

DRAFT PLAN DOCUMENT (NOT EFFECTIVE)

SCHOOL DISTRICT NO. 3, MULTNOMAH COUNTY, OREGON (THE "EMPLOYER") ALSO KNOWN AS PARKROSE SCHOOL DISTRICT HEREINAFTER PARKROSE SCHOOL DISTRICT

Plan Document Iteration: **Ver 1.1.3.No**

Anticipated Effective Date: No later than 12/31/2008.

This Plan Document IRS template applied/applies to all CCC Client Employers during the period from 5/31/2008 through the present.

This Plan Document IRS template was last updated **5/31/2008 at 11:00 PM PDT**.

Parkrose School District-specific information applied/applies to this Plan during the period from The Current Date until A New Plan Document Iteration is Adopted.

Parkrose School District-specific information for this Plan was last updated 12/3/2008.

Explanation of changes made from the previous Plan Document version for **Parkrose School District: To Be Determined**

PREAMBLE

CCC is not a law firm and is not authorized to give legal or tax advice. The services, information, and documents provided by CCC are not intended to be, and should not be used as, a substitute for legal or tax advice. The District should have the sample Plan Document reviewed by its own legal counsel and should consult its own legal and tax advisors with any questions.

Some sections of this version of the Plan Document may later be removed from the body of the Plan Document and placed in an "Administrative Procedures" document (e.g., Rules for Gaining, Maintaining, Retaining, and Losing Active and Inactive Payroll Slots). The sections that may be removed later are included within this version of the Plan Document primarily to have everything that should be considered within a single document for review and evaluation.

This is the first 403(b) Plan Document to be adopted by the Employer under 403(b) Final Treasury Department Regulations published on July 26, 2007. Currently this document is in draft mode for review by the CCC Coordinator and Other Contacts. The CCC Coordinator should review current collective bargaining agreements to check for any potential conflicts and should share this draft Plan Document with Union leaders for their review. Any changes proposed by the District should be reported to CCC by the CCC Coordinator as soon as possible. As soon as the CCC Coordinator and Other Contacts sign off on the draft Plan Document, it should be submitted to the Board for adoption. Our goal is to secure Board adoption no later than December 31, 2008. Ideally the deadline for Vendor responses would be December 31, 2008, because Vendors know that the Regulations do not require that they enter into Information Sharing Agreements until that date.

Note: URLs on the CCC website appearing in this Plan Document have changed following the migration of CCC website to its new server and into an upgraded, database supported environment. However, the date and time of this Plan Document general template and the date and time of all Employer-specific information clearly appear above, so versions are easily recognizable.

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SECTION 1 - GENERAL PROVISIONS

1.1 OPTIONAL FEATURES.

Optional features are either included in, or excluded from, the Plan, as specified below and as further described in the parenthetically referenced sections in this Plan Document. **Each optional feature included in the Plan is available only to the extent that particular optional feature is available in the underlying Investment Arrangements for the Plan.**

- (a) 15 Years-of-Service Catch-up Elective Deferral Contributions (See Sections 2.10 and 5.3): **Yes**
- (b) Age 50 Catch-up Elective Deferral Contributions (See Sections 2.10 and 5.4): **Yes**
- (c) Direct Rollovers Into the Plan (See Sections 2.17, 2.21, 2.47, 7.6, and 9.1(a)): **Yes**
- (d) Employer Contributions Allowed (See Sections 2.14, 2.24, 2.25, and 4): **Yes**
- (e) Exchanges Within the Plan (See Sections 2.13 and 9.4): **Yes**
- (f) Hardship Distributions (See Sections 2.30 and 7.5): **Yes**
- (g) In-service Distributions After Age 59-1/2 (See Section 7.7): **Yes**
- (h) In-service Distributions From Rollover Accounts (See Section 7.4): **Yes**
- (i) Loans (See Section 6): **Yes**
- (j) Permissive Service Credit Transfers (See Section 9.5): **Yes**
- (k) Plan-to-Plan Transfers To the Plan (See Sections 2.42 and 9.2): **Yes**
- (l) Plan-to-Plan Transfers From the Plan (See Sections 2.43 and 9.3): **Yes**
- (m) Post-Severance Employer Contributions (See Sections 2.14 and 4.2): **Yes**
- (n) Roth Contributions (See Sections 2.16, 2.19, 2.48, and 3.6) : **No**

1.2 DATES.

(a) **Effective Date:** The effective date of this Plan Document is the date on which it was adopted by the Board of Directors for Parkrose School District, which was: **To Be Determined**

(b) **Applicability Date for Optional Features 1.1(a), (b), (c), (d), (f), (g), (h), (i), (j), (m), and (n):** The earlier of **To Be Determined** and 1/1/2009.

(c) **Date Carruth Compliance Consulting, Inc. ("CCC") will begin administering Optional Features 1.1(a), (b), (c), (d), (f), (g), (h), (i), (j), (m), and (n):** The latter of **To Be Determined** and 1/1/2009

(d) **Applicability Date for Optional Features 1.1(e), (k), and (l):** Retroactive to 9/25/2007

(e) **Date Carruth Compliance Consulting, Inc. ("CCC") will begin administering Optional Features 1.1(e), (k), and (l):** The latter of 9/25/2007 and **To Be Determined** (the date Parkrose School District became or becomes a CCC Full Service or Transitional Agreement Client).

1.3 RULES FOR VENDORS TO HOLD PAYROLL SLOTS.

(a) Initial List of Vendors Holding Active and Inactive Payroll Slots: By holding either an Active or Inactive Payroll Slot in the Plan, a Vendor is eligible to receive current Contributions under the Plan. However, only Vendors Holding Active Payroll Slots are eligible to enroll new Participants one-at-a-time. Vendors Holding Inactive Payroll Slots may continue to receive current Contributions from Participants already making Contributions to the Vendor, but must enroll a sufficient number of new Participants all at one time to reach 5 active contributors to become eligible to enroll new Participants one-by-one. The initial lists of Vendors to Hold Active and Inactive Payroll Slots were specified by **Parkrose School District** using criteria chosen by **Parkrose School District**. Upon adoption of this Plan Document the selected Vendors were or will be contacted by CCC to secure Hold Harmless Agreements, Information Sharing Agreements, specimen copies of annuity contracts and custodial account agreements, and general public Vendor information for the CCC website. Only those Vendors that enter into Hold Harmless and Information Sharing Agreements with **Parkrose School District**, either indirectly via CCC umbrella agreements or directly via Vendor agreements designating CCC as agent for **Parkrose School District**, provide specimen copies of their annuity contracts and/or custodial account agreements, and provide general public Vendor information for the CCC website were or will be actually granted Payroll Slots on the initial list of Vendors Holding Payroll Slots under the new 403(b) Regulations. The list of all Vendors with Payroll Slots for all CCC client employers is maintained on the CCC website at the Internet address below, is kept current whenever new employers and/or Vendors are added and/or removed, and the list for **Parkrose School District** contained therein is hereby incorporated by reference:

www.ncompliance.com/guest_employervendors.aspx?EmployerID=To Be Determined

(b) Gaining an Active Payroll Slot: For a Vendor to gain an Active Payroll Slot if the Vendor does not hold either an Active Payroll Slot or an Inactive Payroll Slot, the applying Vendor must:

- (i) Enter into Hold Harmless and Information Sharing Agreements with **Parkrose School District**, either indirectly via Umbrella Agreements between Vendor and Carruth Compliance Consulting, Inc. ("CCC") or directly via Vendor Agreements that specify CCC as agent for **Parkrose School District**;
- (ii) Provide copies of, or links to, specimen copies of annuity contracts and/or custodial account agreements to be available for purchase by Participants, along with copies of, or links to, 403(b) endorsements when annuity contracts and/or custodial account agreements are generic in nature.
- (iii) Provide basic information (for example: contact details, any contribution minimums, links to forms, etc.) requested by CCC for inclusion on the CCC website section dedicated to **Parkrose School District**;
- (iv) Submit Salary Reduction Agreements for 5 Employees of **Parkrose School District**, along with documentation that Vendor accounts have been established and will accept contributions on behalf of the corresponding Employees.
- (v) Notwithstanding Sections 1.3(b)(i) through 1.3(b)(iv) above, total monthly contributions of \$N/A are sufficient to grant a new Active Payroll Slot, irrespective of the number of applicants involved.
- (vi) Notwithstanding Sections 1.3(b)(i) through 1.3(b)(v) above, the **Director of Business Services** has the authority to grant an Active Payroll Slot to a Vendor and/or remove an Active Payroll Slot from a Vendor.

(c) Maintaining an Active Payroll Slot: For a Vendor Holding an Active Payroll Slot to maintain the active status of that Payroll Slot, the number of active contributors must not drop below 5 during any given month. If the number of active contributors drops below 5 during any given month, that Vendor's Payroll Slot will appear on the Inactive Payroll Slot list the following month. Notice that if this number is 0, the Vendor will maintain an Active Payroll Slot indefinitely, even if there are periods of time when there are no active contributors. Notice also that if this number is 1, the Vendor will maintain its Active Payroll status as long as at least one Participant actively contributes, but will lose the Active Payroll Slot as soon as there are no active contributors. Finally, notice that if this number is greater than 1, the Vendor's Payroll Slot will become an Inactive Payroll Slot if the number of active contributors drops below this number. For example, if this number is 5, the Payroll Slot will become inactive if the number of active participants drops below 5. If a Payroll Slot becomes inactive, see 1.3(d) below for rules for regaining Active status.

(d) Regaining an Active Payroll Slot: For a Vendor Holding an Inactive Payroll Slot to regain active status of that Payroll

Slot, the Vendor must submit a sufficient number of new Participants all at once to reach a total of 5 active contributors.

