

**STATE UNIVERSITIES RETIREMENT SYSTEM  
SECOND RESTATEMENT OF THE SELF-MANAGED PLAN**

Effective January 1, 2014

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**STATE UNIVERSITIES RETIREMENT SYSTEM  
SECOND RESTATEMENT OF THE SELF-MANAGED PLAN**

**ARTICLE I: ESTABLISHMENT OF PLAN**

The Board of Trustees (the “Board”) of the State Universities Retirement System hereby restates the Self-Managed Plan established on April 1, 1998 (hereinafter, “the Plan”), in this Plan Document (hereinafter, “the Second Restatement”) effective as of January 1, 2014. The Second Restatement incorporates the Restatement of the Self-Managed Plan (hereinafter, “the First Restatement”), effective as of January 1, 2006, as amended by Amendment One to the Restatement of the Self-Managed Plan, adopted February 8, 2012, and Amendment Two to the Restatement of the Self-Managed Plan, adopted June 15, 2012 to the extent such First Restatement, as amended, is not explicitly or implicitly amended or repealed under this Second Restatement. The State Universities Retirement System is the sponsor of the Plan. Prior to the establishment of this Plan, the System maintained a qualified defined benefit pension plan as its sole retirement program. Illinois Public Act 90-448 requires the System to maintain a qualified defined contribution plan alternative in addition to the defined benefit plan. With respect to those Employees who have been participants in the System’s defined benefit plan and who elect to participate in the Self-Managed Plan in accordance with the provisions of Article III of this document, the Self-Managed Plan shall be treated as a spinoff and continuation of the System’s defined benefit plan and all service and participation with the System that are credited under the defined benefit plan shall continue to be credited under the Self-Managed Plan.

This Second Restatement, along with the provisions of Articles 1, 15, and 20 of the Illinois Pension Code (40 ILCS 5/1, 15, and 20) that are of general application with respect to the retirement programs administered by the Board, sets forth the provisions of the Plan. The Plan is intended to be a qualified money purchase pension plan under Internal Revenue Code Section 401(a) and a governmental plan under Internal Revenue Code Section 414(d). The assets of the Plan are maintained under the trust administered by the Board pursuant to the applicable provisions of the Illinois Pension Code and shall be held for the exclusive benefit of Participants and their Beneficiaries. Except as provided in Section 8.5, no part of the corpus or income of the plan shall revert to any Employer or be used for or diverted to purposes other than the exclusive benefit of Participants and their Beneficiaries.

**ARTICLE II: DEFINITIONS**

2.1 Accounts are defined in Section 5.1.

2.2 Annual Additions means the Plan Contributions credited to a Participant’s Accounts for a Limitation Year. Annual Additions shall not include any transferred amounts or rollover contributions described in Sections 4.5 and 4.6, or any amounts paid or repaid to the Plan to reinstate prior service as provided in Section 6.2.

2.3 Basic Compensation means the gross basic rate of salary or wages payable by an Employer, including the value of maintenance, board, living quarters, personal laundry or other allowances furnished in lieu of salary which are considered gross income under the Code, the employee contributions required hereunder, and the amount paid by any employer to a custodial account for investment in regulated investment company stocks for the benefit of the employee pursuant to “An Act in relation to payments to custodial accounts for the benefit of employees of public institutions of higher education,” approved September 9, 1983, and the amount of the premium payable by any Employer to an insurance company or companies on an annuity contract, pursuant to the Employee’s election to accept a reduction in earnings or forego an increase in earnings under Section 30c of “An Act in relation to State Finance,” approved June 10, 1919, as amended, or a tax-sheltered annuity plan approved by any employer. Basic compensation does not include (1) salary or wages for overtime or other extra service; (2) prospective salary or wages under a summer teaching contract not yet entered upon; and (3) overseas differential allowances and transportation allowances paid by an Employer under a contract with the federal government or its agencies for services rendered in other countries. If an Employee elects to receive in lieu of cash salary or wages, fringe benefits which are not taxable under the Code, the amount of the cash salary or wages which is waived shall be included in determining basic compensation.

2.4 Beneficiary generally means a Participant’s surviving spouse. However, if the Participant is not married, or if the Participant is married but his spouse consents to the designation of a person other than the spouse in accordance with the provisions of Article VII, the term Beneficiary shall mean such person or persons as the Participant designates to receive any benefits payable upon his death. Such designation may be made, revoked or changed (without the consent of any previously-designated Beneficiary except his spouse) only by an instrument signed by the Participant and filed with the System prior to his death. A Participant may designate primary and contingent beneficiaries. If a Participant fails to designate a Beneficiary, or if the designated Beneficiary of a Participant dies before him or before complete payment of the Participant’s benefits, the Participant’s Beneficiary shall be his surviving spouse, or, if none, his estate.

2.5 Board means the System’s Board of Trustees.

2.6 Certification Date means the date on which an individual is first employed by the Employer as an Eligible Employee, as certified by the Employer to the System.

2.7 Code means the Internal Revenue Code of 1986, as amended.

2.8 Currently Eligible Employee is defined in Section 3.1(a).

2.9 Earnings means the amount paid to an Employee from an Employer for personal services equal to the sum of the Basic Compensation (as defined in Section 2.3) paid to such Employee by the Employer plus extra compensation for summer teaching, overtime or other extra service. For periods for which an Employee receives service credit under subsection (c) of Section 15-113.1 of the Illinois Pension Code or Section 15-113.2 of the Illinois Pension Code, Earnings are equal to the Basic Compensation on which contributions are paid by the Employee

during such periods. Compensation for employment which is irregular, intermittent and temporary shall not be considered Earnings, unless the individual is also receiving compensation from the Employer as an Employee under Section 15-107 of the Illinois Pension Code.

For payments made on or after January 1, 2009, differential wage payments, as defined under Code Section 414(u)(12), and payments to a Participant who does not currently perform services for an Employer by reason of qualified military service, as defined under Code Section 414(u)(1), to the extent those payments do not exceed the amounts the Participant would have received if the Participant had continued to perform services for the Employer rather than entering qualified military service, shall be Earnings and shall be compensation paid or made available during the limitation year for purposes of applying the limitations under Code Section 415.

The annual compensation of each participant taken into account in determining allocations for any plan year beginning after December 31, 2001, shall not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Code Section 401(a)(17)(B). Annual compensation means compensation during the plan year or such other consecutive 12-month period over which compensation is otherwise determined under the Plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year. In the case of a person who first began participating in the State Universities Retirement System before July 1, 1996, the dollar limitation under Code Section 401(a)(17) does not apply.

2.10 Eligible Employee means an individual who meets the eligibility requirements of Section 3.1 of this Plan and is either a Currently Eligible Employee or a Newly Eligible Employee. The term Eligible Employee shall not include any leased employee deemed to be an employee of the Employer under Code Section 414(n).

2.11 Eligible Employer means any Employer who has elected to offer this Plan to its employees. An Eligible Employer shall be required to provide written notification to the System in advance of the date as of which it will adopt this Plan and make it available to its Eligible Employees, which date may be the first day of any calendar year quarter commencing on or after April 1, 1998.

2.12 Employee means an individual who is an employee (as defined in Section 15-107 of the Illinois Pension Code) of an Employer.

