

**KANSAS BOARD OF REGENTS
VOLUNTARY RETIREMENT PLAN**

Amended and Restated January 1, 2009

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KANSAS BOARD OF REGENTS
VOLUNTARY RETIREMENT PLAN

ARTICLE I.

ESTABLISHMENT AND RESTATEMENT OF PLAN

The Kansas Board of Regents ("Board") established a retirement plan pursuant to Section 403(b) of the Internal Revenue Code ("Code") and K.S.A. §§ 74-4925, *et seq.* and the Board's regulations thereunder, effective July 2, 1974, and as amended from time to time thereafter. The plan was, and is intended to remain, a Code Section 403(b) plan and a governmental plan within the meaning of Code Section 414(d).

The Board now desires to reduce the terms of the plan to writing in one document effective January 1, 2009, except as otherwise specifically provided herein, to comply with all applicable provisions of the Code and Kansas statutes. Except as otherwise specifically provided herein, the Kansas Board of Regents Voluntary Retirement Plan ("Plan") as hereinafter set forth establishes the rights and obligations with respect to individuals who are Employees on and after such dates, as applicable, and to transactions under the Plan on and after such dates, as applicable. The rights and benefits, if any, of individuals who are not Employees on or after such dates, as applicable, shall be determined in accordance with the terms and provisions of the Plan that were in effect on the date of their Severance from Employment, except as otherwise specifically provided herein or in a subsequent amendment.

The Plan is funded exclusively through the purchase of Funding Vehicles from the Vendors described in Exhibit A attached hereto, as that Exhibit may be amended from time to time. The terms and conditions of such Funding Vehicles shall be considered part of, and shall be construed as having been incorporated into, this Plan, except to the extent that there are any provisions that conflict with the Plan. To the extent that there is any conflict between the terms

of such Funding Vehicles and the terms of the Plan as provided herein, the terms of the Plan shall govern except as otherwise expressly provided herein.

ARTICLE II.

DEFINITIONS AND CONSTRUCTION

Section 2.01. Construction and Governing Law.

(a) This Plan shall be construed, administered and enforced according to the Code and, when not inconsistent with the Code or expressly provided otherwise herein, the laws of the State of Kansas without regard to conflict of law principles.

(b) Words used herein in the masculine gender shall be construed to include the feminine gender where appropriate, and words used herein in the singular or plural shall be construed as being in the plural where appropriate.

(c) Notwithstanding any provisions of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended; effective January 1, 2009, the Heroes Earnings Assistance and Relief Tax Act of 2008, as amended; and Code Section 414(u). For this purpose, an Employee whose employment is interrupted by qualified military service under Code Section 414(u) or who is on a leave of absence for qualified military service under Code Section 414(u) may elect to make additional Elective Deferrals upon resumption of employment with his or her Employer up to the maximum Elective Deferrals that the Employee could have elected during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption or leave, reduced by the Elective Deferrals, if any, actually made for the Employee during the period of the interruption or leave. Except to the extent provided under Code Section 414(u), this right applies for five years following the resumption of employment (or, if sooner,

for a period equal to three times the period of the interruption or leave). Effective January 1, 2009, an Employee whose employment is interrupted by qualified military service or who is on a leave of absence for qualified military service and who receives a differential wage payment within the meaning of Code Section 414(u)(12)(D) from the Employer, will be treated as an Employee of the Employer and the differential wage payment will be treated as Compensation and Includible Compensation.

(d) Notwithstanding any provisions of this Plan to the contrary, contributions, benefits, and service credit with respect to qualified leave will be provided in accordance with the Family Medical Leave Act of 1993, 29 U.S.C. Section 2601 *et. seq.*

Section 2.02. Definitions. When the initial letter of a word or phrase is capitalized herein the meaning of such word or phrase shall be as follows:

(a) "Account" means the following separate bookkeeping accounts maintained for each Participant under a Funding Vehicle, reflecting his or her interest in such Funding Vehicle as follows:

(1) "Elective Deferrals Account" means the account maintained to reflect the interest of the Participant in a Funding Vehicle attributable to his or her Elective Deferrals pursuant to Section 4.01. Such Account may be further divided into a "Pre-1987 Elective Deferral Account" reflecting Elective Deferrals made to the Plan prior to 1987, and a "Post-1986 Elective Deferral Account" reflecting Elective Deferrals made to the Plan after 1986, including any earnings on the Pre-1987 Elective Deferrals.

(2) "Rollover Account" means the account maintained to reflect the interest of the Participant in a Funding Vehicle attributable to his or her Rollover Contributions pursuant to Section 4.02.

(b) "Account Balance" means the balance in all Accounts maintained for a Participant which reflects the aggregate amount credited to or debited from the Participant's Accounts,

including Elective Deferrals and Rollover Contributions; the earnings or losses of each Annuity Contract or Custodial Account (net of expenses) allocable to the Participant; any transfers for the Participant's benefit; and any distribution made to the Participant or the Participant's Beneficiary. If a Participant has more than one Beneficiary at the time of the Participant's death, then a separate Account Balance shall be maintained for each Beneficiary. The Account Balance includes the Account established for a Beneficiary after a Participant's death and any Account established for an alternate payee as defined in Code Section 414(p)(8).

(c) "Administrator" means the Board; provided, however, that to the extent that the Board has delegated any of its responsibilities as Administrator to any other person or persons, the term Administrator shall be deemed to refer to that person or persons.

(d) "Annuity Contract" means a nontransferable contract as defined in Code Section 403(b)(1), established for Participants by the Board, or by each Participant individually, that is issued by a Vendor who is an insurance company qualified to issue annuities in the State of Kansas and that includes payment in the form of an annuity.

(e) "Applicable Form" means the appropriate form as designated and furnished by the Vendor or the Administrator to make the election or provide the notice required by the Plan.

(f) "Beneficiary" means the person, institution, trustee, or estate designated by the Participant on the Applicable Form to receive any benefits payable under the Plan in the event of the Participant's death. Beneficiary also means an alternate payee pursuant to a qualified domestic relations order as defined under Treasury Regulation Section 1.403(b)-10(c).

(g) "Benefits Eligible Position" means an employment position with an Employer with respect to which an Employee is entitled to receive benefits, as determined by each Employer.