(e) **Losing a Payroll Slot:** A Vendor that Holds an Active or Inactive Payroll Slot will lose that Payroll Slot if the number of active contributors drops below 5. Notice that if this number is 0, the Vendor will maintain its Payroll Slot indefinitely, even during periods of time when there are no active contributors. Notice also that if this number is 1, the Vendor will lose its Payroll Slot immediately if there cease to be any active contributors to the Vendor. Finally, if this number is greater than 1, the Vendor will lose its Payroll Slot 12 months after being notified that its Payroll Slot has become inactive, unless a sufficient number of active contributors are enrolled all at once to reach 5 active contributors during the interim period.

1.4 DELINEATION OF RESPONSIBILITY FOR ADMINISTRATION OF PLAN.

(a) **Employer:** Parkrose School District shall be responsible for providing meaningful notification that all of its Employees are eligible for participation in the Plan, to ensure that employees have at least an annual effective opportunity to make, revoke, or modify a deferral election, to maintain on file currently applicable Salary Reduction Agreements for all Participants, to remit Contributions to Vendors in a timely manner, to provide payroll and human resources data to CCC as necessary for monitoring contributions for compliance, and to perform other plan administration functions as directed by CCC.

(b) **Third Party Administrator:** Carruth Compliance Consulting, Inc. ("CCC") provides compliance assurance and certain plan communication and administration services to Parkrose School District on a contractual basis. As such, CCC shall be responsible for monitoring contributions for compliance with contribution limits, for providing draft eligibility notification announcements to Parkrose School District at least annually, for maintaining Hold Harmless and Information Sharing Agreements with Vendors associated with the Plan, and to provide Plan information to Employees, Participants, and Vendors in a dedicated section of the CCC website at the following Internet address:

www.ncompliance.com/guest_employerplan.aspx?EmployerID=To Be Determined

(c) **Plan Administrator:** The Plan Administrator, an Employee of Parkrose School District, shall be responsible for ensuring that responsibilities of Parkrose School District under the Plan are properly performed. The Plan Administrator shall be the Employee of Parkrose School District holding the administrative position specified below:

Director of Business Services

(d) **CCC Coordinator:** The CCC Coordinator, an Employee of Parkrose School District, shall be the conduit for all communications between Parkrose School District and CCC and shall ensure that the Plan Administrator and other CCC Contacts (also Employees of Parkrose School District) are appropriately informed about Plan responsibilities. The Plan Administrator may, but need not be, the CCC Coordinator. The CCC Coordinator shall be the Employee of Parkrose School District holding the administrative position specified below:

District Accountant

(e) **Vendor:** Each Vendor associated with the Plan shall be responsible for ensuring that all Investment Arrangements provided by Vendor comply with Section 403(b) of the Code and for complying with the terms of the Hold Harmless and Information Sharing Agreements between Vendor and Parkrose School District, such agreements being either indirect via CCC umbrella agreements or directly via Vendor agreements that designates CCC as responsible party on behalf of Parkrose School District. Also, Vendor shall be responsible for providing basic public information requested by CCC for inclusion on the CCC website, such CCC requested information to be used for the purposes of proper administration of the Plan and providing information to Employees about the Vendor's products, services, and local contacts. Finally, Vendor shall be responsible for collecting and maintaining Beneficiary information, via Vendor enrollment forms and Beneficiary change forms.

(f) **Participant:** Participants shall be responsible for establishing Investment Arrangements with Vendors before submitting Salary Reduction Agreements to Parkrose School District to initiate deferrals, for submitting revised Salary Reduction Agreements to modify or cancel existing Salary Reduction Agreements, and for carefully reviewing requirements for all contemplated transactions, including Hardship Distributions and Loans. Neither Parkrose School District nor CCC will provide advice to Employees regarding investment options, nor can either Parkrose School District or CCC be held responsible for poor investment choices made by Participants.

1.5 LIMITATION YEAR.

The Limitation Year shall be the Plan Year. The Plan Year means the calendar year, beginning on January 1 and ending on December 31.

1.6 CONVENTIONS.

All capitalized terms shall have the meaning set forth in Section 2 of this document unless otherwise defined within the context of this document. Pronouns used in the Plan in the masculine or feminine gender include both genders, the singular shall include the plural, and the plural shall include the singular unless the context clearly indicates otherwise.

1.7 INVESTMENT ARRANGEMENTS.

The Plan is funded through one or more annuity contracts and/or custodial accounts described in Section 403(b) of the Code and authorized by **Parkrose School District** (hereinafter, the "Investment Arrangements") offered by Vendors selected by **Parkrose School District** ("Vendors"). Vendors maintain lists of Investment Arrangements available for Participant investments in the Plan for **Parkrose School District**. CCC maintains a list of Vendors associated with the Plan for **Parkrose School District** in various capacities. The list of Vendors associated with the Plan for **Parkrose School District** is kept current and updated by CCC whenever Vendor-to-CCC, Vendor-to-employer, and/or employer-to-CCC relationships change, at the following Internet address, which is hereby incorporated by reference:

www.ncompliance.com/guest_employervendors.aspx?EmployerID=To Be Determined

Purchase payments under the Investment Arrangements generally are made pursuant to participating employees' salary reduction agreements and may also include Employer Contributions as specified in Section 4 of this document.

SECTION 2 - DEFINITIONS

As used in this Plan, the following words and phrases shall have the meanings set forth below:

2.1 ACCOUNT.

The account or accumulation maintained for the benefit of any Participant or Beneficiary under an Annuity Contract or a Custodial Account. The account or accounts established and maintained under the Investment Arrangements for each Participant or Beneficiary with respect to his interest in the Plan. Such accounts are annuity contract accounts under Section 403(b)(1) or custodial agreement accounts under Section 403(b)(7). For additional details see the definitions for Annuity Contract and Custodial Account elsewhere in this Section 2.

2.2 ACCOUNT BALANCE.

The bookkeeping account maintained for each Participant which reflects the aggregate amount credited to the Participant's Account under all Accounts, including the Participant's Elective Deferrals, the earnings or loss of each Annuity Contract or a 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 any account established for rollover contributions and plan-to-plan transfers made for a Participant, the account established for a Beneficiary after a Participant's death, and any account or accounts established for an Alternate Payee (as defined in Section 414(p)(8) of the Code).

2.3 ACCUMULATED BENEFIT.

Accumulated benefit means the total benefit to which a participant or beneficiary is entitled under a section 403(b) contract, including all contributions made to the contract and all earnings thereon. For additional details see Treas. Reg. §1.403(b)-2 (b)(1).

2.4 ADMINISTRATOR.

The Plan Administrator shall be the Employee of **Parkrose School District** holding the administrative position specified below:

Director of Business Services

2.5 ALTERNATE PAYEE.

Any spouse, former spouse, child or other dependent of a Participant who is recognized by a Qualified Domestic Relations Order, or similar order recognized under the Internal Revenue Code for the Plan, as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to the Participant.

2.6 ANNUAL ADDITIONS.

As defined in Section 415(c)(2) of the Code and hereby incorporated by reference. Basically, Annual Additions are the aggregate of Elective Deferrals, Nonelective Employee Contributions, and Employer Contributions, either discretionary or matching.

2.7 ANNUITY CONTRACT.

A nontransferable contract as defined in Section 403(b)(1) of the Code, established for each Participant by **Parkrose School District**, or by each Participant individually, that is issued by an insurance company qualified to issue annuities in the State of **Oregon** and that includes payment in the form of an annuity.

2.8 BENEFICIARY.

The designated person or persons who are entitled to receive benefits under the Plan after the death of a Participant, subject to such additional rules as may be set forth in the Individual Agreements.

2.9 CARRUTH COMPLIANCE CONSULTING, INC. ("CCC").

An Oregon Corporation under contract with **Parkrose School District** to serve as Third Party Administrator for the Plan and provide various compliance assurance, plan communication, and plan administration services to **Parkrose School District**. In particular, CCC is responsible for maintaining this Plan Document and incorporating changes in applicable sections of the Internal Revenue Code, Treasury Regulations, Revenue Procedures, Revenue Rulings, and other regulatory activity.

2.10 CATCH-UP AMOUNT OR CATCH-UP LIMITATION.

Catch-up amount or catch-up limitation for a participant for a taxable year means a Section 403(b) elective deferral permitted under Section 414(v) (as described in Treas. Reg. §1.403(b)-4(c)(2)) or Section 402(g)(7) (as described in Treas. Reg. §1.403(b)-4(c)(3)). The former may be described as the Age 50 Catch-up Provision and the latter may be described as the 15 Years-of-Service Catch-up Provision.

Does the Plan for **Parkrose School District** allow Age 50 Catch-up Elective Deferral Contributions? **Yes**

Does the Plan for **Parkrose School District** allow the Special Section 403(b) Catch-up Limitation for Employees with 15 Years of Service? **Yes**

2.11 CODE.

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.

2.12 COMPENSATION.

All cash compensation for services to **Parkrose School District**, including salary, wages, fees, commissions, bonuses, and overtime pay, that is includible in the Employee's gross income for the calendar year, plus amounts that would be cash compensation for services to **Parkrose School District** includible in the Employee's gross income for the calendar year but for a compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including an election under Section 3 made to reduce compensation in order to have Elective Deferrals under the Plan).

2.13 CONTRACT EXCHANGE.

The exchange of some portion of an Account Balance held by one Vendor Associated with the Plan into an Account of a

different Vendor Associated with the Plan that is eligible to receive Exchanges, Transfers, and/or Rollover Contributions into the Plan, as described in Treas. Reg. §1.403(b)-4(c)(3).

