

**OREGON EPISCOPAL SCHOOL  
DEFINED CONTRIBUTION RETIREMENT PLAN**

**SUMMARY PLAN DESCRIPTION**

**Revised July 1, 2016**

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## **Summary Plan Description**

**July 1, 2016**

The Oregon Episcopal School Defined Contribution Retirement Plan (the Plan) was established effective November 1, 1969, by the Oregon Episcopal School (OES) and was last amended and restated effective January 1, 2015. This summary describes the Plan terms as of July 1, 2016. The Plan is for the benefit of eligible employees of OES.

The Plan is a defined contribution plan maintained pursuant to Section 403(b) of the Internal Revenue Code of 1986, as amended (Code). The Plan currently consists of group annuity contracts and custodial accounts with Teachers Insurance and Annuity Association (TIAA), College Retirement Equities Fund (CREF), and Fidelity Investments. The group annuity contracts and custodial accounts are hereinafter referred to collectively as “contracts,” and the companies are referred to as the “Insurance Companies.” This summary supplements the booklets provided by the Insurance Companies.

A copy of the complete Plan is on file in OES’s Human Resources Department at 6300 SW Nicol Road, Portland, Oregon 97223, and may be inspected by any Participant or beneficiary during business hours. In the case of any conflict between this summary plan description and the actual terms of the Plan, the terms of the Plan will control.

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## **1. ADMINISTRATION**

The Plan is sponsored by OES. OES's employer identification number is 93-0386915. The Plan number is 001.

The Retirement Plan Sub Committee of Finance is the Plan Administrator and can be contacted at the following address and telephone number:

Oregon Episcopal School  
6300 S.W. Nicol Road  
Portland, Oregon 97223  
Telephone: (503) 416-9382

The director of the Human Resources Department, Oregon Episcopal School is the agent for service of legal process, and process may be served on the agent at the address shown above. Service of process may also be made on the Plan Administrator.

The plan year is the calendar year ending each December 31.

## **2. PARTICIPATING EMPLOYERS**

OES is currently the only employer participating in the Plan.

## **3. HOURS OF SERVICE**

Hours of service are used in determining your eligibility to participate in the Plan (see Section 4).

An "hour of service" is any hour for which you are directly or indirectly paid, or entitled to payment, for duties performed, including hours for which back pay is either awarded or agreed to by OES.

Nonduty hours for which you are paid also count as hours of service if they are for vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence. No more than 501 hours of service will be credited for

any single continuous period of paid nonduty hours. In determining paid nonduty hours, payment does not include workers' compensation, unemployment compensation, disability insurance payments that are required by disability insurance law, or medical expense reimbursement payments.

Hours of service are also earned for employment with any member of OES's controlled group of companies.

#### **4. PARTICIPATION**

**(a) Elective Contributions.** All common-law employees of OES are eligible to make elective contributions to the Plan, except the following:

(i) Leased employees.

(ii) Students performing services while enrolled and regularly attending classes at OES, as described in Code Section 3121(b)(10).

(iii) Employees who normally work less than 20 hours per week. An employee is excluded under this paragraph only if:

- OES reasonably expects the employee to complete fewer than 1,000 Hours of Service during his or her first year of employment, and
- For each calendar year ending after the employee's first employment year, the employee completed fewer than 1,000 Hours of Service during the preceding 12-month period.

**(b) Matching Contributions.** All common-law employees of OES are eligible to receive matching contributions, except the following employees:

(i) Employees who are not eligible to make elective contributions under (a) above.

(ii) An employee who is an active participant in The Church Pension Fund Clergy Pension Plan (the CPF CPP) and with respect to whom OES makes contributions to the CPF CPP.

**(c) Commencement of Participation.**

**(i) Elective Contributions.** If you are an eligible employee under (a) above, you may begin making elective contributions beginning on the first day of the month after you first have an hour of service as an eligible employee (or on the first day of any subsequent month, if you do not elect to contribute immediately).

**(ii) Matching Contributions.** If you are an eligible employee under (b) above, you become a Participant for purposes of the OES's matching contributions on the first day of the month after you first have an Hour of Service as an eligible employee.

**(c) Cessation.** You cease to be a Participant if you die or if you receive a distribution of the entire amount of your accounts.

**(d) Resumption.** If you terminate employment and are later reemployed as an eligible employee, you are eligible to make elective contributions beginning on the first day of the month on or after your reemployment date (or on the first day of any subsequent month, if you do not elect to contribute immediately).

## **5. ELECTIVE CONTRIBUTIONS**

**(a) Amount Deferred.** You may elect to defer receipt of a percentage of your compensation and have OES contribute that percentage to the Plan. Your election must be made in accordance with procedures established by the Plan Administrator.

Elective contributions to the Plan may be either pre-tax elective contributions or Roth elective contributions (see (c) below).

**(b) Compensation.** Your "compensation" from which elective contributions can be made is equal to your W-2 earnings for the calendar year, plus your elective contributions to this Plan and your salary reduction contributions to a cafeteria plan, an eligible deferred compensation plan under Code Section 457(b), or a qualified transportation fringe benefit plan under Code Section 132(f)(4). Annual compensation over a dollar limit (\$265,000 for 2016, as adjusted in future years for cost of living), cannot be taken into account for any purpose under the Plan. For purposes of your Plan contributions, compensation does not include amounts paid to you for services performed before your participation began or after you cease to be an eligible employee.

