

DEPARTMENT OF THE ARMY

U.S. ARMY INSTALLATION MANAGEMENT COMMAND

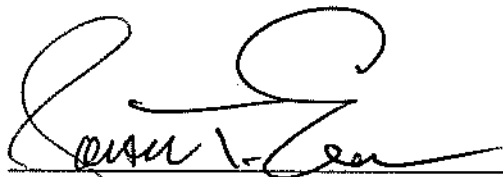
JOINT BASE SAN ANTONIO FORT SAM HOUSTON, TEXAS

THE UNITED STATES ARMY NONAPPROPRIATED FUND

EMPLOYEE RETIREMENT PLAN

RESOLUTION

Pursuant to the authority of the Secretary of the Army and as prescribed by Army Regulation 215-1, the attached United States Army Nonappropriated Fund Employee Retirement Plan Restated Effective 1 January 2014 is hereby adopted.



JASON T. EVANS
Brigadier General, USA
Deputy Commanding General, Support

20131206

Date

DEPARTMENT OF THE ARMY
INSTALLATION MANGEMENT COMMAND
JOINT BASE SAN ANTONIO FORT SAM HOUSTON, TEXAS

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As Amended and Restated
Effective 1 January 2014

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EMPLOYEE RETIREMENT PLAN

(Amended and Restated 1 January 2014)

Pursuant to the authority of the Secretary of the Army and as prescribed in DOD 1401.1M, Personnel Policy Manual for Nonappropriated Fund Instrumentalities, and in Army Regulation 215-3, the Commander, Family and Morale, Welfare and Recreation Command established a retirement plan for civilian employees of the United States Army Nonappropriated Fund Instrumentalities as described herein.

The Plan is intended to satisfy the rules of the Internal Revenue Code of 1986, as it may be amended, concerning the retirement plans of governmental employers.

The original Plan was effective 1 January 1966. This amendment and restatement of the Plan is effective 1 January 2014.

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ARTICLE I
DEFINITIONS

Section 1.1 "Accrued Benefit" shall mean, as of any specific date, the benefit to which the Participant may be entitled at his Normal Retirement Date under Section 4.1 of Article IV.

Section 1.2 "Actuarial Equivalent" shall mean a benefit of equivalent value to the benefit which would otherwise have been provided. Except as set forth in the following sentences, such equivalency shall be based on the 1994 Group Annuity Mortality Table and with interest at eight percent annum. For purposes of determining the benefit limitations under Code section 415(b), as applicable to the Plan, "Actuarial Equivalent" shall be based on the applicable interest rate as defined in Code section 417(e)(3) and the mortality table shall be the table prescribed by the Secretary that is based on the prevailing commissioners' standard table (described in § 807(d)(5)(A) of the Code) used to determine reserves for group annuity contracts issued on the date the adjustment is being made (without regard to any other subparagraph of § 807(d)(5) of the Code). Effective for distributions with annuity

starting dates on or after December 31, 2002, notwithstanding any other Plan provision to the contrary, the applicable mortality table used for purposes of a benefit or limitation adjustment required under Code Section 415(b), to the extent applicable to governmental plans, is the table prescribed in Rev. Rul. 2001-62. Any reference to any other mortality table for purposes of the foregoing Code Sections shall be construed as references to the table prescribed in Rev. Rul. 2001-62; provided however, that if the law or any government pronouncement requires use of a table different from that in Rev. Rul. 2001-62 or its successor for purposes of Section 415(b), such table shall be used for that purpose, and shall hereinafter be incorporated by reference.

Section 1.3 "Actuary" shall mean an individual actuary (or firm of actuaries) who meets the standards and qualifications established by the Secretary of the Treasury for the preparation and certification of actuarial reports and who is a member of the Society of Actuaries.

Section 1.4 "Beneficiary" shall mean the person, persons, entity or estate of a deceased Participant designated to receive benefits under Section 7.4 of Article VII.

Section 1.5 "Benefits Program Manager" shall mean the individual appointed by the Commander for purposes of administering the Plan, including any functions not specifically the responsibility of the Trustees.

Section 1.6 "Code" shall mean the Internal Revenue Code of 1986 as amended from time to time.

Section 1.7 "Commander" shall mean the Commanding General, U.S. Army Installation Management Command, or his designated representative.

Section 1.8 "Commencement Date" shall mean

- (a) With respect to normal or early retirement benefits under Sections 3.1 and 3.2, respectively, of Article III or preretirement death benefits under Section 7.1 of Article VII, the first day of the first month for which a payment is due;
- (b) With respect to deferred retirement benefits under Section 3.4 of Article III, the first day of the first month for which a Participant elects to receive payment; and
- (c) With respect to disability benefits under Section 3.3 of Article III, the first day of the first month following the later of (i) the date on

which the Benefits Program Manager determines the Participant is disabled in accordance with Section 3.3 of Article III and (ii) the date on which the Participant's accrued sick leave is exhausted.

Section 1.9 "Covered Compensation" shall mean, for a given Participant, the amount specified in Table I of Attachment I, as amended from time to time, of Internal Revenue Service Notice 89-70 for the Plan Year in which the Participant attains his Social Security retirement age.

Section 1.10 "Earnings" shall mean a Participant's annual compensation paid by the Employer, as reported to the Internal Revenue Service on the Form W-2 for income tax purposes, plus Participant pretax contributions to the Employer's 401(k) plan and any pre-tax contributions for health benefits but excluding taxable special duty and location allowances and imputed income taxable under Code section 79. Effective as of 1 January 1997, Earnings shall not include lump sum payments of annual leave, separation incentives or severance pay. Effective as of 1 July 1999, Earnings shall not include retention allowances, recruitment bonuses or relocation allowances. In the case of an individual who has made the election to remain covered by the Plan pursuant to Section 2.5 of Article II, Earnings shall mean the compensation reported to the

Benefits Program Manager by the individual's employing agency.

Notwithstanding anything herein to the contrary, effective for Plan Years beginning after 31 December 1995, the annual compensation of a Participant for the foregoing purposes shall be subject to the maximum limits imposed under Section 401(a)(17) of the Code; provided that for a person who becomes a Participant before 1 January 1996, the annual compensation limit of Section 401(a)(17) of the Code shall not apply to the extent that the application of the limit would reduce the amount of Earnings that is allowed to be taken into account below the amount that would be allowed to be taken into account under the Plan as in effect on 1 July 1993.

Section 1.11 "Effective Date" shall mean 1 January 2014, the effective date of the amended and restated Plan. The original effective date of the Plan was 1 January 1966.

Section 1.12 "Employee" shall mean a civilian employee occupying a regular position, as defined by Army Regulation 215-3, of any Employer, who works at least twenty (20) hours per week. A person is not an "Employee" at any given time, unless, at such time, the Employer, in accordance with its standard personnel policies, treats that person as a common-law employee. Any later determination that the

person was a common-law employee of the Employer during such period shall not control.

Section 1.13 "Employer" shall mean a NAFI participating in this Plan.

Section 1.14 "Fiduciary" shall mean any person who (i) exercises any discretionary authority or control over management of the Plan or any authority or control over the management or disposition of its assets, (ii) renders investment advice for a fee or other compensation or has authority or responsibility to do so, or (iii) has any discretionary authority or responsibility in administering the Plan.

Section 1.15 "Final Average Earnings" shall mean the average of a Participant's Earnings, expressed as an annual amount, in the thirty-six (36) consecutive months included in a Participant's Years of Credited Service which provide the highest average Earnings.

Section 1.16 "Military Service" shall mean active duty service not to exceed five years which was terminated under honorable conditions in the United States Army, Navy, Air Force, Marine Corps, Coast Guard or Title X Reserves. Such service shall not include any period counted as credited civilian service under the Civil Service Retirement System

(CSRS), the Federal Employees Requirement System (FERS), credited service under the retirement system of any other employer, or any military service in respect of which the employee is entitled to draw retired pay unless the pay is awarded:

- (a) On account of a service-connected disability incurred in combat with an enemy of the United States, or
- (b) On account of a service-connected disability caused by an instrument of war and incurred in the line of duty during a war, or
- (c) Under the provisions of 10 USC 1331-1337 (Chapter 67) which grants retired pay to members of reserve components of the armed forces on the basis of age and service (active and reserve).

Section 1.17 "NAFI" shall mean a United States Army Nonappropriated Fund Instrumentality established by authority of the Secretary of the Army, pursuant to Army Regulation 215-1, for the purpose of administering monies not appropriated by the Congress for the benefit of military personnel or civilian employees of the Army.

Section 1.18 "Normal Retirement Date" shall mean the later of age sixty-two (62) or completion of five (5) Years of Credited Service.

Section 1.19 "Participant" shall mean an Employee who is eligible to participate in the Plan as set forth in Article II and is currently participating therein, an Employee who has participated in the Plan and has acquired a right to any future benefit thereunder, and a former Employee (including a pensioner) who has participated in the Plan and either has acquired a right to a future benefit thereunder or is currently receiving benefits thereunder.

Section 1.20 "Plan" shall mean the United States Army Nonappropriated Fund Employee Retirement Plan, as provided herein.

Section 1.21 "Plan Year" shall mean the twelve (12) consecutive calendar month period beginning 1 October of any year.

Section 1.22 "Seasonal Employee" shall mean a school teacher, school cafeteria employee or an employee in some other seasonal position in which the period of paid employment is for fewer than twelve (12) months annually, but more than six (6) months.

Section 1.23 "Spouse" shall mean the wife or husband of a Participant, but only if the wife or husband was legally married to the Participant for not less than one (1) year prior to the earlier of (i) the date of the Participant's

death or (ii) the Participant's Commencement Date; or if married less than one (1) year, is the parent of a child born of the marriage.

Section 1.24 "Trust" shall mean the Trust established in accordance with Section 10.3 of Article X to hold and invest those monies derived through contributions from the Employer and Participants.

Section 1.25 "Trustee" shall mean the individuals or entity with whom or with which the Commander enters into an agreement to establish the Trust to hold Plan assets.

Section 1.26 "Vesting" An employee is vested in the Plan after completion of five Years of Credited Service, as defined in Section 1.28.

