

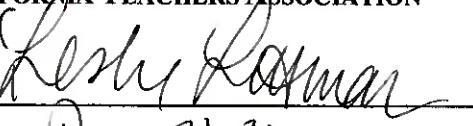
**THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFITS PLAN**

(As Amended and Restated Effective January 1, 2021)

EXECUTION

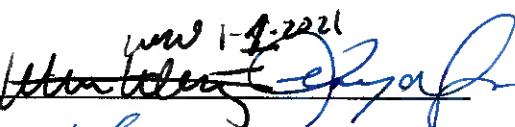
The undersigned hereby amend and restate The California Teachers Association Employees' Retirement Benefits Plan in its entirety to read as set forth in this document, effective as of January 1, 2021, and the other dates set forth herein. This Plan document may be executed in two or more counterparts, each of which shall be deemed originals, and all of which taken together shall constitute one instrument.

CALIFORNIA TEACHERS ASSOCIATION

By: 

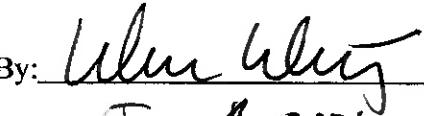
Dated: Dec 31, 2020

CALIFORNIA STAFF ORGANIZATION

By: 

Dated: 14 January 2021

CALIFORNIA ASSOCIATE STAFF

By: 

Dated: Jan 8, 2021

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

(As Amended and Restated Effective as of January 1, 2021)

TABLE OF CONTENTS (Continued)

	<u>Page</u>
<u>TABLE OF CONTENTS</u>	
	<u>Page</u>
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 “Bargaining Parties”	5
1.6 “Board”	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

TABLE OF CONTENTS (Continued)

	<u>Page</u>
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	10
1.18 “Normal Retirement Age”	10
1.19 “Participating Employer”	10
1.20 “Plan”	10
1.21 “Plan Year”	10
1.22 “Prior Board”	10
1.23 “Prior Plan”	11
1.24 “Prior Trust”.....	11
1.25 “Rehired Member”	11
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”	12

TABLE OF CONTENTS (Continued)

	<u>Page</u>
1.33 "Vested Member"	12
1.34 "Year of Credited Benefit Service"	12
1.34.1 Prior Plan Service	13
1.34.2 If Qualified for Disability Benefit.....	13
1.34.3 Exclusions	13
1.34.4 Unused Sick Leave Credit	14
1.35 "Year of Vesting Service"	14
1.35.1 Exclusions	14
1.35.2 Partial Credit for Required Contributions.....	15
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
2.4 Termination of Membership	16
2.5 Rehired Members.....	16
2.5.1 Rehired <i>Before</i> Permanent Break in Service	16
2.5.2 Rehired <i>After</i> Permanent Break in Service	16
2.5.3 Retired Annuitant.....	16
2.6 Benefit Accruals.....	17
SECTION 3. SERVICE	17
3.1 Military Service	17
3.1.1 Service Credits Upon Reemployment.....	17
3.1.2 Employer Contribution Payment	18

TABLE OF CONTENTS (Continued)

	<u>Page</u>
3.1.3 Death During Military Service.....	18
3.2 Rehired Members.....	18
3.3 Service With Multiple Employers	20
SECTION 4. CONTRIBUTIONS	20
4.1 Employer Contributions.....	20
4.1.1 Actuarial Basis	20
4.1.2 Anti-Spiking Rule	20
4.1.3 Unused Sick Leave Credit	21
4.1.4 Non-Reversion Rule.....	22
4.2 Required Contributions.....	22
SECTION 5. RETIREMENT DATES	22
5.1 Normal Retirement.....	22
5.2 Early Retirement	23
5.3 Delayed Retirement	23
5.4 Required Beginning Date.....	23
5.5 Special Rules Governing Delayed Retirement Benefits	24
5.5.1 General Rules.....	24
5.5.2 Actuarial Increase	24
5.5.3 Benefit Suspension Notices	24
5.5.4 Benefit Adjustments.....	25
5.6 Required Commencement Date for Vested Members Who Terminate Employment Prior to Normal Retirement Age	25
SECTION 6. RETIREMENT BENEFITS.....	26
6.1 Benefit Accrual	26
6.2 Benefit at Normal Retirement.....	26