2.13 Employer (or SURS Employer) means each employer subject to Article 15 of the Illinois Pension Code.

2.14 Employer Plan Contributions means contributions made by an Employer for its Eligible Employees participating under this Plan as described in Section 4.1(a).

2.15 Fund Sponsor means a bank, insurance company, regulated investment company or any other entity that provides Investment Funds available to Participants under this Plan and specifically approved by the System for use under this Plan.

2.16 Investment Funds means the mutual funds, collective investment funds, insurance company separate accounts, annuity contracts, or other investment vehicles made available to Participants for their investment of their Accounts in accordance with the provisions of Section 5.3.

2.17 Limitation Year means a calendar year.

2.18 Newly Eligible Employee is defined in Section 3.1(b).

2.19 Normal Retirement Age means age 55 for a participant with 8 or more years of service; means age 62 for a participant with at least 5 but less than 8 years of service; means age 50 for a participant with at least 25 years of service as a police officer or firefighter; and means any age for a person who retires with 30 years of service.

2.20 Participant means any Eligible Employee of an Employer who timely elects to participate in this Plan in accordance with the requirements of Article III of the Plan and the procedures established by the System and who has any amounts credited to him in an Account or Accounts under the Plan.

2.21 Participant Plan Contributions means the contributions required to be made by a Participant under Section 4.1(b) of this Plan.

2.22 Plan means the State Universities Retirement System Self-Managed Plan, the terms of which are set forth in this document, which has been established by the System to meet the requirements of the alternate retirement program for educational employees authorized under Section 15-158.2 of the Illinois Pension Code.

2.23 Plan Contributions means Employer and Participant Plan Contributions.

2.24 Plan Entry Date means the first day of the pay period following the date of election to participate in this Plan by persons who are Currently Eligible Employees and means the Certification Date for Newly Eligible Employees who elect to participate in this Plan.

2.25 Plan Year means a 12-consecutive-month period commencing on July 1 and ending on the following June 30.

2.26 System (or SURS) means the State Universities Retirement System, a retirement system established under Article 15 of the Illinois Pension Code.

2.27 SURS Traditional Benefit Package means the defined benefit retirement program administered by the Board under Article 15 of the Illinois Pension Code, disregarding the provisions of the portable benefit package described in Section 15-136.4 of the Illinois Pension Code.

2.28 SURS Portable Benefit Package means the defined benefit retirement program administered by the Board under Section 15-136.4 and other applicable sections of the Illinois Pension Code.

2.29 Years of Service of a Participant means the aggregate amount of service credit earned by the Participant during each academic year (as defined in Section 15-126.1 of the Illinois Pension Code), calculated in accordance with Section 15-134.1 of the Illinois Pension Code as follows:

<u>Length of Employment</u>	<u>Service Credit Earned</u>
15 or more calendar days in a month	1 month
1 or 2 months	¼ year
3 through 5 months	½ year
6 through 7 months	¾ year
8 through 12 months	1 year

If upon retirement a Participant elects to apply the provisions of the Retirement Systems Reciprocal Act as set forth in Article 20 of the Illinois Pension Code, his Years of Service shall include the service credited by the other participating retirement systems to which the Participant's election applies.

### **ARTICLE III: ELIGIBILITY FOR PARTICIPATION**

3.1 Eligibility. An Employee shall become eligible to participate in the Plan if he satisfies the eligibility requirements for a Currently Eligible Employee or a Newly Eligible Employee, as described in paragraphs (a) and (b) below, and he elects participation in accordance with the requirements of Sections 3.2 and 3.3. Participation shall begin on the Plan Entry Date applicable to the Eligible Employee, but no earlier than April 1, 1998.

- (a) A "Currently Eligible Employee" means each Employee of an Employer who is an active participant in the SURS Traditional Benefit Package on the effective date on which his Employer elects to make this Plan available to its employees, provided that the employee does not then have sufficient age and service to qualify for a retirement annuity under Section 15-135 of the Illinois Pension Code on such effective date.
- (b) A "Newly Eligible Employee" means any of the following:
  - i) If an individual was previously employed by a SURS Employer, retains service credit under the SURS Traditional Benefit Package, is not a Currently Eligible Employee and later becomes employed again by a SURS Employer who is an Eligible Employer, the individual will be a Newly Eligible Employee and will be eligible to elect participation in this Plan provided that on the date of such subsequent employment with an Eligible Employer he does not have sufficient age and service to qualify for a retirement annuity under Section 15-135 of the Illinois Pension Code.

- ii) An Employee who has no service credit under the SURS Traditional Benefit Package on the date his employment begins with an Eligible Employer will become a Newly Eligible Employee on his employment date.

### 3.2 Election to Participate.

- (a) A Currently Eligible Employee has one year from the date his Employer first offers this Plan to its employees to elect whether to participate in this Plan or the SURS Portable Benefit Package, and thereby cease participation in the SURS Traditional Benefit Package, or to remain in the SURS Traditional Benefit Package.
- (b) A Newly Eligible Employee has sixty days from his Certification Date to elect whether to participate in this Plan, or the SURS Portable Benefit Package (and, if applicable, thereby cease participation in the SURS Traditional Benefit Package), or to elect participation (or continued participation, as applicable) in the SURS Traditional Benefit Package.
- (c) Once made and filed with the System, an election to participate in this Plan or any of the other retirement programs administered by the System under Article 15 of the Illinois Pension Code is irrevocable.

3.3 Enrollment in Plan. To participate in this Plan, an Eligible Employee must complete the necessary enrollment forms and return them to the System. An employee who has been notified that he is eligible to participate but who fails to return properly completed enrollment forms within the applicable election period will be deemed to have elected not to participate in this Plan or the SURS Portable Benefit Package and will automatically be enrolled (or re-enrolled, as applicable) in the SURS Traditional Benefit Package.

3.4 Agreement to Plan Terms. An Eligible Employee who complies with the requirements and becomes a Participant is entitled to the benefits and is bound by all the terms, provisions, and conditions of this Plan, including any applicable amendments that, from time to time, may be adopted, and including the terms, provisions and conditions of any Investment Funds to which Plan Contributions for the Participant have been applied.

3.5 Reemployment. Once an individual becomes an Eligible Employee and elects participation in the Plan, he shall thereafter only be eligible for participation in this Plan during any period that he is employed by any Eligible Employer. A Participant who ceases to be employed by an Eligible Employer and who is later reemployed by the same or another Eligible Employer will immediately re-commence active participation in the Plan upon his subsequent employment date.

### 3.6 Termination of Participation.

- (a) An individual will remain a Participant under the Plan as long as any amounts are credited to his Accounts under the Plan; provided, however that a Participant will

cease to actively participate in the Plan, and no further contributions shall be made by or for him, when one of the following conditions occur:

- i) he ceases to be an Eligible Employee; or
  - ii) the Plan is terminated.
- (b) An Eligible Employee's participation in the SURS Traditional Benefit Package administered by the System under Article 15 of the Illinois Pension Code shall terminate on the date that participation in the Plan begins.

#### **ARTICLE IV: CONTRIBUTIONS**

4.1 Plan Contributions. Plan Contributions will be made for Eligible Employees who have satisfied the requirements of Article III in accordance with the schedule below. Plan Contributions for any Plan Year shall be credited to Participants' Accounts no later than the last day of the Plan Year for which the Plan Contributions are made.

