

**School District of Cameron
Employees Savings Plan
(403(b) Plan)**

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Appendix A – List of District-Approved Vendors

Article 1. The Plan

1.1 The Plan

School District of Cameron (“District”) maintains a savings plan for the benefit of eligible employees, known as the “School District of Cameron Employees Savings Plan” (“Plan”).

The Plan is a tax-sheltered annuity program intended to meet the requirements of section 403(b) of the Internal Revenue Code of 1986, as amended and is a defined contribution plan. The Plan shall be interpreted and administered to meet the requirement of such laws. Nothing contained in this Plan shall be deemed to constitute an employment contract or agreement for services between an employee who becomes a Participant and the District, nor shall it be deemed to give an employee any right to be retained in the employ of, or under contract to, the District. Nothing herein shall be construed to modify the terms of any employment contract or agreement for services between an employee and the District. The District intends that the Plan shall continue to be maintained by it for the above purposes indefinitely, subject always, however, to the rights of the School Board or the Plan Administrator to amend and terminate this Plan as herein set forth below.

1.2 Applicability of the Plan

The provisions of this Plan shall be effective as of the restated date of the Plan, that being January 1, 2008 (the “Effective Date”). The provisions shall be applicable only to the employees of the District in current employment on or after the Effective Date, except as specifically provided herein.

Article 2. Definitions and Construction

2.1 Definitions

Whenever used in the Plan, the following terms shall have the respective meanings set forth below unless otherwise expressly provided, and when the defined meaning is intended, the term is capitalized.

- (a) **“Active Participant”** means an Employee who satisfies the requirements of section 3.1.
- (b) **“Annuity”** means an individual contract under Code section 403(b) that includes an Annuity, which is a contract provided through an insurance company, under Code section 403(b)(1) and a custodial account, which is an account invested in mutual funds, under Code section 403(b)(7). Annuity shall not include life insurance contracts.
- (c) **“Annuity Starting Date”** means-
 - (1) the first day of the first period for which an amount is payable as an annuity, or
 - (2) in the case of a benefit not payable in the form of annuity, the first day on which all events have occurred that entitle a person to such benefit,

whether or not an amount is actually paid on such day.

The Annuity Starting Date shall be determined pursuant to the terms of the Annuity and the terms of this Plan.

- (d) **“Beneficiary”** means the person described in section 5.3(h) who is entitled to receive a death benefit payment.
- (e) **“Code”** means the Internal Revenue Code of 1986, as amended.
- (f) **“Contract Exchange”** means any such exchange of annuity contract or transfer of assets between Vendors.
- (g) **“Compensation”**
 - (1) **In General.** “Compensation” means an Active Participant’s total regular pay (before reduction by any compensation reduction agreements under Code sections 125, 132(f), 403(b) or 457(b)), plus overtime pay and bonuses, paid by the District to the Participant for employment services. The District may elect an alternative method of determining Compensation pursuant to regulations issued by the Internal Revenue Service. To the extent applicable, for purposes of the definition of Compensation, amounts under Code section 125 include any amounts not available to an Active Participant in cash in lieu of group health coverage because the Active Participant is unable to certify that he or she has other health coverage. An amount will be treated as an amount under Code section 125 only if the District does not request or collect information regarding the Active Participant’s other health coverage as part of the enrollment process for the health plan.
 - (2) **Limitation on Compensation.** Effective for Plan Years beginning after December 31, 2001, annual Compensation shall be limited for any Plan Year to \$200,000 per Active Participant (as adjusted by the Secretary of the Treasury for cost-of-living increases pursuant to Code section 401(a)(17)(B)). If a determination period consists of fewer than 12 months, the annual Compensation limit is an amount equal to the otherwise applicable annual Compensation limit multiplied by a fraction of which the numerator is the number of months in the short determination period and the denominator of which is 12.
- (h) **“Compensation Reduction Contributions”** means those contributions described in section 4.1.
- (i) **“Compensation Reduction Contributions Account”** means the separate account established with respect to each Participant as described in section 4.1.
- (j) **“District”** means the School District of Cameron.
- (k) **“District-Approved”** means those Vendors have signed the District’s Hold Harmless and Certification Agreement; District-Approved Vendors are listed in Appendix A.

- (l) **“Elective Deferral”** means an Employee contribution made to the Plan on a pre-tax (or Roth after-tax basis is permitted) pursuant to Article 4 of the Plan and within the same meaning of Compensation Reduction Contribution.
- (m) **“Eligible Employee”** means an Employee who satisfies the conditions of section 3.1(a) without regard to section 3.1(a)(1)(E) (relating to the submission of a Compensation Reduction Agreement).
- (n) **“Employee”** means –

- (1)a common-law employee of the District, or

- (2)a Leased Employee of the District to the extent required by Code Section 414(n)

The term Employee shall not include any individual designated by the District as an independent contractor, a consultant or an individual performing services for the District other than as an Employee, provided, however, that if such an individual is later reclassified as a common-law employee, such individual shall be eligible to participate in the Plan only as of the date of his or her reclassification prospectively, and upon completion of any applicable eligibility requirements described herein.

