

UNIVERSITY OF ARKANSAS RETIREMENT PROGRAM

Effective July 1, 2002, the University of Arkansas Retirement Program for full-time University employees is revised according to the attached resolution.

RESOLUTION

1. Establishment of Plan. This Retirement Resolution sets forth the provisions of the University of Arkansas Retirement Plan ("Retirement Plan") established by the Board of Trustees of the University of Arkansas (the "University"), as of April 21, 1923, as amended and restated in its entirety effective July 1, 2002. Contributions under this Retirement Plan shall be made pursuant to a 403(b) plan and 457(b) plan to funding sponsors approved under Section 5.
2. Eligibility.
 - A. Subject to the conditions stated in Section 3 all categories of full-time employees, except for employees of Community Colleges which are not participating in this plan, are eligible to participate in this Retirement Plan; provided, however, that students whose employment is incidental to their educational program at the University are not eligible. For purposes of this Retirement Plan, "full-time employee" shall mean an employee who is on one-half time or greater appointment. Employees of Community Colleges not participating in this plan shall be covered under the retirement plan provided under the terms of the prospective agreement merger.
 - B. The University is authorized to make Contributions only to this Retirement Plan, the Arkansas Public Employee Retirement System (APERS), and to the Arkansas Teachers Retirement System (ATRS) if a new employee has certain prior participation in the ATRS (as described in D below). The University shall also contribute to Social Security unless the employee is exempt. All newly eligible employees of the University shall be participants in this Retirement Plan unless the employee elects not to participate in this plan. Such election shall be made within 31 days from the date the employee begins employment, and the election shall be irrevocable. If an employee elects not to participate in this Retirement Plan, that employee shall be a member of APERS, effective on date of hire, in accordance with Ark. Code Ann. §24-7-1003. By accepting employment with the University, the employee consents and agrees to complete all necessary documents for enrollment in this Retirement Plan, APERS, or ATRS.
 - C. Each eligible employee who has become a participant prior to July 1, 2002, under the University's Retirement Plan, APERS, or ATRS under the Board policies then in effect, shall continue to participate in such plan, and the election made under such Board policies shall be irrevocable.
 - D. Notwithstanding anything in this resolution to the contrary, all eligible employees of the University who have been a member of the Arkansas Teacher Retirement System for a minimum of five (5) years, may, in lieu of the election required in paragraph 2(B) herein above, elect to participate in the Arkansas Teacher Retirement System subject to its applicable laws,

rules, and regulations and the University is authorized to make contributions to that system for such employees.

3. Employee Participation. All eligible employees will begin participation in this Retirement Plan on the first day of the month coinciding with or next following benefits enrollment at the University. In the event a participant has separated from service and is rehired, the participant will again participate on the first day of the month coinciding with or next following benefits enrollment with the University, notwithstanding that the participant may have begun receiving distributions under this Retirement Plan which continue after date of rehire.
4. Plan Contributions. Employer contributions for eligible employees will begin to accrue as of date of employment. The University will make a basic Plan Contribution of five percent of regular salary¹ for all eligible employees. Eligible employees may make voluntary Plan Contributions in any amount as agreed by the participant and the University, subject to the contribution limitations of the Internal Revenue Code. Employees who make voluntary Plan Contributions in excess of five percent of regular salary will be eligible for a matching University Plan Contribution on the amount in excess of five percent up to a total University Plan Contribution, both basic and matching, of ten percent of regular salary.

Plan Contributions by a participant will be made first to a 403(b) program and then may be made to a 457(b) program, if elected by the participant, and shall be made on a before-tax basis or after-tax basis, as elected by the participant in accordance with 403(b) or 457(b), as applicable, of the Code. University contributions will be made to the 403(b) contract or account.

Plan Contributions shall be forwarded to the applicable funding sponsor selected by the participant and may be allocated by the participant between such funding sponsors in any proportion which the participant chooses.

5. Funding Sponsors.
 - A. Alternative Funding Sponsors. The Plan has been funded through TIAA and/or CREF annuity contracts since April 21, 1923. A participant may select either TIAA-CREF or Fidelity Investments as a funding sponsor. Contributions to Fidelity Investments shall be applied either to individual annuities issued under a Metropolitan Life Guaranteed Account and/or one or more mutual fund custodian accounts managed by Fidelity Investments. Contributions to TIAA-CREF shall be applied either to individual annuities issued by Teachers Insurance and Annuity Association (TIAA) and/or College Retirement Equities Fund (CREF). No other alternative funding sponsors are authorized.
 - B. Transfers between authorized funding sponsors. A participant may transfer all or any portion of his/her account under a funding sponsor to the other authorized funding sponsor, subject to any limitations imposed by TIAA or the Metropolitan Life Guaranteed Account.