Does the Plan for **Parkrose School District** allow Contract and Custodial Account Exchanges? **Yes**

2.14 CONTRIBUTIONS.

The Elective Deferrals, Employer Discretionary Contributions, Employer Matching Contributions, and/or Employer Post-Severance Contributions made to the Plan on behalf of the Participant.

Does the Plan for **Parkrose School District** allow Employer Contributions? **Yes**

Does the Plan for **Parkrose School District** allow Employer Discretionary Contributions? **Yes**

Does the Plan for **Parkrose School District** currently involve Employer Discretionary Contributions? **No**

Does the Plan for **Parkrose School District** allow Employer Matching Contributions? **Yes**

Does the Plan for **Parkrose School District** currently involve Employer Matching Contributions? **No**

Does the Plan for **Parkrose School District** allow Employer Post-Severance Contributions? **Yes**

Does the Plan for **Parkrose School District** currently involve Employer Post-Severance Contributions? **No**

2.15 CUSTODIAL ACCOUNT.

The group or individual custodial account or accounts, as defined in section 403(b)(7) of the Code, established for each Participant by **Parkrose School District**, or by each Participant individually, to hold assets of the Plan.

2.16 DESIGNATED ROTH CONTRIBUTIONS.

After-tax Elective Deferrals may be designated as Roth Contributions under Section 402A. Qualified distributions from Roth sub-accounts are tax-free, including both contributions and earnings. A five-year waiting period following initial Designated Roth Contribution is required for qualified distributions. Moreover, the Participant must be eligible for a distribution from the Plan. A separate account is required for elective deferrals to be treated as held in a designated Roth account.

Does the Plan for **Parkrose School District** allow Designated Roth Contributions? **No**

2.17 DIRECT ROLLOVER.

A payment from an Investment Arrangement to an Eligible Retirement Plan specified by a Distributee. A Distributee includes an Employee or former Employee with respect to an Eligible Rollover Distribution. In addition, the Employee's or former Employee's surviving spouse, and the Employee's or former Employee's spouse or former spouse who is an Alternate Payee is a Distributee with respect to the interest of the spouse or former spouse in an Eligible Rollover Distribution.

Does the Plan for **Parkrose School District** allow Direct Rollover Contributions To the Plan? **Yes**

2.18 DISABLED.

The definition of disability provided in the applicable Individual Agreement.

2.19 ELECTIVE DEFERRAL.

The Employer contributions made to the Plan at the election of the Participant in lieu of receiving cash compensation. Elective Deferrals include pre-tax salary reduction contributions and may or may not include Designated Roth Contributions, at the election of **Parkrose School District**.

Does the Plan for **Parkrose School District** allow Roth Contributions? **No**

2.20 ELIGIBLE RETIREMENT PLAN.

Eligible Retirement Plan as defined in Section 401(a)(31)(D) of the Code.

2.21 ELIGIBLE ROLLOVER DISTRIBUTION.

Eligible Rollover Distribution as defined in Section 401(a)(31)(C) of the Code.

2.22 EMPLOYEE.

Each individual, whether appointed or elected, who is a common law employee of **Parkrose School District** performing services for a public school as an employee of **Parkrose School District**. This definition is not applicable unless the employee's compensation for performing services for a public school is paid by **Parkrose School District**. Further, a person occupying an elective or appointive public office is not an employee performing services for a public school unless such office is one to which an individual is elected or appointed only if the individual has received training, or is experienced, in the field of education. A public office includes any elective or appointive office of a State or local government.

2.23 EMPLOYER.

School District No. 3, Multnomah County, Oregon

Also known as Parkrose School District

Herein appearing as Parkrose School District

Notwithstanding anything herein to the contrary, with the consent of **Parkrose School District** and Insurer (or Trustee, if applicable), any Affiliated Employer may adopt this Plan and all of the provisions hereof, and participate herein and be known as a Participating Employer, by a properly executed document evidencing said intent and will of such Participating Employer.

2.24 EMPLOYER DISCRETIONARY CONTRIBUTIONS.

Contributions made to the Plan by **Parkrose School District**, without reduction to the Participant's salary, and not subject to any requirements that the Participant make Elective Deferrals. Such contributions, if permitted under the Plan and properly authorized by **Parkrose School District**, may, at the election of **Parkrose School District**, be made in any form and at any time otherwise permitted under the Code and under supplemental documentation of **Parkrose School District**.

Does the Plan for **Parkrose School District** allow Employer Discretionary Contributions? **Yes**

Does the Plan for **Parkrose School District** currently involve Employer Discretionary Contributions? **No**

2.25 EMPLOYER MATCHING CONTRIBUTIONS.

Contributions made to the Plan by **Parkrose School District**, without reduction to the Participant's salary, but subject to certain requirements that the Participant make Elective Deferrals. Such contributions, if permitted under the Plan and properly authorized by **Parkrose School District**, shall be made in a form and at a time permitted under the Code and specified under supplemental documentation of **Parkrose School District**.

Does the Plan for **Parkrose School District** allow Employer Matching Contributions? **Yes**

Does the Plan for **Parkrose School District** currently involve Employer Matching Contributions? **No**

2.26 FUNDING VEHICLES.

The Annuity Contracts or Custodial Accounts issued for funding amounts held under the Plan and specifically approved by **Parkrose School District** for use under the Plan.

2.27 GRANDFATHERED CONTRIBUTION VENDOR.

A Vendor that received Contributions under the Plan prior to 1/1/2005, but has received no Contributions under the Plan after 12/31/2004.

2.28 GRANDFATHERED EXCHANGE/TRANSFER/ROLLOVER ACCOUNT.

An Account that received a 90-24 Transfer under the Plan prior to 9/25/2007 and is maintained by a Vendor that has not received Contributions into any Account for any Participant under the Plan since 12/31/2004.

2.29 GRANDFATHERED EXCHANGE/TRANSFER/ROLLOVER VENDOR.

A Vendor that received at least one 90-24 Transfer under the Plan prior to 9/25/2007, but that has not received Contributions into any Account for any Participant under the Plan for **Parkrose School District** since 12/31/2004.

2.30 HARDSHIP DISTRIBUTION.

A distribution that satisfies the "safe harbor" standards with respect to establishing an immediate and heavy financial need under Treas. Reg. §1.401(k)-1(d)(3)(iii)(B) and, except as the Vendor specifically agrees to administer under another permitted standard, satisfying the lack of other resources requirement (under Treas. Reg. 1.401(k)-1(d)(3)(iv)(E)) including the Vendor notifying **Parkrose School District** of the withdrawal in order for **Parkrose School District** to implement the resulting 6-month suspension of the Participant's right to make Elective Deferrals under the Plan or any other Plan of **Parkrose School District**.

Does the Plan for **Parkrose School District** allow Hardship Distributions? **Yes**

2.31 INCLUDIBLE COMPENSATION

An Employee's actual wages in box 1 of Form W-2 for a year for services to **Parkrose School District**, but subject to a maximum of \$200,000 (or such higher maximum as may apply under Section 401(a)(17) of the Code) and increased (up to the dollar maximum) by any compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including any Elective Deferral under the Plan). The amount of Includible Compensation is determined without regard to any community property laws. It is important to note that Includible Compensation for the purposes of Code Section 415(c) is the amount of compensation which is received from **Parkrose School District** and which is includible in gross income for the most recent period (ending not later than the close of the taxable year) which may be counted as one year of service, and which precedes the taxable year by no more than five years.

2.32 INDIVIDUAL AGREEMENT.

The agreements between a Vendor and **Parkrose School District** or a Participant that constitutes or governs a Custodial Account or an Annuity Contract.

2.33 INTERMEDIATE CONTRACT.

An Annuity Contract or Custodial Account issued in an exchange permitted under Rev. Rul. 90-24 after 9/24/2007 and before 1/1/2009 and provided by a Vendor that neither is eligible to receive contributions as part of the plan nor has an Information Sharing Agreement with **Parkrose School District** as of 1/1/2009, either indirectly via umbrella CCC agreement or directly via Vendor agreement that designate CCC as an agent for **Parkrose School District** and information sharing party on behalf of **Parkrose School District**.

2.34 INTERMEDIATE VENDOR.

A Vendor whose only connection with **Parkrose School District** Plan involves Intermediate Contracts. An Intermediate Vendor has not received contributions in the Plan since 12/31/2004, is not eligible to receive contributions in the Plan beginning 1/1/2009, has not entered into an Information Sharing Agreement with **Parkrose School District** by 12/31/2008, either indirectly via umbrella CCC agreements or directly via agreements that designate CCC as an agent for **Parkrose School District** and information sharing party on behalf of **Parkrose School District**, but has received Contract Exchanges, Plan-to-Plan Transfers Into, and/or Rollover Contributions Into the Plan between 9/25/2007 and 12/31/2008.

2.35 INVESTMENT ARRANGEMENT.

An Annuity Contract or a Custodial Account offered by a Vendor that **Parkrose School District** has designated as a Vendor Associated with the Plan. CCC shall maintain an ongoing list of all Vendors Associated with the Plan. Participants may select one or more Investment Arrangements on a Salary Reduction Agreement specified by **Parkrose School District**, and shall be solely responsible for directing the Vendor of the Investment Arrangement as to their investment selections within the Investment Arrangement. The Vendors shall be responsible for administering the terms of their respective Annuity Contracts and/or Custodial Accounts.

2.36 ORPHANED ACCOUNT.

An Account that has received contributions under the Plan between 1/1/2005 and 12/31/2008 and is maintained by a Vendor that has not received Contributions into any Account for any Participant under the Plan for **Parkrose School District** since 12/31/2008.