- (o) **“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended. ERISA is not applicable to the Plan as it is maintained by a governmental subdivision.
- (p) **“Highly Compensated Employee”** means, for the period after 1996, an Employee who-
 - (1)was a five-percent Owner at any time during the Plan Year or the proceeding Plan Year, or
 - (2)for the proceeding Plan Year, had a Compensation from the District in excess of \$80,000 (as adjusted for changes in the cost of living in accordance with Code Section 415(d)).

Employees who are nonresident aliens and who receive no earned income (within the meaning of Code Section 911(d)(2)) from the District that constitutes income from sources within the United States shall not be treated as Employees for the purpose of this subsection.

A former Employee shall be treated as a Highly Compensated Employee if he or she was a Highly Compensated Employee at separation from service or he or she was a Highly Compensated Employee at any time after attaining age 55.

Notwithstanding the foregoing, in all events the determination of who is a Highly Compensated Employee shall be made in accordance with Code Section 414(q) and the regulations issued thereunder.

- (q) **“Leased Employee”** means any employee described in Code Section 414(n)(2).

- (r) **“Non-Highly Compensated Employee”** means an Employee who is not a Highly Compensated Employee.
- (s) **“Participant”** means a person who is an Active Participant or was an Active Participant with amounts currently credited to him or her under this Plan.
- (t) **“Plan”** means the School District of Cameron Employees Savings Plan.
- (u) **“Plan Administrator”** means the person selected by the District pursuant to section 6.1 to administer the Plan.
- (v) **“Plan Year”** means the calendar year.
- (w) **“Pre-tax Elective Deferral”** means a Participant’s Elective Deferrals which are not includible in the Participant’s gross income at the time deferred and have been irrevocably designated as Pre-tax Elective Deferrals by the Participant in his or her deferral election. A Participant’s Pre-tax Elective Deferrals will be separately accounted for, as will gains and losses attributable to those Pre-tax Elective Deferrals.
- (x) **“Qualified Loan”** means a loan which meets the requirements of section 5.5.
- (y) **“Required Starting Date”** means the latest date on which benefit payments may commence as described in section 5.2(d).
- (z) **“Roth Elective Deferrals”** means a Participant’s Elective Deferrals that are includible in the Participant’s gross income at the time deferred and have been irrevocably designated as Roth Elective Deferrals by the Participant in his or her deferral election. A Participant’s Roth Elective Deferrals will be separately accounted for, as will gains and losses attributable to those Roth Elective Deferrals, in a Roth Elective Deferral account.
- (aa) **“Salary Reduction Agreement”** means the same as a Contribution Reduction Agreement as described in Section 3.3 of the Plan.
- (bb) **“School Board”** means the School Board of the School District of Cameron.
- (cc) **“Service”** means the employment service determined under section 3.4.
- (dd) **“Total Contribution”** means the sum of Compensation Reduction Contributions and the Matching Contributions made with respect to a Participant.
- (dd) **“Vendor”** means the District-Approved investment company or Vendor offering an Annuity under this Plan. Vendors approved by the District are listed in Appendix A.

2.2 Gender and Number

Except as otherwise indicated by the context, any masculine terminology shall also include the feminine, and the definition of any term in the singular shall also include the plural.

2.3 **Applicable Law**

To the extent not preempted by the laws of the United States, the laws of the state of Wisconsin shall be the controlling law in all matters relating to the Plan.

2.4 **Severability**

If a provision of this Plan shall be held invalid, the invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the invalid provision had not been included in the Plan.

2.5 **Headings**

The headings of this Plan are inserted for convenience or reference only, and they are not to be used in the construction of the Plan.

Article 3. Eligibility, Service, and Participation

3.1 **Active Participation**

(a) **Eligible Employees.**

- (1) **In General.** An individual shall be eligible to be an Active Participant in the Plan if the individual is not excluded under paragraph (2) and if the individual-
 - (A) is Employee of the District,
 - (B) is not a non-resident alien,
 - (C) earns sufficient income to be eligible to contribute at least \$200 per year, and
 - (D) has submitted an executed Salary Reduction Agreement to the Plan Administrator which remains in force.
- (2) **Exclusions.** An individual shall not be eligible to participate in the Plan if the individual is-
 - (A) a Leased Employee,
 - (B) a person who is employed as, or performs services as, an independent contractor as determined by the District, or employed pursuant to a supplier agreement, or any other contract or agreement under which such individual agrees or acknowledges that he or she is not eligible for benefits, or
 - (C) a person otherwise excludable under Section 403(b)(12) of the Code.

- (b) **Date of Entry.** An Eligible Employee shall become an Active Participant in the Plan on the first day of the first payroll period which begins on or after the date the Employee first satisfies the conditions of subsection (a) and which is administratively feasible.

3.2 **Duration of Active Participation and Reemployment**

A person shall cease to be an Active Participant on the date the person ceases to be an Eligible Employee, or fails to contribute in excess of \$200 per year. If an Employee terminates employment with the District and the Employee is subsequently reemployed as an Eligible Employee, the Employee's status as an Active Participant shall be immediately reinstated upon the filing of a new Compensation Reduction Agreement.