Generally, amounts paid to you after severance from employment, such as severance pay, are excluded from your compensation for all Plan purposes. However, an award of back pay will be included in your Plan compensation for the period to which it relates, provided that it satisfies the general definition of "compensation" described above. In addition, if any of the following amounts are paid to you after severance from employment, they will be included in your Plan compensation if they satisfy the general definition of "compensation" and are paid by the end of the year in which you terminated employment (or, if later, within 2½ months after the termination):

(i) Payment of your regular compensation that you would have received as an active employee if your employment had not terminated.

(ii) Payment for your unused accrued leave that you would have been able to use if your employment had continued.

**(c) Pre-Tax and Roth Elective Contributions.** Elective contributions to the Plan may be either pre-tax elective contributions or Roth elective contributions, as described below.

**(i) Pre-Tax Elective Contributions.** Unless you elect otherwise, your elective contributions to the Plan will be treated as pre-tax elective contributions. Pre-tax elective contributions are not included in your taxable income for the year in which they are contributed. Your pre-tax elective contributions and any earnings on those contributions will be taxable to you when distributed unless they are rolled over to a tax-deferred vehicle.

**(ii) Roth Elective Contributions.** When you make a deferral election, you may irrevocably designate some or all of your elective contributions as Roth elective contributions. The amount of your Roth contributions is included in your taxable income for the year of the contribution. Your Roth contributions are credited to a separate Roth Elective Contributions Account, which is adjusted to reflect its share of gains, losses, and other credits and charges.

If your Roth Elective Contributions Account is distributed in a qualified distribution, no portion of the account is included in your taxable income. A “qualified distribution” is a distribution on account of your disability, death, or after you reach age 59½, provided that your Roth Elective Contributions Account has been held for at least five years. If the distribution of your Roth Elective Contributions Account is not a qualified distribution, the earnings on your Roth elective contributions will be taxable to you, unless they are rolled over to a tax-deferred vehicle.

**(d) Change of Election.** You may increase, decrease, or stop your elective contributions to the Plan, or change the type of elective contributions you make to the Plan, by submitting a new election to the Plan Administrator. If you stop your contributions, you may start making contributions again as of any subsequent pay date, subject to procedures adopted by the Plan Administrator.

You may change your investment choices as often as permitted by the contracts in which your accounts are invested (see Section 8(e)).

**(e) Payment of Elective Contributions to Plan.** Elective contributions will be withheld by OES from your compensation each pay date and promptly paid to the Plan.

**(f) Limitations on Contributions.**

**(i) Dollar Limitation on Elective Contributions.** Your elective contributions cannot exceed a specified dollar limitation in any

calendar year. The limitation for 2016 is \$18,000. This limitation may be adjusted in future years for cost of living. If your elective contributions (not counting any catch-up contributions made under (iii) below) exceed the dollar limitation, the excess amount, with any earnings on that amount, will be returned to you by April 15 of the following calendar year.

**(ii) Annual Addition Limitation.** Total contributions to your Pre-Tax Elective Contributions Account, your Roth Elective Contributions Account, and your Matching Contributions Account for a calendar year cannot exceed the lesser of \$53,000 (as adjusted after 2016 for cost of living) or 100 percent of your includible compensation for that calendar year.

**(iii) Catch-Up Contributions.** If you will be age 50 or older by December 31 of a calendar year, you may make elective contributions for that calendar year and later calendar years in excess of the limits described in (i) and (ii) above. These contributions are referred to as “catch-up contributions.” There is a dollar limit on the amount of catch-up contributions you can make during a calendar year. The catch-up contribution limit is \$6,000 for 2016.

## **6. MATCHING CONTRIBUTIONS**

**(a) Amount of Matching Contributions.** If you are eligible to receive matching contributions under Section 4(b), OES will make monthly matching contributions under the schedule in (a) or (b), as applicable:

**(i) General.** If you are not a member of the clergy, as defined in (b) below, OES will make monthly matching contributions to your Plan account under the following schedule:

(A) For each month in which your elective contributions are less than 2.5 percent of your compensation for that month, no matching contribution will be made.

(B) For each month in which your elective contributions are at least 2.5 percent, but less than 5 percent, of your compensation for that month, OES will make a matching contribution equal to 4 percent of your compensation for that month.

(C) For each month in which your elective contributions are 5 percent or more of our compensation for that month, OES will make a matching contribution equal to 7.5 percent of your compensation for that month.

**(ii) Members of the Clergy.** If you are a member of the clergy, OES will make monthly matching contributions to your Plan account under the following schedule:

(A) For any month in which your elective contributions are less than 5 percent of your compensation for that month, no matching contributions will be made.

(B) For any month in which your elective contributions are 5 percent or more of your compensation for that month, OES will make a matching contribution equal to 15 percent of your compensation for that month.

**(b) Member of the Clergy.** For purposes of the matching contribution provisions in (a) above, a “member of the clergy” is a Participant with respect to whom (i) and (ii) below are satisfied:

(i) OES, in its sole discretion, has determined that the Participant:

(A) To be ordained, commissioned, or licensed by a bona fide religious organization, regardless of faith;

(B) To have engaged in a serious and substantial course of study to become a clergy member; and

(C) To be in good standing as a clergy member with his or her governing religious organization.

(ii) Prior to January 1, 2016, the Participant has been designated by OES as a member of the clergy for purposes of this Plan.

**(c) Limitation on Matching Contributions.** If you are a highly compensated Participant, OES’s matching contributions for you are limited to an amount that will satisfy the actual contribution percentage test of Code Section 401(m).

If your matching contributions exceed this limitation, the excess and any income allocable to the excess will be returned to you by the date required by law. If you want more information about this limitation, please contact the Plan Administrator.