2.37 ORPHANED VENDOR.

A Vendor with at least one Orphaned Account for at least one Participant under the Plan, for which all such Accounts are Orphaned Accounts. That is, an Orphaned Vendor received contributions under the Plan during the period 1/1/2005 through 12/31/2008, but has not and will not receive Contributions, Exchanges, Transfers, or Rollover Contributions into Accounts under the Plan after 12/31/2008.

2.38 PARTICIPANT.

An individual for whom Contributions, Plan-to-Plan Transfers Into, and/or Rollover Distributions Into the Plan have been made and who has not received a distribution of his or her entire benefit under the Plan.

2.39 PAYOUT OPTION.

Any of the annuity options or other options for payment that may be available under an Investment Arrangement established under the Plan. In the case of an Annuity Contract, these options may be in the form of a lump sum payment or periodic payments at regular intervals either for a period certain or for one or more lives. In the case of a Custodial Account, these options may be in the form of a lump sum payment or payments of a specified amount or for a specified period or such other payout options that are permitted under the custodial agreement.

2.40 PAYROLL SLOT.

See "Vendors Eligible to Receive Current Contributions" in Section 2.53(a).

2.41 PLAN.

403(b) Plan of School District No. 3, Multnomah County, Oregon

2.42 PLAN-TO-PLAN TRANSFER TO THE PLAN.

A direct transfer from a 403(b) plan of a different employer into the 403(b) Plan for **Parkrose School District**, as authorized by § 1.403(b)-10(b)(3) of the Income Tax Regulations.

Does the Plan for **Parkrose School District** allow Plan-to-Plan Transfers To the Plan? **Yes**

2.43 PLAN-TO-PLAN TRANSFER FROM THE PLAN.

A direct transfer from the 403(b) Plan for **Parkrose School District** into the 403(b) plan of a different employer, as authorized by § 1.403(b)-10(b)(3) of the Income Tax Regulations.

Does the Plan for **Parkrose School District** allow Plan-to-Plan Transfers From the Plan? **Yes**

2.44 PLAN YEAR.

The calendar year.

2.45 QUALIFIED DOMESTIC RELATIONS ORDER ("QDRO").

Any judgment, decree, or order (including a property settlement agreement) made pursuant to state domestic relations law that meets the requirements of Section 414(p) of the Code.

2.46 RELATED EMPLOYER.

Parkrose School District and any other entity which is under common control with **Parkrose School District** under Section 414(b) or (c) of the Code. For this purpose, **Parkrose School District** 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.

2.47 ROLLOVER CONTRIBUTION.

A Rollover Contribution is a transfer described in Code Section 402(c)(1), 403(a)(4)(A), 403(b)(16)(A), or 457(e)(16)(A) or a payment described in Code Section 401(a)(31) or 408(d)(3)(A)(ii).

Does the Plan for **Parkrose School District** allow Eligible Rollover Contributions to the Plan? **Yes**

2.48 ROTH CONTRIBUTIONS.

See Designated Roth Contributions in Section 2.16.

Does the Plan for **Parkrose School District** allow Roth Contributions? **No**

2.49 SALARY REDUCTION AGREEMENT.

A legal agreement between **Parkrose School District** and a Participant that specifies the amount by which the Participant's salary is to be reduced, the Vendor or Vendors to which contributions are to be remitted, and other pertinent information required for proper administration of the Plan. The Salary Reduction Agreement for the Plan is available online at the following Internet address, and is included by reference:

www.ncompliance.com/guest_employersra.aspx?EmployerID=To Be Determined

2.50 SEVERANCE FROM EMPLOYMENT.

For purpose of the Plan, Severance from Employment means Severance from Employment with **Parkrose School District** and any Related Entity. However, a Severance from Employment also occurs on any date on which an Employee ceases to be an employee of a public school, even though the Employee may continue to be employed by a Related Employer that is another unit of the State or local 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 a public school but continuing to work for the same State or local government employer).

2.51 THIRD PARTY ADMINISTRATOR.

An organization under contract with **Parkrose School District** to provide various compliance assurance, plan communication, and plan administration services to **Parkrose School District**. Carruth Compliance Consulting, Inc. ("CCC") serves as Third Party Administrator for this Plan.

2.52 VALUATION DATE.

Each business day of the Plan Year.

2.53 VENDORS ASSOCIATED WITH THE PLAN.

Number of active contributors required to gain an Active Payroll Slot in the Plan for **Parkrose School District: 5**

Monthly contribution amount sufficient to grant a new Active Payroll Slot, irrespective of the number of applicants involved, in the Plan for **Parkrose School District: \$N/A**

Number of active contributors required to maintain an Active Payroll Slot in the Plan for **Parkrose School District: 5**

Number of months Vendors are given to restore an Inactive Payroll Slot to Active status in the Plan for **Parkrose School District: 12 Months**

Number of months Participants are given to select a new Vendor with an Active Payroll Slot after Inactive Payroll Slot waiting period has expired in the Plan for **Parkrose School District: 1 Months**

Number of active contributors required to retain a Payroll Slot of either type in the Plan for **Parkrose School District: 5**

The provider of an Annuity Contract or Custodial Account for a Participant or Beneficiary. This can occur in several different ways, as described in the following more detailed definitions of Vendor types:

(a) Vendors Holding Payroll Slots: These Vendors are eligible to receive current contributions under the Plan. Such

Vendors are generally divided into two groups: 1) Vendors Holding "Active" Payroll Slots; and 2) Vendors Holding "Inactive" Payroll Slots. Vendors Holding Active Payroll Slots are eligible to enroll new Participants one-at-a-time, whereas Vendors Holding Inactive Payroll Slots must enroll a sufficient number of new Participants to reach the 5 Participants required to gain an Active Payroll Slot. The list of Vendors Holding Active and Inactive Payroll Slots is maintained by CCC on behalf of **Parkrose School District** and rules for gaining or losing a Payroll Slot are included in this Plan Document in Section 1.3. Only those Vendors that enter into Hold Harmless and Information Sharing Agreements with **Parkrose School District**, either indirectly via CCC umbrella agreements or directly via Vendor agreements designating CCC as agent for **Parkrose School District**, provide specimen copies of their annuity contracts and/or custodial account agreements, and provide general public Vendor information for the CCC website will be allowed to Hold a Payroll Slot of either type. The current list of Vendors with Payroll Slots in the Plan is available on the web at the following Internet address, and is included herein by reference:

www.ncompliance.com/guest_employervendors.aspx?EmployerID=To Be Determined

(b) Vendors Eligible to Receive Exchanges and Transfers: All Vendors holding Payroll Slots are eligible to receive contract exchanges within the Plan, plan-to-plan transfers into the Plan, and Rollover Contributions into the Plan. Vendors that do not hold Payroll Slots become eligible to receive contract exchanges within the Plan, plan-to-plan transfers into the Plan, and Rollover Contributions into the Plan upon entering into Hold Harmless and Information Sharing Agreements with **Parkrose School District**, either indirectly via umbrella CCC agreements or directly via agreements that designate CCC as an agent for **Parkrose School District** and as an information sharing party on behalf of **Parkrose School District**. The list of such Vendors is maintained and kept current by CCC on behalf of **Parkrose School District** at the following Internet address:

www.ncompliance.com/guest_employervendors.aspx?EmployerID=To Be Determined

(c) Orphaned Vendors: A good-faith effort must be made by CCC to contact these Vendors and request that they enter into Hold Harmless and Information Sharing Agreements with **Parkrose School District**, either indirectly via umbrella CCC agreements or directly via agreements that designate CCC as an agent for **Parkrose School District** and information sharing party on behalf of **Parkrose School District**. The list of such Vendors is maintained and kept current by CCC on behalf of **Parkrose School District** in the same list specified above in Section 2.53(b).

2.54 VENDORS NOT ASSOCIATED WITH THE PLAN.

(a) Grandfathered Contribution Vendors: No effort is required to contact Grandfathered Vendors, because such Vendors do not hold any Accounts under the Plan that have received Contributions after 12/31/2004.

(b) Grandfathered Exchange/Transfer/Rollover Vendors: No effort is required to contact the Vendors holding such accounts, because such Vendors do not hold any Accounts under the Plan that have received Contributions after 12/31/2004.

(c) Intermediate Vendors: To the extent CCC or **Parkrose School District** is aware of Intermediate Vendors, a good-faith effort must be made by CCC to contact these Vendors and request that they enter into Hold Harmless and Information Sharing Agreements with **Parkrose School District**, either indirectly via umbrella CCC agreements or directly via agreements that designate CCC as an agent for **Parkrose School District** and information sharing party on behalf of **Parkrose School District**. In any event, **Parkrose School District** is to notify Employees of their eligibility under Section 8.03 of Rev. Proc. 2007-71 to re-exchange back into the Plan by 6/30/2009 if an inappropriate exchange, transfer, and/or rollover was processed into an Account of an Intermediate Vendor.

SECTION 3 - ELECTIVE DEFERRALS

3.1 UNIVERSAL AVAILABILITY

All Elective Deferrals under the Plan shall comply with the universal availability requirements of Section 403(b)(12) of the Internal Revenue Code and Regulations thereunder, which are hereby incorporated by reference.

3.2 ELIGIBILITY TO MAKE ELECTIVE DEFERRALS

Each Employee shall be eligible to participate in the Plan and elect to have Elective Deferrals made on his or her behalf

hereunder immediately upon becoming employed by **Parkrose School District**. Eligible Employees shall be provided notice of the opportunity to have Elective Deferrals contributed on their behalf, of the opportunity to start, stop, or change the amount of such deferrals, and of any limitations on such opportunities, at least once in any Plan Year. A Participant shall at all times have a fully vested and nonforfeitable interest in his or her Account attributable to Elective Deferrals.