3.3 **Compensation Reduction Agreement**

- (a) **In General.** An Eligible Employee shall not become an Active Participant in the Plan unless the Employee has filed a Compensation Reduction Agreement with the Plan Administrator. A Compensation Reduction Agreement shall mean a written agreement between the Eligible Employee and the District under which the District reduces the Participant's Compensation with respect to employment services rendered after the effective date of the Agreement and the District agrees to contribute a Compensation Reduction Contribution to the Plan on behalf of the Eligible Employee equal to the amount of the reduction in the Employee's Compensation. The effective date of the Agreement shall be determined under the rules of the Plan Administrator, provided that such date may not precede the first day of the first payroll period beginning immediately after the date the Agreement is filed with the District.
- (b) **Amount of Reduction in Compensation.** The amount of the reduction in Compensation shall be that whole percentage of the Employee's Compensation on each payday specified by the Employee in his or her Compensation Reduction Agreement. However, the amount specified by the Employee shall not be less than one percent (1%) of the Employee's Compensation and shall not exceed an amount that would cause the contributions on behalf of the Employee to exceed the limitations specified in section 4.3(a).
- (c) **Changes in the Compensation Reduction Agreement.**
 - (1) **In General.** An Active Participant may change his or her Compensation Reduction Agreement at such time and such manner as provided under the rules of the Plan Administrator and such change will be effective as soon as administratively feasible after it is communicated to the Plan Administrator. However, such change shall not be applied retroactively to any Compensation that is currently available to the Active Participant without substantial limitations. If an Active Participant has a Compensation Reduction Agreement in effect for a Plan Year, the Active Participant shall be deemed to have elected to continue the same level of Compensation reduction until the Active Participant files a new Agreement.

- (2) **Other Terminations of the Agreement.** If an Employee ceases to be an Active Participant on account of a termination of employment, the Compensation Reduction Agreement shall be discontinued as of the date of the termination of employment. If an Active Participant is absent from active employment on account of an unpaid leave of absence (including a leave of absence on account of a disability (as defined by the Social Security Administration)), the Compensation Reduction Agreement shall be discontinued effective as of the first day of the leave of absence.

3.4 Service

- (a) **In General.** For the purposes of this Article, an Employee shall be credited with Service for the period of his or her employment service with the District after December 31, 1975, to the date of the Employee's termination of employment. All such periods shall be aggregated and in aggregating fractions of a month, 30 days shall be considered to be a period of one month and 12 months shall be considered to be a period of one year. An Employee shall be credited with Service for a period of military service to the extent required under Code section 414(u).
- (b) **Employment Prior to 1976.** With respect to employment service before January 1, 1976, an Employee shall receive credit for the period of his or her continuous employment from the last date of hire to January 1, 1976.
- (c) **Service Spanning.** If an Employee terminates employment with the District after December 31, 1975, but subsequently resumes employment with the District or an Affiliate before the first anniversary of his or her termination, the Employee shall be credited with Service for the period from the date of termination to the date he or she resumes employment with the District or an Affiliate.

3.5 Hours of Service

“Hour of Service” means-

- (a) One hour for each hour for which an Employee is directly or indirectly paid, or entitled to payment, by the District or an Affiliate for the performance of duties during the applicable period for which his or her Hours of Service are being determined under the Plan. These Hours shall be credited to the Employee for the applicable period in which the duties were performed.
- (b) One hour for each hour, in addition to the Hours in subsection (a) above, for which the Employee is directly or indirectly paid, or entitled to payment, by the District or an Affiliate, for which no duties are performed (irrespective of whether the employment relationship has terminated) during the applicable computation period, such as paid vacation, holidays, sickness, disability, layoff, and similar paid periods of nonworking time. These Hours shall be counted in the applicable period in which either payment is actually made or amounts payable to the Employee come due.
- (c) One hour for each hour of the normally scheduled work hours for each week during any period the Employee is on any leave of absence from work with the District or an

Affiliate for military service with the armed forces of the United States, but not to exceed the period required under the Uniformed Services Employment and Reemployment Rights Act of 1994 or other laws pertaining to veterans' reemployment rights; provided, however, if the Employee fails to report for work at the end of such leave during which he or she has reemployment rights, the Employee shall not receive credit for hours on such leave.

- (d) One hour for each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by the District or an Affiliate, with no duplication of credit for hours. Hours for back pay shall be credited to the applicable period in which such back pay arose.

When no time records are available, the Employee shall be given credit for Hours of Service based upon the number of normally scheduled work hours for each week the Employee is on the District's or Affiliate's payroll, as determined in accordance with reasonable standards and policies from time to time adopted by the Plan Administrator pursuant to regulations prescribed by the Secretary of Labor.

3.6 Termination of Employment

The date on which an Employee is considered to have terminated his or her employment shall be determined pursuant to the rules of the Plan Administrator.

3.7 No Enlargement of Employee Rights

Nothing contained in this Plan shall be deemed to give any Employee the right to be retained in the service of the District or an Affiliate or to interfere with the right of the District or Affiliate to discharge or retire an Employee at any time (subject to the provisions of the Age Discrimination in Employment Act, to the extent applicable).