## **7. ROLLOVER CONTRIBUTIONS AND TRANSFERS**

**(a) Rollover Contributions.** Subject to the Plan Administrator’s approval, if you are a Participant and an eligible employee, you may make rollover contributions to the Plan.

If you have received an eligible rollover distribution from a tax-sheltered annuity of another employer or a qualifying distribution from a rollover individual retirement account or individual retirement annuity (IRA), you may deposit it in a Plan

rollover account within 60 days after receiving the distribution. (This 60-day deadline may be waived by the IRS in cases of hardship.) A rollover IRA is an IRA that holds only amounts that were rolled over from another 403(b) plan. You may also elect to have an eligible rollover distribution transferred directly to this Plan from a tax-sheltered annuity of another employer. The tax-sheltered annuity of the other employer will need to give the Plan Administrator a statement that the tax-sheltered annuity is intended to be a Code Section 403(b) Plan. The Plan will not accept rollovers of after-tax contributions other than amounts attributable to Roth contributions from another eligible retirement plan.

Your rollover account is always fully vested and is not subject to forfeiture for any reason. It is distributable at the same time and subject to the same rules as your elective and matching contributions accounts.

**(b) Transfers from Another Plan.** Subject to the Plan Administrator's approval, and if permitted by the contract under which your Plan accounts are invested, you may elect to have your account under another 403(b) plan transferred to this Plan in a plan-to-plan transfer.

## **8. INVESTMENT AND MAINTENANCE OF ACCOUNTS**

**(a) Fiduciary Committee.** A Fiduciary Committee appointed by OES is responsible for establishing a funding policy and investment objectives for the Plan and selecting and reviewing the performance of Plan investment managers. The Fiduciary Committee can be contacted at the Plan Administrator's address and telephone number (see Section 1).

**(b) Contracts.** Your accounts are invested in group annuity contracts or custodial accounts (contracts) provided by insurance companies selected by the Fiduciary Committee (the Insurance Companies).

**(c) Accounts.** The following separate accounts are maintained for you:

(i) A Pre-Tax Elective Contributions account, which is credited with your pre-tax elective contributions.

(ii) A Roth Elective Contributions Account, which is credited with your Roth elective contributions

(iii) A Matching Contributions Account, which is credited with matching contributions made by OES.

(iv) One or more Rollover Accounts, which are credited with your rollover contributions, if any.

(v) One or more Transfer Accounts, which are credited with amounts transferred from another plan, if any (see Section 7(b)).

**(d) Participant-Directed Investments.** Under Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended (ERISA), the Plan's fiduciaries (such as the Fiduciary Committee) may transfer the responsibility for the investment of individual accounts to Participants and beneficiaries. The Plan is an ERISA Section 404(c) plan and is intended to comply with ERISA Section 404(c) and the underlying Department of Labor regulation, 29 C.F.R. § 2550.404c-1, with respect to Plan accounts held by Participants, death beneficiaries, and alternate payees under qualified domestic relations orders (QDROs). This means that you are responsible for making the investment decisions for the assets in your accounts. The Plan's fiduciaries may be relieved of liability for any losses that result from your investment instructions.

**(e) Investment Election Changes.** You may change your investment election as permitted by the Insurance Companies at any time during the year by using any method provided by the Insurance Companies.

**(f) Investment Information.** When you first become eligible to participate, you will automatically receive certain information about the contracts available to you. Please contact the Fiduciary Committee if you do not receive the initial packet of investment information.

At your request, the following additional information will be provided to you:

(i) Copies of any prospectuses, financial statements and reports, and any other materials received by the Plan that relate to any contract. These materials will be provided only to the extent that they have actually been provided to the Plan.

(ii) A description of each contract's annual operating expenses. This includes, for example, investment management fees, administrative fees, transaction costs, and other costs that reduce your rate of return. You will also be provided with the total amount of these expenses, expressed as a percentage of the contract's net assets.

(iii) A list of the assets that make up each contract's investment portfolio, and the value of each asset or the proportion of the portfolio represented by the asset. If the asset is a fixed rate insurance contract issued by a bank, savings and loan association, or insurance company, you will also be provided with the name of the contract issuer, the term of the contract, and the contract's rate of return.

(iv) Information about the value of shares or units in any available contract, net of expenses, and the past and current investment performance of each contract.

(v) Information about the value of shares or units held in your account in a particular contract.

The Fiduciary Committee is responsible for providing the information described above if you do not receive it from an Insurance Company and can be contacted at the Plan Administrator's address and telephone number shown in Section 1.

**(g) Insurance Coverage.** The Plan is not insured under Title IV of ERISA because it is a defined contribution plan, and Title IV does not apply to defined contribution plans.

## 9. VESTING

Your accounts are always fully vested and are not subject to forfeiture for any reason.

## 10. MILITARY SERVICE

**(a) Qualifying Reemployment.** Under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), if you are absent from employment because of military service, you are generally entitled to reemployment rights and benefits if:

(i) You (or a military officer) provide advance notice of the military service to OES, unless advance notice is prevented by military necessity or is otherwise impossible or unreasonable.

(ii) Your military absence from OES is for a cumulative period of less than five years, unless a longer period is necessary to complete an initial period of obligated service or you are ordered to or retained on active duty.

(iii) You report to, or apply for reemployment with, OES within a certain number of days after the completion of your military service as follows:

<b><u>Period of Military Service</u></b>	<b><u>Reporting/Application Deadline</u></b>
Less than 31 days*	One day*
31-180 days	14 days
More than 180 days	90 days

\* If the period of military service is less than 31 days, or if the absence from employment is for the purposes of an examination to determine your fitness for military service, you must report to OES not

later than the first workday following completion of the military service and the expiration of eight hours after a period allowing for safe transportation to your residence.

