such medical evidence may include (i) an insurance carrier's determination that the Member is eligible for long-term disability income under any group plan applicable to the Member's employment with a Participating Employer, or (ii) the Member's Social Security disability award.

8.1.5 Application.

(a) If the Member *has not* received a Social Security disability award, the effective date of the Disability Benefit will be the first of the month after the later of (1) the date the Member became totally and permanently disabled, as determined by the Board, or (2) receipt of a completed application.

(b) If the Member *has* received a Social Security disability award, the effective date of the Disability Benefit will be the first of the month on or after the onset of the disability as stated in the Social Security disability award; *provided* that the Member applies to the Plan for a Disability Benefit within 60 days of the date of the Social Security disability award. If the Member has received a Social Security disability award but does not apply for Disability Benefits until more than 60 days after the date of the Social Security disability award, the effective date of the Disability Benefit will be the first of the month after receipt of a completed application.

8.1.6 First Payment. The first payment shall be made as soon as administratively practicable, but no earlier than the last day of the month in which occurs the effective date of the Disability Benefit, as determined under Section 8.1.5.

8.1.7 Form. Members entitled to receive Disability Benefits shall have those benefits paid in the forms permitted under Section 7, in the same manner as for any other type of benefit under the Plan.

8.1.8 Prior Plan Members. For purposes of applying this Section 8.1, a member of the Prior Plan shall be treated as a Member of this Plan with respect only to benefit eligibility if he or she becomes totally and permanently disabled both (i) after December 31, 1998, and (ii) before his or her employment with all Participating Employers terminates.

8.2 Termination of Employment Before Vesting. Upon termination of employment prior to becoming a Vested Member, a Member:

(a) if the Member has an Employee-Derived Benefit (as defined in Section 1.1(a)):

(1) shall be entitled to receive in a lump sum payment an amount equal to his or her Accumulated Required Contributions as of the date his or her Plan membership terminates pursuant to Section 2.4; or

(2) subject to Section 8.5 and if his or her Accumulated Required Contributions exceed \$5,000 (or any greater amount specified in Section 411(a)(11)(A) of the Code), he or she may elect in writing to receive either (i) an amount equal to his or her Accumulated Required Contributions as of the last day of the month preceding the date the election is filed with the Board, or (ii) his or her Employee-Derived Benefit in accordance with Section 7 (as if such benefit were a Retirement Allowance commencing on such last day) and subject to reduction for early commencement in accordance with Section 6.3.2 or, if payment commences before the Member has attained the age of 50 years, on an Actuarially Equivalent basis (as determined pursuant to Section F of Appendix A); and

(b) shall forfeit (subject to Section 3.2.(c)), and shall be deemed to have received a distribution of zero dollars (\$0.00) in respect of, his or her entire interest in his or her Employer-Derived Benefit (as defined in Section 1.1(b)) upon the later of (1) the date his or her Plan membership terminates pursuant to Section 2.4, or (2) if the Member had any Accumulated Required Contributions, the date payment is made or commenced pursuant to paragraph (a) above.

8.3 Death Benefits.

8.3.1 Prior to Retirement. If a Member dies before payment of his or her Retirement Allowance commenced (the "Deceased Member"), the following death benefits shall be paid:

(a) **Non-Married Members.** If the Deceased Member was not married at the time of death, but subject to Section 8.5, an amount equal to the Deceased Member's Accumulated Required Contributions (if any) as of the date of death shall be paid to the Deceased Member's Beneficiary (as defined in Section 7.11).

(b) **Married Members.** Subject to the Special Effective Date Rule set forth in Section 7.5.3 which applies to this Section 8.3.1(b), if the Deceased Member was married at the time of death, a surviving spouse benefit will be paid to the Deceased Member's surviving spouse for life, beginning at a date determined by the surviving spouse, which is (i) no earlier than on the date the Deceased Member would have first become eligible to begin receiving early retirement benefits had he or she survived until then, and (ii) no later than the later of (A) the date the Deceased Member would have attained Normal Retirement Age, or (B) the date of his or her death. The amount of the surviving spouse benefit in this situation will be determined as follows:

(1) **Vested Members.** In the case of a Deceased Vested Member, the surviving spouse benefit shall be based on the Deceased Member's Accrued Benefit as of the actual date of death and will be calculated as follows:

(i) If the Deceased Member died *before* incurring a One-Year Break in Service, the Deceased Member's benefit shall be determined as of the earliest date he or she would have been eligible for retirement, using the early retirement percentage under Section 6.3 applicable to a Member who terminates while eligible for early retirement, regardless of the Deceased Member's actual age at termination of employment. The amount of the Deceased Member's benefit shall be adjusted on an Actuarially Equivalent basis to the joint and 100% contingent annuity form.

(ii) If the Deceased Member died *after* incurring a One-Year Break in Service, the Deceased Member's benefit shall be determined as of the earliest date he or she would have been eligible for retirement, using the appropriate early retirement percentage applicable under Section 6.3 depending on whether he or she was eligible for early retirement at the date of termination of employment. The amount of the Deceased Member's benefit shall be adjusted on an Actuarially Equivalent basis to the joint and 50% contingent annuity form.

(iii) The surviving spouse benefit will be equal to the survivor annuity of the retirement benefit determined pursuant to paragraph (i) or (ii) above.

(2) **Non-Vested Members.** In the case of a Deceased non-Vested Member, the Deceased Member's Employee-Derived Benefit (if any) shall be converted to an Actuarially Equivalent life annuity on the surviving spouse's life, beginning on the later of (i) the date of the Deceased Member's death, (ii) the date the Deceased Member would have first become eligible to begin receiving early

retirement benefits if he or she had survived until then, or (iii) the date the Deceased Member would have attained age 70½. In lieu of this benefit, but subject to Section 8.5, the surviving spouse may elect in writing, after the Deceased Member's death, to receive a lump sum payment in an amount equal to the Deceased Member's Accumulated Required Contributions (if any).

8.3.2 After Retirement. In the event of the death of a retired Member who was receiving a Retirement Allowance in the form of a single life annuity, if at death the total of the Retirement Allowance payments actually made does not exceed the amount of the Member's Accumulated Required Contributions (if any) as of the date of the retirement, then an amount equal to such difference as may exist shall be paid to the Member's Beneficiary (as defined in Section 7.11). In the event of the death of a retired Member who was receiving a Retirement Allowance in a form providing for payments to a Beneficiary upon the Member's death, if at the death of the retired Member or his or her Beneficiary (whichever is later) the total of the Retirement Allowance payments actually made does not exceed the amount of the Member's Accumulated Required Contributions (if any) as of the date of retirement, then an amount equal to such difference as may exist shall be paid to the estate of the Member or his or her Beneficiary.

8.4 Rules Governing Rollovers.

8.4.1 Direct Rollovers. Notwithstanding any contrary Plan provision, if the Distributee of any lump sum payment of (i) a Deceased Member's Accumulated Required Contributions under this Section 8 or Section 14.5 or 14.6, or (ii) any other Eligible Rollover Distribution from the Plan, (a) elects to have all or a specified portion of such distribution paid directly to one eligible retirement plan (within the meaning of Section 401(a)(31)(E) of the Code); and (b) identifies such plan in such manner, within such advance notice period, and subject to such permissible restrictions as the Board may specify, such distribution (or specified portion thereof) shall be made in the form of a direct rollover to such plan, in accordance with

and subject to the conditions and limitations of Section 401(a)(31) and related provisions of the Code.

(a) **“Distributee”** means a Member, a Beneficiary (if the surviving spouse of a deceased Member), or an Alternate Payee (if the current or former spouse of a Member under a QDRO (as defined in Section 7.12.2)).

(b) **“Eligible Rollover Distribution”** means a distribution of any portion of the Accrued Benefit of a Member which is not one of a series of substantially equal periodic made over (1) a specified period of ten years or more, or (2) the life or life expectancy of the Distributee, to the extent that it constitutes an eligible rollover distribution (within the meaning of Section 401(a)(31)(D) of the Code).

8.4.2 Nonspousal Beneficiary Rollovers. Notwithstanding any contrary Plan provision, the Distributee of any lump sum payment of a Deceased Member’s Accumulated Required Contributions under this Section 8 or Section 14.5 or 14.6, or any other Eligible Rollover Distribution from the Plan, may elect to have all or a specified portion of such distribution paid directed to an individual retirement plan (within the meaning of Section 402(c)(8) of the Code) established for the purposes of receiving the distribution on behalf of an individual who is the Member’s designated beneficiary (within the meaning of Section 401(a)(9)(E) of the Code); *provided* that the Distributee is not the surviving spouse of the deceased member. The transfer shall be treated as an eligible rollover distribution under the Plan, and the individual retirement plan shall be treated as an inherited individual retirement account (within the meaning of Section 408(d)(3)(C) of the Code), subject to Section 401(a)(9)(B) of the Code.

8.5 Restriction While Plan is in Critical Status. Notwithstanding Sections 8.2(a), 8.3.1(a) and 8.3.1(b)(2), effective with respect to “annuity starting dates” (as defined in Section 417(f)(2) of the Code) occurring after December 31, 2007, if the amount of a Member’s Accumulated Required Contributions (if any) exceeds \$5,000 (or any greater amount specified in Section 411(a)(11)(A) of the Code), such Accumulated Required Contributions shall not be

payable in the form of a lump sum if the Plan is in Critical Status (as defined in Section 7.9.2) as of the annuity starting date.

SECTION 9. AMENDMENT AND TERMINATION

9.1 General Rules. The Plan is intended to be of a permanent nature. It may be amended or terminated only as provided in the Trust Agreement; *provided* that no amendments may be made contrary to applicable provisions of ERISA or the Code that restrict amendments adversely affecting accrued benefits or optional forms of benefit.

9.1.1 Vesting Rule Change. Any amendment changing vesting requirements in a manner which could adversely affect, whether directly or indirectly, the vested interest of any Member with at least three Years of Vesting Service in his or her Employer-Derived Benefit shall entitle each such Member to elect to have his or her vested rights determined under the Plan provisions in effect prior to the amendment; *provided* that in no event shall the nonforfeitable percentage of the Member's vested interest his or her Employer-Derived Benefit be less than the percentage determined under the Plan as in effect immediately prior to the effective date of the amendment.

9.1.2 Vesting Upon Plan Termination. In the event of complete discontinuance of Employer Contributions under the Plan, or the termination or partial termination of the Plan, the rights of each affected Member to benefits accrued to the date of such discontinuance, termination or partial termination, to the extent then funded, shall become nonforfeitable.

9.2 Distribution Upon Termination. In the event of the termination of the Plan (within the meaning of Section 4041A(a) of ERISA), the Board shall, after determining that all applicable requirements of Section 4041A and related provisions of Title IV of ERISA have been satisfied, direct (in writing) the Trustee to pay to each Member, former Member and Beneficiary

(as defined in Section 7.11) his or her share, as determined in accordance with Section 4041A of ERISA based on the Plan's benefit liabilities, from the assets of the Trust Fund. Any balance still remaining, after payment of administrative expenses, due to erroneous actuarial calculations shall be returned to the Participating Employers in proportion to the total Employer Contributions made by them during the Plan Year in which termination occurred and the prior four Plan Years, if and to the extent permissible under applicable provisions of Title IV of ERISA.

9.3 Plan Merger. Notwithstanding any contrary Plan provision, the Board may, if and to the extent permissible under applicable provisions of Part 2 of Title IV(E) of ERISA and the asset-transfer rules adopted by the Board pursuant to Section 4234 of ERISA, (i) transfer assets and liabilities of the Plan and Trust Fund (or any specified portion thereof) to the trustee or trustees of any other trust or trusts maintained under one or more other plans subject to Title IV of ERISA; or (ii) receive on behalf of the Plan and Trust Fund assets and liabilities from any other such trust. However, no such transfer shall be permitted if the accrued benefit of any Member or Beneficiary, or of any participant or beneficiary under any other plan that is a party to such transfer, will be lower immediately after the effective date of the transfer than immediately before that date.

9.4 Multiemployer Plan Status. The Plan shall be treated for all purposes of ERISA and the Code as a multiemployer plan (within the meaning of Sections 3(37) and 4001(a)(3) of ERISA and Section 414(f) of the Code) and not as a single-employer plan (within the meaning of Section 436(l) of the Code or Section 4001(a)(15) of ERISA). Notwithstanding any contrary provision of this Plan (but subject to any contrary or more specific restrictive provision of the Trust Agreement), in the event that the Plan experiences (i) a "termination" under Section 4041A

of ERISA; (ii) a "complete withdrawal" under Section 4203 of ERISA; (iii) a "partial withdrawal" under Section 4205 of ERISA; (iv) a "merger," "transfer" or "partition" under Part 3 of Title IV(E) of ERISA; (v) "reorganization" status under Section 4241 of ERISA; or (vi) "insolvency" status under Section 4245 of ERISA, then the Board shall have and enjoy all such power, authority and discretion, and shall be subject to all such responsibilities and obligations, as are in such circumstances allocated to or imposed on the "administrator" or "plan sponsor" of a multiemployer plan under Title IV of ERISA, as if, and to the same extent as would apply if, all such power, authority, discretion, responsibilities and obligations had been fully set forth in the Plan.

SECTION 10. WITHDRAWAL FROM THE PLAN BY INDIVIDUAL EMPLOYERS

10.1 Withdrawal Liability Rules. If any Participating Employer completely or partially withdraws from the Plan (as described in Part 1 of Title IV(E) of ERISA or Sections 10.2 through 10.4), the withdrawing Employer shall be subject to withdrawal liability if and to such extent as is required by, and in the circumstances specified in, applicable provisions of Titles I and IV of ERISA, the Trust Agreement, and/or any resolutions, rules or regulations adopted by the Board under the Trust Agreement or the Pension Benefit Guaranty Corporation under ERISA.

10.2 Voluntary Withdrawal. Subject to the withdrawal liability rules of Section 10.1, any Participating Employer may completely withdraw from participation in the Plan, upon at least 90 days' prior written notice to the Board, effective on the last day of any Plan Year.

10.3 Participating Employer's Failure to Contribute. Furthermore, if any Participating Employer shall fail to contribute into the Trust Fund the contribution or contributions prescribed by the Board, within 90 days after the close of the fiscal year of the Employer during which the amount of such contribution or contributions was so prescribed, the

Participating Employer shall be deemed to have completely withdrawn from the Plan effective as of the end of such 90-day period, or any additional grace period approved by the Board (in its discretion), and the withdrawal liability rules of Section 10.1 shall apply.

10.4 Participating Employer's Participation Jeopardizes Plan Qualification.

Additionally, a Participating Employer shall cease participation in the Plan, and shall be deemed to have completely withdrawn from the Plan, upon a determination by the Board (in its discretion) that the Employer's continued participation in the Plan jeopardizes the tax qualification of the Plan under Section 401(a) and other relevant provisions of the Code, and the withdrawal liability rules of Section 10.1 shall apply.

SECTION 11. PRETERMINATION LIMITATIONS ON BENEFITS

11.1 General Rules. In the event the Plan is terminated, the benefit of any Member or former Member who is a highly compensated employee or former employee (within the meaning of Section 414(q) of the Code) (an "HCE Member") shall be limited to a benefit that is nondiscriminatory under Section 401(a)(4) of the Code. Prior to that event, the annual benefit paid to any HCE Member shall be restricted to an amount equal to the payments that would be made under a single life annuity that is the Actuarial Equivalent of the HCE Member's Accrued Benefit under the Plan; *provided* that the foregoing restriction shall not apply if (i) after payment of unrestricted benefits to the HCE Member, the value of the Trust Fund equals or exceeds 110% of the value of the Plan's current liabilities (within the meaning of Section 412(l)(7) of the Code); or (ii) the Actuarial Equivalent lump sum value of the HCE Member's unrestricted benefits is less than 1% of the Plan's current liabilities.

11.2 Other Applicable Rules. In addition to the payments made under Section 11.1, benefits attributable to the HCE Member's Accumulated Required Contributions (if any), with interest thereon to date of termination of employment, shall also be payable.

11.2.1 Trust Fund Reversions. Any sums reverting to the Trust Fund by reason of the restrictions contained in this Section 11 shall be distributed or used pro rata for the benefit of Members or former Members who are or were most recently Eligible Employees of the Participating Employer of the HCE Member whose benefits were restricted, other than the HCE Members to whom restrictions apply, in proportion to the credits to which they are entitled as of such time.