Article 4. Contributions and Limitations

4.1 Compensation Reduction Contributions

(a) Contributions. Each participant may elect to contribute through payroll reduction an amount consistent with the terms and limitations described in this Article 4. The District shall provide each Participant with the necessary forms to elect the amount of Elective Deferrals. Such election shall provide that a Participant may elect to reduce his or her Compensation by such amounts and the Participant shall grant permission for the District to remit said amounts to the District-Approved Vendor of the Participant's choice. Such Compensation Reduction Contributions shall be paid over to the Vendor not later than the 15th business day of the month which immediately follows the month with respect to which the Active Participant's Compensation was reduced. All Participants shall have a fully vested and nonforfeitable interest in his Compensation Reduction Contribution Account.

Such contribution may be made as follows:

- (1) Pre-tax Elective Deferrals;

(2) Roth Elective Deferrals are permitted and shall be treated in the same manner for all Plan purposes as Pre-tax Elective Deferrals except as provided in Article 5.

The amounts contributed pursuant to this section shall be credited to the Compensation Reduction Contributions Account together with the gains, losses and earnings (if any) attributable thereto.

(b) Elections. As of the day a Participant meets the Eligibility requirements set forth in Article 3, and in accordance with the Date of Entry requirements set forth in Article 3, he or she may elect to contribute to the Plan. Subsequent to that date, a Participant may elect to start his or her election pursuant to this Article 4 at any time. Subsequent to the Participant's beginning election date, he or she may increase or decrease his or her election amount 3 times per Plan Year. A Participant may totally suspend his or her election at any time during the Plan Year. The District may reduce or totally suspend a Participant's election if the District determines that such election may cause the Plan to fail to satisfy any of the requirements of Article 4 or any qualifying provisions of Code Section 403(b).

4.2 Employer Contributions

(a) Non-elective Contributions. Subject to the limits described in this Article 4, the District may, in its sole discretion, make Non-elective Contributions to the Plan on behalf of each eligible Participant. Non-elective Contributions shall be allocated to the Non-elective Contribution accounts of each eligible Participant.

(b) Matching Contributions. Subject to the limits described in this Article 4, the District may, in its sole discretion, contribute to the Plan an amount to be determined by the District to the accounts of those Participants who make an Elective Deferral consistent with the terms of this Article 4. Matching Contributions shall be made to the Plan and allocated to the Matching Contribution accounts of Participants who meet the requirements of this subsection (b) as soon as administratively feasible after the end of the Plan Year.

4.3 Annuities and Plan Investments

(a) Annuities.

The contributions made under this Plan may be applied to the purchase of one or more Annuities issued by one or more District-Approved Vendors as selected and approved by the District. Beginning with the effective date of this Plan, contributions may only be made to those Vendors listed in Appendix A as District-Approved Vendors. An Annuity may be a group or individual annuity contract and may be a variable or fixed annuity (or both). For purposes of this document, an Annuity also includes those custodial accounts permissible under Code section 403(b)(7).

A Participant's interest in such an Annuity shall be nonforfeitable at all times and shall be nontransferable. The Annuity shall not contain any provision which is inconsistent with the provisions of this Plan.

The Vendor shall maintain records disclosing the status of each Participant who has a contract under the Plan and, at least quarterly, shall advise each Participant of the value of his or her Annuity.

(b) **Plan Investments.**

Each Participant shall have the right to direct the investment of the contributions made to the Plan on the Participant's behalf by notifying investing in custodial accounts which satisfy the requirements of Section 401(f)(2) of the Code. A Participant's contributions may be invested in the investment funds offered under the Plan in specified multiples established by the Vendor. A Participant's investment elections may be changed by the Participant at any time by notifying the vendor of such change in the manner prescribed by the Vendor. Such change shall be effective as of the next business day or as soon as administratively feasible thereafter.

4.4 **Limits on Contributions**

(a) **Section 402(g) Limit.** The Compensation Reduction Contributions made on behalf of an Active Participant for any Plan Year shall not exceed the greater of \$14,000 or the amount specified in Code section 402(g)(1) (as adjusted for changes in the cost of living pursuant to rules of the Internal Revenue Service).

(b) **Code Section 415 Limit.** The Total Contributions for a Plan Year on behalf of an Active Participant shall not an amount equal to the lesser of-

- (1) \$40,000 (adjusted for increases in the cost-of-living as specified by Treasury rules); or
- (2) 100 percent of the Active Participant's compensation for the Plan Year.

For the purposes of the preceding sentence, "compensation" shall have the meaning set forth in Code section 415(c)(3) and the Treasury regulations thereunder.

(c) **Recalculation of Limits.** The Plan Administrator may, at his or her discretion, establish a procedure to limit contributions by taking into account the following:

- (1) for the purpose of applying subsection (a) and Code section 402(g), elective contributions by a Participant under a plan maintained by another employer pursuant to Code section 401(k) or 403(b); and
- (2) for the purpose of applying the limitation of subsection (b) and Code section 415(c)(1), contributions made by or on behalf of a Participant under a qualified defined contribution plan maintained by a Controlled Employer.

4.5 **Distribution of Amounts in Excess of 402(g) Limit**

If a Participant files a written notification with the Plan Administrator not later than March 1 after the close of a Plan Year stating that the Participant has made elective deferrals within the

meaning of Code section 402(g) for such Plan Year in excess of the limitation of that section and stating the amount of such excess, then not later than the first April 1st after the close of the Plan Year, the Plan Administrator shall distribute to the Participant such allocated amount, adjusted for earnings, gains, and losses attributable thereto, subject to Code section 402(a) and to the extent provided by law.