Section 1.27 "Workers' Compensation" shall mean any indemnity benefits payable in accordance with the provisions of the Federal Longshoremen's and Harbor Workers' Compensation Act as extended by the Nonappropriated Fund Instrumentalities Act (5 USC 8171-8173).

Section 1.28 "Year of Credited Service" shall mean a twelve (12) month period of employment calculated as follows:

- (a) For periods of employment prior to 1 January 1966, one (1) Year of Credited Service shall be credited for each Year of Service prior to 1 January 1966, provided breaks in employment for longer than ninety (90) days shall not be credited.
- (b) For periods of employment on and after 1 January 1966, one (1) Year of Credited Service shall be credited for each Year of Service and partial Years of Credited Service shall be credited on the basis of one-twelfth (1/12th) of a Year of Credited Service for each calendar month during such Year of Service, subject to the conditions in subsections (c), (d), (e), (f), (g), (h), (i), (j), (k), and (l) of this Section 1.28.
- (c) In the event a Participant receives a refund of his Plan contributions in accordance with the provisions of Article VI, Years of Credited Service attributable to periods of employment for which his contributions have been refunded shall be credited to the Participant upon reemployment:
- (1) If such Participant repays the entire amount of his contributions together with interest, at the rate of three percent (3%),

compounded annually, which would have been earned had the contributions not been withdrawn. Such repayment shall be made within two (2) years of the date with interest computed at three percent (3%) per annum from the date the contributions were withdrawn, on which the Participant becomes an employee and may be made in a lump sum or in two or more installments during such period; or

- (2) In the event the Participant has not paid the entire amount of refunded contributions and interest within two years of the date the Participant becomes an employee, interest required on the entire redeposit, irrespective of monies already deposited in the trust at the end of the two year anniversary of the date the Participant becomes an employee, shall be recomputed by the Benefits Program Manager. The rate of interest used in the computation by the Benefits Program Manager shall be equal to the investment return assumption used by the Actuary in the most recent report prepared pursuant to P.L. 95-595. The accumulated balance less deposits already made to the trust shall continue to be carried forward

with interest compounding until the earlier of the date the Participant elects to discontinue participation in accordance with Section 2.4 or the date the Participant's employment ends; balance shall be used to actuarially adjust the benefit, in a uniform nondiscriminatory manner prescribed by the Benefits Program Manager. The adjusted actuarial equivalent of the accrued benefit is the basis for the Participant or Spouse's entitlement from the plan. In the event the Participant has not paid the entire amount of refunded contributions and interest mentioned in the first paragraph of this Section 1.28(c) by the time he retires or terminates employment, (1) the Benefits Program Manager shall refund to the Participant any contributions and interest actually repaid under Section 1.28(c)(1) and (2) Years of Credited Service attributable to periods of employment with respect to such refunded contributions and interest shall not be credited to the Participant.

- (d) If a Participant has any unused sick leave at the time he elects a benefit under Article IV, such unused sick leave shall be added to such

Participant's Years of Credited Service. Unused sick leave is used only for computing the retirement benefit. It may not be used to attain retirement eligibility or Vesting.

- (e) Seasonal Employees shall receive one (1) Year of Credited Service for each school year or other period of seasonal employment identified at the time of employment if such school year or other period of seasonal employment would be considered a Year of Service.
- (f) Employees on authorized leave of absence and employees in approved leave without pay status (LWOP) shall receive credit for up to one (1) Year of Credited Service for such leave.
- (g) Other provisions of this Plan notwithstanding, citizens of Panama who are employed in the Canal Zone shall receive credit for Years of Credited Service between 1 July 1974 and 1 October 1979 if such citizens are entitled to Years of Service during such period.
- (h) 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 Code and Section 1.16 of this Article I. This provision is effective October 13, 1996 with respect to reemployments initiated on or after December 12, 1994. Unless otherwise provided under the Plan, the requirements of Section 414(u) apply only to the extent that Section 414(u) requires such contributions, benefits or credits. Effective January 1, 2007, if the Participant dies while performing qualified military service (as defined in Code Section 414(u) of the Code), the Participant's Beneficiaries shall be entitled to any additional benefits not otherwise provided under the Plan that are required under Section 414(u) (but not including optional benefits permitted under Section 414(u) such as benefit accruals relating to the period of qualified military service that are not otherwise credited under the Plan), as determined under the Plan as if the Participant had returned to employment on the day preceding his death and then terminated on the date of his death.

- (i) If a Participant has made an election to continue coverage under this Plan pursuant to Section 2.5 and the laws referenced thereunder during periods

of service that would otherwise be covered as service with the current employer of such individual ("Employing Agency"), service rendered as an employee covered by the Employing Agency shall be Credited Service under the Plan to the extent stipulated in the applicable statute or regulations.

- (j) Notwithstanding any provision to the contrary, Credited Service shall not include service completed by an Employee who has made an election pursuant to Section 2.6 to remain covered by a retirement plan of a former employer.

- (k) Effective 1 January 1998, Employees receive credit for periods of Military Service prior to 1 January 1956.

- (l) Effective 1 January 1998, Employees may receive Credited Service for periods of Military Service on and after 1 January 1956 by making a deposit to the trust computed by the Benefits Program Manager in a manner prescribed by the Benefits Program Manager. The deposit shall be computed

by multiplying seven percent by the basic military pay for the period of Military Service which produces the least amount. Interest on the deposit shall, likewise, be required to be deposited in the trust. Such interest shall be compounded annually and computed from the third year following the anniversary of the Employee's original date of employment or eligible for Military Service purchase, continuing each year a balance remains unpaid, and ending when the deposit and interest are paid in full. The rate of interest used in the computation by the Benefits Program Manager shall be equal to the investment return assumption used by the actuary in the report prepared pursuant to P.L. 95-595 at the time the Employee signs a letter of intent to make the deposit. In the event the Participant has not paid the entire amount required under this Subsection 1.28(1) by the time he retires or terminates employment, (1) the Benefits Program Manager shall refund to the Participant any deposits made under this Section 1.28(1) and (2) years of Credited Service for periods of Military Service on and after 1 January 1956 with respect to such deposits shall not be credited to the Participant. This Section shall be subject to the requirements of Section 1.28(h) herein.

- (m) Except as provided in Section 4318 of USERRA, with respect to any Military Service credited pursuant to Section 1.28(k) or the buyback of prior Military Service that is credited pursuant to Section 1.28(l), such credited service will be used only for the purpose of calculating retirement eligibility and benefit accruals and will not be used to attain Vesting.

Section 1.29 "Year of Service" shall mean a twelve (12) month period of employment calculated as follows:

- (a) For periods of employment prior to 1 January 1966, one (1) Year of Service shall be earned for each twelve (12) consecutive calendar month period of employment beginning with an Employee's date of employment as a full-time employee with a NAFI other than the Army and Air Force Exchange and Motion Picture Services, and ending with the earlier of termination of employment, death or retirement, provided that no break in employment in excess of ninety (90) days occurred.
- (b) For periods of employment between 1 January 1966 and 1 April 1981, one (1) Year of Service shall be earned for each twelve (12) consecutive calendar months of employment beginning with an

Employee's date of employment and ending with the earliest of termination of employment, death or retirement, during which period of employment the Employee makes contributions to the Plan, or during which the Employee is not eligible to participate in the Plan solely because he has not completed one (1) Year of Service.

- (c) For periods of employment on and after 1 April 1981, one (1) Year of Service shall be earned for each twelve (12) consecutive calendar months of employment beginning with an Employee's date of employment and ending with the earliest of termination of employment, death or retirement, provided that during such period of employment, the Employee makes contributions to the Plan.
- (d) 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 Code.
- (e) If a Participant has made an election to continue coverage under this Plan pursuant to Section 2.5 and the laws referenced thereunder during periods of service that would otherwise be covered as

service with the current employer of such individual ("Employing Agency"), service rendered as an employee covered by the Employing Agency shall be credited as Years of Service under the Plan to the extent stipulated in the applicable statute or regulations.

- (f) Notwithstanding any provision to the contrary, Years of Service shall not include service completed by an Employee who has made an election pursuant to Section 2.6 to remain covered by a retirement plan of a former employer.

ARTICLE II
ELIGIBILITY FOR PLAN PARTICIPATION

Section 2.1 Eligibility

- (a) Prior to 1 April 1981, all Employees except those described in Section 2.2 of this Article II shall be eligible to participate in this Plan upon completion of one (1) Year of Service.

- (b) On and after 1 April 1981, all Employees except those described in Section 2.2 of this Article II shall be eligible to participate in this Plan on the date they become Employees.

Section 2.2 Employees Not Eligible

An Employee shall not be eligible to participate in the Plan if:

- (a) Except as provided in Section 1.28(g) of Article I, he is domiciled outside of the fifty (50) states of the United States, the District of Columbia, or Puerto Rico, and is neither a United States citizen nor the wife or child of a United States citizen;

- (b) He is an employee of the Army and Air Force Exchange Service or Motion Picture Service;

- (c) He is a "leased employee" as defined in Code Section 414(n); or
- (d) He has made an election pursuant to the Portability of Benefits for Nonappropriated Fund Employees Act of 1990 (P.L. 101-508) or the National Defense Authorization Act for Fiscal Year 1996 (P.L. 104-106) and regulations of the Office of Personnel Management at Title 5, Code of Federal Regulations Part 847 and in accordance with Section 2.6 of Article II to remain covered by the Civil Service Retirement System (CSRS) or the Federal Employee Retirement System (FERS).
- (e) He was a Nonappropriated Fund employee of the Military Services, including US Air Force, US Navy, and US Marine Corps, in a position covered by the respective NAF Employee Retirement Plans of those services other than this Plan, and such an employee has made an election pursuant to regulations of the Department of Defense and the policy included in the Supplemental Guidance for Department of Defense Nonappropriated Fund Civilian Human Resources at Joint Bases and in accordance with Section 2.6 of Article II, to

continue coverage under the respective NAF Retirement Plans of the Military Services.