11.2.2 Withholding Restricted Benefits. In the event any of the restrictions contained in this Section 11 become operative upon the retirement or termination of employment of an HCE Member, the Board shall take such steps as may be necessary to withhold benefits or amounts which would otherwise be distributable to the HCE Member, except for the restrictions contained in this Section 11, and subsequently to make available to the HCE Member the withheld benefits or amounts upon the removal or elimination of the restrictions.

SECTION 12. MAXIMUM BENEFITS PERMITTED BY LAW

12.1 General Rule. Notwithstanding any contrary Plan provision, in no event may a Member's Retirement Allowance under this Plan exceed the maximum benefit allowable under Section 415 of the Code, which is hereby incorporated by reference into this Plan. The provisions of this Section 12 are effective as of January 1, 2008.

12.2 Specific Inclusions. Without limiting the generality of the rule in Section 12.1, the limitations of Section 415 of the Code shall be applied so as to limit benefits under this Plan to the least extent permissible. In particular, and without limitation, the following provisions will be applied:

(a) The limiting amounts, including the \$195,000 dollar limit (as indexed, effective January 1, 2009) specified in Section 415(b)(1)(A) of the Code, shall be automatically and periodically adjusted to reflect changes in the cost of living to the fullest extent permissible, both prior to and after the commencement of the Member's

Retirement Allowance, using the adjustment methods, the base period and the rounding convention specified in Section 415(d) of the Code.

(b) The interest rate assumption used shall be that rate within the permissible range which produces the least limitation.

(c) Any special rules applicable to collectively bargained plans, multiemployer plans and/or plans maintained by tax-exempt organizations shall be applied to the extent applicable.

(d) The compensation used in determining the limit shall be the maximum permitted by law, regardless of any limitations on the amount of Monthly Compensation or Average Monthly Compensation used to determine benefits under the Plan, and the maximum shall be determined and applied uniformly with respect to all Members.

(e) The minimum benefit rules of Section 415 of the Code shall be applied to the fullest extent permissible.

12.3 Limitation Year. The Plan's limitation year shall be the calendar year.

SECTION 13. CONTINGENT TOP-HEAVY RULES

13.1 General Rule. If the Plan is determined to be Top-Heavy (as determined under Section 13.2) for any Plan Year, then for that Plan Year and all subsequent Plan Years until specifically amended to the contrary, the special vesting and minimum benefit provisions of Section 13.3 shall apply to any Member not included in a unit of employees covered by a collective bargaining agreement between employee representatives and one or more employers.

13.2 Determination of Top-Heavy Status.

13.2.1 Determination Date. The determination date for any Plan Year is the last day of the preceding Plan Year.

13.2.2 Top-Heavy Status. The Plan is Top-Heavy for any Plan Year if as of the determination date the present value of the cumulative accrued benefits under the Plan for Key Employees exceeds 60% of the present value of the cumulative accrued benefits under the Plan for all Members. For this purpose, the value of the cumulative accrued benefits will be determined using Actuarially Equivalent factors.

13.2.3 Key Employees. Whether or not a Member is a Key Employee depends on his or her status with the Participating Employer that employs the Member. For any Plan Year, a Participating Employer's Key Employees are those who, at any time during the Plan Year in which the determination date for the Plan Year occurs or any of the four preceding Plan Years, are:

- (a) officers of the Employer having annual Top-Heavy Compensation greater than \$160,000 for any such Plan Year;
- (b) the persons who own (or are considered as owning under Section 318 of the Code) more than 5% of the outstanding stock of a corporate Participating Employer or stock possessing more than 5% of the total combined voting power of all stock of such Employer; and
- (c) the persons who (1) own (or are considered as owning under Section 318 of the Code) more than 1% of the outstanding stock of a corporate Participating Employer or stock possessing more than 1% of the total combined voting power of all stock of such Employer, and (2) also have annual Top-Heavy Compensation from such Employer of more than \$150,000 for any such Plan Year. (Sole proprietors and partners are ineligible to participate in the Plan.)

13.2.4 Aggregation Rule. In determining if the Plan is Top-Heavy, the Plan shall be aggregated with each other qualified plan in the required aggregation group (as defined in Section 416(g)(2)(A)(i) of the Code) and may be aggregated with any other plans in the permissive aggregation group (as defined in Section 416(g)(2)(A)(ii) of the Code).

13.2.5 Special Rules.

- (a) The \$160,000 limitation in Section 13.2.3(a) (as indexed, effective January 1, 2009) shall be automatically and periodically adjusted to reflect changes in the cost of living to the fullest extent permissible using the adjustment methods, the base period and the rounding convention specified in Section 416(i)(1)(A) of the Code.
- (b) The present value of the cumulative accrued benefit for any Member shall be increased by the aggregate distributions made with respect to the Member under the Plan during the five-year period ending on the determination date.
- (c) If a Member is not a Key Employee for any Plan Year but was a Key Employee for any prior Plan Year, any accrued benefit for that Member shall not be taken into account for purposes of determining if the Plan is Top-Heavy.

(d) The Board is authorized to adopt any other rules or regulations necessary to ensure that the Plan complies in all respects with the top-heavy rules of Section 416 of the Code.

13.3 Special Vesting and Minimum Benefit Rules. The following rules will apply only to Members *not* included in a unit of Employees covered by a collective bargaining agreement requiring contributions to this Plan and only if the Plan as a whole becomes Top-Heavy. Such Members are referred to herein as "Top-Heavy Employees."

13.3.1 Vesting.

(a) **Applicability.** If the Plan becomes Top-Heavy, the vesting schedule set forth in paragraph (b) below shall apply to the Accrued Benefit of every Top-Heavy Employee who completes at least one (1) Hour of Service after the date the Plan becomes Top-Heavy. The regular vesting schedule shall apply to Members who do not complete an Hour of Service after that date.

(b) **Special Vesting Schedule.** If the Plan becomes Top-Heavy, the following vesting schedule shall apply instead of the Plan's regular vesting schedule for all Plan Years beginning after the first determination date as of which the Plan is determined to be Top-Heavy:

<i>Years of Vesting Service</i>	<i>Percentage</i>
Less than 2	0%
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 but less than 6	80%
6 or more	100%

13.3.2 Special Minimum Benefit Rules.

(a) **Applicability.** If the Plan becomes Top-Heavy, then for the first Plan Year (and for any subsequent Plan Year) for which the Plan is Top-Heavy, the minimum benefit set forth in paragraph (b) below shall apply to all Top-Heavy Employees (other than Key Employees) who (1) have not separated from service at the end of such Plan Year or (2) completed a Year of Vesting Service during such Plan Year, without regard to whether or not the Member made any Required Contributions for such Plan Year.

(b) **Special Minimum Benefit.** If the Plan becomes Top-Heavy, the minimum normal retirement benefit for Top-Heavy Employees (other than Key Employees) shall be the greater of (1) the Plan's normal retirement benefit accrual (as determined under Section 6.1), or (2) 2% of the Top-Heavy Employee's Average

Top-Heavy Compensation for each Year of Vesting Service during which the Plan was Top-Heavy, up to a maximum of ten such Years.

(c) "Average Top-Heavy Compensation" means the average Top-Heavy Compensation for the period of consecutive Top-Heavy Years (not exceeding five) during which the Top-Heavy Employee had the greatest aggregate Top-Heavy Compensation. Top-Heavy Years are those Plan Years for which the Plan is determined to be Top-Heavy.

13.3.3 "Top-Heavy Compensation" means, for purposes of applying this

Section 13, a Member's compensation (as defined under Section 415(c)(3) of the Code), plus any amounts not currently includible in gross income by reason of a Member's election and the operation of Sections 125, 132(f)(4), 401(k), 402(e)(3), 402(h)(1)(B), 403(b) or 457 of the Code.

SECTION 14. PURCHASE OF ADDITIONAL BENEFITS

14.1 General. Subject to the conditions and limitations set forth in this Section 14, a Member may make voluntary contributions to the Plan for the purpose of purchasing additional benefits at retirement.

14.2 Source of Contributions. The funds used by a Member to make his or her voluntary contributions under this Section 14 are subject to the following restrictions:

14.2.1 Conduit IRA Only Permitted Source. The only permitted source of such funds is an individual retirement account ("IRA") which holds only amounts not previously includible in the Member's gross income and transferred (and any earnings and gains thereon) by or on behalf of the Member from:

(a) A retirement plan which was (1) qualified under Section 401(a) or 403(a) of the Code (at the time of the distribution), and (2) sponsored by an employer which is an affiliate of the National Education Association (other than the California Teachers Association 401(k) Plan), by means of a rollover which satisfied all applicable requirements of Section 402(a), 402(c) or 403(a)(4) of the Code; or

(b) Another IRA which holds *only* amounts transferred (and any earnings and gains thereon) by or on behalf of the Member from a retirement plan described in paragraph (a) above by means of a rollover which satisfied all applicable requirements of Section 408(d)(3)(A)(ii) of the Code.

14.2.2 Lump Sum Rollover Transfer. The Member must make a lump sum rollover transfer (as described in Section 14.2.1) in an amount equal to the full cost of the additional benefit to be purchased under this Section 14, including (i) any allocated administrative expenses described in Section 14.8.1, and (ii) any excess estimated additional benefit purchase calculation costs described in Section 14.8.3.

14.3 Accumulated Voluntary Contributions. Any voluntary contributions made under this Section 14 will be credited with interest compounded annually from the date such contributions are remitted to the Plan up to the Member's Retirement Date (as defined in Section 7.2). Interest will be credited at such rate(s) as may be (i) approved by the Board from time to time, and (ii) set forth or specified in an Exhibit attached to and hereby made part of this Plan. For purposes of applying this Section 14, "Accumulated Voluntary Contributions" means the sum of the Member's voluntary contributions plus interest credited thereon in accordance with this Section 14.3.

14.4 Amount of Benefit. The amount of additional benefit purchased by voluntary contributions made under this Section 14 will be the Actuarial Equivalent of the Member's Accumulated Voluntary Contributions at the Member's Retirement Date (as defined in Section 7.2).

14.5 Form of Payment. The additional benefit purchased under this Section 14 will be subject to the form of payment requirements and options of Sections 7.5 through 7.10 (other than Section 7.9). In addition, the Member may elect a modification of the otherwise applicable form of payment so that, upon the death of the retired Member (or, if the otherwise applicable form of payment provides for payments to a Beneficiary (as defined in Section 7.11) upon the Member's death, upon the death of the retired Member or his or her Beneficiary, whichever is

later), if the total of the additional benefit payments actually made does not exceed the amount of the Member's Accumulated Voluntary Contributions at the Member's Retirement Date (as defined in Section 7.2), then an amount equal to such difference as may exist shall be paid to the Member's Beneficiary (or to the estate of the Member or his or her Beneficiary, whichever dies first).

14.6 Death Benefits. Prior to retirement, the additional benefit purchased under this Section 14 will be subject to the provisions of Section 8.3.1 (relating to pre-retirement death benefit), with Accumulated Voluntary Contributions substituted for any references to Accumulated Required Contributions in that Section. In addition, a Beneficiary (as defined in Section 7.11) eligible to receive benefits under this Section 14.6 may make the following optional benefit form elections:

14.6.1 Beneficiary's Election of Modified Benefit Form. The Beneficiary may elect a modification of the otherwise applicable form of payment so that, upon the death of the Beneficiary, if the total of the death benefit payments actually made under this Section 14.6 does not exceed the amount of the Member's Accumulated Voluntary Contributions at the Member's date of death, then an amount equal to such difference as may exist shall be paid to the estate of the Beneficiary.

14.6.2 Beneficiary's Election of Lump Sum Payment. In lieu of any other death benefit payments under this Section 14.6, the Beneficiary may elect to receive a single sum payment of the Member's Accumulated Voluntary Contributions.

14.7 Estimated Additional Benefit Calculations. Any Member may request an estimate of the additional benefit which can be purchased by a specified voluntary contribution amount. Such estimate will be made based on an assumed retirement age specified by the

Member, using the actuarial assumptions and other estimated factors in effect and appropriate at the time of such request. In all cases, the actual amount of additional benefit purchased will be determined under Section 14.4 as of the Member's actual Retirement Date (as defined in Section 7.2).

14.8 Administrative Expenses. To the extent reasonably practicable, and subject to reasonable approximations, the expenses of administering the provisions of this Section 14 will be borne by the Members who elect to make the voluntary contributions provided for in this Section 14. The types of expenses and the methods of allocation are as follows:

- (a) **Allocation of Start-Up Expenses.** The legal, actuarial, administrative and other consulting expenses incurred in establishing the procedures for making additional benefit purchases under this Section 14 will be allocated pro rata among the first ten (10) Members who elect to make voluntary contributions under this Section 14. The allocated portion of those expenses will be payable by the Member to the Trust Fund at the time the Member makes his or her voluntary contribution.
- (b) **Estimated Benefit Estimate Costs.** The estimated cost of any estimated additional benefit calculation requested under Section 14.7 will be payable by the Member to the Trust Fund at the time of such request.
- (c) **Actual Benefit Estimate Costs.** The excess, if any, of the actual cost over the estimated cost of any estimated additional benefit calculation requested under Section 14.7 will be payable by the Member to the Trust Fund at the time the Member makes his or her voluntary contribution. If the estimated cost exceeds the actual cost, the excess will be treated as an additional voluntary contribution.
- (d) **Allocation of Administrative Costs.** The estimated ongoing administrative costs of maintaining the provision of this Section 14 will be allocated to those Members who have made Accumulated Voluntary Contributions and whose Retirement Dates (as defined in Section 7.2) have not occurred. This allocation will be effected by means of a reduction in the rate of interest credited to each Member's Accumulated Voluntary Contributions under Section 14.3. The amount of such reduction will be (a) approved by the Board from time to time, and (b) set forth in the Exhibit described in Section 14.3.

14.9 Insurance. The Board may secure errors and omissions, fidelity bonding, fiduciary bonding and any other insurance coverages deemed necessary by the Board (in its

discretion) in connection with the administration of this Section 14. The cost of such insurance will be included in the ongoing administrative costs described in Section 14.8.4.

{Plan document ends here. Exhibits follow.}

EXHIBIT A – ACTUARIAL FACTORS

TO

THE CALIFORNIA TEACHERS ASSOCIATION EMPLOYEES' RETIREMENT BENEFITS PLAN

A. **Joint and Contingent Annuity Factors and Social Security Adjustment Option** (§§ 7.5, 7.9, 7.8 and 8.3.1(b)(1)). Annuity option factors shall be based on the 1983 Group Annuity Mortality Table (Male) for members and the 1983 Group Annuity Mortality Table (Female) for beneficiaries, and with interest at 6% per annum.

Notwithstanding the foregoing, Social Security Adjustment Option factors shall be based on the Applicable Mortality Table and the Applicable Interest Rate, both as described in Paragraph C.1 and C.2 below, if such factors produce a larger benefit than the factors described above.

B. **Adjustment for Prior Benefits** (§ 7.3.2(b)). Reductions to take account of benefits previously paid will be made using factors based on the actuarial assumptions implicit in the early retirement percentages found in Section 6.3, using the same table of percentages used in determining the prior benefit.

C. **Single Sum Actuarial Value Computations** (§ 8.3.1(b)(2)). Single sum actuarial value computations will be based on the “Applicable Mortality Table” and the “Applicable Interest Rate”, both as defined as follows.

1. **“Applicable Mortality Table”** means, with respect to Retirement Dates within a Plan Year, the “applicable mortality table” prescribed under Section 417(e)(3)(B) of the Code for the calendar year in which the Plan Year begins.
2. **“Applicable Interest Rate”** means the “applicable interest rate” prescribed under Section 417(e)(3)(C) and (D) of the Code using the third full calendar month preceding the first day of the Plan Year as the look-back period and the Plan Year as the annual stability period.

D. **Purchase of Additional Benefits** (§ 14).

1. **Interest Credited on Voluntary Employee Contributions** (§ 14.3). Interest will be credited on Voluntary Employee Contributions at the immediate interest rate used by the PBGC to value annuities for defined benefit plans terminating as of the first day of the Plan Year that contains the period for which interest is calculated, subject to reduction by twenty-five (25) basis points (*i.e.*, 0.25%) pursuant to Section 14.8(d).
2. **Amount of Benefit** (§ 14.4). The amount of additional benefit purchased by voluntary contributions made under Section 14 will be computed based on the Applicable Mortality Table and Applicable Interest Rate, both as described in Paragraphs C.1 and C.2 above.

