



MEMORANDUM

TO: Supplemental Retirement Board of Trustees

FROM: Reid Chisholm, Assistant General Counsel

DATE: August 22, 2024

SUBJECT: Amendments to the NC 401(k) and NC 457 Plans and the *Policy on Participation and Beneficiaries*

Staff requests amendments to the [NC 401\(k\) Plan](#), the [NC 457 Plan](#), and the [Policy on Participation and Beneficiaries](#), as described below.

Expanded eligibility for the NC 401(k) Plan (Attachments 1 and 2)

Recently enacted state legislation expanded eligibility for the NC 401(k) Plan. Session Law 2024-1 modified several aspects of Session Law 2023-134, which restructured the University of North Carolina Health Care System (UNC Health Care) and ECU's health care operations. One of the provisions in Session Law 2024-1 made employees of the University of North Carolina Health Care System (UNC Health Care) eligible for the NC 401(k) Plan.

Prior to this year, UNC Health Care employees were eligible for the NC 401(k) Plan as members of the Teachers' and State Employees' Retirement System (TSERS) or the University of North Carolina's Optional Retirement Plan (ORP). However, Session Law 2023-134 eliminated TSERS eligibility for UNC Health Care employees hired on or after January 1, 2024. In addition, UNC Health Care has the option to replace ORP with a new retirement plan. Therefore, the provision in Session Law 2024-1 preserves NC 401(k) Plan eligibility for new UNC Health Care employees apart from membership in TSERS or ORP.

Session Law 2024-8 included a provision proposed by the Department of State Treasurer (DST) to bring eligibility for the NC 401(k) Plan in line with the NC 457 Plan. All employees, whether full-time or part-time, of the following types of the employers are now eligible for the NC 401(k) Plan:

1. Employers that already have some employees who are eligible for the NC 401(k) Plan (e.g., an employer that has some employees who are in TSERS and some who are not); and
2. Employers that elect to participate in the NC 401(k) Plan even though none of its employees is otherwise eligible to participate in the plan (e.g., a local government that

does not participate in the Local Governmental Employees' Retirement System (LGERS) or otherwise provide a defined benefit pension to its employees).

As part of the eligibility expansion in Session Law 2024-8, employers that provide employer contributions are not required to provide the same, or any, employer contributions to the newly eligible employees in #1 and #2.

Attachment 1 includes excerpts from Session Laws 2024-1 and 2024-8.

As part of incorporating Session Laws 2024-1 and 2024-8 into the NC 401(k) Plan, the plan's eligibility provisions were updated more generally to track state statutes and the current structure of the plan.

Amendments to the NC 401(k) Plan's eligibility provisions are in Attachment 2.

Increased catch-up contributions limit for ages 60-63 (Attachment 3)

The SECURE 2.0 Act increased the limit for catch-up contributions for participants who are between 60 and 63 years old. Effective January 1, 2025, the catch-up contribution limit is 150% of the standard catch-up contributions limit for 2024. The standard catch-up contributions limit, which applies to participants age 50 and older, is \$7,500 in 2024. Beginning in 2026, the new limit for ages 60-63 will be adjusted for inflation in a similar manner as the standard limit. The amendments to the NC 401(k) and NC 457 Plans in Attachment 3 incorporate the new catch-up contributions limit for ages 60-63.

Tiered matching contributions in the NC 401(k) Plan (Attachment 4)

The NC 401(k) Plan generally requires uniform employer contributions, whether in terms of the dollar amount or percentage of compensation. However, tiered matching contributions allow an employer to increase or decrease its match as employees contribute higher percentages of their compensation. For example, assume an employee contributes five percent of compensation to the NC 401(k) Plan. For the first three percent of compensation contributed by the employee, the employer matches the employee's contribution dollar for dollar. For the remaining two percent of compensation contributed by the employee, the employer matches the employee's contribution only 50 cents on the dollar.