Section 2.3 Participation

- (a) All Employees who meet the eligibility requirements of the Plan must participate in the Plan on the date they first become eligible to participate. Payroll deductions of employee contributions will be made on behalf of each Participant in accordance with Section 8.1 of Article VIII. Participants shall file a form providing for the designation of a Beneficiary to receive any amounts payable in accordance with Section 7.4 of Article VII. Participation (and employee contributions) shall continue to be mandatory for the first six months after the Employee is eligible to participate (the "Initial Six-Month Participation Period"). This mandatory six-month participation shall also apply to rehired Participants; irrespective of whether they already completed an Initial Six-Month Participation Period while an Employee.
- (b) Any Employee who is a Participant may cease to be a Participant after the Initial Six-Month

Participation Period by filing such forms as the Benefits Program Manager may require.

(c) If an Employee who has been a Participant in the Plan elects to cease his participation under Section 2.3(b) of Article II for reasons other than retirement, death, termination of employment, or termination of eligible employment status, such Employee shall have the right to rejoin the Plan by giving such notice as the Benefits Program Manager may require.

(d) If an Employee ceases to be an Employee, or is otherwise ineligible to participate by reason of Section 2.2 of Article II, before the end of the Initial Six-Month Eligibility Period, and later returns to employment as an Employee eligible to participate in the Plan, such Employee must participate for a six-month period in accordance with Section 2.3(a) and make employee contributions in accordance with Section 8.1 of Article VIII.

(e) Anyone who is currently an Employee eligible to participate in the Plan on 1 June 2000, or who becomes an Employee eligible to participate in the Plan after 1 June 2000, who did not

personally execute documentation declining participation from (1) 1 April 1981, or the date he or she first became eligible to participate in the Plan, whichever is later, to (2) 31 December 2000, or until such date as he or she joined the Plan, whichever date occurs earlier (the "Make-up Period"), and who did not make employee contributions to the Plan during the Make-up Period, may make up employee contributions ("Make-up Contributions") to the Plan for the Make-up Period provided that Make-up Contributions be made for every missed period in the Make-up Period and that such Employee makes a request in accordance with Subsection 2.3(f) herein. A Participant who makes up contributions under this Subsection must contribute, for each payroll period during the Make-up Period, an amount equal to the amount of employee contributions the employee would have had to contribute under the terms of the Plan in effect on the date to which the Make-up Contribution relates. In addition, for Make-up Periods that include periods within 1 April 1981 through 31 December 1986, a Participant must contribute interest, at the rate of 8% for each missed period. For Make-up Periods that include periods within 1 January 1987 through 31 December 2000,

or any other periods, a Participant must contribute interest, at the greater of 0% or the rate of actual plan investment earnings achieved for the year in which each contribution should have been made. All interest will be compounded annually from the year(s) contributions were due. Make-up Contributions will be made under this Subsection in conformity with all applicable rules of the Code, including the Code Section 415 limitations. For purposes of Code Section 415 and Subsection 4.2(a) of the Plan, only the Make-up Contribution, and not the interest thereon, will be considered an "annual addition." In the event that the limitations of Code Section 415 or any other provision of the Code prevent an Employee from making a Make-up Contribution in the 2000 Plan Year, then such Make-up Contribution will be made in subsequent Plan Years, in conformity with the Code and Subsection 2.3(b) of the Plan.

- (f) For purposes of making Make-up Contributions under Subsection 2.3(e) of the Plan, a Participant must submit a request, the form of which will be provided by the Benefits Program Manager, to make up contributions to the Benefits Program Manager. The Benefits Program Manager

shall have full authority to determine in his or her sole discretion a Participant's eligibility to make up contributions as provided in Subsection 2.3(e) upon a request submitted by a Participant and received by the Benefits Program Manager.

- (g) If the Benefits Program Manager accepts and approves a request, then the Participant will enter into an agreement with the Plan to contribute Make-up Contributions and applicable interest to the Plan. Make-up Contributions plus applicable interest are generally due in full within 30 days after the Benefits Program Manager notifies the Participant that his or her request has been approved (the "30-day Period"). Notwithstanding the foregoing, upon a showing of hardship or inability to meet applicable requirements of the Code, a Participant may enter into an agreement with the Plan to contribute Make-up Contributions and applicable interest after the 30-day Period up to 24 months from the first day of the 30-day Period. Additional interest will accrue and be due on the unpaid balance of any Make-up Contributions plus interest due after the 30-day Period at a rate of 8% per annum.

(h) Service will be credited under Section 1.28(b) of the Plan to a Participant who contributes Make-up Contributions and interest due to the Plan for all missed periods within the Make-up Period. Participants may not receive partial credit in monthly increments for only some of the missed periods within the Make-up Period by making only partial Make-up contributions with interest. In the event that a Participant dies, becomes permanently disabled, terminates his employment with the Employer, or becomes ineligible to participate, the Participant or the Participant's successor-in-interest must contribute the full amount of Make-up Contributions, with interest, determined under Subsection 2.3(e) herein, within 30 days of such event in order to receive service credit for the periods within the Make-up Period for which Make-up Contributions have not yet been made. If a Participant, or a Participant's successor-in-interest, fails to contribute the full amount of Make-up Contributions with interest as required to receive service credit for all missed periods within the Make-up Period, the Benefits Program Manager shall refund to the Participant or successor-in-interest all Make-up

Contributions and interest made under section 2.3(g), determined by section 2.3(e).

Section 2.4 Commencement of Participation

- (a) Employees on 1 January 1966 who had completed one (1) Year of Service on 1 November 1965 and who were otherwise eligible to participate became Participants on 1 January 1966.

- (b) Employees who become eligible to participate between 1 November 1965 and 1 April 1981 shall become Participants on the first of the month coincident with or next following the completion of one (1) Year of Service.

- (c) An employee who becomes eligible to participate between 30 March 1981 and 1 January 2001 shall become a Participant as of his date of eligibility to participate in the Plan, or if later, on the first day of the first pay period after he shall have elected to participate in the Plan, and further provided that he shall have given such notice of his election as the Benefits Program Manager may require.

- (d) An Employee who becomes eligible to participate on or after 1 January 2001 shall become a

Participant as of his date of eligibility to participate in the Plan.

- (e) If an Employee who has participated in the Plan is reemployed following a period of nonemployment, he shall again be eligible to participate in the Plan on the date of his reemployment, provided such Employee is not otherwise ineligible to participate under the provisions of Sections 2.2 and 2.3. Section 2.3(a) shall apply to such Employee as if he were a new Participant.

Section 2.5 Employees Electing Coverage

- (a) A participant in the Plan who becomes an employee of the Federal Government in a position covered by the Civil Service Retirement System (CSRS) or Federal Employee Retirement System (FERS), may, if eligible, make an election pursuant to the Portability of Benefits for Non-Appropriated Fund Employees Act of 1990 (P.L.101-508), the National Defense Authorization Act for Fiscal Year 1996 (P.L. 104-106), or the National Defense Authorization Act of 2002 (P.L. 107-107), and any amendments and regulations thereunder,

to continue coverage under this Plan during periods of service that would otherwise be covered as CSRS or FERS service and he shall not be deemed to have terminated employment hereunder during such period of continued service.

- (b) A participant in the Plan who becomes a Nonappropriated Fund employee of the Military Services, including US Air Force, US Navy, and US Marine Corps, in a position covered by the respective NAF Employee Retirement Plans of those services, may, if eligible, make an election pursuant to regulations of the Department of Defense and the policy included in the Supplemental Guidance for Department of Defense Nonappropriated Fund Civilian Human Resources at Joint Bases, to continue coverage under this Plan during periods of service that would otherwise be covered by the respective NAF Retirement Plans of the Military Services and he shall not be deemed to have terminated employment hereunder during such period of continued service.

Section 2.6 Employees Electing Out of Coverage

Any Employee who elects, pursuant to the National Defense Authorization Act of Fiscal Year 1996 (P.L. 104-106), the Portability of Benefits for Non-Appropriated Fund Employees Act of 1990 (P.L. 101-508), the National Defense Authorization Act of 2002 (P.L. 107-107), and any amendments or regulations thereunder, or the regulations of the Department of Defense and the policy included in the Supplemental Guidance for Department of Defense Nonappropriated Fund Civilian Human Resources of Joint Bases, to remain covered under the plans of his former employer following a move to a NAFI position, shall be treated as having never been eligible to participate in the Plan.

ARTICLE III

ELIGIBILITY FOR BENEFITS

Section 3.1 Normal Retirement

A Participant may elect to receive a benefit as described in Section 4.1 of Article IV upon attainment of age sixty-two (62) and completion of five (5) Years of Credited Service (Vesting). The benefit described in Section 4.1 of Article IV shall be fully vested and nonforfeitable upon attainment of Normal Retirement Date. Such benefit shall become payable on the first day of the month next following attainment of Normal Retirement Date.

Section 3.2 Early Retirement

A Participant may elect to receive a benefit as described in Section 4.3 of Article IV as provided below if he shall have satisfied one of the following conditions:

- (a) Attainment of age fifty (50) and completion of twenty (20) Years of Credited Service;
- (b) Attainment of age fifty-two (52) and completion of five (5) Years of Credited Service;
- (c) Attainment of any age and completion of twenty-five (25) Years of Credited Service:

- (1) on or after 1 August 1993 and prior to 31 December 1994, or
- (2) on or after 1 January 1997, is involuntarily separated from service or retired pursuant to voluntary early retirement authority or discontinued service retirement authority obtained from the Assistant Secretary of the Army (Manpower and Reserve Affairs) or designee.

The benefit provided by this Section 3.2 shall become payable on the first day of the month next following the satisfaction of the condition applicable.

Section 3.3 Disability Retirement

A Participant in the Plan prior to 2009 who is permanently disabled and who attained age fifty-two (52) with twelve (12) or more months of Credited Service immediately preceding retirement, or who completed five (5) Years of Credited Service, may elect to receive a benefit as described in Section 4.4 of Article IV. An individual who becomes a Participant on or after January 1, 2009 will only be eligible for a benefit under this Section 3.3 if he has completed five (5) Years of Credited Service.