- E. **Employer Contributions for Unused Sick Leave Credit** (§ 4.1.3). The factor representing the Actuarially Equivalent value of the incremental benefit attributable to one additional Year of Credited Benefit Service and one dollar of Average Monthly Compensation will be three and two-fifths (3.4).
- F. **Other Actuarial Equivalent Computations** (§§ 5.4(c), 8.1.3, 7.12.2 and 13.2.2). Factors for all other actuarial equivalent benefit computations will be based on interest at 6% per annum and the “applicable mortality table” (as defined in section 417(e)(3) of the Code), *i.e.*, the mortality table specified in Revenue Ruling 2001-62 (as adjusted, modified, amended or superseded after December 31, 2002, by action of the Secretary of the Treasury), in effect on the date as of which such determination is made.
- G. **Effective Date.** This Appendix A shall apply to distributions made after December 31, 2007.

EXHIBIT B – PARTICIPATING EMPLOYERS

TO

THE CALIFORNIA TEACHERS ASSOCIATION EMPLOYEES' RETIREMENT BENEFITS PLAN

[PLEASE CONFIRM/UPDATE (also, 3 different Ventura entries?)]

<i>Name of Participating Employer</i>	<i>Participation Effective Dates</i>		
	<i>Beginning^{1/} Prior Plan</i>	<i>Beginning^{2/} New Plan</i>	<i>Ending</i>
California Teachers Association			
Alameda Education Association			
Alhambra Teachers Association ^{3/}	07/01/97		
Alvord/Riverside/Colton UniServ			09/01/06
Associated Chino Teachers		09/01/03	
Associated Pomona Teachers			
Bakersfield Elementary Teachers Association			01/01/97
Blossom Ridge Teachers Professional Center			12/31/96
California Faculty Association ^{3/}			10/31/92
Capistrano Unified Teachers Association		09/01/02	
Citrus Belt UniServ			
Compton Education Association ^{3/}	06/01/96		
De Anza Council			12/31/94
Eden UniServ			09/01/96
Educational Community Services, Inc. ^{3/}			03/01/96
Educational Support Personnel of Oakland ^{3/}			09/01/95
Educators Professional Center			
Fontana Teachers Association ^{3/}			
Fremont Unified District Teachers Association			
Fresno Teachers Association ^{3/}			
Garden Grove Education Association			
Glendale Burbank UniServ ^{3/}	09/01/98		
Golden Oaks UniServ			05/01/90
Los Angeles County Education Association		03/01/99	
Montebello Teachers Association			
Mt. Diablo Education Association			

^{1/} On or prior to January 1, 1989 or on the date indicated below.

^{2/} On January 1, 1999 or on the date indicated below.

^{3/} Contributions for some or all employees are reported by these Participating Employers directly to the Trust Fund. Some contributions (and all contributions from other Participating Employers) are reported through the State Association's Payroll Services Group.

<i>Name of Participating Employer</i>	<i>Participation Effective Dates</i>		
	<i>Beginning^{1/} Prior Plan</i>	<i>Beginning^{2/} New Plan</i>	<i>Ending</i>
Mt. Hamilton Council, CTA/NEA ^{3/}			08/31/01
Napa/Solano Education Council		09/04/98	
NEA Jurpa			
North Orange County United Teachers			
Oakland Education Association ^{3/}	09/01/89		09/01/92
Orange Unified Education Association ^{3/}			
Oxnard Educators Association ^{3/}	09/01/89		
Puente Hills UniServ ^{3/}	05/01/89		
Rancho Cerritos		12/01/01	
Redlands Teachers Association ^{3/}			
Rialto Education Association ^{3/}			
Riverside City Teachers Association		09/01/06	
Sacramento City Teachers Association			
Saddleback Valley Educators Association		09/01/02	
San Bernardino Teachers Association			
San Diego Education Association ^{3/}			
San Joaquin County CTA Coordinating Council			
San Juan Teachers Association ^{3/}	09/01/92		
Santa Ana Educators Association			
South Bay United Teachers			
South Orange County Educators		09/01/02	
Stanislaus UniServ Unit		12/31/01	
Stockton Teachers Association ^{3/}			
Teachers Association of Long Beach ^{3/}	01/01/92		
Teachers United UniServ			
Torrance Teachers Association ^{3/}			
Tri-City Educators ^{3/}			
Twin Lakes UniServ		09/01/01	
United Educators of San Francisco ^{3/4/}	07/01/92		
United Teachers of Richmond ^{3/}	09/01/91		
Vallejo Education Association		09/01/01	
Ventura U Employees	04/25/92		05/01/02
Ventura Classified Employees Association ^{3/}	04/25/92		
Ventura Unified Educators Association			
Verdugo UniServ Unit	09/01/97		08/31/98
West Orange County United Teachers			

⁴ Excluding OPEIU bargaining unit except longest term employee as of September 18, 2008.

EXHIBIT C – 1999 PURCHASING POWER ADJUSTMENT FACTORS

TO

**THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN**

<i>Year of Member's Retirement Date</i>	<i>1999 Purchasing Power Adjustment Factor (Section 6.5.4)</i>
1962	154.79%
1963	155.71%
1964	155.71%
1965	156.78%
1966	156.78%
1967	155.41%
1968	153.31%
1969	149.64%
1970	143.45%
1971	139.89%
1972	138.66%
1973	136.26%
1974	129.77%
1975	117.66%
1976	111.22%
1977	108.15%
1978	101.48%
1979	101.00%
1980	101.00%
1981	101.00%
1982	101.00%
1983	101.00%
1984	101.00%
1985	101.00%
1986	101.00%
1987	101.00%
1988	101.00%
1989	101.00%
1990	101.00%
1991	101.00%
1992	101.00%
1993	101.00%
1994	101.00%
1995	101.00%
1996	101.00%
1997	101.00%
1998	101.00%

EXHIBIT D – 2007 PURCHASING POWER ADJUSTMENT FACTORS

TO

**THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN**

<i>Year of Member's Retirement Date</i>	<i>2007 Purchasing Power Adjustment Factor (Section 6.5.7)</i>
1962	120.77%
1963	120.77%
1964	120.77%
1965	120.77%
1966	120.77%
1967	120.77%
1968	120.77%
1969	120.77%
1970	120.77%
1971	120.77%
1972	120.77%
1973	120.77%
1974	120.77%
1975	120.77%
1976	120.77%
1977	120.77%
1978	120.77%
1979	115.47%
1980	104.90%
1981	100.00%
1982	100.00%
1983	100.00%
1984	100.00%
1985	100.00%
1986	100.00%
1987	100.00%
1988	100.00%
1989	100.00%
1990	100.00%
1991	100.00%
1992	100.00%
1993	100.00%
1994	100.00%
1995	100.00%
1996	100.00%
1997	100.00%
1998	100.00%
1999	100.00%
2000	100.00%
2001	100.00%

<i>Year of Member's Retirement Date</i>	<i>2007 Purchasing Power Adjustment Factor (Section 6.5.7)</i>
2002	100.00%
2003	100.00%
2004	100.00%
2005	100.00%
2006	100.00%

EXHIBIT E – EGTRRA AMENDMENTS

TO

THE CALIFORNIA TEACHERS ASSOCIATION EMPLOYEES' RETIREMENT BENEFITS PLAN

Pursuant to the amendment authority delegated by the California Teachers Association Employees' Retirement Benefits Trust Agreement and the related collective bargaining agreements, The California Teachers Association Employees' Retirement Benefits Plan (the "Plan") was amended, effective as of the dates indicated below, as follows:

A. *Preamble.*

1. **Adoption and Effective Date of Amendment.** These amendments of the Plan were adopted to reflect (i) certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") and (ii) the requirements of Revenue Ruling 2001-62. This amendment is intended as good faith compliance with the requirements of EGTRRA and is to be construed in accordance with EGTRRA and guidance issued thereunder. Except as otherwise provided, this amendment became effective as of the first day of the first plan year beginning after December 31, 2001.

2. **Supersession of Inconsistent Provisions.** This amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this amendment.

B. *Limitations on Benefits.*

1. **Effective Date.** This Section B shall be effective for limitation years ending after December 31, 2001 and amends Section 12 of the Plan.

2. **Effect on Participants.** Benefit increases resulting from the increase in the limitations of section 415(b) of the Code will be provided to all current and former participants (with benefits limited by section 415(b)) who have an accrued benefit under the Plan immediately prior to the effective date (other than an accrued benefit resulting from a benefit increase solely as a result of the increases in limitations under section 415(b)).

3. *Definitions.*

3.1 **Defined Benefit Dollar Limitation.** The "*Defined Benefit Dollar Limitation*" is \$160,000, as adjusted, effective January 1 of each year, under section 415(d) of the Code in such manner as the Secretary of the Treasury shall prescribe, and payable in the form of a straight life annuity. A limitation as adjusted under section 415(d) will apply to limitation years ending with or within the calendar year for which the adjustment applies.

3.2 **Maximum Permissible Benefit:** The "Maximum Permissible Benefit" is the Defined Benefit Dollar Limitation (adjusted, where required, as provided in paragraph (a) and, if applicable, in paragraph (b) or paragraph (c) below.

(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 10.

(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 is an annual benefit payable in the form of a straight life annuity beginning at the earlier age that is the actuarial equivalent of the Defined Benefit Dollar Limitation applicable to the participant at age 62 (adjusted under paragraph (a) above, if required). The Defined Benefit Dollar Limitation at an age prior to age 62 is determined as the lesser of (i) the Actuarial Equivalent (at such age) of the Defined Benefit Dollar Limitation computed using the interest rate and mortality table (or other tabular factor) specified in Exhibit A to the Plan and (ii) the Actuarial Equivalent (at such age) of the Defined Benefit Dollar Limitation computed using a 5% interest rate and the applicable mortality table as defined in Exhibit A to the Plan. Any decrease in the Defined Benefit Dollar Limitation determined in accordance with this paragraph (b) shall not reflect a mortality decrement if benefits are not forfeited upon the death of the participant. If any benefits are forfeited upon death, the full mortality decrement is taken into account.

(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 the annual benefit payable in the form of a straight life annuity beginning at the later age that is Actuarially Equivalent to the Defined Benefit Dollar Limitation applicable to the participant at age 65 (adjusted under paragraph (a) above, if required). The Actuarial Equivalent of the Defined Benefit Dollar Limitation applicable at an age after age 65 is determined as the lesser of (i) the Actuarial Equivalent (at such age) of the Defined Benefit Dollar Limitation computed using the applicable interest rate and mortality table (or other tabular factor), if any, specified in Exhibit A to the Plan and (ii) the Actuarial Equivalent (at such age) of the Defined Benefit Dollar Limitation computed using a 5% interest rate assumption and the applicable mortality table as defined in Exhibit A to the Plan. For these purposes, mortality between age 65 and the age at which benefits commence shall be ignored.

C. Increase in Compensation Limit.

1. **Effective Date.** This Section C shall become effective as of January 1, 2002.
2. **Increase in Limit.** The Annual Compensation of each participant taken into account in determining benefit accruals in any plan year beginning after December 31, 2001,

shall not exceed \$200,000. "Annual Compensation" means compensation during the plan year or such other consecutive 12-month period over which compensation is otherwise determined under the Plan (the "Determination Period"). For purposes of determining benefit accruals in a plan year beginning after December 31, 2001, compensation for any prior Determination Period shall be limited as provided in Section C.4 below.

3. **Cost-of-Living Adjustment.** The \$200,000 limit on Annual Compensation in Section C.2 above shall be adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to Annual Compensation for the Determination Period that begins with or within such calendar year.

4. **Compensation Limit for Prior Determination Periods.** In determining benefit accruals in plan years beginning after December 31, 2001, the Annual Compensation limit in Section C.2 above for Determination Periods beginning before January 1, 2002 shall be \$200,000.

D. Modification of Top-Heavy Rules.

1. **Effective Date.** This Section D shall apply for purposes of determining whether the Plan is a top-heavy plan under section 416(g) of the Code for plan years beginning after December 31, 2001, and whether the Plan satisfies the minimum benefits requirements of section 416(c) of the Code for such years. This Section D amends Section 13 of the Plan.

2. Determination of Top-Heavy Status.

2.1 **Key Employee.** "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 an Employer having Annual Compensation greater than \$130,000 (as adjusted under section 416(i)(1) of the Code for plan years beginning after December 31, 2002), a 5% owner of an Employer, or a 1% owner of the Employer having Annual Compensation of more than \$150,000. For this purpose, "Annual Compensation" means compensation within the meaning of section 415(c)(3) of the Code. The determination of who is a Key Employee will be made in accordance with section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

2.2 **Determination of Present Values and Amounts.** This Section D.2.2 shall apply for purposes of determining the present values of accrued benefits and the amounts of account balances of employees as of the determination date.

(a) Distributions During Year Ending on the Determination Date.

The present values of accrued benefits and the amounts of account balances of an employee as of the determination date shall be increased by the distributions made with respect to the employee under the Plan and any plan aggregated with the Plan under section 416(g)(2) of the Code during the 1-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 section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than separation from service, death or disability, this provision shall be applied by substituting 5-year period for 1-year period.

(b) **Employees Not Performing Services During Year Ending on the Determination Date.** The accrued benefits and accounts of any individual who has not performed services for the Employers during the 1-year period ending on the determination date shall not be taken into account.

3. **Minimum Benefits.** For purposes of satisfying the minimum benefit requirements of section 416(c)(1) of the Code and the Plan, in determining years of service with the Employers, any service with the Employers shall be disregarded to the extent that such service occurs during a plan year when the Plan benefits (within the meaning of section 410(b) of the Code) no Key Employee or former Key Employee.

E. Direct Rollovers of Plan Distributions.

1. **Effective Date.** This Section E shall apply to distributions made after December 31, 2001.

2. **Modification of Definition of Eligible Retirement Plan.** For purposes of the direct rollover provisions in Section 8.4 of the Plan, an eligible retirement plan shall also mean an annuity contract described in section 403(b) of the Code and an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The 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 the alternate payee under a qualified domestic relation order, as defined in section 414(p) of the Code.

3. **Modification of Definition of Eligible Rollover Distribution to Include After-Tax Employee Contributions.** For purposes of the direct rollover provisions in Section 8.4 of the Plan, 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 includable in gross income. However, such portion may be made only to (i) an individual retirement account or annuity described in section 408(a) or (b) of the Code, or (ii) a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable.

F. GATT Mortality Table.

1. **Effective Date.** This Section F shall apply to distributions made on or after December 31, 2002.

2. **Modification of GATT Mortality Table.** Section C.1 of Exhibit A is amended in its entirety to read as follows:

1. **"GATT Mortality Table"** means the "applicable mortality table" (as defined in section 417(e)(3) of the Code), *i.e.*, the mortality table specified in Revenue Ruling 2001-62 (as adjusted, modified, amended or superseded after December 31, 2002, by action of the Secretary of the Treasury), in effect on the date as of which such determination is made.

AMENDMENT No. 1
to
THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN

(As Amended and Restated Effective January 1, 2009)

EXECUTION

The undersigned hereby amend the January 1, 2009 restatement of The California Teachers Association Employees' Retirement Benefits Plan as set forth in this document, effective as of January 1, 2010. This Amendment No. 1 to the Plan may be executed in two or more counterparts, all of which shall be deemed originals, and all of which taken together shall constitute one instrument.

CALIFORNIA TEACHERS ASSOCIATION

By Frank Dyer
Dated 09/03/10

CALIFORNIA STAFF ORGANIZATION

By Alen J. Suy
Dated 9/3/10

CALIFORNIA ASSOCIATE STAFF

By Bob Z
Dated 9-3-10

AMENDMENT No. 1
to
THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN

(As Amended and Restated Effective January 1, 2009)

Sections 6.6 and 6.7 are hereby renumbered as Sections 6.7 and 6.8, and a new Section 6.6 is inserted immediately following Section 6.5, to read as follows:

6.6 Special Purchasing Power Adjustment for Members Retired Before September 1, 1989. Effective as of January 1, 2010, the monthly amount of the Retirement Allowance (the "Adjusted Retirement Allowance") payable to (i) Retired Members with a Retirement Date (as defined in Section 7.2) on or before August 31, 1989, (ii) the Beneficiary (as defined in Section 7.11) of any such eligible Retired Member, or (iii) the Beneficiary of any eligible Deceased Member (as defined in Section 8.3.1) who died on or before August 31, 1989, shall be increased as provided in Sections 6.6.2-6.6.5.