Staff supports tiered matching contributions in the NC 401(k) Plan as a way to provide more flexibility to employers while preserving the plan's fundamental principle of offering employer contributions on a uniform basis. The amendment in Attachment 4 permits an employer to implement tiered matching contributions based on the percentage of compensation contributed by employees, subject to the following restrictions:

1. Only two tiers may be used – one for employee contributions up to a certain percentage of compensation and another for greater contribution percentages, up to a maximum;
2. The match must decrease from the lower employee contribution tier to the higher; and
3. The match and the tiers must be the same for all employees.

Loans (Attachment 5)

Participants are prohibited from having more than one loan outstanding at any time in either the NC 401(k) Plan or the NC 457 Plan. A defaulted loan that has been "deemed distributed" for tax purposes counts as an outstanding loan (and therefore, prohibits another loan from the same plan) unless (1) the participant repays the loan with accrued interest; or (2) the loan is offset. Offset acts like an actual distribution and reduces a participant's plan account balance. In the

NC 401(k) and NC 457 Plans, “deemed distributed” loans are offset when a participant is entitled to take a withdrawal from the plans (e.g., separation from employment).

The amendments in Attachment 5 bring the loan provisions in the plan documents in line with the Policy on Loans and the longstanding operation of the plans.

Removal of prior compliance amendments (Attachment 6)

Last year, the Board adopted two retroactive amendments to the NC 401(k) Plan as part of correcting errors made by two employers. One employer used an improper formula to calculate employer matching contributions, as well as using an incorrect definition of “Compensation.” The other employer failed to permit employee deferrals in all of its annual payroll periods. The compliance amendments, which are Appendices B and C and several corresponding changes in the plan document, were approved by the Internal Revenue Service as part of the Department’s Voluntary Compliance Program filing.

The amendments have no ongoing effect in the NC 401(k) Plan and can be removed. The removal of the prior compliance amendments is in Attachment 6.

Disaster-related recontributions and distributions (Attachment 7)

The SECURE 2.0 Act streamlines the process for participants to access retirement funds when they suffer losses resulting from a federally declared major disaster (such as a natural disaster). Instead of a case-by-case approach, the SECURE 2.0 Act allows retirement plans to establish a standard, ongoing distribution option to cover up to \$22,000 of economic losses for each federally declared major disaster. Participants are also permitted to recontribute these disaster related distributions within three years.

Policy on Participation and Beneficiaries (Attachment 8)

Staff requests minor correction of the *Policy on Participation and Beneficiaries* as shown in Attachment 8. The correction reflects the intent and implementation of the policy.

Recommendation

Staff recommends the Board adopt the amendments to the NC 401(k) and NC 457 Plans and the *Policy on Participation and Beneficiaries* in Attachments 1-8.

ATTACHMENT 1
2024 Statutory Changes to the NC 401(k) Plan Statutes

Session Law 2024-1, Section 1.7.(k) (Enacted May 15, 2024. Effective July 1, 2023)

...
CORRECTIONS PERTAINING TO THE UNIVERSITY OF NORTH CAROLINA (UNC) HEALTH CARE SYSTEM AND EAST CAROLINA UNIVERSITY (ECU)
...

SECTION 1.7.(k) G.S. 135-92(a) reads as rewritten:

“(a) The membership eligibility of the Supplemental Retirement Income Plan shall consist of any of the following individuals who voluntarily elect to enroll in the Plan:

...
(9) Employees of the University of North Carolina Health Care System.”

Session Law 2024-8, Sections 7.(a) and 7.(b)

...
PART VII. EXPAND ELIGIBILITY FOR PARTICIPATION IN THE NORTH CAROLINA 401(K) SUPPLEMENTAL RETIREMENT INCOME PLAN

SECTION 7.(a) G.S. 135-92(a) reads as rewritten:

“(a) The membership eligibility of the Supplemental Retirement Income Plan shall consist of any of the following individuals who voluntarily elect to enroll in the Plan:

...
(10) Part-time and full-time employees of an employer that has one or more employees eligible for the Plan pursuant to subdivisions (1) through (9) of this subsection.