- (a) Employer Plan Contributions. For the purposes of making Employer Plan Contributions that are allocated to Participants' accounts under this Plan and making contributions required to fund the disability benefits provided to Participants by the System under Article 15 of the Illinois Pension Code, Eligible Employers shall make contributions in an aggregate amount of 7.6% of the Earnings of Participants, with the contributions to the System to provide for disability benefits not exceeding 1% of Participants' Earnings. Prior to each Plan Year the System shall certify to the State of Illinois the respective amount of Employer Plan Contributions and disability contributions for such year.
- (b) Mandatory Participant Plan Contributions. While an active Employee, each Participant shall be required to make Participant Plan Contributions at the rate of 8% of Earnings. The Participant Plan Contributions required under this paragraph (b) are designated as employee contributions but are "picked up" by the Employer in lieu of being made by the Participant, in accordance with Code Section 414(h)(2). The pick-up amounts cannot be received directly by the Participant and are required to be made.
- (c) Voluntary Participant Plan Contributions. While an active Employee, each Participant shall be allowed to make additional voluntary Plan contributions for the purpose of purchasing additional service credit, as is provided for under Section 15-157(g) of the Illinois Pension Code.
- (d) Participant Rollover Contributions. A Participant, whether or not he or she is an active Employee, may make a rollover contribution to the Plan subject to the requirements under Section 4.6.

4.2 When Contributions Are Made. Plan Contributions will begin when the Employer has determined that the Participant has met or will meet the requirements of Article III. Any part of a year's Plan Contributions not contributed before this determination will be included in contributions made for that year after the determination. Employer Plan Contributions are required to be forwarded to the System from the State of Illinois monthly in accordance with the applicable provisions of the Illinois Pension Code and the State Pension Funds Continuing Appropriation Act. Participant Plan Contributions are required to be forwarded to the System from each Employer as soon as it is administratively feasible for the contributions to be segregated from the Employer's general assets. The System will forward all contributions received by it to the Fund Sponsors for investment in the Investment Funds as soon as practicable following the receipt of the contributions.

4.3 Maximum Annual Addition. The annual addition that may be contributed or allocated to a participant's account under the Plan for any limitation year shall not exceed the lesser of:

- (a) \$52,000, as adjusted for increases in the cost-of-living under Code Section 415(d), or
- (b) 100 percent of the participant's compensation, within the meaning of Code Section 415(c)(3), for the limitation year,

reduced by any Annual Additions for the Participant for such Limitation Year under any other qualified defined contribution plan of the Employer. The compensation limit referred to in (b) shall not apply to any contribution for medical benefits after separation from service (within the meaning of Code Section 401(h) or 419A(f)(2)) which is otherwise treated as an annual addition.

For the purpose of calculating the limits of Code Section 415, "compensation," subject to annual limits under Code Section 401(a)(17), means only those items of remuneration from the Employers specified in Treasury Regulation Section 1.415-2(d)(4) provided, however, that "compensation" shall include any elective deferrals (as defined in Code Section 402(g)(3)) and any amount which is contributed or deferred by the Employer at the election of the Participant and which is not includible in the gross income of the Participant by reason of Code Section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b), and shall exclude contributions that are picked up by the Employer under Code Section 414(h)(2). Amounts described in Treasury Regulation Sections 1.415(c)-2(e)(3)(ii) and (iii) are included in "compensation" if paid within the post-severance timing limitations prescribed under Treasury Regulation Sections 1.415(c)-2(e)(3)(i)(A) and (B).

For Limitation Years beginning before July 1, 2007, and only to the extent permissible under 1981 Treasury Regulation Section 1.415-6(b)(6), if the Annual Additions exceed the Section 415 limitations, the excess contributions will be held unallocated in a suspense account and will be applied to reduce Employer Plan Contributions in succeeding limitation years for that Participant or, if he is no longer covered by the Plan, for all remaining Participants.

4.4 Leave of Absence. During a paid leave of absence, Plan Contributions will continue to be made for a Participant from the compensation then being paid by the Employer. No Plan Contributions will be made during an unpaid leave of absence.

4.5 Transfer of Funds from SURS Traditional Benefit Package. If an Eligible Employee who has service credit under the SURS Traditional Benefit Package elects participation in this Plan, there shall be transferred directly to the Plan, as a tax-free transfer in accordance with Code requirements, the amounts described in this Section 4.5. Such transferred amounts shall be allocated to one or more Accounts for the benefit of the Eligible Employee. The amounts transferred to this Plan from the SURS Traditional Benefit Package shall be equal to the refund of contributions that the Eligible Employee would have been eligible to elect to receive under Section 15-154 of the Illinois Pension Code if he had terminated employment on such date, except that such hypothetical refund shall include interest at the effective rate for the respective years. Such hypothetical refund shall not include any employer contributions. The transferred funds shall be fully vested and nonforfeitable. The hypothetical refund of contributions calculated under this Section 4.5 as a result of an election to participate in this Plan shall only be transferred directly to the Plan and in no event shall an Eligible Employee be entitled to an actual refund of contributions from the SURS Traditional Benefit Package on account of such participation election.

4.6 Rollover Contributions. The Plan will accept participant rollover contributions and/or direct rollovers of distributions made after December 31, 2001, from the types of plans specified below, beginning on January 1, 2002.

The Plan will accept a direct rollover of an eligible rollover distribution from:

- a qualified plan described in Code Section 401(a) or 403(a), including after-tax employee contributions.
- an annuity contract described in Code Section 403(b), excluding after-tax employee contributions.
- 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.

The Plan will accept a participant contribution of an eligible rollover distribution from:

- a qualified plan described in Code Section 401(a) or 403(a).
- an annuity contract described in Code Section 403(b).
- 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.

The Plan will accept a participant rollover contribution of the portion of a distribution from an individual retirement account or annuity described in Code Section 408(a) or 408(b) that is eligible to be rolled over and would otherwise be includible in gross income. The rollover distribution made to this Plan must be made 1) directly from another plan; or 2) by the Participant within 60 days of the receipt of the distribution, and subject to such rules and procedures as are established by the Board. Rollover contributions shall be allocated to the Accounts of the Participant. Rollover contributions shall be fully vested and nonforfeitable at all times. Rollover contributions are not permitted from any excess benefit arrangements.

Subject to the rules and procedures established by the Board, the Participant may rollover an amount as described in Code Section 408(d)(3) (an "IRA Rollover"). If the Board discovers that all or part of an IRA Rollover did not meet the requirements of this subsection, the Board shall direct the distribution to the Participant of the nonqualified portion of the IRA Rollover that was credited to the Participants' account.

4.7 Uniformed Services. Notwithstanding any provision of this Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u). Effective January 1, 2007, in the case of a Participant who dies while performing qualified military service (as defined in Code Section 414(u)), the Beneficiary of the Participant shall be entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan had the Participant resumed Employee status and then terminated employment on account of death.

4.8 Contributions for the Purpose of Purchasing Service Credit. Subject to the requirements of federal law, a Participant may elect to have the Employer pick up, in accordance with Code Section 414(h)(2), optional contributions that the Participant has elected to pay to the System under Section 4.1(c) above, and the contributions so picked up shall be treated as Employer contributions for the purposes of determining federal tax treatment under the Code. These contributions shall not be included as gross income of the Participant until such time as they are distributed or made available. The election to have optional contributions picked up is irrevocable.