Notwithstanding the above, no benefit will be provided under this Section 3.3 unless such Participant's disability

shall not have arisen from his vicious habits, intemperance, or willful misconduct in the five (5) years preceding the commencement of the disability. Such benefit shall become payable on the Commencement Date determined under Section 1.8(c) of Article I, and shall be payable until the date that the Participant ceases to be permanently disabled or the date the Participant is eligible to begin to receive benefits under Section 3.1, at which time disability payments under this Section 3.3 shall cease and payment under Section 3.1 shall be made as if the Participant were eligible to retire under such section. An Employee is considered to be permanently disabled if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to be of permanent duration, as determined by the Benefits Program Manager based on the advice of a qualified medical authority or authorities approved by the Benefits Program Manager. In the event that the Benefits Program Manager determines, based on such advice, that a Participant receiving disability payments hereunder is no longer permanently disabled, disability benefits shall cease, and such Participant shall be entitled to his Normal or Early Retirement Benefit in accordance with the provisions of Article III, or his vested benefit in accordance with Article VI, as applicable.

Section 3.4 Deferred Retirement

A Participant may continue to be employed beyond his Normal Retirement Date. Upon actual retirement, such Participant shall be entitled to a benefit as described in Section 4.5 of Article IV. Such benefit shall become payable on the first of the month next following election of deferred retirement.

ARTICLE IV
RETIREMENT BENEFITS

Section 4.1 Normal Retirement Benefit

The benefit payable to a Participant who attains his Normal Retirement Date shall be the greatest of (a) or (b) as set forth below:

(a) The Participant's Accrued Benefit as of June 30, 1990, under the terms of this Section 4.1 in effect on such date.

(b) The sum of

(1) one and two-tenths percent (1.2%) of Final Average earnings plus three-tenths percent (.3%) of Final Average Earnings in excess of Covered Compensation times Years of Credited Service not in excess of fifteen (15);

(2) one and six-tenths percent (1.6%) of Final Average Earnings plus three-tenths percent (.3%) of Final Average Earnings in excess of Covered Compensation times Years of Credited Service in excess of fifteen (15) up to thirty (30); and

- (3) one and sixth-tenths percent (1.6%) of Final Average Earnings times Years of Credited Service in excess of thirty (30).

Section 4.2 Maximum Benefit Limits

(a) Basic Section 415 Limitation.

- (1) In no event shall the annual addition made on behalf of a Participant during any Plan Year exceed the lesser of:

(A) thirty thousand dollars (\$30,000) for Plan Years commencing prior to January 1, 2002 (\$40,000 for Plan Years commencing on or after January 1, 2002), as adjusted for increases in the cost-of-living under Code section 415(d), or, for limitation years starting before December 31, 1994, one-fourth (1/4) of the dollar limitation under Code Section 415(b)(1)(A) if greater, and

(B) Effective for Plan Years commencing prior to January 1, 2002, twenty-five percent (25%) of the amount of the Participant's compensation for the Plan Year. Effective for Plan Years

commencing on or after January 1, 2002, this limit shall be equal to one-hundred percent (100%) of the amount of the Participant's compensation for the Plan Year.

For purposes of this subsection (a)(1), the term "annual addition" shall include the Participant's contributions to the Plan for Plan Years beginning on or after 1 October 1987 and contributions under the Employer's 401(k) plan.

- (2) Subject to the adjustments hereinafter set forth, the portion of the annual retirement income attributable to Employer contributions and payable in the form of a life annuity to a Participant under the Plan in any Plan Year shall not exceed the Dollar Limit of one hundred eighty five thousand dollars (\$185,000) as adjusted under Code section 415(d) in the time and manner permitted by such section, which adjustment shall continue to apply after the Participant's termination of employment as provided in Treasury regulation 1.415(a)-1(d)(3)(v).

- (3) The value of the benefit attributable to mandatory contributions will be determined under the rules of Section 411(c)(2)(B) and (C) of the Code and under Treasury regulation 1.415(b)-1(b)(2)(iii), regardless of whether section 411 applies to this Plan. The annuity value of such benefit will be subtracted from the total benefit to determine the benefit tested under Section 415(b) of the Code.
- (4) In all events, the benefits under this Plan for a Plan Year (the limitation year) will not exceed the limits of Section 415 of the Code and underlying regulations applicable to government plans, which will be herein incorporated by reference as permitted under Treasury regulation 1.415(a)-1(d)(3).

(b) Adjustment of Basic Section 415

Limitation.

- (1) If payment of a Participant's benefit begins before he attains age 62, the Dollar Limit at the Participant's Commencement Date is the annual amount of a benefit payable as a straight life annuity commencing at the Participant's Payment Start Date that is

equivalent to the Dollar Limit commencing at age 62, determined as follows: For limitation years after 2001 and prior to October 1, 2007, the actuarial equivalence of the Dollar Limit will be computed using which-ever produces the smaller amount: (i) the interest rate and mortality table (or tabular factors) used to determine actuarial equivalence for early retirement benefits under the Plan, or (ii) a 5% interest rate and the "applicable mortality table" defined in Section 1.2. For limitation years after September 30, 2007, the Dollar Limit will be adjusted to be (i) the actuarially equivalent Dollar Limit commencing at age 62 determined using a 5% interest rate and the "applicable mortality table" under Section 1.2 or (ii) if the benefit payable includes an immediately commencing straight life annuity at both age 62 and the Commencement Date, the Dollar Limit multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the Plan at the Participant's

Commencement Date to the annual amount of the immediately commencing straight life annuity under the Plan at age 62, both determined without applying the limitations of Section 415 of the Code, if the amount determined under this subparagraph (ii) is less than that determined under subparagraph (i).

- (2) Any decrease in the Dollar Limit pursuant to the calculations set forth above shall not reflect a mortality decrement if the benefits are not forfeitable upon the Participant's death.
- (3) If the benefit is payable after the Participant attains age 65, the Dollar Limit set forth in (1) payable at the Participant's Commencement Date is the annual amount of a benefit payable as a straight life annuity commencing at the Participant's Commencement Date that has the same actuarial present value as the equivalent benefit beginning at age 65. For

this purpose, the actuarial equivalence shall be computed as follows:

- (A) For limitation years after 2001 and prior to October 1, 2007, the actuarially equivalent Dollar Limit shall be the smaller amount computed using (i) the interest and mortality factors used to determine actuarial equivalence for delayed retirement purposes or (ii) a 5% interest rate and the "applicable mortality table" defined in Section 1.2.

- (B) For years after September 30, 2007, the Dollar Limit will be adjusted to be (i) the actuarially equivalent Dollar Limit commencing at 65 determined using a 5% interest rate and the "applicable mortality table" of Section 1.2 or (ii) if the benefit payable includes an immediately commencing straight life annuity at both age 65 and the Commencement Date, the Dollar Limit multiplied by the ratio of the annual

amount of the immediately commencing straight life annuity under the Plan at the Participant's Commencement Date to the annual amount of the immediately commencing straight life annuity under the Plan at age 65, both determined without applying the limitations of Section 415 of the Code, if the amount determined is less than that determined under subparagraph (i).

(C) For these purposes, mortality between age 65 and the date benefits commence shall be ignored.

(c) Definitions. Effective with respect to limitation years after 1997, to the extent applicable and for purposes of this Section 4.2, the term "compensation" shall have the meaning provided in Code section 415(c)(3), and, as required under Section 415(c)(3) and the regulations thereunder, will be adjusted to include deferred compensation under Code Section 415(c)(3)(D), will be limited pursuant to Code Section 401(a)(17) (as adjusted under Section 401(a)(17)(B), and will reflect cost of living

adjustments to the extent applicable under Code Section 415(d). Effective after September 30, 2007, for this purpose, "compensation" will be compensation as defined in Treasury regulation 1.415(c)-2(d)(4). Furthermore, for purposes of Section 4.2, after September 30, 2007 "compensation" will include payments made by the later of 2 ½ months after severance from employment or the end of the limitation year that includes the date of severance from employment if, absent such severance from employment, such payments would have been paid to the Participant while the Participant continued in employment with the Employer and are regular compensation for services during the Participant's regular working hours, compensation for services outside the Participant's regular working hours (such as overtime or shift differential) commissions, bonuses or other similar compensation.

- (d) Section 415 Rules for Ancillary Benefits. In the event the Participant's retirement income is payable in any form other than a life annuity, then, for purposes of applying the limitation prescribed in subsection (a)(2) of the Plan, such other form shall be the actuarial equivalent of a life annuity, based on the rules of Code Section

415(b)(2)(E)(ii) and the interest rate and mortality table assumptions outlined in the definition of "Actuarial Equivalent" in Section 1.2 of the Plan for purposes of applying the 415(b) limit. For purposes of applying this subsection (d), that portion of the benefit payable under Section 5.1(a) of Article V which constitutes a qualified joint and survivor annuity, as defined in Code Section 417, shall not be taken into account.

- (1) For the purpose of applying the limits of this section, a retirement benefit paid in a form other than that stated in (d) above, shall be adjusted to an actuarially equivalent straight life annuity as follows: For years prior to October 1, 2007, the benefit is determined using whichever set of factors produces the greater annual amount:
 - (i) the "applicable mortality table" defined in Section 1.2 and 5% or
 - (ii) the factors specified in the Plan for determining Actuarial Equivalence. For years after September 30, 2007, such benefit will be adjusted to equal the greater of (i) the annual amount of the straight life annuity paid under the Plan at the same annuity

starting date, and (ii) the annual amount of the straight life annuity with the same actuarial present value of the Participant's form of benefit computed using an interest rate of 5% and the "applicable mortality table" under Section 1.2.

- (2) If any form of benefit is subject to Section 417(e)(3) (or would be subject to such section if not a governmental plan), the previous paragraph will not apply and the actuarially equivalent straight life annuity shall be determined using the following set of factors, whichever provides the greatest benefit for such period: (i) for periods prior to Plan Years beginning in 2004, the "applicable mortality table" under Section 1.2 and the applicable interest rate defined in Section 1.2 for payments subject to Section 417(e)(3) of the Code, or the factors specified in the Plan for determining Actuarial Equivalence, (ii) for Plan Years beginning in 2004 and 2005, the "applicable mortality table" under Section 1.2 and 5.5%, or the factors specified in the Plan for determining Actuarial Equivalence; provided that the amounts payable in Plan Years beginning in 2004

shall not be less than that permitted under IRS Notice 2004-78; (iii) for Plan Years beginning after 2005, the "applicable mortality table" under Section 1.2 and 5.5% , or the factors specified in the Plan for determining Actuarial Equivalence, or a benefit determined using the applicable interest rate under section 417(e)(3) and the "applicable mortality table" under Section 1.2, divided by 1.05.

