

2-2.18

CENTRAL WASHINGTON UNIVERSITY RETIREMENT PLAN

(1) Establishment of Plan - This document sets forth the provisions of the Central Washington University Retirement Plan (CWURP) established by the Board of Trustees, as amended and restated, effective September 1, 1998. Persons who began participation in the plan prior to September 1, 1998, and have not elected to change to this revised plan should contact the department of human resources regarding applicable retirement rules and regulations. This plan is a governmental plan as defined in Internal Revenue Code Section 414(d), and implements the provisions of RCW 28B.10.400 et seq. with respect to Central Washington University (CWU).

(2) Definitions - The terms and phrases defined in this Article have the following meanings throughout this plan document.

(A) Accumulation Account means the separate account established for each participant with the fund sponsor. The current value of a participant's accumulation account includes all plan contributors, less expense charges, and reflects credited investment experience.

(B) Beneficiary means either (a) the surviving spouse of the participant; or (b) with the written consent of the participant's spouse, if any, in accordance with section 9.3, such other person or persons as shall have an insurable interest in the participant's life, and who shall have been designated by the participant in writing duly executed and filed with the university.

(C) Board means the Board of Trustees of Central Washington University.

(D) Code means the Internal Revenue Code of 1986, as amended (Title 26 of the United States Code).

(E) Compensation means the amount paid by CWU to a participant as regular pay for normally scheduled hours, including regular summer pay, together with any paid leave, leave cash-out payments, and additional pays. Compensation shall be determined before taking into account any salary reduction under Code Section 125, 403(b), or 457(a).

(F) Eligible Employee means any employee of CWU who is employed in an eligible position, other than an employee who has retired from a position which is covered by RCW 28B.10.400 et seq., or who has retired from a position which is covered under a Washington State Retirement System and who is receiving benefits as a participant in that system.

(G) Eligible Position means a faculty or civil-service-exempt position with an academic or calendar year appointment at 50% of full-time or more, and does not include:

1. positions requiring less than 50% of full-time, or less than an academic or calendar year;
2. positions where employment is on a quarter-by-quarter basis;
3. positions which are primarily incidental to, and in furtherance of, education or training;
4. persons primarily employed incidentally to the education or training of a spouse, except that such employees may declare themselves to be career employees and, upon request, will be granted participating membership rights;
5. persons rendering professional services on a fee, retainer, or contract basis, or incidentally to the private practice of a profession;
6. civil service employees serving temporarily in faculty or civil-service-exempt positions;

An eligible employee, once having begun participation in this plan, shall be deemed to be employed in an eligible position even if his or her position no longer requires at least 50% of the normal full-time work load per month in at least five months of each plan year, so long as the position otherwise qualifies as an eligible position.

(H) Fund Sponsor means an insurance, variable annuity, or investment company that provides funding vehicles available to participants under this plan.

(I) Funding Vehicles means the financial instruments issued for the purpose of investing contributions under this plan.

(J) Participant means any employee of CWU who participates in the plan in accordance with Section 3.1.

(K) Plan means the Central Washington University Retirement Plan as set forth in this document as it may be amended from time-to-time in accordance with Section 11.1.

(L) Plan Contributions means contributions by CWU and the participant under this plan.

(M) Plan Year means a 12-consecutive-month period beginning on July 1st and ending on June 30th.

(N) Normal Retirement Age means the last day of the calendar month in which age 65 is attained; early retirement age means the last day of the calendar month in which age 62 is attained.

(O) Supplemental Benefit is described in Section 10.

(P) CWU means the Central Washington University.

(Q) Washington State Retirement System means any retirement system paid for by the state of Washington and administered by the State of Washington Department of Retirement Systems.

(3) Eligibility and Participation

(A) Participation

1. An eligible employee must begin participation in this plan on his or her date of employment in an eligible position except as indicated in the remainder of this section.
2. A participant in a Washington State Retirement System who is moved to or whose position is converted to an eligible position, may make an irrevocable election to participate in this plan or remain in the Washington State Retirement System by making the election no later than thirty days following the date of the move, or conversion. However, if the participant is not yet vested in the Washington State Retirement System, the irrevocable election may be deferred until 30 days following vesting. If no election is made, the participant will remain in the Washington State Retirement System.
3. A participant who has participated in this plan for at least two years and whose position is moved or converted to a position that qualifies for participation in a Washington State Retirement System, may make an irrevocable election on participate in the Washington State Retirement System, or remain in this plan by making the election no later that 30 days following the date of the move, or conversion. If no election is made, the participant will remain in this plan.
4. A participant in a Washington State Retirement System who is hired by CWU in an eligible position, may make an irrevocable election to participate in this plan or remain in the Washington State Retirement System by making the election no later than 30 days following the date of his or her hire. However, if the participant is not yet vested in the Washington State Retirement System, the irrevocable election may be deferred until 30 days following vesting. If no election is made, the person will become a participant in this plan.
5. A person who is hired by CWU in a position that is not an eligible position, but is eligible for participation in the Washington State Public Employees Retirement System, and who, immediately prior to his or her hire date, has for at least two consecutive years held membership in a retirement plan underwritten by the fund sponsor, may irrevocably elect to participate in this plan if the election is made within 30 days after his or her hire. If no election is made, the person will become a participant in the Washington State Public Employees Retirement System from the first day of employment.
6. Each participant is entitled to the benefits of and is bound by this plan, including all amendments that may be adopted.

