

RESOLUTION NO _____

A RESOLUTION AUTHORIZING THE CITY FINANCE OFFICER TO EXECUTE DOCUMENTS TO AMEND THE MASS MUTUAL 401(a) RETIREMENT PLAN DOCUMENT, FORMERLY HARTFORD INSURANCE COMPANY, TO COMPLY WITH RECENT REGULATORY GUIDANCE FROM THE IRS PURSUANT TO REVENUE RULING 2013-17 AND NOTICE 2014-19.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, that it is hereby authorizing the City Finance Officer to execute documents to amend the Mass Mutual 401(a) Retirement Plan document, formerly Hartford Insurance Company, to comply with recent regulatory guidance from the IRS pursuant to Revenue Ruling 2013-17 and Notice 2014-19.

ADOPTED: _____, 2015

/mem

City of Chattanooga



Resolution/Ordinance Request Form

Date Prepared: August 4, 2015

Preparer: Daisy Madison

Department: Finance & Administration

Brief Description of Purpose for Resolution:

Resolution Number (if approved by Council):

A resolution authorizing the City Finance Officer to execute documents adopting the 401(a) Retirement Plan of Mass Mutual Retirement Services, formerly Hartford Life Insurance Company.

Name of Vendor/Contractor/Grant, etc. Mass Mutual
Total project cost \$ _____
Total City of Chattanooga Portion \$ 0
City Amount Funded \$ 0
New City Funding Required \$ 0
City's Match Percentage % _____

New Contract/Project? (Yes or No) _____
Funds Budgeted? (YES or NO) _____
Provide Fund
Provide Cost Center
Proposed Funding Source if not budgeted _____
Grant Period (if applicable) _____

List all other funding sources and amount for each contributor.

Amount(s)	Grantor(s)
\$ _____	_____
\$ _____	_____
\$ _____	_____

Agency Grant Number _____

CFDA Number if known _____

Approved by: _____

Reviewed by: FINANCE OFFICE

DESIGNATED OFFICIAL/ADMINISTRATOR

Please submit completed form to @budget, accounting, City Attorney, City Finance Officer and Deputy Administrator Finance

January 1, 2009
SUMMARY PLAN DESCRIPTION
FOR
CITY OF CHATTANOOGA 401(A) RETIREMENT PLAN

Employer Identification Number: 62-6000259

Plan Number: 004

This is only a summary intended to familiarize you with the major provisions of the Plan. You should read this summary closely. If you have any questions and before you make any important decisions based on your understanding of the Plan from this summary, you should contact the Administrator.

HOW TO USE THIS SUMMARY

TABLE OF CONTENTS

The table of contents gives a detailed description of where specific information concerning a particular topic may be found.

GLOSSARY

Some terms used in the summary have special meanings. These terms are identified by capitalizing the term's first letter. To find out the exact meaning of a special term, there is a glossary at the end of this summary.

EFFECTIVE DATE

This booklet describes in easy-to-understand terms the principal features of the Plan as in effect on January 1, 2009. It updates and replaces any prior descriptions of the Plan. Some Plan provisions may be different for employees whose employment terminated before January 1, 2009.

MORE SPECIFIC INFORMATION

Some technical details and legal expressions contained in the formal Plan documents have been omitted in this summary. The formal Plan documents govern in administering and interpreting the rights of participants and their beneficiaries.

ADMINISTRATOR

The person or entity responsible for the day-to-day operations of the Plan is:

City of Chattanooga, Tennessee
101 E 11th St, City Hall Annex

Chattanooga, TN 37402

(423) 757-5232

Any questions concerning the day-to-day operations of the Plan should be directed to the Administrator.

TABLE OF CONTENTS

INTRODUCTION TO YOUR PLAN	1
How You Save	1
Your Plan Account	1
Vesting of Your Account	1
Distribution of Benefits	2
Employer Discretion	2
PLAN IDENTIFICATION INFORMATION	2
Type of Plan	2
Employer	3
Employer's Employer Identification Number	3
Plan Number	3
Funding Agent	3
ELIGIBILITY TO PARTICIPATE	3
Eligibility Requirements	3
Eligible Class	3
YOUR CONTRIBUTIONS	4
Rollover Contributions	4
After-Tax Contributions	5
Vested Interest in Your Contributions	7
EMPLOYER CONTRIBUTIONS	7
Nonelective Contributions	7
Allocation Requirements	7
Vested Interest in Employer Contributions	7
PLAN INVESTMENTS	7
Where Plan Contributions are Invested	7
Making Investment Elections	8
VALUING YOUR ACCOUNT	8
IN-SERVICE WITHDRAWALS	9
Withdrawals of Rollover Contributions	9
Withdrawals of After-Tax Contributions	9
Non-Hardship Withdrawals At Specified Age	9
DISTRIBUTION OF YOUR ACCOUNT	9
Distribution to You	9
Special Tax Rules Applicable to Distributions	10
Distribution to Your Beneficiary	10
Cash Outs of Accounts and Consent to Distribution	11
Automatic Rollovers	11

FORM OF PAYMENT	12
Form of Payment to You	12
Form of Payment to Your Beneficiary	12
YOUR BENEFICIARY UNDER THE PLAN	12
AMENDMENT AND TERMINATION OF THE PLAN	13
MISCELLANEOUS INFORMATION.....	13
LIMITATIONS ON CONTRIBUTIONS.....	14
MORE THINGS YOU SHOULD KNOW.....	14
GLOSSARY	15

INTRODUCTION TO YOUR PLAN

The City of Chattanooga 401(a) Retirement Plan helps provide for your retirement security. Your Employer makes contributions to your Plan Account to provide you with savings. Because the Plan meets Internal Revenue Service requirements, special tax exclusions allow those contributions to accumulate for your retirement.

HOW YOU SAVE

- You can contribute a percentage of your pay to the Plan as After-Tax Contributions. For information on making After-Tax Contributions, see **YOUR CONTRIBUTIONS: AFTER-TAX CONTRIBUTIONS**.
- If you have savings from another retirement plan or annuity, you may be able to roll those savings into the Plan as Rollover Contributions. For more information on the types of savings that may be rolled over into the Plan and the terms and conditions for making Rollover Contributions, see **YOUR CONTRIBUTIONS: ROLLOVER CONTRIBUTIONS**.
- Your Employer may also make Nonelective Contributions to the Plan for you. For information on the amount of your Employer's Nonelective Contribution and the terms and conditions for receiving Nonelective Contributions, see **EMPLOYER CONTRIBUTIONS: NONELECTIVE CONTRIBUTIONS**.
- Dollars your Employer contributes on your behalf are not currently included as part of your federal taxable income. Taxes are also deferred on investment earnings on all contributions held in your Account. Therefore, you pay no federal income taxes on your Plan savings, except dollars saved as After-Tax Contributions, until they are distributed to you. Dollars you save as After-Tax Contributions are taxed before you contribute them to the Plan, but are not taxed when they are distributed to you.

YOUR PLAN ACCOUNT

You have your own Account under the Plan to hold all contributions you make to the Plan and any contributions your Employer makes for you. Your Account also holds any investment earnings on those contributions. Your Account keeps track of your share of the assets held in the Plan.

VESTING OF YOUR ACCOUNT

Your Vested Interest in your Account is the percentage of your Account that you would receive if your employment terminated.

Your Vested Interest in the balance of your Account is always 100%.

DISTRIBUTION OF BENEFITS

You may receive distributions from your Vested Interest in your Account when any of the following happens:

- You satisfy the requirements for an in-service withdrawal. (For more information about withdrawals, see **IN-SERVICE WITHDRAWALS**.)
- You reach your Normal Retirement Date while still employed
- You become Disabled while still employed
- You retire from employment after you reach your Normal Retirement Date
- You die
- Your employment terminates. (For more information about distributions following termination of employment, see **DISTRIBUTION OF YOUR ACCOUNT**.)

EMPLOYER DISCRETION

The Employer has discretionary authority to interpret and construe the provisions of the Plan, to determine your eligibility for benefits under the Plan, and to resolve any disputes that arise under the Plan. The Employer may delegate this authority as provided under the Plan.

PLAN IDENTIFICATION INFORMATION

TYPE OF PLAN

The Plan is a "**defined contribution plan**". Under a "defined contribution plan", all contributions you make to the plan or that are made on your behalf are held in an account that is invested on your behalf. When you retire, your retirement benefit from the plan will be based on the value of your account (including investment earnings and losses) at the time distribution is made to you.

The Plan is also a "**profit-sharing plan**". Under a "profit-sharing plan", the Employer has discretion as to whether to make contributions to your account each year if you satisfy the plan's eligibility requirements and the amount of any such contribution. An Employer need not have profits in order to maintain and make contributions under a profit-sharing plan.

The Plan is also a "**governmental plan**" under Code Section 414(d). A governmental plan is not subject to some of the fiduciary and other rules applicable to plans maintained by non-governmental employers.

EMPLOYER

City of Chattanooga, Tennessee
101 E 11th St, City Hall Annex

Chattanooga, TN 37402

EMPLOYER'S EMPLOYER IDENTIFICATION NUMBER

62-6000259

PLAN NUMBER

004

FUNDING AGENT

Hartford Life Insurance Company

ELIGIBILITY TO PARTICIPATE

ELIGIBILITY REQUIREMENTS

If you were eligible to make and receive contributions under the Plan immediately prior to January 1, 2009, you will still be eligible on and after January 1, 2009.

If you were not eligible to make After-Tax Contributions to the Plan prior to January 1, 2009, you will be eligible beginning on the date you first meet all of the following requirements:

- you are employed in a job classification covered by the Plan (an "eligible class" as described in **ELIGIBLE CLASS**).

If you were not eligible to receive Nonelective Contributions under the Plan prior to January 1, 2009, you will be eligible beginning on the date you first meet all of the following requirements:

- you are employed in a job classification covered by the Plan (an "eligible class" as described in **ELIGIBLE CLASS**).

ELIGIBLE CLASS

The "eligible class" are those employees who are employed in a job classification that is covered by the Plan. Generally, you are in the "eligible class" if:

- you are employed by the Employer in any capacity

- you are *not* covered by the City of Chattanooga Fire and Police Pension Fund or the City of Chattanooga General Pension Fund

YOUR CONTRIBUTIONS

ROLLOVER CONTRIBUTIONS

If you are in an "eligible class" (as described in **ELIGIBLE CLASS**) and are eligible to receive Employer Contributions under the Plan, you may elect to roll over qualified distributions into the Plan.

Your Rollover Contributions are subject to all the terms and conditions of the Plan and are only distributable to you under the terms of the Plan.

Savings Eligible for Direct Rollover

Unless the Employer prescribes rules limiting the distributions eligible for roll over into the Plan, you may make "direct rollovers" from the following:

- "qualified plans" (these are plans that meet the requirements of Section 401(a) or annuities that meet the requirements of Section 403(a) of the Internal Revenue Code, such as 401(k) or profit-sharing plans). Your "direct rollover" may include after-tax employee contributions.
- 403(b) tax-sheltered annuities (these are retirement programs for employees of tax exempt organizations or governments). Your "direct rollover" may include after-tax employee contributions.
- 457 deferred compensation plans (these are deferred compensation plans for employees of state or local governments)
- IRAs

A "direct rollover" is a rollover made directly from another plan or annuity without being distributed to you first. You may not make a direct rollover to the Plan of Roth contributions.

Savings Eligible for Indirect Rollover

Unless the Employer prescribes rules limiting the distributions eligible for roll over into the Plan, you may make "indirect rollovers" from the following:

- "qualified plans" (these are plans that meet the requirements of Section 401(a) or annuities that meet the requirements of Section 403(a) of the Internal Revenue Code, such as 401(k) or profit-sharing plans)

- 403(b) tax-sheltered annuities (these are retirement programs for employees of tax exempt organizations or governments)
- 457 deferred compensation plans (these are deferred compensation plans for employees of state or local governments)
- IRAs

An "indirect rollover" is a rollover you make to the Plan of amounts you have actually received as a distribution from another plan or annuity. You may not make an indirect rollover to the Plan of Roth contributions or after-tax employee contributions.

Savings Not Eligible for Rollover

You may not roll over, either directly or indirectly, the following:

- loans
- Roth contributions

The Administrator may require you to provide information to show that the savings you want to roll over meet the Plan requirements.

Rollover Procedures

If the distribution qualifies, you may roll it over into the Plan by having it delivered to the Funding Agent. If you actually receive distribution of the amount you are rolling over, your Rollover Contribution must be delivered to the Funding Agent within 60 days of the date you received it.

Treatment of Rolled Over After-Tax Contributions

If you roll over after-tax employee contributions to the Plan, those amounts will be treated like Rollover Contributions under the Plan.

AFTER-TAX CONTRIBUTIONS

You may elect to make After-Tax Contributions to the Plan by payroll withholding.

After-Tax Contributions by Payroll Withholding

If you elect to make After-Tax Contributions by payroll withholding, you authorize your Employer to reduce the amount of the Compensation you would regularly receive by a specified amount. This amount is then deposited in your Account as an After-Tax Contribution. You pay federal and state income taxes on Compensation you contribute to the

Plan as After-Tax Contributions for the year in which you earned the Compensation. However, these amounts are *not* taxed when they are distributed from the plan.