In the case of the death of a Participant who has made an irrevocable election under this section, payments for the purchase of service credits will stop and partial service credit will be granted, rounded down to the next quarter-year increment, based upon the contributions made to the date of death. Any contributions in excess of the amount needed to provide a quarter-year of service credit will be paid to the Participant's beneficiary or estate.

If irrevocable payroll deductions cease due to termination of employment, the commencement of an unpaid or reduced-pay leave of absence, disability of the Participant, or other events beyond the Participant's control, the Participant will have a 60-day period in which to make an after-tax lump sum payment to pay for the balance of the contributions required to obtain the service credits which the Participant intended to purchase or, if no after-tax lump sum payment is made by the Participant, then partial service credit will be granted, rounded down to the next quarter-year increment, based upon the contributions made to the date payments ceased, with any excess contributions refunded to the Participant.

## **ARTICLE V: INVESTMENT FUNDS AND PLAN ACCOUNTING**

5.1 Accounts. Each Fund Sponsor shall maintain several “Accounts” for each Participant who has amounts invested with such Fund Sponsor, which shall reflect the Participant’s balances attributable to Employer Plan Contributions, Participant Plan Contributions, rollover contributions (as described in Section 4.6), and transfers from the Traditional Benefit Package (as described in Section 4.5). If applicable to the Participant, a separate Account or subaccount shall be maintained to reflect that portion of a Participant’s balances that consists of after-tax amounts or is otherwise subject to special rules. The Accounts and subaccounts required under this Section 5.1 shall be for accounting purposes only and there shall be no segregation of assets within the Investment Funds among the separate Accounts.

5.2 Adjustment of Accounts. As of each business day on which a Fund Sponsor is open for business, each Participant’s Accounts shall be: (a) credited with any Plan Contributions, rollover contributions, or transfers received by the Fund Sponsor for allocation to the Participant, (b) charged for any distributions or expenses chargeable thereto, and (c) adjusted to reflect the investment experience of the Investment Funds in which the Participant’s Accounts are invested.

5.3 Investment Funds. Participants’ Accounts will be invested in one or more Investment Funds available to Participants under this Plan from the Fund Sponsors. The System shall approve no fewer than two and no more than seven Fund Sponsors. The Fund Sponsors and the Investment Funds currently approved by the System shall be maintained by the System on an approved list. The System’s current selection of Fund Sponsors and Investment Funds is not intended to limit future additions or deletions of Fund Sponsors and Investment Funds. Investment Funds offered by a Fund Sponsor may be made available to Participants in accordance with the procedures established by the System and the Fund Sponsor.

5.4 Investment of Contributions. A Participant may direct the investment of future contributions made to his Accounts among the Investment Funds in any whole-number percentages that equal 100 percent. A Participant may change his allocation of future contributions to the Investment Funds at any time. During any period in which no investment direction has been given in accordance with the rules established by the System, contributions to be credited to a Participant’s Accounts shall be invested in the Investment Fund(s) as determined by the System.

5.5 Investment Fund Transfers. Subject to the transfer restrictions of any Investment Fund and in accordance with procedures established by the System, on each day on which a Fund Sponsor is open for business a Participant may transfer the funds in his Accounts that are maintained with that Fund Sponsor among any of the Investment Funds offered to him under the Plan from that Fund Sponsor. Subject to the transfer restrictions of any Investment Fund and in accordance with procedures established by the System, once each calendar quarter a Participant may elect to transfer all or any portion of his Accounts from one or more Investment Funds maintained with one Fund Sponsor to one or more Investment Funds maintained by another Fund Sponsor.

5.6 Plan Assets Held in Trust. The Board shall hold all assets of the Plan pursuant to the trust established under Article 15 of the Illinois Pension Code, and the records of the Fund Sponsors shall at all times indicate the trust ownership of the Plan assets.

## **ARTICLE VI: VESTING AND SERVICE**

6.1 Vesting. A Participant's Accounts attributable to Employer Plan Contributions shall be fully vested and nonforfeitable on the earliest to occur of: (i) completion of five Years of Service with the Employers, (ii) the Participant's death while employed by an Employer and after completing at least 1½ years of service, or (iii) the Participant's election to retire and apply the reciprocity provisions of Article 20 of the Illinois Pension Code. A Participant's Accounts attributable to Participant Plan Contributions, rollover contributions, and the amounts transferred from the Traditional Benefit Package, shall be fully vested and nonforfeitable at all times.

Years of Service with all SURS Employers will be counted for purposes of determining Years of Service for vesting purposes.

If a Participant's employment with the Employers terminates before he has become vested in his Accounts for Employer Plan Contributions, the nonvested amount of such Accounts will be immediately forfeited and shall be returned by the Fund Sponsors to the System on a quarterly basis to be maintained in a forfeiture account under the Plan and used to reduce Employer Contributions.

### 6.2 Termination and Reinstatement of Service.

- (a) The provisions of this paragraph (a) apply to a Participant who terminates service with the Employers and does not receive a distribution from the Plan of his vested Accounts. Such Participant shall continue to be credited with his prior Years of Service and if the Participant is reemployed by an Employer, any amounts previously forfeited shall be reinstated, without adjustment for interest, as soon as practicable after his reemployment.
- (b) The provisions of this paragraph (b) apply to a Participant who terminates service with the Employers and elects to receive a distribution from the Plan of his vested Accounts. Upon distribution of his vested Account balances the Participant shall forfeit all service credit and rights in the System. If the Participant is later reemployed by an Employer, he shall not be credited with his prior Years of Service, and if he was not vested in Employer Plan Contributions the amounts previously forfeited by him shall not be reinstated, except as provided below. If the Participant becomes reemployed by an Employer (or becomes employed by a participating system under Article 20 of the Illinois Pension Code) and remains so employed for at least 2 years, the Participant's prior service shall be restored, and any amounts previously forfeited shall be reinstated, without adjustment for interest, upon the Participant's repayment to the Plan of the amount of his prior distribution, without adjustment for interest. A Participant in the Plan who had

previously participated in the Traditional Benefit Package and who terminated employment and received a refund of contributions from that retirement program may repay to this Plan the amount of such prior refund, without adjustment for interest, and have his prior service reinstated, after the Participant has been reemployed by an Employer (or a participating system under Article 20 of the Illinois Pension Code) and remains so employed for at least 2 years. Repayment of any prior distribution for purposes of restoring to the Participant his prior Years of Service and any forfeited Employer Plan Contributions, if applicable, may be made at any time prior to the Participant's retirement date.

- (c) Repayment of any prior distributions for purposes of restoring to the Participant his prior Years of Service and any forfeited Employer Plan Contributions, if applicable, may be made by the Participant either in a lump sum, or as an employer pick up, in accordance with Section 4.8, and subject to such administrative procedures that the System deems advisable.

## **ARTICLE VII: PAYMENT OF BENEFITS**

7.1 Application for Benefits. Procedures for the receipt of benefits are initiated by contacting the System. The necessary forms will be provided to the Participant or the Beneficiary, as applicable, by the System or its delegate. Benefits will be payable as soon as practicable after the System's receipt of a satisfactorily completed application for benefits and supporting documents.