TABLE OF CONTENTS (Continued)

	<u>Page</u>
6.3 Early Retirement	26
6.3.1 Eligible Members.....	26
6.3.2 Ineligible Vested Members	27
6.4 Delayed Retirement	28
6.5 Supplemental Increases.....	28
6.5.1 Future Increases	28
6.5.2 Prior Increases.....	28
6.5.3 Effective in 1999	28
6.5.4 1999 Purchasing Power Adjustment.....	28
6.5.5 Effective in 2000.....	29
6.5.6 2000 Purchasing Power Adjustment.....	29
6.5.7 2007 Purchasing Power Adjustment.....	30
6.6 Special Purchasing Power Adjustment for Members Retired Before September 1, 1989	30
6.6.1 Special Purchasing Power Adjustment Definitions.	31
6.6.2 Purchasing Power Adjustment for 2010	31
6.6.3 Purchasing Power Adjustment for 2011	33
6.6.4 Purchasing Power Adjustment for 2012	33
6.6.5 Purchasing Power Adjustments for 2013 and Thereafter	34
6.6.6 Special Rule for Updated Purchasing Power Index in 2013 and Thereafter.....	34
6.7 Maximum Accrued Benefit.....	35
6.8 Prior Benefit Accruals.....	35
SECTION 7. FORM AND PAYMENT OF BENEFITS	35
7.1 Payments of Benefits	35

TABLE OF CONTENTS (Continued)

	<u>Page</u>
7.2 Commencement of Payments	35
7.3 Suspension of Benefits When Membership Renews	36
7.3.1 Work 40 or More Hours During Month.....	36
7.3.2 Benefit After Suspension	36
7.3.3 Suspension of Alternate Payee's Benefit Payments.....	37
7.3.4 Retired Annuitant.....	37
7.4 Termination of Payments.....	37
7.5 Normal Form of Payment — Married Members	37
7.5.1 Spousal Consent.....	37
7.5.2 Marital Status.....	38
7.5.3 Special Effective Date Rule	39
7.6 Normal Form of Payment — Unmarried Members.....	39
7.7 Optional Single Life Annuity Form.....	39
7.8 Optional Joint and Contingent Annuity Forms.....	40
7.8.1 Standard Joint and 100% Contingent Annuity.....	40
7.8.2 Pop-Up Joint and 100% Contingent Annuity	40
7.8.3 Standard Joint and 75% Contingent Annuity.....	41
7.8.4 Pop-Up Joint and 75% Contingent Annuity	41
7.8.5 Standard Joint and 50% Contingent Annuity.....	41
7.8.6 Pop-Up Joint and 50% Contingent Annuity	41
7.9 Social Security Adjustment Option	42
7.9.1 General Rule.	42
7.9.2 Restriction While Plan is in Critical Status.....	42
7.10 Application and Election Procedures.....	43

TABLE OF CONTENTS (Continued)

	<u>Page</u>
7.10.1 Election of Optional Form	43
7.10.2 Written Explanation	43
7.10.3 Time Periods for Providing Information.....	44
7.10.4 Limited Time Option to Reconsider Election.....	44
7.11 Beneficiaries	45
7.11.1 Changes.....	46
7.11.2 No Surviving Beneficiary	46
7.11.3 Form of Designation	46
7.11.4 Prior Plan Beneficiaries	47
7.11.5 Automatic Revocation of Beneficiary Designation for Pre- Retirement Death Benefits.....	47
7.12 Persons to Whom Benefits are Payable	47
7.12.1 General Rule	47
7.12.2 Qualified Domestic Relations Orders	48
7.12.3 Death of Alternate Payee	49
7.13 Verification and Unclaimed Benefits.....	50
7.13.1 Failure to Provide Pensioner Verification.....	50
7.13.2 Unclaimed Benefits.....	50
7.13.3 Reinstatement of Benefit.....	50
7.13.4 Starting Date of Reinstated Benefit	51
7.14 Claims Procedures.	51
SECTION 8. OTHER BENEFITS.....	56
8.1 Disability.....	56
8.1.1 Eligibility	56
8.1.2 Additional Accruals	56