How to Make an Election

To make After-Tax Contributions, you must notify the Administrator of your election in accordance with the rules established by the Administrator at least as many days before the date on which your election is to become effective as the Administrator prescribes.

Amount of After-Tax Contributions by Payroll Withholding

You may contribute from 1% to 100% of your Compensation (in whole percentages) as After-Tax Contributions.

Commencement of After-Tax Contributions by Payroll Withholding

After-Tax Contributions will be made from your Compensation as provided in your election beginning as soon as reasonably practicable after the date your election is effective.

Change in Amount of After-Tax Contributions by Payroll Withholding

You may change the amount your Employer withholds from your future Compensation effective as of such dates during the Plan Year as the Administrator prescribes. To change the amount of your After-Tax Contribution, you must notify the Administrator in accordance with the rules established by the Administrator at least as many days before the date the change is to take effect as the Administrator prescribes.

Suspension of After-Tax Contributions by Payroll Withholding

You may direct your Employer to stop withholding amounts from your future Compensation and suspend your After-Tax Contributions at any time. To suspend your After-Tax Contributions, you must notify the Administrator in accordance with the rules established by the Administrator at least as many days before the date the suspension is to take effect as the Administrator prescribes. The suspension will take effect for Compensation paid to you after the required notice period is over.

If you suspend your After-Tax Contributions, the suspension will remain in effect until you elect to resume making After-Tax Contributions again.

Resumption of After-Tax Contributions by Payroll Withholding

If you suspend your After-Tax Contributions, you may elect to resume making After-Tax Contributions effective as of such dates during the Plan Year as the Administrator prescribes. To resume your After-Tax Contributions you must notify the Administrator in accordance with the rules established by the Administrator at least as many days before the date After-Tax Contributions are to resume as the Administrator prescribes.

VESTED INTEREST IN YOUR CONTRIBUTIONS

Your Vested Interest in the Value of the After-Tax and Rollover Contributions in your Account is always 100%.

EMPLOYER CONTRIBUTIONS

In addition to your contributions, your Employer may make Employer Contributions to your Account. You are not taxed on any Employer Contributions made to your Account until distribution is made to you.

NONELECTIVE CONTRIBUTIONS

Each Plan Year, your Employer may, in its discretion, make a Nonelective Contribution to your Account equal to a percentage of your Compensation, determined by your Employer, for the Plan Year.

Compensation you earned before you first became eligible to participate in the Plan will be excluded in determining the amount of your Nonelective Contributions.

ALLOCATION REQUIREMENTS

You may receive Nonelective Contributions for a particular Plan Year if you are eligible to participate in the Plan at any time during that Plan Year.

VESTED INTEREST IN EMPLOYER CONTRIBUTIONS

Your Vested Interest in the Employer Contributions in your Account is always 100%.

PLAN INVESTMENTS

WHERE PLAN CONTRIBUTIONS ARE INVESTED

You direct how the contributions made to your Account are invested. You may direct that contributions be invested in any of the funds made available to you under the Plan. The Administrator will provide you with a description of the different investment funds available. New investment funds may be added and existing funds changed. The Administrator will update the description of the available funds to reflect any changes.

MAKING INVESTMENT ELECTIONS

Investment Elections

When you become eligible to participate in the Plan, you must notify the Administrator of your investment elections in accordance with the rules established by the Administrator. Your investment election must specify the percentage of contributions to your Account that will be invested among the available investment funds.

Failure to Direct Investments

If you do not direct how contributions to your Account should be invested, the contributions will be invested among the investment funds selected by the Administrator.

Change of Investment Elections

You may change how contributions to your Account are invested effective as of the business day the Administrator receives your instructions. To perform this transaction you must notify the Administrator in accordance with the rules established by the Administrator.

Transfers Between Funds

You may transfer any amount held in your Account from one investment fund to another investment fund. You must specify the amount that is to be transferred.

A transfer may be made effective as of the business day the Administrator receives your instructions. To make a transfer, you must notify the Administrator in accordance with the rules established by the Administrator.

Restrictions on Transfers

In order to prevent excessive or abusive trading or "market timing", the Administrator may prescribe rules that limit the number of transfers that you can make during a specified period or that otherwise prevent this abuse. For more information, you should contact the Administrator.

VALUING YOUR ACCOUNT

The Funding Agent periodically adjusts the Value of your Account to show any earnings or losses on your investments, any distributions that you have received, and any contributions that have been made to your Account since the preceding adjustment date. This adjustment is made daily.

The Value of your Account may increase or decrease at any time due to investment earnings or losses. You are only entitled to receive from the Plan the Value of your Vested Interest in your

Account on the date distribution is made to you. That Value will be determined on the adjustment date immediately preceding the date of distribution and may be larger or smaller than the Value determined on any other adjustment date. Neither the Funding Agent nor the Employer guarantees your Account from investment losses.

IN-SERVICE WITHDRAWALS

Under certain circumstances, you may make a cash withdrawal from your Account while you are still employed by your Employer.

WITHDRAWALS OF ROLLOVER CONTRIBUTIONS

You may withdraw all or a part of the Value of the Rollover Contributions in your Account. Your withdrawal will be effective Funding Agent as soon as practicable after Administrator approval.

WITHDRAWALS OF AFTER-TAX CONTRIBUTIONS

You may withdraw all or a part of the Value of the After-Tax Contributions in your Account. Your withdrawal will be effective Funding Agent as soon as practicable after Administrator approval.

NON-HARDSHIP WITHDRAWALS AT SPECIFIED AGE

If you have reached the age specified below, you may withdraw all or a part of the Value of the following contributions held in your Account:

- Nonelective Contributions at age 59 1/2

Your withdrawal will be effective as soon as practicable after Administrator approval.

DISTRIBUTION OF YOUR ACCOUNT

DISTRIBUTION TO YOU

If your employment with your Employer terminates, the Plan permits distribution of your Account. Distribution may be made as soon as reasonably practicable following the date your employment terminates.

You may postpone distribution until April 1 of the calendar year following the calendar year in which you reach age 70 1/2.

If you have terminated employment, but have not yet reached April 1 of the calendar year following the calendar year in which you reach age 70 1/2, you may elect to receive a partial distribution of any portion of your Account.

The Plan provides for distribution of your Account while you are still employed if:

- you have reached Normal Retirement Date
- you have become Disabled

Application for Distribution

Unless your Account is cashed out as described below, distribution of your Account will not be made until April 1 of the calendar year following the calendar year in which you reach age 70 1/2 or retire, whichever is later, unless you have filed an earlier application for distribution with the Administrator.

Required Distribution

Internal Revenue Code rules require that distribution of your Plan account begin no later than the April 1 following the close of the calendar year in which you reach age 70 1/2 or retire, whichever is later.

SPECIAL TAX RULES APPLICABLE TO DISTRIBUTIONS

If you terminate employment before reaching age 55 and elect to receive distribution of your Account before reaching age 59 1/2, you may be subject to a 10% penalty tax on your distribution. You should consult your own tax advisor to determine whether this tax applies to you.

DISTRIBUTION TO YOUR BENEFICIARY

If you die before distribution of the full Value of your Account has been made to you, distribution of your Account will be made to your Beneficiary as soon as reasonably practicable following the date your Beneficiary files an application for distribution with the Administrator. Unless distribution of your Account is to be made to your Beneficiary in a series of installment payments, distribution to your Beneficiary must be made no later than the end of the fifth calendar year beginning after your death.

If distribution of your Account is to be made to your Beneficiary in a series of installment payments, then distribution to your Beneficiary for federal income tax purposes must begin:

- if your Beneficiary is your spouse, no later than the end of the first calendar year beginning after your death or the end of the calendar year in which you would have reached age 70 1/2, whichever is later

- if your Beneficiary is someone other than your spouse, no later than the end of the first calendar year beginning after your death

The delay in the date distribution must begin to your spouse applies only if your spouse is your sole Beneficiary under IRS rules. Generally, your spouse is your sole Beneficiary only if (1) your spouse is entitled to your full Account or a segregated portion of your Account and (2) no other Beneficiary is entitled to any portion of your spouse's interest unless your spouse dies before receiving full distribution of that interest.

CASH OUTS OF ACCOUNTS AND CONSENT TO DISTRIBUTION

If the Value of your Vested Interest in your Account is \$1,000 or less, your Account will be "cashed out" by distributing your Vested Interest in your Account in a single-sum payment or by direct rollover to an IRA or other eligible retirement plan as soon as reasonably practicable following the date your employment terminates. Your Account will be cashed out even if you do not consent to the distribution.

If the Value of your Vested Interest in your Account is more than \$1,000, distribution of your Account cannot be made before your Normal Retirement Date without your written consent.

AUTOMATIC ROLLOVERS

If the Value of your Vested Interest in your Account is \$1,000 or less, the Administrator will notify you of the cashout rules and give you the opportunity to elect whether to (1) receive payment yourself or (2) have the payment rolled over directly to the IRA or other eligible plan that you select. If you do not make an election within the period prescribed by the Administrator, and distribution of your Account is to be made before your Normal Retirement Date, tax rules require that your Vested Interest in your Account be rolled over directly to an IRA maintained by a provider selected by your Employer (an "automatic rollover IRA").

The automatic rollover rules only apply to you if the Value of your Vested Interest in your Account is more than \$1,000. If the Value of your Vested Interest is \$1,000 or less, and you do not make an election, payment will be made directly to you.

You are the beneficial owner of any automatic rollover IRA established for you. The automatic rollover IRA must initially be invested in products that are designed to preserve principal (the amount of the initial investment) and provide a reasonable rate of return, consistent with retaining liquidity (so that you can change investments readily). Examples of this kind of investment product are money market funds and certificates of deposit. As the IRA owner, you will be able to change your future investments.

All fees and expenses of maintaining the automatic rollover IRA will be paid directly from your IRA. For more information regarding automatic rollover IRAs, contact the Administrator at the telephone number and address shown at the beginning of this booklet.

FORM OF PAYMENT

FORM OF PAYMENT TO YOU

- **Single-sum payment:** Distribution of your Account will be made in one payment
- **Installment payments:** Subject to any restrictions specified in the Funding Arrangement from which distribution is made, distribution of your Account will be made in a series of installment payments over the period specified by you or, if you have died, your Beneficiary. Under federal law, however, once you have reached age 70 1/2, the maximum period over which installment payments may be paid cannot exceed your life expectancy or the joint life expectancies of you and your Beneficiary.
- **Direct rollover:** If your distribution is eligible for rollover into an IRA or other eligible retirement plan, you can elect to have the distribution transferred directly into the IRA or other eligible plan. If you do not elect a direct rollover of your eligible distributions, a 20% mandatory federal income tax withholding applies to the distribution. All or any portion of the distributions of your Account balance are eligible for rollover except:
 - any distribution that is required under the Internal Revenue Code
 - any distribution that is one of a series of installment payments made over your life, the life of you and your spouse, or for a specified period of 10 or more years

FORM OF PAYMENT TO YOUR BENEFICIARY

If you die before any distribution of your Account is made, distribution of your Account will be made to your Beneficiary in a single-sum payment or in a series of installment payments, whichever your Beneficiary selects. If you die after distribution of your Account has begun in a series of installment payments, but before distribution of the full Value of your Account is made, installment payments will continue to your Beneficiary after your death.

YOUR BENEFICIARY UNDER THE PLAN

Beneficiary if You are Not Married

You may designate a Beneficiary on the form provided by the Administrator to receive distribution of your Account if you die.

Beneficiary if You are Married

If you are married, your Beneficiary will be your spouse, unless you designate a different Beneficiary.

Effect of Marriage on Prior Beneficiary Designation

If you designate a non-spouse Beneficiary and then get married, your prior Beneficiary designation will be ineffective.

Beneficiary Where There is No Designated Beneficiary

If you die without properly designating a Beneficiary or if no Beneficiary survives you, your Beneficiary will be your surviving spouse or, if you have no surviving spouse, your estate.

AMENDMENT AND TERMINATION OF THE PLAN

Plan Amendment

The Employer reserves the right to amend the Plan, either prospectively or retroactively.

Plan Termination

The Employer reserves the right to terminate the Plan at any time.

If the Plan is terminated, distribution of your Account will be made as permitted under federal law.

MISCELLANEOUS INFORMATION

Plan Booklet Does Not Create Employment Contract

The only purpose of this booklet is to provide you with information about the benefits available under the Plan. The booklet is not intended to create an employment contract between you and your Employer. Nothing in this booklet should be construed as a limitation on your right or your Employer's right to terminate your employment at any time, with or without cause.

No Guarantees Regarding Investment Performance

Neither your Employer, the Administrator, nor the Funding Agent guarantees any particular investment gain or appreciation on your Account nor guarantees your Account against investment losses or depreciation.

Qualified Domestic Relations Orders

Generally, payment of your Account will not be made to someone other than you, unless you have died. An exception to this is made for qualified domestic relations orders. A qualified

domestic relations order may require that a portion of your Account be paid to someone other than you or your Beneficiary.

"Qualified domestic relations orders" are court judgments, decrees, etc. that pertain to child support, alimony, or marital property and that meet specific legal requirements. The Administrator has procedures for determining whether a court judgment or decree meets the specific legal requirements to be a qualified domestic relations order. You or your Beneficiary may obtain, without charge, a copy of these procedures from the Administrator.