6.6.1 Special Purchasing Power Adjustment Definitions.

(a) "Purchasing Power Index" means the ratio of (1) cumulative prior cost-of-living and purchasing power adjustment benefit increases under this Plan and/or the Prior Plan since a Member's Retirement Date or date of death before retirement, to (2) changes in CPI since the year following the year of a Member's Retirement or death before retirement, as initially set forth in Section 6.6.2 and as subsequently updated under the rules of this Section 6.6.

(b) "Purchasing Power Floor" means the percentage, determined on the basis of the Member's Years of Credited Benefit Service at the time of the Member's Retirement or death, not including any partial Years of Credited Benefit Service, as provided in Sections 6.6.2-6.6.4.

(c) "CPI" means the Consumer Price Index for All Urban Consumers (CPI-U) in the San Francisco-Oakland-San Jose, CA area, published by the U.S. Department of Labor Bureau of Labor Statistics, Western Information Office. The CPI for a Plan Year (the "Current Year CPI") shall be the year-end (December) Consumer Price Index for the immediately preceding calendar year. The Prior Year CPI shall be the year-end (December) Consumer Price Index for the second preceding calendar year. *For example*, the Current Year CPI for 2011 is the Consumer Price Index as of December, 2010, and the Prior Year CPI for 2011 is the CPI for 2010 (Consumer Price Index as of December, 2009).

(d) "Updated Purchasing Power Index" means, beginning on January 1, 2011, the Updated Purchasing Power Index under this Section 6.6 as calculated by (1) multiplying the Purchasing Power Index for the previous year, or the Purchasing Power Floor for the previous year (if greater), by (2) the ratio of the Prior Year CPI divided by the Current Year CPI. For Plan Years in which the Current Year CPI is equal to or less than the Prior Year CPI, the Updated Purchasing Power Index shall be the Purchasing Power Index for the previous year (unchanged). Under Section 6.6.5, beginning on January 1, 2013, the increase from Prior Year CPI to Current Year CPI used to calculate the Updated Purchasing Power Index shall be limited to 2%.

6.6.2 Purchasing Power Adjustment for 2010. From January 1, 2010 through December 31, 2010, the Retirement Allowance shall be increased, in the case of Retired Members and Beneficiaries for whom (i) the Purchasing Power Index (see Table A below) is less than (ii) the 2010 Purchasing Power Floor (see Table B below), as follows:

(a) The Adjusted Retirement Allowance shall be the Retirement Allowance paid in December 2009, *multiplied* by the 2010 Purchasing Power Floor, and *divided* by the 2010 Purchasing Power Index.

(b) The amount of the Purchasing Power Adjustment shall be equal to the Adjusted Retirement Allowance *less* the Retirement Allowance paid in December 2009.

TABLE A: 2010 Purchasing Power Index

Year of Retirement or Death	2010 Purchasing Power Index
1970-1980	56.34%
1981	58.29%
1982	65.89%
1983	64.60%
1984	66.25%
1985	68.84%
1986	69.65%
1987	69.79%

1988	71.84%
1989	73.53%

TABLE B: 2010 Purchasing Power Floor

Years of Credited Benefit Service	Purchasing Power Floor
0-10 Full Years	50%
Each Additional Full Year from 11-19	Add 2%
Maximum (20 or More Full Years)	70%

(c) Any Retirement Allowance increase payable under this Section 6.6.2 for monthly payment dates occurring in 2010 (but prior to the adoption of this Section 6.6.2) shall be paid in the form of a one-time, lump-sum payment. Such lump-sum payment shall be payable, regardless of the death of a Member or Beneficiary prior to the date of payment, for each month in 2010 prior to and including the month of a Member's or Beneficiary's death. In the case of a lump-sum benefit so payable in respect of (1) a Beneficiary or (2) a Retired Member with no validly designated surviving Beneficiary, the lump-sum benefit shall be paid to the estate of such Beneficiary or Retired Member if a duly appointed administrator, or (where applicable) an affiant under a small estate law, makes a claim therefor.

6.6.3 Purchasing Power Adjustment for 2011. From January 1, 2011 through December 31, 2011, the Retirement Allowance shall be increased, in the case of Members and Beneficiaries for whom (i) the Updated Purchasing Power Index is less than (ii) the 2011 Purchasing Power Floor (*see Table C below*), as follows:

(a) The Adjusted Retirement Allowance shall be the Retirement Allowance paid in December 2010, *multiplied* by the 2011 Purchasing Power Floor, and *divided* by the Updated Purchasing Power Index.

(b) The amount of the Purchasing Power Adjustment shall be equal to the Adjusted Retirement Allowance *less* the Retirement Allowance paid in December 2010.

TABLE C: 2011 Purchasing Power Floor

Years of Credited Benefit Service	Purchasing Power Floor
0-10 Full Years	55%
Each Additional Full Year from 11-19	Add 2%
Maximum (20 or more Full Years)	75%

6.6.4 Purchasing Power Adjustment for 2012. Effective as of January 1, 2012, the Retirement Allowance shall be increased, in the case of Members and Beneficiaries for whom the Updated Purchasing Power Index is less than the Final Purchasing Power Floor (see Table D below), as follows:

(a) The Adjusted Retirement Allowance shall be the Retirement Allowance paid in December of 2011, *multiplied* by the Final Purchasing Power Floor, and *divided* by the Updated Purchasing Power Index.

(b) The amount of the Purchasing Power Adjustment shall be the Adjusted Retirement Allowance *less* the Retirement Allowance paid in December 2011.

TABLE D: Final Purchasing Power Floor

Years of Credited Benefit Service	Purchasing Power Floor
0-10 Full Years	60%
Each Additional Full Year from 11-19 Years	Add 2%
Maximum (20 or more Full Years)	80%

6.6.5 Purchasing Power Adjustments for 2013 and Thereafter. Effective as of January 1, 2013, and every January 1 thereafter, the Retirement Allowance shall be increased, in the case of Members and Beneficiaries for whom

the Updated Purchasing Power Index is less than the Final Purchasing Power Floor (as set forth in Section 6.6.4, Table D), as follows:

- (a) The Adjusted Retirement Allowance shall be the Retirement Allowance paid in December of the year preceding the Plan Year in which the Retirement Allowance is payable, *multiplied* by the Final Purchasing Power Floor, and *divided* by the Updated Purchasing Power Index.
- (b) The Amount of the Purchasing Power Adjustment shall be the Adjusted Retirement Allowance *less* the Retirement Allowance paid in December of the immediately preceding year.

6.6.6 Special Rule for Updated Purchasing Power Index in 2013 and Thereafter. Effective as of January 1, 2013, the Updated Purchasing Power Index (as defined in Section 6.6.1(d)) shall be calculated by multiplying the Purchasing Power Index for the previous year, or the Purchasing Power Floor for the previous year (if greater), by the Prior Year CPI divided by the Current Year CPI, *but only* to the extent that the Current Year CPI is 102% or less of the Prior Year CPI.

AMENDMENT No. 2
to
THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN

(As Amended and Restated Effective January 1, 2009)

EXECUTION

The undersigned hereby amend The California Teachers Association Employees' Retirement Benefits Plan as set forth in this document, effective as of January 1, 2008. This Amendment No. 2 to the January 1, 2009 restatement of the Plan may be executed in two or more counterparts, all of which shall be deemed originals, and all of which taken together shall constitute one instrument.

CALIFORNIA TEACHERS ASSOCIATION

By Pearl E. Wagner
Dated 06/08/11

CALIFORNIA STAFF ORGANIZATION

By Rey Doty
Dated 6/8/11

CALIFORNIA ASSOCIATE STAFF

By Naomi M. D.
Dated 6-8-2011

AMENDMENT No. 2
to
THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN

(As Amended and Restated Effective January 1, 2009)

Section 10.1 is hereby amended to read as follows:

10.1 Withdrawal Liability Rules. If any Participating Employer completely or partially withdraws from the Plan (as described in Part 1 of Title IV(E) of ERISA or Sections 10.2 through 10.4), the withdrawing Employer shall be subject to withdrawal liability if and to such extent as is required by, and in the circumstances specified in, applicable provisions of Titles I and IV of ERISA, the Trust Agreement, and/or any resolutions, rules or regulations adopted by the Board under the Trust Agreement or the Pension Benefit Guaranty Corporation under ERISA. In applying this provision for withdrawal liability assessed on or after January 1, 2011, the *de minimis* rule set forth in Section 4209 of ERISA shall be applied as specified in subsection 4209(b) so that the maximum *de minimis* amount is \$100,000 (rather than \$50,000).

AMENDMENT No. 3
to
**THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN**

(As Amended and Restated Effective January 1, 2009)

EXECUTION

The undersigned hereby amend The California Teachers Association Employees' Retirement Benefits Plan as set forth in this document, effective as of January 1, 2009. This Amendment No. 3 to the January 1, 2009 restatement of the Plan may be executed in two or more counterparts, all of which shall be deemed originals, and all of which taken together shall constitute one instrument.

CALIFORNIA TEACHERS ASSOCIATION

By _____

Dated _____

CALIFORNIA STAFF ORGANIZATION

By _____

Dated _____

CALIFORNIA ASSOCIATE STAFF

By _____

Dated _____

AMENDMENT No. 3
to
THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN

(As Amended and Restated Effective January 1, 2009)

Section 1.9 is hereby amended by (i) deleting "and" from the end of paragraph (d) and (ii) revising paragraph (e) and adding at the end of Section 1.9 a new paragraph (f), both to read as follows:

- (e) An Employee serving only as a member of the Board of Directors of the State Association, unless and until the day after the end of the first 12 consecutive month period during which any such Employee is credited with at least 1,000 Hours of Service (such 12-month periods to begin on the date the Employee first completed an Hour of Service and anniversaries of that date); and
- (f) Local affiliate Participating Employers' officers or other members.

AMENDMENT NO. 4
to
THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN

(As Amended and Restated Effective January 1, 2009)

EXECUTION

The undersigned hereby amend the January 1, 2009 restatement of The California Teachers Association Employees' Retirement Benefits Plan (the "Plan") as set forth in this document, effective as of January 1, 2013. This Amendment No. 4 to the Plan may be executed in two or more counterparts, all of which shall be deemed originals, and all of which taken together shall constitute one instrument.

CALIFORNIA TEACHERS ASSOCIATION

By _____

Dated _____

CALIFORNIA STAFF ORGANIZATION

By _____

Dated _____

CALIFORNIA ASSOCIATE STAFF

By _____

Dated _____

AMENDMENT NO. 4
to
**THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN**

(As Amended and Restated Effective January 1, 2009)

Acting pursuant to Section 9.1 of the California Teachers Association Employees' Retirement Benefits Plan (the "Plan") and Article X of the Declaration of Trust and Agreement Establishing the California Teachers Association Employees' Retirement Benefits Trust (the "Trust"), the Association, the Union and the Trustees hereby amend the Plan, effective as of January 1, 2013, as follows.

1. Section 7.12.1 is amended by deleting the crossed out language below:

7.12.1 General Rule. Benefits are payable only (i) to former Members or their Beneficiaries (as defined in Section 7.11), including former spouses or other alternate payees when required by a Qualified Domestic Relations Order as described in Section 7.12.2; (ii) to their court-appointed representatives; or (iii) to the California Teachers Association Employees' Health & Welfare Trust pursuant to a voluntary and revocable assignment by the former Member or his or her Beneficiary of such amounts as may be payable by him or her toward the purchase of long term care insurance coverage. All benefit payments shall be made directly to such persons and shall not be subject to the claims of creditors or others, nor to legal process, and may not be voluntarily or involuntarily alienated or encumbered, except insofar as permitted under Section 206(d) of ERISA. ~~However, if any former Member or Beneficiary is unable to give a valid receipt for a benefit payment and the payment has not been claimed by a court-appointed representative, then that payment may, in the discretion of the Board, be paid to any individual or institution providing for the care and maintenance of the Member or Beneficiary.~~

2. Section 7 is amended by adding a new Section 7.13 immediately following Section 7.12, to read as follows:

7.13 Verification and Unclaimed Benefits.

7.13.1 Failure to Provide Pensioner Verification. Every Member, Beneficiary or other payee receiving a Retirement Allowance or other benefit under the Plan shall be required to periodically verify, in the form and manner required by the Board (but not more frequently than annually), that he or she is the individual entitled to receive benefits under the

Plan. If a Member, Beneficiary or other payee fails to timely provide such verification, and the Board has made reasonable attempts to locate and/or contact the individual, then such individual's benefit shall cease to be paid and, subject to 7.13.3 below, the Plan shall be relieved of liability for payment of such benefit.

7.13.2 Unclaimed Benefits. If, after reasonable attempts to locate and/or contact a Member, Beneficiary or other payee with respect to whom a benefit becomes payable, the Board is not reasonably able to start paying such benefit because the individual cannot be located and/or contacted, then such benefit shall cease to be payable and, subject to 7.13.3 below, the Plan shall be relieved of liability for payment of such benefit.

7.13.3 Reinstatement of Benefit. If, after benefits cease to be paid or payable under Section 7.13.1 or 7.13.2 above, the Member, Beneficiary or other payee later claims such benefit, such benefit shall be reinstated as set forth in Sections 7.13.3.1 and 7.13.3.2 below.

7.13.3.1 For benefits that ceased to be paid pursuant to Section 7.13.1 above, the amount of the benefit then payable shall be the Actuarial Equivalent of the amount initially due, less the Actuarial Equivalent of any payments previously received by the individual, and shall be paid in the form previously paid to the individual prior to the cessation of benefits.

7.13.3.2 For benefits that ceased to be payable pursuant to Section 7.13.2 above, the amount of the benefit then payable shall be the Actuarial Equivalent of the amount initially due, and shall be paid in accordance with the applicable form of payment under this Section 7 beginning as soon as reasonably practical after reinstatement of the benefit.

7.13.4 Starting Date of Reinstated Benefit. The starting date of a reinstated benefit shall be the first day on which payment is actually made. No retroactive payments shall be made except to the extent required under applicable law (for example, to comply with Code section 401(a)(9)).

3. A new Section 15 shall be added to the Plan immediately following Section 14, to read as follows:

SECTION 15. CORRECTION OF ERRORS

15.1 Generally. If an error or omission is discovered in the administration of the Plan, the Board shall take such equitable action as may be necessary or appropriate to correct the error, including, but not limited to, those actions discussed in this Article.

15.2 Correction of Errors. If any fact on which benefit payments under the Plan to a Participant, Beneficiary or other payee have been based is determined to be in error, or in the event of a clerical error, future benefits from the Plan will be adjusted on the basis of the correct facts. The correction of future benefit payments as set forth in this Section 15.2 is in addition to the corrections set forth in Section 15.3 and 15.4 below.

15.3 Benefit Overpayments. The Plan possesses a lien on any payments paid from the Plan to or on behalf of any Participant, Beneficiary, payee, person or source in excess of the amount to which such individual was entitled under the Plan in the amount of the overpayment, including interest and costs ("Excess Payments"). The lien is enforceable regardless of the reason for the mistake in payment or the fault or knowledge of the person in possession of the Excess Payments. Any person in receipt of Excess Payments has an obligation to immediately notify the Plan of the overpayment and to return the Excess Payments to the Plan. The lien shall remain in effect until the Plan is repaid in full. The Board shall have full authority, in its sole and absolute discretion to enforce the Plan's lien and recover Excess Payments. Such authority shall include, and shall not be limited to, the right to:

15.3.1 Seek the Excess Payments in a lump sum from such individual;

15.3.2 Offset Excess Payments against future benefit payments

(including survivor and death benefits that are or may become payable) until such time as the excess payments are entirely recovered by the Plan; and/or

15.3.3 Take any other action(s), in the sole and absolute discretion of the Board, as may be necessary or appropriate to recover any Excess Payments. These actions include, without limitation, a court action seeking imposition of a constructive trust and disgorgement of the Excess Payments or any other claim to recover Excess Payments under ERISA or any applicable law.