(h) "Board" means the Kansas Board of Regents.

(i) "Code" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended. All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.

(j) "Compensation" means all compensation received by an Employee from the Employer for services provided to that Employer that is includible in his or her gross income for Federal income tax purposes for the Plan Year, but not including reimbursement for travel or moving expenses, taxable fringe benefits, or awards and gifts; provided, however, that Compensation shall include any amounts excludable from taxable income because of an election under Code Sections 403(b), 457(b), 125, and 132(f). Compensation also includes any compensation described in paragraphs (1) or (2), provided it is paid by the later of 2½ months after the Employee's Severance from Employment with the Employer or the end of the calendar year in which the Employee has a Severance from Employment with the Employer.

(1) Any payment that would have been paid to the Employee prior to a Severance from Employment if the Employee had continued in employment with the Employer, and that would be Compensation if paid prior to the Employee's Severance from Employment.

(2) A payment for unused accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if employment had continued and the payment would be Compensation if paid prior to the Employee's Severance from Employment.

Notwithstanding any other provision in this paragraph, Compensation shall be limited in accordance with Article VI.

(k) "Contributions" means Elective Deferrals and Rollover Contributions.

(l) "Cost of Living Adjustment" means the applicable cost of living adjustment prescribed by the Secretary of the Treasury under Code Section 402(g), 414(v), 401(a)(17), or 415(d) for any applicable year.

(m) "Custodial Account" means the group or individual custodial account or accounts, as defined in Code Section 403(b)(7), established for Participants by the Board, or by each Participant individually, with a Vendor to hold assets of the Plan.

(n) "Disabled" means the definition of disability provided in the applicable Individual Agreement that is consistent with Code Section 72(m)(7).

(o) "Elective Deferrals" mean the contributions made on a Participant's behalf pursuant to Section 4.01.

(p) "Eligible Employee" means any Employee appointed half-time or more to a Benefits Eligible Position, including Employees who are members of the Cooperative Extension Service and appointed pursuant to the Federal Smith-Lever Act, as amended, and health care employees as defined under K.S.A. § 75-2935(1)(f). Notwithstanding anything contained herein to the contrary, however, Eligible Employee does not include (i) employees of a private Code Section 501(c)(3) entity affiliated with an Employer, (ii) students performing services described in Code Section 3121(b)(10), or (iii) any person designated in good faith as an independent contractor regardless of whether such person is later determined to be a common law employee for tax purposes.

(q) "Employee" means any common law employee performing services for an Employer.

(r) "Employer" means an Institution or the Board Office.

(s) "Former Vendor" means a provider that was approved by the Board to offer annuity contracts or custodial accounts under the Plan, but that ceases to be eligible to receive new contributions under the Plan; provided, however, that a Former Vendor shall not include any

provider that ceased to be eligible to receive new contributions under the Plan prior to January 1, 2005.

(t) "Funding Vehicles" mean the Annuity Contracts and/or Custodial Accounts issued for funding amounts held under the Plan and specifically approved by the Board for use under the Plan.

(u) "Includible Compensation" means all compensation received by an Employee from the Employer that is includible in his or her gross income for Federal income tax purposes (computed without regard to Code Section 911) for the most recent period that is a Year of 403(b) Service. Includible Compensation also includes any amounts excludable from taxable income because of an election under Code Sections 403(b), 457(b), 125, and 132(f) (including Elective Deferrals under this Plan). Includible Compensation also includes any compensation described in paragraphs (1) or (2), provided it is paid by the later of 2½ months after the Employee's Severance from Employment with the Employer or the end of the calendar year in which the Employee has a Severance from Employment with the Employer.

(1) Any payment that would have been paid to the Employee prior to a Severance from Employment if the Employee continued in employment with the Employer and that is regular compensation for services during the Employee's regular working hours, compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments.

(2) A payment for unused accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if employment had continued and the payment would be compensation if paid prior to the Employee's Severance from Employment.

The amount of Includible Compensation is determined without regard to any community property laws.

(v) "Individual Agreement" means the agreements between a Vendor and the Board or a Participant that constitutes or governs a Custodial Account or an Annuity Contract.

(w) "Institution" means one of the following Public Schools: Emporia State University, Fort Hays State University, Kansas State University, Pittsburg State University, University of Kansas, University of Kansas Medical Center, or Wichita State University.

(x) "Investment Agreement" means an agreement entered into between an Employee and an Employer pursuant to Section 4.01, which agreement shall be effective only with respect to Compensation earned on or after the first day of the payroll period following the effective date of such agreement and which shall be binding on the parties and irrevocable with respect to Compensation earned while it is in effect.

(y) "Participant" means an individual who is or may become eligible to receive a benefit of any type under the Plan, and who has not received a distribution of his or her entire Account under the Plan.

(z) "Plan" means the agreement embodied herein, as amended from time to time, known as the "Kansas Board of Regents Voluntary Retirement Plan."

(aa) "Plan Year" means January 1 through December 31.

(bb) "Public School" means a State sponsored educational organization described in Code Section 170(b)(1)(A)(ii).

(cc) "Related Employer" means the Employer and any other entity which is under common control with that Employer under Code Section 414(b), (c) or (m). For this purpose, the Board shall determine which entities are Related Employers based on a reasonable, good faith standard and taking into account the special rules applicable under Notice 89-23, 1989-1 C.B. 654.

(dd) "Rollover Contributions" means the contributions rolled into the Plan pursuant to Section 4.02.

(ee) "Section" means, when not preceded by the word Code, a section of the Plan.

(ff) "Severance from Employment" means the complete termination of the employment relationship between the Employee and his or her Employer and any Related Employer; provided, however, that a Severance from Employment also occurs on any date on which an Employee ceases to be an employee of an Employer or a Related Employer that is a Public School, even though the Employee may continue to be employed by a Related Employer that is another unit of the State government that is not a Public School or in a capacity that is not employment with a Public School (*e.g.* ceasing to be an employee performing services for an Employer or a Related Employer that is a Public School but continuing to work for the same State government employer). Notwithstanding the preceding, effective January 1, 2009, and for purposes of Section 9.01 only, a Participant will be treated as having had a Severance from Employment during any period the Participant is performing service in the uniformed services described in Code Section 3401(h)(2)(A).