Military Leave

If you return to employment following a military leave, you may be entitled to benefits under the Plan for the period that you were absent from employment. You should see the Administrator for information regarding Plan benefits during military leave.

If you die while absent from employment with the Employer or a Related Company because of "qualified" military service (as described in the Uniformed Services Employment and Reemployment Rights Act of 1994), you will be treated for purposes of the Plan as if you died while employed by the Employer (or Related Company). However, no additional contributions will be made to your Account.

Return of Contributions to Your Employer

If your Employer makes a contribution to your Account by mistake, that contribution will be returned to your Employer in accordance with federal law.

LIMITATIONS ON CONTRIBUTIONS

Total contributions to the Plan are subject to annual limitations under the Internal Revenue Code. Amounts that would exceed those limits will be distributed or forfeited as provided under the Plan.

MORE THINGS YOU SHOULD KNOW

Your Employer makes contributions to the Plan solely for your benefit. All the assets of the Plan are held for the exclusive benefit of participants and their beneficiaries. The Plan is qualified under the Internal Revenue Code as a profit-sharing plan.

GLOSSARY

<i>Account</i>	The account established to track the contributions made to the Plan on your behalf and the investment earnings and losses on those contributions.
<i>Administrator</i>	The person and/or entity responsible for the day-to-day administration of the Plan such as collecting election forms from employees.
<i>After-Tax Contribution</i>	Any contribution you elect to make to your Account on an after-tax basis. Although your After-Tax Contributions are taxed before contributed, any earnings on them accumulate tax-free until they are distributed to you under the terms of the Plan.
<i>Beneficiary</i>	The person (or persons) entitled to receive distribution of your Account if you die before your Account has been fully distributed to you.
<i>Compensation</i>	<p>Your Compensation for any period means the wages as defined in Code Section 3401(a), determined without regard to any rules that limit compensation included in wages based on the nature or location of the employment or services performed, and all other payments made to you for such period for services as a "covered employee" for which your Employer is required to furnish you a written statement under Code Sections 6041(d), 6051(a)(3), and 6052 (commonly referred to as W-2 earnings).</p> <p>Compensation also includes amounts you defer under the Plan, transportation fringe benefits you receive from your Employer that are excluded from your taxable gross income, and amounts that you contribute on a pre-tax basis to a cafeteria plan, 403(b) account, or other plan. For purposes of this paragraph, amounts under a group health plan that a Participant cannot receive in cash in lieu of coverage under the group health plan because the Participant cannot certify that he has other health coverage will nevertheless be deemed to be excluded from the Participant's taxable income pursuant to Code Section 125.</p> <p>Compensation taken into account in determining the amount of contributions that you or your Employer can make to your Account generally does <i>not</i> include amounts paid to you after your employment terminates.</p>

However, certain post-termination payments are included in Compensation:

- Compensation includes differential pay you receive while absent because of qualified military service, but only to the extent the payments do not exceed the pay you would have received if you had continued in employment with the Employer.

Your Compensation if you are self employed means your earnings for personal services you performed for the business covered by the Plan.

Legal rules limit the Compensation that may be included under the Plan each year. For 2010, the maximum amount is \$245,000 (this limit may be adjusted annually).

Disabled

You have a mental or physical condition that is likely to result in death or is expected to continue for at least 6 months and that prevents you from continuing in employment with your Employer. You are Disabled only if you meet one or more of the following criteria:

- you are eligible for Social Security disability payments
- you are eligible for benefits under the Employer's long term disability program
- the Administrator determines you are disabled based on a written certificate of a physician acceptable to it

Employer

A company that participates in the Plan. At this time, only City of Chattanooga, Tennessee participates in the Plan. The company that maintains the Plan and has the power to amend the Plan is City of Chattanooga, Tennessee.

***Employer
Contribution***

Any contribution that your Employer makes to your Account.

Funding Agent

The entity that holds the Plan assets for the benefit of covered employees. The entity may be a bank, an insurance company, or a group of individuals chosen by the Employer.

<i>Nonelective Contribution</i>	Any Employer Contribution made to the Plan by your Employer as described in detail in EMPLOYER CONTRIBUTIONS: NONELECTIVE CONTRIBUTIONS .
<i>Normal Retirement Date</i>	The date you are entitled to retire with full benefits. Your Normal Retirement Date is the date you reach age 65.
<i>Plan</i>	The City of Chattanooga 401(a) Retirement Plan.
<i>Plan Year</i>	The period on which the Plan's records are kept. The Plan Year is the 12-month period beginning on January 1.
<i>Rollover Contribution</i>	Any qualified cash contribution that you elect to roll over to the Plan from another retirement plan or from a rollover IRA.
<i>Value</i>	The monetary worth of the contributions and investment earnings and losses on such contributions in your Account. Value is determined by the Funding Agent as of an adjustment date. See VALUING YOUR ACCOUNT .
<i>Vested Interest</i>	The percentage of the Value of your Account that you are entitled to receive upon distribution.

CITY OF CHATTANOOGA 401(A) RETIREMENT PLAN

**ADOPTED USING
PDS ADVANTAGE™ GOVERNMENT 401(a) PLAN
ADOPTION AGREEMENT No. 1
WITH
BASE PLAN DOCUMENT No. 1**

TABLE OF CONTENTS

I.	SERVICE PROVIDER INFORMATION.....	1
I.1	SERVICE PROVIDER	1
II.	GENERAL PLAN INFORMATION	2
II.1	EMPLOYER.....	2
II.2	PLAN	2
II.3	PLAN ADMINISTRATOR.....	2
II.4	PLAN EFFECTIVE DATES.....	3
II.5	VARYING EFFECTIVE DATES.....	3
II.6	PLAN YEAR AND LIMITATION YEAR	3
III.	MERGERS AND SPIN-OFFS.....	4
III.1	SPIN-OFF PLAN	4
III.2	MERGER DOCUMENTATION.....	4
IV.	GRANDFATHERED PROVISIONS.....	5
IV.1	GRANDFATHERED ANNUITIES	5
IV.2	GRANDFATHERED IN-SERVICE WITHDRAWAL PROVISIONS	5
IV.3	GRANDFATHERED VESTING PROVISIONS	5
V.	PERMITTED CONTRIBUTIONS	6
V.1	PICK-UP CONTRIBUTIONS.....	6
V.2	AFTER-TAX CONTRIBUTIONS	6
V.3	ROLLOVER CONTRIBUTIONS.....	6
V.4	EMPLOYER CONTRIBUTIONS	6
VI.	COVERAGE AND ELIGIBILITY.....	7
VI.1	COVERED EMPLOYEES FOR EMPLOYER, PICK-UP, AND EMPLOYEE CONTRIBUTIONS EXCLUDE	7
VI.2	ELIGIBILITY REQUIREMENTS.....	7
VI.3	HOURS OF SERVICE METHOD OF CREDITING ELIGIBILITY SERVICE	8
VI.4	ELIGIBILITY ON REEMPLOYMENT	8
VII.	ENTRY DATES AND RETIREMENT DATES	9
VII.1	ENTRY DATES	9
VII.2	ENTRY OPTION.....	9
VII.3	ELECTIONS NOT TO PARTICIPATE	9
VII.4	RETIREMENT DATES	9
VIII.	COMPENSATION	10
VIII.1	DEFINITION OF COMPENSATION.....	10
VIII.2	OPTIONAL INCLUSIONS TO COMPENSATION FOR PURPOSES OF CONTRIBUTIONS.....	10
VIII.3	OPTIONAL INCLUSIONS IN COMPENSATION FOR BOTH CONTRIBUTIONS AND 415 LIMITS	10
VIII.4	OPTIONAL EXCLUSIONS FROM COMPENSATION FOR PURPOSES OF CONTRIBUTIONS.....	10
IX.	PICK-UP, AFTER-TAX, AND ROLLOVER CONTRIBUTIONS	12
IX.1	PICK-UP CONTRIBUTIONS.....	12
IX.2	ONGOING AFTER-TAX CONTRIBUTIONS.....	12

IX.3	MODIFICATIONS OF CONTRIBUTION ELECTIONS	12
IX.4	ROLLOVER CONTRIBUTIONS.....	12
X.	EMPLOYER MATCHING CONTRIBUTIONS	14
X.1	CONTRIBUTIONS THAT ARE MATCHED	14
X.2	MATCH FEATURES	14
X.3	OPTIONAL LIMITATIONS ON MATCHING CONTRIBUTIONS.....	14
X.4	CONTRIBUTION PERIOD	15
XI.	EMPLOYER NONELECTIVE CONTRIBUTIONS	16
XI.1	NONELECTIVE CONTRIBUTION FEATURES.....	16
XI.2	ALLOCATION FORMULA	16
XI.3	ADDITIONAL NONELECTIVE CONTRIBUTION.....	16
XI.4	COMPENSATION EXCLUSION	16
XI.5	CONTRIBUTION PERIOD	16
XII.	VESTING OF EMPLOYER CONTRIBUTIONS	17
XII.1	REGULAR VESTING SCHEDULE	17
XII.2	SPECIAL VESTING EVENTS.....	18
XII.3	FORFEITURES	18
XIII.	CREDITING VESTING SERVICE	22
XIII.1	YEARS OF SERVICE CREDITING METHOD.....	22
XIII.2	VESTING SERVICE EXCLUSIONS	22
XIV.	ADDITIONAL REQUIREMENTS FOR RECEIVING EMPLOYER CONTRIBUTIONS.....	23
XIV.1	ALLOCATION REQUIREMENTS.....	23
XIV.2	EXCEPTIONS TO ALLOCATION REQUIREMENTS.....	23
XIV.3	HOURS OF SERVICE CREDITING	24
XIV.4	DEFINITION OF DISABILITY	25
XV.	CONTRIBUTION LIMITATIONS	26
XV.1	CODE SECTION 415 LIMITATIONS	26
XVI.	INVESTMENT OF PARTICIPANT ACCOUNTS	27
XVI.1	PARTICIPANT DIRECTED INVESTMENTS	27
XVI.2	AVAILABLE INVESTMENTS	27
XVI.3	TRANSFER OF INVESTMENTS	27
XVII.	HARDSHIP WITHDRAWALS	29
XVII.1	AVAILABILITY.....	29
XVII.2	DEFINITION OF IMMEDIATE AND HEAVY FINANCIAL NEED BASED ON IRS SAFE HARBORS ONLY	29
XVII.3	HARDSHIP WITHDRAWAL FEATURES	29
XVIII.	NON-HARDSHIP WITHDRAWALS	30
XVIII.1	SOURCES AND CONDITIONS FOR NON-HARDSHIP WITHDRAWALS.....	30
XVIII.2	NON-HARDSHIP WITHDRAWAL FEATURES.....	30
XIX.	LOANS.....	31
XIX.1	AVAILABILITY.....	31

XX.	DISTRIBUTIONS.....	32
XX.1	FORMS OF PAYMENT	32
XX.2	CASH-OUTS	32
XX.3	COMMENCEMENT OF BENEFITS WHILE EMPLOYED	32
XX.4	POST 70-1/2 DISTRIBUTIONS.....	33
XX.5	DISTRIBUTIONS ON TERMINATION OF EMPLOYMENT	33
XX.6	REQUIRED COMMENCEMENT OF DISTRIBUTION TO BENEFICIARIES	33
XX.7	EFFECT OF REEMPLOYMENT ON DISTRIBUTION	34
XX.8	BENEFICIARIES.....	34
XX.9	SPOUSAL PROVISIONS.....	34
XXI.	MISCELLANEOUS	35
XXI.1	THE PLAN SHALL BE GOVERNED BY THE LAW OF THE STATE IN WHICH EMPLOYER HAS ITS PRINCIPAL PLACE OF BUSINESS.....	35
XXI.2	PLAN EXPENSES	35
XXII.	SUPERSEDING PLAN PROVISIONS	36
XXII.1	IF SELECTED BELOW, THE PLAN INCLUDES AN ADDENDUM DESCRIBING PROVISIONS THAT SUPERSEDE ANY INCONSISTENT PROVISIONS OF THE ADOPTION AGREEMENT OR BASIC PLAN DOCUMENT	36
XXIII.	FUNDING AGENT INFORMATION	37
XXIII.1	IDENTIFICATION OF FUNDING AGENT	37
XXIV.	EXECUTION.....	38

CITY OF CHATTANOOGA 401(A) RETIREMENT PLAN

**ADOPTED USING
PDS ADVANTAGE™ GOVERNMENT 401(a) PLAN
ADOPTION AGREEMENT No. 1
WITH
BASE PLAN DOCUMENT No. 1**

I. SERVICE PROVIDER INFORMATION

I.1 SERVICE PROVIDER

(a) ♦ **Name:**

Hartford Life Insurance Company

(b) ♦ **Address:**

200 Hopmeadow Street
Simsbury, CT 06089

II. GENERAL PLAN INFORMATION

II.1 EMPLOYER

- (a) ♦ Legal name of employer:

City of Chattanooga, Tennessee

- (b) ♦ Address:

101 E 11th St, City Hall Annex

Chattanooga, TN 37402

- (c) ♦ Employer identification number: 62-6000259

- (d) ♦ Employer's fiscal year ends: December 31

II.2 PLAN

- (a) ♦ Plan type:

(1) () **Money purchase plan** (*in-service withdrawals of employer contributions, including pick-up contributions, not permitted prior to normal retirement age*)

(2) (X) **Profit-sharing plan**

(3) () **Pick-up contributions only** (*may include matching contributions*)

(4) () **Pick-up and nonelective contributions** (*may include matching contributions*)

(5) () **Matching contributions only**

(6) (X) **Nonelective contributions only**

- (b) ♦ Plan name:

City of Chattanooga 401(a) Retirement Plan

- (c) ♦ Plan number: 004

II.3 PLAN ADMINISTRATOR

- (a) ♦ Name:

City of Chattanooga, Tennessee

- (b) ♦ Address:

101 E 11th St, City Hall Annex

Chattanooga, TN 37402

- (c) ♦ Phone: (423) 757-5232

II.4 PLAN EFFECTIVE DATES

- (a) () New plan effective date (month/day/year): _____
(b) (X) Restatement effective date (month/day/year): January 1, 2009
(1) ♦ Original effective date (month/day/year): January 1, 2006
(2) [] Plan name changed upon restatement
(A) ♦ Prior plan name:

- (3) [] Frozen plan

II.5 VARYING EFFECTIVE DATES

- (a) [] Specific plan provisions have special effective dates
(1) ♦ Specified plan provisions and their special effective dates:

II.6 PLAN YEAR AND LIMITATION YEAR

- (a) ♦ Plan year is:
(1) (X) The 12-consecutive month period commencing on January 1
(month/day) and each anniversary thereof
(2) () The 12-consecutive month period commencing on _____
(month/day) and each anniversary thereof except that the first plan year
will commence on _____ (month/day/year)
(This election for new plans only)
(b) ♦ Limitation year is:
(1) (X) The 12-month period coinciding with the plan year
(2) () The 12-month period beginning on _____ (month/day)

III. MERGERS AND SPIN-OFFS

III.1 SPIN-OFF PLAN

(a) Plan is spin-off from other plan

(1) ♦ Name of other plan

--

III.2 MERGER DOCUMENTATION

(a) Other plan(s) merged into existing plan
(Complete Addendum Re: Plan Mergers.)

IV. GRANDFATHERED PROVISIONS

(Government plans are not subject to the requirements of Code Section 411(d)(6), protecting accrued benefits, retirement subsidies, forms of payment, etc. However, many government employers elect to grandfather prior plan features in any event.)

IV.1 GRANDFATHERED ANNUITIES

- (a) **Annuity form of payment grandfathered for certain participants**

(Complete Addendum Re: Grandfathered Annuities.)

IV.2 GRANDFATHERED IN-SERVICE WITHDRAWAL PROVISIONS

- (a) **Prior in-service withdrawal provisions grandfathered for certain participants**

(Complete Addendum Re: Grandfathered Withdrawal Provisions.)

IV.3 GRANDFATHERED VESTING PROVISIONS

- (a) **Grandfather prior vesting schedule(s)**

(Complete Addendum Re: Grandfathered Vesting Schedules.)

V. PERMITTED CONTRIBUTIONS

V.1 PICK-UP CONTRIBUTIONS

(Employee contributions that are "picked up" pursuant to Code Section 414(h)(2))

- (a) Ongoing pick-up contributions

V.2 AFTER-TAX CONTRIBUTIONS

- (a) Plan assets include after-tax contributions:
(1) Ongoing after-tax contributions
(2) Transferred after-tax contributions
(3) Frozen after-tax contributions

V.3 ROLLOVER CONTRIBUTIONS

- (a) Rollovers into plan permitted
(1) Only covered employees who have met the applicable age and/or service requirements may make rollover contributions
(2) Participants may roll loans into plan

V.4 EMPLOYER CONTRIBUTIONS

- (a) Ongoing nonelective contribution
(b) Prior nonelective contributions
(c) Ongoing matching contributions
(d) Prior matching contributions

VI. COVERAGE AND ELIGIBILITY

VI.1 COVERED EMPLOYEES FOR EMPLOYER, PICK-UP, AND EMPLOYEE CONTRIBUTIONS EXCLUDE

(Persons classified by the employer as independent contractors, who are recharacterized as employees of the employer, are automatically excluded from coverage unless and until the employer elects to extend coverage to such persons.)

- (a) Leased employees
- (b) Collectively-bargained employees
- (c) Non-resident aliens
- (d) HCEs
- (e) Employees who normally work fewer than 20 hours per week
- (f) Employees at the following locations:

(1) Excluded locations:

--

- (g) Other excluded employees

(A) Excluded employees:

Employees covered by the City of Chattanooga Fire and Police Pension Fund and Employees covered by the City of Chattanooga General Pension Fund
--

VI.2 ELIGIBILITY REQUIREMENTS

- (a) No age or service requirement:

- (1) Pick-up contributions
- (2) Matching contributions
- (3) Nonelective contributions
- (4) After-tax contributions

- (b) Service requirement

(Fill in the blanks below with the amount of service required. Any service requirement not in whole year(s) of service requires service for eligibility to be based on elapsed time.)

- (1) Pick-up contributions _____
 - (A) Elapsed time
 - (B) Hours of service
- (2) Matching contributions _____
 - (A) Elapsed time
 - (B) Hours of service
- (3) Nonelective contributions _____
 - (A) Elapsed time
 - (B) Hours of service
- (4) After-tax contributions _____
 - (A) Elapsed time
 - (B) Hours of service

- (c) ◆ **Age requirement**
 - (1) [] **Pick-up contributions** _____ (*indicate minimum age*)
 - (2) [] **Matching contributions** _____ (*indicate minimum age*)
 - (3) [] **Nonelective contributions** _____ (*indicate minimum age*)
 - (4) [] **After-tax contributions** _____ (*indicate minimum age*)
- (d) ◆ **Employees who were employed on or before the original effective date of the plan or the restatement effective date of the plan, as indicated in Section II.4.(a) or (b), shall/shall not be immediately eligible without regard to any age and/or service requirements specified in VI.2.(b) or (c) above.**
 - (1) () **Shall**
 - (2) () **Shall not**

VI.3 HOURS OF SERVICE METHOD OF CREDITING ELIGIBILITY SERVICE

(Complete only if eligibility service is credited for any purpose by the hours of service method.)

- (a) ◆ **Required hours:**
 - (1) () **1,000 Hours required for year of service**
 - (2) () _____ **Hours required for year of service**
- (b) [] **Computation period switches to plan year**
- (c) [] **Hours credited using the following DOL equivalency:**
(Government plans are not required to use DOL equivalencies to determine hours.)
 - (1) () **10 hours per day** (*DOL equivalency*)
 - (2) () **45 hours per week** (*DOL equivalency*)
 - (3) () **95 hours per semi-monthly payroll period** (*DOL equivalency*)
 - (4) () **190 hours per month** (*DOL equivalency*)
 - (5) () **Other:** _____
- (d) [] **Limit hours of service credited during absence from employment** (*other than military leave*)
 - (1) ◆ **Number of hours credited for absence:** _____
 - (2) [] **Limit does not apply to the following specified absences:**

VI.4 ELIGIBILITY ON REEMPLOYMENT

- (a) [] **Reemployed employees are treated the same as new employees and must again satisfy any applicable eligibility requirements**
- (b) ◆ **Rule of parity**
 - (1) [] **Rule of parity applies for crediting eligibility service**
(Prior eligibility service is lost on reemployment unless employee has less than 5 consecutive breaks in eligibility service.)

VII. ENTRY DATES AND RETIREMENT DATES

VII.1 ENTRY DATES

- (a) Daily
- (b) Monthly
- (c) 1st day of each payroll period
- (d) Other dates:

VII.2 ENTRY OPTION

- (a) Participate on entry date coinciding with or next following satisfaction of eligibility requirements

VII.3 ELECTIONS NOT TO PARTICIPATE

- (a) Employees may make an election not to participate in the plan
(The election not to participate in the plan is an irrevocable election for purposes of pick-up contributions.)
 - (1) Election not to participate is irrevocable
- (b) Employees may make a one time election to never make pick-up contributions
(The selection of this option will be irrevocable.)

VII.4 RETIREMENT DATES

- (a) Normal retirement date is:
 - (1) Attainment of a specified age: 65 (≤ 65)
 - (2) Later of age _____ (≤ 65) or _____ ($\leq 5th$) anniversary of commencement
 - (A) Anniversary of commencement of:
 - (i) Employment
 - (ii) Participation
- (a) Early retirement date is:
 - (1) Not applicable
 - (2) Attainment of a specified age: _____ (≤ 65)
 - (3) Later of specified age: _____ (≤ 65) or completion of: _____ years of vesting service

VIII. COMPENSATION

VIII.1 DEFINITION OF COMPENSATION

(Generally, government plans are not subject to discrimination testing under Section 401(a)(4). Therefore, compensation need not satisfy Code Section 414(s) in order to avoid testing.)

- (a) **W-2**
- (b) **W-2 less moving expenses only**
- (c) **Withholding**
- (d) **General section 415** *(all specific inclusions in 1.415(c)-2(b) and all specific exclusions in 1.415(c)-2(c))*
- (e) **Modified section 415** *(safe harbor definition in 1.415(c)-2(d): includes only general inclusions in 1.415(c)-2(b)(1) or (2) and all specific exclusions under 1.415(c)-2(c))*

VIII.2 OPTIONAL INCLUSIONS TO COMPENSATION FOR PURPOSES OF CONTRIBUTIONS

- (a) **Optional inclusions apply**
 - (1) **All safe harbor inclusions**
(All amounts deferred or excluded from taxable compensation under Code Section 125, 132(f)(4), 402(g)(3), 402(h)(1)(B), 403(b), or 457(b) are added back to compensation for purposes of determining contributions.)
 - (A) **Where group health plan does not permit cash distribution in lieu of coverage unless participant can certify that he has other health coverage, amounts not receivable because participant cannot make requisite certification are nevertheless deemed to come under Code Section 125**
 - (2) **Only pick-up contributions**
(Do not select with 1 above.)

VIII.3 OPTIONAL INCLUSIONS IN COMPENSATION FOR BOTH CONTRIBUTIONS AND 415 LIMITS

- (a) **Specified post-severance payments made before later of (i) end of plan year in which severance occurs or (ii) within 2 1/2 months of severance** *(choose (1) and/or (2) below):*
(Regular compensation for services, commissions, bonuses, or other similar payments that would have been paid to a participant before termination if his employment had continued are automatically included in compensation if paid within the period specified above, unless specifically excluded in VIII.4.(a)(2)(E) below.)
 - (1) **Payments for accrued leave** *(bona fide sick leave or vacation)* **the participant would have been able to use such leave if employment continued**
 - (2) **Amounts received from a non-qualified, unfunded deferred compensation plan that would have been payable at the same time if the participant continued employment, but only to the extent includable in gross income**

VIII.4 OPTIONAL EXCLUSIONS FROM COMPENSATION FOR PURPOSES OF CONTRIBUTIONS

- (a) **Optional exclusions apply**
 - (1) **Safe harbor exclusions apply**
(Reimbursements or other expense allowances, fringe benefits, moving expenses, deferred compensation, and welfare benefits are all excluded from compensation.)

- (2) Non-safe harbor exclusions apply
- (A) Bonuses
 - (B) Overtime
 - (C) Commissions
 - (D) Post-severance payments of regular compensation for services, commissions, bonuses, and other similar payments even if paid before later of (i) end of plan year in which severance occurs or (ii) within 2 1/2 months of severance
 - (E) Other:

- (3) Compensation taken into account for a plan year shall not exceed \$_____ (must be less than the 401(a)(17) limit)

IX. PICK-UP, AFTER-TAX, AND ROLLOVER CONTRIBUTIONS

IX.1 PICK-UP CONTRIBUTIONS

(Complete if plan provides for contributions "picked-up" pursuant to Code Section 414(h)(2).)

- (a) ♦ Amount of pick-up contributions:
- (1) () Percentage of compensation: _____%
 - (2) () Percentage of compensation: from _____% to _____% of compensation
- (b) ♦ Date of commencement of pick-up contributions
- (1) () First payment of compensation made on or after eligibility
 - (2) () First payroll period beginning on or after eligibility
 - (3) () First payroll period ending on or after eligibility
 - (4) () As soon as administratively practicable after eligibility

IX.2 ONGOING AFTER-TAX CONTRIBUTIONS

(Complete if plan provides for ongoing after-tax contributions.)

- (a) ♦ Method of contributing:
- (1) () Both lump sum contribution and payroll withholding from _____% to _____% of compensation
(Lump sum contributions will be limited to the same maximum percentage of Compensation specified with respect to contributions by payroll withholding.)
 - (2) (X) Only payroll withholding from 1% to 100% of compensation
 - (3) () Only lump sum contribution limited to specified percentage of compensation: _____%
- (b) ♦ Date of commencement of contributions by payroll withholding
- (1) () First payment of compensation made on or after election
 - (2) () First payroll period beginning on or after election
 - (3) () First payroll period ending on or after election
 - (4) (X) As soon as administratively practicable after election

IX.3 MODIFICATIONS OF CONTRIBUTION ELECTIONS

(Complete if Section 2. above has been completed.)