4.6 Makeup Contributions for Military Service

Notwithstanding any provision to the contrary, contributions with respect to a period of qualified military service shall be provided in accordance with Code section 414(u).

4.7 Special Catch-Up Provision

In addition to the Catch-Up Contribution described in 4.6, a Special Catch-Up Provision, as specified in Code section 402(g), may allow participants to make additional contributions if, as of the preceding calendar year the participant has 15 or more full years with the Employer's employment and the participant's cumulative Plan contributions (not to include earnings on such contributions) total less than \$5,000 times years of employment with Employer. The Special Catch-Up Provision allows additional contributions up to a maximum of \$3,000 per year. Total cumulative Special Catch-Up contributions under this provision are limited to \$15,000. For participants age 50 and older, the first \$3,000 of any salary deferrals contributed each year in excess of the under-age 50 contribution limit is counted as a Special Catch-Up contribution until they are no longer eligible to make these contributions. Participants who want to maximize 403(b) Plan contributions should take advantage of the special catch-up provision as soon as possible after completing 15 years of service.

4.8 Catch-Up Contributions

In addition to the ability to make contributions under section 4.1 of the Plan, all Eligible Employees who have attained age 50 before the end of the calendar year shall be eligible to make "Catch-Up Contributions" in accordance with, and subject to the limitations of, section 414(v) of the Code as well as the special rule established under Section 402(g)(7)(A) of the Code. Such "age 50" Catch-Up Contributions shall be credited to the Participant's Compensation Reduction Contributions Account, but shall not be taken into account for purposes of the limitation on the maximum amount of such Participant's Compensation Reduction Contributions for a calendar year under section 402(g) of the Code or the limitation on contributions for a Plan Year under section 415(c) of the Code but shall be applied prior to the contributions under Section 402(g)(7)(A). Further, by allowing such "age 50" Catch-Up Contributions, the Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of sections 403(b) and 410(b) of the Code, as applicable.

4.9 Catch-Up Priority

In the event that a Participant is eligible for both catch-up provisions described in sections 4.7 and 4.8 above, the Special Catch-Up Provision must be utilized first.

4.10 Rollover Contributions

(a) Terms. The Plan may accept Rollover Contributions as specified in subsection (b) made

in cash (or such other form that may be acceptable to the District) on behalf of eligible Participants, but only if the Rollover Contributions qualify as tax-free rollovers as defined in Code Section 402 and any superseding guidance. If it is later determined that the amount received does not qualify as a tax-free rollover, the amount shall be refunded to the eligible Participant. Rollover Contributions shall be allocated to the eligible Participant's Rollover Contribution account.

(b) Eligible Plans. For the purposes of this Section 4.10, the following are eligible plans:

- i. Annuities described in Code Section 403(b) that are eligible to be rolled over and would otherwise be included in gross income.
- ii. A qualified plan described in Code Section 401(a) or 403(a) that are eligible to be rolled over and would otherwise be included in gross income.
- iii. An IRA or annuity described in Code Section 408(a) or 408(b) that are eligible to be rolled over and would otherwise be included in gross income.
- iv. An eligible Plan under Code Section 457(b) which is maintained by a state, political subdivision of a state or instrumentality of a state or political subdivision of a state that is eligible to be rolled over and would otherwise be included in gross income.

4.11 Contract Exchanges

Through September 24, 2007, Participants may exchange contracts/transfer assets out of Plan accounts on a tax-free basis to an outside Vendor under Revenue Ruling 90-24. After September 24, 2007, Participants may only exchange contracts/transfer assets to those Vendors who have entered into a written agreement with the District. Such Vendors are listed in Appendix A, as District-Approved Vendors or otherwise so designated by the District.

Article 5. Distributions

5.1 Distribution Upon a Severance from Employment

A Participant's account shall be available for distribution at any time after the Participant's Severance from Employment with the District. If the Participant severs employment with the District prior to age 55, that Participant may be subject to an early withdrawal penalty if his or her distribution is received in cash and not rolled into a qualified IRA or qualified plan. No benefit shall be payable before a Participant's severance from employment except as provided in section 5.3 and 5.7.

5.2 Distribution Upon Retirement

A retired Participant may receive a distribution pursuant to Section 5.1 only upon complete Severance from employment from the District. If the retired Participant is rehired by the District, that rehired retired Participant must stop receiving distributions while employed by the

District.

5.3 Distribution Prior to Severance from Employment

Prior to a Participant's severance from employment with the District, the portion of the Participant's account attributable to Elective Deferrals and all other vested accounts shall be available for distribution only after the Participant attains the age 59 ½ or attains disability status (as determined by the Social Security Administration).

5.4 Required Minimum Distributions

(a) **Required Minimum Distributions.** The required beginning date of a Participant for purposes of the Plan is the April 1 of the calendar year following the later of (i) the calendar year in which the Participant attains age 70 ½, or (ii) the calendar year in which the Participant retires from the District. Vendor contracts shall be required to include, and Vendors shall be required to administer, track, notify and distribute, the applicable requirements and distributions imposed by Code Section 401(a)(9). No payout option shall be permitted that fails to provide for the Participant or any Beneficiary to receive for each calendar year at least the amounts required to be distributed in accordance with Section 401(a)(9) of the Code. In addition, any distribution required under the incidental death benefit rule of Code Section 401(a)(9)(G) shall be treated as a distribution required under this section 5.4.