- (e) Fewer Than Ten (10) Years of Participation. The dollar amount specified in subsection (a)(2)(A) for any Participant who has completed fewer than ten (10) years of participation in the Plan shall be the amount determined under such subsection multiplied by a fraction, the numerator of which is the number of the Participant's years of participation in the Plan and the denominator of which is ten (10).
- (f) Fewer Than Ten (10) Years of Service. If applicable, the percentage of compensation limitation of Section 415(b)(1)(B) and the ten thousand dollar (\$10,000) minimum limitation specified in Section 415(b)(4) of the Code for any Participant who has completed fewer than ten

(10) years of service with the Employer shall be the amount determined under subsection (a) (2) (B) multiplied by a fraction, the numerator of which is the number of the Participant's years of service and the denominator of which is ten (10).

- (g) Cost of Living and Statutory Changes. The dollar limitation prescribed under subsection (a) (2) (A) shall be automatically adjusted annually, commencing 1 January 1988, effective as of the first day of the Plan Year ending within the calendar year of the adjustment, with respect to both active Participants and former Participants who have retired or whose service has otherwise terminated, for increases in the cost of living and in accordance with regulations and rulings issued by the Secretary of the Treasury pursuant to the provisions of Code Section 415(d), as well as any subsequent legislation raising such limitation. The dollar limitation prescribed under subsection (a) (1) (A) shall be automatically adjusted annually in the manner specified in the immediately preceding sentence. For limitation years after September 30, 2007, pursuant to Treasury regulations section 1.415(b)-1(c) (5), in no event shall the amount payable to a Participant in any limitation year under the form

of benefit elected (taking into account annual cost-of-living increases in Section 4.8 of the Plan) be greater than the Section 415(b)(1)(A) limit applicable at the Commencement Date, as increased in subsequent years pursuant to section 415(d) of the Code and Treasury regulations.

- (h) Combined Limitation. Effective for Plan Years commencing prior to January 1, 2000, notwithstanding the foregoing, the sum of the defined benefit plan fraction and the defined contribution plan fraction for any Participant for any year shall not exceed one (1).

For purposes of applying the limitations of this Subsection (h), the following rules shall apply:

- (1) The term "defined benefit plan fraction" shall mean the annual benefit attributable to Employer contributions payable under all defined benefit plans of the Employer, determined as of the close of the year, determined without regard to subsections (a) through (g) above, over the lesser of:
- (A) the maximum dollar limit payable under subsections (a)(2)(A), (b), (c), (d),

(e), (f) and (g) above times one and twenty-five hundredths (1.25), and

(B) the percentage of compensation limit provided in subsection (a)(2)(B) times one and four-tenths (1.4).

(2) The term "defined contribution plan fraction" shall mean the actual aggregate annual additions to all defined contribution plans of the Employer determined as of the close of the year, over the sum of all years of a Participant's service of the lesser for each year of:

(A) the maximum dollar limit payable under subsection (a)(1)(A) for such year times one and twenty-five hundredths (1.25), and

(B) the percentage of compensation limit provided in subsection (a)(1)(B) for such year times one and four-tenths (1.4).

(i) Reduction of Benefits. Effective for Plan Years commencing prior to January 1, 2000, if the

limitation prescribed under subsection (h) would, but for this Section 4.2, be exceeded in any Plan Year, then, the benefit attributable to Employer contributions payable hereunder shall be reduced to the extent necessary to meet the limitation in the particular Plan Year.

- (j) Participants on 30 September 1987. The Accrued Benefit, as of 30 September 1987, of any Participant, to the extent such Accrued Benefit could be taken into account under the provisions of Code Section 415 in effect on such date, shall not be reduced due to the application of the limitations set forth above.

Section 4.3 Early Retirement Benefit

- (a) A Participant who elects to retire prior to his Normal Retirement Date in accordance with subsections 3.2(a) or 3.2(b) of Article III shall be entitled to a benefit calculated in accordance with the provisions of Section 4.1 of this Article IV as of the date on which such Participant elects to receive a benefit, plus the early retirement supplement provided in subsection (b) of this Section 4.3. The benefit determined without regard to the early retirement supplement under subsection (b) of this Section

4.3 shall be reduced by one-third (1/3rd) of one percent (1%) for each month that such Participant's benefit commences prior to the month in which such Participant's Normal Retirement Date occurs. Notwithstanding the foregoing, a Participant who has (i) attained age fifty-five (55) and completed thirty (30) Years of Credited Service or (ii) attained age sixty (60) and completed twenty (20) Years of Credited Service shall be entitled to the benefit described in this subsection (a) without reduction for commencement prior to such Participant's Normal Retirement Date.

- (b) A Participant who retires from active employment under the provisions of Section 3.2 of Article III shall receive an annual early retirement supplement commencing coincident with the benefit payable under subsection 4.3(a) of this Section 4.3. The amount of the annual supplement shall be equal to the Participant's Years of Credited Service up to twenty five (25), multiplied by the lesser of (i) \$192, or (ii) one half percent (.5%) of the Participant's Final Average Earnings, but shall not exceed \$4800 per year. The supplement (as adjusted for any cost-of-living increases authorized under the Plan) shall

cease to be paid when the Participant attains his Normal Retirement Date or dies, if earlier.

- (c) A Participant who elects to retire prior to his Normal Retirement Date in accordance with subsections 3.2(c) of Article III shall be entitled to a benefit calculated in accordance with the provisions of Section 4.1 of this Article IV as of the date on which such Participant elects to receive a benefit plus the early retirement supplement provided in subsection (b) of this Section 4.3. The benefit determined without regard to the early retirement supplement under subsection (b) of this Section 4.3 shall be reduced by one-sixth (1/6th) of one percent (1%) for each month that such Participant's benefit commences prior to the month in which such Participant attains age fifty-five (55).

Section 4.4 Disability Retirement Benefit

The benefit payable to a Participant who is eligible for a disability retirement benefit as determined under the provisions of Section 3.3 of Article III shall be equal to one and two-tenths percent (1.2%) of Final Average Earnings times Years of Credited Service not in excess of fifteen (15), plus one and six-tenths percent (1.6%) of Final Average Earnings times Years of Credited Service in excess of fifteen (15). The benefit payable under this Section 4.4 shall not exceed ninety percent (90%) of a Participant's Final Average Earnings when such benefit is combined with Workers' Compensation benefits.

Section 4.5 Deferred Retirement Benefit.

A Participant who elects to retire after attainment of his Normal Retirement Date shall be entitled to a deferred retirement benefit calculated in accordance with the provisions of Section 4.1 of this Article IV as of his deferred retirement age.

Section 4.6 Benefits and Credited Service Based on Other Government Service

- (a) If a Participant was a full-time employee at a DOD NAFI other than the Army, was a participant in the retirement plan of such other NAFI, and terminated employment and was employed by an Army NAFI within ninety

(90) days, such Participant shall be credited with Years of Service and Years of Credited Service for service in the previous retirement plan.

(b) The Participant's retirement benefit under this Plan payable at the Participant's Normal Retirement Date shall be reduced by the amount which would be payable under the previous retirement plan at the Participant's Normal Retirement Date, based on the length of his service under the previous retirement plan, without regard to whether the previous retirement plan pays a benefit to such Participant, and without regard to whether the Participant withdrew his contributions from the previous retirement plan.

(c) In no event shall the operation of this Section 4.6 cause a Participant's benefit to be reduced to an amount which is less than the benefit to which such Participant would otherwise be entitled under the provisions of the Plan without regard to this Section.

Section 4.7 Reemployment of a Pensioner

If a Participant who is receiving retirement benefits in accordance with the provisions of this Article IV shall be reemployed as an Employee, such Participant's retirement benefits shall stop and such Participant shall become eligible to participate in this Plan as provided in section 2.4(e) of Article II. Upon such Participant's subsequent retirement, his retirement benefit shall be computed at the time of such subsequent retirement and reduced by the Actuarial Equivalent of the benefits paid to the Participant prior to his reemployment; provided that, in no event shall the benefit to which such Participant is entitled upon his subsequent retirement be less than the benefit to which he would have been entitled had he not been reemployed.

Section 4.8 Cost of Living Adjustment

- (a) As of 1 April 1981, each Participant and beneficiary receiving retirement or survivor benefits from the Plan on 1 April 1981 shall be entitled to have his benefit increased by twenty-five hundredths of one percent (.25%) for each month that has elapsed since the benefit was first paid to the Participant or beneficiary to 31 March 1981.

- (b) As of 1 April 1983, each Participant and beneficiary receiving retirement or survivor benefits from the Plan on 1 April 1983 shall be entitled to have the benefit he is then receiving increased by one-twelfth (1/12th) of five percent (5%) for each month that has elapsed from the later of 1 April 1981 or the month the benefit was first paid to the Participant or beneficiary to 31 March 1983.
- (c) As of 1 April 1985, each Participant and beneficiary receiving retirement or survivor benefits from the Plan on 1 April 1985 shall be entitled to have the benefit he is then receiving increased by one-twelfth (1/12th) of three percent (3%) for each month that has elapsed from the later of 1 April 1983 or the month the benefit was first paid to the Participant or beneficiary to 31 March 1985.
- (d) As of 1 April 1987, each Participant and beneficiary receiving retirement or survivor benefits from the Plan on 1 April 1987 shall be entitled to have the benefit he is then receiving increased by one-twelfth (1/12th) of three percent (3%) for each month that has elapsed from

the later of 1 April 1985 or the month the benefit was first paid to the Participant or beneficiary to 31 December 1986.

- (e) Effective 1 April 1988 and each 1 April thereafter, each Participant and beneficiary receiving retirement or survivor benefits from the Plan shall be entitled to have the benefit he is then receiving increased by the same percentage as the increase in the average Consumer Price Index - Urban Wage Earners and Clerical Workers (CPI-W) for the third quarter of the preceding year over the average CPI-W for the third quarter of the second preceding year, or by four percent (4%), whichever is the lesser figure. The percentage increase shall be calculated in the same manner as the percentage increase for annual cost of living increases under the Social Security Act, but without regard to any limitations for prescribing the minimum or maximum increase under such Act. If a Participant or beneficiary did not receive benefits for the entire calendar year ending 31 December of the preceding year, he shall be entitled to have the benefit increased by one-twelfth (1/12th) of the increase granted for the entire year for each month that has elapsed from

the date the benefit was first paid to the Participant or beneficiary to 31 December of such year.