- (a) ♦ A participant may change the amount of his after-tax contributions as of:
- (1) () Any enrollment date
 - (2) () First day of each month
 - (3) () First day of the plan year
 - (4) () Any day of the plan year
 - (5) () First day of the calendar quarter
 - (6) (X) Dates prescribed by administrator
 - (7) () Other date: _____

IX.4 ROLLOVER CONTRIBUTIONS

(Complete if plan provides for rollover contributions.)

- (a) ♦ "Direct rollovers" (rollover is made directly to plan from other qualified plan or annuity contract):
- (1) () Are not accepted under the plan

- (2) (X) Are accepted from the following sources:
 - (A) [] A qualified plan described in Code Section 401(a) or 403(a), excluding after-tax employee contributions
 - (B) [X] A qualified plan described in Code Section 401(a) or 403(a), including after-tax employee contributions
(Do not select if preceding selection is marked.)
 - (C) [] An annuity contract described in Code Section 403(b), excluding after-tax employee contributions
 - (D) [X] An annuity contract described in Code Section 403(b), including after-tax employee contributions
(Do not select if preceding selection is marked.)
 - (E) [X] An eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state
 - (F) [X] An individual retirement account or annuity, excluding designated Roth contributions and after-tax contributions
- (3) ♦ After-tax contributions rolled over to the plan are accounted for separately and treated for plan purposes *(including in-service withdrawals)* as:
 - (A) (X) Rollover contributions
 - (B) () After-tax contributions
- (b) ♦ "Participant rollovers" *(distribution from other qualified plan or annuity contract is first made to individual who then elects to roll it over):*
 - (1) () Are not accepted under the plan
 - (2) (X) Are accepted from the following sources:
 - (A) [X] A qualified plan described in Code Section 401(a) or 403(a), excluding after-tax contributions
 - (B) [X] An annuity contract described in Code Section 403(b), excluding after-tax contributions
 - (C) [X] An eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state
 - (D) [X] An individual retirement account or annuity, excluding after-tax contributions

X. EMPLOYER MATCHING CONTRIBUTIONS

X.1 CONTRIBUTIONS THAT ARE MATCHED

(Select one or more of the following)

- (a) Deferrals under another plan
 - (1) Name of plan: _____
- (b) Pick-up contributions
- (c) After-tax contributions

X.2 MATCH FEATURES

- (a) Matching contribution is:
 - (1) Required in specified amount
 - (A) Specified match rate
 - (i) Single match rate: _____%
 - (ii) Dual match rates: _____% of contributions up to specified limit and _____% of contributions above that amount
 - (a) Limit is:
 - (1) Specified percentage of compensation : _____%
 - (2) Specified dollar amount: \$_____
 - (B) Compensation earned before eligibility to participate in match will be excluded
 - (C) Additional discretionary match permitted in amount specified by employer
 - (2) Discretionary

X.3 OPTIONAL LIMITATIONS ON MATCHING CONTRIBUTIONS

- (a) No match for contributions attributable to following types of compensation:
- (b) No match for after-tax contributions withdrawn before the end of the plan year
- (c) No match for contributions made before eligibility to participate in match
- (d) No match for contributions above a specified limitation
 - (1) Limitation is:
 - (A) _____% of compensation
 - (B) \$_____
 - (C) _____% of compensation, provided that contributions matched cannot exceed \$_____
 - (D) Discretionary limitation that may be a percentage of compensation and/or a dollar amount
 - (2) Compensation earned before eligibility to participate in match excluded in determining limitation
- (e) Total match for plan year cannot exceed \$_____
- (f) Limitations selected in (a), (b), (c), (d), (e) and (f) above also apply to any

additional discretionary match

X.4 CONTRIBUTION PERIOD

(The contribution period for the additional, discretionary matching contributions is the plan year.)

- (a) Each month
- (b) Each calendar quarter
- (c) Each calendar year
- (d) Each plan year
- (e) Each payroll period
- (f) Each *(other)*:

--

XI. EMPLOYER NONELECTIVE CONTRIBUTIONS

Complete if plan provides for nonelective contributions

XI.1 NONELECTIVE CONTRIBUTION FEATURES

- (a) Required in amount specified in allocation formula
- (b) Discretionary

XI.2 ALLOCATION FORMULA

- (a) Ratio of compensation allocation formula
 - (1) Percentage of compensation allocated to each participant is: _____% *(select if contribution amount is required.)*

- (b) Uniform dollar amount allocation formula
 - (1) If contribution amount is required:
 - (A) \$_____ for the following:
 - (i) Each hour worked by the participant
 - (ii) Each hour for which the participant is paid
 - (iii) Each contribution period
 - (iv) Other: _____
(Cannot exceed 12-consecutive months)
 - (B) The dollar amount specified in the applicable collective bargaining agreement for each hour worked

- (c) Other

XI.3 ADDITIONAL NONELECTIVE CONTRIBUTION

- (a) Employer may make additional, discretionary contribution to be allocated in same manner as required contribution *(may select only if contribution is required)*

XI.4 COMPENSATION EXCLUSION

- (a) Compensation earned by employee prior to becoming eligible to participate excluded in allocating nonelective contribution

XI.5 CONTRIBUTION PERIOD

- (a) General contribution period:
 - (1) Each month
 - (2) Each calendar quarter
 - (3) Each calendar year
 - (4) Each plan year
 - (5) Each payroll period
 - (6) Each *(other)*: _____
- (b) Separate contribution period for compensation used to determine allocations of nonelective contributions: _____

XII. VESTING OF EMPLOYER CONTRIBUTIONS

XII.1 REGULAR VESTING SCHEDULE

- (a) ♦ **Regular and additional discretionary matching contributions schedule: [N/A]**
(Fill in number of selected vesting schedule from below.)
- (b) ♦ **Nonelective contributions schedule: [1]**
(Fill in number of selected vesting schedule from below.)
- (c) ♦ **Prior matching contributions schedule: [N/A]**
(Fill in number of selected vesting schedule from below. If the plan provides for current matching contributions, the number must be the same as the number selected in (a) above.)
- (d) ♦ **Prior nonelective contributions schedule: [N/A]**
(Fill in number of selected vesting schedule from below. If the plan provides for current nonelective contributions, the number must be the same as the number selected in (b) above.)

1 immediate	2 3 year cliff	3 5 year cliff	4A Other cliff schedule for matching contributions	4B Other cliff schedule for nonelective contributions
100% immediate	0% before 3 years	0% before 5 years	0% before ____ years	0% before ____ years
	100% after 3 years	100% after 5 years	100% after ____ years	100% after ____ years

- (2) Immediate upon distribution
 - (3) Upon 1 break in vesting service
 - (4) At end of plan year in which terminate
 - (5) At end of plan year in which distribution made
 - (6) Only upon 5 consecutive breaks in vesting service
- (b) Restoration of forfeitures
- (1) Forfeitures not restored
 - (2) Restore on reemployment before 5 breaks in vesting service:
 - (A) Restore forfeited amounts only if repay distribution of employer contributions (*required buyback*)
 - (B) Restore forfeited amounts and may repay distribution of employer contributions (*optional buyback*)
 - (C) Restore forfeited amounts and cannot repay distribution (*no buyback*)
- (c) Treatment of forfeited nonelective contributions:
- (1) Offset employer's contribution obligation
 - (A) If forfeitures remain after offset:
 - (i) Held in suspense account and offset future contributions
 - (ii) Allocated to participants
 - (2) Re-allocate to participants
 - (3) Allocation provisions:
 - (A) Participants eligible for re-allocation:
 - (i) Last day requirement only - must be in covered employment
 - (ii) Service requirement only:
 - (a) Hours of service requirement: _____
 - (iii) Last day and service requirement - must be in covered employment for last day
 - (a) Hours of service requirement: _____
 - (iv) No last day or service requirement
 - (B) Exceptions to last day and/or service requirements:
 - (i) Last day requirement does not apply in cases of:
 - (a) Death
 - (b) Normal retirement
 - (1) Exception also applies to early retirement
 - (c) Disability
 - (ii) Service requirement does not apply in cases of:
 - (a) Death
 - (b) Normal retirement
 - (1) Exception also applies to early retirement
 - (c) Disability
 - (C) Employment requirement for re-allocation:
 - (i) Re-allocate only to participants employed during the plan year by the employer for whom the participant last performed services
 - (ii) Re-allocate to participants employed during the plan year by any employer
 - (D) Re-allocation based on:

- (i) Method of allocating nonelective contribution
 - (ii) Ratio of compensation
 - (4) Forfeitures may be used to pay plan expenses:
 - (A) Plan expenses paid before either contributions are offset or forfeitures are re-allocated
 - (B) Administrator directs whether plan expenses paid before either contributions are offset or forfeitures are re-allocated
- (d) Treatment of forfeited matching contributions:
 - (1) Offset employer's contribution obligation
 - (A) If forfeitures remain after offset:
 - (i) Held in suspense account and offset future contributions
 - (ii) Allocated to participants
 - (2) Re-allocate to participants
 - (3) Allocation provisions
 - (A) Participants eligible for re-allocation:
 - (i) Last day requirement only - must be in covered employment
 - (ii) Service requirement only:
 - (a) Hours of service requirement: _____
 - (iii) Last day and service requirement - must be in covered employment for last day
 - (a) Hours of service requirement: _____
 - (iv) No last day or service requirement
 - (B) Exceptions to last day and/or service requirements:
 - (i) Last day requirement does not apply in cases of:
 - (a) Death
 - (b) Normal retirement
 - (1) Exception also applies to early retirement
 - (c) Disability
 - (ii) Service requirement does not apply in cases of:
 - (a) Death
 - (b) Normal retirement
 - (1) Exception also applies to early retirement
 - (c) Disability
 - (C) Employment requirement for re-allocation:
 - (i) Re-allocate only to participants employed during the plan year by the employer for whom the participant last performed services
 - (ii) Re-allocate to participants employed during the plan year by any employer
 - (D) Re-allocate only to participants who have made pick-up contributions (or after-tax contributions, if after-tax contributions are matched) for the plan year.
 - (E) Re-allocation based on:
 - (i) Ratio that participant's contribution percentage (ratio of pick-up contributions or matched after-tax contributions to compensation) bears to aggregate contribution percentages of all participants
 - (ii) Ratio of compensation

XIII. CREDITING VESTING SERVICE

Complete this Article XIII. only if employer contributions are not immediately 100% vested or if early retirement is contingent upon completion of a specified number of years of vesting service or if allocation formula is based on years of vesting service.

XIII.1 YEARS OF SERVICE CREDITING METHOD

- (a) Elapsed time method
- (b) Hours of service method
 - (1) Required hours:
 - (A) 1,000 hours required for year of service
 - (B) _____ hours required for year of service
 - (2) Hours of service computation period for crediting vesting service
 - (A) Plan year
 - (B) Anniversaries of employment commencement date
 - (3) Hours of service credited using following equivalency (if eligibility service is credited using hours of service method, same options must be selected below as were selected for eligibility service)
 - (A) 10 hours per day (DOL equivalency)
 - (B) 45 hours per week (DOL equivalency)
 - (C) 95 hours per semi-monthly payroll period (DOL equivalency)
 - (D) 190 hours per month (DOL equivalency)
 - (E) Other: _____
 - (4) Limit hours of service credited during absence from employment other than military leave (if eligibility service is credited using hours of service method, same options must be selected below as were selected for eligibility service)
 - (A) Number of hours credited for absence: _____ hours
(Not fewer than hours required to prevent a break in vesting service.)
 - (B) Limit does not apply to absences because of:

--

XIII.2 VESTING SERVICE EXCLUSIONS

- (a) Period before employee attains age 18
- (b) Period before the effective date of the plan
- (c) Upon reemployment, exclude all prior vesting service in determining vested interest in account earned following reemployment
- (d) Apply rule-of-parity
- (e) Period prior to employee's break-in-service until employee completes a year of service
- (f) Defined contribution plan exclusion
(Vesting service completed after 5 consecutive breaks in vesting service is not taken into account in determining a participant's vested interest in his account prior to his break in vesting service.)

XIV. ADDITIONAL REQUIREMENTS FOR RECEIVING EMPLOYER CONTRIBUTIONS

XIV.1 ALLOCATION REQUIREMENTS

- (a) ♦ Select available options from (b) below and enter option number next to each applicable type of employer contribution (each available option that is selected must be completed as indicated):

Nonelective contributions [5]

Regular Matching contributions [N/A]

Additional discretionary matching contributions [N/A]

- (b) ♦ Available options:

(1) Last day requirement only - must be in covered employment

(2) Service requirement only:

(A) () Hours of service requirement for nonelective contributions: _____

(B) () Hours of service requirement for regular matching contributions: _____

(C) () Hours of service requirement for additional discretionary matching contributions: _____

(3) Last day and service requirement - must be in covered employment on last day:

(A) ♦ Service requirement:

(i) () Hours of service requirement for nonelective contributions: _____

(ii) () Hours of service requirement for regular matching contributions: _____

(iii) () Hours of service requirement for additional discretionary matching contributions: _____

(4) Last day or 501 hours requirement

(This provision excludes from participation only those employees who may be excluded from coverage testing under Code Section 410(b). If an employee is in an uncovered employment classification on the last day of the plan year, he is considered to have satisfied the last day requirement.)