(gg) "Vendor" means (i) a life insurance company authorized to do business in the State of Kansas or (ii) a bank or approved non-bank trustee or custodian under Code Section 401(f), the assets of which are invested exclusively in regulated investment company stock, that has been approved by the Board to make Funding Vehicles available to Participants under this Plan, and that is set forth in Exhibit A hereto, as amended from time to time.

(hh) "Vested" means the interest of the Participant in his or her Account that is unconditional, legally enforceable, and nonforfeitable.

(ii) "Year of 403(b) Service" means each year during which the Employee is a full-time Employee of the Employer for the entire work period, and a fraction of a year for each part of a work period during which the Employee is a full-time or part-time Employee of the Employer, determined in accordance with the rules under Treasury Regulation Section 1.403(b)-4(e).

ARTICLE III.

ELIGIBILITY AND PARTICIPATION

Section 3.01. Elective Deferral Eligibility and Participation Standards. Each Eligible Employee is eligible to elect to have Elective Deferrals made on his or her behalf to the Plan immediately upon becoming employed by the Employer.

Section 3.02. Rollover Contribution Eligibility and Participation Standards. Each Participant who is an Eligible Employee is eligible to make a Rollover Contribution to the Plan.

Section 3.03. Cessation of Contributions. A Participant shall cease to be eligible to make or have made on his or her behalf Contributions under the Plan when the Participant ceases to be an Eligible Employee or the Plan is terminated.

ARTICLE IV.

CONTRIBUTIONS AND VESTING

Section 4.01. Elective Deferral Contributions.

(a) **General Rule.** For purposes of Elective Deferrals, an Eligible Employee elects to become a Participant by executing an Investment Agreement to reduce his or her Compensation (and have that amount contributed to the Plan as an Elective Deferral on his or her behalf) and filing it with the Employer. The Administrator may establish an annual minimum Elective Deferral amount no higher than \$200, and may change such minimum to a lower amount from time to time. The Eligible Employee must also complete the Applicable Form provided by the Vendor to designate the Funding Vehicles and Accounts therein to which Elective Deferrals are to be made and a Beneficiary. Any such elections shall remain in effect until a new Investment Agreement and/or other Applicable Form is filed with the Administrator or Vendor, as applicable. Each Eligible Employee shall become a Participant in accordance with the terms and conditions of the Individual Agreements. All Elective Deferrals shall be made on a pre-tax basis.

An Eligible Employee shall become a Participant as soon as administratively practicable following the date applicable under the Eligible Employee's election.

(b) **Information Provided by the Employee.** Each Eligible Employee enrolling in the Plan should provide to the Administrator at the time of initial enrollment, and later if there are any changes, any information necessary or advisable for the Administrator to administer the Plan, including any information required under the Individual Agreements.

(c) **Change in Elective Deferral Election.** Subject to the provisions of the applicable Individual Agreements, an Eligible Employee may at any time change the amount of his or her Elective Deferrals, investment direction, or designated Beneficiary by completing a new Investment Agreement or other Applicable Form. A change in the Beneficiary designation shall take effect when the election is accepted by the Vendor. No election to change or terminate Elective Deferrals shall be given retroactive effect.

(d) **Contributions Made Promptly.** Elective Deferrals under the Plan shall be transferred to the applicable Funding Vehicle within 15 business days following the end of the month in which the amount would otherwise have been paid to the Participant.

(e) **Leave of Absence.** Unless an Investment Agreement is otherwise revised, if an Eligible Employee is absent from work by leave of absence, Elective Deferrals under the Plan shall continue to the extent that Compensation continues.

Section 4.02. Rollover Contributions to the Plan.

(a) To the extent provided in the Individual Agreements, a Participant who is an Eligible Employee who is entitled to receive an eligible rollover distribution from another eligible retirement plan may request to have all or a portion of the eligible rollover distribution paid to the Plan. Such Rollover Contributions shall be made in the form of cash only. The Vendor may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with Code Section 402 and to confirm that such plan is an

eligible retirement plan within the meaning of Code Section 402(c)(8)(B). However, in no event may the Plan accept a Rollover Contribution from a Roth elective deferral account under an applicable retirement plan described in Code Section 402A(e)(1) or a Roth IRA described in Code Section 408A.

(b) For purposes of rolling over eligible rollover distributions to the Plan, an eligible rollover distribution has the meaning set forth in Code Section 402(c)(4), and generally means any distribution of all or any portion of a Participant's benefit under another eligible retirement plan, except that an eligible rollover distribution does not include (1) any installment payment for a period of 10 years or more, (2) any distribution made as a result of an unforeseeable emergency or other distribution which is made upon hardship of the Eligible Employee, or (3) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under Code Section 401(a)(9). An eligible retirement plan means an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), a qualified trust described in Code Section 401(a), an annuity plan described in Code Section 403(a) or 403(b), or an eligible governmental plan described in Code Section 457(b).

(c) The Vendor shall establish and maintain for the Participant a separate Rollover Account for any eligible rollover distribution paid to the Plan (including, if necessary and to the extent permitted under the Individual Agreements, separate Rollover Accounts for after-tax amounts rolled into the Plan).

Section 4.03. Vesting. Participants shall be immediately 100% Vested in all Contributions made to their Accounts under the Plan.

Section 4.04. Plan Expenses. All reasonable expenses of administering the Plan shall be charged against and paid from the applicable Account or Funding Vehicle, subject to the terms of the Funding Vehicle(s), unless paid by the Employer.

ARTICLE V.

LIMITATIONS ON CONTRIBUTIONS

Section 5.01. Basic Annual Limitation for Elective Deferrals. Except as provided in Sections 5.02 and 5.03, the maximum amount of Elective Deferrals contributed to the Plan for any calendar year shall not exceed the applicable dollar amount for the calendar year. The applicable dollar amount is the amount established under Code Section 402(g)(1)(B), increased by the Cost of Living Adjustment.