(11) Part-time and full-time employees of a State agency or institution, or any of its political subdivisions, that, with the consent of the Board of Trustees, has elected to allow its employees to enroll in the Plan.”

SECTION 7.(b) G.S. 135-93(b) reads as rewritten:

“(b) The State and any of its political subdivisions may make contributions to the Supplemental Retirement Income Plan on behalf of any of its members, provided these contributions are nondiscriminatory in accordance with the Internal Revenue Code of 1954 as amended, and are duly appropriated by their governing bodies, and the contributions are held in the member's account. An employer may make contributions to the Plan on behalf of its members who are eligible for the Plan under subdivisions (1) through (9) of G.S. 135-92(a) without making the same, or any, contributions on behalf of members who are eligible under subdivisions (10) and (11) of G.S. 135-92(a) and doing so shall not be considered out of compliance with this subsection. Employer contributions to the Plan are declared expenditures for a public purpose.”

SECTION 7.(c) This section is effective January 1, 2025.

ATTACHMENT 2
Amendments to Eligibility for the NC 401(k) Plan

Part I

Section 1.13 (Employee) is deleted in its entirety and replaced with the following:

1.13 “Employee” means

- (a) Members of the Teachers’ and State Employees’ Retirement System;
- (b) Members of the Consolidated Judicial Retirement System;
- (c) Members of the Legislative Retirement System;
- (d) Members of the Local Governmental Employees’ Retirement System;
- (e) Law enforcement officers as defined under N.C.G.S. § 143-166.30 and N.C.G.S. § 143-166.50;
- (f) Participants in the Optional Retirement Program provided for under N.C.G.S. § 135-5.1;
- (g) Members of retirement and pension plans sponsored by political subdivisions of the State of North Carolina so long as such plans are qualified under Section 401(a) of the Code;
- (h) A person who is required by the Code to be eligible to become a Member of the Plan;
- (i) Effective January 1, 2024, employees of the University of North Carolina Health Care System;
- (j) Effective January 1, 2025, part-time and full-time employees of an Employer that has one or more employees eligible for the Plan pursuant to subsections (a) through (i) of this Section 1.13; and
- (k) Effective January 1, 2025, part-time and full-time employees of a State of North Carolina agency or institution, or any of its political subdivisions, that, with the consent of the Board, has elected to allow its employees to enroll in the Plan.

Part II

The following is added as a new subsection (f) to Section 3.02 (Special Contributions):

- (f) Effective January 1, 2025, notwithstanding subsections (a)-(d) of this Section 3.02, an Employer may make Special Contributions to the Plan on behalf of its Employees who are eligible for the Plan under subsections (a) through (i) of Section 1.13 without making the same, or any, contributions on behalf of its Employees who are eligible under subsections (j) and (k) of Section 1.13.

Part III

Section 1.22 (Plan) is amended as follows:

1.22 “Plan” means the Supplemental Retirement Income Plan of North Carolina established under the Supplemental Retirement Plan Act of 1984, as amended, N.C.G.S. Chap. 135, Art. 5, which is comprised of

- ~~(a) Part “A” covering Employees who meet the requirements provided in item 1 of Appendix A;~~
- ~~(b) Part “B” covering Employees who meet the requirements provided in item 2 of Appendix A; and~~

~~(c) — Part “C” covering Employees who meet the requirements provided in item 3 of Appendix A,~~

as set forth in this document or as amended from time to time.

Part III

Sections 3.02(a) and (b) are amended as follows:

- (c) With respect to Employees who are ~~law enforcement officers and are~~ Members or eligible to become Members as law enforcement officers under Section 1.13(e) of Part “B” or Part “C”, the Employer shall contribute to the Plan on behalf of each such Member or eligible Member an amount equal to such percentage, as determined by the General Assembly, of Compensation received while a law enforcement officer during such Plan Year. These contributions shall be made at least monthly and shall be promptly paid to the Trustee by the Employer. In addition, any contributions, plus earnings thereon, made by an Employer under this paragraph on account of a mistake of fact and remaining in the Plan after application of the provisions of Section 3.07 shall be allocated as of a date determined by the Primary Administrator on behalf of each Employee who is a law enforcement officer and is a Member or eligible Member on such date on a per capita basis, in equal shares.
- (d) With respect to Employees who ~~are law enforcement officers (not including Sheriffs)~~ and are Members or eligible to become Members as law enforcement officers under Section 1.13(e) (not including Sheriffs) of Part “B” or Part “C”, there shall be contributed to such Plan on behalf of each such Member or eligible Member on a per capita basis, in equal shares, an amount equal to a division, as determined by the General Assembly, of receipts collected under North Carolina General Statute 7A-304 on account of the assessed cost of court while a Member during such Plan Year. In addition, any contributions, plus earnings thereon, made by an Employer under this paragraph on account of a mistake of fact and remaining in the Plan after application of the provisions of Section 3.07 shall be allocated as of a date determined by the Primary Administrator on behalf of each Employee who is a law enforcement officer (not including Sheriffs) and is a Member or eligible Member on such date on a per capita basis, in equal shares.

Part IV

Appendix A is deleted in its entirety.

ATTACHMENT 3
Amendments to Catch-Up Contributions for Ages 60-63

NC 401(k) Plan

Section 3.01(b) of the NC 401(k) Plan is amended as follows:

- (b) Effective for taxable years beginning after December 31, 2001, a Member who is eligible to make Deferred Cash Contribution under Section 3.01(a) of the Plan and who has attained or will attain age 50 by the last day of the taxable year may elect, in accordance with procedures prescribed by the Primary Administrator, to make Catch-Up Contributions for that taxable year in accordance with and subject to the limitations of Section 414(v) of the Code. Effective for taxable years beginning after December 31, 2024, a Member who is eligible to make Deferred Cash Contribution under Section 3.01(a) of the Plan and who has attained or will attain age 60 but has not attained nor will attain age 64 by the last day of the taxable year may elect, in accordance with procedures prescribed by the Primary Administrator, to make Catch-Up Contributions for that taxable year up to the "adjusted dollar amount" in Section 414(v)(2)(E)(i) in accordance with and subject to the limitations of Section 414(v) of the Code. Such Catch-Up Contributions shall be subject to the following special rules:
- (i) A Member's Catch-Up Contributions shall not be taken into account for purposes of applying the limitations under Sections 402(g) and 415 of the Code.
 - (ii) The determination of whether a Deferred Cash Contribution under this Section constitutes a Catch-Up Contribution for any taxable year shall be determined as of the end of such taxable year, in accordance with Section 414(v) of the Code. Deferred Cash Contributions that are intended to be Catch-Up Contributions for a taxable year but which do not qualify as Catch-Up Contributions as of the end of the taxable year shall be treated for all purposes under the Plan as Deferred Cash Contributions made under Section 3.01(a).
 - (iii) In the event that the sum of a Member's Catch-Up Contributions and similar contributions to any other qualified defined contribution plan maintained by the Employer exceeds the dollar limit on Catch-Up Contributions under Section 414(v) of the Code for any taxable year as in effect for such taxable year, the Member shall be deemed to have elected a return of the Catch-Up Contributions in excess of the limit under Section 414(v) of the Code and such amount shall be treated in the same manner as "excess deferrals" under Section 3.01(e).
 - (iv) If a Member makes Catch-Up Contributions under a qualified defined contribution plan maintained by an employer other than the Employer and/or Code Section 403(b) plan for any taxable year and those contributions when added to his Catch-Up Contributions exceed the dollar limit on Catch-Up Contributions under Section 414(v) of the Code for that taxable year, the Member may allocate all or a portion of such "excess Catch-Up Contributions" to this Plan. In the event such Member notifies the Administration of the "excess Catch-Up Contributions" in the same manner as is required for allocated "excess deferrals" under Section 3.01(d), such

"excess Catch-Up Contributions" shall be distributed in the same manner as "excess deferrals" under Section 3.01(f).