### 7.2 Definitions and General Provisions Applicable to Article VII.

- (a) The purchase of annuity contracts under this Article VII shall be made from one or more insurance companies approved by the System for such purpose. The amount payable under any annuity contract depends upon various factors, including the value of the Participant's Account or Accounts used to purchase such annuity contract, the form of annuity selected and the insurance company's applicable rates and factors. If a retiring participant receives health insurance under the State Employees' Group Insurance Act of 1971, the System may require that all or a portion of the Participant's Accounts be applied toward the purchase of an annuity contract from a specified insurance or annuity company in order to facilitate the deduction and payment of any applicable insurance premiums.
- (b) A Participant may elect only one form of payment with respect to his Accounts, regardless of the number of Fund Sponsors with whom his Accounts are invested. If at the time of commencement of benefit payments, a Participant's Accounts are invested with more than one Fund Sponsor, he shall receive a separate payment (or annuity contract distribution, as applicable) from each such Fund Sponsor. Upon filing a distribution election with the System, the Participant may no longer transfer his Account balances between Fund Sponsors. A Participant who has

elected to defer the commencement of distributions is not subject to the preceding sentence.

- (c) All lump sum distributions payable to any Participant or Beneficiary are subject to the following special rules in the event that any portion of the Accounts from which distribution is to be made is invested in a deferred annuity contract which does not then permit a lump sum distribution or which imposes a penalty charge for a lump sum distribution. If a lump sum distribution is not then permitted under the contract, payment from such contract shall be made in as short a time as possible under an alternate payment method established by the System and the annuity provider. If a lump sum distribution is permitted but requires the imposition of a penalty charge, the Participant (or Beneficiary, as applicable) may either elect payment from such contract in a lump sum distribution, subject to the penalty charge, or payment under an alternate payment method established by the System and the annuity provider that makes distributions in as short a time as possible in a penalty-free manner.
- (d) The term “spouse” means the person to whom the Participant is legally married at the relevant time.
- (e) A Participant’s “Distribution Date” shall mean the date as of which a payment in any form is made pursuant to this Article VII, without regard to any reasonable administrative delay. In the event of an election to purchase an annuity contract, the Distribution Date shall be no later than the date payment is irrevocably made on behalf of the Participant to the insurance company issuing the annuity contract. A Participant may elect that his Distribution Date occur as of any business day occurring on or after his date of termination of employment with the Employers, but not later than his Required Beginning Date, provided that no election of a Distribution Date will be valid if it is made more than 180 days prior to such date and further provided that, if applicable, the distribution shall not commence earlier than 30 days after the Participant is given the direct rollover notice required under Code Section 402(f) unless the Participant has been informed of his right to a period of at least 30 days to consider the decision of whether or not to elect a direct rollover and the Participant, after receiving such notice, affirmatively elects the distribution.
- (f) A Participant’s “Election Period” means the 180-day period ending on the Participant’s Distribution Date.
- (g) The term “Pre-retirement Surviving Spouse Annuity” means a monthly annuity payable to a Participant’s surviving spouse for his life, with payments commencing as of the first day of the month coincident with or next following the later of the date of the Participant’s death or the date on which the Participant would otherwise have attained Normal Retirement Age; provided, however, that the surviving spouse may elect to have annuity payments commence (or a lump

sum distribution made) as of any earlier date that is at least 30 days after the date of the Participant's death.

- (h) A Participant's "Required Beginning Date" means April 1 of the calendar year following the later of the calendar year in which the Participant attains age 70½ or the calendar year in which the Participant retires with an Employer or any other participating system covered by Article 20 of the Illinois Pension Code.
- (i) The terms "Joint and Survivor Annuity" and "Single Life Annuity" are defined in Section 7.4(a) and Section 7.4(b), respectively.

7.3 Distributions to Participants Not Eligible for Retirement. If a Participant terminates employment with all of the Employers and wishes to elect distribution of his vested Accounts before Normal Retirement Age or at a time when the Participant is not vested in Employer Plan Contributions, he may elect a lump sum distribution from the Plan of all of his vested Accounts. The distribution shall be made on (or as soon as practicable after) the Distribution Date he elects.

7.4 Normal Form of Distributions to Retiring Participants. Subject to the rules of Section 7.10 and the provisions of any election in effect under Section 7.5, if a Participant who is vested in Employer Plan Contributions terminates employment with the Employers on or after his Normal Retirement Age, or if a vested Participant who terminated employment with the Employers prior to his Normal Retirement Age leaves his Accounts in the Plan and requests a distribution on or after his Normal Retirement Age, his Accounts shall be distributed to him on (or as soon as practicable after) the Distribution Date he elects, as follows:

- (a) by purchase and distribution to him of one or more annuity contracts providing for monthly payments to him for his lifetime only (a "Single Life Annuity"), if he is unmarried as of his Distribution Date; or
- (b) by purchase and distribution to him of one or more annuity contracts providing for payment in the form of a Joint and Survivor Annuity (as defined below), if he is married on his Distribution Date. The term "Joint and Survivor Annuity" means monthly payments to the Participant for his lifetime, with monthly payments for the life of his surviving spouse equal to 50 percent of the monthly amount payable at the time of the death of the Participant.

7.5 Revocation of Normal Form of Benefit Payment. By filing a written election with the System during his Election Period in such form as the System shall require, a Participant may revoke payment in the normal form described in Section 7.4 and elect payment in any of the optional forms described in Section 7.7. A Participant may revoke any election made under this Section 7.5 and reinstate the normal form of distribution at any time during the Election Period. A married Participant's revocation of a Joint and Survivor Annuity (except for a waiver and election of an optional form of joint and survivor annuity under Section 7.7(b) with the spouse named as the Beneficiary of the surviving interest therein) shall be effective only if during the Election Period the Participant's spouse consents in writing to such revocation and election of another optional form, and the spouse's consent acknowledges the effect of such revocation and

is witnessed by a notary public. Notwithstanding provisions of the preceding sentence, no spousal consent shall be required if:

- (a) the Participant and his spouse are legally separated or the Participant has been abandoned (within the meaning of local law) and the Participant has a court order to such effect; or
- (b) it is established to the satisfaction of the System that the consent of the Participant's spouse cannot be obtained because there is no spouse, because the spouse cannot be located or because of such other circumstances as the Secretary of the Treasury may prescribe in regulations.

A spouse's consent in accordance with this Section 7.5 shall be irrevocable.

7.6 Retirement Election Information. Within a reasonable time prior to a Participant's Distribution Date, the System shall cause to be furnished to the Participant a written explanation of (i) the terms and conditions of the normal forms of distribution described in Section 7.4, (ii) the Participant's right to revoke payment in the normal forms of payment and of the spouse's rights with respect to any such revocation, and (iii) the optional forms of payment available under the Plan and the relative values of the optional forms of payment.