3.3 COMPENSATION REDUCTION ELECTION (SALARY REDUCTION AGREEMENT)

An Employee elects to make Elective Deferral Contributions by executing an election to reduce his or her Compensation (and have that amount contributed as an Elective Deferral on his or her behalf) and filing it with the Administrator along with documentation that corresponding Accounts have been established with Vendors Eligible to Receive Current Contributions. The Administrator may establish an annual minimum deferral amount no higher than \$200, and may change such minimum to a lower amount from time to time. The participation election shall also include designation of the Funding Vehicles and Accounts therein to which Elective Deferrals are to be made. Any such election shall remain in effect until a new election is filed. Only an individual who performs services for the Employer as an Employee may reduce his or her Compensation under the Plan. Each Employee will become a Participant in accordance with the terms and conditions of the Individual Agreements. An Employee shall become a Participant as soon as administratively practicable following the date applicable under the employee's election. A Participant shall be permitted to make Elective Deferrals in any amount subject to the limitations of this Section 3 and Section 4 or of the Investment Arrangements selected by the Participant. CCC shall ensure that at least one Vendor Eligible to Receive Current Contributions will accept annual contributions of as little as \$200.

- Internet address for the Plan Salary Reduction Agreement for **Parkrose School District**:
www.ncompliance.com/guest_employersra.aspx?EmployerID=To Be Determined
- **Parkrose School District** required minimum monthly contribution per selected Vendor: **\$0.00**
- Number of Salary Reduction Agreements allowed by **Parkrose School District** per participant per year: **Parkrose School District does not limit the number of Salary Reduction Agreements a Participant may submit per year.**
- Number of Vendors **Parkrose School District** Employees may select for Elective Deferrals at any given time: **3**
- Are **Parkrose School District** Employees allowed to specify a % of Salary for Elective Deferrals? **No**

3.4 CHANGE IN ELECTIVE DEFERRALS ELECTION

Subject to the provisions of the applicable Individual Agreements, an Employee may at any time revise his or her participation election, including a change of the amount of his or her Elective Deferrals, his or her investment direction, subject to the requirement that documentation must be provided that appropriate accounts have been established with selected Vendors.

Special Rules for Parkrose School District Participants regarding Salary Reduction Agreement submission deadlines: **Salary Reduction Agreements must be submitted to the District Office by the District's Payroll cutoff date for the given month.**

A change in the Beneficiary designation must be requested by the Participant on a Vendor Beneficiary Change form submitted directly to the Vendor and shall take effect when the election is accepted by the Vendor. The Salary Reduction Agreement for the Plan is available online at the following Internet address, and is included by reference:

www.ncompliance.com/guest_employersra.aspx?EmployerID=To Be Determined

3.5 BENEFICIARY DESIGNATIONS

Designations of Beneficiaries are made on Vendor account applications and Vendors are responsible for maintaining Beneficiary records.

3.6 ROTH CONTRIBUTIONS

Parkrose School District may, but need not, allow Designated Roth Contributions, subject to Section 402A.

Does the Plan for **Parkrose School District** allow Roth Contributions? **No**

3.7 COMPENSATION FOR ELECTIVE DEFERRALS

For purposes of Elective Deferrals to the plan, Compensation shall mean regular or base salary or wages paid by **Parkrose School District** to an Employee for services rendered as an Employee and includible in gross income during the most recent period (ending not later than the close of the taxable year) which may be counted as one year of full-time equivalent service, and which precedes the taxable year by no more than five years. Effective for Limitation Years beginning on or after 1/1/2005, Compensation shall include Compensation paid within 2-1/2 months after severance from employment if such Compensation would have been paid if the Participant had continued employment, or if for bona fide sick, vacation, or other leave. The amount of Compensation taken into account under this Plan for any Employee for any Plan Year shall not exceed the maximum amount permitted under Section 401(17) for such Plan Year, although this restriction places no further limit on Elective Deferrals.

3.8 CONTRIBUTIONS MADE PROMPTLY

Elective Deferrals under the Plan shall be transferred to the applicable Investment Arrangements within 15 business days following the end of the month in which the amount would otherwise have been paid to the Participant.

3.9 LEAVE OF ABSENCE

Unless an election is otherwise revised, if an Employee is absent from work by leave of absence, Elective Deferrals under the Plan shall continue to the extent that Compensation continues.

SECTION 4 - EMPLOYER CONTRIBUTIONS

4.1 EMPLOYER IN-SERVICE CONTRIBUTIONS.

Does the Plan for **Parkrose School District** allow Employer In-Service Contributions of any kind? **Yes**

(a) Employer Discretionary Contributions. This Plan may include Employer Discretionary Contributions. If the Plan includes such contributions, **Parkrose School District** shall determine, in its sole discretion, the amount of such contributions, if any, to be made to the Plan for each Plan Year. All Employer Contributions are results of collective bargaining agreements or individual agreements and the terms of such agreements are hereby incorporated by reference.

Does the Plan for **Parkrose School District** currently involve Employer Discretionary Contributions? **No**

(b) Employer Matching Contributions. This Plan may include Employer Matching Contributions. If the Plan includes such contributions, the associated policies are generally included in collective bargaining agreements or individual agreements and the terms of such agreements are hereby incorporated by reference.

Does the Plan for **Parkrose School District** currently involve Employer Matching Contributions? **No**

4.2 EMPLOYER POST-SEVERANCE CONTRIBUTIONS.

This Plan may include Post-Severance Employer Contributions for up to five years following Severance From Employment. Such contributions are based on Includible Compensation for an Employee's last year of service. All Post-Severance Employer Contributions are results of collective bargaining agreements or individual agreements and the terms of such agreements are hereby incorporated by reference.

Does the Plan for **Parkrose School District** currently involve Employer Post-Severance Contributions? **No**

4.3 COMPENSATION FOR EMPLOYER CONTRIBUTIONS.

If the Plan allows Employer Contributions, for purposes of Employer Contributions to the Plan, Compensation shall mean regular or base salary or wages paid by **Parkrose School District** to an Employee for services rendered as an Employee and includible in gross income during the most recent period (ending not later than the close of the taxable year) which may be counted as one year of full-time equivalent service, and which precedes the taxable year by no more than five years. Effective for Limitation Years beginning on or after 1/1/2005, Compensation shall include Compensation paid within 2-1/2 months after severance from employment if such Compensation would have been paid if the Participant had continued employment, or if for bona fide sick, vacation, or other leave. The amount of Compensation taken into account under this Plan for any Employee for any Plan Year shall not exceed the maximum amount permitted under Section 401(a)(17) for such Plan Year, although this restriction places no further limit on Annual Additions.

4.4 VESTING OF EMPLOYER CONTRIBUTIONS.

If the Plan allows Employer Contributions, a Participant shall at all times have a fully vested and nonforfeitable interest in his Account attributable to Employer Contributions.

SECTION 5 - CONTRIBUTION LIMITATIONS

5.1 GENERAL CODE LIMITATIONS.

Notwithstanding any other provision of the Plan, no Elective Deferrals shall be made that would exceed the limitations on the amounts treated as Elective Deferrals under Section 402(g), as Additional Elective Deferrals under Section 414(v), and as Annual Additions under Section 415(c) of the Code, and those limitations are incorporated herein by reference. If any of these limits would otherwise be exceeded, the Participant's Contributions under this Plan shall be reduced or limited to the extent necessary to satisfy the applicable limits.

Notwithstanding any other provision of the Plan, no Employer Contributions shall be made that, when taken together with Elective Deferrals other than those described under Code Section 414(v), would exceed the limitations on the amounts treated as Annual Additions under Section 415(c) of the Code, and those limitations are incorporated herein by reference.

CCC shall be responsible for determining that these limits are satisfied as long as CCC is under contract with **Parkrose School District** to provide compliance assurance services.

5.2 BASIC ANNUAL LIMITATION.

Except as provided in Sections 5.3 and 5.4 below, the maximum amount of the Elective Deferral under the Plan for any calendar year shall not exceed the lesser of (a) the applicable dollar amount or (b) the Participant's Includible Compensation for the calendar year. The applicable dollar amount is the amount established under Section 402(g)(1)(B) of the Code, which is \$15,500 for 2008, and is adjusted for cost-of-living after 2008 to the extent provided under Section 415(d) of the Code.

5.3 SPECIAL SECTION 403(B) CATCH-UP LIMITATION FOR EMPLOYEES WITH 15 YEARS OF SERVICE.

Because **Parkrose School District** is a qualified organization (within the meaning of § 1.403(b)-4(c)(3)(ii) of the Income Tax Regulations), the applicable dollar amount under Section 5.2 for any "qualified employee" may be increased (to the extent provided in this Plan Document and 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 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 5.3, a "qualified employee" means an employee who has completed at least 15 years of service taking into account only employment with **Parkrose School District**.

Does the Plan for **Parkrose School District** allow the Special Section 403(b) Catch-up Limitation for Employees with 15 Years of Service? **Yes**

5.4 AGE 50 CATCH-UP ELECTIVE DEFERRAL CONTRIBUTIONS.

An Employee who is 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. The maximum

dollar amount of the age 50 catch-up Elective Deferrals for a year is \$5,000 for 2008, and is adjusted for cost-of-living after 2008 to the extent provided under the Code.