- (v) The Employer shall not take a Member's Catch-Up Contributions into account for purposes of determining the amount of Special Contributions under Section 3.02.
- (vi) A Member's Catch-Up Contributions shall be subject to the same withdrawal and distribution restrictions as Deferred Cash Contributions made under Section 3.01(a).

NC 457 Plan

Section 4.2(a) of the NC 457 Plan is amended as follows:

(a) **Catch-up Contributions for Participants Age 50 and Over and Age 60-63.** For a Participant who will attain the age of 50 before the close of the taxable year, and with respect to whom no other elective deferrals may be made to the Plan for the Plan Year by reason of the Normal Limitation of Section 4.1, the Maximum Deferral Amount is increased above the Normal Limitation in an amount not to exceed the lesser of (1) the applicable dollar amount as defined in Code § 414(v)(2)(B), as adjusted for the cost-of-living in accordance with Code § 414(v)(2)(C) (\$6,000 for Plan Year 2017); or (2) the excess (if any) of the Participant's compensation (as defined in Code § 415(c)(3)) for the year over any other elective deferrals of the Participant for such year that are made without regard to this Section 4.2(a). An additional contribution made pursuant to this Section 4.2(a) shall not, with respect to the year in which the contribution is made, be subject to any otherwise applicable limitation contained in Code § 457(e)(15), or be taken into account in applying such limitation to other contributions or benefits under the Plan or any other plan. Notwithstanding the foregoing, for purposes of applying the limitations set forth in Code § 414(v)(2), all plans maintained by the Employer that are described in Code § 414(v)(6)(A)(iii) shall be treated as a single plan. This Section 4.2(a) shall not apply in any taxable year in which the contribution amount permitted by Section 4.2(b) exceeds the contribution amount permitted by this Section 4.2(a). Effective for taxable years beginning after December 31, 2024, for a Participant who, before the close of the taxable year, has attained or will attain age 60 but has not attained nor will attain age 64, the phrase "applicable dollar amount as defined in Code § 414(v)(2)(B)" in part (1) above shall be replaced with "adjusted dollar amount in Section 414(v)(2)(E)(i)."

ATTACHMENT 4
Amendment for Tiered Matching Contributions in the NC 401(k) Plan

The current Section 3.02(b) of the NC 401(k) Plan is renumbered as Section 3.02(b)(i), and the following provision is added as Section 3.02(b)(ii):

Notwithstanding any restriction in this Section 3.02(b)(i), the percentage of an Employee's Deferred Cash Contributions used to calculate matching contributions pursuant to Section 3.02(b)(i) (the "Matching Percentage") may vary for different tiers of an Employee's Deferred Cash Contributions (the "Deferral Tiers"). The Employer may establish no more than two Deferral Tiers. The first Deferral Tier is for Deferred Cash Contributions up to a percentage of an Employee's Compensation set by the Employer (the "Threshold"). The second Deferral Tier is for Deferred Cash Contributions above the Threshold, up to a maximum percentage of an Employee's Compensation (the "Maximum"). The Matching Percentage for the Second Tier must be lower than the Matching Percentage for the First Tier. The Matching Percentages, Deferral Tiers, Threshold, and Maximum must be the same for all Employees.

ATTACHMENT 5
Amendments to the Loan Provisions of the NC 401(k) and NC 457 Plans

NC 401(k) Plan

Section 8.02(a) of the NC 401(k) Plan is amended as follows:

- (a) In addition to such rules and regulations as the Primary Administrator may adopt, all loans shall comply with the following terms and conditions:

...