Section 5.02. Special Section 403(b) Elective Deferral Catch-up Limitation for Employees With 15 Years of Service. If the Employer is a "qualified organization" (within the meaning of Treasury Regulation Section 1.403(b)-4(c)(3)(ii)), the applicable dollar amount under Section 5.01 for any "qualified employee" is increased (to the extent provided in the Individual Agreements) by the least of:

- (a) \$3,000;
- (b) The excess of:
 - (1) \$15,000, over
 - (2) The total special 403(b) catch-up Elective Deferrals made for the qualified employee by the qualified organization for prior years; or
- (c) The excess of:
 - (1) \$5,000 multiplied by the number of Years of 403(b) Service of the Employee with the qualified organization, over
 - (2) The total Elective Deferrals made for the Employee by the qualified organization for prior years.

For purposes of this Section 5.02, a "qualified employee" means an Employee who has completed at least 15 Years of 403(b) Service taking into account only employment with the Employer.

Section 5.03. Age 50 Catch-up Elective Deferrals. A Participant who will attain age 50 or more by the end of the calendar year is permitted to elect an additional amount of Elective Deferrals, up to the maximum age 50 catch-up Elective Deferrals for the year as set forth in Code Section 414(v), increased by the Cost of Living Adjustment.

Section 5.04. Elective Deferral Catch-up Provision Coordination. Elective Deferrals in excess of the limitation set forth in Section 5.01 shall be allocated first to the special 403(b) catch-up under Section 5.02 (if applicable) and next as an age 50 catch-up contribution under Section 5.03.

Section 5.05. Special Rule for a Participant Covered by Another Code Section 403(b) Plan. For purposes of this Article V, if the Participant is or has been a participant in one or more other plans under Code Section 403(b) (and any other plan that permits elective deferrals under Code Section 402(g)), then this Plan and all such other plans shall be considered as one plan for purposes of applying the limitations set forth in Section 5.01 through Section 5.04 of this Article V. For this purpose, the Administrator shall take into account any other such plan maintained by an Employer and any Related Employer and shall also take into account any other such plan for which the Administrator receives from the Participant sufficient information concerning his or her participation in such other plan. Notwithstanding the foregoing, another plan maintained by a Related Employer will be taken into account for purposes of Section 5.02 only if the other plan is a Code Section 403(b) plan.

Section 5.06. Correction of Excess Elective Deferrals. If Elective Deferrals on behalf of a Participant for any calendar year exceed the limitations described above, or Elective Deferrals on behalf of a Participant for any calendar year exceed these limitations when

combined with other amounts deferred by the Participant under another plan of an Employer under Code Section 403(b) (and any other plan that permits elective deferrals under Code Section 402(g) for which the Participant provides information that is accepted by the Administrator), then the Elective Deferrals, to the extent in excess of the applicable limitation (adjusted for any income or loss in value, if any, allocable thereto), shall be distributed to the Participant in accordance with the rules under the Code and the regulations thereunder. Notwithstanding the above, to the extent that the Elective Deferral on behalf of a Participant for any calendar year exceeds the limitations described above only when combined with other amounts deferred by the Participant under a plan of a Related Employer, then the plan of the Related Employer is responsible for distributing the excess amounts for the year.

Section 5.07. Code Section 415(c) Limitation.

(a) Notwithstanding any provision of the Plan to the contrary, annual additions to the Plan and to any other Code Section 403(b) plan (or, if required by Code Section 415 and the regulations thereunder, to any other defined contribution plan) for a Participant shall not exceed the limitation set forth in Code Section 415(c), except to the extent permitted under Code Section 414(v). The limitation on annual additions set forth in Code Section 415(c) for any calendar year is the lesser of:

- (1) \$40,000 increased by the Cost of Living Adjustment; or
- (2) 100% of the Participant's Includible Compensation.

(b) For purposes of this Section, "annual addition" has the meaning provided in Code Section 415(c), as modified by Code Sections 415(l)(1) and 419A(d)(2). In general, Code Section 415(c) defines the annual addition as the sum of the following amounts credited to a Participant's Accounts for any calendar year under this Plan and to any 403(b) plan (or, if required by Code Section 415 and the regulations thereunder, to any other defined contribution plan): (1) employer contributions; (2) employee contributions; and (3) forfeitures. Annual

additions shall not include: (1) any elective deferrals made by a Participant who is age 50 or older in accordance with, and subject to, Code Section 414(v); (2) excess elective deferrals distributed in accordance with Treasury Regulation Section 1.402(g)-1(e)(2); or (3) rollover contributions. Annual additions shall include:

(1) amounts allocated to an individual medical account, as defined in Code Section 415(1)(2), which is part of a pension or annuity plan maintained by the Employer or a Related Employer, or both (as applicable); and

(2) mandatory employee contributions to a defined benefit plan maintained by the Employer, unless the contributions are "picked-up" by the Employer pursuant to Code Section 414(h)(2).

Section 5.08. **Excess Annual Additions.** Excess annual additions made to the Plan shall be allocated to a separate excess annual additions Account under the Funding Vehicle in accordance with Treasury Regulation Sections 1.403(b)-3(b)(2) and 1.403(b)-4(f)(2) for the year of excess and each year thereafter. Excess annual additions due to aggregation with a Related Employer's plan shall be treated as an excess annual addition to that other plan.

ARTICLE VI.

NONDISCRIMINATION

Contributions to the Plan shall be made in accordance with any applicable requirements of Code Section 403(b)(12) or the regulations thereunder.

ARTICLE VII.

ACCOUNTING

Section 7.01. **Participant Accounts.** The Vendor shall establish and maintain adequate records to reflect the Accounts of each Participant. Credits and charges shall be made to such Accounts to reflect additions, distributions, withdrawals, and to reflect gains or losses pursuant to the terms of each Funding Vehicle. Each Participant shall have a separate Elective

Deferral Account and Rollover Account, as applicable. The maintenance of individual accounts is for accounting purposes only, and a segregation of Plan assets to each Account shall not be required.

Section 7.02. Participant Statements. The Vendor shall provide to each Participant as soon as possible following each calendar quarter and year end, a statement depicting the value of such Participant's Account as of the end of such calendar quarter or year, as appropriate.

Section 7.03. Value of Account. The value of the Account of a Participant as of any valuation date is the value of the Account Balance as determined by the Vendor. All transactions and Account records shall be based on fair market value.