TABLE OF CONTENTS (Continued)

	<u>Page</u>
8.1.3 Amount	56
8.1.4 Definition	57
8.1.5 Application.....	57
8.1.6 First Payment	57
8.1.7 Form.....	57
8.1.8 Prior Plan Members	58
8.2 Termination of Employment Before Vesting	58
8.3 Death Benefits.....	58
8.3.1 Prior to Retirement.....	58
8.3.2 After Retirement	60
8.4 Rules Governing Rollovers.....	60
8.4.1 Direct Rollovers.....	60
8.4.2 Nonspousal Beneficiary Rollovers	61
8.5 Restriction While Plan is in Critical Status.....	61
SECTION 9. AMENDMENT AND TERMINATION	62
9.1 General Rules.....	62
9.1.1 Vesting Rule Change	62
9.1.2 Vesting Upon Plan Termination	62
9.2 Distribution Upon Termination.....	62
9.3 Plan Merger.....	63
9.4 Multiemployer Plan Status.....	63
SECTION 10. WITHDRAWAL FROM THE PLAN BY INDIVIDUAL EMPLOYERS	64
10.1 Withdrawal Liability Rules.....	64
10.2 Voluntary Withdrawal	64

TABLE OF CONTENTS (Continued)

	<u>Page</u>
10.3 Participating Employer's Failure to Contribute.....	64
10.4 Participating Employer's Participation Jeopardizes Plan Qualification	65
SECTION 11. PRETERMINATION LIMITATIONS ON BENEFITS	65
11.1 General Rules.....	65
11.2 Other Applicable Rules.....	66
11.2.1 Trust Fund Reversions	66
11.2.2 Withholding Restricted Benefits.....	66
SECTION 12. MAXIMUM BENEFITS PERMITTED BY LAW	66
12.1 General Rule	66
12.2 Specific Inclusions	66
12.3 Limitation Year.....	67
SECTION 13. CONTINGENT TOP-HEAVY RULES	67
13.1 General Rule	67
13.2 Determination of Top-Heavy Status	67
13.2.1 Determination Date.....	67
13.2.2 Top-Heavy Status.....	67
13.2.3 Key Employees	68
13.2.4 Aggregation Rule	68
13.2.5 Special Rules.....	68
13.3 Special Vesting and Minimum Benefit Rules.....	69
13.3.1 Vesting	69
13.3.2 Special Minimum Benefit Rules.....	69
13.3.3 "Top-Heavy Compensation".....	70

TABLE OF CONTENTS (Continued)

	<u>Page</u>
SECTION 14. PURCHASE OF ADDITIONAL BENEFITS	70
14.1 General	70
14.2 Source of Contributions	70
14.2.1 Conduit IRA Only Permitted Source	70
14.2.2 Lump Sum Rollover Transfer	71
14.3 Accumulated Voluntary Contributions	71
14.4 Amount of Benefit	71
14.5 Form of Payment.....	71
14.6 Death Benefits.....	72
14.6.1 Beneficiary's Election of Modified Benefit Form	72
14.6.2 Beneficiary's Election of Lump Sum Payment	72
14.7 Estimated Additional Benefit Calculations.....	73
14.8 Administrative Expenses	73
14.9 Insurance	74
SECTION 15. CORRECTION OF ERRORS	74
15.1 Generally.....	74
15.2 Correction of Errors	74
15.3 Benefit Overpayments	74
15.4 Benefit Underpayments	75
15.5 Timing of Correction	75

EXHIBITS

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, 2021)

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, 2021 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 “**Bargaining Parties**” has the meaning set forth in Paragraph A of the Preamble.