Does the Plan for **Parkrose School District** allow Age 50 Catch-up Elective Deferral Contributions? **Yes**

5.5 COORDINATION.

Subject to availability of either or both catch-up provisions under the Plan, amounts in excess of the limitation set forth in Section 5.2 shall be allocated first to the special 403(b) catch-up under Section 5.3 and next as an age 50 catch-up contribution under Section 5.4. However, in no event can the amount of the Elective Deferrals for a year be more than the Participant's Compensation for the year.

Does the Plan for **Parkrose School District** allow the Special Section 403(b) Catch-up Limitation for Employees with 15 Years of Service? **Yes**

Does the Plan for **Parkrose School District** allow Age 50 Catch-up Elective Deferral Contributions? **Yes**

5.6 CORRECTION OF EXCESS CONTRIBUTIONS.

If, notwithstanding the application of Sections 5.1-5.5, contributions exceed the limits under one of Sections 402(g), 415 (c), or 414(v) of the Code, then the procedures specified in Revenue Procedure 2006-27, or subsequently issued Revenue Procedure describing the Employee Plans Compliance Resolution System (EPCRS), will be followed to correct such Plan defect. Briefly, the correction processes are as follows:

(a) 402(g) Excess: If, notwithstanding the application of Sections 5.1-5.5, the dollar limit on Elective Deferrals under Section 402(g) of the Code is exceeded for any taxable year, CCC shall notify one or more Vendors and shall request that any portion of the Participant's "excess deferrals" (within the meaning of the Code) and attributable income be returned to the Participant. CCC is deemed to have notified appropriate Vendors of, and to have requested distribution of, those excess Elective Deferrals that arise on account of Elective Deferrals made to all Investment Arrangement maintained by Vendors under the Plan if such notification is delivered to the appropriate Vendors not later than March 1 after the close of such taxable year. If a return of "excess deferrals" is made, the return shall be made not later than April 15 after the taxable year for which the "excess deferrals" occurred. Such amount shall be distributed in one lump sum without regard to Participant consent in accordance with Vendor's procedures and applicable law.

(b) 414(v) Excess: If, notwithstanding the application of Sections 5.1-5.5, and after any adjustment provided for in sections 5.6(a) above, the limit under Code Section 414(v) is exceeded for any taxable year, then CCC shall notify one or more Vendors and shall request that any portion of the "excess deferrals" (within the meaning of the Code) and attributable income be returned to the Participant. CCC is deemed to have notified appropriate Vendors of, and to have requested distribution of, those excess Elective Deferrals that arise on account of Elective Deferrals made to all Investment Arrangement maintained by Vendors under the Plan if such notification is delivered to the appropriate Vendors not later than March 1 after the close of such taxable year. If a return of "excess deferrals" is made, the return shall be made not later than April 15 after the taxable year for which the "excess deferrals" occurred. Such amount shall be distributed in one lump sum without regard to Participant consent in accordance with Vendor's procedures and applicable law.

(c) 415 Excess: If, notwithstanding the application of Sections 5.1-5.5, and after any adjustment provided for in section 5.6 (a) and 5.6(b) above, the limits under Section 415 of the Code are exceeded for any taxable year, and such excess is a result of a reasonable error in estimating a Participant's annual compensation or such other facts and circumstances that are permitted under any regulation or other ruling of the U. S. Department of Treasury, then CCC shall notify one or more of the Vendors, as appropriate, and Elective Deferrals will be returned to the Participant until contributions are within the Section 415 limits. If, after return of Elective Deferrals an excess amount still exists, the excess amount will be held unallocated in a suspense account that will be used to reduce future Employer Contributions under the Plan.

5.7 PROTECTION OF PERSONS WHO SERVE IN A UNIFORMED SERVICE.

An Employee whose employment is interrupted by qualified military service under Section 414(u) of the Code or who is on a leave of absence for qualified military service under Section 414(u) of the Code may elect to make additional Elective Deferrals upon resumption of employment with **Parkrose School District** equal to the maximum Elective Deferrals that the Employee could have elected during that period if the Employee's employment with **Parkrose School District** 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 Section

414(u) of the Code, 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).

SECTION 6 - LOANS

6.1 LOANS.

Loans may be permitted under the Plan 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.

Does the Plan for **Parkrose School District** allow Loans? Yes

6.2 INFORMATION COORDINATION CONCERNING LOANS.

If loans are allowed under the Plan, each Vendor is responsible for all information reporting and tax withholding required by applicable federal and state law in connection with distributions and loans. To minimize the instances in which Participants have taxable income as a result of loans from the Plan, the Administrator and TPA shall take such steps as may be appropriate to coordinate the limitations on loans set forth in Section 6.3, 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 **Parkrose School District**. The Administrator or TPA shall also take such steps as may be appropriate to collect information from Vendors, and transmission of information to any Vendor, concerning any failure by a Participant to repay timely any loans made to a Participant under the Plan or any other plan of **Parkrose School District**.

6.3 MAXIMUM LOAN AMOUNT.

If loans are allowed under the Plan, 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 6.3, any loan from any other plan maintained by **Parkrose School District** 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 shall 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.

SECTION 7 - BENEFIT DISTRIBUTIONS

7.1 BENEFIT DISTRIBUTIONS AT SEVERANCE FROM EMPLOYMENT OR OTHER DISTRIBUTION EVENT.

Except as permitted under Section 5.6 (relating to excess Contributions), Section 7.4 (relating to withdrawals of amounts rolled over into the Plan), Section 7.5 (relating to hardship), or Section 11.3 (relating to termination of the Plan), distributions 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 59-1/2. Distributions shall otherwise be made in accordance with the terms of the Individual Agreements.

7.2 SMALL ACCOUNT BALANCES.

The terms of the Individual Agreement may permit distributions to be made in the form of a lump-sum payment, without the consent of the Participant or Beneficiary, but no such payment may be made without the consent of the Participant or Beneficiary unless the Account Balance does not exceed \$5,000 (determined without regard to any separate account that

holds rollover contributions under Section 9.1) and any such distribution shall comply with the requirements of Section 401(a)(31)(B) of the Code (relating to automatic distribution as a direct rollover to an individual retirement plan for distributions in excess of \$1,000).

7.3 MINIMUM DISTRIBUTIONS.

Each Individual Agreement shall comply with the minimum distribution requirements of Section 401(a)(9) of the Code and the regulations thereunder. For purposes of applying the distribution rules of Section 401(a)(9) of the Code, each Individual Agreement is treated as an individual retirement account (IRA) and distributions shall be made in accordance with the provisions of Section 1.408-8 of the Income Tax Regulations, except as provided in § 1.403(b)-6(e) of the Income Tax Regulations.

7.4 IN-SERVICE DISTRIBUTIONS FROM ROLLOVER ACCOUNT.

If a Participant has a separate account attributable to rollover contributions to the plan, 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.

Does the Plan for **Parkrose School District** allow In-Service Distributions from Rollover Accounts? **Yes**

7.5 HARDSHIP DISTRIBUTIONS.

Does the Plan for **Parkrose School District** allow Hardship Distributions? **Yes**

(a) If Hardship Distributions are allowed under the Plan, Hardship Distributions may be permitted under the Plan to the extent permitted by the Individual Agreements controlling the Account assets to be withdrawn to satisfy the hardship. If applicable under an Individual Agreement, no Elective Deferrals shall be allowed under the Plan during the 6-month period beginning on the date the Participant receives a distribution on account of hardship.

(b) If Hardship Distributions are allowed under the Plan, the Individual Agreements shall provide for the exchange of information among **Parkrose School District**, TPA, and the Vendors to the extent necessary to implement the Individual Agreements, including, in the case of a Hardship Distribution that is automatically deemed to be necessary to satisfy the Participant's financial need (pursuant to § 1.401(k)-1(d)(3)(iv)(E) of the Income Tax Regulations), the Vendor notifying **Parkrose School District** of the withdrawal in order for **Parkrose School District** to implement the resulting 6-month suspension of the Participant's right to make Elective Deferrals under the Plan. In addition, in the case of a Hardship Distribution that is not automatically deemed to be necessary to satisfy the financial need (pursuant to § 1.401(k)-1(d)(3)(iii)(B) of the Income Tax Regulations), the Vendor shall obtain information from **Parkrose School District** or CCC to determine the amount of any plan loans and rollover accounts that are available to the Participant under the Plan to satisfy the financial need.

7.6 ROLLOVER DISTRIBUTIONS.

(a) 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 Section 414(p) of the Code) who is entitled to an eligible rollover distribution may elect to have any portion of an eligible rollover distribution (as defined in Section 402(c)(4) of the Code) from the Plan paid directly to an eligible retirement plan (as defined in Section 402(c)(3)(B) of the Code) 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 Section 408(d)(3)(C) of the Code).

(b) 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.

7.7 AVAILABILITY OF DISTRIBUTIONS AFTER AGE 59-1/2 AND PRIOR TO SEVERANCE FROM EMPLOYMENT.

Prior to a Participant's Severance from Employment, the Participant's Account shall be available for distribution after Participant attains age 59-1/2.

7.8 AVAILABILITY OF DISTRIBUTIONS AFTER SEVERANCE FROM EMPLOYMENT.

A Participant's Account shall be available for distribution at any time after the Participant's Severance from Employment. However, post-severance distributions may be subject to a 10% additional tax penalty under Section 72(t) of the Code if made before the Participant reaches age 59-1/2. Such Section 72(t) penalties shall not apply if severance from employment occurs during or after the calendar year in which the Participant reaches age 55.

SECTION 8 - DEATH BENEFITS

8.1 BENEFIT FORMS.

(a) **Death Before Commencement of Benefits.** If a Participant dies before the commencement of distributions under a Payout Option, the Participant's Account balance shall be payable as a death benefit to the Participant's Beneficiary in accordance with the Payout Options available under the Investment Arrangement.