6. Vesting.
 - A. All benefits attributable to Plan Contributions made by both the University and the participant are immediately vested in the participant for:
 1. All faculty members and all other non-classified employees.
 2. All classified employees whose initial employment occurred prior to July 1, 1985, and who made any Plan Contributions prior to that date.
 - B. All other employees other than those described in A.1 or A.2 above, vesting of benefits attributable to Plan Contributions made by the University shall occur on the earlier of:
 1. Completion of three years of service,
 2. Attainment of age 65, or
 3. The participant's having made Plan Contributions of at least five percent of regular salary for six consecutive months.
7. Application Form. The participant shall complete an application form in order for the annuity contract(s) or custodial accounts to be issued or established. Each annuity contract issued or custodial account established under the Retirement Plan is for the purpose of providing a retirement or death benefit.
8. Leave of Absence. During a leave of absence, the University will continue its Plan Contributions for a participant, at the rate specified, on the basis of salary then being paid by the University. During a leave of absence without pay, no Plan Contributions will be made except as required by federal law.
9. Distributions.
 - A. Upon separation from service with the University, a participant may receive a distribution of his/her vested balance under CREF or any Fidelity Investments mutual fund. Such distribution may be in a lump sum or pursuant to a distribution option under Section 10.
 - B. Upon separation from service with the University, a participant may receive a distribution of his/her vested balance under TIAA or the Metropolitan Life Guaranteed Account under any distribution form allowed by such contracts.
 - C. In the event a Participant in this Retirement Plan, who has not achieved vesting in accordance with the provisions of Section 6, terminates employment for reasons other than death or disability, the portion of the account attributable to Plan Contributions made by the

University will be paid to the University by the respective funding sponsors. The portion of the account attributable to Plan Contributions made by the Participant shall remain in the annuity contract(s) or custodial accounts to provide retirement and/or death benefits for the Participant or, at the option of the Participant, shall be distributed in accordance with Section 9(A) or (B).

D. Except for as otherwise provided in the participant's 403(b) contract with TIAA-CREF, no distribution shall be allowed to any participant under the Retirement Plan prior to separation from service with the University, subject to such provisions in Paragraph 3 above; provided, however, that in the event a participant has entered into an agreement under the University's early retirement program, such participant may, if over the age of 59½, begin receiving distributions from his or her 403(b) accumulation even though the participant has not separated from service with the University. Further, any participant, if over the age of 59½, may begin receiving distributions of the employee portion of his or her 403(b) retirement accumulation even though the participant has not separated from service with the University.

10. Retirement Benefits. Upon retirement at any age, a vested participant shall be entitled under the terms of his or her annuity contracts/custodial accounts to receive a monthly or other periodic income under any one of the options set forth in such contracts/accounts.

Participants initiate procedures for receipt of retirement income benefits by writing directly to the applicable funding sponsor.

11. Death Benefits. In the event a participant dies while employed, all accumulations are 100% vested. If a participant dies prior to commencement of retirement benefit payments, the vested amount of the participant's account is then payable to the beneficiary or beneficiaries named by the participant, in a single sum or under any one of the income options offered by the funding sponsor.
12. Application for Benefits. Benefits provided by annuities/custodial accounts to which Plan Contributions have been applied will be payable by the applicable funding sponsor upon receipt by the funding sponsor of a satisfactorily completed application for benefits and supporting documents. The necessary forms will be provided to the participant or beneficiary by the funding sponsor.
13. Spendthrift Clause. No participant in the Retirement Plan shall have any right to assign, pledge, encumber, or commute his/her interest in any benefits under this Retirement Plan, either voluntarily or involuntarily, and such benefits shall not in any way be subject to any legal process or levy of execution upon, or attachment or garnishment proceedings against, the same for the payment of any claim against any such person.
14. Amendment. While it is expected that this retirement plan will continue indefinitely, the Board of Trustees reserves the right to modify or discontinue the Retirement Plan at any time. The Board may also delegate any of its powers and duties with respect to the plan or amendments, to one

or more officers or other employees of the University. Any such delegation shall be set forth in writing.

Any discontinuance or modification of the plan cannot adversely affect the benefits accrued by participants prior to the date of discontinuance or modification.

15. Administration. The President of the University or his/her delegate may adopt rules and regulations for interpreting this Retirement Plan and for administering its provisions (including rules and regulations concerning funding sponsors) in a manner consistent with this Board Policy. This shall include the authority to determine terms and conditions (including designation of funding sponsors) under which employees of technical institutes merging into a campus of the University shall participate in this Plan.

¹Regular salary for faculty shall mean contract salary; for all other employees, regular salary shall mean basic annual earnings exclusive of overtime pay; and in all cases, regular salary shall be determined without reduction for any Section 125 Cafeteria Plan benefits or elective contributions to the 403(b) plan, a 457 Plan or elective contributions under a qualified transportation program under IRC § 132(f)(4). For Plan Years beginning after December 31, 2001, the annual salary of each employee taken into account under the plan shall not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B). Annual compensation means compensation for the calendar year.

June 6, 2003 (Revised)
 April 5, 2002 (Revised)
 January 26, 2001 (Revised)
 November 8, 1996 (Revised)
 June 7, 1996 (Revised)
 April 22, 1994 (Revised)
 January 21, 1994 (Revised)
 November 12, 1993 (Revised)
 November 20, 1992 (Revised)
 August 10, 1992 (Corrected)
 May 1, 1992 (Revised)
 September 21, 1990 (Amendment)
 May 4, 1990 (Revised)
 (For Revisions Prior to 1990 Refer
 to Previous Board Policies File)