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

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);

(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.

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. Effective January 1, 2020, the term "Employee" excludes any individual who is classified by the Employer as an independent contractor or a "leased employee", as defined in section 414(n) of the Code, even if a court or administrative agency later determines that such individual is a common law employee.

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, automobile allowance, and the Participating Employer's payments for group insurance, retainer fees or the like. Unused sick leave or vacation 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.*, \$290,000 (as indexed, effective January 1, 2021), 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. An Eligible Employee who is a Member of the Plan shall be entitled to no more than 1/12th of a Year of Credited Benefit Service for any calendar month of employment, and 12 months of Credited Benefit Service in any Plan Year. 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. For a Member who is represented by the CAS, the portion of a Year (or the number of Years) of Credited Benefit Service to be credited pursuant to this Section 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 if the Member has exactly 225 days of such unused sick leave. For a Member who is represented by the CSO or is not represented by a Union, the portion of a Year (or the number of Years) of Credited Benefit Service to be credited pursuant to this Section shall be determined by multiplying the number of days of such unused sick leave by 0.004, *i.e.*, exactly one Year of Credited Benefit Service shall be credited if the Member has exactly 250 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.

2.5.3 Retired Annuitant. Notwithstanding Sections 2.5, 2.5.1, and 2.5.2, an Eligible Employee who is receiving any type of retirement benefit under this Plan and is employed as a Retired Annuitant, as that term is defined in any applicable collective bargaining agreement, contract of employment or their Participating Employer’s standard personnel policies, shall become a Member as of the first day of the calendar month (1) after the Retired Annuitant first completes 1,000 Hours of Service as a Retired Annuitant (“Retired Annuitant Hours of Service”) within the 12 consecutive month period commencing with the day on which the first of such Retired Annuitant Hours of Service was performed, or (2) in which they first

complete 1,000 Retired Annuitant Hours of Service during any Plan Year (assuming that they do not complete 1,000 Retired Annuitant Hours of Service within their initial 12 consecutive month period), commencing with the Plan Year beginning after the day on which they first performed a Retired Annuitant Hour of Service. Upon becoming a Member, a Retired Annuitant shall be subject to the suspension of benefits provisions in Section 7.3 and shall not be subject to the provisions in Section 3.2 regarding service for Rehired Members.

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.

3.1.3 Death During Military Service. Effective for distributions on or after January 1, 2007, if a Member dies while performing qualified military service (as defined in Internal Revenue Code Section 414(u)), the Member's surviving spouse or Beneficiary will be entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan had the Member resumed and then terminated employment on account of death, and the period of the Member's qualified military service shall be fully credited towards Years of Vesting Service.

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 within 5 years after the first day the Rehired Member is subsequently employed.

(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.

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. Effective January 1, 2020, once a Member who remains in employment with a Participating Employer beyond his or her Normal Retirement Age attains age 72, 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 72. 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 72 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 $70\frac{1}{2}$, 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 $70\frac{1}{2}$ 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.

5.6 Required Commencement Date for Vested Members Who Terminate Employment Prior to Normal Retirement Age. If a Vested Member terminates employment with all Participating Employers prior to attaining Normal Retirement Age, payment of his or her Plan benefits must commence no later than the first day of the calendar month next succeeding the Member's 65th birthday or the date the Member attains age 65 if that day is the first day of a calendar month.