15.4 Benefit Underpayments. If a Participant, Beneficiary or other payee does not receive the full amount of benefits to which he or she is entitled under the terms of the Plan in effect for such period, the Board shall have full authority, in its sole and absolute discretion, to pay retroactive benefit payments (which may be increased, as appropriate, to take into account the delayed payment) to or on behalf of any Participant, Beneficiary or other payee.

15.5 Timing of Correction. Any and all corrections made pursuant to this Article shall be made in the time and manner determined by the Administrator in its sole and absolute discretion.

C

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: NOV 02 2010

JOINT BOARD OF TRUSTEES CTA
EMPLOYEES RETIREMENT BENEFITS PLAN
C/O ORRICK HERRINGTON & SUTCLIFFE LLP
RICHARD A GILBERT
405 HOWARD ST
SAN FRANCISCO, CA 94105

Employer Identification Number:
68-0427229
DLN:
17007011051000
Person to Contact:
DAVID E. DIXON ID# 31040
Contact Telephone Number:
(513) 263-3561
Plan Name:
CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES RETIREMENT BENEFITS PLAN
Plan Number: 001

Dear Applicant:

We have made a favorable determination on the plan identified above based on the information you have supplied. Please keep this letter, the application forms submitted to request this letter and all correspondence with the Internal Revenue Service regarding your application for a determination letter in your permanent records. You must retain this information to preserve your reliance on this letter.

Continued qualification of the plan under its present form will depend on its effect in operation. See section 1.401-1(b)(3) of the Income Tax Regulations. We will review the status of the plan in operation periodically.

The enclosed Publication 794 explains the significance and the scope of this favorable determination letter based on the determination requests selected on your application forms. Publication 794 describes the information that must be retained to have reliance on this favorable determination letter. The publication also provides examples of the effect of a plan's operation on its qualified status and discusses the reporting requirements for qualified plans. Please read Publication 794.

This letter relates only to the status of your plan under the Internal Revenue Code. It is not a determination regarding the effect of other federal or local statutes.

This determination letter gives no reliance for any qualification change that becomes effective, any guidance published, or any statutes enacted, after the issuance of the Cumulative List (unless the item has been identified in the Cumulative List) for the cycle under which this application was submitted.

This letter may not be relied on after the end of the plan's first five-year remedial amendment cycle that ends more than 12 months after the application was received. This letter expires on January 31, 2015. This letter considered the 2008 Cumulative List of Changes in Plan Qualification Requirements.

This determination letter is applicable for the amendment(s) executed

Letter 2002 (DO/CG)

JOINT BOARD OF TRUSTEES CTA

on 12-15-09 & 9-22-09.

This determination letter is also applicable for the amendment(s) dated on 6-10-08 & 03-23-07.

This determination letter is also applicable for the amendment(s) dated on 9-29-03 & 12-2-03.

This determination is subject to your adoption of the proposed amendments submitted in your letter dated 10-14-10. The proposed amendments should be adopted on or before the date prescribed by the regulations under Code section 401(b).

The information on the enclosed addendum is an integral part of this determination. Please be sure to read and keep it with this letter.

We have sent a copy of this letter to your representative as indicated in the Form 2848 Power of Attorney or appointee as indicated by the Form 8821 Tax Information Authorization.

If you have questions concerning this matter, please contact the person whose name and telephone number are shown above.

Sincerely,


Andrew E. Zuckerman
Director, EP Rulings & Agreements

Enclosures:
Publication 794
Addendum

JOINT BOARD OF TRUSTEES CTA

This determination also applies to the amendments dated 9-12-02, 12-3-02, 12-4-01, 3-1-01, 9-6-01, 6-4-02 (Trust), and 6-30-06 (Trust).

D

**SUMMARY PLAN DESCRIPTION
OF THE
CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN**

INTRODUCTION

The Joint Board of Trustees of the California Teachers Association Employees' Retirement Benefits Plan has prepared this revised Summary Plan Description ("SPD") to provide you with a summary description of your Retirement Plan. Frequently asked questions, with answers to guide you to the portion of the SPD where you can find the answers, appear on pages 27-29 below. The Plan is designed to provide retirement benefits to employees who qualify and for whom contributions have been made to the Plan. The Plan is administered by a Joint Board of Trustees, half of the voting power being held by persons appointed by the California Teachers Association and the other half by persons appointed by the California Associate Staff and the California Staff Organization.

This revised SPD describes your rights under the Plan (or the predecessor Plan, called the "California Teachers Association Staff Retirement Plan" (the "Prior Plan")) if you are employed by a Participating Employer under the Plan (or the Prior Plan) on or after January 1, 2008. Different rules may apply to persons whose employment (i) was covered under the Plan and terminated prior to January 1, 2008, or (ii) was covered under the Prior Plan and terminated prior to January 1, 1996. More detailed information concerning the prior rules can be obtained from the Plan Office.

The most important provisions of the Plan are summarized in this SPD as accurately as possible. However, if there are any differences between this SPD and the official Plan (or Prior Plan) documents, the official documents will apply.

To be certain of your right to any particular benefits, contact the Plan Office at the address or telephone number shown on the last page of this SPD. Although the Trustees, union business representatives, and other persons familiar with the Plan may be able to answer certain questions for you, the Plan cannot be bound by any incorrect information they may give. ***Only questions directed to the Plan Office, and answered by the Joint Board of Trustees in writing, can result in binding answers, provided you have furnished full and accurate information concerning all relevant aspects of your situation.***

The Plan was established to provide you with benefits that are in addition to your Social Security benefits and your other sources of retirement income. The Plan and the Prior Plan were identical in all essential respects when the Prior Plan was merged into this Plan. All benefits payable under the Prior Plan are now payable from a Trust which funds the benefits provided under both Plans.

We urge both you and your family to read the booklet carefully so that you will clearly understand what the Plan can do for you.

Joint Board of Trustees
October 13, 2008

BRIEF SUMMARY OF MAJOR PLAN PROVISIONS

The California Teachers Association Employees' Retirement Benefits Plan (the "Plan") is a multiemployer defined benefit pension plan, and the trust that holds the Plan's assets is a joint labor-management trust. Both are governed and operated in accordance with federal and state law and applicable collective bargaining agreements. The full requirements of law and applicable collective bargaining agreements are set forth in the formal Plan document¹ and its related trust agreement. This SPD provides an overview of major provisions of the Plan. Only eligible employees for whom contributions have been made by a Participating Employer and who have earned at least five (5) Years of Vested Service Credit or attained age 65 while employed by a Participating Employer are eligible for benefits from this Plan (or the Prior Plan). Lists of the Participating Employers (as of June 10, 2008) and those Employers that have ceased participating in the Plan appear in Section I.A below.

CONTRIBUTIONS

Contributions to the Plan are made by the Participating Employers in amounts determined by the Joint Board of Trustees and in accordance with applicable collective bargaining agreements. However, employees of some Participating Employers were required to pay part of the cost of the Plan. Such contributions are called "Member Required Contributions."²

MEMBERSHIP RULES

If you are a "regular," permanent employee, your membership commences with the month in which your employment begins. However, prior to January 1, 2008, some Participating Employers required a two-month waiting period.

If you are a temporary employee, special rules apply. See Section I.C.2 below for details.

VESTING AND BREAK-IN-SERVICE RULES

You are credited with one Year of Vesting Service for each calendar year during which you earn at least 1,000 Hours of Service. If you are paid on a semi-monthly basis, you are credited with 95 Hours for each payroll period. If you are paid on a monthly basis, you are credited with 190 Hours for each month. Once you accumulate five (5) Years of Vesting Service, you are Vested.

You will lose your accrued Years of Vesting Service and all other rights under the Plan (and the Prior Plan) if you have five (5) consecutive One-Year Breaks-in-Service before you become Vested. A One-Year Break-in-Service will occur if you earn less than 501 Hours of Service in a calendar year.

¹ Copies of this document, entitled the California Teachers Association Employees' Retirement Benefits Plan, and the Prior Plan document, entitled The California Teachers Association Staff Retirement Plan, are available from the Plan Office.

² Each Participating Employer whose employees were required to make Member Required Contributions are identified by a footnote⁽⁶⁾ in the lists in Section I.A below.

RETIREMENT AGES FOR VESTED MEMBERS

Retirement Incentive Benefit Age:	Age 50
Earliest Unreduced Retirement Age:	Age 55 ³
Normal Retirement Age:	Age 65
Disability Retirement Age:	(no age requirement)
Required Benefits Age:	April 1 of the year after the year you attain age 70½

RETIREMENT BENEFITS

The basic amount of your monthly benefit at or after age 55 is determined by multiplying your Years of Credited Benefit Service times 3% of your Monthly Compensation.

Your Years of Credited Benefit Service are based upon the period of your eligible employment by any Participating Employer. Generally, your Monthly Compensation is your compensation for the full month of Credited Benefit Service in which your compensation was the highest. See Section IV.A.1 below for more detailed rules and exceptions.

Retirement Incentive Benefits are retirement benefits that begin at or after age 50 and before age 55.³ They are reduced to take account of the fact that your benefits will be paid over a longer period of time. Tables showing how the reductions work appear in Section IV.B below.

METHOD OF PAYMENT

You may elect to receive the full monthly benefit described above for life, or you may elect to receive a Joint and Survivor Lifetime Benefit option to provide benefits after your death to your eligible designated beneficiary, including an eligible designated domestic partner. If you elect a Joint and Survivor Lifetime Benefit option, the monthly Benefit amount is subject to actuarial reduction to provide a 50%, 75% or 100% continuation of benefits to your eligible designated beneficiary. A Social Security adjustment option is also available. See Section V.B.4 below for details.

DEATH BENEFITS

Spouses of married members who are Vested and who die before retirement age are protected in accordance with federal law. A surviving spouse or eligible designated domestic partner will receive a survivor benefit which is the amount the member would have received had the member retired and elected the 100% Joint and Survivor Lifetime Benefit option before death. This provides a lifetime benefit continuation to the deceased member's surviving spouse or eligible designated domestic partner. If death occurs before benefits have started but after a One-Year Break in Service, the deceased member's surviving spouse or eligible designated

³ Or age 60 for former employees as explained in Section IV.B below.

domestic partner will receive a survivor benefit under the 50% (rather than the 100%) Joint and Survivor Lifetime Benefit option.

If a member has made Member-Required Contributions, his or her estate or designated beneficiary(ies) will receive a death benefit equal to at least the amount of the member's Accumulated Member-Required Contributions under the Plan (or the Prior Plan) that remained unpaid upon the member's death.⁴

DISABILITY BENEFITS

If you are Vested and qualify as a totally and permanently Disabled Member, you may elect to retire and receive Disability Benefits at any age. If you do not elect to receive Disability Benefits, the amount of your Retirement Benefit will increase during the period of time you are totally and permanently disabled and not receiving Disability Benefits. You may choose to retire on a Disability Retirement at any age, or you may wait until you elect to retire.

RENEWED MEMBERSHIP

Various special rules apply if your employment with all Participating Employers terminates and you are subsequently rehired by a Participating Employer.

IMPORTANT INFORMATION TO AVOID LOSS OF BENEFITS

To avoid loss of benefits, consider the following precautions.

1. Whenever you are considering a decision which might affect your rights under the Plan and are uncertain of what the effect will be (or, even if you think you know the effect, but just want to be sure), ask the Plan Office.
2. Whenever the Plan Office gives you specific information concerning your own benefits, promptly report any errors to the Plan Office.
3. If you are considering terminating employment, check to be certain that your benefits for that employment have Vested. If your employment with all Participating Employers terminates before you are Vested, you can lose your accrued benefits.
4. File an application for benefits as soon as you know that you are going to retire (but no sooner than 90 days before your retirement date).
5. If you choose to delay receiving any retirement benefits for which you are eligible after your employment has terminated, your eligibility for retiree health benefits under the CTA Employees' Health and Welfare Benefits Trust may be adversely affected.

⁴ Although most employees hired since September 1, 1977 will not have made any Member-Required Contributions, some members employed before that date may have an Accumulated Member-Required Contribution account even though such contributions may no longer be required. No Participating Employer that joined the Plan after December 31, 1998 is permitted to require its Eligible Employees to make Member-Required Contributions.

6. If you are totally and permanently disabled, be sure to provide a copy of your Social Security award of disability or proof of total disability no later than 60 days of the date it was issued.
7. Once you have retired, check with the Plan Office before returning to work with a Participating Employer to determine if and when your benefit payments will be suspended.
8. Always keep the Plan Office informed of any change in your address after you retire or your employment otherwise terminates. Failure to do so may result in benefit payment delays.

GENERAL INFORMATION

NAME OF PLAN: The name of the Plan is:

CALIFORNIA TEACHERS ASSOCIATION EMPLOYEES' RETIREMENT BENEFITS PLAN

- **Type of Plan:** This is a multiemployer defined benefit pension plan providing benefits to members who satisfy the Plan's eligibility requirements and retire or whose employment otherwise terminates after becoming Vested. Death benefits may also be provided in some cases.
- **Plan Trustees:** The Plan is governed by a Joint Board of Trustees appointed by the California Teachers Association and its unions – the California Associate Staff and the California Staff Organization. A list of the Trustees as of June 10, 2008 appears near the end of this SPD.
- **Plan Administrator:** The official Plan Administrator is the Joint Board of Trustees, composed of both employee and employer representatives. Its name, address (which is the official Plan Office), telephone number, employer identification number ("EIN"), and plan number ("PN") are as follows:

Name: Joint Board of Trustees of California Teachers Association Employees' Retirement Benefits Plan

Address of Joint Board and Plan Office: Health Services Benefit Administrators, Inc. (HSBA)
P. O. Box 2262
Livermore, CA 94551

Email: tcurtin@hsba.com or jchapman@hsba.com

Telephone: (866) 376-4064

Fax: (925) 443-2035

Employer Identification and Plan Numbers: EIN 68-0427229; PN 001

- **Agent for Service of Legal Process:** Legal process may be served on the Joint Board of Trustees at the Plan Office or upon any member of the Joint Board of Trustees.
- **Type of Administration:** The Plan is administered by the Joint Board of Trustees under a contract with the firm of Health Services Benefit Administrators, Inc. ("HSBA").

- **Sponsoring Organizations:** The Plan is (and the Prior Plan was) maintained in accordance with collective bargaining agreements between the California Teachers Association (and various of its affiliates) and the California Associate Staff and/or the California Staff Organization. By writing to the Joint Board of Trustees, Plan members and beneficiaries may determine whether a particular employer or union is a sponsor of the Plan and, if so, its address. They may also obtain or review a copy of the applicable collective bargaining agreement as described below.
- **Contributions:** Contributions to provide Plan benefits are paid by the Participating Employers in amounts determined by the Joint Board of Trustees. However, employees of a small number of employers were required to pay part of the cost of the Plan, and such contributions are called "Member-Required Contributions."
- **Funding Medium for Accumulation of Assets:** All Plan benefits are provided directly from the Plan's assets, which are accumulated in a trust fund and invested in accordance with the Plan's Trust Agreement and held by a custodian bank designated by the Joint Board of Trustees.
- **Fiscal Year:** The fiscal year of the Plan is the calendar year, and the Plan records are maintained on that basis.

DETAILED SUMMARY OF PLAN RULES

I. ELIGIBILITY RULES

A. Participating Employers.

All employees of the following Participating Employers are eligible to participate in the Plan once they meet the eligibility requirements set forth in Section I.C below:

<i>Name of Participating Employer</i>	<i>Participating Effective Dates</i>	
	<i>Beginning⁵</i>	<i>Ending</i>
California Teachers Association		
Alameda Education Association		
Alhambra Education Association ⁶	07/01/97	
Alvord/Riverside/Colton UniServ		09/01/06
Associated Chino Teachers	09/01/03	
Associated Pomona Teachers		
Bakersfield Elementary Teachers Association	01/01/97	
Blossom Ridge Teachers Professional Center	12/31/96	
California Faculty Association ⁶		10/31/92
Capistrano Unified Teachers Association	09/01/02	

⁵ On or prior to January 1, 1989 or the date indicated below.