ARTICLE VIII.

INVESTMENT OF CONTRIBUTIONS

Section 8.01. Manner of Investment. All Elective Deferrals or other amounts contributed to the Plan, all property and rights purchased with such amounts under the Funding Vehicles, and all income attributable to such amounts, property, or rights shall be held and invested in one or more Annuity Contracts or Custodial Accounts. Each Custodial Account shall provide for it to be impossible, prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, for any part of the assets and income of the Custodial Account to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries. All amounts in each Funding Vehicle shall be nontransferable to any other person or entity other than the Participant or his or her Beneficiary, except as provided in Section 15.01.

Section 8.02. Current Vendors. The Administrator shall maintain a list of all Vendors under the Plan. Such list is hereby incorporated as part of the Plan and set forth in Exhibit A. Each Vendor and the Administrator shall exchange such information as may be necessary to satisfy Code Section 403(b) or other requirements of applicable law.

Section 8.03. Investment of Contributions. A Participant can select one Vendor at a time to receive current Contributions. Once during each calendar year, the Participant may elect to direct all future Contributions to a different Vendor. Each Participant or Beneficiary shall direct the investment of his or her Account among the investment options available under the Funding Vehicle offered by a Vendor in accordance with the terms of the Individual Agreements. If a Participant fails to designate a Vendor and/or investment options as provided herein, the Contributions shall not be invested until the Applicable Form is complete, unless otherwise provided in the Individual Agreements.

Section 8.04. Investment Changes. A Participant or Beneficiary is permitted to change the investment of his or her Account among the Vendors under the Plan, subject to the terms of the Individual Agreements. An investment change that includes an investment with a vendor that is not eligible to receive contributions under the Plan is not permitted; provided, however, that a Participant or Beneficiary is permitted to change the investment of his or her Account from an investment with a Former Vendor to a current Vendor. A change of investment of a Participant's Account among the Vendors (or from a Former Vendor to a current Vendor) under the Plan must satisfy the following conditions:

(1) The Participant or Beneficiary has an Account Balance immediately after the change that is at least equal to the Account Balance of that Participant or Beneficiary immediately before the change (taking into account the Account Balance of that Participant or Beneficiary under both Annuity Contracts and/or Custodial Accounts immediately before the change).

(2) The Funding Vehicle receiving the Participant's Account Balance is subject to distribution restrictions that are not less stringent than those imposed on the transferring Funding Vehicle.

(3) The Funding Vehicle receiving the Participant's Account Balance is issued by a Vendor listed on Exhibit A of the Plan.

Section 8.05. Former Vendors. The Board and a Former Vendor will, to the extent that any existing agreement between the Board and the Former Vendor does not already provide such, enter into an information sharing agreement providing for mutual sharing of the following information:

(1) Information necessary for the resulting Annuity Contract or Custodial Account, or any other Annuity Contract or Custodial Account to which Contributions have been made by the Board, to satisfy Code Section 403(b), including the following: (i) the Administrator providing information as to whether the Participant's employment with his or her Employer is continuing, and notifying the vendor when the Participant has had a Severance from Employment (for purposes of the Plan benefit distribution restrictions); (ii) the vendor notifying the Administrator of any hardship withdrawal if the withdrawal results in a six month suspension of the Participant's right to make Elective Deferrals under the Plan; and (iii) the vendor providing information to the Administrator or other Vendors concerning the Participant's or Beneficiary's Annuity Contracts or Custodial Accounts or qualified employer plan benefits (to enable a vendor to determine the amount of any plan loans and any rollover accounts that are available to the Participant under the Plan in order to satisfy the financial need under the Plan's hardship withdrawal rules); and

(2) Information necessary in order for the resulting Annuity Contract or Custodial Account and any other Annuity Contract or Custodial Account to which Contributions have been made for the Participant by the Board to satisfy other tax requirements, including the following: (i) the amount of any Plan loan that is outstanding to the Participant in order for a vendor to determine whether an additional Plan loan

satisfies the applicable loan limitations, so that any such additional loan is not a deemed distribution under Treasury Regulation Section 72(p)(1); and (ii) information concerning the Participant's or Beneficiary's after-tax employee contributions in order for a vendor to determine the extent to which a distribution is includible in gross income.

ARTICLE IX.

BENEFIT DISTRIBUTIONS

Section 9.01. Distribution of Elective Deferrals.

(a) Except as permitted under the terms of the Plan for purposes of pre-1989 Elective Deferrals, excess Elective Deferrals, hardship withdrawals, Rollover Contributions, termination of the Plan, or distributions of Elective Deferrals from a Participant's Account may not be made earlier than the earliest of the date on which the Participant has a Severance from Employment, dies, becomes Disabled, or attains age 59½. Distributions shall otherwise be made in accordance with the terms of the Individual Agreements.

(b) Except for a Participant's interest in the Plan being held in a Custodial Account, Elective Deferrals made to the Plan prior to January 1, 1989 (but not the earnings thereon), are not subject to the distribution restrictions of Section 9.01 and may be distributed to a Participant at any time subject to the terms of the Individual Agreements.

(c) Effective January 1, 2009, if a Participant has a Severance from Employment solely because he or she is performing service in the uniformed services as described in Code Section 3401(h)(2)(A), and the Participant receives a distribution under the Plan because of this Severance from Employment, the Participant may not make Elective Deferrals to the Plan for the six month period beginning on the date of the distribution.

(d) At such time that a Participant is entitled to a distribution under the Plan and requests a distribution of his or her Elective Deferral Account on the Applicable Form, the

Employer employing the Participant at the time of the event entitling the Participant to a distribution shall certify that he or she has satisfied a condition for distribution.

Section 9.02. Distributions of Rollover Contributions. If a Participant has a Rollover Account, to the extent permitted by the applicable Individual Agreement, the Participant may at any time elect to receive a distribution of all or any portion of the amount held in the Rollover Account.

Section 9.03. Benefit Payable. The benefit of a Participant or a Beneficiary shall be based on the value of the Participant's Account Balance as of the payment date. Benefits shall be paid under a payment option elected by the Participant or Beneficiary and available under the Funding Vehicle.