If you are hospitalized for, or convalescing from, an illness or injury incurred in, or aggravated during, military service, you must report to OES or submit an application for reemployment at the end of the recovery period. The recovery period may not exceed two calendar years.

These deadlines may be extended if reporting by the deadline is impossible or unreasonable.

(iv) You did not receive a dishonorable discharge or another type of discharge or separation from service that terminates your USERRA rights.

(v) You provide documentation that requirements (ii) through (iv) are satisfied, if requested by OES and your military service is greater than 30 days. This documentation is not required if it does not exist or is not readily available.

**(b) Contributions.** On having a qualifying reemployment, you are entitled to receive certain benefits that you would have received had you remained in employment, but in no event will you be entitled to any greater rights than those provided under USERRA.

You may make elective contributions in an amount not exceeding the maximum amount you could have contributed if you had actually been employed by OES during your period of military service. These elective contributions may be made only during the period beginning with the date of your reemployment and continuing for the lesser of three times the period of your military service or five years. You must be employed by OES to make these contributions.

To the extent you make elective contributions to the Plan in accordance with the previous paragraph, your matching contributions account will be credited with OES's matching contributions that would have been made if the elective contributions had actually been made during the period of military service.

Your accounts will not be credited with any earnings on your military service contributions before the contributions are actually made.

**(c) Crediting of Service.** On qualifying reemployment, your military service is treated as service with OES for all purposes under the Plan. The entire period of absence due to or necessitated by the military service is treated as service with OES, including any necessary preparation time before beginning military service and the time after the completion of the military service within which you must apply for reemployment.

## 11. WITHDRAWALS DURING EMPLOYMENT

**(a) Age 59½ Withdrawals.** To the extent permitted under the contracts in which your accounts are invested, you may withdraw all or any portion of your accounts after you reach age 59½, even if you are still an employee. Withdrawals after age 59½ are not subject to the 10 percent additional tax under Code Section 72(t) (see Section 12(f)).

**(b) Hardship Withdrawals.** To the extent permitted under the contracts in which your accounts are invested, if you are not entitled to a distribution under Section 12, an age 59½ withdrawal under (a) above, or a withdrawal during military service or other uniformed service under (c) below, you may make withdrawals from your accounts only in the case of financial hardship.

In the case of hardship, you may withdraw only the amount required to meet the financial hardship that is not reasonably available from your other financial resources. The amount that may be withdrawn because of hardship is also limited to the principal amount of your contributions. Income allocated to your accounts cannot be withdrawn because of hardship.

A “hardship” is an immediate and heavy financial need and is limited to:

- (i) Expenses for, or necessary to obtain, medical care that would be deductible on your federal tax return (without regard to whether the expenses exceed 7.5 percent of your adjusted gross income) or that are incurred by your primary beneficiary as defined below;
- (ii) Payment of tuition, related educational fees, and room and board for the next 12 months of post-secondary education for you, your spouse, your children or other dependents, or your primary beneficiary;
- (iii) The purchase of your principal residence (excluding mortgage payments);
- (iv) Payments necessary to prevent your eviction from your principal residence or foreclosure on the mortgage of your principal residence;
- (v) Payments for burial or funeral expenses for your deceased parent, spouse, child, dependent, or primary beneficiary; or
- (vi) Expenses for the repair of damage to your principal residence that would qualify for the casualty deduction on your federal tax return (without regard to whether the loss exceeds 10 percent of your adjusted gross income).

Your “primary beneficiary” is an individual who has an unconditional right to receive all or any portion of your accounts in the event of your death (this does not include contingent beneficiaries).

A hardship withdrawal will be considered as necessary to meet the hardship if you have obtained all other currently available distributions and nontaxable loans under all other qualified and nonqualified retirement and deferred compensation plans maintained by OES or an affiliated employer. In addition, if you receive a hardship withdrawal, your elective contributions under this Plan (and, if applicable, under any other plan maintained by OES or an affiliated employer) must be suspended for six months after the date of the withdrawal.

Hardship withdrawals are generally subject to a 10 percent additional tax under Code Section 72(t), in addition to ordinary income tax (see Section 12(f) for more details). If you incur large uninsured medical expenses during the year in which you receive the withdrawal, the 10 percent tax might not apply to all or part of the withdrawal. You should contact a qualified tax adviser if you have questions about the additional tax.

**(c) Withdrawals During Military Service or Other Uniformed Service.** Special rules apply to Participants who leave their employment or take a leave of absence to serve in the uniformed services.

**(i) Qualified Reservist Distributions.** If you are a qualified reservist, you may withdraw all or any portion of your elective contributions account during the period beginning on the date you are ordered or called to active duty and ending at the close of the active duty period. A qualified reservist is a reservist who was ordered or called to active duty after September 11, 2001, for a period in excess of 179 days or for an indefinite period. Qualified reservist distributions are not subject to the 10 percent additional tax under Code Section 72(t) (see Section 12(f)).

**(ii) Other Distributions During Active Duty in the Uniformed Services.** You are eligible for a distribution of all or any portion of your elective contributions account during any period in which you are on active duty in the uniformed services for a period of more than 30 days. If you elect to receive a distribution under this rule, you will not be eligible to make elective contributions to the Plan during the six-month period beginning on the date of the distribution. Unless the distribution is a “qualified reservist distribution” described in (i) above, it generally will be subject to the 10 percent additional tax under Code Section 72(t) (see Section 12(f)).