- (viii) Only one loan may be outstanding at any given time. For purposes of this limit, an outstanding loan includes a loan for which a “deemed distribution” has occurred following the Member’s default and pursuant to Treas. Reg. §1.72(p)-1, unless the Member repays the outstanding balance of the defaulted loan (including accrued interest through the date of repayment) or the loan is offset.
- ~~(ix) — Effective January 1, 2004, if at the time a loan is to be issued to a Member a prior loan has been deemed distributed to the Member and not repaid, a new loan may only be issued to a Member if the Member enters into an agreement, enforceable under law that requires repayment by payroll withholding.~~

NC 457 Plan

Section 9.2(d) of the NC 457 Plan is amended as follows:

Section 9.2(d): Number of Loans. Only one loan from the Plan may be outstanding at any given time. For purposes of this limit, an “outstanding loan” includes a loan for which a “deemed distribution” has occurred, following the Participant’s default and pursuant to Treas. Reg. §1.72(p)-1, unless the Participant repays the outstanding balance of the defaulted loan (including accrued interest through the date of repayment) or the loan is offset.

ATTACHMENT 6
Removal of Prior Compliance Amendments

The NC 401(k) Plan is amended as follows:

1. Appendix B and Appendix C are deleted in their entirety.
2. The opening clause of Section 1.08 is amended to read “**Compensation**’ means, ~~except as provided in Appendix B,~~ all salaries and wages...”
3. The opening clause of Section 3.02(b) is amended to read “~~Except as provided in Appendix B, t~~Ihe Employer may make Special Contributions...”

ATTACHMENT 7
Disaster-Related Recontributions and Distributions

The amendments to the NC 401(k) Plan and the NC 457 Plan in this attachment are effective as of the date that Empower is able to process the recontributions and distributions described in the amendments.

NC 401(k) Plan

The following provision is added as Section 3.12 (Recontributions Related to Qualified Disasters):

3.12 Recontributions Related to Qualified Disasters

- (a) Recontributions of Qualified Disaster Recovery Distributions. If a Member receives a “qualified disaster recovery distribution” (as defined in Section 72(t)(11) of the Code, a “QDRD”) from the Plan or another eligible retirement plan (as defined in Section 402(c)(8)(B) of the Code), the Member may contribute to the Plan, as one or more rollovers, a total amount not in excess of the amount of such QDRD, within three years of the date following the date on which the QDRD was received. The contribution of a QDRD to the Plan is subject to Section 72(t)(11)(C) of the Code (and any U.S. Treasury regulations thereunder) and the procedures and restrictions of the Primary Administrator and the Third-Party Administrator. A Member who recontributes a QDRD to the Plan will be treated as having received the distributions in an eligible rollover distribution and as having transferred the amount to the Plan in a direct trustee-to-trustee transfer within 60 days of the distribution. A Member must be eligible to make rollover contributions to the Plan in order to recontribute a QDRD.

- (b) Recontributions of Qualified Distributions for Home Purchases. If a Member receives a “qualified distribution” (as defined in Section 402(c)(13)(B) of the Code, “QDHP”) from the Plan or another plan, the Member may contribute to the Plan, as one or more rollovers, a total amount not in excess of the amount of such QDHP, within the “applicable period” (as defined in Section 72(t)(8)(F)(iii)). The contribution of a QDHP to the Plan is subject to Section 402(c)(13) of the Code (and any U.S. Treasury regulations thereunder) and the procedures and restrictions of the Primary Administrator and the Third-Party Administrator. A Member who recontributes a QDHP to the Plan will be treated as having received the distributions in an eligible rollover distribution and as having transferred the amount to the Plan in a direct trustee-to-trustee transfer within 60 days of the distribution. A Member must be eligible to make rollover contributions to the Plan in order to recontribute a QDHP.

Section 7.06 (Hurricane Sandy Relief) is deleted in its entirety and replaced with the following:

7.06 Qualified Disaster Recovery Distributions

Notwithstanding Section 7.01, a Member may elect to withdraw one or more QDRDs (as defined in Section 3.12(a)), subject to Section 72(t)(11)(C) of the Code (and any U.S. Treasury regulations thereunder) and the procedures and

restrictions of Section 7.03, the Primary Administrator, and the Third-Party Administrator. The total amount of QDRDs taken by a Member from the Plan and the North Carolina Public Employee Deferred Compensation Plan with respect to any “qualified disaster” (as defined in Section 72(t)(11)(E) of the Code) shall not exceed a combined maximum of \$22,000.