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 1.2), 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 for Benefits Earned Prior to 1/1/21</i>	<i>Percentage of Accrued Benefit for Benefits Earned Beginning 1/1/21</i>
50	66%	44%
51	72%	47%
52	78%	51%
53	85%	55%
54	92%	60%
55	100%	65%
56	100%	70%
57	100%	77%
58	100%	84%
59	100%	91%
60 and older	100%	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 for Benefits Earned Prior to 1/1/21</i>	<i>Percentage of Accrued Benefit for Benefits Earned Beginning 1/1/21</i>
50	64%	27%
51	69%	29%
52	74%	31%
53	79%	34%
54	84%	37%
55	89%	40%
56	91%	43%
57	93%	47%
58	95%	51%
59	98%	56%
60	100%	61%
61	100%	67%
62	100%	74%
63	100%	82%
64	100%	90%
65 and older	100%	100%

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.

6.4 Delayed Retirement. Subject to Sections 5.4 and 5.5.2, 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.

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 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.

6.7 Maximum Accrued Benefit. Notwithstanding any contrary Plan provision, in no event shall the Accrued Benefit of any Member exceed either: (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.

6.8 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.

In either case, if a Member who first retired prior to the attainment of Normal Retirement Age re-retires prior to the attainment of Normal Retirement Age, a new "annuity starting date" shall apply to any additional benefits accrued during the period of suspension of benefits, in accordance with Treasury Regulation section 1.401(a)-20.

7.3.3 Suspension of Alternate Payee's Benefit Payments. If a Member's benefits are suspended under Section 7.3, any portion of such benefits payable to an Alternate Payee of the Member pursuant to a QDRO shall also be suspended for such period as the Member's benefits are suspended. Upon reinstatement of the Member's benefits, payment of benefits to the Alternate Payee shall resume, and any actuarial increase in the amount of the benefits payable to the Member shall be apportioned between the Member and the Alternate Payee according to the terms of the QDRO.

7.3.4 Retired Annuitant. This section shall not apply to a Retired Annuitant until the first calendar month following the month in which the Retired Annuitant becomes a Member pursuant to Section 2.5.3.

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) Legally married, including, effective June 26, 2013, a marriage of same-sex individuals that is validly entered into in a state whose laws authorize the marriage of two individuals of the same sex, even if the individuals are domiciled in a state that does not recognize the validity of same-sex marriages 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, for purposes of applying the Normal form of Payment for Married and Unmarried Members (Sections 7.5, 7.5.1, and 7.6), Death Benefits (Section 8.3), Rules Governing Rollovers (Section 8.4), and any other provision of the Plan under which domestic partners may not be considered spouses for purposes of federal tax law governing the tax-qualified status of the Plan.

(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) Other than as provided in paragraph (a)(2), above, 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 432(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)), domestic partner (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)) 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. Subject to Section 7.11.5, 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.

7.11.5 Automatic Revocation of Beneficiary Designation for Pre-Retirement

Death Benefits. If a Member designates his or her lawful spouse (as described in section 7.5.2(a)(1)) or domestic partner (as described in Section 7.5.2(a)(2)) as the Member's Beneficiary for purposes of receiving payments by reason of the Member's death under Section 8.3.1, that designation shall be automatically revoked if, prior to the commencement of the Member's Retirement Allowance, the Member divorces or the domestic partnership is terminated.

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 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.

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, 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.

(e) **Benefit Suspensions.** If a Member's benefits are suspended under Section 7.3, any portion of such benefits payable to an Alternate Payee of the Member pursuant to a QDRO shall also be suspended for such period as the Member's benefits are suspended. Upon reinstatement of the Member's benefits, payment of benefits to the Alternate Payee shall resume, and any actuarial increase in the amount of the benefits payable to the Member shall be apportioned between the Member and the Alternate Payee according to the terms of the QDRO.

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.

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 follows:

(a) 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.

(b) 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)).

7.14 Claims Procedures.

(a) **Benefit Determinations.** The Board of Trustees shall have full discretionary authority to interpret Plan language and to decide all claims or disputes regarding right, type, amount, duration of benefits, or claim to any payment from this Plan. The Board, in its discretion, shall determine the rights of Members, Alternate Payees, and Beneficiaries to benefits under the Plan. The procedures specified in this Section shall be the sole and exclusive procedures available to any such individual who is dissatisfied with an eligibility determination or benefit award, or who is adversely affected by any action of the Board. This Section shall apply to and include any claim to benefits from this Plan or the Prior Plan, regardless of when the act or omission occurred upon which the claim is based. All benefit claim decisions will be made in accordance with the terms of the Plan.