7.7 Optional Forms of Payment. In lieu of the normal form of retirement distribution described in Section 7.4, a Participant may elect to have his Accounts paid in any one of the optional forms of payment set forth below:

- (a) A Single Life Annuity as described in Section 7.4(a) (optional for Participants who are married at the time of retirement).
- (b) A 50% or 100% Joint and Survivor Annuity under which the retired Participant receives monthly payments for his lifetime, with monthly payments continuing for the life of a designated Beneficiary that are equal to either 50% or 100% of the amount of the monthly payments payable during the joint lives of the Participant and Beneficiary.
- (c) A Single Life Annuity with a Guaranteed Period, under which the retired Participant receives monthly payments for his lifetime, and if he dies before the end of a guaranteed period of 10 years, 15 years, or 20 years, as elected by the Participant, monthly payments will continue to be made in the same amount after his death to the Participant's Beneficiary until the end of the guaranteed period. However, if the Beneficiary so elects, he may chose to receive a lump sum payment equal to the commuted value of the annuity for the remaining guaranteed period.
- (d) A 50% or 100% Joint and Survivor Annuity with a Guaranteed Period, under which the retired Participant receives monthly payments for his lifetime, with monthly payments continuing for the life of a designated primary Beneficiary that are equal to either 50% or 100% of the amount of the monthly payments payable

during the joint lives of the Participant and such Beneficiary, and if both the Participant and the designated primary Beneficiary die before the end of a guaranteed period of 10 years, 15 years, or 20 years, as elected by the Participant, monthly payments will continue to be made to a contingent Beneficiary in an amount equal to 50% or 100% of the amount payable to the Participant until the end of the guaranteed period. However, if the contingent Beneficiary so elects, he may chose to receive a lump sum payment equal to the commuted value of the annuity for the remaining guaranteed period.

(e) A Lump Sum Distribution.

If a Beneficiary designated under paragraph (b) or (d) above dies before the Participant's Distribution Date, the optional form elected will be canceled and payment will be made in the normal form specified in Section 7.4.

7.8 Distributions to Beneficiaries. Subject to Section 7.10, the following rules shall apply if a Participant dies while any vested portions of his Accounts remain undistributed:

- (a) If a Participant dies before his Distribution Date and he is legally married on the date of his death and as of such date there is not in effect a waiver of the Pre-Retirement Surviving Spouse Annuity in accordance with Section 7.9, the vested balance of the Participant's Accounts shall be applied to purchase an annuity contract from an insurance company providing for payment in the form of a Pre-retirement Surviving Spouse Annuity for the life of the surviving spouse; provided, however, that such surviving spouse may elect to have the vested balance paid in the form of a lump sum distribution by filing a written election with the System in such form and within such time period as it may require.
- (b) If a Participant is unmarried on the date of death or if there is then in effect a waiver of the Pre-retirement Surviving Spouse Annuity in accordance with Section 7.9, the vested portion of the Participant's Account balances shall be paid as soon as practicable after the date of the Participant's death to his Beneficiary in a lump sum distribution.
- (c) If a Participant's death occurs after a lump sum distribution has been made to him or an annuity contract has been purchased with his Account balances, no amounts shall be payable from the Plan to any person on account of the Participant's death and any survivors or other benefits payable under any such annuity contract shall be made in accordance with the terms of such contract.

7.9 Waiver of Pre-retirement Surviving Spouse Annuity. On or about the date on which an individual becomes a Participant in the Plan, the System shall provide the Participant with a written explanation of the Pre-retirement Surviving Spouse Annuity form of payment. A Participant may revoke payment in the Pre-retirement Surviving Spouse Annuity form and elect payment of his vested Account balances at his death to any Beneficiary he designates by filing a written election with the System in such form as the System may require. Notwithstanding the preceding sentence, a married Participant's waiver of a Pre-retirement Surviving Spouse Annuity

form of payment shall be effective only if his spouse consents to the designation in a writing which is filed with the System in such form as the System may require, designates a specific beneficiary which may not be changed without spousal consent, acknowledges that the spouse's consent to the Participant's designation of another Beneficiary constitutes the spouse's consent to the Participant's waiver of the Pre-retirement Surviving Spouse Annuity otherwise payable to the spouse under the terms of the Plan, and is witnessed by a notary public. No spousal consent shall be required if the Participant and his spouse are legally separated or the Participant has been abandoned (within the meaning of local law) and the Participant has a court order to such effect, or it is established to the satisfaction of the System that the consent of the Participant's spouse cannot be obtained because there is no spouse, because the spouse cannot be located or because of such other circumstances as the Secretary of the Treasury may prescribe in regulations.

7.10 Limits on Commencement and Duration of Distributions. The following distribution rules shall be applied in accordance with Code Section 401(a)(9) and applicable regulations thereunder, including the minimum distribution incidental benefit requirement of Treasury Regulation Section 1.401(a)(9)-2, and shall supersede any other provision of the Plan to the contrary:

- (a) Distribution of a Participant's Account balances shall commence to be made not later than the Participant's Required Beginning Date. If the Participant is not vested in Employer Plan Contributions such distributions shall be made in a lump sum and if the Participant is vested in Employer Plan Contributions and has not made a different election, payment shall be made in the applicable normal form described in Section 7.4.
- (b) If a Participant dies before distribution of his vested interest in the Plan has begun, distribution of such vested interest to his Beneficiary shall begin not later than December 31 of the calendar year next following the calendar year in which the Participant died unless such Beneficiary is the Participant's surviving spouse, in which case distribution of such vested interest shall begin not later than the later of (i) December 31 of the calendar year immediately following the calendar year in which the Participant died, or (ii) December 31 of the calendar year following the calendar year in which the Participant would have attained age 70½.
- (c) If the Participant's spouse is his Beneficiary and such spouse dies before the distributions to such spouse begins, paragraph (b) shall be applied as if the surviving spouse were the Participant.
- (d) Notwithstanding anything to the contrary under this Section 7.10, for distributions made between January 1, 2009, and November 30, 2009, 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 (that 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 Beneficiary, or for a period of at least 10 years (“Extended 2009 RMDs”), will receive those distributions for 2009 unless the Participant or Beneficiary chooses not to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence. In addition, notwithstanding Section 7.13, and solely for purposes of applying the direct rollover provisions thereunder, a direct rollover will be offered only for distributions that would be eligible rollover distributions without regard to Code Section 401(a)(9)(H).

7.11 Facility of Payment. If a Participant or Beneficiary is under a legal disability or is in any way incapacitated so as to be unable to manage his financial affairs, the System may make payment to a relative or friend of such person for his benefit until claim is made by a conservator or other person legally charged with the care of his person or of his estate. Thereafter, any benefits under the Plan to which such Participant or Beneficiary is entitled shall be paid to such conservator or other person legally charged with the care of his person or his estate.

7.12 Absence of Guaranty. Neither the System, the Employers or the Fund Sponsors in any way guarantee a Participant’s Accounts from loss or depreciation or guarantee any payment to any person. The liability of the System and the Fund Sponsors to make any payment is limited to the available assets in the Participant’s Accounts.

7.13 Direct Rollovers. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee’s election under this section, a distributee may elect, at the time and in the manner prescribed by the System, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

For purposes of this Section 7.13, the following definitions apply:

- (a) Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee’s designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion of net unrealized appreciation with respect to employer securities); or any distribution that is reasonably expected to total less than \$200 during the year. Effective January 1, 2002, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only (i) 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; (ii) on or after January 1, 2007, to a qualified defined benefit plan described in Code Section 401(a) or to an annuity contract described in Code Section 403(b) 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, or (iii) on or after January 1, 2008, to a Roth IRA described in Code Section 408A.