## **12. DISTRIBUTIONS AFTER SEVERANCE FROM EMPLOYMENT**

**(a) Distributable Events.** If you are not eligible for a withdrawal under Section 11, you are entitled to a distribution of your accounts only if you have a severance from employment or become permanently and totally disabled.

As discussed in (e) below, your beneficiary is entitled to a distribution of your accounts if you die before receiving full payment.

**(b) When Payments Begin.** Subject to the small benefit cash-out rules in (c) below, payments to you generally will be made or begun within a reasonable time after you qualify for a distribution and file the appropriate application.

The normal retirement age under the Plan is age 65. However, you may qualify for a withdrawal or distribution before reaching normal retirement age, or, subject to the small benefit cash-out rules in (c) below, you may delay receipt of your Plan benefits. However, your Plan benefits must be paid or begun by the required beginning date described in (d) below.

If you terminate employment before your required beginning date, you will be notified of your right to delay receipt of your distribution and of the consequences of failing to defer receipt of the distribution. You will also be given a written explanation of the methods of distribution available to you, including financial information in dollar terms. Federal law requires that this notice and explanation be made available to you at least 30 days, but not more than 180 days, before your distribution is made or begun. You may waive the 30-day waiting period if certain requirements are met. In some limited situations, your distribution can be made or begun earlier than 30 days after you receive the notice and explanation. However, you will always have at least seven days from the date you received the notice and explanation to revoke your election. If you want your distribution to be made or begun on the date you select, you should contact the Plan Administrator about three to six months before that date.

### **(c) Cash Out of Small Benefits.**

**(i) Distributions to Participants.** If the total balance of your accounts under the Plan does not exceed \$1,000, your accounts will be distributed to you in one lump-sum payment within a reasonable time after you terminate employment, subject to your right to elect a direct rollover (see Section 13(c)).

**(ii) Distributions to Death Beneficiaries.** In the event of your death, if the total balance of your accounts does not exceed \$5,000, your accounts will be distributed to your death beneficiary in one lump-sum payment within a reasonable time after your death, subject to your beneficiary's right to elect a direct rollover.

**(iii) Distributions to Alternate Payee.** If the total amount awarded to an alternate payee under a qualified domestic relations order does not exceed \$5,000, that amount will be distributed to the alternate payee in one lump-sum payment within a reasonable time after the order is determined to be qualified, subject to the alternate payee's right to elect a direct rollover.

**(d) Required Beginning Date.** Payment of your account balances generally must begin by April 1 of the calendar year after the calendar year in which you reach age 70½. However, if you are still employed on the last day of the year in which you reach age 70½, payment must begin by April 1 of the calendar year after the calendar year in which you terminate employment. Once you reach your required beginning date, federal law requires that a certain minimum amount be distributed to you every year. These required minimum distributions cannot be rolled over (see Section 13(c)). If a required distribution is not made on time, you may be required to pay an excise tax equal to 50 percent of the distribution.

**(e) Death Benefits.**

**(i) General.** If you die before receiving full payment of your accounts, your death beneficiary may elect to receive your accounts, or the remaining portion of your accounts, within a reasonable period after your death, subject to the rules for cashing out small benefits in (c) above.

**(ii) Required Minimum Distributions.** Under federal law, death benefits from a 403(b) plan must begin by a certain date, and the amount distributed each year must satisfy the required minimum distribution rules established by the Internal Revenue Service. The required distribution rules depend on who your death beneficiary is and when your death occurs, as discussed below. If a required distribution is not made on time, your death beneficiary may be required to pay an excise tax equal to 50 percent of the distribution. Required distributions cannot be rolled over (see Section 13(c)).

If you die after your required beginning date described in (d) above and you still have an account balance, the remainder of your accounts will be distributed to your death beneficiary at least as rapidly as under the distribution method being used at the time of your death.

If you die before your required beginning date described in (d) above and you still have an account balance, distributions to your death beneficiary are subject to the rules described below.

**(A) Distributions to Surviving Spouse.** If your spouse is your sole death beneficiary, distributions generally must begin by December 31 of the year in which you would have reached age 70½ (or, if later, by December 31 of the year after the year of your death). Under the election procedure described below, however, you or your spouse may elect a later deadline for

payments to begin, provided that your accounts are completely distributed by December 31 of the year that contains the fifth anniversary of your death.

**(B) Distributions to Other Individual**

**Beneficiaries.** If your spouse is not your sole death beneficiary, distributions to other individual death beneficiaries generally must begin by December 31 of the year after the year of your death. If payments begin by this date, your accounts can be distributed over your beneficiary's lifetime, or over a fixed period that does not exceed your beneficiary's life expectancy.

Under the election procedure described below, you or your death beneficiary may elect a later deadline for payments to begin, provided that your accounts are completely distributed by December 31 of the year that contains the fifth anniversary of your death.

**(C) Distributions to Other Beneficiaries.** If you do not have an individual death beneficiary (for example, if your designated beneficiary is your estate or a charity), the entire amount of your accounts must be distributed by December 31 of the year that contains the fifth anniversary of your death. In this case, no alternative election is available.

As noted above, you, your surviving spouse, or your individual designated death beneficiary may elect an alternative timing rule for payment of your accounts. The election must be made by the earlier of the following dates:

- September 30 of the year in which distributions would be required to begin under the general timing rule described in (A) or (B) above; or
- September 30 of the year containing the fifth anniversary of your death.

If no election is made, distributions will be subject to the general timing rule described in (A) or (B) above.