(b) **Timing of Notice of Denial.**

(1) If a benefit claim is wholly or partially denied, the Board shall provide the claimant with written notice of the denial no later than 90 days after the claim is filed. If the Board determines that an extension of the time for processing the claim is needed due to special circumstances, it will notify the claimant of the special circumstances requiring the extension and the extended due date before the end of the 90-day period after receipt of the claim. The extended period must not exceed 180 days after receipt of the claim. If no notice of denial is provided as herein described, the claimant may appeal the claim as though the claim had been denied.

(2) In the case of a claim for Disability Benefits, the initial 45 day determination period may be extended for up to 30 days if such an extension is

necessary due to matters beyond the control of the Plan. The determination period may be further extended for up to an additional 30 days by an additional notification prior to the end of the first 30 day extension period. The notice of extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, the additional information needed to resolve those issues, and that the claimant shall be given 45 days to provide the specified information.

(c) **Contents of Notice of Denial.** A notice of denial of a claim shall be written in a manner calculated to be understood by the claimant, and shall set forth:

- (1) the specific reason(s) for such denial;
- (2) specific references to the pertinent Plan provisions on which the denial is based;
- (3) a description of any additional material or information necessary for the claimant to perfect the claim with an explanation of why such material or information is necessary;
- (4) a description of the appeal procedures, the time limits under the procedures and a statement regarding the claimant's right to bring a civil action under ERISA section 502(c) following a benefit denial; and,
- (5) in the case of an adverse benefit determination regarding Disability Benefits, if an internal rule, guideline, protocol, or other similar criterion was relied upon in making such determination, a statement to that effect and a statement that a copy of such criterion shall be provided to the Member free of charge upon request.

(d) **Appeal Procedures.** A claimant and/or a claimant's representative may appeal in writing the denial within 60 days (180 days in the case of a Disability Benefits claim) of the date the claimant receives notice of denial of the claim.

- (1) A claimant may submit written comments, documents, records and other information related to the benefit claim on appeal.
- (2) A claimant will be provided, upon request and free of charge, access to and copies of all documents, records and other information relevant to the benefit claim within the meaning of 29 C.F.R. § 2560.503-1(m)(8).
- (3) The review on appeal will consider all comments, documents, records and other information submitted by the claimant, without regard to whether such information was submitted or considered in the initial benefit denial.

(4) In the case of a claim for Disability Benefits, the Board will not give deference to the initial determination. Neither a person who made the initial determination nor such a person's subordinate will take part in the decision on appeal. In deciding an appeal that is based in whole or in part on a medical judgment, the Board will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. Upon request, the Board will identify to the claimant any medical or vocational experts whose advice was obtained in connection with the decision, whether or not the advice was relied upon in making the decision. The health care professional consulted on appeal will not be an individual who was consulted in connection with the initial benefit denial, or such a person's subordinate.

(e) Timing for Determination of Appeal and Notice of Determination.

(1) The Board will render a decision on appeal at the Board meeting immediately following the filing of the appeal, unless the appeal is filed within 30 days of the meeting, in which case the decision may be made at the second meeting following the appeal. If special circumstances require further extension, the decision will be made no later than the third meeting following the filing of the appeal. In such cases, the Board will notify the claimant in writing of the extension, describing the special circumstances and the date the determination will be made, before the extension begins.

(2) The Board will notify the claimant of the decision as soon as possible, but no later than five (5) days after the decision is made. The Board's response period will be extended by any additional time it takes for the claimant to provide any requested information.