- (b) Eligible retirement plan: An eligible retirement plan, to the extent to that it accepts the distributee's eligible rollover distribution, is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), a qualified retirement plan described in Code Section 401(a) or 403(a), effective January 1, 2002, an annuity contract described in Code Section 403(b), or 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 and which agrees to separately account for amounts transferred into such plan from this Plan, or, effective January 1, 2008, a Roth IRA described in Code Section 408A. This definition of an eligible retirement plan also applies in the case of an eligible rollover distribution to the surviving spouse or to a spouse or former spouse who is the alternate payee under a Qualified Illinois Domestic Relations Order (QILDRO).
- (c) Distributee: A distributee includes an Employee or former Employee. The Employee's or former Employee's surviving spouse is a distributee with regard to the interest of the spouse or former spouse. Where there is a valid QILDRO on file with the System at the time of the eligible rollover distribution, the Employee's or former Employee's spouse or former spouse who is the alternate payee under a QILDRO is a distributee with regard to the interest of the alternate payee. Effective for plan years beginning on or after July 1, 2010, a distributee further includes a nonspouse beneficiary who is a designated beneficiary as defined by Code Section 401(a)(9)(E). However, a nonspouse beneficiary may only make a direct rollover to an individual retirement account or individual retirement annuity established for the purpose of receiving the distribution, and the account or annuity shall be treated as an "inherited" individual retirement account or annuity.
- (d) Direct rollover: A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

7.14 Required Minimum Distributions. With respect to determining required minimum distributions under Code Section 401(a)(9) the Plan shall comply with a reasonable

and good faith interpretation of that Section for all years to which that Section applies to the Plan.

## **ARTICLE VIII: ADMINISTRATION**

8.1 Plan Administrator. The System, located at 1901 Fox Drive, Champaign, Illinois 61820, is the administrator of this Plan and is responsible for enrolling Participants, sending Plan Contributions for each Participant to the Fund Sponsors, and for performing other duties required for the operation of the Plan.

8.2 Authority of the System. The System has all the powers and authority expressly conferred upon it herein and further shall have discretionary and final authority to determine all questions concerning eligibility and contributions under the Plan, to make factual findings, to interpret and construe all terms of the Plan, including any uncertain terms, and to determine any disputes arising under and all questions concerning administration of the Plan. Any determination made by the System shall be given deference, if it is subject to judicial review, and shall be overturned only if it is arbitrary or capricious. In exercising these powers and authority, the System will always exercise good faith, apply standards of uniform application, and refrain from arbitrary action. The System may employ attorneys, agents, accountants or other persons as it finds necessary or advisable to assist it in carrying out its duties. The System may delegate aspects of plan administration as it sees fit to companies authorized to do business in Illinois and/or to the Employers.

8.3 Action of the System. Any act authorized, permitted, or required to be taken by the System under the Plan, which has not been delegated in accordance with Section 8.2 may be taken by a majority of the members of the Board, either by vote at a meeting, or in writing without a meeting. All notices, advice, directions, certifications, approvals, and instructions required or authorized to be given by the System under the Plan will be in writing and signed by either (i) a majority of the members of the Board, or by any member or members as may be designated by an instrument in writing, signed by all members, as having authority to execute the documents on its behalf, or (ii) a person who becomes authorized to act for the System in accordance with the provisions of Section 8.2. Any action taken by the System that is authorized, permitted, or required under the Plan and is in accordance with Investment Funds contractual obligations are final and binding upon the System and all persons who have or who claim an interest under the Plan, and all third parties dealing with the System.

8.4 Indemnification. The System will indemnify and hold harmless the members of the Board and any person to whom any power, authority or responsibility of the System is delegated pursuant to Section 8.2 (other than the Fund Sponsors) from any liability (including expenses, attorney's fees, judgements, fines, and amounts paid in connection with any threatened, pending or completed action, suit or proceeding) related to the exercise (or failure to exercise) of their authority with respect to the Plan. This is in addition to whatever rights of indemnification exist under the articles of incorporation, regulations or by-laws of the System, under any provision of law, or under any other agreement.

8.5 No Reversion. Under no circumstances or conditions will any Employer Plan Contributions revert to, be paid to, or inure to the benefit of, directly or indirectly, any of the Employers, subject to the following:

- (a) If Employer Plan Contributions are made by mistake of fact, these amounts may be returned to the Employer, reduced by the amount of any losses thereon, within one year of the date that they were made.
- (b) Contributions under the Plan are conditioned on the initial qualification of the Plan under Code Section 401(a). If the Plan receives an adverse determination with respect to its initial qualification, then the Board may return to the Employers the value of the Plan assets attributable to the contributions made by the Employer under the Plan, within one year after the date that qualification of the Plan is denied. The preceding sentence shall apply only if the application for the determination is made by the time prescribed under applicable regulations of the Secretary of the Treasury.

8.6 Statements. The System will determine the total amount of contributions to be made for each Participant from time to time on the basis of its records and in accordance with the provisions of this Article. When each contribution payment is made by the System, the System will prepare a statement showing the name of each Participant and the portion of the payment that is made for him or her, and will deliver the statement to the appropriate Fund Sponsors with the contributions payment. Any determination by the System, evidenced by a statement delivered to the Fund Sponsors, is final and binding on all Participants, their Beneficiaries or contingent annuitants, or any other person or persons claiming an interest in or derived from the contribution's payment.

8.7 Reporting. Records for each participant under this Plan are maintained on the basis of the calendar Year. At least once a quarter, the Fund Sponsors will send each Participant a report summarizing the status of his Accounts. Similar reports or illustrations may be obtained by a Participant upon termination of employment or at any other time by writing directly to the Fund Sponsors.

## **ARTICLE IX: AMENDMENT AND TERMINATION**

9.1 Amendment and Termination. While it is expected that this Plan will continue indefinitely, the System reserves the right to amend, otherwise modify, or terminate the Plan, or to discontinue any further contributions or payments under the Plan. In the event of a termination of the Plan or complete discontinuance of Plan Contributions, the Employer will notify all Participants of the termination. As of the date of complete or partial termination, all Accounts will become nonforfeitable to the extent that benefits are accrued. If this Plan is terminated, Participants shall have the right to participate in one of the other retirement programs offered by the System.

9.2 Limitation. Notwithstanding the provisions of Section 9.1, the following conditions and limitations apply:

- (a) No amendment will be made which will operate to recapture for the Employer any contributions previously made under this Plan except as provided in Section 8.5.
- (b) No amendment will deprive, take away, or alter any then accrued right of any Participant insofar as Plan Contributions are concerned.

## **ARTICLE X: MISCELLANEOUS**

10.1 Plan Non-Contractual. Nothing in this Plan will be construed as a commitment or agreement on the part of any person to continue his employment with the Employer, and nothing in this Plan will be construed as a commitment on the part of the Employer to continue the employment or the rate of compensation of any person for any period, and all employees of the Employer will remain subject to discharge to the same extent as if the Plan had never been put into effect.

10.2 Claims of Other Persons. The provisions of the Plan will not be construed as giving any Participant or any other person, firm, or corporation, any legal or equitable right against the System or Employer, its officers, employees, or directors, except the rights as specifically provided for in this Plan or created in accordance with the terms and provisions of this Plan.

10.3 Finality of Determination. All determinations with respect to the crediting of Years of Service under the Plan are made on the basis of the records of the Employer, and all determinations made are final and conclusive upon employees, former employees, and all other persons claiming a benefit interest under the Plan. Notwithstanding anything to the contrary contained in this Plan, there will be no duplication of Years of Service credited to an employee for any one period of his employment.