⁶ Contributions for some or all employees are reported by these Participating Employers directly to the Trust Fund. Some contributions (and all contributions from other Participating Employers) are reported through the State Association's Payroll Services Group.

<u>Name of Participating Employer</u>	<u>Participating Effective Dates</u>	
	<u>Beginning⁵</u>	<u>Ending</u>
Citrus Belt UniServ		
Compton Education Association ⁶	06/01/96	
De Anza Council	12/31/94	
Eden UniServ	09/01/96	
Educational Community Services, Inc. ⁶	03/01/96	
Educational Support Personnel of Oakland ⁶	09/01/95	
Educators Professional Center		
Fontana Teachers Association ⁶		
Fremont Unified District Teachers Association		
Fresno Teachers Association ⁶		
Garden Grove Education Association		
Glendale Burbank UniServ ⁶	09/01/98	
Golden Oaks UniServ	05/01/90	
Los Angeles County Education Association	03/01/99	
Montebello Teachers Association		
Mt. Diablo Education Association		
Mt. Hamilton Council, CTA/NEA ⁶		
Napa/Solano Education Council	08/31/01	
NEA Jurpa	09/04/98	
North Orange County United Teachers		
Oakland Education Association ⁶	09/01/89	09/01/92
Orange Unified Education Association ⁶	09/01/89	
Oxnard Educators Association ⁶	05/01/89	
Puente Hills UniServ ⁶	12/01/01	
Rancho Cerritos		
Redlands Teachers Association ⁶		
Rialto Education Association ⁶		
Riverside City Teachers Association	09/01/06	
Sacramento City Teachers Association	09/01/02	
Saddleback Valley Educators Association		
San Bernardino Teachers Association		
San Diego Education Association ⁶		
San Joaquin CTA Coordinating Council		
San Juan Teachers Association ⁶	09/01/92	
Santa Ana Educators Association		
South Bay United Teachers		
South Orange County Educators	09/01/02	
Stanislaus UniServ Unit	12/31/01	
Stockton Teachers Association ⁶		
Teachers Association of Long Beach ⁶	01/01/92	
Teachers United UniServ		
Torrance Teachers Association ⁶		
Tri-City Educators ²		
Twin Lakes UniServ	09/01/01	
United Educators of San Francisco ⁶	07/01/92	
(excluding OPEIU bargaining unit except longest term employee as of September 18, 2008)		
United Teachers of Richmond ⁶	09/01/91	

<u>Name of Participating Employer</u>	<u>Participating Effective Dates</u>	
	<u>Beginning</u> ⁵	<u>Ending</u>
Vallejo Education Association	09/01/01	
Ventura U Employees Association ⁶	04/25/92	05/01/02
Ventura Unified Educators Association		
Verdugo UniServ Unit	09/01/97	08/31/98
West Orange County United Teachers		

B. Member-Required Contributions

All Plan members were once required to pay a portion of the cost of the Plan through payroll deductions, but these *"Member-Required Contributions"* are no longer required by any Participating Employer.

The total of a member's Member-Required Contributions at any time, with interest, is referred to as the member's *"Accumulated Member-Required Contributions"*. Contributions made by Participating Employers on behalf of members (rather than by payroll deductions) are treated as employer contributions. They are *not* included in Accumulated Member-Required Contributions.

Member-Required Contributions are 3% of the first \$350 of Monthly Compensation, and 6% of the excess over \$350, excluding any overtime or bonus pay. (See Section IV.A.1 below for the definition of Monthly Compensation.) If such contributions were required in connection with your employment, you would not have become a Plan member until you signed an application form agreeing to Member-Required Contribution through payroll deductions.

C. When Membership Begins

1. Members: All Eligible Employees generally become members at the beginning of the calendar month in which they first perform an Hour of Service. However, prior to January 1, 2008, some Participating Employers had deferred their employees' eligibility for membership until the first day of the month after they completed two months of continuous employment. After 2007, no Participating Employer may defer an employee's eligibility under the old two-month rule.

Employees in the following categories are not *"Eligible Employees"* and are not eligible for membership in the Plan:

- (a) Employees employed on a contract for service basis and not represented by a Union;
- (b) Employees employed as auxiliary staff and excluded from eligibility to participate in this Plan by the terms of the applicable collective bargaining agreement;
- (c) Employees employed as law clerks;
- (d) Employees employed on a pro-rata salaried basis, *i.e.*, one who shares the position held by another employee, unless and until the day after the end of the first 12

'consecutive month period during which the pro-rata salaried employee is credited with at least 1,000 Hours of Service (such 12-month periods to begin on the date the employee first completed an Hour of Service and anniversaries of that date); and

- (e) Employees serving only as a member of the Board of Directors of the State Association, unless and until the day after the end of the first 12 consecutive month period during which the Board member employee is credited with at least 1,000 Hours of Service (such 12-month periods to begin on the date the employee first completed an Hour of Service and anniversaries of that date).

2. Temporary Employees. If you are a temporary employee, your Membership begins as of the earliest of:

- (a) the time specified in the applicable collective bargaining agreement; or
- (b) the first day of the month after you complete 1,000 Hours of Service, provided you complete those Hours of Service within the 12-consecutive-month period beginning with the day on which the first of those Hours of Service was performed; or
- (c) if you did not complete 1,000 Hours of Service in that first 12-month period, the January 1 following the first calendar year in which you do complete 1,000 Hours of Service.

D. When Membership Ends and How it Can be Reinstated

As a general rule, your Plan membership will end when you retire, die or have a One-Year Break in Service (defined in Section II.B below). If you are subsequently rehired by a Participating Employer, you may again become a member as described in Section IX.A below.

II. VESTING AND BREAKS IN SERVICE

Being Vested means you have satisfied the Plan's eligibility requirements for retirement, death or disability benefits. If your employment ends before you have become Vested, the Credited Service accrued will be lost if you incur a Permanent Break in Service.

A. Vesting Rules

You will become "Vested" once you have accumulated five (5) Years of Vesting Service or attain age 65 while employed by a Participating Employer.⁷

As a general rule, if you are credited with less than 1,000 Hours of Service for a calendar year, you receive no Vesting Service credit for that year.

Certain specific circumstances may also affect your Vesting Service credit, e.g., back pay awards, military duty, family or medical leave, illness, and/or other paid and unpaid leaves. Contact the Plan Office for details.

⁷ Different rules applied before 1976. Details can be obtained upon request from the Plan Office.

B. Breaks-in-Service

1. **One-Year Break-in-Service.** A One-Year Break-in-Service occurs if, after your employment has terminated, you earn less than 501 Hours of Service during a calendar year. If you have a One-Year Break-in-Service before you have earned the five (5) Years of Vesting Service required to become Vested, then:
 - (a) you will be entitled to receive your Accumulated Member-Required Contribution (if any) as a Severance Benefit; and
 - (b) the balance of your accumulated benefits under the Plan will be lost, and they can be reinstated only if you:
 - (1) again become a Plan member *before* incurring a Permanent Break-in-Service, and
 - (2) also repay the Accumulated Member-Required Contributions you received (*if any*) upon your employment termination.
2. **Permanent Break-in-Service.** If you have five (5) consecutive One-Year Breaks-in-Service before becoming Vested, you will incur a Permanent Break-in-Service. This means that all rights you previously earned under the Plan (or the Prior Plan) will be permanently lost, even if you again become a Plan member.

III. RETIREMENT APPLICATION PROCEDURES AND EFFECTIVE DATES

To apply for Plan benefits, you must file an application in writing, on the official form (available from HSBA) and in the manner prescribed by the Joint Board of Trustees, *before* the effective date of your retirement. You should not file an application more than 90 days before the date on which you wish your retirement to become effective.

Benefits are paid monthly. Benefit checks are issued on the last day of the month. For example, January benefit checks are mailed at the end of January. Although processing your application may delay your first payment, you will receive benefits retroactive to the date your retirement takes effect.

Applications may be obtained from the Plan Office by email, fax or regular mail or in person. If you are not retiring, but would like an estimate of benefits, the application form is also designed to allow you to request an estimate of benefits.

A. Retirement Date

You may elect to retire as early as your 50th birthday, provided you file an application in advance. The effective date of your retirement will be the later of (1) the day after your last day of employment, (2) the date your application is filed, or (3) the later retirement date you specify on your application. If your employment terminates after you have become Vested, but before your 50th birthday, your benefits cannot start before you attain age 50 and submit your retirement application.

B. Disability Retirement Date

If you become disabled by reason of total and permanent disability, you must file an application in order to receive Disability Retirement Benefits from the Plan. See Section VII.C below to learn how the Plan determines when a member has become a Disabled Member. The effective date of your Disability Retirement will be determined as follows.

- 1. Social Security Award of Disability – 60-Day Filing Period.** If you receive a Social Security award of disability, a copy of the award must be provided to the Plan Office. If the Plan Office receives a copy of the award within 60 days after its issuance, the effective date of your Disability Retirement will be the first of the month on or after the onset of the disability as determined by the award. If the Plan Office does not receive a copy of the Social Security disability award within 60 days after the date the award was issued, your Disability Retirement effective date will be the first of the month after the date the Plan Office receives your application for benefits.
- 2. Permanent and Total Disability Benefits Without a Social Security Award of Disability.** If you have not received a Social Security award of disability, your Disability Retirement effective date will be the first of the month after the *later of*:
 - (a) the date the Plan Office receives your application for benefits, or
 - (b) the date you became permanently and totally disabled as determined by the Joint Board of Trustees.
- 3. Delayed Disability Retirement.** Subject to the provisions of Section IV below, you may elect to delay your Disability Retirement until you retire and then start your benefit payments. Delaying the start of your benefit payments can result in increased retirement benefits (see Section VII.A below for details) *but* can result in the loss of retiree health benefits (see item 5 under "Important Information to Avoid Loss of Benefits" above).

C. Age 70½ Required Benefit Effective Date

If you attain age 70½ after December 31, 1998, your benefit payments must begin by April 1 of the year following the later of (i) the year in which you attain age 70½, or (ii) the year your employment with all Participating Employers terminates.

IV. DETERMINING THE AMOUNT OF YOUR BENEFITS

If your employment terminates after age 50, Unreduced Retirement Benefits are available at age 55 (or later), and continue for life. Retirement Incentive Benefits are computed by applying a table of retirement percentages (see Section IV.B below) to your Unreduced Retirement Benefit.

A. Unreduced Retirement Benefits

To determine your Unreduced Retirement Benefits you must use a formula. It requires that you understand two special terms – Monthly Compensation and Years of Credited Benefit Service. Those terms are defined, and you will find explanations of how to use them to determine your Retirement Benefits (in Sections IV.A.1 and IV.A.2 below).

1. **Monthly Compensation.** Your "Monthly Compensation" is the monthly compensation you received during the calendar year of your membership in which your Monthly Compensation was the highest. Monthly Compensation itself is determined one way for salaried employees and another way for hourly employees.⁸
 - (a) **Monthly Compensation for Salaried Employees.** If you are a salaried employee, your Monthly Compensation is your highest regular monthly compensation rate during any whole calendar month in which you were a Plan member.
 - (b) **Monthly Compensation for Hourly Employees.** If you are an hourly employee, your total compensation for the calendar year is divided by the number of months during which you worked during that calendar year. The result is your Monthly Compensation for that year.
 - (c) **What is Included in Monthly Compensation.** For both salaried and hourly employees, Monthly Compensation is determined *before* any payroll deductions for income and Social Security taxes, group insurance or other purposes, but it *does not* include bonuses, overtime pay, contributions your employer makes to the Plan, or your employer's share of Social Security tax payments, group insurance payments, retainer fees, unused sick leave paid in cash, or travel reimbursement payments. However, Monthly Compensation *does* include any Social Security (FICA) tax payments your employer makes on your behalf (computed as provided in the Plan), as well as any employee compensation contributed to a 401(k) plan. However, Monthly Compensation *does not* include any employer-paid contributions to a 401(k) plan.
 - (d) **Special Limitations.** There are three important limitations to the above rules:
 - (i) If your employment status changed from part-time or temporary status to full-time status at any time during the 60-month period prior to your retirement, your Monthly Compensation will be adjusted to reflect your part-time or temporary status.
 - (ii) Annual compensation in excess of the Internal Revenue Code maximum cannot be counted. This maximum annual compensation amount (\$230,000 for 2008) is indexed to government maintained indexes which reflect increases in the cost of living. You can contact the Plan Office for the figure currently being used for this purpose.
 - (iii) In no event may any Plan member's monthly benefit exceed 100% of the greatest Monthly Compensation amount credited for any of his or her Years of Credited Benefit Service, as adjusted for cost of living increases in accordance with rules prescribed by the IRS.

⁸ Monthly Compensation is calculated differently for Plan members who were last employed by a Participating Employer before January 1, 1996. Details can be obtained upon request from the Plan Office.

2. **Years of Credited Benefit Service.** Once your Monthly Compensation is determined under the above rules, the next step is to determine your Years of Credited Benefit Service.
 - (a) **Credited Benefit Service Rules.** Since January 1, 1976,⁹ a full Year of Credited Benefit Service has been credited for any calendar year during which you were regularly employed throughout the year after becoming a member of the Plan (or the Prior Plan).

If you were employed for less than twelve (12) months during a calendar year, you receive 1/12th of a Year of Credited Benefit Service for each calendar month of employment in that year during any portion of which you were a Plan member.

Periods of unused sick leave to which you are entitled at termination of employment will be counted as Credited Benefit Service if required by the collective bargaining agreement governing your employment or if otherwise agreed to and paid for by your employer in accordance with Plan rules.

Vested members who are totally and permanently disabled may continue to accrue Years of Credited Benefit Service until they begin to receive benefits from the Plan as described in Section III.B.3 above.

- (b) **Limitations.** There are certain limitations on accruing Years of Credited Benefit Service:
 - (i) No credit is given for periods of time during which you failed to become a Plan member by not agreeing to make Member-Required Contributions.
 - (ii) No credit is given for prior periods of membership for which you have received a Severance Benefit, unless the amount you received is repaid with interest in connection with becoming a rehired Plan member as described in Section IX.C below.
 - (iii) If you are not Vested, no credit is given for Years of Credited Benefit Service performed before a One-Year Break-in-Service, unless and until you again become a Plan member and earn an additional Year of Vesting Service.
 - (iv) If you have less than five (5) Years of Vesting Service at the time of a Break-in-Service, all Years of Credited Benefit Service earned before the Break will be permanently lost if you have a Permanent Break-in-Service.

3. **Computing Your Benefit.** Once you have determined both your Monthly Compensation and your Years of Credited Benefit Service, you can determine your Unreduced Retirement Benefit by multiplying (a) the total number of your Years of Credited Benefit Service (see Section IV.A.2 above), times (b) 3%, times (c) your Monthly Compensation (see Section IV.A.1 above).

⁹ Different rules applied before 1976. Details can be obtained upon request from the Plan Office.

4. **Example for Active Members** – whose Credited Benefit Service includes employment by a Participating Employer after December 31, 1998.¹⁰

EXAMPLE 1: Assume you work steadily until you retire at age 55 on January 1, 2009, that your Monthly Compensation is \$4,000, and that you have 20 Years of Credited Benefit Service. Your monthly Unreduced Retirement Benefit will then be computed as follows:

$$20 \text{ years} \times 3\% = 60\% \times \$4,000 = \$2,400.00$$

B. Retirement Incentive Benefits

Retirement Incentive Benefits are determined in the same way as Unreduced Retirement Benefits. However, if you retire before age 55, your Retirement Benefits are reduced to take account of the fact that they are expected to be paid over a longer period of time. The following table lists the applicable percentage factors:¹¹

TABLE 1

Retirement Age	Percentage of Accrued Benefit
50	66%
51	72%
52	78%
53	85%
54	92%
55 or older	100%

EXAMPLE 2: Given the same general facts as stated in **Example 1** above for an Unreduced Retirement Incentive Benefit, the monthly benefit of an active Plan Member electing Retirement Incentive Benefit at age 50 while still employed by a Participating Employer would be calculated as follows by applying the percentages set forth above:

$$20 \text{ years} \times 3\% = 60\% \times \$4,000 = \$2,400.00 \text{ (see Section IV.A.4 above)}$$

$$66\% \text{ of } \$2,400.00 = \$1,584.00$$

For Plan members whose employment terminates before age 50, the Retirement Incentive Benefit factors are as follows:

TABLE 2

Retirement Age	Percentage of Accrued Benefit
50	64%
51	69%

¹⁰ Inactive Plan members who were not employed by a Participating Employer after December 31, 1998, should contact the Plan Office for assistance in calculating benefits.