- (f) The Benefits Program Manager and the Trustees shall review the financial condition of the Plan annually and shall make recommendations to the Commander on increases of more than four percent (4%) for those years in which the Consumer Price Index (CPI-W) exceeds four percent (4%), and shall recommend future benefit increases as the financial condition of the Plan shall permit.

Section 4.9 General Plan Limitations

In addition to the above limitations imposed under Code section 415, in no event will any benefit payable from the Plan exceed 80% of the Participant's Final Average Earnings.

ARTICLE V

PAYMENT OF BENEFITS

Section 5.1 Normal Benefit

Unless a Participant shall have elected an optional form of benefit in accordance with the provisions of Section 5.2 of this Article V, his benefit shall be paid as follows:

- (a) A Participant who has a Spouse shall receive a retirement benefit payable monthly during the Participant's lifetime, with fifty-five percent (55%) of the retirement benefit continued to the Spouse upon the Participant's death for the Spouse's lifetime. A Participant's benefit under this subsection shall be the benefit calculated in accordance with Article IV or Article VI, whichever is applicable, reduced by ten percent (10%) to reflect the cost of such coverage, plus five-tenths of one percent (.5%) for each year in excess of ten (10) by which the Participant's age exceeds the Spouse's age, or minus five-tenths of one percent (.5%) for each year in excess of ten (10) by which the Participant's age is less than the Spouse's age. If a Participant who is receiving an early retirement benefit in accordance with subsection 4.3(b) of Article IV dies prior to attainment of his Normal Retirement Age, the benefit payable to his Spouse under this

subsection 5.1(a) shall include fifty-five percent (55%) of the benefit of subsection 4.3(c) of Article IV which shall be payable until the earlier of the participant's 62nd birthday or the date of the Spouses' death.

- (b) A Participant who does not have a Spouse shall receive a retirement benefit calculated in accordance with Article IV or Article VI, whichever is applicable, payable monthly with payments terminating in the month in which his death occurs. Notwithstanding the foregoing, if, at the time of death of a Participant receiving payment in accordance with this Section 5.1(b), the benefits paid to such Participant are less than his contributions plus interest thereon, credited in accordance with Section 8.4 of Article VIII, the excess of his contributions plus interest over the benefits paid shall be paid in a lump sum payment to such retired Participant's Beneficiary or, if there is no Beneficiary, his estate.

Section 5.2 Optional Benefits

Any Participant may elect to convert a retirement benefit payable to him at retirement into a benefit which is the Actuarial Equivalent of the benefit provided in accordance

with the provisions of subsection (b) of Section 5.1. Any optional benefit must be elected prior to the Participant's Commencement Date, provided a Participant may not elect (i) an optional benefit other than the benefit described in subsection (c) of this Section 5.2, nor (ii) a beneficiary other than his Spouse, unless, in either case, such Spouse shall have given written consent to the Participant's election. The Spouse's consent shall (i) acknowledge the effect of the election, (ii) name the specific beneficiary or class of beneficiaries and/or the form of payment, and (iii) be witnessed by a Plan representative, unless it is established to the satisfaction of the Benefits Program Manager that the consent cannot be obtained because there is no Spouse, because the Spouse cannot be located or because of such other circumstances as may be determined by the Benefits Program Manager. The following optional benefits are available:

- (a) A reduced monthly benefit payable for the Participant's lifetime or, if later, until the expiration of sixty (60) months after the first payment. If the Participant dies before he has received sixty (60) benefit payments, the remaining payments shall be made to his designated beneficiary;
- (b) A reduced monthly benefit payable for the Participant's lifetime or, if later, until the

expiration of one hundred twenty (120) months after the first payment. If the Participant dies before he has received one hundred twenty (120) benefit payments, the remaining payments shall be made to his designated beneficiary;

(c) A reduced monthly benefit payable to the Participant during his lifetime with one hundred percent (100%) continued to such Participant's designated beneficiary during such beneficiary's lifetime; or

(d) A monthly benefit payable in accordance with subsection (b) of Section 5.1.

Anything in the foregoing to the contrary notwithstanding, all distributions shall be made (i) over the life of the Participant, (ii) over the life the Participant and a designated beneficiary, (iii) over a period certain not extending beyond the life expectancy of the Participant, or (iv) over a period certain not extending beyond the joint life and last survivor expectancy of the Participant and a designated beneficiary. For purposes of the preceding sentence, life expectancies shall not be recalculated. Furthermore, no method of payment shall be made which does not comply with the minimum distribution incidental death benefit rules of Code Section 401(a)(9)(G).

Section 5.3 Small Payments

If the benefit for any Participant is less than fifty dollars (\$50.00) per month, or if the lump sum Actuarial Equivalent of such benefit does not exceed one thousand dollars (\$1,000), such benefit shall not be paid monthly, but shall be paid in a single lump sum, subject to the last sentence hereof. If the Actuarial Equivalent of the benefit exceeds \$1,000 and the benefit for any Participant would be between fifty dollars (\$50.00) and one hundred dollars (\$100.00) per month, such Participant shall be given the opportunity to elect to receive a lump sum payment, with the consent of his spouse, if any. If the benefit for any Participant is paid in a single lump sum payment, such lump sum payment shall be the Actuarial Equivalent of the monthly benefit provided in accordance with the provisions of Section 5.1(b) of this Article V. Such payment shall be in full discharge of all liability with respect to the benefits of such Participant under this Plan. Notwithstanding the foregoing, if the lump sum Actuarial Equivalent of the benefit payable to the Participant exceeds one thousand dollars (\$1,000), such amount shall not be paid to the Participant prior to his Normal Retirement Date, unless both (i) the Participant and (ii) the Participant's Spouse, if any, consent in writing to the distribution.

Section 5.4 Notification of Forms of Benefits

Within a reasonable period of time before a Participant's benefits are to commence, the Benefits Program Manager shall provide each Participant with a written explanation of (i) the terms and conditions of the form of benefit payable under Section 5.1(a), (ii) the Participant's right to make, and the effect of, an election to waive such form of benefit, (iii) the rights of the Participant's Spouse, and (iv) the right to make, and the effect of, a revocation of the waiver of such form of benefit. A Participant shall be given the right to waive the form of benefit payable under Section 5.1(a) or Section 5.1(b), as applicable, and/or to elect an optional form of benefit as provided in Section 5.2 during the ninety (90) day period before his benefits commence. At any time during such period the Participant may revoke a prior election under Section 5.2 and make a new election.

Section 5.5 Application for Benefits and Minimum
Distributions

Each Participant shall be required to make application for his retirement benefit on such forms and in such manner as the Benefits Program Manager shall require. Such application shall be filed with the Benefits Program Manager prior to the date on which the Participant wishes his benefits to commence. If a Participant who ceased to be an Employee on or before he reaches his Normal

Retirement Date makes application for his benefit after he reaches his Normal Retirement Date, the Benefits Program Manager shall make retroactive payments to such Participant as if he elected his benefit to commence on his Normal Retirement Date.

Effective 1 January 1989, in no event shall the commencement of benefits from the Plan be delayed beyond 1 April of the calendar year following the calendar year in which the Participant attains age seventy and one-half (70-1/2), except that a Participant who had attained age seventy and one-half (70-1/2) before 1 January 1988 may delay the commencement of benefits until 1 April of the calendar year following the calendar year in which he retires.

Notwithstanding the foregoing, effective as of 1 January 2000, for Participants who attain age seventy and one-half (70 1/2) on or after 1 January 2000 and who have not yet retired and who are not yet in pay status, distribution of benefits from the Plan shall not commence prior to retirement; provided, however, that in no event shall commencement of benefit distributions from the Plan be delayed beyond 1 April of the calendar year following the later of the calendar year in which the Participant attains

age seventy and one-half (70 1/2) or retires. Further, notwithstanding any provision of the Plan to the contrary, distributions under the Plan shall meet the requirements of section 401(a)(9) as set forth in § 1.401(a)(9)-1 of the Income Tax Regulations and the incidental benefit rules thereto, to the extent such regulations apply to the distributions permitted under this government Plan.

Section 5.6 Withdrawals

A Participant who elects to cease his Plan participation in accordance with the provisions of Section 2.3 of Article II may not withdraw his contributions so long as he remains an employee of NAFI. Notwithstanding the foregoing,

- (a) a Participant who becomes ineligible to participate in the Plan because of a change in employment status, or
- (b) a Participant who has not voluntarily participated in the Plan at any time since 1 April 1981, may withdraw his contributions as if his employment had been terminated.

If a Participant described in (a) or (b) elects to withdraw his contributions, (i) he shall receive interest on his contributions credited in accordance with Section 8.4 of Article VIII, (ii) his Spouse, if

any, shall consent to the withdrawal in the manner prescribed in Section 5.2, (iii) the Participant (and/or his Spouse or other Beneficiary) shall forfeit his right to any Plan benefit attributable to the period of service for which the contributions were made.

Section 5.7 Direct Rollovers

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Article V, a distributee may elect, at the time and in the manner prescribed by the Benefits Program Manager, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(a) For purposes of this section, the following terms shall be defined as follows:

- (1) Effective for post-1998 Plan Years, eligible rollover distribution has the meaning given to it under Code section 402(c)(4).
- (2) Eligible retirement plan has the meaning given to it under Section 402(c)(8)(B) of the Code. With respect to distributions commencing prior to 1 January 2002, in the case of an eligible rollover distribution to a surviving spouse, an eligible retirement

plan is an individual retirement account or individual retirement annuity.