Section 9.04. Required Distribution Rules. The provisions of this Section 9.04 take precedence over any inconsistent provisions of the Plan or of any Funding Vehicle. All distributions under this Plan will be made in accordance with Code Section 401(a)(9) and the regulations thereunder, including the incidental death benefit rules under Code Section 401(a)(9)(G). For this purpose, each Individual Agreement shall comply with the minimum distribution requirements of Code Section 401(a)(9) and the regulations thereunder. For purposes of applying the distribution rules of Code Section 409(a)(9), each Individual Agreement is treated as an individual retirement account (IRA) and distributions will be made in accordance with the provisions of Treasury Regulation Section 1.408-8, except as provided in Treasury Regulation Section 1.403(b)-6(e). Notwithstanding the preceding sentence, each Vendor shall separately comply with the minimum distribution requirements under Code Section 401(a)(9) and the regulations thereunder with respect to its Funding Vehicles under the Plan.

Section 9.05. Hardship Withdrawals.

(a) Hardship withdrawals of Elective Deferrals (excluding any earnings on such Elective Deferrals after December 31, 1998) shall be permitted under the Plan in accordance

with the safe harbor rules under sections 1.401(k)-1(d)(3)(iii)(B) and 1.401(k)-1(d)(3)(iv)(E) of the Income Tax Regulations, but only to the extent permitted by the Individual Agreements controlling the Account assets to be withdrawn to satisfy the hardship. No Elective Deferrals will be allowed under the Plan during the six month period beginning on the date the Participant receives a distribution on account of hardship.

(b) The Individual Agreements shall provide for the exchange of information among the Administrator and the Vendors and/or the Former Vendors to the extent necessary to comply with the hardship rules, including the Vendors and/or Former Vendors notifying the Administrator of the withdrawal in order for the Administrator to implement the resulting six month suspension of the Participant's right to make Elective Deferrals under the Plan. The Administrator may delegate responsibility for coordinating the sharing of information among the Vendors and/or Former Vendors to a third party administrator or to one of the Vendors.

(c) Hardship distributions are not permitted from the Funding Vehicles held by Former Vendors unless contractually provided under the Funding Vehicle and the Former Vendor enters into an agreement to share information with the Administrator in accordance with Revenue Procedure 2007-71.

Section 9.06. Death Benefit. If a Participant dies before the entire distribution of his or her Account has been made, his or her remaining Account, if any, shall be distributed to his or her Beneficiary as soon as administratively feasible after the Participant's death, unless the Beneficiary elects a later payment date on the Applicable Form, subject to Section 9.04. A Beneficiary may elect to receive the deceased Participant's Account under any payment option available under the Funding Vehicle.

Section 9.07. Transfer to Defined Benefit Governmental Plan.

(a) If a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Code Section 414(d)) that provides for the acceptance of plan-

to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account Balance transferred to the defined benefit governmental plan, subject to the terms of the Funding Vehicle. A transfer under this Section may be made before the Participant has had a Severance from Employment.

(b) A transfer may be made under this Section only if the transfer is either for the purchase of permissive service credit (as defined in Code Section 415(n)(3)(A)) under the receiving defined benefit governmental plan or a repayment to which Code Section 415 does not apply by reason of Code Section 415(k)(3).

(c) In addition, if a plan-to-plan transfer does not constitute a complete transfer of the Participant's or Beneficiary's interest in the transferor plan, the Plan shall treat the amount transferred as a continuation of a pro rata portion of the Participant's or Beneficiary's interest in the transferor plan (*e.g.*, a pro rata portion of the Participant's or Beneficiary's interest in any after-tax employee contributions).

ARTICLE X.

LOANS

Section 10.01. Loans.

(a) Loans shall be permitted under the Plan in accordance with Code Section 72(p) to the extent permitted by the Individual Agreements controlling the Account assets from which the loan is made and by which the loan will be secured.

(b) Loans shall not be permitted from the Funding Vehicles held by Former Vendors unless contractually provided under the Funding Vehicle and the Former Vendor enters into an agreement to share information with the Administrator in accordance with Revenue Procedure 2007-71.

Section 10.02. Information Coordination Concerning Loans. Each Vendor is responsible for all information reporting and tax withholding required by applicable Federal and

State law in connection with distributions and loans. The Administrator shall take such steps as may be appropriate to coordinate the limitations on loans set forth in Section 10.03, including the collection of information from Vendors, and transmission of information requested by any Vendor, concerning the outstanding balance of any loans made to a Participant under the Plan or any other plan of an Employer. The Administrator shall also take such steps as may be appropriate to collect information from Vendors and/or Former Vendors, and transmission of information to any Vendor or Former Vendor, concerning any failure by a Participant to repay timely any loans made to a Participant under the Plan or any other plan of an Employer. The Administrator may delegate responsibility for coordinating the sharing of information among the Vendors to a third party administrator or to one of the Vendors.

Section 10.03. Maximum Loan Amount. No loan to a Participant under the Plan may exceed the lesser of:

(a) \$50,000, reduced by the greater of (i) the outstanding balance on any loan from the Plan to the Participant on the date the loan is made or (ii) the highest outstanding balance on loans from the Plan to the Participant during the one-year period ending on the day before the date the loan is approved by the Administrator (not taking into account any payments made during such one-year period); or

(b) one half of the value of the Participant's Vested Account Balance (as of the valuation date immediately preceding the date on which such loan is approved by the Administrator).

For purposes of this Section 10.03, any loan from any other plan maintained by the Employer and any Related Employer shall be treated as if it were a loan made from the Plan, and the Participant's vested interest under any such other plan will be considered a Vested interest under this Plan; provided, however, that the provisions of this paragraph shall not be applied so as to

allow the amount of a loan to exceed the amount that would otherwise be permitted in the absence of this paragraph.

ARTICLE XI.