(b) Minimum Distribution Amount.

- (1) **In General.** A Participant who has attained the required beginning date shall receive a distribution for each calendar year commencing with the First Distribution Year which shall not be less than the Minimum Distribution Amount described in paragraph (2). The First Distribution Year shall be the later of the calendar year described in section 5.4(a). The Minimum Distribution Amount with respect to the First Distribution Year must be paid not later than the required beginning date. The Minimum Distribution Amount with respect to a calendar year which follows the First Distribution Year must be paid not later than December 31 of such calendar year.
- (2) **Minimum Distribution Amount.** The minimum distribution rules applicable to individual retirement annuities described in Code section 408(b) and individual retirement accounts described in Code section 408(a) apply to Code section 403(b) contracts. The minimum amount first distribution year and continuing through the year of death, shall not be less than the quotient obtained by dividing the value of the 403(b) account as the end of the preceding year by the distribution in the Uniform Lifetime Table in Code section 1.401(a)(9)-(9) using the individuals' age as of his or her birthday year. The surviving spouse of a Participant is not permitted to treat a Code section 403(b) contract as the spouse's own Code section 403(b), even if the spouse is the sole beneficiary.

5.5 Mandatory Cashout

If the amount accumulated under the Annuity as of a date that is on or about a Participant's date of termination of employment (as determined under the rules of the Plan) or on or about the date

of a later Annuity Starting Date is \$1,000 or less, the accumulated amount shall be payable in a lump sum amount to the Participant as soon as practical following such termination date or payable as of such later Annuity Starting Date. The value of the amount accumulated for such purpose in this subsection includes any rollover contributions (and earnings thereon) within the meaning of Code Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii) and 457(e)(16). If annuity payments to a Participant or a Beneficiary have commenced, no payment shall become payable under this section without the consent of the Participant or the Beneficiary (or both), where applicable.

5.6 Death Benefits

(a) **Beneficiary.** A Beneficiary for purposes of this Article 5 means the person or persons, including a trust or an estate, designated by a Participant, to whom benefits are payable when the Participant dies. A designation shall be made on a form prescribed by the District or the Vendor and will be effective as provided under the rules of the Vendor. If no Beneficiary is designated or a designation is revoked in whole or in part, or if a designated Beneficiary does not survive, the benefit shall be paid to the spouse of the Participant (if any) and if none, to the Participant's estate. If a Beneficiary who is entitled to a benefit dies before the Beneficiary's entire interest has been distributed to the Beneficiary, the remaining benefits shall be paid to the Beneficiary's estate.

(b) **Death After Distributions Have Started.** If a Participant's benefit payments have commenced in accordance with subsection (b) or in the form of annuity payments, but the Participant dies before the Participant's entire interest under the Annuity has been distributed to the Participant, the remaining portion of the Participant's interest under the Annuity shall be distributed in a manner at least as rapidly as under the method of distribution being used as of the date of the Participant's death.

(c) Death Before Distributions Have Started.

1. If a Participant dies before the start of benefit payments pursuant to subsection (b) and payments have not commenced in the form of annuity payments, the Participant's entire interest in the Annuity shall be paid to the Beneficiary within five years of the Participant's date of death or paid as provided in paragraph (2).
2. The Participant's remaining interest under the Annuity shall-
 - a. start not later than one year after the date of the Participant's death or such later date as prescribed by Treasury regulations, and
 - b. be distributed over the life or the life expectancy of the Beneficiary.

Notwithstanding subparagraph (A), if the Beneficiary is the spouse of the Participant, the rules of the Plan Administrator or the Vendor may allow the

Beneficiary to defer the start of benefit payments to the date the Participant would have attained age 70½ had the Participant survived. If the surviving spouse dies before distributions to the spouse begin, this subsection shall be applied by treating the spouse as though the spouse were the Participant.

- (d) **Payments to Children.** Pursuant to Treasury regulations, a benefit which is paid to a child shall be treated as if it had been paid to the surviving spouse if the benefits will become payable to the spouse when the child reaches majority or such other time as described under Treasury regulations, including as described in section 5.6(f) of this Plan.
- (e) **Limitations on Death Benefits.** Notwithstanding the provisions of this Section 5.6, following the death of the Participant, the portion of the Participant's account that is subject to the requirements of Section 401(a)(9) of the Code must be distributed to the Participant's Beneficiary at least as rapidly as required under Code Section 401(a)(9), the requirements of which are incorporated herein by reference.
- (f) **Non-spousal Beneficiary Rollovers.** Benefits received from a non-spouse beneficiary may be directly transferred to an IRA in that non-spouse beneficiary's name. The IRA is treated like an inherited IRA, so the benefits must be distributed in accordance with the distribution rules applicable to the Beneficiary, including required minimum distribution rules. The transferred IRA cannot be further rolled over. Under Code Section 403(b)(8)(B) as amended by 2006 Pension Act Section 829(a)(3), distributions to non-spouse beneficiaries do not have to be distributed in an immediate lump sum distribution, thus allowing the Beneficiary to defer taxation on the distribution.