**(f) 10 Percent Additional Tax.** If you terminate employment before age 55 and receive your accounts before you reach age 59½, the distribution generally will be subject to a 10 percent additional tax under Code Section 72(t), unless the distribution is rolled over or directly transferred to a tax-deferred vehicle. The 10 percent tax does not apply to distributions made after you die or become disabled, distributions to alternate payees under QDROs, or qualified reservist distributions. The tax does not apply if you terminate employment and receive your distributions in a series of substantially equal periodic payments (not less frequently than annually) made

over your life or life expectancy or the joint lives or life expectancies of you and your death beneficiary. If you incur large uninsured medical expenses during the year of your distribution, the 10 percent tax might not apply to all or part of the distribution. You should consult a qualified tax adviser to determine the tax consequences of your distribution.

### **13. METHODS OF DISTRIBUTION**

**(a) Form of Payment.** Subject to the rules for cashing out small benefits (see Section 12(c)), the amount distributable to you will be paid in the automatic payment form described in (i) below, unless you elect an optional payment form available under the contract or contracts in which your accounts are invested.

**(i) Automatic Payment Forms.** The automatic payment form depends on your marital status on your annuity starting date. For this purpose, your “annuity starting date” is the first day of the first period for which an annuity is payable if you elect an annuity. If you do not elect an annuity payment form, the annuity starting date is the first day on which all events have occurred that entitle you to the distribution.

**(A) Single Participant Life Annuity.** If you are not married on your annuity starting date, your accounts will be paid in the form of a single life annuity, unless you elect another benefit form. Under a single life annuity, your account balances are used to purchase from an Insurance Company monthly payments to you for your life only, with no payments to anyone after your death. Waiver of the life annuity and revocations thereof and notices regarding this benefit form will be given at the same times and in the same manner as described in (b) below for the spouse joint and survivor annuity. The single life annuity form is also available to a married Participant who elects out of the automatic spouse joint and survivor annuity or to a death beneficiary.

**(B) Spouse Joint and Survivor Annuity.** If you are married on your annuity starting date, your accounts will be paid in the form of a spouse joint and survivor annuity, unless you elect another benefit form and your spouse consents in writing to that election. This benefit form is not available to a death beneficiary.

Under a spouse joint and survivor annuity, monthly payments are made to you for your lifetime. At your death, monthly payments are made to your spouse for his or her lifetime. The monthly amount paid to your spouse is 50 percent of the monthly amount paid to you during your lifetime. At your election, your spouse may receive a higher percentage, up to 100 percent, of the monthly amount paid to you. The higher the percentage that is continued to your spouse after your death, the lower your monthly

payments will be during your lifetime. By law, the Plan must offer a 75 percent spouse joint and survivor annuity, called the “qualified optional survivor annuity,” to married Participants.

**(ii) Optional Forms Available Under Contract.** You may elect to receive your accounts in the form of any payment option available under the terms of the contract or contracts in which your accounts are invested.

**(b) Election of Optional Payment Form.** You may elect in writing before retirement not to receive your accounts in the automatic payment form. The Plan Administrator or the Insurance Company will provide the required forms for your election. To be effective, your election must be made after you receive the written election described below and within 180 days of your annuity starting date.

If you are married, your spouse must consent in writing to your election, including the optional payment form and any nonspouse death beneficiaries you choose. If you change the payment form or death beneficiary after your spouse has consented, your spouse must also consent to the change unless the original consent specifically permitted later changes without further consent.

Your spouse’s consent must acknowledge the effect of the election not to receive the automatic payment form and be witnessed by a notary or a Plan representative. The consent must be given within 180 days of your annuity starting date. The Plan Administrator or the Insurance Company will provide the required forms for your spouse’s consent.

Your election not to receive the automatic benefit form, and your spouse’s consent, if any, can be revoked by written notice received by the Plan Administrator or the appropriate Insurance Company before your annuity starting date. This election can be made and revoked more than once before your annuity starting date.

At least 30 days but not more than 180 days before your annuity starting date (or at such time as described in Section 12(b)), the Plan Administrator or the Insurance Company will make available to you a written explanation of the terms and conditions of the automatic payment form (and, for married Participants, the 75 percent qualified optional survivor annuity), your right to elect to waive the benefit (including the effect of electing not to receive this benefit), the need for your spouse to consent to that election, and your right to revoke that election. The written explanation will also include a description of all the optional payment forms, the eligibility conditions and other material features of each optional payment form, and the dollar amount of your benefits under each payment form. The dollar information may be specific to you or you may be given generic information using examples or reasonable estimates. If the explanation contains generic dollar information, you may request a more precise calculation of your benefits at any time after the explanation is provided. The written explanation will be made available to you by first-class mail or personal delivery. If you do not receive that information, you should contact the Plan Administrator.

**(c) Eligible Rollover Distributions.**

**(i) Definition.** Lump-sum cash payments and certain installment payments are “eligible rollover distributions” under federal law. Other types of distributions from the Plan may also be eligible rollover distributions. You will be notified in advance if you will receive an eligible rollover distribution from the Plan. Distributions to a Participant’s estate, required minimum distributions to you or your death beneficiary, as described in Section 12(d) and (e), and hardship withdrawals are not eligible rollover distributions.

**(ii) Participants, Surviving Spouses, and Alternate Payees.** Subject to the limitations in (iv) below, if you are a Participant, a Participant’s surviving spouse, or a Participant’s current or former spouse who is an alternate payee under a QDRO, you may have some or all of your eligible rollover distribution paid directly to a traditional IRA (individual retirement account or individual retirement annuity) or an income tax qualified plan, a 403(b) plan, or a governmental 457(b) plan that will accept the direct rollover. An eligible rollover distribution may also be directly rolled over to a Roth IRA. If you make a direct rollover to a Roth IRA, your distribution will be taxable (but it will not be subject to the 10 percent additional tax described in Section 12(f)). An eligible rollover distribution cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA).