10.4 Non-Alienation of Retirement Rights or Benefits. No benefit under the Plan may, at any time, be subject in any manner to alienation, encumbrance, the claims of creditors or legal process to the fullest extent permitted by law. No person will have the power in any manner to transfer, assign, alienate, or in any way encumber his benefits under the Plan, or any part thereof, and any attempt to do so will be void and of no effect. Benefits under the Plan are not subject to the provisions of any qualified domestic relations orders. Notwithstanding the foregoing provisions of this paragraph, a Participant who retires and commences distributions in annuity form, or any Beneficiary who succeeds to or commences annuity distributions, may be required to have amounts withheld from his distributions sufficient to pay such individual's premiums with respect to insurance provided under the State Employees Group Insurance Act of 1971, if any.

10.5 Gender and Number. Where the context permits, words in any gender shall include the other gender, words in the singular shall include the plural and the plural shall include the singular.

10.6 Applicable Law. The Plan shall be construed and administered in accordance with the laws of the State of Illinois, without regard to conflicts of laws principles.

CERTIFICATE OF ADOPTION

THE BOARD OF TRUSTEES OF THE STATE UNIVERSITIES RETIREMENT SYSTEM  
hereby adopt the SECOND RESTATEMENT OF THE SELF-MANAGED PLAN in the form  
attached hereto, effective January 1, 2014.

Dated this 13<sup>th</sup> day of December, 2013,

BOARD OF TRUSTEES OF THE  
STATE UNIVERSITIES RETIREMENT SYSTEM

By:   
\_\_\_\_\_  
Lindsay H. Anderson  
Chairperson

Attest:   
\_\_\_\_\_  
William E. Mabe  
Secretary

**AMENDMENT ONE  
TO THE  
SECOND RESTATEMENT OF THE SELF-MANAGED PLAN**

WHEREAS, the Board of Trustees ("Board") of the State Universities Retirement System ("SURS") has established and maintains the State Universities Retirement System Self-Managed Plan ("Plan"), effective on April 1, 1998, pursuant to Section 15-158.2(a) of the Illinois Pension Code [40 ILCS 5/15-158.2(a)] and restated under the SECOND RESTATEMENT OF THE SELF-MANAGED PLAN ("Second Restatement"), effective on January 1, 2014;

WHEREAS, the Board has reserved the right to amend the Plan under Section 9.1 of the Second Restatement;

WHEREAS, the Board now desires to amend the Plan to adopt group trust provisions set forth under Title 80, Part 1600, Section 1600.150 of the Illinois Administrative Code, and to update an obsolete provision concerning election periods for newly eligible employees;

NOW, THEREFORE, the Board hereby amends the Plan effective as of the dates indicated below:

**1. Effective July 6, 2000, Section 3.2 of the Second Restatement is hereby amended to be and read as follows:**

**3.2 Election to Participate**

- (b) A Newly Eligible Employee has 6 months from his Certification Date to elect whether to participate in this Plan, or the SURS Portable Benefit Package (and, if applicable, thereby cease participation in the SURS Traditional Benefit Package), or to elect participation (or continued participation, as applicable) in the SURS Traditional Benefit Package.

**2. Effective April 1, 1998, Section 5.7 is added under Article V of the Second Restatement to be and read as follows:**

**5.7 Group Trusts.** To the extent any assets of the Plan are held in a group trust meeting the requirements of IRS Revenue Ruling 81-100, 1981-1 C.B. 326, as modified by IRS Revenue Ruling 2011-1, 2011-2 I.R.B. 251 (which was modified by IRS Notice 2012-6, 2012-3 I.R.B. 293), IRS Revenue Ruling 2014-24, 2014-37 I.R.B. 529, and any subsequent IRS guidance, or the group trust established under Title 80, Part 1600, Section 1600.150 of the Illinois Administrative Code (Group Trust Provisions), the terms of the group trust shall be deemed to be adopted as part of the Plan.

CERTIFICATION OF ADOPTION

THE BOARD OF TRUSTEES OF THE STATE UNIVERSITIES RETIREMENT SYSTEM hereby adopts this AMENDMENT ONE TO THE SECOND RESTATEMENT OF THE SELF-MANAGED PLAN in the form attached hereto, effective as of the dates indicated therein.

Dated this 12<sup>th</sup> day of June, 2015.

BOARD OF TRUSTEES OF THE STATE UNIVERSITIES  
RETIREMENT SYSTEM

By:   
\_\_\_\_\_  
Lindsay H. Anderson  
Chairperson

Attest:   
\_\_\_\_\_  
W. Bryan Lewis  
Secretary

**AMENDMENT TWO  
TO THE  
SECOND RESTATEMENT OF THE SELF-MANAGED PLAN**

WHEREAS, the Board of Trustees ("Board") of the State Universities Retirement System ("SURS") has established and maintains the State Universities Retirement System Self-Managed Plan ("Plan"), effective April 1, 1998, pursuant to Section 15-158.2(a) of the Illinois Pension Code [40 ILCS 5/15-158.2(a)] and restated under the SECOND RESTATEMENT OF THE SELF-MANAGED PLAN ("Second Restatement"), effective on January 1, 2014, and amended on June 12, 2015;

WHEREAS, the Board has reserved the right to amend the Plan under Section 9.1 of the Second Restatement;

WHEREAS, the Board now desires to amend the Plan to comply with the Protecting Americans from Tax Hikes Act of 2015 by amending the definition of an "eligible retirement plan" to which a distributee may elect a direct rollover distribution;

**NOW, THEREFORE, effective December 19, 2015, the Board hereby amends Section 7.13(b) of the Plan to be and read, as follows:**

- (b) Eligible retirement plan: An eligible retirement plan, to the extent to that it accepts the distributee's eligible rollover distribution, is an individual retirement account described in Code Section 408(a); an individual retirement annuity described in Code Section 408(b); a qualified retirement plan described in Code Section 401(a) or 403(a); effective January 1, 2002, an annuity contract described in Code Section 403(b), or 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 and which agrees to separately account for amounts transferred into such plan from this Plan; effective January 1, 2008, a Roth IRA described in Code Section 408A; or, effective December 19, 2015, a SIMPLE IRA described in Code Section 408(p)(1), provided that the rollover contribution is made after the 2-year period described in Code Section 72(t)(6). This definition of an eligible retirement plan also applies in the case of an eligible rollover distribution to the surviving spouse or to a spouse or former spouse who is the alternate payee under a Qualified Illinois Domestic Relations Order (QILDRO).

CERTIFICATE OF ADOPTION

THE BOARD OF TRUSTEES OF THE STATE UNIVERSITIES RETIREMENT SYSTEM hereby adopts this AMENDMENT TWO TO THE SECOND RESTATEMENT OF THE SELF-MANAGED PLAN in the form attached hereto, effective as of the date indicated therein.

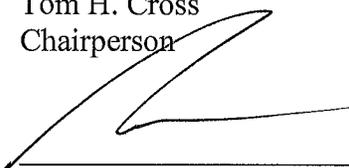
Dated this 2nd day of February, 2017.

BOARD OF TRUSTEES OF THE STATE UNIVERSITIES  
RETIREMENT SYSTEM

By:

  
\_\_\_\_\_  
Tom H. Cross  
Chairperson

Attest:

  
\_\_\_\_\_  
Martin M. Noven  
Secretary