ROLLOVERS FROM THIS PLAN

Section 11.01. Rollover Distributions. A Participant or the Beneficiary of a deceased Participant (or a Participant's spouse or former spouse who is an alternate payee under a domestic relations order, as defined in Code Section 414(p)) who is entitled to an eligible rollover distribution may elect to have any portion of an eligible rollover distribution (as defined in Code Section 402(c)(4)) from the Plan paid directly to an eligible retirement plan (as defined in Code Section 402(c)(8)(B)) specified by the Participant in a direct rollover. In the case of a distribution to a Beneficiary who at the time of the Participant's death was neither the spouse of the Participant nor the spouse or former spouse of the participant who is an alternate payee under a domestic relations order, a direct rollover is payable only to an individual retirement account or individual retirement annuity (IRA) that has been established on behalf of the Beneficiary as an inherited IRA (within the meaning of Code Section 408(d)(3)(C)).

Section 11.02. Explanation of Plan Distribution and Withholding Requirements. Each Vendor shall be separately responsible for providing, within a reasonable time period before making an initial eligible rollover distribution, an explanation to the Participant of his or her right to elect a direct rollover and the income tax withholding consequences of not electing a direct rollover.

ARTICLE XII.

ADMINISTRATION

Section 12.01. Authority of the Employers. The Employers are responsible for advising their respective Eligible Employees of their rights to participate in the Plan and sending

Contributions for each Participant to the selected Vendors. Each Employer shall have all power necessary or convenient to enable it to exercise this authority under the Plan.

Section 12.02. Authority of the Administrator. The Administrator shall have the power to construe and interpret the Plan, including any ambiguities, and to determine all questions of fact or law arising under the Plan, and to resolve any disputes arising under and all questions concerning the administration of the Plan. The Administrator may correct any defect, supply any omission or reconcile any inconsistency in the Plan in such manner and to such extent as it may deem expedient and, subject to provisions of the Plan regarding claims to benefits, the Administrator should be the sole and final judge of such expediency. The Administrator may provide rules and regulations, not inconsistent with the terms of the Plan, for the operation and management of the Plan, and may from time to time amend or rescind such rules. The Administrator is authorized to accept service of legal process for the Plan. The Administrator shall have all powers necessary or convenient to enable it to exercise its authority under the Plan.

Section 12.03. Delegation by Administrator. The Administrator may delegate to an individual, committee, or organization to carry out its fiduciary duties or other responsibilities under the Plan. Any such individual, committee or organization delegated fiduciary duties shall be a fiduciary until the Administrator revokes such delegation. A delegation of the Administrator duties or responsibilities may be revoked without cause or advance notice. Such individual, committee, or organization shall have the same power and authority with respect to such delegated fiduciary or other responsibilities as the Administrator has under the Plan.

Section 12.04. Advice to Administrator. The Administrator may employ or contract with one or more persons to render advice with regard to its duties, responsibilities and authority under the Plan.

Section 12.05. Limitation on Recovery. Participants and Beneficiaries may not seek recovery against the Administrator, Employers, or any employee, contractor, or agent of the

Administrator or Employers, for any loss sustained by any Participant or Beneficiary due to the nonperformance of their duties, negligence, or any other misconduct of the above-named persons.

Section 12.06. Benefit Payments. The Administrator, or its designee, if in doubt regarding the correctness of its action with respect to a benefit payment, may direct suspension of payment until satisfied as to the correctness of the payment or the person to receive the payment. Alternatively, the Administrator, or its designee, may file, in any state court of competent jurisdiction, a suit, in the form it deems appropriate, for legal determination of the benefits to be paid and the persons to receive them. The Administrator, or its designee, may also bring a suit, or take other action as it deems appropriate, to resolve questions involving investment directions. The Administrator shall comply with the final order of the court in any such suit, and Participants, Beneficiaries, and the Administrator shall be bound by such an order, insofar as it affects the benefits payable under this Plan, or the method or manner of payment.

Section 12.07. Reliance. If the Administrator or any other fiduciary with respect to the Plan acts in reliance on an election, consent, or revocation made pursuant to this Plan, the election, consent, or revocation shall be treated as valid for purposes of discharging the Plan from liability to the extent of payments made pursuant to such acts.

ARTICLE XIII.

REQUESTS FOR INFORMATION AND OTHER CLAIMS PROCEDURES

Section 13.01. Requests for Information Concerning Eligibility, Participation, Contributions. Requests for information concerning eligibility, participation, Contributions, or other aspects of the operation of the Plan should be directed in writing to the Employer.

Section 13.02. Requests for Information Concerning Funding Vehicles. Requests for information concerning the Funding Vehicles and their terms, conditions, and interpretations thereof, should be directed in writing to the Vendor.

Section 13.03. Claims for Benefits. If a Participant makes a written claim for benefits under the Plan to the Employer or Vendor, as applicable, and the written request is denied, the Employer or Vendor, as applicable, shall within a reasonable period of time provide a written denial to the Participant. It shall include the specific reasons for denial, the provisions of the Plan and/or Funding Vehicles on which the denial is based, and how to apply for a review of the denied claim. Where appropriate, it shall also include a description of any material which is needed to complete or perfect a claim and why such material is necessary. Within 60 days after the Participant receives notification of the denial, a Participant may request in writing a review of a claim denied by the Employer or Vendor, as applicable, and review pertinent documents and submit issues and comments in writing to the Employer or Vendor, as applicable. The Participant shall receive a written decision upon such request for review of a denied claim within a reasonable period of time following receipt of the request.

ARTICLE XIV.

AMENDMENT AND PLAN TERMINATION

Section 14.01. Amendment and Termination. While it is expected that the Plan will continue indefinitely, the Board reserves the right to modify or terminate the Plan at any time.

Section 14.02. Adverse Effects. Any termination or modification of the Plan will not adversely affect the benefits accrued by Participants prior to the date of termination or modification.

Section 14.03. Distribution Upon Termination of the Plan. The Board may provide that, in connection with a termination of the Plan and subject to any restrictions contained in the Individual Agreements, all Accounts will be distributed, provided that the Board on the date of termination does not make contributions to an alternative section 403(b) contract that is not part of the Plan during the period beginning on the date of Plan termination and ending 12 months after the distribution of all assets from the Plan, except as permitted by the treasury regulations.

ARTICLE XV.