(b) **Death After Commencement of Benefits.** If distributions under the Investment Arrangement have begun and the Participant dies before his or her entire interest in the Investment Arrangement has been distributed, the remaining interest shall be distributed according to the terms of the Payout Option or other provisions of the Investment Arrangement.

8.2 LIMITATIONS ON DEATH BENEFITS.

Notwithstanding the provisions of Section 8.1, following the death of the Participant, that portion of the Participant's Account that is subject to the requirements of Section 401(a)(9) of the Code must be distributed to the Participant's Beneficiary at least as rapidly as required under Section 401(a)(9), the requirements of which are incorporated herein by reference.

SECTION 9 - ROLLOVERS TO THE PLAN AND TRANSFERS

9.1 ELIGIBLE ROLLOVER CONTRIBUTIONS TO THE PLAN.

These are optional Plan features and may or may not be available.

Does the Plan for Parkrose School District allow Eligible Rollover Contributions to the Plan? **Yes**

(a) **Eligible Rollover Contributions: If Eligible Rollover Contributions Into the Plan are allowed**, to the extent provided in the Individual Agreements, an Employee who is a Participant 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 Section 402 of the Code and to confirm that such plan is an eligible retirement plan within the meaning of section 402(c)(8)(B) of the Code. However, in no event does the Plan accept a rollover contribution from a Roth elective deferral account under an applicable retirement plan described in Section 402A(e)(1) of the Code or a Roth IRA described in Section 408A of the Code.

(b) **Eligible Rollover Distribution. If Eligible Rollover Contributions Into the Plan are allowed**, for purposes of Section 9.1(a), an eligible rollover distribution 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 employee, or (3) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under Section 401(a)(9) of the Code. In addition, an eligible retirement plan means an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, a qualified trust described in Section 401(a) of the Code, an annuity plan described in Section 403(a) or Section 403(b) of the Code, or an eligible governmental plan described in Section 457(b) of the Code, that accepts the eligible rollover distribution.

(c) **Separate Accounts.** If Eligible Rollover Contributions Into the Plan are allowed, the Vendor shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan.

9.2 PLAN-TO-PLAN TRANSFERS TO THE PLAN.

Does the Plan for **Parkrose School District** allow Plan-to-Plan Transfers To the Plan? **Yes**

(a) **If Plan-to-Plan Transfers To the Plan are allowed**, at the direction of **Parkrose School District**, for a class of Employees who are participants or beneficiaries in another plan under Section 403(b) of the Code, the Administrator or CCC may permit a transfer of assets to the Plan for **Parkrose School District** as provided in this Section 9.2. Such a transfer is permitted only if the other plan provides for the direct transfer of each person's entire interest therein to the Plan and the participant is an employee or former employee of **Parkrose School District**. The Administrator and any Vendor accepting such transferred amounts may require that the transfer be in cash or other property acceptable to it. The Administrator or any Vendor accepting such transferred amounts may require such documentation from the other plan as it deems necessary to effectuate the transfer in accordance with § 1.403(b)-10(b)(3) of the Income Tax Regulations and to confirm that the other plan is a plan that satisfies Section 403(b) of the Code.

(b) **If Plan-to-Plan Transfers To the Plan are allowed**, the amount so transferred shall be credited to the Participant's Account Balance, so that the Participant or Beneficiary whose assets are being transferred has an accumulated benefit immediately after the transfer at least equal to the accumulated benefit with respect to that Participant or Beneficiary immediately before the transfer.

(c) **If Plan-to-Plan Transfers To the Plan are allowed**, to the extent provided in the Individual Agreements holding such transferred amounts, the amount transferred shall be held, accounted for, administered and otherwise treated in the same manner as an Elective Deferral by the Participant under the Plan, except that (1) the Individual Agreement which holds any amount transferred to the Plan must provide that, to the extent any amount transferred is subject to any distribution restrictions required under Section 403(b) of the Code, the Individual Agreement must impose restrictions on distributions to the Participant or Beneficiary whose assets are being transferred that are not less stringent than those imposed on the transferor plan and (2) the transferred amount shall not be considered an Elective Deferral under the Plan in determining the maximum deferral under Section 3.

9.3 PLAN-TO-PLAN TRANSFERS FROM THE PLAN.

Does the Plan for **Parkrose School District** allow Plan-to-Plan Transfers From the Plan? **Yes**

(a) **If Plan-to-Plan Transfers From the Plan for Parkrose School District are allowed**, Participants and Beneficiaries may elect to have all or any portion of their Account Balance transferred to another plan that satisfies Section 403(b) of the Code in accordance with § 1.403(b)-10(b)(3) of the Income Tax Regulations. A transfer is permitted under this Section 9.3 (a) only if the Participants or Beneficiaries are employees or former employees of the employer (or the business of the employer) under the receiving plan and the other plan provides for the acceptance of plan-to-plan transfers with respect to the Participants and Beneficiaries and for each Participant and Beneficiary to have an amount deferred under the other plan immediately after the transfer at least equal to the amount transferred.

(b) **If Plan-to-Plan Transfers From the Plan for Parkrose School District are allowed**, the receiving plan must provide that, to the extent any amount transferred is subject to any distribution restrictions required under Section 403(b) of the Code, the receiving plan shall impose restrictions on distributions to the Participant or Beneficiary whose assets are transferred that are not less stringent than those imposed under the Plan for **Parkrose School District**. In addition, if the transfer does not constitute a complete transfer of the Participant's or Beneficiary's interest in the Plan for **Parkrose School District**, the receiving plan shall treat the amount transferred as a continuation of a pro rata portion of the Participant's or Beneficiary's interest in the Plan for **Parkrose School District** (e.g., a pro rata portion of the Participant's or Beneficiary's interest in any after-tax employee contributions).

(c) **If Plan-to-Plan Transfers From the Plan are allowed**, upon the transfer of assets under this Section 9.3, the **Parkrose School District** Plan's liability to pay benefits to the Participant or Beneficiary under the Plan for **Parkrose School District** shall be discharged to the extent of the amount so transferred for the Participant or Beneficiary. The Administrator or CCC may require such documentation from the receiving plan as it deems appropriate or necessary to comply with this Section 9.3 (for example, to confirm that the receiving plan satisfies Section 403(b) of the Code and to assure that the transfer is permitted under the receiving plan) or to effectuate the transfer pursuant to § 1.403(b)-10(b)(3) of the Income Tax Regulations.

9.4 CONTRACT AND CUSTODIAL ACCOUNT EXCHANGES.

Does the Plan for **Parkrose School District** allow Contract and Custodial Account Exchanges? **Yes**

(a) **If Exchanges Within the Plan are allowed**, a Participant or Beneficiary is permitted to change the investment of his or her Account Balance among the Vendors under the Plan, subject to the terms of the Individual Agreements. However, an investment change that includes an investment with a Vendor that is not eligible to receive contributions under Sections 3 and/or 4 (referred to below as an exchange) is not permitted unless the conditions in paragraphs (b) through (d) of this Section 9.4 are satisfied.

(b) **If Exchanges Within the Plan are allowed**, the Participant or Beneficiary must have an Account Balance immediately after the exchange that is at least equal to the Account Balance of that Participant or Beneficiary immediately before the exchange (taking into account the Account Balance of that Participant or Beneficiary under both section 403(b) contracts or custodial accounts immediately before the exchange).

(c) **If Exchanges Within the Plan are allowed**, the Individual Agreement with the receiving Vendor has distribution restrictions with respect to the Participant that are not less stringent than those imposed on the investment being exchanged.

(d) **If Exchanges Within the Plan are allowed**, **Parkrose School District** enters into an agreement with the receiving Vendor (either indirectly via a CCC Umbrella Agreement or directly via a Vendor Agreement that designates CCC as the information sharing party on behalf of **Parkrose School District**) for the other contract or custodial account under which CCC and the Vendor will from time to time in the future provide each other with the following information:

(1) Information necessary for the resulting contract or custodial account, or any other contract or custodial accounts to which contributions have been made by **Parkrose School District**, to satisfy Section 403(b) of the Code, including the following: (i) CCC providing information as to whether the Participant's employment with **Parkrose School District** is continuing, and notifying the Vendor when the Participant has had a Severance from Employment (for purposes of the distribution restrictions in Section 7.1); (ii) the Vendor notifying CCC of any Hardship Distributions under Section 7.5 if the withdrawal results in a 6-month suspension of the Participant's right to make Elective Deferrals under the Plan; and (iii) the Vendor providing information to CCC concerning the Participant's or Beneficiary's section 403(b) contracts or custodial accounts or qualified employer plan benefits (to enable CCC 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 hardship withdrawal rules of Section 7.5); and

(2) Information necessary in order for the resulting contract or custodial account and any other contract or custodial account to which contributions have been made for the Participant by **Parkrose School District** to satisfy other tax requirements, including the following: (i) the amount of any plan loan that is outstanding to the Participant in order for CCC to determine whether an additional plan loan satisfies the loan limitations of Section 6.3, so that any such additional loan is not a deemed distribution under Section 72(p)(1); and (ii) information concerning the Participant's or Beneficiary's after-tax employee contributions in order for CCC to determine the extent to which a distribution is includible in gross income.

(e) **If Exchanges Within the Plan are allowed**, if any Vendor ceases to be eligible to receive Contributions under the Plan, **Parkrose School District** will enter into an information sharing agreement as described in Section 9.4(d) to the extent the contract of **Parkrose School District** with the Vendor does not provide for the exchange of information described in Section 9.4(d)(1) and (2).