(5) No last day or hours requirement

XIV.2 EXCEPTIONS TO ALLOCATION REQUIREMENTS

- (a) [] Exceptions to allocation requirements for nonelective contributions:

(1) [] Last day requirement does not apply in cases of:

(A) [] Death

(B) [] Normal retirement

(i) [] Exception also applies to early retirement

(C) [] Disability

(2) [] Service requirement does not apply in cases of:

(A) [] Death

- (B) Normal retirement
 - (i) Exception also applies to early retirement
 - (C) Disability
 - (D) Service requirement doesn't apply for plan year in which employee becomes eligible to participate part-way through plan year
- (b) Exceptions to allocation requirements for regular matching contributions:
- (1) Last day requirement does not apply in cases of:
 - (A) Death
 - (B) Normal retirement
 - (i) Exception also applies to early retirement
 - (C) Disability
 - (2) Service requirement does not apply in cases of:
 - (A) Death
 - (B) Normal retirement
 - (i) Exception also applies to early retirement
 - (C) Disability
 - (D) Service requirement doesn't apply for plan year in which employee becomes eligible to participate part-way through plan year
- (c) Exceptions to allocation requirements for additional discretionary matching contributions:
- (1) Last day requirement does not apply in cases of:
 - (A) Death
 - (B) Normal retirement
 - (i) Exception also applies to early retirement
 - (C) Disability
 - (2) Service requirement does not apply in cases of:
 - (A) Death
 - (B) Normal retirement
 - (i) Exception also applies to early retirement
 - (C) Disability
 - (D) Service requirement doesn't apply for plan year in which employee becomes eligible to participate part-way through plan year

XIV.3 HOURS OF SERVICE CREDITING

(If hours of service crediting is selected for eligibility or vesting service, select same criteria for crediting hours of service.)

- (a) Hours of service credited using the following equivalency:
 - (1) 10 hours per day *(DOL equivalency)*
 - (2) 45 hours per week *(DOL equivalency)*
 - (3) 95 hours per semi-monthly payroll period *(DOL equivalency)*
 - (4) 190 hours per month *(DOL equivalency)*
 - (5) Other: _____
- (b) Limit hours of service credited during absence from employment *(other than military leave.)*
 - (1) ♦ Number of hours credited for absence: _____ (*=> 501 hours*)
 - (2) Limit does not apply to absences because of:

XIV.4 DEFINITION OF DISABILITY

(If plan provides for 100% vesting on disability, select same criteria.)

- (a) ♦ **Participant is disabled if** *(must select at least one option):*
- (1) **Eligible for social security disability**
 - (2) **Eligible for benefits under employer's long term disability program**
 - (3) **Determined by the plan administrator**

XV. CONTRIBUTION LIMITATIONS

XV.1 CODE SECTION 415 LIMITATIONS

- (a) ♦ Limitations under other plans
 - (1) ♦ If contributions to be made under Plan, when combined with contributions to be made under other defined contribution plans maintained by employer, would exceed the 415 limits:
 - (A) () Reduce other plans first, then reduce under this plan
 - (B) () Reduce under this plan first then under other plans
 - (C) () Reduce pro rata among all plans simultaneously
 - (D) (X) Reduce last amounts to be allocated first
 - (E) () Other reduction method (*complete Addendum Re: 415 Order of Reduction*)

XVI. INVESTMENT OF PARTICIPANT ACCOUNTS

XVI.1 PARTICIPANT DIRECTED INVESTMENTS

(a) Participants direct investment of a portion or all of their accounts:

(1) Options

(A) Participant direction restricted to vested portions of accounts only

(B) Employer directs investment of the following:

(C) Percentage increments for investing contributions specified in plan: 1%

(2) Investment elections may be changed as of:

(A) First of month following valuation date

(B) Enrollment dates

(C) Date administrator receives instructions from participant

(D) Other dates: _____

(3) If participant fails to direct investments, his account will be invested:

(A) As directed by the administrator

(B) In general fund

(C) In default investment fund

(D) In the following investment funds:

XVI.2 AVAILABLE INVESTMENTS

(Complete only if participants direct investments.)

(a) Employer selects available investment options

(1) Participants may also select investment options under self-directed brokerage option

(b) Participants select available investment options

XVI.3 TRANSFER OF INVESTMENTS

(Complete only if participants direct investments.)

(a) Transfer percentage increments specified in plan: _____%

(If transfer percentages are not specified, participants may transfer percentages specified by administrator.)

(b) Participants may transfer an optional dollar amount specified by participant

(May select only if transfer percentage is not specified in plan.)

(c) Transfer effective dates:

(1) First of the month following valuation date

- (2) () Enrollment date
- (3) (X) Date administrator receives instructions from participant
- (4) () Other dates: _____
- (d) [] Transfer elections must be recorded the number of days prior to the effective date specified by the administrator

XVII. HARDSHIP WITHDRAWALS

XVII.1 AVAILABILITY

- (a) **Plan permits hardship withdrawals from the following accounts** *(if the plan is a money purchase plan, hardship withdrawals of employer contributions, including pick-up contributions, and of after-tax contributions, if matched, are not permitted):*
 - (1) **Pick-up contributions**
 - (2) **After-tax contributions**
 - (A) **After-tax contributions that have been matched may not be withdrawn**
 - (3) **Rollover contributions**
 - (4) **Nonelective contributions**
 - (5) **Matching contributions**
 - (6) **Prior nonelective contributions**
 - (7) **Prior matching contributions**

XVII.2 DEFINITION OF IMMEDIATE AND HEAVY FINANCIAL NEED BASED ON IRS SAFE HARBORS ONLY

(Safe harbor needs include Code Section 213(d) medical expenses, purchase of a principal residence, post-secondary education/tuition expenses (including room and board), prevention of eviction from or foreclosure on the mortgage of a principal residence, funeral and burial expenses, and repairs to a principal residence for which a casualty loss deduction would be available.)

XVII.3 HARDSHIP WITHDRAWAL FEATURES

- (a) **Hardship withdrawals will be effective as soon as administratively feasible following administrator's approval**
 - (1) **Hardship withdrawals of nonelective contributions permitted only if 100% vested**
 - (1) **Hardship withdrawals of matching contributions permitted only if 100% vested**
 - (1) **Hardship withdrawals of prior nonelective contributions permitted only if 100% vested**
 - (1) **Hardship withdrawals of prior matching contributions permitted only if 100% vested**

XVIII. NON-HARDSHIP WITHDRAWALS

(If the plan is a money purchase plan, withdrawals of employer contributions, including pick-up contributions, are not permitted.)

XVIII.1 SOURCES AND CONDITIONS FOR NON-HARDSHIP WITHDRAWALS

- (a) ♦ Rollover contributions
 - (1) Non-hardship withdrawals permitted from rollover contributions:
 - (A) At any time
 - (B) Only if the participant has attained age _____
- (b) ♦ After-tax contributions
 - (1) Non-hardship withdrawals permitted from after-tax contributions:
 - (A) At any time
 - (B) Only if the participant has attained age _____
 - (C) After-tax contributions that have been matched may not be withdrawn
- (c) Permit withdrawals of following contributions upon attaining specified age
 - (1) Permit withdrawals of pick-up contributions at age _____
 - (2) Permit withdrawals of nonelective contributions at age 59 1/2
 - (3) Permit withdrawals of matching contributions at age _____
 - (4) Permit withdrawals of prior nonelective contributions at age _____
 - (5) Permit withdrawals of prior matching contributions at age _____

XVIII.2 NON-HARDSHIP WITHDRAWAL FEATURES

- (a) ♦ Non-hardship withdrawals will be effective as soon as administratively feasible following administrator's approval
- (b) Non-hardship withdrawals of nonelective contributions permitted only if 100% vested
- (c) Non-hardship withdrawals of matching contributions permitted only if 100% vested
- (d) Non-hardship withdrawals of prior nonelective contributions permitted only if 100% vested
- (e) Non-hardship withdrawals of prior matching contributions permitted only if 100% vested

XIX. LOANS

XIX.1 AVAILABILITY

(a) Plan permits participant loans

(1) Loans not available from following portions of participant's account:

(A) Specified sub-accounts:

--

(i) Balance of specified sub-accounts also excluded in determining maximum permissible loan amount

XX. DISTRIBUTIONS

XX.1 FORMS OF PAYMENT

- (a) ♦ Available forms
- (1) ♦ Single sum is normal form
- (2) [] Annuities
- (A) ♦ Forms of annuity:
- (i) () Participant selects any form of annuity
- (ii) () Available forms annuity are:
-
- (B) [] QJSA is available annuity form; survivor percentage under QJSA is 50% unless larger percentage selected below
- (i) () 100% survivor percentage
- (ii) () 66 2/3% survivor percentage
- (3) [X] Installment payments
- (A) [X] Participants may elect more rapid distribution
- (i) [] Election must be made when distribution commences
- (4) [] Minimum required distributions
(Select only if plan does not otherwise provide for installment payments.)
- (A) () Only payable while employee continues employment after required beginning date
- (B) () Payable if payments start at participant's required beginning date, whether or not participant is still employed on that date
- (C) [] If participant dies before required beginning date, beneficiary may receive minimum required distributions
- (b) [X] A participant may elect distribution in more than one form of payment

XX.2 CASH-OUTS

- (a) [X] Small account balances will be cashed out upon a distribution event
- (1) ♦ Cash-out amount is:
- (A) (X) \$1,000
- (B) () \$3,500
- (C) () \$5,000
- (D) () \$_____
- (2) [] Rollover contributions are disregarded in determining whether account will be cashed out

XX.3 COMMENCEMENT OF BENEFITS WHILE EMPLOYED

- (a) [X] A participant who continues employment beyond normal retirement date may elect to commence retirement benefits while employed
- (b) [X] A participant who is disabled and continues employment may elect to commence retirement benefits
- (1) ♦ Participant is disabled if *(must select at least one option)*:

(If plan provides for 100% vesting on disability or for a disability exception to a last day or hours allocation requirement, select same criteria.)

- (A) **Eligible for social security disability**
- (B) **Eligible for benefits under employer's long term disability program**
- (C) **Determined by the plan administrator**

XX.4 POST 70-1/2 DISTRIBUTIONS

- (a) **A participant who continues employment beyond April 1 of the calendar year following the year he attains age 70 1/2:**
 - (1) **Is required to commence retirement benefits as of that date ("old rule")**
(This preserves the "required beginning date" rules in effect for non-government plans under Code Section 401(a)(9) prior to the Small Job Protection Act of 1996. The old rule was never required to be applied to government plans.)
 - (2) **May elect to commence retirement benefits as of that date ("modified government rule")**
(If this provision is selected, the "required beginning date" rules applicable to government plans apply, though a participant may elect to start benefits at the time they would have been payable under the old rule described above for non-government plans.)
 - (3) **May not commence retirement benefits as of that date ("government rule")**
(If this provision is selected, the "required beginning date" rules applicable to government plans apply.)

XX.5 DISTRIBUTIONS ON TERMINATION OF EMPLOYMENT

- (a) **Participant terminating prior to normal retirement date may postpone distribution:**
 - (1) **Only to later of age 62 or normal retirement date**
 - (2) **To required beginning date**
- (b) **Terminated participant may elect partial distribution**
- (c) **Participant may waive 30-day waiting period to receive distribution**

XX.6 REQUIRED COMMENCEMENT OF DISTRIBUTION TO BENEFICIARIES

- (a) **Distribution to beneficiary of participant who dies before his required beginning date will be made:**
 - (1) **In full within 5 years of participant's death** *(or by date participant would reach 70-1/2 if participant's spouse is sole beneficiary)*
(Select if plan provides only for single sum distributions to beneficiaries – no installments, no annuities, and no minimum required distributions)
 - (2) **In installments over beneficiary's life expectancy beginning within 1 year of participant's death** *(or at date participant would have reached age 70-1/2, if participant's spouse is sole beneficiary)*
(Select if plan provides only for installments or annuity payments.)
 - (3) **Either (1) in full within 5 years of participant's death or (2) in installments over the beneficiary's life expectancy, as elected by the participant or beneficiary**
(Select if plan provides for (a) single sum payments and (b) installment,

annuity, or minimum required distribution payments.)

- (A) If no election is made, distribution will be made
 - (i) In full within 5 years of participant's death (or by date participant would reach 70-1/2, if participant's spouse is sole beneficiary)
 - (ii) In installments over the beneficiary's lifetime beginning within 1 year of participant's death (or at date participant would have reached age 70-1/2, if participant's spouse is sole beneficiary)

XX.7 EFFECT OF REEMPLOYMENT ON DISTRIBUTION

- (a) If a participant is reemployed:
 - (1) No further distribution will be made until subsequent termination and prior form of payment election is null and void
 - (2) Participant continues to be eligible to receive distribution of prior account balance and prior form of payment election continues in effect
(Payments made after reemployment may be subject to early distribution taxes, as distribution may no longer be viewed as due to termination of employment.)