MISCELLANEOUS

Section 15.01. Non-Alienation. Participants' Accounts under the Plan shall not be liable for any debt, liability, contract, engagement, or tort of the Participant or his or her Beneficiary, nor be subject to anticipation, sale, assignment, transfer, encumbrance, pledge, charge, attachment, garnishment, execution, alienation, or any other voluntarily or involuntarily alienation or other legal or equitable process, nor be transferable by operation of law. However, the Plan will comply with any judgment, decree or order which establishes the right of another person to all or a portion of a Participant's benefit under the Plan to the extent that it is a "qualified domestic relations order" under Code Section 414(p). In addition, the Administrator may pay from a Participant's or Beneficiary's Account Balance, provided that the Participant has had a distributable event under Section 9.01, the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

Section 15.02. Limitation of Rights. Neither the establishment nor maintenance of the Plan nor any amendment thereof, nor the purchase of any insurance contract, nor any act or omission under the Plan or resulting from the operation of the Plan shall be construed:

(a) As conferring upon any Participant, Beneficiary, or any other person any right or claim against an Employer or Administrator, except to the extent that such right or claim shall be specifically expressed and provided in the Plan.

(b) As an agreement, consideration, or inducement of employment or as effecting in any manner or to any extent whatsoever the rights or obligations of an Employer or any Participant to continue or terminate the employment relationship at any time.

Section 15.03. Federal and State Taxes. It is intended that Contributions under this Plan, plus any earnings thereunder, are excludable from gross income for federal and state income tax purposes until paid to Participants or Beneficiaries. However, the Administrator does not guarantee that any particular Federal or state income, payroll, or other tax consequence will occur as a result of participation in this Plan.

Section 15.04. Erroneous Payments. If the Administrator or Vendor makes any payment that, according to the terms of the Plan and the benefits provided hereunder, should not have been made, the Administrator or Vendor may recover that incorrect payment, by whatever means necessary, whether or not it was made due to the error of the Administrator or Vendor, from the person to whom it was made, or from any other appropriate party. For example, if any such incorrect payment is made directly to a Participant, the Vendor may deduct it when making any future payments directly to that Participant.

Section 15.05. Release. Any payment to any Participant shall, to the extent thereof, be in full satisfaction of the claim of such Participant being paid thereby and the Administrator, or its designee, may condition such payment on the Participant delivering the duly executed receipt and release in such form as may be determined by the Administrator, or its designee.

Section 15.06. Liability. The Administrator shall incur no liability in acting upon any notice, request, signed letter, telegram, or other paper, document, or electronic transmission believed by the Administrator to be genuine, or to be executed, or sent by an authorized person.

Section 15.07. Necessary Parties. The Administrator is the only party necessary to any accounting, litigation, or other proceeding relating to the Plan or Funding Vehicle. The settlement or judgment in any such case in which the Administrator is duly served shall be binding upon all affected Participants in the Plan, their Beneficiaries, estates, and upon all persons claiming by, through, or under them.

Section 15.08. Headings. Any headings or subheadings in the Plan are inserted for convenience of reference only and shall be ignored in the construction of any provisions of the Plan.

Signed this _____ day of _____, 2008.

KANSAS BOARD OF REGENTS

By: _____
Chair of the Board

By: _____
President and Chief Executive Officer of the Board

I, _____, the duly qualified President and CEO of the Board of Regents, State of Kansas, do hereby certify that the Kansas Board of Regents Voluntary Retirement Plan was adopted at the _____, 2008, meeting of the Board of Regents, State of Kansas.

In Witness Whereof, I have hereunto set my hand and fixed the seal of the Board of Regents, State of Kansas, this _____ day of _____, 2008.

(SEAL)

President and CEO Board of Regents, State of Kansas

**KANSAS BOARD OF REGENTS
VOLUNTARY RETIREMENT PLAN**

EXHIBIT A – LIST OF VENDORS

The purpose of this Exhibit A is to set forth the Approved Vendors, as well as the Former Vendors, under the Plan. This Exhibit A may be amended from time to time; provided, however, that any changes to approved Vendors under the Plan shall be effective on the date that the Board approves such changes, and not on the date that of the amended Exhibit A.

Approved Vendors

769 AIG Variable Annuity Life Ins (VALIC)
710 American Century Services Corp*
057 American United Life Ins Co*
321 Ameriprise Financial Services, Inc
024 ING Financial Services
413 Lincoln Investment Planning
728 Lincoln Life*
416 Lincoln National Life Ins Co
843 MetLife Investors USA Ins Co
446 Metropolitan Life Ins Co.*
468 Modern Woodmen of America*
842 New England Financial Annuities*
828 PFS Investments, Inc*
506 Reliastar Life Insurance Company*
655 Security Benefit Life Ins Co
064 Thrivent Financial for Lutherans*
695 TIAA-CREF
743 USAA Life Insurance Company*
785 Waddell & Reed Financial Services

* These Vendors will not accept new enrollment. Participants who are investing with these Vendors as of March 2003 can continue to make Contributions to these Vendors, but these Vendors will not be available to any other Participants.

Former Vendors

059 AIG SunAmerica Life Assurance Co.*
025 AIM Investment Services Inc.
839 American Funds Distributors In
792 American General Annuity Ins*
337 Anchor National Life Insurance Co*
186 AXA Equitable Life Insurance Co *
470 Consec Life Ins Co (Mass Gen Life)*
378 Farm Bureau Life Insurance Co*
775 Fidelity Investments Inst Services
272 Guardian Life Ins Co of Americ*
835 Invesco Funds Group Inc*
831 Janus Capital Corporation*
357 John Hancock Funds, Inc.*
830 John Hancock Life Ins Co (USA) *
838 LIFEUSA*
412 Lincoln Benefit Life Company*
829 Mackay-Shields Tax Shltd An Pr*
444 Mass Mutual Life Ins Co V A*
446 Metropolitan Life Insurance Co*
687 MFS/Sun Life Assur of Can(USA)*
834 National Western Life Ins Co*
474 Nationwide Life Insurance Co
842 New England Financial Annuities*
501 New York Life Insurance Co*
507 Northwestern Mutual Life Ins Co*
569 Phoenix Mutual Life Ins Co*
821 Pioneer Investment Management
084 Principal Financial Group*
584 Prudential Ins Co of America*
595 Putnam Financial Services Inc*
724 The Union Central Life Ins Co*
823 The Vanguard Group of Inv Cos
702 Travelers Insurance Company*