¹¹ Different rules applied before September 1, 1989. Details can be obtained upon request from the Plan Office.

52	74%
53	79%
54	84%
55	89%
56	91%
57	93%
58	95%
59	98%
60 or older	100%

For example, using the same facts as in **Example 1** above, if the member had terminated employment at age 45, upon attaining age 50, the Retirement Incentive Benefit would be calculated as follows:

$$20 \text{ years} \times 3\% = 60\% \times \$4,000 = \$2,400.00 \text{ (see Section IV.A.4 above)}$$

$$64\% \text{ of } \$2,400.00 = \underline{\$1,536.00}$$

C. Employment After Age 65

You continue to accrue Years of Credited Benefit Service until you actually retire, but you do not also get an actuarial increase by delaying your retirement after age 65.

Special rules apply if you work past age 70½. See Section III.C above for details.

D. Maximum Benefits

Federal law limits the maximum amount of the retirement benefits that can be paid by the Plan. For example, the maximum annual retirement benefit that can be paid by the Plan commencing in 2008 at age 65 is \$185,000. This maximum is periodically increased by federal law. You should consult your own tax adviser concerning these complicated rules. In addition, if you also participate in an individual account plan (such as a 401(k) plan) sponsored by a Participating Employer, federal law imposed additional limitations on the maximum benefits allowed through the end of 1999. In no event, however, may the Plan pay benefits in excess of those permitted by federal law.

V. FORMS IN WHICH BENEFITS ARE PAID

A. Standard Form of Payment

The standard form of benefit depends on whether you are single or whether you are married or have designated an eligible domestic partner.¹² Various options are available to you:

1. **Joint and Survivor Lifetime Form.** If you are a married member or have designated an eligible domestic partner, your Retirement Benefit is reduced so that it will not only

¹² If you are not married, see Section V.C below to learn how to designate a domestic partner for purposes of this Plan.

provide a benefit for the life of the Plan member, but will also provide 50% continuation for the life of the member's surviving spouse or eligible designated domestic partner.

2. **Single-Life Form.** If you are not married and have not designated an eligible domestic partner, your Retirement Benefit is payable to you for life with no survivor benefit.

Optional forms of benefit payment may be selected as explained in Section V.B below.

B. Optional Methods of Payment

In addition to the standard form of payment described above, the Plan offers the following options. These options will be described to you in more detail when you file your application to retiree. Members who are married or who have designated an eligible domestic partner may elect these options *only if* both the member *and his or her spouse or eligible designated domestic partner* make the election in accordance with Plan rules and applicable laws.

1. **Single-Life Option.** A married member and spouse or eligible designated domestic partner may elect to receive the single-life annuity to be paid for the life of the member *only*, with no continuation to the surviving spouse or eligible designated domestic partner upon death of the member.
2. **Joint and Survivor Lifetime Options.** Upon retirement, the member and his or her spouse or eligible designated domestic partner may elect to receive benefits in the form of Joint and survivor lifetime annuity providing 50%, 75% or 100% continuation to the member's spouse or eligible designated domestic partner, children, parents, brothers or sisters.¹³ These options cannot be elected prior to retirement to provide benefits if death occurs before benefits begin.
3. **"Pop-Up" Joint and Survivor Lifetime Options.** Additionally, a member who is married or has an eligible designated domestic partner or has designated an eligible beneficiary may elect one of the forms of the joint and survivor lifetime annuities (described above) subject to a "pop-up," which provides 100% of the member's single life annuity after all designated beneficiaries and his or her joint annuitants predecease the member. Election of the pop-up option reduces the amount of the member's and beneficiary's monthly annuity payment.
4. **Social Security Adjustment Option.** A Social Security Adjustment Option is also available if you retire before your Social Security retirement age. Under this option, you receive a larger amount from the Plan before your Social Security benefits begin, and a smaller amount (or none) when you receive Social Security benefits. This option makes it possible for you to receive approximately the same total monthly amount for life from your combined Plan benefits and Social Security benefits. However,
 - (a) Plan benefits are paid for the life of the member *only*, with no continuation to the surviving spouse or eligible designated domestic partner upon death of the member; and

¹³ Members may designate their beneficiary(ies) at any time before benefit payments begin. Contact the Plan Office for details.

- (b) the Plan will not increase the benefit amount it pays even if the amount of your Social Security benefit decreases for any reason.

C. Domestic Partners

If you are *not* legally married but you have a domestic partner, he or she will be treated as if he or she were your legally married spouse if you and your domestic partner both execute the domestic partnership affidavit prescribed by the Plan and submit it to the Plan Office.

D. When Monthly Benefits End

Unless you were receiving a joint and survivor lifetime annuity and are survived by your designated joint annuitant, your monthly benefits will end with your death. If you die after the 20th of the month, the benefit for that month will be paid to your spouse, eligible designated domestic partner, or your designated beneficiary, but if you die before the 20th, no benefit will be paid for the month in which you die. Your benefits may also be suspended if you return to work with a Participating Employer as described in Section IX.D below.

E. Assignment of Benefits Not Permitted

No person who is entitled to receive Plan benefits can sell, assign or pledge them to anyone, or use them as security for a loan. Furthermore, Plan benefits are generally not subject to attachment or execution under any court order.

However, the Plan will pay benefits to a former spouse (but not a former domestic partner) of the member or a child of the member if it is required to do so by a Qualified Domestic Relations Order issued by a state court which meets the requirements of federal law. Before obtaining such an order you should have it reviewed by the Plan to make sure it meets the requirements of federal law. To ensure compliance with federal law and avoid excess costs to members for Plan review and evaluation of proposed Qualified Domestic Relations Orders, contact the Plan Office. The Plan cannot honor any state court order which violates federal law.

VI. DEATH BENEFITS

Death Benefits vary depending on whether death occurs before or after your Retirement Benefits begin. Pre-Retirement Death Benefits also vary depending on whether or not there is a surviving spouse or eligible designated domestic partner.

A. Pre-Retirement Death Benefits

- 1. General Rule.** If you are not Vested when you die, there is no death benefit other than the payment of your Accumulated Member-Required Contributions (if any) to your designated beneficiaries. The same is true even if you are Vested, unless you are survived by a spouse or eligible designated domestic partner who is eligible for the surviving spouse's Pre-Retirement Death Benefit described next.
- 2. Death Benefit.** If you are Vested when you die, then your spouse or eligible designated domestic partner will receive a Pre-Retirement Death Benefit.

- (a) If you had reached age 50, the Pre-Retirement Death Benefit will provide your spouse or eligible designated domestic partner with the same lifetime benefit he or she would have been entitled to receive had you retired on the first day of the month in which your death occurred having elected the joint and 100% survivor lifetime annuity option.
- (b) If you had not reached age 50 by the date of your death, your spouse or eligible designated domestic partner will receive a lifetime benefit beginning on the date you could have begun receiving Retirement Incentive Benefits had you survived and retired with a joint and 100% survivor lifetime annuity.
- (c) If your death occurs before you had incurred a One-Year Break in Service, the more favorable Retirement Incentive Benefits factors applicable to members who are currently employees will be used.
- (d) If your death occurs after you had incurred a One-Year Break in Service, your spouse or eligible designated domestic partner will receive a lifetime annuity benefit beginning on the date you could have begun receiving Retirement Incentive Benefits had you terminated employment as of the date of death, survived and retired with a joint and 50% survivor lifetime annuity.

B. Post-Retirement Death Benefits

If you die after retiring under a joint and survivor lifetime annuity, payments will continue to your surviving joint annuitant. No other death benefit is payable after you retire, except in the very unlikely event that the total benefit payments made to you and your joint annuitant are less than your Accumulated Member-Required Contribution, in which case the remainder of your Accumulated Member-Required Contributions will be paid to your designated beneficiaries or, if none, to your estate.

C. Beneficiary Designations

You have the right to designate a beneficiary to receive whatever sums may be owing or payable to you by the Plan after your death, or to receive the balance of your Accumulated Member-Required Contributions. However, you cannot designate any person other than your spouse or eligible designated domestic partner as your beneficiary unless your spouse or domestic partner gives his or her written and notarized consent. With consent, the classes of persons who can be designated as beneficiaries are your spouse, your parents, your children, or your brothers and sisters, or your eligible designated domestic partner.

Beneficiary designation forms can be obtained from the Plan Office. Your prior designation can be changed from time to time before benefit payments begin by using forms provided by the Plan Office. If you have not designated any beneficiary or if your designated beneficiary does not survive you, payments will be made to your spouse, eligible designated domestic partner, or your estate (if you are not married or have not designated an eligible domestic partner).

VII. DISABILITY BENEFITS

If you are Vested and qualify as a Disabled Member (as defined in Section VII.C below), you have two choices. You could delay taking your Retirement Benefits and (in most cases) continue to accrue additional Years of Credited Benefit Service until they start. Or, you could take an immediate Disability Benefit even if you have not yet reached age 50.

A. Deferred Disability Benefits.

If you are Vested and become totally and permanently disabled prior to termination of employment, you may continue to accrue additional Years of Credited Benefit Service during your period of disability. This means that the monthly amount of your Retirement Benefit would continue to increase until such time as you elect to start payment of your benefits, until as late as age 65 ("Normal Retirement Age"). To qualify for this Deferred Retirement Benefit, you must qualify as a Disabled Member for at least 12 consecutive months. *However*, before you choose to delay the start of your Retirement Benefit payments beyond 12 months, you should contact the CTA Employees' Health and Welfare Benefits Trust because delaying Retirement Benefit payments could adversely affect your eligibility for retiree health benefits from that Trust.

B. Immediate Disability Benefit

Alternatively, a Vested Disabled Member may elect to receive an actuarially reduced Disability Benefit even before age 50. This benefit is determined in the same manner as Retirement Incentive Benefits, but with a further actuarial reduction to take account of any years prior to age 50 for which the benefits will be paid.

C. Definition of Disabled Member

You will be considered a "*Disabled Member*" only if you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. In part, the Plan determines disability using a conclusive presumption that a person is a Disabled Member during any period of time for which the member is eligible for long-term disability income under any group plan applicable to the individual's employment with a Participating Employer. See Section III.B above to learn how you may qualify for Disability Benefits.

D. Method of Payment of Disability Benefits.

Disability Benefits will be paid in the standard form unless an optional form is elected (see Section V.B above).

VIII. SEVERANCE BENEFITS

A. Vested Members

If your employment with all Participating Employers ends after you have become Vested, but before you reach age 50, no benefits are payable to you until you reach age 50.

IMPORTANT: Unreduced Retirement Benefits and Retirement Incentive Benefits for Vested members are computed and paid based on the Plan (or Prior Plan) provisions in effect when your employment ended, unless you renew your membership (as described in Section IX below).

B. Non-Vested Members

If you terminate employment before becoming Vested, the only Severance Benefit you will receive is payment of your Accumulated Member-Required Contributions (if any) when your employment ends.

C. Rights Following Severance Benefit

If you receive a Severance Benefit, you will have no further rights under the Plan unless you again become a member as described in Section IX below.

IX. RENEWED MEMBERSHIP

If your employment with all Participating Employers terminates but you later again become employed by a Participating Employer, the following rules will apply:

A. When Membership Renews

In general, your Plan membership will be renewed when you again become employed by a Participating Employer. Temporary employees who have had a Permanent Break-in-Service (as described in Section II.B.2 above) will have to satisfy the 1,000 Hours of Service eligibility requirement again, but in all other cases Plan membership will renew immediately.

B. Vesting

Once you have become Vested, you will remain Vested. If your employment terminated before you became Vested and you are reemployed by a Participating Employer before you have a Permanent Break-in-Service, you will receive credit for the Years of Vesting Service you had earned before termination. However, if you do have a Permanent Break-in-Service, you would not receive credit for your prior Vesting Service.

C. Reinstatement of Service Credit

If you are reemployed by a Participating Employer, you may receive credit for the Years of Credited Benefit Service you had earned before your employment terminated. However, if you had a Permanent Break-in-Service before you became Vested, you would not be eligible for reinstatement of your prior Credited Benefit Service. Repayment of any Severance Benefit you received when your employment terminated may be required before your prior Credited Benefit Service can be reinstated. Contact the Plan Office to learn about the rules governing reinstatement of Credited Benefit Service.

D. Suspension of Benefits

If you again become employed by a Participating Employer after payment of your Retirement Benefits has begun, payment of your Retirement Benefits will be suspended for any month in which you complete 40 or more Hours of Service. If your employment resumes after terminating employment or retiring under the Plan (or the Prior Plan), payment of your monthly Retirement Benefit will cease, unless you are employed on a limited hours basis (less than 40 hours per month). The amount of the Retirement Benefit payable upon your later retirement may be recalculated to reflect any benefit payments you had previously received and any increases in your Monthly Compensation and Years of Credited Benefit Service. Contact the Plan Office to learn about the rules governing benefit calculations in this situation.

E. Special Rule

If your membership ended because your employer withdrew from the Plan and your membership is renewed because you later become employed by a Participating Employer, special rules may apply to the calculation of your benefit based on your service with the withdrawn employer. Contact the Plan Office to learn about the rules governing benefit calculations in this situation.

CLAIM PROCEDURES AND REVIEW OF CLAIM DENIALS

All claims for benefits should be filed on the forms provided by the Plan which you can get from the Plan Office. If you submit a form which is not substantially complete or which lacks required supporting documents, you will be notified of what is necessary to complete the claim. The claim will be considered properly filed as soon as it is complete enough to permit processing. The Plan Office will notify you as soon as practicable if your claim is wholly or partially denied. The Plan Office must notify you within 90 days (or 45 days for a Disability Benefit claim) if your claim is being denied. You will be notified if more time is needed to process your claim – up to a maximum of 90 more days (or two 30-day extensions for a Disability Benefit claim).

If you want to file an appeal, you must do so within 60 days after you receive notice of the denial. The Plan will not consider any appeals filed with the Plan Office after 60 days, and the decision of the Plan may be considered final and binding. Your appeal will normally be considered and decided within 60 days after you filed the appeal or at the next meeting of the Joint Board of Trustees. (In the case of an appeal of notice of denial of a Disability Benefit claim, the 60-day periods above will be 180-day periods.)

Any notice of denial will include the following:

1. The specific reasons for the denial with references to the pertinent Plan provisions on which the denial is based.
2. A description of any additional material or information which could help you perfect your claim, together with an explanation of why such material or information is necessary.
3. Appropriate information telling you how you can appeal the denial, and obtain a detailed description of the entire appeal procedure.

You must exhaust your administrative remedies before taking any other actions to enforce your rights under the Plan. Any court reviewing your claim can only consider the information you have supplied to the Plan Office and Joint Board of Trustees in support of your claim. The Joint Board of Trustees' decision on your appeal will be final and binding upon you to the fullest extent permitted by law.

STATEMENT OF ERISA RIGHTS

As a member of this Plan, you are entitled to certain rights and protections required by the federal Employee Retirement Income Security Act of 1974, as amended ("ERISA"). ERISA currently provides that all Plan members shall be entitled to:

Receive Information About Your Plan and Benefits

- Examine, without charge, at the Plan Office and at other specified location, such as work sites and union halls, all Plan documents, including insurance contracts, collective bargaining agreements, and a copy of the latest annual report (IRS Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration. Copies of these documents and other Plan information may also be obtained upon written request to the Plan Office. A reasonable charge may be made for the copies.
- Receive a summary of the Plan's annual financial report. The Joint Board of Trustees is required by law to furnish each Plan member with a copy of this summary annual report.
- Obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age (age 65) and, if so, what your benefits would be at Normal Retirement Age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan members, ERISA imposes duties upon the people who are responsible for the operation of this Plan. The people who operate your Plan – called "fiduciaries" of the Plan – have a duty to do so prudently and in the interest of you and other Plan members and beneficiaries. No one, including your employer, your union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a pension benefit is denied or ignored (in whole or in part), you have a right to know why this was done, to obtain copies of documents relating to the decision (without charge), and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials as provided above and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Joint Board of Trustees to provide the

materials and pay you up to \$110 a day until you receive the materials, unless they were not sent because of reasons beyond the Joint Board's control. If you have a claim for benefits which is denied or ignored (in whole or in part), you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If it should happen that the Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees if, for example, it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Office; it is always better to ask for a written response. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Joint Board of Trustees, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

AMENDMENT AND TERMINATION PROVISIONS

A. GENERAL RULES

The Plan may be amended at any time. Furthermore, although it is anticipated that the Plan will continue indefinitely, the right to terminate it has been reserved. Any amendment or termination will be made in accordance with the provisions of the Trust Agreement, federal law and any applicable collective bargaining agreement. Upon termination of the Plan, no further benefits can be earned by Plan members, but all benefits earned to the date of termination will be Vested to the extent funded. If at termination there are not enough assets to fund all Vested Benefits, the assets will be allocated in accordance with ERISA, and the allocated assets will then be used to provide Plan benefits in a manner permitted under federal law. If assets still remain after providing for full payment of all benefits accrued at termination, the remaining assets will be returned to the Participating Employers.