XX.8 BENEFICIARIES

- (a) If no beneficiary has been designated the default beneficiary will be participant's spouse or, if none:
 - (1) Participant's estate
 - (2) Participant's surviving children in equal shares or, if none, participant's estate
 - (3) Participant's issue, per stirpes, or, if none, participant's surviving parents in equal shares, or, if none, participant's estate
 - (4) Other:

--

XX.9 SPOUSAL PROVISIONS

- (a) Spousal consent is required for certain plan purposes
 - (1) Spousal consent is required for plan loans
 - (2) Spousal consent is required for in-service withdrawals
 - (3) Spousal consent is required to elect form of payment other than QJSA
(applies only if plan provides QJSA form of payment)
 - (4) Spousal consent is required to select non-spouse beneficiary
- (b) Participant's spouse for beneficiary and, if applicable, consent purposes means:
 - (1) The participant's spouse as determined under the laws of the state in which the participant resides
 - (2) The person of the opposite sex to whom the participant is married in a legal union between one man and one woman as husband and wife
(Regardless of the employer's selection, this definition applies for purposes of applying the minimum distribution rules under Code Section 401(a)(9).)

XXI. MISCELLANEOUS

XXI.1 THE PLAN SHALL BE GOVERNED BY THE LAW OF THE STATE IN WHICH EMPLOYER HAS ITS PRINCIPAL PLACE OF BUSINESS

XXI.2 PLAN EXPENSES

- (a) ♦ Except to the extent they are reduced by forfeitures, general administrative expenses of the plan are:
 - (1) (X) Paid from participants' accounts, unless the employers elect to make payment
 - (2) () Paid from participants' accounts
 - (A) () For all current and former participants with an account balance
 - (B) () Except employer pays expenses for all current participants and the following former participants (*if selected*):
 - (i) [] Retired participants with an account balance following retirement
 - (ii) [] Terminated participants with an account balance following termination

XXII. SUPERSEDING PLAN PROVISIONS

XXII.1 IF SELECTED BELOW, THE PLAN INCLUDES AN ADDENDUM DESCRIBING PROVISIONS THAT SUPERSEDE ANY INCONSISTENT PROVISIONS OF THE ADOPTION AGREEMENT OR BASIC PLAN DOCUMENT

- (a) An addendum describing superseding provisions is attached at the end of the plan

XXIII. FUNDING AGENT INFORMATION

XXIII.1 IDENTIFICATION OF FUNDING AGENT

(a) ♦ Name of funding agent:

Hartford Life Insurance Company

XXIV. EXECUTION

This Plan must be signed and dated below by all the indicated parties to be effective

EXECUTED AT _____,

_____, this _____ day of _____ 20 _____.

City of Chattanooga, Tennessee

By: _____

Title: _____

Supplemental Amendment No. 1
To
PDS ADVANTAGE™ GOVERNMENT 401(a) PLAN
ADOPTION AGREEMENT No. 001
FOR
CITY OF CHATTANOOGA 401(A) RETIREMENT PLAN

1. The definition of "Compensation" in Section 1.1:
 - (a) does not include "differential pay"
 - (b) includes "differential pay"
 - (1) "Compensation" includes "differential pay"
 - (A) for all purposes
 - (B) only for purposes of determining the following:
 - (i) After-Tax Contributions
 - (ii) Nonelective Contributions
 - (2) The inclusion of "differential pay" in "Compensation" applies to payments of "differential pay" made after:
 - (A) December 31, 2008
 - (B) The following date that is later than December 31, 2008:

2. With respect to hardship withdrawals in Section 13.6:
 - (a) Withdrawals may not be made to meet an immediate and heavy financial need of a Participant's primary Beneficiary
 - (b) Withdrawals may be made to meet an immediate and heavy financial need of a Participant's primary Beneficiary
 - (1) This provision applies to withdrawals made after:
 - (A) January 9, 2007
 - (B) The following date that is later than January 9, 2007:

3. The provisions in the definition of "eligible retirement plan" in Section 16.4(a) and in the definition of "qualified distributee" in Section 16.4(c) relating to non-spouse beneficiaries apply to distributions made:
 - (a) in Plan Years beginning after December 31, 2009.
 - (b) on or after _____, which is earlier than the first day of the first Plan Year beginning after December 31, 2009, but not earlier than January 1, 2007.
4. For purposes of Section 21.24, a Participant who is absent from employment because of military service who dies while performing qualified military service:

- (a) (X) will not be treated as having returned to employment for purposes of determining his eligibility for and the amount of contributions to be made to his Account for his period of military leave
- (b) () will be treated as having returned to employment for purposes of determining his eligibility for and the amount of contributions to be made to his Account for his period of military leave
- (1) This provision applies for deaths that occur:
 - (A) [] on or after December 31, 2006
 - (B) [] on or after _____, which is a date later than December 31, 2006

5. For purposes of Section 21.14, a Participant who is absent from employment because of military service who becomes disabled while performing qualified military service:

- (a) (X) will not be treated as having returned to employment for purposes of determining his eligibility for and the amount of contributions to be made to his Account for his period of military leave
- (b) () will be treated as having returned to employment for purposes of determining his eligibility for and the amount of contributions to be made to his Account for his period of military leave
- (1) This provision applies for a disability that occurs:
 - (A) [] on or after December 31, 2006
 - (B) [] on or after _____, which is a date later than December 31, 2006

6. For purposes of the Appendix regarding Minimum Distribution Requirements:

- (a) () Special provisions applicable to 2009 Minimum Required Distributions do not apply
- (b) (X) Special provisions applicable to 2009 Minimum Required Distributions apply
- (1) Either:
 - (A) (X) 2009 RMDs will be made unless Participant or Beneficiary elects otherwise
 - (B) () 2009 RMDs will not be made unless Participant or Beneficiary elects otherwise
- (2) The following will also be treated as eligible rollover distributions in 2009:
 - (A) (X) 2009 RMDs and Extended 2009 RMDs
 - (B) () 2009 RMDs, but only if paid with an additional amount that is an eligible rollover distribution without regard Code Section 401(a)(9)(H)

Supplemental Amendment No. 1
To
PDS ADVANTAGE™ GOVERNMENT 401(a) PLAN
ADOPTION AGREEMENT No. 001
FOR
CITY OF CHATTANOOGA 401(A) RETIREMENT PLAN

1. The definition of "Compensation" in Section 1.1:
 - (a) does not include "differential pay"
 - (b) includes "differential pay"
 - (1) "Compensation" includes "differential pay"
 - (A) for all purposes
 - (B) only for purposes of determining the following:
 - (i) After-Tax Contributions
 - (ii) Nonelective Contributions
 - (2) The inclusion of "differential pay" in "Compensation" applies to payments of "differential pay" made after:
 - (A) December 31, 2008
 - (B) The following date that is later than December 31, 2008:

2. With respect to hardship withdrawals in Section 13.6:
 - (a) Withdrawals may not be made to meet an immediate and heavy financial need of a Participant's primary Beneficiary
 - (b) Withdrawals may be made to meet an immediate and heavy financial need of a Participant's primary Beneficiary
 - (1) This provision applies to withdrawals made after:
 - (A) January 9, 2007
 - (B) The following date that is later than January 9, 2007:

3. The provisions in the definition of "eligible retirement plan" in Section 16.4(a) and in the definition of "qualified distributee" in Section 16.4(c) relating to non-spouse beneficiaries apply to distributions made:
 - (a) in Plan Years beginning after December 31, 2009.
 - (b) on or after _____, which is earlier than the first day of the first Plan Year beginning after December 31, 2009, but not earlier than January 1, 2007.
4. For purposes of Section 21.24, a Participant who is absent from employment because of military service who dies while performing qualified military service:

- (a) (X) will not be treated as having returned to employment for purposes of determining his eligibility for and the amount of contributions to be made to his Account for his period of military leave
- (b) () will be treated as having returned to employment for purposes of determining his eligibility for and the amount of contributions to be made to his Account for his period of military leave
- (1) This provision applies for deaths that occur:
 - (A) [] on or after December 31, 2006
 - (B) [] on or after _____, which is a date later than December 31, 2006

5. For purposes of Section 21.14, a Participant who is absent from employment because of military service who becomes disabled while performing qualified military service:

- (a) (X) will not be treated as having returned to employment for purposes of determining his eligibility for and the amount of contributions to be made to his Account for his period of military leave
- (b) () will be treated as having returned to employment for purposes of determining his eligibility for and the amount of contributions to be made to his Account for his period of military leave
- (1) This provision applies for a disability that occurs:
 - (A) [] on or after December 31, 2006
 - (B) [] on or after _____, which is a date later than December 31, 2006

6. For purposes of the Appendix regarding Minimum Distribution Requirements:

- (a) () Special provisions applicable to 2009 Minimum Required Distributions do not apply
- (b) (X) Special provisions applicable to 2009 Minimum Required Distributions apply
- (1) Either:
 - (A) (X) 2009 RMDs will be made unless Participant or Beneficiary elects otherwise
 - (B) () 2009 RMDs will not be made unless Participant or Beneficiary elects otherwise
- (2) The following will also be treated as eligible rollover distributions in 2009:
 - (A) (X) 2009 RMDs and Extended 2009 RMDs
 - (B) () 2009 RMDs, but only if paid with an additional amount that is an eligible rollover distribution without regard Code Section 401(a)(9)(H)

Supplemental Amendment No. 1
To
PDS Advantage™ GOVERNMENT 401(a) Plan
Base Plan Document No. 1

1. The definition of "Compensation" in Section 1.1 of the Plan is amended by the addition of a new paragraph at the end thereof to provide as follows:

Notwithstanding any other provision of the Plan to the contrary, if elected by the Employer in the Adoption Agreement, the Compensation of a Participant who is absent from employment as an Eligible Employee to perform service in the uniformed services (as defined in Chapter 43 of Title 38 of the United States Code), will include any "differential pay", as defined hereunder, that he receives or is entitled to receive from his Employer, for all purposes, unless the Employer elected in the Adoption Agreement that "differential pay" is included in the definition of "Compensation" only for certain purposes. For purposes of this paragraph, "differential pay" means any payment made to the Participant by the Employer after December 31, 2008, or such later date that the Employer elected in the Adoption Agreement, with respect to a period during which the Participant is performing service in the uniformed services while on active duty for a period of more than 30 days that represents all or a portion of the wages the Participant would have received if he had continued employment with the Employer as an Eligible Employee.

2. The definition of "415 compensation" in Section 7.1 of the Plan is amended to provide as follows:

A Participant's "**415 compensation**" for any "limitation year" means his wages as defined in Code Section 3401(a), determined without regard to any rules that limit compensation included in wages based on the nature or location of the employment or services performed, and all other payments made to him for a "limitation year" for services as an employee for which his employer is required to furnish the Participant a written statement under Code Section 6041(d), 6051(a)(3), and 6052 (commonly referred to as W-2 earnings); provided, however, that effective for "limitation years" beginning on or after July 1, 2007, if elected by the Employer in the Adoption Agreement, compensation includes (i) payments made to an employee after severance from employment for unused accrued bona fide sick, vacation, or other leave, but only if the employee would have been able to use the leave if employment had continued, and/or (ii) payments received by an employee after severance from employment pursuant to a nonqualified unfunded deferred compensation plan, if the payment would have been paid to the employee at the same time if the employee had continued in employment with the Employer and only to the extent that the payment is includible in the employee's gross income, but only if those amounts are paid by the later of 2 1/2 months after severance from employment with the Employer or the end of the "limitation year" that includes the date of severance from employment with the Employer. Compensation for this purpose includes any amount contributed or deferred by the Employer at the Participant's election that is not includable in the Participant's gross income by reason of Code Section 125, 132(f)(4), 402(e)(3), 402(h), 403(b), or 457(b). In no event, however, shall the compensation of a Participant taken into account under the Plan in any "limitation year" for purposes of applying the Code Section 415 limitations exceed the limit in effect for such year under Code Section 401(a)(17). Notwithstanding any other provision of the Plan to the contrary, if a Participant is absent from employment as an Eligible Employee to perform service in the uniformed services (as defined in Chapter 43 of Title 38 of the United States Code), his "415 Compensation" will include any "differential pay", as defined hereunder, he receives or is entitled to receive from his Employer. For purposes of this paragraph, "differential pay" means any payment made to the Participant by the Employer after December 31, 2008, with respect to a period during which the Participant is performing service in the uniformed services while on active duty for a period of more than 30 days that represents all or a portion of the wages the Participant would have received if he had continued employment with the Employer as an Eligible Employee.

3. Section 7.2 of the Plan is amended by the addition of a new paragraph at the end thereof to provide as follows:

Notwithstanding the foregoing provisions of this Section (other than the first paragraph), if the "annual addition" to the Account of a Participant in any "limitation year" beginning on or after July 1, 2007, nevertheless exceeds the amount that may be applied for his benefit under the limitations described in clauses (i) and (ii) in the first paragraph of this Section, correction shall be made in accordance with the Employee Plans Compliance Resolution System, as set forth in Revenue Procedure 2006-27, or any superseding guidance.