**(iii) Nonspouse Death Beneficiaries.** Subject to the limitations in (iv) below, a nonspouse death beneficiary may elect to have an eligible rollover distribution paid in a direct rollover to a traditional IRA that is established to receive the distribution. The IRA must be expressly identified as an IRA with respect to a deceased individual and must identify both the nonspouse death beneficiary and the deceased Participant. Generally, the IRA must satisfy the same required minimum distribution rules that would have applied to the nonspouse death beneficiary under the Plan (see Section 12(e)(ii)(B)). However, if the beneficiary is subject to the five-year rule described in Section 12(e)(ii)(B), the beneficiary may elect to roll the distribution over and receive it over a longer period (not to exceed the beneficiary’s life expectancy). A beneficiary who wishes to take advantage of this special rule must have the entire amount of his or her Plan accounts directly rolled over to the IRA by December 31 of the year after the year in which the Participant died. If the direct rollover is not made by this deadline, the entire amount rolled over must be distributed from the IRA by December 31 of the year that contains the fifth anniversary of the Participant’s death.

**(iv) Limitations.** The direct rollover option is subject to the following limitations:

(A) If the total amount of your eligible rollover distribution is less than \$200, the direct rollover option is not available. However, that distribution is not subject to the mandatory 20 percent federal income tax withholding requirement. In addition, if you are a Participant, surviving spouse, or alternate payee, you may roll over all or any portion of the distribution after you receive it.

(B) You may designate only one IRA or plan to receive a direct rollover.

(C) If you choose a direct rollover of less than your entire eligible rollover distribution, the amount paid in a direct rollover must equal at least \$500.

**(v) Mandatory Withholding.** If the total amount of an eligible rollover distribution is at least \$200, and the recipient does not have the entire distribution paid in a direct rollover, 20 percent of the amount that is not paid in a direct rollover will automatically be deducted for federal income tax withholding.

**(vi) Rollover Notice.** The direct rollover option and other special rules applicable to your eligible rollover distribution will be explained to you within a reasonable time before the distribution is made.

## **14. DEATH BENEFICIARY**

If you die before your annuity starting date, your account balances will be paid to your death beneficiary, unless the spouse survivor annuity described in Section 15 is payable. Your beneficiary may choose to receive your account balances in any form available under the Plan, except the spouse joint and survivor annuity. If you have not already done so, you should designate a beneficiary to receive your accounts in the event of your death. The Plan Administrator or the Insurance Company supplies forms for this purpose. To be effective, your designation must be filed with the Plan Administrator or the Insurance Company during your lifetime.

If you are married, your designation of a nonspouse death beneficiary is not effective unless your spouse consents in the same manner as the consent required for electing out of the automatic payment form (see Section 13(b)).

If you designate your spouse as your death beneficiary and you are later divorced, that designation will be revoked unless a QDRO provides otherwise or you file a subsequent designation naming your former spouse as your death beneficiary.

If you do not designate a beneficiary, or if the persons designated do not survive you, the beneficiary will be the following person or persons:

(a) Your surviving spouse, if any.

(b) If there is no surviving spouse, your surviving children in equal shares. However, the share of any child who predeceases you will be paid to that child's descendants.

(c) If no spouse or child survives you, your estate will be the beneficiary.

## **15. PRERETIREMENT SPOUSE SURVIVOR ANNUITY**

If you are married and you die before your annuity starting date, your surviving spouse will receive lifetime monthly payments in the amount that can be purchased from an Insurance Company with 50 percent of your account balances (or a higher percentage, if required by the applicable contract), unless you designated a nonspouse death beneficiary with your spouse's consent as discussed below. Your spouse can elect to begin receiving this annuity at any time after your death, but no later than the required distribution date described in Section 12(e)(ii)(A). The election must be made using the form provided by the Plan Administrator or the Insurance Company. Your spouse can elect to receive your accounts in any optional benefit form available to death beneficiaries instead of the annuity.

You may waive the automatic spouse survivor annuity with your spouse's written consent. The consent must be provided in the same manner as the consent required to elect out of the automatic payment form (see Section 13(b)). The Insurance Company, with the help of the Plan Administrator, will make available to you a written explanation of the terms and conditions of the spouse survivor annuity, including your right to waive that annuity and your spouse's right to consent or not to consent to the waiver, the relative financial effect of the waiver on your benefits under the Plan, and your right to revoke the election. The written explanation will be made available to you by first-class mail or personal delivery. If you do not receive that information, you should contact the Plan Administrator or the Insurance Company. The election to waive the spouse survivor annuity may be made and, once made, may be revoked at any time until the earlier of your death or your annuity starting date.

You should be aware that if you waive the automatic spouse survivor annuity with your spouse's consent before January 1 of the calendar year in which you reach age 35 (or the date you separate from employment, if earlier), your waiver expires as of that January 1 (or date of separation from employment). If you still wish to waive the spouse survivor annuity at that time, you must again complete the required election forms and your spouse must again consent to that election. You should be provided with the necessary forms before that date, but if you do not receive them, contact the Plan Administrator or the Insurance Company. If you die without rewaiving the spouse survivor annuity, your spouse will be entitled to the survivor annuity and no amount will be paid to your nonspouse death beneficiary.

Any annuity benefit will be a nontransferable, unisex, fixed dollar annuity purchased from an Insurance Company.