5.7 In-Service Withdrawals

- (a) **Limitation on Withdrawal.** No distribution or withdrawal of a Participant's Compensation Reduction Contributions or Non-elective Contributions shall be allowed before termination of employment unless the Participant has attained age 59½ or has incurred a disability (as determined by the Social Security Administration). Hardship distributions are not permitted under the Plan.

5.8 Qualified Loans

Loans are not permitted under the Plan.

5.9 Direct Rollovers; Withholding

- (a) **Direct Rollovers.**
 - (1) **In General.** In the case of a distribution (or a withdrawal) that would be an eligible rollover distribution within the meaning of Code section 402 if made to the Participant or Beneficiary ("distributee"), the distributee may elect to the extent required by law and regulation and in the manner prescribed by the Plan Administrator, to have such distribution paid directly to an eligible retirement plan, as described in Code section 402(c)(8)(B). The amount of such direct rollover shall be limited to the amount of the eligible rollover distribution that would otherwise be includible in the distributee's gross income in the absence of a direct

transfer and without regard to the rollover rules of Code sections 402 and 403. No election may be made by a distributee pursuant to this section unless the distributee has received the notice prescribed by paragraph (2).

- (2) **Notice.** The Vendor shall furnish to a distributee a written notice at the time prescribed in paragraph (3) which describes-
- (A) the rules under which the distributee may elect to have an eligible rollover distribution paid in a direct rollover to an eligible retirement plan;
 - (B) the rules that require withholding of tax on the eligible rollover distribution if it is not paid in a direct rollover; and
 - (C) the rules under which the distributee will not be subject to tax if the distribution is contributed to an eligible retirement plan within 60 days of the distribution.
- (3) **Notification Period.** The notice required by paragraph (2) shall be furnished to the distributee not more than 180 days and not less than 30 days before the Annuity Starting Date. The Plan shall make no payment for 30 days following the date the Participant has been furnished with the notice unless the Participant, after receipt of the notice, has affirmatively elected to waive the 30-day period and to make or not to make a direct rollover. However, in no event shall the Plan make a distribution before the later of the eighth day after the notice has been furnished or the day benefits are otherwise payable under the rules of the Plan Administrator. The Participant shall be permitted to revoke a waiver of the 30-day period until the day specified in the preceding sentence.
- (b) **Withholding.** In the case of an eligible rollover distribution which is not directly transferred to an eligible retirement plan pursuant to subsection (a), the Plan shall reduce the amount of the distribution by the amount of the tax required to be withheld by law and regulations.

5.10 Nonalienation of Benefits

No Participant or Beneficiary entitled to receive benefits under this Plan shall have the power to sell, assign, transfer, pledge, or mortgage his or her benefits, nor shall such benefits be subject or liable to levy, sale, seizure, attachment, garnishment, or any other judicial process issued by or on behalf of any creditor of a Participant or Beneficiary. However, benefits may be reduced, offset, or transferred to the extent permitted under Code section 401(a)(13), including a reduction or offset for taxes required to be withheld, amounts assigned by a qualified domestic relations order, and amounts required to be paid to the Plan pursuant to a judgment, order, decree, settlement agreement or other order to pay that provides for an offset of benefits payable under the Plan.

The District shall establish a procedure to determine the qualified status of a domestic relations order and to administer distributions under a qualified order.

5.11 Incapacity

A person receiving or claiming benefits under the Plan shall be presumed to be mentally competent until the date on which the District (or the Vendor) receives written notice, in a form and manner acceptable to it, that such person is incompetent and that a guardian, conservator, or other person legally vested with the care of his or her person or estate, or both, has been appointed for the person.

5.12 Source of Benefit Payments

All benefits payable under this Plan shall be paid by the Vendor pursuant to the Annuities. The District shall have no liability or responsibility for benefits other than to pay premiums on the Annuities and to carry out other administrative responsibilities described in this Plan.

Article 6. Administration

6.1 The Plan Administrator

The District shall be the Plan Administrator, unless the School Board, at its sole discretion, selects another person to serve as the Plan Administrator.

The Plan Administrator shall hold office until the School Board appoints another person to serve in the Plan Administrator's place or until he or she resigns. The Plan Administrator may resign at any time on giving written notice to the District and he or she shall be deemed to have resigned upon leaving the employ of the District. In the event of a vacancy in the position of Plan Administrator, any officer of the District shall have authority to act as the Plan Administrator.

6.2 Power and Duties of the Plan Administrator

The Plan Administrator shall administer the Plan in accordance with its terms and shall have all powers necessary to carry out the provisions of the Plan. The Plan Administrator shall interpret the Plan and shall determine all questions arising in the administration, interpretation, and application of the Plan: Any such determination shall be binding and conclusive upon all persons.

The Plan Administrator may not participate in the decision of any question as to his or her own rights as a Participant, nor may the Plan Administrator receive any compensation from amounts accumulated under the Plan for his or her services with respect to the Plan if the Plan Administrator is receiving full-time pay from the District, except for the reimbursement of expenses properly and actually incurred. The Plan Administrator's rights as a Participant shall be determined by an officer of the District.