(B) Enrollment in Plan. An eligible employee must complete and return to CWU the appropriate enrollment form(s) for the fund sponsor and for the funding vehicle(s) selected.

(C) Cessation of Participation.

An employee's participation in the plan will cease if:

1. he or she retires or separates from employment with CWU; or
2. the plan is terminated in accordance with the provisions of Section 11.1; or

3. he or she is transferred or reclassified to a position that is not an eligible position, and he or she does not remain a participant in this plan under Section 3.1(c); or
4. Having remained a participant under Section 3.1(c), or having become a participant under Section 3.1(e), he or she is transferred or reclassified to a position that is not an eligible position and does not qualify for participation in another Washington State Retirement System.

(D) Paid Leave of Absence. During a paid leave of absence, participation in the plan will continue.

(4) Retirement

(A) Retirement Because of Age. On the first day of any month after attaining age 62, a participant may elect to retire by submitting appropriate written notification to his or her supervisor with a copy to CWU department of human resources.

(B) Retirement Because of Condition of Health. A retirement because of condition of health may be approved by the president of CWU upon request by a participant, or by the administrative officer concerned. The basis for approval is whether continued service by the participant is likely to seriously impair or endanger the participant's health, or if the participant is permanently unable to carry on his or her usual duties because of health. Any request for retirement due to condition of health must be reviewed by a committee consisting of three physicians, one each to be chosen by the university president, the faculty senate, and the individual involved or his legal representative. After review, this committee will make recommendations to the board of trustees. After retirement for disability, the case may be reviewed by such a committee semiannually upon request of the president, or the individual who is retired.

(C) Retiree Reemployment means the reemployment of a former participant up to 40% of full-time following the date of retirement under Section 4.1. Such reemployment shall be subject to all applicable CWU rules. Such reemployment after retirement will not be counted as service under the plan nor result in any eligibility for increased benefits under the plan. A reemployed retiree is not a participant under the plan.

(5) Administration

(A) Plan Administration. CWU is the administrator of this plan and has designated the CWU department of human resources to be responsible for the day-to-day administration of the plan.

(B) Authority of CWU. CWU shall have final authority to determine all questions concerning eligibility and contributions under the plan, to interpret all terms of the plan, including any uncertain terms, and to decide any disputes arising and all questions concerning administration of the plan. Any determination made by CWU shall be given deference, if it is subject to judicial review, and shall be overturned only if it is arbitrary and capricious.

(6) Miscellaneous

(A) Non-Alienation of Benefits. Except as provided in this section, no benefit under the plan may at any time be subject in any matter to alienation, encumbrance, the claims of creditors, or legal process. No participant will have power in any manner to transfer, assign, alienate, or in any way encumber his or her benefits under the plan, or any part thereof, and any attempt to do so will be void and of no effect. This plan will comply with any judgment, decree, or order that establishes the rights of another person to all or a portion of a participant's benefit under this plan to the extent that it is treated as a qualified domestic-relations order under Code Section 414(p).

(B) Plan Does Not Affect Employment. Nothing in this plan is a commitment or agreement by any person to continue his or her employment with CWU, and nothing in this plan is a commitment on the part of CWU to continue the employment, or the rate of compensation, or any person for any period. All employees of CWU will remain subject to nonrenewal, discharge, or discipline to the same extent as if the plan had never been put into effect.

(C) Claims of Other Persons. The plan does not give any participant or any other person, firm, or corporation any legal or equitable right against CWU, or its officers, employees, or trustees, except for the rights that are specifically provided for in this plan, or created in accordance with the terms and provisions of this plan.

(D) Contracts and Certificates. In the event there is any inconsistency or ambiguity between the terms of the plan and the terms of the contracts between the fund sponsor and CWU and/or the participants, and any contracts and/or certificates issued to a participant under the plan, the terms of the plan control.

(E) Governing Law. Except as provided under federal law, the provisions of the plan are governed by and construed in accordance with the laws of the state of Washington.

(F) Third Party Trading. The participant is responsible for directing all funds invested under this plan, and cannot assign that responsibility to another party, except that directions may be given by the legal representative of a participant or beneficiary who is under a legal disability.