(f) Content of Notice of Appeals Decision. A notice of a benefit

determination on appeal shall be provided in writing. If the appeal is wholly or partially denied, the notice shall provide the following information:

- (1) the specific reason(s) for the denial;
- (2) reference to the specific Plan provisions on which the denial is based;
- (3) a statement that the claimant is entitled to receive, upon request and free of charge, access to and copies of all documents, records and other information relevant to the benefit claim, within the meaning of 29 C.F.R. § 2560.503-1(m)(8);
- (4) for an appeal of a claim for Disability Benefits, if an internal rule, guideline, protocol, or other similar criterion was relied upon in making such

determination, a statement to that effect and a statement that a copy of such criterion shall be provided to the Member free of charge upon request; and, a statement regarding other voluntary alternate dispute resolution options.

(g) Requirement to Submit Denied Appeal to Final and Binding

Arbitration. Any controversy or claim arising from or relating to a denial by the Board of an appeal of an adverse benefit determination shall be settled by final and binding arbitration administered by the American Arbitration Association (“AAA”) under its Employee Benefit Plan Claims Arbitration Rules, which are incorporated by reference herein with the modifications set forth below. The decision of the arbitrator shall be final and binding and judgment on the award may be entered in any court having jurisdiction.

(1) In lieu of Rule 7 of the AAA Employee Benefit Plan Claims Arbitration Rules, the following rules for Initiation of Arbitration shall apply:

(i) Any claimant whose appeal of an adverse benefit determination has been denied, in whole or in part, may initiate an arbitration under these rules by writing to the AAA San Francisco Regional Office, One Sansome Street, Suite 1600, San Francisco, CA 94104, within 60 days (180 days in the case of a Disability Benefits appeal) of the date the claimant receives notice of denial of the appeal. If the claimant fails to initiate arbitration in accordance with this rule within the prescribed time period, the denial of the appeal by the Board shall be final and binding.

(ii) The request for arbitration should briefly outline the nature of the appeal. The request must be accompanied by a copy of the Denial of Appeal where available and by the filing fee provided under the AAA Employee Benefit Plan Claims Arbitration Rules.

(iii) Upon receipt by the AAA of the request for arbitration (demand) and the appropriate filing fee, the AAA shall send to the Plan written notice that arbitration has been requested. The notice shall state the name of the applicant (claimant) and the file number set forth on the Denial of Appeal where available. Upon receipt of written notice from the AAA, the Plan shall send to the AAA its share of the filing fee as provided in the AAA Employee Benefit Plan Claims Arbitration Rules, and copies of the Plan, the Trust Agreement, and any applicable collective bargaining agreement or participation agreement.

(2) In lieu of Rule 15 of the AAA Employee Benefit Plan Claims Arbitration Rules, the following rule for Appointment of an Arbitrator from the Panel shall apply:

The arbitrator shall be appointed in the following manner: immediately after the filing of the demand or submission, the AAA shall submit simultaneously to each party an identical list of names of persons chosen from the National Panel of Employee Benefit Plan Claims Arbitrators. Each party shall have fourteen (14) business days from the mailing date within which to strike any name on the list, number the remaining names to indicate the order of preference, and return the list to the AAA. If a party does not return the list within the time specified, all persons named therein shall be deemed acceptable. From among the persons who have been approved on both lists, and in accordance with the designated order of mutual preference, the AAA shall invite the acceptance of an arbitrator to serve. If the parties fail to agree upon any of the persons named, if those named decline or are unable to act, or if for any other reason the appointment cannot be made from the submitted lists, the administrator shall have the power to make the appointment from among the other members of this panel without the submission of any additional list.

(3) In lieu of Rule 20 of the AAA Employee Benefit Plan Claims Arbitration Rules, the following rule for Hearing on Documents Only shall apply:

Unless the arbitrator determines that an oral hearing is required, the hearing shall be held on documents only, and shall be conducted pursuant to the AAA Employee Benefit Plan Claims Arbitration Rules, as modified herein, and the administrative filing fee as provided in Section 7.14(g)(1) of the Plan shall apply. The arbitrator shall establish reasonable procedures and filing deadlines for each party to file initial and reply briefs.