- (3) Distributee: A distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving Spouse and the Employee's or former Employee's Spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the Spouse or former Spouse. Effective January 1, 2009, with respect to any portion of a distribution attributable to a deceased Participant, a nonspouse designated Beneficiary (as defined in Section 401(a)(9)(E) of the Code) may authorize, pursuant to procedures established by the Benefits Manager, a direct trustee-to-trustee transfer of the eligible portion of the distribution to an individual retirement account or annuity described in Section 408(a) or (b) of the Code ("IRA") that is established on behalf of the designated Beneficiary and that will be treated as an

inherited IRA in accordance with Section 402(c)(11) of the Code.

(4) Direct rollover: A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

(b) The Benefits Program Manager shall prescribe reasonable procedures for the election of direct rollovers under this section, including, but not limited to:

(1) Requirements that the distributee provide the Benefits Program Manager with adequate information, including, but not limited to, the name of the eligible retirement plan to which the rollover is to be made; a representation that the recipient plan is an individual retirement plan, a qualified plan, a 403(a) annuity or any other arrangement or plan that qualifies as an eligible retirement plan (as applicable); acknowledgment from the recipient plan that

it will accept the direct rollover; and any other information necessary to make the direct rollover;

- (2) Requirements that direct rollover elections be made within the time periods permitted for electing optional forms of payment pursuant to this Article X;
- (3) Requirements prohibiting the division of an eligible rollover distribution into separate distributions to be paid to more than one eligible plan; and
- (4) Limitations on the amount of a direct rollover, providing that direct rollover may not be elected by a distributee whose eligible rollover distributions during a year are reasonably expected to be less than \$200 and providing that, in the case of a distributee who elects to receive part of his distribution in cash and to have the remainder paid to an eligible retirement

plan, the portion to be directly rolled over must be equal to at least \$500.

(c) If a distribution is one to which Sections 401 (a) (11) and 417 of the Code do not apply, such distribution may commence less than 30 days after the notice required under Section 1.411 (a)-11(c) of the Income Tax Regulations is given, provided that:

- (1) the Benefits Program Manager clearly informs the Participant that the Participant has a right to a period of at least 30 days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and
- (2) the Participant, after receiving the notice, affirmatively elects a distribution.

ARTICLE VI
TERMINATION OF EMPLOYMENT

Section 6.1 Participants With Fewer Than Five (5) Years
of Service

- (a) Effective January 1, 2009, if, upon termination of employment, a Participant has completed fewer than five (5) Years of Credited Service, all of his contributions, with interest thereon, credited in accordance with the provisions of Section 8.4 of Article VIII, shall automatically be returned to him unless such Participant makes a written request to retain such funds in the Plan before the end of the thirty (30) day period following the Participant's termination of employment.
- (b) If a terminated Participant described in subsection (a) of this Section 6.1 is not reemployed within five (5) years of his last termination date, and his contributions have not been refunded, all of his contributions, with interest thereon, credited in accordance with the provisions of Section 8.4 of Article VIII, shall be automatically refunded to him.

Section 6.2 Participants With Five (5) or More Years of Service

If, upon termination of employment, a Participant has completed at least five (5) Years of Credited Service, he shall be entitled to a benefit calculated in accordance with the provisions of Section 4.1 or Section 4.3 of Article IV, whichever applies, as of his date of termination. Such benefit shall be payable on the Participant's Normal Retirement Date or on such earlier retirement date as the Participant may elect in accordance with the provisions of Section 3.2 of Article III. Benefits shall be payable in accordance with Article V; provided, however, that before the end of the thirty (30) day period following the Participant's termination of employment, the Participant may elect to have his contributions, with interest thereon, credited in accordance with the provisions of Section 8.4 of Article VIII, returned to him in lieu of the benefit otherwise provided by this Section 6.2. If the Participant does not request a return of contributions as provided under the preceding sentence, such contribution will remain on deposit with the Plan and distributed or credited on the Participant's Normal Retirement Date or on such earlier retirement date allowed the Participant in accordance with Article III. If the Participant has a Spouse, the Spouse's written consent shall be required if the Participant elects a return of his contributions, plus interest thereon. The

Spouse's consent shall conform to the requirements of
Section 5.2 of Article V.

ARTICLE VII

DEATH BENEFITS

Section 7.1 Death Before Retirement

- (a) If a Participant dies at a time when he is actively employed but has earned fewer than five (5) Years of Credited Service, the Participant's contributions, together with interest thereon, credited in accordance with the provisions of Section 8.4 of Article VIII, shall be paid to his Beneficiary. Distribution of such amounts shall be made within five (5) years after the Participant's death.

- (b) If a Participant dies at a time when he is actively employed and has earned five (5) or more Years of Credited Service, a survivor benefit shall be paid to his Spouse. If the Participant is not survived by a Spouse, the benefit under subsection (a) of this Section 7.1 shall be paid to his Beneficiary.

Section 7.2 Death After Retirement or Termination

- (a) If a Participant who became eligible for benefits in accordance with Article III or Section 6.2 of Article VI while he was an Employee, dies after he has retired or terminated employment but prior

to his Commencement Date, he shall be treated as if his death had occurred before retirement or termination of employment in accordance with the provisions of Section 7.1(b) of this Article VII.

- (b) If a Participant dies after he has retired and begun to receive a retirement benefit, his Spouse or other beneficiary shall be entitled to survivor benefits solely in accordance with the form of benefit such Participant shall have elected at retirement, provided that if the Participant shall have retired on a disability benefit as provided in Section 4.4 of Article IV, he shall be treated as if his death had occurred before retirement. In any case where payments are continued after a Participant's death to a surviving Spouse, or other beneficiary and all such individuals die prior to receiving benefits at least equal to the Participant's contributions plus interest thereon, credited in accordance with Section 8.4 of Article VIII, the excess of the Participant's contributions plus interest over the total benefits paid shall be paid in a lump sum payment to the beneficiary or estate of the last such person who received a monthly benefit from the Plan.

Section 7.3 Amount and Duration of Survivor Benefits

Except as provided in subsection (d) of this Section 7.3, the survivor benefit payable to a Spouse who qualifies in accordance with Section 7.1(b) or 7.2(a) shall be as follows:

(a) For the Spouse of a Participant who could have elected to retire under Section 3.1 or Section 3.2 at the time of the Participant's death, the survivor benefit shall be determined as if the Participant had retired and elected the greater of:

(1) the benefit provided in Section 5.1(a) of Article V, provided that such benefit shall not be reduced in accordance with the provisions of Section 4.3(a) of Article IV;
or

(2) the benefit provided in Section 5.2(c) of Article V.

(b) For the Spouse of a Participant not described in Section 7.3(a), the survivor benefit shall be the benefit to which the Spouse would have been entitled had the Participant retired and elected a benefit in accordance with the provisions of

Section 5.1(a) of Article V, provided that the benefit shall not be reduced in accordance with the provisions of Section 4.3(a) of Article IV.

- (c) The benefit in Section 7.3(a) or (b) shall be paid for life, with the last payment occurring in the month in which the Spouse's death occurs.

- (d) If a Participant has retired on account of disability in accordance with the provisions of Section 4.4 of Article IV, his Spouse shall receive a benefit equal to the benefit that would have been payable if the disabled Participant had elected, at the time his disability commenced, a benefit paid in the form described in subsection (a) of this Section 7.3.

Section 7.4 Beneficiary

An Employee shall designate in writing, in accordance with Section 2.3 of Article II, a Beneficiary (i) to receive a refund of the Participant's contributions plus interest in accordance with the provisions of Sections 7.1(a) or 7.1(b) if the survivor benefit provided under Section 7.1(b) is not payable because there is no surviving Spouse or (ii) to

receive any amounts payable to a Beneficiary in accordance with Section 5.1(b) of Article V. Such designation may be changed by the Participant at any time by giving written notice to the Benefits Program Manager. If the designated Beneficiary is not living at the time any amounts become payable, any such amounts shall be paid to the estate of the deceased Participant.

Notwithstanding the foregoing, a Participant shall not be permitted to elect a Beneficiary other than his Spouse, unless such Spouse has given written consent to the Participant's election. The consent shall (i) acknowledge the effect of the election, (ii) name the specific Beneficiary or class of Beneficiaries and (iii) have been witnessed by a Plan representative or a notary public, unless it is established to the satisfaction of the Benefits Program Manager that the consent cannot be obtained because there is no Spouse, because the Spouse cannot be located or because of such other circumstances as may be determined by the Benefits Program Manager. If the Spouse does not consent to such election, or if no election has been made, the Participant's Beneficiary shall be his Spouse.

ARTICLE VIII
CONTRIBUTIONS AND INTEREST

Section 8.1 Employee Contributions

Each Employee who becomes a Plan Participant shall be required to make contributions to the Plan equal to two percent (2%) of his Earnings for each payroll period during his period of Plan participation. Such contributions shall be collected by payroll deduction and remitted to the Trust as soon as possible after the payroll period for which such deductions were made.

Section 8.2 Employer Contributions

Employer contributions shall be made to the Trust in an amount which shall be determined by an actuarial valuation as the amount necessary to fund the Plan on an actuarially sound basis. All Employer contributions shall derive from nonappropriated funds. No appropriated funds of the United States shall become due or paid as a result of this Plan. Forfeitures arising from terminations prior to attainment of a nonforfeitable right to a benefit shall serve to reduce Employer contributions and shall not be used to increase benefits.

Section 8.3 Nondiversion of Funds

No part of the funds held by the Trust with respect to this Plan shall be used or diverted to purposes other than for the exclusive benefit of Participants and their beneficiaries prior to the satisfaction of all liabilities with respect to them hereunder. Notwithstanding the foregoing, any contribution which is made by the Employer by a mistake of fact may be returned to the Employer within one (1) year after the payment to the Trust of the contribution.

Section 8.4 Interest on Employee Contributions

For purposes of computing the amount to be paid to a Participant upon withdrawal of his Plan contributions, to the survivors of a Participant who dies prior to earning five (5) Years of Credited Service, or to the Beneficiary or estate of a retired Participant in any case in which benefits equal to such Participant's own contributions plus interest thereon have not been paid to such retired Participant or his beneficiary, interest shall be credited to a Participant's contributions at the rate of three percent (3%) per annum, compounded as of the last day of each Plan Year. Interest shall be credited on the last day of a full fiscal Plan Year without regard to the date on which the Participant commenced Plan participation. A Participant's Plan contributions under this Section 8.4 of the Plan include any Make-up Contributions made to the Plan

under Subsection 2.3(e) of the Plan as well as any interest payments that were required to be made.