## 16. QUALIFIED DOMESTIC RELATIONS ORDERS

Your Plan benefits may not be assigned to any other person, except to an alternate payee under a QDRO, such as a divorce decree. If you are involved in a domestic relations proceeding and your account balances are to be divided with your spouse or dependent children, you must obtain a QDRO. It will save time and expense if you first submit your QDRO to the Plan Administrator in draft form, before it is signed by a judge. The Plan Administrator will then review the QDRO, advise you of any changes that may be necessary, and let you know in advance whether it will approve the QDRO after it is entered as a final order. You or your death beneficiary may obtain, without charge, a copy of the procedures governing QDRO determinations from the Plan Administrator.

## 17. CLAIMS PROCEDURE

**(a) Filing of Claim.** If you are a Participant or a Participant's death beneficiary, you may file a written claim for benefits from the Plan, prepared by either you or your authorized representative. All benefit claims are to be filed with the Plan Administrator. You must follow and exhaust the claims procedure described in this section before you can file suit for benefits.

**(b) Initial Review.**

**(i) Time Period for Denial Notice.** If your claim is wholly or partially denied, you will be given written or electronic notice of the denial within 90 days after receipt of the claim, unless special circumstances require an extension of time for processing. You will be notified of an extension within 90 days of the date the claim was filed. The notice will indicate the special circumstances and the date by which a decision is expected. The extension will not exceed 90 days from the end of the initial response period.

**(ii) Contents of Notice.** The notice will indicate the specific reason or reasons for denial, the Plan provision(s) involved, an explanation of the claims review procedure described below, a description of any additional material or information necessary to complete the claim, and a statement of your right to bring a civil action under ERISA.

**(c) Review of Denied Claim.**

**(i) Time Period to Request Review.** If your claim is denied in whole or in part, you have the right to request the Plan Administrator to review the claim. Your request must be in writing and must be made by personal delivery or mailing to the Plan Administrator within 60 days after you were advised of the Plan Administrator's action. If the written request for review is not made within this 60-day period, you waive any right to review. You also lose the right to sue in state or federal court.

**(ii) Review Procedure.** The Plan Administrator will then conduct a review, as a part of which you may present your position. In doing so, you may review all pertinent documents, if any, supporting the claim and may submit issues and comments in writing. The information you submit will be taken into account in the review process even if it was not considered in deciding the initial claim. You will also be provided, on request and free of charge, reasonable access to, and copies of, all information relevant to your claim.

**(iii) Time Period for Decision on Review.** The Plan Administrator will issue a written or electronic decision within 60 days after the date on which review is requested. If special circumstances require an extension of time for processing, a decision will be made and furnished to you not later than 120 days after review is requested. If an extension is required, you will be notified of the extension within 60 days after review is requested. The notice will indicate the special circumstances and the date by which a decision is expected.

**(iv) Contents of Review Decision.** The decision will include the reasons for the decision and the Plan provisions on which it is based. The decision will also inform you of your right to request information relevant to the claim and to bring a civil action under ERISA. A copy of the decision will be furnished to you.

**(v) Effect of Review.** The decision is final and binding upon you, the Plan Administrator, and all other persons involved.

**(d) Subsequent Review.** Any further review, judicial or otherwise, will be based on the record before the Plan Administrator and will be to determine whether the Plan Administrator acted arbitrarily or capriciously in the exercise of its discretion.

## **18. RIGHT TO AMEND OR TERMINATE**

**(a) Right to Terminate.** OES reserves the right to discontinue contributions at any time or to terminate the Plan for any reason. In either case, you would be notified, and the amount of each Participant's accounts would be determined. If permitted under applicable law and the terms of the contracts, OES shall provide for the distribution of all Plan accounts on the Plan's termination. In that case, after deducting an amount to cover expenses in connection with terminating the Plan, distribution of each Participant's accounts will be made as soon as practicable in cash or in kind and in such manner as the Plan Administrator determines.

**(b) Amendments.** OES also reserves the right to amend the Plan from time to time, and therefore, you are not entitled to rely and should not rely on any particular provision remaining in the Plan. You will be notified of an amendment as required by federal law. If notice of an amendment is not required, or until the due date

for any such notice, you are not entitled to rely on the terms of the Plan as described in this summary. Before making any important employment decision based on the terms of the Plan, you should confirm with the Plan Administrator that the applicable Plan provisions have not changed.

## **19. STATEMENT OF ERISA RIGHTS**

As a Participant in the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that you and other Plan Participants are entitled to:

### **Receive Information About Your Plan and Benefits**

- (a) Examine, without charge, at OES's Human Resources Department, all Plan documents, including contracts, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- (b) Obtain copies of all Plan documents and other Plan information (including copies of the latest annual report (Form 5500 Series) and updated summary plan description) upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.
- (c) Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish you with a copy of this summary annual report.
- (d) Obtain a statement of the value of your accounts in the Plan and your vested status in your accounts. This statement must be requested in writing and is not required to be given more than once a year. The Plan Administrator must provide the statement free of charge.

### **Prudent Actions by Plan Fiduciaries**

In addition to creating rights for Plan Participants, ERISA imposes duties upon the persons who are responsible for the operation of the Plan. These persons (called "fiduciaries") have a duty to operate the Plan prudently and solely in the interest of you and other Plan Participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

### **Enforce Your Rights**

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If your claim for benefits is denied or ignored, in whole or in part, you may file suit in a state or federal court. If your claim for benefits is denied, however, you must appeal the decision and follow the claims procedure described in Section 17 before you may file suit. If you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds the claim is frivolous.

### **Assistance With Your Questions**

If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.