(4) Effective for arbitration proceedings initiated on or after March 12, 2020, in lieu of Rule 22 of the AAA Employee Benefit Plan Claims Arbitration Rules, the following rule for Representation by Counsel shall apply:

Each party must either be represented by an attorney licensed to practice law in California and in good standing, or participate in the arbitration proceeding without representation.

(5) In addition to the AAA Employee Benefit Plan Claims Arbitration Rules as modified herein, the following rules shall apply:

(i) The arbitrator shall have sole jurisdiction to decide the arbitrability of a claim or dispute under this provision.

(ii) The arbitrator shall:

(A) Review the Board's determination under an "abuse of discretion" standard of review.

(B) Base any award on applicable provisions of the Employee Retirement Income Security Act of 1974, as amended; the Internal Revenue Code of 1986, as amended; and the terms of the Plan as interpreted by the Board.

(C) Make no award that alters or amends the terms of the Plan, the Trust Agreement, or any applicable collective bargaining agreement or participation agreement.

(h) **Requirement to Exhaust Administrative Remedies.** In the event of any dispute over benefits under this Plan, all remedies available to the disputing individual under this Section must be exhausted before legal recourse of any type is sought.

(i) **One Year Limitations Period.** Notwithstanding any other provision of the Plan, a civil action related to a claim for benefits must be filed within one year from the date on which the Board provides notice that the claimant's appeal has been denied, regardless of any state or federal statutes establishing provisions relating to limitations of actions.

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 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 shall be either: (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.** 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.** Effective January 1, 2020, 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 72. 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 in 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.

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. 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).

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. Nothing in this Section

shall limit the authority of the Board of Trustees under the Trust Agreement to demand and enforce the prompt payment of contributions to the Trust Fund, as required by any applicable collective bargaining agreement and/or Participation Agreement, including delinquent contribution payments.

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 \$230,000 dollar limit (as indexed, effective January 1, 2021) 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 \$185,000 (as indexed, effective January 1, 2021) specified in Section 416(i)(1)(A)(i) of the Code, 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 \$185,000 limitation in Section 13.2.3(a) (as indexed, effective January 1, 2021) 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 includable 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 includable 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.

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 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 Board in its sole and absolute discretion.

{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. For purposes of adjusting any benefit payable in a form that is subject to this Section C in Plan Years beginning on January 1, 2004 or January 1, 2005, the Applicable Interest Rate shall be the greater of: (i) the rate specified in the preceding sentence or (ii) 5.5%.

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** (§§ 5.5.4, 7.12.2, 7.13.3, 8.1.3 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 amended by Revenue Ruling 2007-67 (and as adjusted, modified, amended or superseded after November 6, 2007, 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

<i>Name of Participating Employer</i>	<i>Participation Effective Dates</i>		
	<i>Beginning¹ Prior Plan</i>	<i>Beginning² New Plan</i>	<i>Ending</i>
California Teachers Association			5/15/20
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		05/01/15
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	05/15/19
Montebello Teachers Association			
Mt. Diablo Education Association			
Mt. Hamilton Council, CTA/NEA ³			
Napa/Solano Education Council			08/31/01
NEA Jurpa		09/04/98	
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		

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>Beginning¹ Prior Plan</i>	<i>Beginning² New Plan</i>	<i>Ending</i>
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 8, 2008.

EXHIBIT C – 1999 PURCHASING POWER ADJUSTMENT FACTORS

TO

**THE CALIFORNIA TEACHERS ASSOCIATION
EMPLOYEES' RETIREMENT BENEFIT 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 BENEFIT 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%
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. Except as otherwise provided, the provisions of this amendment ceased to be effective as of December 31, 2008.

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 before January 1, 2008, and amends Section 12 of the Plan for such limitation years.

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 and before January 1, 2008.

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

2.1. “**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.