Interest shall cease to be credited on the date determined in accordance with one (1) of the following, whichever applies:

- (a) In the case of a Participant who withdraws his contributions, on the last day of the month in which the request for withdrawal is made, but no later than the date specified in Section 6.1(b) of Article VI for the automatic refund of contributions;
- (b) In the case of a Participant who dies prior to earning five (5) Years of Credited Service, on the last day of the month in which the Participant's death occurs; and
- (c) In any other case, on the last day of the month immediately preceding the Commencement Date.

ARTICLE IX
AMENDMENT AND TERMINATION

Section 9.1 Right to Amend or Terminate

The Commander intends to continue the Plan described herein as a permanent program. However, the Commander specifically reserves the right to amend, suspend or terminate the Plan described herein at any time and for any reason (in accordance with applicable laws or regulations), except that no amendment, suspension or termination of the Plan shall affect adversely benefits previously granted to retired or disabled Participants or beneficiaries, and further provided that no amendment, suspension or termination of the Plan may be made which would permit any part of the Trust to be used for or diverted to purposes other than for the exclusive benefit of the Participants of the Plan and their beneficiaries. In the event of termination or partial termination of the Plan or complete discontinuance of Employer contributions, the rights of each Participant to benefits accrued to the date of such termination or discontinuance, to the extent then funded, shall be nonforfeitable with respect to each Participant affected by such termination or discontinuance.

Section 9.2 Asset Allocation

In the event of the final termination of the Plan, the Trustees shall allocate the assets of the Trust in the following order of priority:

- (a) First, to provide that portion of the Accrued Benefit derived from each Participant's own contributions.

- (b) Second, to provide the benefits of the Plan for retired Participants and their beneficiaries, if any. Any reduction in benefits due to insufficient Trust assets shall be determined by the Actuary for the Plan in a uniform and nondiscriminatory manner.

- (c) Third, to provide the benefits of the Plan for Participants and their beneficiaries, if any, who have reached their Normal Retirement Dates when the Plan is terminated but have not started to receive benefits. The allocation of funds for this purpose shall be based upon immediate life annuity values. Any reduction in benefits due to insufficient Trust assets shall be determined by the Actuary for the Plan in a uniform and nondiscriminatory manner.

- (d) Fourth, to provide the benefits of the Plan for Participants who are eligible to retire under Section 3.2 or Section 3.3 of Article III of the Plan when the Plan is terminated, but who have not started to receive benefits. The allocation of funds for this purpose shall be based upon immediate life annuity values. Any reduction in benefits due to insufficient Trust assets shall be determined by the Actuary for the Plan in a uniform and nondiscriminatory manner.
- (e) Fifth, to provide the benefits of the Plan for Participants who have acquired any nonforfeitable right to benefits, and for whom the payment of benefits has been deferred until Normal Retirement Date. The allocation of funds for this purpose shall be based upon immediate life annuity values. Any reduction in benefits due to insufficient Trust assets shall be determined by the Actuary for the Plan in a uniform and nondiscriminatory manner.
- (f) Sixth, to provide benefits for all other Participants who are Employees at the time of termination of the Plan and who have no nonforfeitable right to benefits. The allocation for this purpose shall not exceed the value of

their interests, on a basis proportionate to the actuarial value of such interests.

- (g) Seventh, to defray the expenses of the Plan.
- (h) Eighth, any additional funds shall be used to provide additional benefits for those Participants previously described in subsections (a) through (f) of this Section 9.2. The distribution of Trust assets shall be made by the Commander in a uniform and nondiscriminatory manner.

Section 9.3 Special Limitations

- (a) The following restrictions imposed by the provisions of this Section are included solely to meet the requirements of section 1.401(a)(4)-5(b) of the Federal income tax regulations. In the event that it should be determined by Federal statute or by ruling of the Commissioner of Internal Revenue that the provisions of this Section are no longer necessary to qualify this Plan, this Section shall be ineffective without the necessity of further amendment. The provisions of this Section 9.3 are applicable with respect to distributions on and after May 14, 1990.

(b) In the event of the termination of this Plan, the benefit of any highly compensated employee and any highly compensated former employee, as these terms are defined in Section 414(q) of the Code, is limited to a benefit that is nondiscriminatory under Section 401(a)(4) of the Code.

(c) Anything contained herein to the contrary notwithstanding, except as provided in subsections (d) and (e) hereof, the annual payments from the Plan to an Employee who is one of the group of 25 highly compensated employees and highly compensated former employees with the greatest compensation in the current or any prior year (a "restricted employee") shall be restricted to an amount (his "unrestricted benefits") equal in each year to the payments that would be made on behalf of such Employee under:

- (1) a straight life annuity that is the actuarial equivalent of the Accrued Benefit (and other benefits to which the Employee is

entitled under the Plan, other than a Social Security Supplement, as defined in regulations under Section 401(a)(4) of the Code); and

(2) the amount of the payments that the Employee is entitled to receive under a Social Security Supplement.

(d) The restrictions of subsection (c) hereof do not apply, however, if any of the following requirements is satisfied:

(1) After payment of all benefits payable to the restricted employee, the value of the assets of the Plan equals or exceeds 110 percent of the value of current liabilities, as defined in Section 412(1)(7) of the Code; or

(2) The value of the benefits payable to the restricted employee is less than 1 percent of the value of current liabilities before distribution; or

- (3) The value of the benefits payable to the restricted employee does not exceed \$3,500.
- (e) Notwithstanding the provisions of subsection (c) to the contrary, if a Participant or Terminated Participant becomes eligible to receive a distribution derived from Company contributions, the amount of such payment may exceed his unrestricted benefits if the following conditions are met:
- (1) The Participant or Terminated Participant agrees in writing that he or, should he become deceased, his Beneficiary will repay to the Trustee a sum equal to the actuarial value of the amount of the distribution in excess of the Participant's unrestricted benefits if the restrictions imposed under subsection (c) subsequently apply;
- (2) Upon receiving the distribution, the Participant or Terminated Participant places in escrow property having a fair market

value equal to 125% of the amount which would be repayable had the Plan terminated on the date of the distribution. Such property must be deposited in an escrow account approved under rules established by the Plan Administrator. If the market value of the property held in the escrow account falls below 110% of the amount that would be repayable if the Plan was to terminate on any day after the date of distribution, the Participant, Terminated Participant, or his Beneficiary must deposit additional property in the escrow account that is necessary to bring the value of the property held in the account up to 125% of the amount that would be so repayable;

- (3) The financial institution in which the escrow account is established must not distribute any property held in the account to the Participant, Terminated Participant, or to his Beneficiary except upon the receipt of a notarized statement from the

Plan Administrator providing that the Participant, Terminated Participant, or his Beneficiary is no longer subject to the terms of this Section.

ARTICLE X
ADMINISTRATION

Section 10.1 Appointment of Benefits Program Manager

The Commander shall appoint a Benefits Program Manager who shall be responsible for all administrative functions of the Plan other than those assigned to the Trustees.

Section 10.2 Powers and Duties of Benefits Program Manager

- (a) The Benefits Program Manager shall have the exclusive right to interpret the Plan and to decide any matters arising hereunder in the administration and operation of the Plan, and any interpretations or decisions so made shall be conclusive; provided that such interpretations and decisions shall be uniformly applied to all Employees similarly situated.

- (b) The Benefits Program Manager's duties and responsibilities shall include, but not be limited to, the following:
 - (1) To make and enforce such rules and regulations as he shall deem necessary for the efficient administration of the Plan; and

- (2) To determine eligibility for and compute the amount of retirement income which shall be payable to any Participant or beneficiary in accordance with the provisions of the Plan.

Section 10.3 Trust

The Commander shall enter into an agreement with the Trustees to establish a Trust which shall hold Participant and Employer contributions made under the Plan and earnings thereon. The agreement shall contain provisions governing the authority of the Trustees with respect to the Plan and Plan assets, the authority of the Commander to amend the agreement and to terminate the agreement, and such other provisions as the Commander may deem appropriate. A Participant or retired Participant or any other individual claiming the right to a payment under the Plan shall be entitled to look only to the Trust for such payment. No liability for the payment of benefits under the Plan shall be imposed upon the Employer, the Commander, the Benefits Program Manager or the Trustees.

Section 10.4 Funding Policy

The Trustees shall, in consultation with the Benefits Program Manager and the Actuary, establish and carry out a funding policy consistent with the objectives of the Plan and applicable law.

ARTICLE XI
MISCELLANEOUS

Section 11.1 Claims Procedure

In the event of any dispute arising out of any condition of this Plan, the dispute shall be stated in writing by the Participant or his beneficiary and submitted for resolution to:

Department of the Army
Attn: IMCOM, G9-HRB
2455 Reynolds Road
Joint Base San Antonio Fort Sam Houston, TX 78234

The judgment of the duly designated official of the Department of the Army shall be binding on all concerned.

Section 11.2 Assignment or Alienation

Except to the extent permitted by law, benefits under this Plan may not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to the debts, contracts, liabilities, engagements or torts of any such person, nor shall it be subject to attachment or legal process for or against such person. Anything in the foregoing to the contrary notwithstanding, the Benefits Program Manager may authorize

payments to an alternate payee under an approved qualified domestic relations order which meets the requirements of Code section 414(p) and ERISA section 206(d)(3) as well as such uniform and nondiscriminatory requirements as may be established by the Benefits Program Manager and approved by the Commander.

Section 11.3 No Guarantee of Employment

Nothing contained in this Plan shall be construed or interpreted as granting to any Employee the right to be retained in the service of the Employer, or as limiting or affecting adversely the right of the Employer to control its Employees or to terminate the service of any Employee at any time or for any reason.

Section 11.4 Number and Gender

Wherever used in this Plan, the singular shall include the plural and the masculine gender shall include the feminine, unless the context clearly indicates otherwise.

Section 11.5 Use of Subheadings

Subheadings are used in this document for convenience only and shall not be binding.

Section 11.6 Governing Law

Except where preempted by Federal law, all questions of interpretation, construction, operation and effect of this

Plan shall be governed by the laws of the Commonwealth of
Virginia.