Section 7.07 (IRS Relief Events) is deleted in its entirety.

Sections 7.08 (Withdrawal from Rollover Account) and 7.09 (Coronavirus-related Distributions) are renumbered as Sections 7.07 and 7.08, respectively, and any conforming changes to such references throughout the plan document are updated accordingly.

NC 457 Plan

The last sentence of Section 5.1(a) (Post-Severance Event Distribution) is amended as follows:

Unless otherwise permitted by the Plan Administrator, a Participant’s distribution request shall be paid no sooner than 60 days following termination of employment, unless the Participant (1) has retired; (2) is eligible for a distribution under Section 5.1(b), 5.6, ~~or 5.8~~, or 5.14; or (3) is required by the Code, Treasury Regulations, or the provisions of the Plan to take a distribution.

Section 5.6(c) (IRS Relief Events) is deleted in its entirety.

The following provision is added as Section 5.14 (Qualified Disaster Recovery Distributions):

5.14 Qualified Disaster Recovery Distributions

Notwithstanding Section 5.1(b), a Participant may elect to withdraw a QDRD (as defined in Code § 72(t)(11), a “QDRD”), subject to Code § 72(t)(11)(C) (and any U.S. Treasury regulations thereunder) and the procedures and restrictions the Plan Administrator and the Third-Party Administrator. The total amount of QDRDs taken by a Member from the Plan and the Supplemental Retirement Plan of North Carolina with respect to any “qualified disaster” (as defined in Code § 72(t)(11)(E)) shall not exceed a combined maximum of \$22,000.

The following provision is added as Section 6.7 (Recontributions Related to Qualified Disasters):

6.7 Recontributions Related to Qualified Disasters

- (a) Recontributions of Qualified Disaster Recovery Distributions. If a Participant receives a QDRD (as defined in Section 5.14) from the Plan or another eligible retirement plan (as defined in Section 402(c)(8)(B) of the Code), the Participant may contribute to the Plan, as one or more rollovers, a total amount not in excess of the amount of such QDRD, within three years of the date following the date on which the QDRD was received. The contribution of a QDRD to the Plan is subject to Section 72(t)(11)(C) of the Code (and any U.S. Treasury regulations thereunder) and the procedures and restrictions of the Primary Administrator and the Third-Party Administrator. A Participant who recontributes a QDRD to the Plan will be treated as having received the distributions in an eligible rollover distribution and as having transferred the amount to the Plan in a direct

trustee-to-trustee transfer within 60 days of the distribution. A Participant must be eligible to make rollover contributions to the Plan in order to recontribute a QDRD.

- (b) Recontributions of Qualified Distributions for Home Purchases. If a Participant receives a “qualified distribution” (as defined in Section 402(c)(13)(B) of the Code, “QDHP”) from a retirement plan, the Participant may contribute to the Plan, as one or more rollovers, a total amount not in excess of the amount of such QDHP, within the “applicable period” (as defined in Section 72(t)(8)(F)(iii)). The contribution of a QDHP to the Plan is subject to Section 402(c)(13) of the Code (and any U.S. Treasury regulations thereunder) and the procedures and restrictions of the Primary Administrator and the Third-Party Administrator. A Participant who recontributes a QDHP to the Plan will be treated as having received the distributions in an eligible rollover distribution and as having transferred the amount to the Plan in a direct trustee-to-trustee transfer within 60 days of the distribution. A Participant must be eligible to make rollover contributions to the Plan in order to recontribute a QDHP.

ATTACHMENT 8
Amendment to the Policy on Participation and Beneficiaries

Section 4, "Beneficiaries," of the *Policy on Participation and Beneficiaries* is amended as follows:

4. If a participant designates two or more beneficiaries, then the participant must provide a percentage of the participant's account that each beneficiary shall receive. If the percentages are not provided by the participant beneficiary, then the beneficiaries shall receive equal shares. If the percentages do not equal 100%, then the beneficiary designations are invalid and will not replace the current beneficiary designations, if any, that are on file with the recordkeeper.