4. Section 13.6 of the Plan is amended by the addition of a new paragraph at the end thereof to provide as follows:

In addition, unless otherwise elected by the Employer in the Adoption Agreement, the Administrator shall grant a hardship withdrawal with respect to a withdrawal made after January 9, 2007, or such later date as elected by the Employer in the Adoption Agreement, if it determines that the withdrawal is necessary to meet an immediate and heavy financial need of the Participant's primary Beneficiary under the Plan. A Participant's primary Beneficiary is any individual named as the Participant's Beneficiary under the Plan who has an immediate right to all or a portion of the Participant's Account upon the death of the Participant and who is not a contingent beneficiary. An immediate and heavy financial need of a Participant's primary Beneficiary means a financial need on account of:

- (a) expenses previously incurred by or necessary to obtain for the primary Beneficiary medical care deductible under Code Section 213(d), determined without regard to whether the expenses exceed any applicable income limit
- (b) payment of tuition, related educational fees, and room and board expenses for the next 12 months of post-secondary education for the primary Beneficiary
- (c) payment of funeral or burial expenses for the primary Beneficiary.

5. Section 15.12 is added to the Plan as follows:

15.12 Qualified Distributions for Retired Public Safety Officers

A Participant who is an eligible retired public safety officer may elect, after separation from service, to have qualified health insurance premiums deducted from amounts to be distributed to the Participant from the Plan that would otherwise be includable in gross income, and to have such amounts paid directly to the insurer or group health plan. The term "qualified health insurance premiums" means premiums for coverage for the Participant, the Participant's spouse, and the Participant's dependents (as defined in Code Section 152) by an accident or health insurance plan (including a self-insured plan) or qualified long-term care insurance contract (within the meaning of Code Section 7702B(b)). The term "eligible retired public safety officer" means an individual who has separated from service, either by reason of disability or after attainment of normal retirement age, as a public safety officer with the Employer. The term "public safety officer" means an individual serving the Employer in an official capacity, with or without compensation, as a law enforcement officer, a firefighter, a chaplain, or a member of a rescue squad or ambulance crew. It is intended that, pursuant to Code Section 402(l), the amount deducted from the distribution pursuant to this Section shall be excluded from the Participant's gross income to the extent that the aggregate amount of the deduction for a taxable year does not exceed the lesser of (a) the amount used to pay the qualified health insurance premiums of the Participant, the Participant's spouse, and the Participant's dependents (as defined in Code Section 152) for the taxable year, or (b) \$3,000, determined by aggregating all distributions with respect to the Participant for the taxable year that are used to pay qualified health insurance premiums from all eligible retirement plans of the Employer.

6. Section 16.2(b) of the Plan is amended to provide as follows:

- (b) Annuity Contract - Distribution shall be made through the purchase of a single premium, nontransferable annuity contract. The form of annuity shall be either (i) the form of annuity selected by the Participant, or his Beneficiary, if the Participant has died, (ii) one of the available forms of annuity as specified by the Employer in the Adoption Agreement, or (iii) a 50% (or 100% or 66 2/3%, if elected by the Employer in the Adoption Agreement) qualified joint and survivor annuity, as elected by the Employer in the Adoption Agreement. If the Employer elected in the Adoption Agreement that a qualified joint and survivor annuity is available under the Plan, then notwithstanding any other provisions of the Plan to the contrary, if elected by the Employer in the Adoption Agreement, the Participant's spouse must consent to any form of payment other than a qualified joint and survivor annuity. Notwithstanding any other provision of this Article, a Participant's Beneficiary may not elect to receive distribution of an annuity payable over the joint

lives of the Beneficiary and any other individual. The terms of any annuity contract purchased hereunder and distributed to a Participant or his Beneficiary shall comply with the requirements of the Plan. In addition to any other optional form of annuity available to a Participant, if the Employer has elected in the Adoption Agreement that an annuity is an optional form of payment, for Plan Years beginning after December 31, 2007, the Participant may elect distribution through the purchase of a "qualified optional survivor annuity." A "qualified optional survivor annuity" is an annuity that provides monthly payments to the Participant for his life, with monthly payments continuing to his surviving spouse (to whom the Participant was married on his Benefit Payment Date) equal to either (a) 75% of the amount payable during the Participant's lifetime (if the Plan's qualified joint and survivor annuity provides a survivor annuity for the life of the Participant's spouse that is less than 75% of the amount of the annuity that is payable during the joint lives of the Participant and the Participant's spouse or (b) 50% of the amount payable during the Participant's lifetime (if the Plan's qualified joint and survivor annuity provides a survivor annuity for the life of the Participant's spouse that is greater than or equal to 75% of the amount of the annuity that is payable during the joint lives of the Participant and the Participant's spouse), and that is the actuarial equivalent of a single life annuity for the life of the Participant.

7. Section 16.4 of the Plan is amended to provide as follows:

16.4 Direct Rollover

Notwithstanding any other provision of the Plan to the contrary, in lieu of receiving distribution in a form of payment provided under this Article, a "qualified distributee" may elect in writing, in accordance with rules prescribed by the Administrator, to have a portion or all of any "eligible rollover distribution" paid directly by the Plan to the "eligible retirement plan" designated by the "qualified distributee". Any such payment by the Plan to another "eligible retirement plan" shall be a direct rollover.

Notwithstanding the foregoing, a "qualified distributee" may not elect a direct rollover with respect to an "eligible rollover distribution" if the total value of such distribution is less than \$200 or with respect to a portion of an "eligible rollover distribution" if the value of such portion is less than \$500. For purposes of this Section, the following terms have the following meanings:

- (a) An "eligible retirement plan" means any of the following: (i) an individual retirement account described in Code Section 408(a), (ii) an individual retirement annuity described in Code Section 408(b), (iii) an annuity plan described in Code Section 403(a) that accepts rollovers, (iv) a qualified trust described in Code Section 401(a) that accepts rollovers, (v) an annuity contract described in Code Section 403(b) that accepts rollovers, (vi) an eligible plan under Code Section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that agrees to separately account for amounts transferred into such plan from the Plan, or (vii) effective for distributions made on or after January 1, 2008, a Roth IRA, as described in Code Section 408A, provided that for distributions made prior to January 1, 2010, such rollover shall be subject to the limitations contained in Code Section 408A(c)(3)(B). Notwithstanding the foregoing, an "eligible retirement plan" with respect to that portion of a Participant's "eligible rollover distribution" that consists of his After-Tax Contributions, if any, shall mean only any one of the following: an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), or a qualified plan described in Code Section 401(a) or an annuity plan described in Code Section 403(a) that agrees to separately account for such contributions, including separate accounting for the portion of such "eligible rollover distribution" that is includible in income and the portion that is not includible in income. Further notwithstanding the foregoing, effective for distributions made in Plan Years beginning after December 31, 2009, or such earlier date that the Employer elected in the Adoption Agreement, an "eligible retirement plan" with respect to a "qualified distributee" other than the Participant, the Participant's spouse, or the Participant's former spouse means either an individual retirement account described in Code Section 408(a) or an individual retirement annuity described in Code Section 408(b), provided that such individual retirement account or individual retirement annuity must be treated as an inherited individual retirement plan pursuant to the provisions of Code Section 402(c)(11) from the deceased Participant by the "qualified distributee" and must be established in a manner that identifies it as such.

- (b) An "eligible rollover distribution" means any distribution of all or any portion of the balance of a Participant's Account; provided, however, that an eligible rollover distribution does not include the following:
 - (i) any distribution to the extent such distribution is required under Code Section 401(a)(9).
 - (ii) any distribution that is one of a series of substantially equal periodic payment made not less frequently than annually for the life or life expectancy of the "qualified distributee" or the joint lives or life expectancies of the "qualified distributee" and the "qualified distributee's" designated beneficiary, or for a specified period of ten years or more.

A portion of a distribution shall not fail to be an "eligible rollover distribution" merely because the portion consists of After-Tax Contributions that are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Code Section 408(a) or (b), or to a qualified defined contribution plan described in Code Section 401(a) or 403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

- (c) A "qualified distributee" means a Participant, his surviving spouse, or his spouse or former spouse who is an alternate payee under a qualified domestic relations order, as defined in Code Section 414(p). For distributions made in Plan Years beginning after December 31, 2009, or such earlier date that the Employer elected in the Adoption Agreement, a "qualified distributee" includes a Participant's non-spouse Beneficiary who is his designated beneficiary within the meaning of Code Section 401(a)(9)(E).

8. Section 21.14 of the Plan is amended to provide as follows:

21.14 Veterans Reemployment Rights

Notwithstanding any other provision of the Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service shall be provided in accordance with Code Section 414(u). The Administrator shall notify the Funding Agent of any Participant with respect to whom additional contributions are made because of qualified military service.

If a Participant who is absent from employment as an Employee because of military service dies after December 31, 2006, while performing qualified military service (as defined in Code Section 414(u)), the Participant shall be treated as having returned to employment as an Employee on the day immediately preceding his death for purposes of determining the Participant's vested interest in his Account and his Beneficiary's eligibility for a death benefit under the Plan. Notwithstanding the foregoing, except as otherwise specifically provided in the following paragraph, such a Participant shall not be entitled to additional contributions with respect to his period of military leave.

If selected by the Employer in the Adoption Agreement, a Participant whose death occurs on or after December 31, 2006, or such later date as selected by the Employer in the Adoption Agreement, under the conditions described in the preceding paragraph shall also be treated as having returned to employment as an Employee on the day immediately preceding his death for purposes of determining his eligibility for and the amount of any contributions to be made to his Account under this Section for his period of military leave. For this purpose, the Participant shall be treated as having terminated employment on his date of death. If the Employer maintains other retirement programs, all Employees covered under such other plans who die under similar conditions must be credited with service and benefits on reasonably equivalent terms. In determining the amount of After-Tax Contributions to be made on behalf of a Participant hereunder, if any, such conditions shall be based on the Participant's average actual After-Tax Contributions for (a) the 12-consecutive-month period of service with his Employer immediately preceding his period of qualified military service, or (b) if the Participant has fewer than 12 months of service with his Employer prior to such military service, his actual length of continuous service with his Employer prior to such military service.

If selected by the Employer in the Adoption Agreement, if a Participant who is absent from employment as an Employee because of military service becomes disabled after December 31, 2006, or such later date as selected by the Employer in the Adoption Agreement, such that he cannot return to employment with his

Employer, while performing qualified military service (as defined in Code Section 414(u)), he shall be treated as having returned to employment as an Employee on the day immediately preceding the date he became disabled (the "disability date") for purposes of determining his eligibility for and the amount of any contributions to be made to his Account under this Section for his period of military leave. For this purposes, the Participant shall be treated as having terminated employment on his disability date. If the Employer maintains other retirement programs, all Employees covered under such other plans who become disabled under similar conditions must be credited with service and benefits on reasonably equivalent terms. In determining the amounts of After-Tax Contributions, if any, to be made on behalf of a Participant hereunder, such contributions shall be based on the Participant's average actual After-Tax Contributions for (a) the 12-consecutive-month period of service with his Employer immediately preceding his period of qualified military service, or (b) if the Participant has fewer than 12 months of service with his Employer prior to such military service, his actual length of continuous service with his Employer prior to such military service.

9. Section VI is added to the Appendix to the Base Plan Document of the Plan as follows:

SECTION VI
SPECIAL PROVISIONS APPLICABLE TO
2009 MINIMUM REQUIRED DISTRIBUTION

Notwithstanding any provision of the Plan to the contrary, if elected by the Employer in the Adoption Agreement, a Participant or Beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of Code Section 401(a)(9)(H) ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2009 RMDs or (2) one or more payments in a series of substantially equal distributions (which include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's designated beneficiary, or for a period of at least 10 years ("Extended 2009 RMDs"), will either, as elected by the Employer in the Adoption Agreement: (I) receive those distributions for 2009 unless the Participant or Beneficiary chooses not to receive such distributions, and the Participant or Beneficiary will be given the opportunity to elect to stop receiving those distributions, or (II) not receive those distributions for 2009 unless the Participant or Beneficiary chooses to receive such distributions, and the Participant or Beneficiary will be given the opportunity to elect to receive such distributions. A direct rollover will be offered only for distributions that would be eligible rollover distributions without regard to Code Section 401(a)(9)(H), except that, notwithstanding Section 16.4, and solely for purposes of applying the direct rollover provisions of the Plan, if the Employer elects in the Adoption Agreement that either (i) 2009 RMDs and Extended 2009 RMDs or (ii) 2009 RMDs, but only if paid with an additional amount that is an eligible rollover distribution without regard to Code Section 401(a)(9)(H), will also be treated as eligible rollover distributions, such distributions will be treated as eligible rollover distributions.

BOTH THE SUPPLEMENTAL AMENDMENT NO. 1 TO THE PDS ADVANTAGE™ VOLUME SUBMITTER 401(K) SAVINGS/PS PLAN ADOPTION AGREEMENT NO. 001 AND THE SUPPLEMENTAL AMENDMENT NO. 1 TO THE PDS ADVANTAGE™ GOVERNMENT 401(A) PLAN BASE PLAN DOCUMENT NO. 1 ARE HEREBY ADOPTED BY THE EMPLOYER AS EVIDENCED BY THE SIGNATURE BELOW.

EXECUTED AT _____,

_____, this _____ day of _____ 20 _____.

City of Chattanooga, Tennessee

By: _____

Title: _____