(G) Requests for Information. Any request for information concerning eligibility, participation, contributions, or other aspects of the operation of the plan should be in writing and directed to CWU department of human resources. Requests for information concerning the fund sponsor, the funding vehicle(s), their terms, conditions, and interpretations thereof, claims thereunder, any requests for review of such claims, and service of legal process may be directed in writing to the fund sponsor.

(7) Contributions

(A) Plan Contributions

A participant must contribute:

1. five percent of compensation from date of participation until the end of the month during which his or her 35th birthday occurs;
2. seven and one-half percent of compensation from the first day of the month following the month during which the employee reaches age 35 until the end of the month during which his or her 50th birthday occurs; and
3. ten percent of compensation beginning with the first day of the month following the month during which the employee reaches age 50.

CWU will make a matching contribution equal to each participant contribution and will transmit all plan contributions to the fund sponsor.

(B) Income Tax Deferral

1. Except as provided in (b) below, plan contributions shall be made on a tax-deferred basis as authorized under Section 403(b) of the code.
2. Participant contributions shall be made on a non-tax-deferred basis for certain participants who so elected on an irrevocable basis prior to May 1, 1998.

(C) Limit on Salary Taken into Account. In addition to other applicable limitations stated in the plan, and notwithstanding any other provisions of the plan to the contrary, for employees who become participants on or after July 1, 1996, the compensation taken into account under Section 7.1 may not exceed \$150,000, as adjusted by the Commissioner of Internal Revenue From time-to-time for increases in the cost of living.

(D) Leave of Absence

1. During an authorized leave of absence with pay, plan contributions will continue to be made. Plan contributions will be calculated based on the actual compensation CWU pays to the participant during the leave of absence.
2. To the extent required by the Uniformed Services Employment and Reemployment Rights Act of 1994, participants who are absent from employment by reason of service in the uniformed service of the United

States shall be entitled to make up contributions that they would have made had they remained in employment during the period of service, and to benefit from CWU matching contributions.

3. A participant who returns to employment with CWU immediately following an authorized leave of absence, other than an absence described in (b) above, and remains employed by CWU for at least two years after such return, may contribute an amount equal to the total amount that would have been contributed had the participant not been on leave (including any amount CWU would have contributed), less any contributions under (a) or (b) above with respect to the same leave. The contributions shall be based on the average of the participant's compensation at the time the leave of absence was authorized, and the time the participant resumes employment. CWU will not match such contributions.

(E) Rollovers or Transfers to the Plan. Rollovers or transfers from other Section 403(b) plans to the plan will not be accepted.

(F) Allocation of Plan Contributions. A participant may allocate plan contributions among funding vehicles in any whole-number percentages that total 100 percent.

(G) Vesting of Contributions. Each contract and certificate issued in accordance with the provisions of the plan is the property of the participant. Amounts attributable to plan contributions shall be nonforfeitable. However, plan contributions based on a mistake of fact, and plan contributions made for an employee who fails to complete and return the enrollment forms required by Section 3.2, shall be returned to CWU if CWU so requests.

(H) Annual Statement. At least once a year the fund sponsor will send each participant a report summarizing the status of his or her accumulation account(s). A participant may obtain similar reports or illustrations upon termination of employment, or at any other time, by writing directly to the fund sponsor.

(I) No Reversion. Under no circumstances will any plan contributions revert to, be paid to, or inure to the benefit of, directly or indirectly, CWU, except as provided in the second sentence of Section 7.7.

(J) Maximum Contribution. Plan contributions for a participant for any calendar year shall not exceed the limitations in Code Sections 402(g), 403(b), and 415 to the extent applicable. The limitations of Code Sections 402(g), 403(b), and 415 are herein incorporated by reference. If the limitations are exceeded because the participant is also participating in another plan required to be aggregated with this plan for the purposes of Code Sections 402(g), 403(b), or 415, then the extent to which annual contributions under this plan will be reduced, as compared with the extent to which annual benefits or contributions under any other plans will be reduced, will be determined by CWU. If the reduction is under the plan, CWU will advise the affected participant of any limitations on his or her plan contributions required by this section.

(8) Fund Sponsors and Funding Vehicles

(A) Fund Sponsors and Funding Vehicles. Plan contributions are invested in one or more funding vehicles made available by CWU to participants under this plan. CWU's current choice of fund sponsor and funding vehicles is not intended to limit future additions or deletions by CWU of fund sponsors and funding vehicles.

(B) Fund Transfers. Subject to a funding vehicle's rules for transfers, and in accordance with the provisions of the code governing the deferral of income tax with respect to accumulation accounts, a participant may specify that a part or all of his or her accumulation account in one funding vehicle be transferred to another funding vehicle.

(9) Benefits

(A) Retirement Benefits. After a participant retires under the plan, or his or her employment earlier terminates, the participant may elect to receive accumulations subject to the rules of the fund sponsor. Any election hereunder requires the written consent of the participant's spouse, if any, in accordance with Section 9.3.