9.5 PERMISSIVE SERVICE CREDIT TRANSFERS.

Does the Plan for **Parkrose School District** allow Permissive Service Credit Transfers? **Yes**

(a) **If Permissive Service Credit Transfers are allowed**, if a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Section 414(d) of the Code) 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. A transfer under this Section 9.5(a) may be made before the Participant has had a Severance from Employment.

(b) **If Permissive Service Credit Transfers are allowed**, a transfer may be made under Section 9.5(a) only if the transfer is either for the purchase of permissive service credit (as defined in Section 415(n)(3)(A) of the Code) under the receiving

defined benefit governmental plan or a repayment to which Section 415(c) of the Code does not apply by reason of Section 415(k)(3) of the Code.

(c) If Permissive Service Credit Transfers are allowed, 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).

SECTION 10 - INVESTMENT OF CONTRIBUTIONS

10.1 MANNER OF INVESTMENT.

All Elective Deferrals, Employer Contributions, 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.

10.2 INVESTMENT OF CONTRIBUTIONS.

Each Participant or Beneficiary shall direct the investment of his or her Account among the investment options available under the Annuity Contract or Custodial Account in accordance with the terms of the Individual Agreements. Transfers among Annuity Contracts and Custodial Accounts may be made to the extent provided in the Individual Agreements, permitted under applicable Income Tax Regulations, and permitted under this Plan Document.

10.3 CURRENT AND FORMER VENDORS.

CCC shall maintain a list of all Vendors Associated with the Plan. That list is hereby incorporated as part of the Plan. Each Vendor and CCC shall exchange such information as may be necessary to satisfy Section 403(b) of the Code or other requirements of applicable law. In the case of a Vendor which is not eligible to receive current contributions under the Plan (including a Vendor which has ceased to be a Vendor eligible to receive Elective Deferrals or Employer Contributions under the Plan and a Vendor holding assets under the Plan in accordance with Section 9.1, 9.2, or 9.4), CCC shall keep the Vendor informed of the name and contact information of the Administrator in order to coordinate information necessary to satisfy Section 403(b) of the Code or other requirements of applicable law.

SECTION 11 - AMENDMENT AND PLAN TERMINATION

11.1 TERMINATION OF CONTRIBUTIONS.

Parkrose School District has adopted the Plan with the intention and expectation that contributions will be continued indefinitely. However, Parkrose School District has no obligation or liability whatsoever to maintain the Plan for any length of time and may discontinue contributions under the Plan at any time without any liability hereunder for any such discontinuance.

11.2 AMENDMENT AND TERMINATION.

Parkrose School District reserves the authority to amend or terminate this Plan at any time.

11.3 DISTRIBUTION UPON TERMINATION OF THE PLAN.

Parkrose School District 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 Parkrose School District and any Related Employer on the date of termination do 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 Income Tax Regulations.

SECTION 12 - MISCELLANEOUS PROVISIONS

12.1 ANTI-ALIENATION.

Any benefit or interest available under the Plan, any right to receive payments under the Plan, or any payment made under the Plan shall not be subject to assignment or alienation, garnishment, attachment, transfer or anticipation, execution or levy, whether by the voluntary or involuntary act of any interested person under the Plan, except for a benefit or interest which becomes payable pursuant to a Qualified Domestic Relations Order.

12.2 DOMESTIC RELATIONS ORDER.

Notwithstanding Section 12.1, if a judgment, decree or order (including approval of a property settlement agreement) that relates to the provision of child support, alimony payments, or the marital property rights of a spouse or former spouse, child, or other dependent of a Participant is made pursuant to the domestic relations law of any State ("domestic relations order"), then the amount of the Participant's Account Balance shall be paid in the manner and to the person or persons so directed in the domestic relations order. Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan. CCC shall establish reasonable procedures for determining the status of any such decree or order and for effectuating distribution pursuant to the domestic relations order.

12.3 IRS LEVY.

Notwithstanding Section 12.1, CCC may instruct a Vendor to pay from a Participant's or Beneficiary's Account Balance 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.

12.4 TAX WITHHOLDING.

Elective Deferrals, which constitute wages under section 3121 of the Code, are subject to applicable employment taxes, including, if applicable, Federal Insurance Contributions Act (FICA) taxes. Any benefit payment made under the Plan is subject to applicable income tax withholding requirements (including Section 3401 of the Code and the Employment Tax Regulations thereunder). A payee shall provide such information as the Administrator may need to satisfy income tax withholding obligations, and any other information that may be required by guidance issued under the Code.

12.5 PAYMENTS TO MINORS AND INCOMPETENTS.

If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator or CCC, benefits will be paid to such person as the Administrator or CCC may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

12.6 MISTAKEN CONTRIBUTIONS.

If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Administrator or CCC, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Administrator or CCC, to Parkrose School District.

12.7 PROCEDURE WHEN DISTRIBUTE CAN NOT BE LOCATED.

The Administrator or CCC shall make all reasonable attempts to determine the identity and address of a Participant or a Participant's Beneficiary entitled to benefits under the Plan. For this purpose, a reasonable attempt means (a) the mailing by certified mail of a notice to the last known address shown on records for Parkrose School District or records for CCC, (b) notification sent to the Social Security Administration or the Pension Benefit Guaranty Corporation (under their program to identify payees under retirement plans), and (c) the payee has not responded within 6 months. If the Administrator or CCC is unable to locate such a person entitled to benefits hereunder, or if there has been no claim made for such benefits, the funding vehicle shall continue to hold the benefits due such person.

12.8 INCORPORATION OF INDIVIDUAL AGREEMENTS.

The Plan, together with the Individual Agreements, is intended to satisfy the requirements of Section 403(b) of the Code and the Income Tax Regulations thereunder. Terms and conditions of the Individual Agreements are hereby incorporated by reference into the Plan, excluding those terms that are inconsistent with the Plan or Section 403(b) of the Code.

12.9 GOVERNING LAW.

The Plan will be construed, administered, and enforced according to the Code and the laws of the State of **Oregon**.

12.10 HEADINGS.

Headings of the Plan have been inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof.

12.11 NOT SUBJECT TO ERISA.

This Plan is established and maintained as a plan that is exempt from the requirements of Title I of the Employee Retirement Income Security Act of 1974, as provided by Section 4 of such statute.

12.12 QUALIFIED MILITARY SERVICE.

Notwithstanding any provision of this plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

12.13 AMENDMENT OF LAW.

Where the law (including, but not limited to, the Code) governing the Plan is amended, modified, or interpreted through subsequent legislation, or rulings, or decisions, the Plan's provisions should be construed, insofar as is feasible, as incorporating any such amendment, modification, or interpretation of the law.

12.14 NECESSARY INFORMATION.

All Employees shall provide **Parkrose School District** and any life insurance company that issues an Annuity Contract hereunder and any custodian of a Custodial Account established under the Plan, with any information that may be needed for the proper and lawful operation and administration of the Plan; including, but not limited to, appropriate evidence of the Employee's age and marital status, his current address, the current address of his spouse, and the current address of any other Beneficiary.

12.15 NO RIGHT OTHER THAN PROVIDED BY PLAN.

The establishment of this Plan and the purchase of any Annuity Contract or establishment of a Custodial Account under the Plan shall not be construed as giving to any Participant or Beneficiary or any other person any legal or equitable right against **Parkrose School District** or its representatives, except as is expressly provided by this Plan. Under no circumstances shall this Plan constitute or modify a contract of employment or in any way obligate **Parkrose School District** to continue the services of any Employee.

12.16 ANNUAL ACCOUNTING.

Records and statements for the Plan and each Participant are to be maintained on the basis of the Plan Year.

12.17 REPORTING TO PARTICIPANTS.

A statement of accrued benefits will be sent by the Vendor to each Participant at least once each Plan Year.

12.18 SEVERABILITY.

If any provision of the Plan shall be held invalid for any reason, that holding shall not affect the remaining provisions of the Plan which shall be construed and enforced as if the invalid provision had not been included in the Plan.

12.19 PLAN DOCUMENT.

The terms of the Plan include this Plan document, the terms of the Investment Arrangements, and applicable salary reduction agreements. The terms of this Plan document may limit rights under the Investment Arrangement if **Parkrose School District** has provided the relevant Vendors with written notice of such limitations.

12.20 AMENDMENT OR TERMINATION.

Parkrose School District reserves the right to amend or terminate the Plan at any time, provided that no amendment or termination of the Plan may cause or result in the following: (i) amounts held under the Plan to be used for, or diverted to, purposes other than the exclusive benefit of Participants and Beneficiaries, (ii) a reduction in the amount of benefits accrued by or the amount credited to the Account of any Participant, (iii) a reduction in any Participant's vested percentage in that portion of the Participant's account attributable to Employer Contributions, if any, made before the day such amendment is adopted or becomes effective, whichever is later, (iv) the elimination or reduction of any optional form of distribution or benefit, or (v) any early retirement benefit provided by the Plan. The amendment or termination of the Plan may not enlarge or modify the contractual obligations of any Vendor. **Parkrose School District** may in its sole discretion, by action in advance or by inaction and subsequent ratification, temporarily or permanently waive any Plan limitation or requirement, or portion thereof.

SECTION 13 - AMENDMENTS

13.1 FIRST AMENDMENTS FOLLOWING INITIAL ADOPTION.

As amendments are made to this Plan Document general template, they will be appropriately annotated in numbered items of this Section 13, along with beginning and ending dates to which the amendments apply. Also, a complete chronological listing of copies of all Plan Documents that have ever applied to the Plan is maintained by CCC on the CCC website section dedicated to **Parkrose School District**.

Minor Syntax and Grammar Changes were last made to this Plan Doc on: **2008112413**

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