B. FEDERAL GUARANTEE OF BENEFITS IF PLAN BECOMES INSOLVENT

Your pension benefits under this multiemployer plan are insured by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. A multiemployer plan is a collectively bargained pension arrangement involving two or more unrelated employers, usually in a common industry.

Under the multiemployer plan program, the PBGC provides financial assistance through loans to plans that are insolvent. A multiemployer plan is considered insolvent if the plan is unable to pay benefits (at least equal to the PBGC's guaranteed benefit limit) when due.

The maximum benefit that the PBGC guarantees is set by law. Under the multiemployer program, the PBGC guarantee equals a participant's years of service multiplied by (1) 100% of the first \$5 of the monthly benefit accrual rate and (2) 75% of the next \$15. The PBGC's maximum guarantee limit is \$16.25 per month times a participant's years of service. For example, the maximum annual guarantee for a retiree with 30 years of service would be \$5,850.

The PBGC guarantee generally covers (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the plan becomes insolvent; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover (1) benefits greater than the maximum guaranteed amount set by law; (2) benefit increases and new benefits based on plan provisions that have been in place for fewer than 5 years at the earlier of (i) the date the plan terminates or (ii) the time the plan becomes insolvent; (3) benefits that are not vested because you have not worked long enough; (4) benefits for which you have not met all of the requirements at the time the plan becomes insolvent; and (5) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

For more information about the PBGC and the benefits it guarantees, ask the Plan Office or contact the PBGC's Technical Assistance Division, 1200 K Street, N.W., Suite 930, Washington, D.C. 20005-4026 or call 1-202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 1-202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at <http://www.pbgc.gov>.

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**QUESTIONS & ANSWERS
ABOUT YOUR CTA EMPLOYEES' RETIREMENT BENEFITS TRUST**

The following Q&As been prepared in hopes of assisting you in getting partial answers to questions you might have by guiding you to sections of the Summery Plan Description ("SPD") that pertain to your inquiry.

This document does not provide any official answer to questions. The SPD summarizes the provisions of the Plan. Like the SPD, if the Q&As differ from the official Plan document, the official Plan document will be controlling.

Most questions do not have a simple answer; therefore, only questions directed to the Plan Office, and answered by the Joint Board of Trustees in writing, can result in binding answers, as outlined in the SPD.

All references to "employer" mean "Participating Employers of the Plan." A list of those employers (as of the date the SPD is published) is found in the SPD.

The SPD contains numerous references to the Plan Administrator. It is Health Services Benefit Administrators, Inc., and their phone number is (866) 376-4064 or (925) 443-2035.

We encourage you to assist us by reading the SPD to find the answers to any questions you may have. If you do not find the answer to your question in either these Q&As or the SPD, please send your question to the Trust in writing.

Vesting:

Q: When does one become vested in the Plan?

A: Please see SPD page 2 ("Vesting and Breaks in Service") and SPD Section II.A on pages 9-10.

Q: If I am hired mid-year, do I lose credit for the time worked in the calendar year because I didn't earn 1000 Hours of Service in that year?

A: Please see SPD page 2 ("Vesting and Breaks in Service") and, for the rules regarding credited benefit service, please see SPD Section IV.A.2 on page 13.

Q: Does anything else qualify you for vesting?

A: Please see SPD Section II.A on page 9.

Q: Whom do I contact to obtain the date I'll be vested in the Plan?

A: Contact the Plan Administrator identified on SPD page 5.

Retirement Benefit:

Q: How do I calculate my retirement benefit?

A: Please see SPD Section IV on pages 11-15. Only the Plan Administrator can give you an official calculation on your benefit.

**QUESTIONS & ANSWERS
ABOUT YOUR CTA EMPLOYEES' RETIREMENT BENEFITS TRUST**

Q: Are years of "credited benefit service" (used in calculating benefit amounts) the same as years of "vesting service"?

A: No. Please compare SPD Section II on pages 9-10 with SPD Section IV.A.2 on pages 13-14.

Q: How long must I work at a particular compensation level for it to qualify as my highest "Monthly Compensation"?

A: Please see SPD page 3 ("Retirement Benefits") and SPD Section IV.A.1 on pages 12-13.

Q: Assume that, as a regular employee, I take a temporary position at a higher rate of pay and later return to my regular position. At retirement, if the pay rate for that temporary position turns out to be the highest I ever received during my CTA career, would the temporary position pay rate be my "highest Monthly Compensation" and used in calculating the amount of my retirement benefit?

A: Please see SPD page 3 ("Retirement Benefits") and SPD Section IV.A.1 on pages 12-13.

Q: Does the employer contribution to my 401(k) count toward my retirement?

A: Please see SPD Section IV.A.1(c) on page 12.

Q: Can I take a cash, lump sum payment in lieu of monthly payments?

A: Please see SPD Sections V.A and V.B on pages 16-17.

Q: When I decide to retire, is there any advantage to putting off receiving the benefit?

A: Please see SPD pages 4-5 ("Important Information to Avoid Loss of Benefits" – especially item 5), SPD Sections IV.A and IV.B on pages 11-15, and SPD Section VII.A on page 19.

Q: If I retire after age 50 but before age 55, how is my benefit calculated?

A: Please see SPD Section IV.B on pages 14-15.

Q: After I retire, when can I expect my first check?

A: Please see SPD Section III on pages 10-11.

Disability Benefit:

Q: Is there any provision for disability retirement benefit?

A: Please see SPD Section III.B on page 11 and Section VII on page 19.

**QUESTIONS & ANSWERS
ABOUT YOUR CTA EMPLOYEES' RETIREMENT BENEFITS TRUST**

Contributions:

Q: Can an employer require its employees to make contributions to the Plan?

A: Please see SPD Section I.B on page 8.

Breaks-in-Service:

Q: I am vested in my benefit under the Retirement Plan, can I have a break-in-service that would cause me to lose my vesting?

A: Please see SPD Section II.B on page 10, SPD Section VII.A on page 19, SPD Section VIII on page 20, and SPD Sections IX.A-C on pages 20-21.

Plan Benefit Options:

Q: Does the plan have provisions for Domestic Partners?

A: Please see SPD Sections V.A-D on pages 16-17 and SPD Section VI on pages 17-19.

Q: I am not married, is there an option where I designate my children to receive my benefits upon my death?

A: Please see SPD pages 3-4 ("Death Benefits"), SPD Sections V.B.1-3 on page 16, and SPD Section VI on pages 17-19.

General Questions:

Q: Who do I contact with questions about my pension?

A: Contact the Plan Administrator identified on SPD page 5.

**CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN**

PLAN OFFICE

HEALTH SERVICES BENEFIT ADMINISTRATORS, INC.

**P.O. Box 2262
Livermore, CA 94551**

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E

**CTA EMPLOYEES' RETIREMENT BENEFITS TRUST AND
CTA EMPLOYEES' HEALTH AND WELFARE BENEFITS TRUST**

PARTICIPATION AGREEMENT

This Participation Agreement ("Agreement") is entered into by and between

(the "Employer") and the California Teachers Association Employees' Retirement Benefits Trust (the "Retirement Trust"), which is intended to constitute a tax-exempt trust pursuant to sections 401(a) and 501(a) of the Internal Revenue Code (the "Code"), and provides information with respect to the Employer's obligations in connection with the plan of retiree health benefits that may be provided from time to time (the "Retiree Health Benefits") by the California Teachers Association Employees' Health and Welfare Benefits Trust (the "Health Trust" and, together with the Retirement Trust, the "Trusts"), which is intended to constitute a tax-exempt trust pursuant to sections 501(c)(9) and 501(a) of the Code. The Employer agrees to participate in the CTA Employees' Retirement Benefits Plan (the "Retirement Plan") and, with respect to Retiree Health Benefits, the CTA Employees' Health and Welfare Benefits Plan (the "Health Plan" and, together with the Retirement Plan, the "Plans"), and to be bound by the trust agreements governing the Trusts (the "Trust Agreements").

A. Governing Documents.

The Employer agrees to be bound by all the terms and provisions of the Plans' governing documents, including the Trust Agreements; the formal Retirement Plan and Health Plan documents; rules, regulations and binding decisions previously adopted by the trustees of the Plans (the "Trustees"); any amendments to such documents, rules, and regulations; and any binding decisions hereafter adopted by the Trustees. If there is a conflict between the Plans and/or the Trust Agreements and this Agreement, the terms of the Plans and/or Trust Agreements, as the case may be, shall be controlling.

B. Plan Contribution Rules.

The Employer acknowledges that it has had the opportunity to review copies of both Trust Agreements and the Retirement Plan document (as amended to date) and has done

so to its satisfaction. Specifically, the Employer acknowledges that it is aware of and agrees to the specifics of the terms and provisions summarized below:

1. Eligibility (See Retirement Plan Section 2).

- (a) Subject to Section 1(b) below, an Eligible Employee (as defined in Section 1.9 of the Retirement Plan) becomes a Member of the Retirement Plan as of the first day of the calendar month in which he or she first worked for the Employer as an Eligible Employee
- (b) An Eligible Employee who is a Temporary Employee (as defined in Section 1.29 of the Retirement Plan) becomes a Member of the Retirement Plan as of the earlier of: (1) the time specified in the applicable collective bargaining agreement between the Employer and an exclusive bargaining representative of its employees, or (2) the first day of the calendar month after the employee first completes 1,000 hours of service within the twelve (12) consecutive month period commencing with the date the employee first worked for the Employer, *provided* that, if a Temporary Employee does not complete 1,000 hours of service during such 12-month period, he or she shall become a Member of the Retirement Plan as of the first day of the calendar month in which he or she first completes 1,000 hours of service during any Plan Year (as defined in Section 1.21 of the Retirement Plan).
- (c) An Eligible Employee ceases to be a Member of the Retirement Plan when he or she retires, dies, or incurs a One-Year Break in Service (as defined in Section 1.7 (a) of the Retirement Plan).
- (d) A former Member who is rehired as an Eligible Employee is automatically reinstated as a Member of the Retirement Plan as of the first day of the calendar month in which he or she is rehired, *provided* that, if the former Member is rehired as an Eligible Employee *after* incurring a Permanent Break in Service (as defined in Section 1.7(b) of the Retirement Plan), he or she will become eligible for membership as a new Employee as provided under Sections 1(a) and 1(b) above.

2. **Contributions** (See Retirement Plan Section 4; Retirement Trust Article IV).

(a) ***Employer Contributions.***

By signing this Agreement, the Employer (i) agrees to make, for *all* of its Eligible Employees, all contributions necessary to fund the Retirement Plan pursuant to Section B.2(b) and Part C below, and (ii) also agrees to make contributions on behalf of *all* its Eligible Employees. *The Employer is obligated to remit the correct total amount of all Required Contributions to the Retirement Trust.*

(b) ***Remitting Required Contributions to Retirement Trust.*** Monthly, the Employer shall remit to the Retirement Trust a Required Contribution (which shall include Member-Required Contributions) in an amount determined by the Trustees. Currently, the amount of the Required Contribution is 33.5% of the total of taxable wages, not including any taxable automobile allowances, for *all* the Employer's employees (*i.e.*, based on gross payroll, regardless of whether or not all of the Employer's employees are eligible to participate in the Retirement Plan).

(c) ***Required Contributions to Health Trust.*** The Employer acknowledges that the Trustees of the Health Trust currently require additional Employer Health Contributions with respect to Retiree Health Benefits in an amount expressed as a percentage (currently 8%) of the total taxable wages (based on gross payroll, as described in Section B.2(b) above), as determined by those Trustees. To the extent required, Employer Health Contributions with respect to Retiree Health Benefits shall be remitted to the Health Trust as described in Section B.2(b) above.

C. ***Due Dates.***

All Required Contributions shall be made monthly, or at more frequent intervals if required by the Plans' Trustees, and shall be submitted with such forms, in such manner and by such due dates as may from time to time be specified by the Plans' Trustees. The Employer is required to remit all such Required Contribution

payments for all periods through the effective date of such Employer's withdrawal from the Retirement Plan, subject to the notice requirement and other rules set forth in Section 10 of the Retirement Plan and the Trust Agreements. Delinquent payments shall bear interest and be subject to liquidated damages pursuant to applicable provisions of the Trust Agreements and such rules, regulations or binding decisions, if any, as the Plans' Trustees may adopt from time to time. The current remittance requirements established by the Trustees of the Retirement Trust are set forth below:

Contributions must be remitted by the Employer to the Plan no later than 60 days after the end of the month in which the payroll was earned. Contributions become delinquent at 90 days after the end of the month in which payroll was earned and are subject to 1.5% interest per month thereafter. If any Employer fails to make contributions plus interest within 90 days after close of its fiscal year, the Plans' Trustees may deem such Employer to have withdrawn from the Plan. In any event, if any Employer fails to make contributions plus interest within 8½ months after the close of its fiscal year, such Employer shall be deemed to have withdrawn from the Plans effective as of the end of such 8½-month period.

D. *Withdrawal Liability.*

The Employer acknowledges that the Employer will be subject to withdrawal liability as follows:

1. *Retirement Plan* (See Retirement Trust Section IV.B).

Withdrawal liability will generally be calculated using the "rolling five-year" method (also called the "one-pool" method) described in Section 4211(c)(3) of ERISA. The Trustees of the Retirement Trust have the power to make decisions regarding the applicability and calculation of withdrawal liability.

2. *Health Plan* (See Health Trust).

Withdrawal liability will generally be the difference between (a) the actuarial cost of Retiree Health Benefits accrued by Members of the Health Plan while employed by the withdrawing Employer and (b) the

portion of assets held by the Health Trust which, in the sole determination of the Trustees of the Health Trust, may be allocated to pay such benefits.

E. *Audits.*

The Employer acknowledges that the Plans' Trustees or their agents have the right to audit its records to ascertain if it is making or has made all contributions it is required to remit to the Trusts.

F. *Information.*

The Employer agrees to supply the Plans' Trustees or their agents with all information that they may require in order to determine when Employees are eligible to participate, the amounts of their benefits, the amounts of the Employer's Required Contributions, and any other information necessary to properly administer the Plans and Trusts.

G. *Collection Costs.*

The Employer agrees to pay all attorneys fees, audit fees and other collection costs incurred by the Plans' Trustees or their agents to collect all contributions required to be made or remitted to the Trusts by the Employer.

H. *Effective Date.*

This Agreement and the participation of the Employer under the Trusts shall be effective as of date this Agreement is signed on behalf of the Trustees of the Retirement Trust and shall remain in effect until terminated in writing in accordance with Section 10.2 of the Retirement Plan and applicable provisions of the other governing Plan documents.

{execution page follows}

EXECUTION OF PARTICIPATION AGREEMENT

Witness the execution of this Agreement by the Employer (by its duly authorized officer or employee) on the date indicated below.

(*Name of Employer*)

(*Signature*)

Name _____

Title _____

Date _____

Received and accepted on behalf of the Board of Trustees of the CTA Employees' Retirement Benefits Trust, and **received** by the CTA Employees' Health and Welfare Benefits Trust, on the dates indicated below.

**CTA EMPLOYEES' RETIREMENT
BENEFITS TRUST**

**CTA EMPLOYEES' HEALTH AND
WELFARE BENEFITS TRUST**

(*Signature*)

Name _____

Title _____

Date _____

(*Signature*)

Name _____

Title _____

Date _____