(B) Death Benefits. On the death of a participant, the entire value of each accumulation account is payable to the beneficiary or beneficiaries named by the participant under one of the options offered by the fund sponsor. However, to the extent that the account has been applied to purchase an annuity, payments shall be made only if, and to the extent provided by the form of annuity.

(C) Application for Benefits: Spousal Consent. To begin receiving benefits, the participant or beneficiary must write directly to the fund sponsor. The fund sponsor will provide the necessary forms to the participant or the beneficiary. The fund sponsor will pay benefits upon receipt of a satisfactorily-completed application for benefits and supporting documents. In any case in which Section 2.2, 9.1, or 10.7 requires the consent of the participant's spouse, the consent must be in writing, must acknowledge the effect of the election or action to which the consent applies, and must be witnessed by a notary public. Unless the consent expressly provides that the participant may make further elections without further consent of the spouse, the consent will be effective only with respect to the specific election of form of benefit, or beneficiary, or both, to which the consent relates. Spousal consent will be effective only with respect to that spouse. Spousal consent will not be required if it is established to the satisfaction of CWU department of human resources that the spouse cannot be located.

(D) Minimum Distribution Requirements. All distributions under this plan will be made in accordance with the regulations under Code Section 401(a)(9), including IRS Regulation 1.401(a)(9)-2, to the extent applicable. The entire accumulation account of each participant will be distributed over a period not to exceed the life (or life expectancy) of the participant, or over the lives (or life expectancies) of the participant and a designated beneficiary. Minimum distributions must begin no later than April 1 of the calendar year following the calendar year in which the participant attains age 70-1/2, or, if later, April 1 following the calendar year in which the participant retires from CWU. Notwithstanding the above, the accumulation account of each participant as of December 31, 1986, will be distributed in accordance with the IRS Regulation 1.401(a)(9)-2. The participant (or beneficiary, after the participant's death) may elect whether to use the permissive recalculation rule for life expectancies under Code Section 401(a)(9)(D). Upon the participant's death after the time benefits are required to begin hereunder, any remaining benefits will be distributed at least as rapidly as under the method of distribution in effect at the time of the participant's death. If the participant dies before benefit payments are required to begin under the preceding paragraph, any benefits payable to (or for the benefit of) a designated beneficiary will be paid by the end of the fifth full calendar year after the participant's death, or will be paid beginning no later than the end of the first full calendar year after the participant's death over the life of the designated beneficiary, or over a period not exceeding the life expectancy of the designated beneficiary. If the designated beneficiary is the surviving spouse, payment may be delayed until the date the participant would have attained age 70-1/2.

(E) Withdrawals, Loans, Benefit Distributions. Withdrawals and/or benefit distributions are not available prior to termination of CWU employment. Loans are not available.

(F) Direct Rollover of Eligible Rollover Distributions. For purposes of this section, the following definitions apply:

1. Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for life (or life expectancy) of the distributee, or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution that is not includible in gross income; or any minimum required distribution under Section 401(a)(9) of the Code.
2. Distributee: A distributee includes a participant or former participant. In addition, the participant's or former participant's surviving spouse and the participant's or former participant's spouse or former 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.
3. Direct rollover: A direct rollover is a payment by the plan to an eligible retirement plan.
4. Eligible Retirement Plan: An eligible retirement plan is an individual retirement account or annuity described in Section 408(a) or (b) of the Code (IRA), or another Section 403(b) retirement plan that accepts the direct rollover. With respect to a surviving spouse, the only eligible retirement plan is an IRA.

Notwithstanding any provisions of the plan to the contrary that would otherwise limit a distributee's elections under this section, a distributee may elect, at the time and in the manner prescribed by CWU, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan in a direct rollover.

(10) Supplemental Benefit

(A) Supplemental Benefits. Participants who began participation in the CWURP prior to September 1, 1998, and who have not made written election to leave that plan and enter this revised plan, and who retire either by disability or after attaining the age of 62 with at least 10 years of service, may be eligible for a supplemental benefit based on the rules that were in effect at the time they entered the plan. Contact the CWU department of human resources for information on the supplemental benefit.

(11) Amendment and Termination

(A) Amendment and Termination. The board reserves the right at any time to amend or terminate the plan, in whole or in part, or to discontinue any further contributions or payments under the plan. If the plan is terminated, or if plan contributions are completely discontinued, CWU will notify all participants. As of the date of complete or partial termination, all accumulation accounts will remain nonforfeitable.

(B) Limitation. Notwithstanding the provisions of Section 11.1, the board shall not make any amendments to the plan that operates to recapture for CWU any contributions previously made under this plan, except to the extent permitted by Section 7.7.

[BOT Motion 98-28, 6/12/98; PAC: 9/99]