6.3 Lost Participants

The Vendor primarily and the Plan Administrator secondarily shall have the responsibility for locating missing participants in all cases except those required under Section 5.4. Locating lost participants for purposes of Section 5.4 shall be the sole responsibility of the Vendor.

6.4 Adoption of Rules and Regulations

The Plan Administrator may adopt such rules and regulations as he or she deems desirable for the administration of the Plan. The Plan Administrator may appoint the accountants, counsel, specialists, and other persons deemed necessary or desirable for the administration of the Plan. The Plan Administrator shall be entitled to rely conclusively upon any opinions or reports which shall be furnished to him or her by the accountant, counsel, or other specialist, and the Plan Administrator shall be fully protected in any action taken in good faith in relying upon such opinions and reports.

6.5 Payment of Expenses

Except for the administration fee which may be established by the Vendor, all expenses and costs of administering the Plan incurred by the Plan Administrator shall be paid by the District. Such expenses shall include any expenses incident to the functioning of the Plan Administrator, including, but not limited to, fees of accountants, counsel, and other specialists, and other costs of administering the Plan.

6.6 Immunity from Liability

To the extent permitted by law, neither the Plan Administrator, the officers of the District, or members of the School Board shall incur any liability with respect to this Plan for any action or failure to act, except when such action or failure to act is due to their, own gross negligence or willful misconduct. The District shall indemnify and hold harmless the Plan Administrator, the officers of the District, or members of the School Board against any claim, loss, damage, or expense, including counsel fees and amounts paid in settlement with the District's approval, which arises from any action or failure to act, except when it is judicially determined to be due to gross negligence or willful misconduct.

6.7 Claims Procedure

- (a) **In General.** The right of a Participant or Beneficiary to a benefit shall be determined by the Plan Administrator; provided, however, that the Plan Administrator may delegate his or her responsibility to the Vendor.
- (b) **Denial of Claim.** If a claim for benefits is wholly or partially denied, the claimant shall be given notice in writing of the adverse benefit determination within a reasonable time after the receipt of the claim, but not later than 90 days after the receipt of the claim. However, if special circumstances require an extension, written notice of the extension shall be furnished to the claimant before the termination of the 90-day period. In no event shall the extension exceed a period of 90 days after the expiration of the initial 90-day period.

The notice of the adverse benefit determination shall contain the following information written in a manner that may be understood by a claimant:

- (1) the specific reasons for the adverse benefit determination;
- (2) specific reference to pertinent Plan provisions on which the denial is based;

- (3) a description of any additional material or information necessary for the claimant to perfect his or her claim and an explanation of why such material or information is necessary;
 - (4) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the claim for benefits; and
 - (5) a description of the Plan's review procedures and the limits applicable to such procedures.
- (c) **Decision After Review.** The decision of the Plan Administrator with respect to the review of the adverse benefit determination shall be made promptly, but not later than 60 days after the Plan Administrator receives the request for the review. However, if special circumstances require an extension of time, a decision shall be rendered not later than 120 days after the receipt of the request for review. A written notice of the extension shall be furnished to the claimant prior to the expiration of the initial 60-day period.

The claimant shall be given a copy of the decision, which shall be written in a manner such that the claimant shall understand it and shall contain the provisions set forth in items (1) through (5) of subsection (b).

6.8 **Effect of a Mistake**

In the event of a mistake or misstatement as to the age or eligibility or Compensation or Service or period of active participation of a Participant, or the amount of the distributions of a Participant or a Beneficiary, the Plan Administrator shall, to the extent he or she deems it possible, make such adjustments as will in the Plan Administrator's judgment accord to such Participant or Beneficiary the credits or distributions to which he or she is properly entitled under the Plan.

6.9 **Determinations of Disability**

If the claim relates to a disability determination, determinations of the Plan Administrator shall include the information required under applicable federal and state regulations.

Article 7. **Amendment and Termination**

7.1 **Amendments**

- (a) **In General.** To the extent permitted by law, the District reserves the right to change the Plan by amendment (including retroactive amendments) if necessary or advisable for the purpose of conforming the Plan to the Code, or any other present or future laws relating to plans of this type, and to make other changes by amendment which it deems appropriate.

In addition, the Vendor may change an Annuity by amendment, provided that such change is consistent with the provisions of this Plan and the requirements of law.

(b) **Limitations on Amendments.** Notwithstanding subsection (a), no amendment to the Plan or an Annuity shall be adopted if-

- (1) it would operate directly or indirectly to give the District an interest in any fund or property held by the Vendor or any asset of the Plan, or it would permit any such fund, property, or asset to be used for or diverted to purposes other than the exclusive benefit of persons who are Participants or Beneficiaries; or
- (2) unless required or permitted by law, it would operate either directly or indirectly to reduce the value of a Participant's nonforfeitable interest in the amounts accumulated in his or her Annuity as of the time of the amendment, or it would eliminate an optional form of benefit available under the Plan or the Annuity.

7.2 **Discontinuance of Contributions and Termination**

The Board of Directors reserves the right to discontinue all contributions under this Plan at any time and the right to terminate the Plan at any time and distribute all Annuities held under the Plan.

* * * * *

Approved on the _____ day of _____, 20____.

SCHOOL DISTRICT OF CAMERON

By _____
(Name)
(Title)

Witnessed by:
