

STATE OF MICHIGAN
401K PLAN

(Amended and Restated Effective January 1, 2014)

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TABLE OF CONTENTS

ARTICLE 1 ESTABLISHMENT OF PLAN AND TRUST	1
1.1 Establishment of Plan.	1
1.2 Declaration of Trust.	1
1.3 Compliance With Law.	1
1.4 Effective Dates of Plan Provisions.	2
1.5 Application to Inactive and Former Participants.	2
ARTICLE 2 DEFINITIONS.....	3
ARTICLE 3 ELIGIBILITY TO PARTICIPATE	9
3.1 Eligibility Requirements.	9
3.2 Participation Rules.....	11
ARTICLE 4 CONTRIBUTIONS, ROLLOVERS, AND TRANSFERS TO PLAN.....	12
4.1 Types of Contributions.	12
4.2 Elective Contributions.	13
4.3 Employer Matching Contributions.	15
4.4 Employer Non-Matching Contributions.	18
4.5 Return of Contributions.	19
4.6 Timing of Contributions.	19
4.7 Rollovers and Transfers.	20
4.8 After-Tax Employee Contributions.	20
ARTICLE 5 ACCOUNTING	22
5.1 Accounts.	22
5.2 Crediting of Contributions.	22
5.3 Forfeitures.	25
5.4 Accounting for Earnings, Losses, and Expenses; Revaluation of Assets.	25
5.5 Limitation on Annual Additions.	25
ARTICLE 6 DETERMINATION OF VESTED PERCENTAGE.....	27
6.1 Vested Percentage.	27
6.2 Forfeitures.	27
ARTICLE 7 DISTRIBUTIONS	28

7.1	Distributive Events.....	28
7.2	Valuation for Distribution.....	30
7.3	Methods of Distribution.....	30
7.4	Time of Distribution.	31
7.5	Election of Method and Time of Distribution.....	31
7.6	Designation of Beneficiary.	32
7.7	Facility of Payment.....	33
7.8	Direct Rollovers.....	34
7.9	Transfers to Purchase Service Credits.	35
7.10	Minimum Distribution Requirements.....	35
ARTICLE 8 ADMINISTRATION OF THE PLAN.....		40
8.1	Duties and Powers of the State of Michigan and Employer.	40
8.2	State of Michigan or Employer Action.....	41
8.3	Plan Administrator.....	41
8.4	Administrative Committee.....	41
8.5	Duties and Powers of the Administrator.....	41
8.6	Delegation of Administrative Duties and Powers.....	43
8.7	Interrelationship of Fiduciaries.	43
8.8	Compensation; Indemnification.....	44
8.9	Fiduciary Standards.	44
8.10	Claims Procedure.....	44
8.11	Participant’s Responsibilities.....	45
ARTICLE 9 INVESTMENT OF FUNDS.....		46
9.1	Investment Responsibility.....	46
9.2	Authorized Investments.	46
9.3	Commingled Investment.....	47
9.4	Investment Direction by Participants.....	47
9.5	Loans.....	47
ARTICLE 10 ADMINISTRATION OF THE TRUST.....		49
10.1	Duties and Powers of the Trustee.	49
10.2	Accounting.....	51
10.3	Trustee Action.....	51
ARTICLE 11 AMENDMENT.....		52
11.1	Amendment.....	52
ARTICLE 12 TERMINATION.....		53
12.1	Right to Terminate or Discontinue Contributions.	53
12.2	Automatic Termination.....	53
12.3	Discontinuance of Contributions.	53

12.4	Effect of Termination or Partial Termination.	53
12.5	No Reversion of Assets.....	53
ARTICLE 13 GENERAL PROVISIONS		54
13.1	Spendthrift Provision.	54
13.2	Effect Upon Employment Relationship.....	54
13.3	No Interest in Employer Assets.	54
13.4	Construction.....	54
13.5	Severability.	55
13.6	Governing Law.	55
13.7	Nondiversion.....	55

**STATE OF MICHIGAN
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ARTICLE 1

ESTABLISHMENT OF PLAN AND TRUST

1.1 Establishment of Plan.

This qualified defined contribution plan is established by the State of Michigan pursuant to M.C.L. 38.1151, for the exclusive benefit of eligible Employees and their beneficiaries. The State of Michigan originally adopted the Michigan State Employees Deferred Compensation Plan II on September 13, 1985, effective October 1, 1985. The Plan has been amended and restated since the Plan's original adoption and retitled as the "State of Michigan 401K Plan" (the "Plan"), and is hereby further amended and restated in its entirety, effective January 1, 2014, except as otherwise specifically provided.

1.2 Declaration of Trust.

The Trustee hereby declares that Plan assets delivered to it under this Plan will be held in trust (the "Trust") and administered under the terms of this Plan and Trust document. The Trust is established pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended ("Code"), and shall be operated for the exclusive benefit of Participants and their Beneficiaries. The Trust shall not be diverted to other purposes, except that Trust assets may be used to pay reasonable expenses of administration.

1.3 Compliance With Law.

This Plan is intended to constitute a qualified profit sharing retirement plan within the meaning of Code Section 401(a), and all regulations issued under the Code ("Regulations") to the extent applicable to a governmental plan under Code Section 414(d). This Plan does not elect to be subject to provisions of the Code that are not applicable to a governmental plan, nor to any of the provisions of the Employee Retirement Income Security Act of 1974.

This amended and restated Plan further reflects all applicable qualification requirements under the Economic Growth and Tax Relief Reconciliation Act of 2001, the Job Creation and Worker Assistance Act of 2002, the Pension Funding Equity Act of 2004, and the American Jobs Creation Act of 2004, that are applicable to a governmental retirement plan. It also reflects (effective as noted) certain provisions of the Pension Protection Act of 2006, the Worker, Retiree and Employer Recovery Act of 2008, and the Heroes Earnings Assistance and Relief Act of 2008, which are intended to comply in good faith with the requirements of such statute and which shall be construed in accordance with such statute and guidance issued thereunder.

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). In addition, in accordance with Code Section 401(a)(37), in the event a

Participant dies while performing qualified military service (as defined in Code Section 414(u)), for purposes of determining any death benefits payable from the Plan with respect to the Participant, such Participant shall be treated as having resumed and then terminated employment on account of death.

1.4 Effective Dates of Plan Provisions.

The “Effective Date” of this restated Plan means January 1, 2014, unless a Plan provision specifies a different effective date. Each Plan provision applies from its effective date until the effective date of an amendment thereto.

1.5 Application to Inactive and Former Participants.

An amendment to this Plan shall apply to former Participants and to Participants not employed on the effective date of the amendment only if it amends a provision of the Plan that continues to apply to those Participants or only to the extent it expressly states that it is applicable. Except as specified in the preceding sentence, if a Participant is not employed on the effective date of an amendment, the amendment shall not become applicable to the Participant unless the Participant has an hour of service after the effective date of the amendment.

ARTICLE 2

DEFINITIONS

- 2.1 Accounts** has the meaning set forth in Sections 5.1 and 5.2.
- 2.2 Administrator** means the individual who from time to time holds the position of Director of the Michigan Department of Technology, Management and Budget, or the Director's designee.
- 2.3 After-Tax Employee Contributions** has the meaning set forth in Section 4.8.
- 2.4 Age 50 Catch-Up Contributions** has the meaning set forth in Section 4.2(b)(ii).
- 2.5 Annual Additions** has the meaning set forth in Section 5.5.
- 2.6 Banked Leave Time Program** means the Part B annual leave hours within the State of Michigan's Annual and Sick Leave Program approved by a ruling of the Internal Revenue Service on September 5, 2003, in which a pay reduction or other concessions are applied to a Participant in exchange for additional Part B annual leave hours.
- 2.7 Beneficiary** has the meaning set forth in Section 7.6.
- 2.8 Code** means the Internal Revenue Code of 1986, as amended.
- 2.9 Compensation.**
- (a) "Compensation" means the remuneration paid a Participant on account of the Participant's services rendered to an Employer, equal to the sum of the following:
- (i) A Participant's W-2 earnings for services performed for the Employer;
 - (ii) Any amount contributed or deferred at the election of the Participant (both those which are excluded from the Participant's gross income, and those which are Roth Elective Deferrals) pursuant to Code Sections 125, 132(f)(4), 401(k), 403(b) or 457;
 - (iii) The value of any unpaid furlough hours and the value of any unpaid hours exchanged for Part B annual leave hours, calculated at the Participant's then current hourly rate or rates of pay, for a period during which a Participant is participating in the Banked Leave Time Program;
 - (iv) The value of hours not worked during which a Participant is on a voluntary or involuntary leave under the State of Michigan's Pay Reduction Plan A, on a one-day layoff, or on a designated temporary layoff, calculated at the Participant's then current hourly rate or rates of pay; and
 - (v) Any mandatory Participant contributions to (or that were withheld from pay and intended to be deposited in) the trust established pursuant to the Public Employee

Retirement Health Care Funding Act, Act No. 77 of the Michigan Public Acts of 2010, as amended, and in accordance with Code Section 115, which for this purpose will be considered pursuant to policies and procedures adopted by the Administrator from time to time to be a part of the Participant's W-2 earnings (whether or not reflected thereon); provided that any such amounts (plus any interest thereon) which are refunded pursuant to Section 35(2) of The State Employees' Retirement Act (Act No. 240 of the Michigan Public Acts of 1943), as amended by Act No. 264 of the Michigan Public Acts of 2011, shall only be treated as Compensation under this Plan for purposes of determining the source from which a Participant may make Elective Contributions pursuant to Section 4.2, and not as the basis for making any Employer Contributions under this Plan or the 457 Plan.

(vi) The foregoing notwithstanding, any amount otherwise included in the above definition of Compensation (consisting of regular pay, overtime, shift differential, commissions, bonuses, or other similar payments, or unused accrued bona fide sick, vacation or other leave) that is paid to a Participant after the Participant's severance from employment, shall only be taken into account hereunder if: (A) such amount is actually paid by the later of 2-1/2 months after the Participant's severance date, or the end of the Plan Year in which the Participant's severance occurs; (B) the amount is regular compensation for services during the Participant's regular working hours, compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar amounts; and (C) such amount otherwise would have been paid or usable by the Participant prior to a severance, if the Participant had continued in employment with the Employer (and thereby constitute "compensation" as described in Code Section 415 and the Regulations thereunder; the provisions of which are incorporated by reference). Other post-severance payments shall not be taken into account hereunder.

(b) To the extent provided under policies or procedures adopted by the Administrator from time to time, "Compensation" for a judge of a District, Circuit or Probate Court in the State of Michigan, shall mean an amount up to the total amount of Compensation (as defined in (a) above) paid to such judge by the State of Michigan and any county, municipality or other governmental entity in the State of Michigan. Provided, however, that the policies or procedures adopted by the Administrator may provide that any judge of a District, Circuit or Probate Court in the State of Michigan who elects to terminate membership in the Michigan Judges Retirement System and become a State Tier 2 Participant under this Plan in accordance with Section 3.1(c), may irrevocably elect upon first becoming a State Tier 2 Participant to exclude all or a portion of the "salary standardization payment" (as defined under the Michigan Judges Retirement System) from his or her "Compensation" for purposes of this Plan, but only to the extent that such Participant had previously elected to exclude such amount from being considered as compensation under the Michigan Judges Retirement System Pension Plan.

2.10 Early Retirement Age means the later of the date on which a Participant attains age 50 or completes 4 Years of Service, and a Participant who severs from employment on or after such date shall be entitled to immediate receipt of the Participant's retirement benefits under this Plan without actuarial or similar reduction.

2.11 Effective Date means January 1, 2014, unless a Plan provision specifies a different effective date.

2.12 Elective Contributions has the meaning set forth in Section 4.2.

2.13 Elective Deferral Limit has the meaning set forth in Section 4.2(b)(i).

2.14 Employee has the meaning set forth in Section 3.1(a).

2.15 Employer means:

(a) the State of Michigan;

(b) The following agencies, instrumentalities, and/or departments of the State of Michigan:

(i) the Mackinac State Park Commission;

(ii) Blind Vending Stand Operators in Government Owned Buildings (under license via the Michigan Commission for the Blind Business Enterprise Program); and

(iii) the Probate Courts in the State of Michigan;

(c) All Reporting Units, which shall be deemed to have adopted the Plan pursuant to Act No. 75 of the Michigan Public Acts of 2010, for the limited purpose of crediting Reporting Unit Employees who become Participants with Employer Contributions pursuant to Sections 4.3(c), 4.4(d) and/or 4.4(e), and shall comply with the provisions and procedures of the Plan document and all amendments thereto, without need for any further action or resolution on the part of any such Reporting Unit; and

(d) The Michigan Education Achievement Authority, a public body corporate and governmental agency created under the laws of the State of Michigan, which shall be deemed to have adopted the Plan pursuant to an Interlocal Agreement with the Michigan Department of Technology, Management and Budget, for the limited purpose of crediting Employees of such entity who become Participants with discretionary Employer Contributions pursuant to Sections 4.3(b) and/or 4.4(b), and shall comply with the provisions and procedures of the Plan document and all amendments thereto, without need for any further action or resolution on the part of such entity.

2.16 Employer Contributions means Matching Contributions and Non-Matching Contributions.

2.17 Excess Deferral has the meaning set forth in Section 4.2(c).

2.18 Forfeitures has the meaning set forth in Section 5.3.

2.19 457 Plan means the separate, eligible deferred compensation plan within the meaning of Code Section 457(b) established by the State of Michigan, as amended, and formally known as the “State of Michigan 457 Plan.”

2.20 Investment Manager means a person or entity that is a registered investment adviser under the Investment Advisors Act of 1940, a bank (as defined in the Investment Advisors Act of 1940), or an insurance company licensed to manage, acquire, and dispose of assets of qualified retirement plans under the laws of more than one state, and which acknowledges in writing that it is a fiduciary with respect to this Plan and Trust.

2.21 Leave Program Non-Matching Contributions has the meaning set forth in Section 4.4(c).

2.22 Matching Contributions has the meaning set forth in Section 4.3.

2.23 Minimum Distribution has the meaning set forth in Section 7.10.

2.24 Non-Matching Contributions has the meaning set forth in Section 4.4.

2.25 Normal Retirement Age means the later of the date on which a Participant attains age 65 or completes 4 Years of Service.

2.26 Participant means any eligible Employee who has been admitted or readmitted to participation in the Plan as set forth in Section 3.1, including any former Employee who continues to have any Vested Account Balance under the Plan.

2.27 Participating Compensation means the Participant's Compensation for services while a Participant during a Plan Year. For all Plan purposes, Participating Compensation may not exceed \$260,000 (as amended and adjusted for increases in the cost of living in accordance with Code Section 401(a)(17)(B)).

2.28 Personal Healthcare Non-Matching Contributions has the meaning set forth in Section 4.4(d).

2.29 Plan means the qualified defined contribution plan that is created by this document, and all amendments thereto, known as the "State of Michigan 401K Plan."

2.30 Plan Year means the 12-consecutive month period ending on December 31. Prior to January 1, 1999, Plan Year means the 12-month period beginning each October 1, except for the period October 1 through December 31, 1998, when a "short Plan Year" shall be deemed to have occurred.

2.31 QDRO has the meaning set forth in Section 7.1(f).

2.32 Regulations means all applicable regulations issued under the Code.

2.33 Reporting Unit means, consistent with Section 7(3) of The Public School Employees Retirement Act of 1979, Act No. 300 of the Michigan Public Acts of 1980, as amended, a public school district, intermediate school district, public school academy, tax supported community or junior college, or an agency having employees on its payroll who are members of the Michigan Public School Employees Retirement System.

- 2.34 Reporting Unit Tier 2 Participants** has the meaning set forth in Section 3.1(d).
- 2.35 Required Beginning Date** means the April 1 following the calendar year in which the Participant attains age 70 ½ or, if later, the April 1 following the calendar year in which the Participant retires.
- 2.36 Roth Elective Deferrals** has the meaning set forth in Section 4.8(b).
- 2.37 Spouse** has the meaning set forth in Section 7.6(b).
- 2.38 State Police Tier 2 Participant** has the meaning set forth in Section 3.1(f).
- 2.39 State Tier 2 Participant** has the meaning set forth in Section 3.1(c).
- 2.40 Tier 1 Plan** means the Michigan State Employees Retirement System Pension Plan, the Michigan Legislative Retirement System Pension Plan, or the Michigan Judges Retirement System Pension Plan.
- 2.41 Trust** means the trust established pursuant to Code Section 501(a) that is created by this document, and all amendments thereto.
- 2.42 Trustee** means the individual who from time to time holds the position of Director of the Michigan Department of Technology, Management and Budget, or the Director's designee.
- 2.43 Vested Account Balance** means the total value at any time of the vested portion (determined under Section 6.1) of all of the Participant's account balances under the Plan.
- 2.44 Year of Service** means for purposes of determining the vesting percentage under Section 6.1(b), the following:
- (a) For a State Tier 2 Participant, each period during which such Participant is employed by the State of Michigan or any Employer described in Section 2.15(b) and is credited with 2,080 hours of service, or such lesser number of annual hours for any classification of Employees as is determined by the Administrator. The foregoing notwithstanding, the crediting of such hours may be subject to a maximum number per pay period for any classification of Employees as is determined by the Administrator (for example, an Executive branch employee being paid for 80 hours every two weeks, will receive a maximum credit of 80 hours of service for that pay period regardless of the number of hours actually worked), and no Participant shall receive credit for more than one (1) Year of Service for any 12-month period of employment. Full service credit shall also be given to a Participant for furlough hours, for required one-day layoffs, for required and designated temporary layoffs, for a year in which a Participant temporarily leaves employment to enter active military duty and then dies during that active military duty, and for participation in the Banked Leave Time Program. In the event a terminated Participant is reemployed, such individual shall retain credit for all full and partial Years of Service completed prior to such reemployment, for purposes of determining his or her vesting percentage in any contributions made under the Plan after his or her reemployment. In the event a Tier 1 Plan participant elected to become a State Tier 2 Participant as provided in

Section 3.1(c)(ii), Years of Service for such individual shall include all service accrued under the Tier 1 Plan on the effective date of such election.

(b) For a Participant employed by a Reporting Unit, the years of service credited to such Participant as determined under Section 68 of The Public School Employees Retirement Act of 1979, Act No. 300 of the Michigan Public Acts of 1980, as amended.

(c) For a State Police Tier 2 Participant, the years of service credited to such Participant as determined under the provisions of The State Police Retirement Act, Act No. 182 of the Michigan Public Acts of 1986, as amended.

(d) For all other Participants, each period during which such Participant is employed by an Employer and is credited with 2,080 hours of service, or such lesser number of annual hours for any classification of Employees as is determined by the Administrator.

ARTICLE 3

ELIGIBILITY TO PARTICIPATE

3.1 Eligibility Requirements.

Except as otherwise set forth below, or to the extent set forth in such policies or procedures as are determined by the Administrator from time to time, an Employee of an Employer shall become a “Participant” in this Plan on the date such individual is employed. As also set forth below, certain Employees shall be eligible to participate in the Plan to a different extent than other individuals. If the Employee is not initially employed in a category where he is eligible to participate in the Plan, the Employee shall become a Participant on the first subsequent day on which such individual is eligible. Such eligibility, however, shall terminate any time employment with an Employer is terminated.

(a) Definition of Employee. “Employee” means an individual who is employed by an Employer and who receives Compensation for personal services performed for the Employer that is subject to withholding for federal income tax purposes. Such term excludes Leased Employees; a “Leased Employee” is an individual who has performed services for an Employer pursuant to an agreement between the Employer and a leasing organization on a full time basis for at least a one year period, and such services are performed under primary direction or control by the Employer.

(b) State of Michigan Agencies, et al. The following Employees working under the auspices of the agencies, instrumentalities and/or departments of the State of Michigan described in Section 2.15(b), shall become Participants in this Plan on the date such individuals are employed by any such entity:

- (i) Revenue Bond employees of the Mackinac State Park Commission;
- (ii) Blind Vending Stand Operators in Government Owned Buildings (under license via the Michigan Commission for the Blind Business Enterprise Program); and
- (iii) Judges of the Probate Courts in the State of Michigan

(c) State Tier 2 Participant. Except to the extent set forth in such policies or procedures as are determined by the Administrator from time to time, a Participant shall also be considered a “State Tier 2 Participant” under this Plan if:

- (i) Such individual is first employed by the State of Michigan or first becomes an Employee described in subsection (b) above, on or after March 31, 1997, and such individual prior to March 31, 1997, would have been eligible to be a member of a Tier 1 Plan; or
- (ii) Such individual elects to terminate membership in a Tier 1 Plan, and elects to become a State Tier 2 Participant under this Plan (in the manner and effective as prescribed under the Tier 1 Plan in which such individual was a member), or otherwise becomes eligible to be credited with the State Tier 2 Matching Contributions described in Section 4.3(a) and/or the

State Tier 2 Non-Matching Contributions described in Section 4.4(a), pursuant to the provisions of Act No. 264 of the Michigan Public Acts of 2011.

(iii) The foregoing notwithstanding, an individual, who first becomes an elected or appointed official of the State of Michigan on or after March 31, 1997, may irrevocably elect not to become or to discontinue participation as a State Tier 2 Participant under this Plan, upon filing a written election to such effect with the Administrator. Upon the filing of such an election, such individual shall not (or shall no longer) be eligible to be considered a State Tier 2 Participant under this Plan, and no contributions shall be made under Section 4.1(b) on such individual's behalf. Any unvested portion of the accounts to which such an individual's State Tier 2 Matching and State Tier 2 Non-Matching Contributions (if any) are credited, shall be forfeited and applied as provided in Section 5.3, upon the filing of such an election.

(d) Reporting Units.

(i) All Employees of Reporting Units who are first employed by and entered upon the payroll of a Reporting Unit on or after July 1, 2010, shall become "Reporting Unit Tier 2 Participants" in this Plan (for the limited purpose of being credited with Matching Contributions pursuant to Section 4.3(c) and/or the Reporting Unit Tier 2 Non-Matching Contributions described in Section 4.4(d)(ii), and making rollovers or transfers to the Plan pursuant to Section 4.7), as of the later of September 1, 2010 or the date such individuals are employed by a Reporting Unit.

(ii) All Employees of Reporting Units who were first employed by and entered upon the payroll of a Reporting Unit before July 1, 2010, and become eligible to be credited with the Reporting Unit Tier 2 Matching Contributions described in Section 4.3(c)(iii) and/or the Reporting Unit Tier 2 Non-Matching Contributions described in Sections 4.4(d)(ii) and/or 4.4(e) (pursuant to the provisions of Acts No. 300 and 359 of the Michigan Public Acts of 2012), shall become "Reporting Unit Tier 2 Participants" in this Plan (for the limited purpose of being credited with any of such Employer Contributions, and making rollovers or transfers to the Plan pursuant to Section 4.7), as of February 1, 2013.

(iii) If and to the extent the Administrator approves the participation in the Plan of any one or more groups of other Reporting Unit Employees from time to time, an Employee of a Reporting Unit who has not previously been (or been eligible to be) a Participant may become a Participant under the Plan (for the limited purpose of being credited with Discretionary Matching Contributions pursuant to Section 4.3(c)(iv), and making rollovers or transfers to the Plan pursuant to Section 4.7), as of the date(s) so determined by the Administrator from time to time.

(e) EAA. All Employees of the Michigan Education Achievement Authority shall become Participants in this Plan (for the limited purpose of being credited with discretionary Employer Contributions pursuant to Sections 4.3(b) and/or 4.4(b), and making rollovers or transfers to the Plan pursuant to Section 4.7) as of the later of January 10, 2012, or the date such individuals are employed by such entity.

(f) State Police Tier 2 Participant. A Participant shall also be considered a “State Police Tier 2 Participant” under this Plan if such individual is first employed by the State of Michigan on or after June 10, 2012, and such individual also qualifies to be a member of the Michigan State Police Retirement System Pension Plan.

3.2 Participation Rules.

Participation shall terminate upon the earlier of the date the Participant is not an Employee and has been paid the full amount due under this Plan, or the date of the Participant’s death. A former Participant shall become a Participant immediately upon reemployment, if he is reemployed in a classification where he is eligible to participate in the Plan as determined under Section 3.1.

ARTICLE 4

CONTRIBUTIONS, ROLLOVERS, AND TRANSFERS TO PLAN

4.1 Types of Contributions.

As set forth in more detail in the following Sections of this Article 4, the following types of contributions may be made under the Plan:

(a) Elective Contributions.

(b) Employer Contributions for State Tier 2 Participants. The State of Michigan and any Employer described in Section 2.15(b) shall determine the amount of the following contributions for each Plan Year for State Tier 2 Participants only:

(i) State Tier 2 Matching Contributions; and

(ii) State Tier 2 Non-Matching Contributions.

(c) Discretionary Employer Contributions. An Employer (other than a Reporting Unit) may also determine the amount of the following discretionary contributions for each Plan Year for any Participants under the Plan:

(i) Discretionary Matching Contributions; and

(ii) Discretionary Non-Matching Contributions.

An Employer may determine that no discretionary contribution will be made for a Plan Year. A decision by any Employer to make a discretionary contribution for a Plan Year shall not be a commitment or obligation to make any type of discretionary contribution for a subsequent Plan Year.

(d) Reporting Unit Contributions.

(i) Reporting Unit Tier 2 Matching Contributions shall be made by the Reporting Units for each Plan Year for Reporting Unit Tier 2 Participants only;

(ii) Reporting Unit Tier 2 Non-Matching Contributions shall be made by the Reporting Units for each Plan Year for Reporting Unit Tier 2 Participants only; and

(iii) Reporting Unit Discretionary Matching Contributions may be made in the discretion of any Reporting Unit for any Plan Year, for any Participants employed by any such Reporting Unit, but only if and to the extent the Administrator approves the making of such contributions by any one or more Reporting Units from time to time. A Reporting Unit may determine that no discretionary contribution will be made for a Plan Year. A decision by any Reporting Unit to make a discretionary contribution for a Plan Year (subject to the

Administrator's approval), shall not be a commitment or obligation to make any type of discretionary contribution for a subsequent Plan Year.

(e) State Police Tier 2 Matching Contributions. The State of Michigan shall determine the amount of State Police Tier 2 Matching Contributions for each Plan Year for State Police Tier 2 Participants only.

(f) Rollovers and Transfers.

(g) After-Tax Employee Contributions.

(h) Restoration of Forfeiture. When restoration of a forfeiture is required with respect to a missing Participant or Beneficiary under Section 6.2(a), and other forfeitures and Trust earnings are insufficient or are not applied for that purpose, the applicable Employer shall contribute the additional amount necessary to restore such forfeiture.

(i) Leave Program Non-Matching Contributions.

(j) Personal Healthcare Non-Matching Contributions.

4.2 Elective Contributions.

A Participant who is employed by the State of Michigan or any Employer described in Section 2.15(b) may elect to reduce his or her Compensation by pre-tax payroll deductions, in a percentage or fixed dollar amount, subject to such minimum and maximum amounts, as determined by the Administrator from time to time, and subject to the provisions and limitations set forth in the following subsections of this Section 4.2. The Employer shall contribute such amounts to the Trust on behalf of the Participant as "Elective Contributions."

(a) Payroll Deductions. Absent alternative policies or procedures specified by the Administrator, any election to authorize, modify, suspend, or resume payroll deductions shall be in writing and signed by the Participant and shall be subject to the following: A Participant may make a new election or change a prior election effective as of any succeeding payroll period. The election shall then continue in effect until modified or suspended. A Participant may elect to suspend payroll deductions at any time, and such election shall be effective for the first administratively feasible payroll period following the election.

(b) Limits On Elective Contributions. Elective Contributions are subject to the following limits:

(i) "Elective Deferral Limit." A Participant's total Elective Contributions under this Plan and any other elective deferrals for a calendar year under Code Sections 401(k), 408(k)(6) and 403(b), shall not exceed the lesser of: (A) the "applicable dollar amount" limitation under Code Section 402(g) (the provisions of which are incorporated by reference, and which limit is adjusted for increases in the cost of living in accordance with Code Section 415(d)); or (B) 100% (or such lower percentage as determined by the Administrator from time to time) of the Participant's Compensation (determined after excluding the value of any hours referred to in Sections 2.9(a)(iii) and (iv)). The Elective Deferral Limit shall be determined

without reference to gains or losses credited to the Participant's Elective Contributions Account, and any Age 50 Catch-Up Contributions under Code Section 414(v) made pursuant to subsection (ii) below.

(ii) "Age 50 Catch-Up Contributions." An eligible Employee who has attained age 50 (or older) before the close of any Plan Year shall also be eligible to make Elective Contributions for the Plan Year that will be treated as catch-up contributions, in accordance with and subject to the "applicable dollar amount" limitation of Code Section 414(v) (the provisions of which are incorporated by reference, and which limit is adjusted for increases in the cost of living in accordance with Code Section 415(d)), and as determined by the Administrator from time to time. Age 50 Catch-Up Contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Code Sections 402(g) (subsection (i) above) and 415 (Section 5.5). The Plan also shall not be treated as failing to satisfy the provisions of the Plan implementing any other applicable requirements of the Code, by reason of the making of any Age 50 Catch-Up Contributions.

(c) Prevention and Correction of Excess Deferrals.

(i) If the Administrator determines that the Elective Deferral Limit or any of the other limits set forth in subsection (b) above has been or may be exceeded, the Administrator may reduce or suspend Elective Contributions for individual Employees, as necessary.

(ii) All of a Participant's Excess Deferral, plus attributable income or loss, shall be distributed to the Participant as soon as is administratively feasible after the Administrator determines that an Excess Deferral has occurred. For this purpose, "Excess Deferral" means a Participant's Elective Contributions to this Plan alone that exceed the Elective Deferral Limit or any of the other limits set forth in subsection (b) above.

(iii) All or any portion of a Participant's Elective Contributions, plus attributable income or loss, shall also be distributed to the Participant as soon as is administratively feasible after the Participant informs the Administrator that the Participant's total contributions to this Plan and any other elective deferrals under other plans for a calendar year under Code Section 402(g) exceeded the Elective Deferral Limit. The Participant must request distribution of such Elective Contributions no later than the February 15th following the calendar year for which such amount was contributed. The request must specify the amount to be distributed and contain an acknowledgment that the amount to be distributed exceeds the Elective Deferral Limit. If the written request is timely, the distribution shall be made by the April 15th following receipt of the request. If such request is not timely, any such amount shall be retained in this Plan for later distribution in accordance with Article 7.

(iv) To the extent an Elective Contribution under this Plan is returned to a Participant as an Excess Deferral, and/or an "elective contribution" under the 457 Plan (that served as the basis for determining any Matching Contribution under this Plan) is similarly returned to a Participant as an "excess deferral" under the 457 Plan, the corresponding portion of any Matching Contribution, plus any attributable income or loss, shall be forfeited.

(d) Auto-Enrollment of State Tier 2 Participants. With respect to each payroll period beginning on or after April 1, 2012, the following State Tier 2 Participants (excluding judges and legislators), shall be deemed to have elected to make Elective Contributions under this Plan of the amounts of Participating Compensation set forth below, and deductions in such amounts shall be made for each such payroll period, unless or until the State Tier 2 Participant affirmatively elects (at the time such auto-enrollment feature becomes effective with respect to them, or at any time thereafter, as determined by the Administrator) to make no Elective Contributions under this Plan and no “elective contributions” under the 457 Plan for any such payroll period (or elects to contribute a lesser or greater total amount to this Plan and/or the 457 Plan), subject to the election timing restrictions set forth in Section 4.2(a):

(i) Five percent (5%); for (A) each State Tier 2 Participant who is first employed by the State of Michigan or an Employer described in Section 2.15(b) on or after January 1, 2012, and (B) each other State Tier 2 Participant, effective as of the date such individual first becomes eligible on or after January 1, 2012 to be credited with both of the State Tier 2 Matching Contributions described in Sections 4.3(a)(i) and (ii);

(ii) Three percent (3%); for each other State Tier 2 Participant, effective as of the date such individual first becomes eligible on or after January 1, 2012 to be credited with only the State Tier 2 Matching Contributions described in Section 4.3(a)(i); or

(iii) Two percent (2%); for each other State Tier 2 Participant, who first becomes eligible effective as of April 1, 2012 to be credited with the State Tier 2 Matching Contributions described in Section 4.3(a)(ii); provided, that such contribution level shall be reduced to the extent that the total of the Participant’s Elective Contributions under this Plan and elective contributions under the 457 Plan, as previously elected by the Participant and in effect on March 31, 2012 (if applicable), exceeds three percent (3%) of Participating Compensation per payroll period.

(e) Auto-Enrollment of State Police Tier 2 Participants. With respect to each payroll period beginning on or after June 10, 2012, a State Police Tier 2 Participant shall be deemed to have elected to make Elective Contributions under this Plan of four percent (4%) of his or her Participating Compensation, and deductions in such amounts shall be made for each such payroll period, unless or until the State Police Tier 2 Participant affirmatively elects (at the time such auto-enrollment feature becomes effective with respect to them, or at any time thereafter, as determined by the Administrator) to make no Elective Contributions under this Plan and no “elective contributions” under the 457 Plan for any such payroll period (or elects to contribute a lesser or greater total amount to this Plan and/or the 457 Plan), subject to the election timing restrictions set forth in Section 4.2(a).

4.3 Employer Matching Contributions.

Subject to such policies or procedures as are determined by the Administrator from time to time, “Matching Contributions” shall include the following Employer Contributions made with respect to any Participant’s Elective Contributions under this Plan and/or elective contributions under the 457 Plan (as applicable); provided that the Participant’s contributions are credited in a percentage amount of his or her Compensation:

(a) State Tier 2 Matching Contributions. The State of Michigan and any Employer described in Section 2.15(b) shall make the following “State Tier 2 Matching Contributions” for State Tier 2 Participants credited with Elective Contributions under this Plan and/or “elective contributions” under the 457 Plan during the Plan Year:

(i) An amount equal to 100% of the total of the Participant’s Elective Contributions under this Plan and elective contributions under the 457 Plan, for any payroll period during which such Participant is credited with such contributions, but in no event greater than three percent (3%) of the Participant’s Participating Compensation for any such payroll period; and

(ii) An amount equal to 100% of the total of the Participant’s Elective Contributions under this Plan and elective contributions under the 457 Plan that exceed the amounts (if any) of contributions that are matched pursuant to subsection (i) above, for any payroll period during which such Participant is credited with such contributions, but in no event greater than two percent (2%) of the Participant’s Participating Compensation for any such payroll period; provided that this additional level of State Tier 2 Matching Contributions shall only be made for those State Tier 2 Participants: (A) who are first employed on or after January 1, 2012, effective with respect to any payroll period; or (B) who otherwise become eligible for such additional State Tier 2 Matching Contributions pursuant to the provisions of Section 68B of The State Employees’ Retirement Act (Act No. 240 of the Michigan Public Acts of 1943), as amended by Act No. 264 of the Michigan Public Acts of 2011, effective with respect to any payroll period beginning on or after April 1, 2012.

(b) Discretionary Matching Contributions. An Employer (other than a Reporting Unit) may, but shall not be required to, make a “Discretionary Matching Contribution” for all or any part of the Plan Year for any Participant credited with Elective Contributions under this Plan and/or elective contributions under the 457 Plan, in such amounts as the Employer may determine; any Employer may determine to contribute different amounts, or make no such Discretionary Matching Contributions, for one or more classifications of Participants.

(c) Reporting Unit Matching Contributions. A Reporting Unit shall make the following Matching Contributions for Participants employed by the Reporting Unit who are credited with “elective contributions” under the 457 Plan during the Plan Year:

(i) For each Reporting Unit Tier 2 Participant who is first employed by a Reporting Unit on or after September 4, 2012 and who is not also a member of the Michigan Public School Employees Retirement System Pension Plan, a “Reporting Unit Tier 2 Matching Contribution” in an amount equal to 50% of the Participant’s 457 Plan elective contributions for any payroll period during which such Participant is credited with 457 Plan elective contributions, but no match shall occur on 457 Plan elective contributions that exceed the first six percent (6%) (expressed as a percentage of the Participant’s Participating Compensation) of the 457 Plan elective contributions credited to the Participant. As a result, in no event shall such Reporting Unit Tier 2 Matching Contributions be greater than three percent (3%) of the Participant’s Participating Compensation for any such payroll period;

(ii) For each other Reporting Unit Tier 2 Participant who is first employed by a Reporting Unit on or after July 1, 2010, a “Reporting Unit Tier 2 Matching Contribution” in an amount equal to 50% of the Participant’s 457 Plan elective contributions for any payroll period during which such Participant is credited with 457 Plan elective contributions, but no match shall occur on 457 Plan elective contributions that exceed the first two percent (2%) (expressed as a percentage of the Participant’s Participating Compensation) of the 457 Plan elective contributions credited to the Participant. As a result, in no event shall such Reporting Unit Tier 2 Matching Contributions be greater than one percent (1%) of the Participant’s Participating Compensation for any such payroll period;

(iii) An amount equal to 100% of the total of the Reporting Unit Tier 2 Participant’s elective contributions under the 457 Plan that exceed the amounts (if any) of contributions that are matched pursuant to subsections (i) or (ii) above, for any payroll period during which such Participant is credited with such contributions, but in no event greater than two percent (2%) of the Participant’s Participating Compensation for any such payroll period; provided that this additional level of “Reporting Unit Tier 2 Matching Contributions” shall only be made for those Reporting Unit Tier 2 Participants: (A) who are first employed on or after September 4, 2012, effective with respect to any payroll period; or (B) who otherwise become eligible for such additional Reporting Unit Tier 2 Matching Contributions pursuant to the provisions of Section 91A of The Public School Employees Retirement Act (Act No. 300 of the Michigan Public Acts of 1980), as amended by Acts No. 300 and 359 of the Michigan Public Acts of 2012, effective with respect to any payroll period beginning on or after February 1, 2013; and

(iv) If and to the extent the Administrator approves the making of such contributions by any one or more Reporting Units from time to time, a Reporting Unit may, but shall not be required to, make a “Reporting Unit Discretionary Matching Contribution” to this Plan for any Plan Year for any or all Participants employed by the Reporting Unit who are credited with 457 Plan elective contributions for such Plan Year. Provided, that subject to such policies or procedures and maximum limits as are determined by the Administrator from time to time, such Reporting Unit Discretionary Matching Contributions shall be made in amounts equal to 50% of the 457 Plan elective contributions for any payroll period credited to any Participants employed by the contributing Reporting Unit, but no match shall occur on 457 Plan elective contributions that exceed the first four percent (4%) (expressed in whole percentages of the Participant’s Participating Compensation) of the 457 Plan elective contributions credited to the Participant in addition to the amounts (if any) of 457 Plan elective contributions that are matched pursuant to subsections (i) and (ii) above. As a result, in no event shall such Reporting Unit Discretionary Matching Contributions be greater than two percent (2%) of the Participant’s Participating Compensation for any such payroll period. Different Reporting Units may determine to contribute different amounts, or make no such Reporting Unit Discretionary Matching Contributions, for one or more classifications of Participants employed by any such Reporting Unit.

(d) State Police Tier 2 Matching Contributions. The State of Michigan shall make the following “State Police Tier 2 Matching Contributions” for State Police Tier 2 Participants credited with Elective Contributions under this Plan and/or “elective contributions” under the 457 Plan during the Plan Year:

(i) An amount equal to 50% of the total of the Participant's Elective Contributions under this Plan and elective contributions under the 457 Plan, for any payroll period during which such Participant is credited with such contributions, but no match shall occur on such contributions that exceed the first two percent (2%) (expressed as a percentage of the Participant's Participating Compensation) of the total of such contributions credited to the Participant. As a result, in no event shall such State Police Tier 2 Matching Contributions be greater than one percent (1%) of the Participant's Participating Compensation for any such payroll period; and

(ii) An amount equal to 100% of the total of the Participant's Elective Contributions under this Plan and elective contributions under the 457 Plan that exceed the amounts (if any) of such contributions that that are matched pursuant to subsection (i) above, for any payroll period during which such Participant is credited with such contributions, but in no event greater than two percent (2%) of the Participant's Participating Compensation for any such payroll period.

4.4 Employer Non-Matching Contributions.

“Non-Matching Contributions” shall include:

(a) State Tier 2 Non-Matching Contributions. The State of Michigan and any Employer described in Section 2.15(b) shall make a “State Tier 2 Non-Matching Contribution” for a Plan Year, for each State Tier 2 Participant, in an amount equal to four percent (4%) of the Participant's Participating Compensation for all or any part of the Plan Year.

(b) Discretionary Non-Matching Contributions. An Employer (other than a Reporting Unit) may, but shall not be required to, make a “Discretionary Non-Matching Contribution” for all or any part of the Plan Year for any Participant, in such amounts and calculated on such basis as the Employer may determine; any Employer may determine to contribute different amounts, or make no such Discretionary Non-Matching Contributions, for one or more classifications of Participants.

(c) Leave Program Non-Matching Contributions. The State of Michigan and any Employer described in Section 2.15(b) shall make a non-elective “Leave Program Non-Matching Contribution” for any Participant for the Plan Year(s) during, or immediately prior to, which the Participant retires or otherwise severs from employment, in an amount equal to the value of the unused leave time retained by such Participant under the Banked Leave Time Program (or any other similar leave program as is maintained by the State of Michigan and any Employer described in Section 2.15(b) from time to time); provided that such contributions shall be made only to the extent that the Participant has no ability to receive cash in lieu of actually utilizing such unused leave time. The timing, valuation and other aspects of such leave program contributions, shall be subject to such policies or procedures as are determined by the Administrator from time to time.

(d) Personal Healthcare Non-Matching Contributions.

(i) The State of Michigan and any Employer described in Section 2.15(b) shall make a non-elective “Personal Healthcare Non-Matching Contribution” for any Participant

who is eligible to receive a contribution amount pursuant to the provisions of Section 68B(7) of The State Employees' Retirement Act (Act No. 240 of the Michigan Public Acts of 1943), as amended by Act No. 264 of the Michigan Public Acts of 2011, for the Plan Year(s) during, or immediately prior to, which the Participant first retires or otherwise severs from employment, equal to the amount provided for therein. The timing, valuation and other aspects of such contributions, shall be subject to such policies or procedures as are determined by the Administrator from time to time.

(ii) A Reporting Unit shall make a non-elective "Personal Healthcare Non-Matching Contribution" for any Reporting Unit Tier 2 Participant who is eligible to receive a contribution amount pursuant to the provisions of Section 91A(7) of The Public School Employees Retirement Act (Act No. 300 of the Michigan Public Acts of 1980), as amended by Acts No. 300 and 359 of the Michigan Public Acts of 2012, for the Plan Year(s) ending December 31, 2012 and/or 2013 as determined by the Administrator, equal to the amount and at the time provided for therein. The timing, valuation and other aspects of such contributions, shall be subject to such policies or procedures as are determined by the Administrator from time to time.

(e) Reporting Unit Tier 2 Non-Matching Contributions. A Reporting Unit shall make a "Reporting Unit Tier 2 Non-Matching Contribution" for a Plan Year, for each Reporting Unit Tier 2 Participant who is eligible to receive a contribution amount pursuant to the provisions of Section 84B(4) of The Public School Employees Retirement Act (Act No. 300 of the Michigan Public Acts of 1980), as amended by Acts No. 300 and 359 of the Michigan Public Acts of 2012, in an amount equal to four percent (4%) of the Participant's Participating Compensation for all or any part of the Plan Year, effective with respect to any payroll period beginning on or after February 1, 2013.

4.5 Return of Contributions.

Part or all of any contribution made under the Plan by mistake of fact may be returned to the Employer, upon demand, within one year after payment of the contribution or as otherwise permitted under applicable Regulations. The amount that may be returned shall be the excess of the amount contributed over the amount that would have been contributed if the mistake of fact had not occurred. Earnings attributable to the excess amount shall not be returned, but losses through the date of repayment that are attributable to the excess amount shall reduce the amount returned. The amount returned shall not reduce a Participant's account to less than the account balance would have been, had the excess amount not been contributed.

4.6 Timing of Contributions.

Any Employer Contribution may be paid to the Trustee at any time during the Plan Year, and shall in any event be paid to the Trustee no later than is administratively feasible following the end of the Plan Year for which the contribution is being made. Any Elective Contribution amounts withheld from a Participant's Compensation for contribution to this Plan shall be paid to the Trustee as soon as is administratively feasible, but no later than the 15th business day of the month following the month in which such amounts are withheld from the Participant's Compensation.

4.7 Rollovers and Transfers.

(a) The Trustee, at any time on behalf of a Participant who is actively employed or during the first twelve (12) months following the retirement or other severance from employment of any other Participant who was formerly employed by an Employer, may accept, administer, and distribute an amount that is either: (i) a direct plan-to-plan transfer of funds held under another qualified retirement plan or trust described in Code Section 401(a) for a Participant that is not an eligible rollover distribution; or (ii) an eligible rollover distribution within the meaning of Section 7.8(b) (including after-tax amounts, which shall be separately accounted for under this Plan) from another qualified retirement plan, an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), or an annuity contract described in Code Section 403(b).

(b) If a rollover amount is determined not to be a qualifying rollover or constitutes a prohibited transfer, the amount, plus any earnings and minus any losses, shall be distributed to the Participant immediately. Any amount transferred to this Plan which the Administrator determines, due to actuarial error or other recalculation, was improper, may be returned to the qualified retirement plan or trust from which such transfer was made.

4.8 After-Tax Employee Contributions.

(a) General. If authorized by the Administrator, a Participant who is employed by the State of Michigan or any Employer described in Section 2.15(b) may make voluntary “After-Tax Employee Contributions” under this Plan. Generally, After-Tax Employee Contributions shall be made by payroll deductions, in a percentage or fixed dollar amount and subject to such minimum and maximum amounts, as determined by the Administrator from time to time. Absent alternative policies or procedures specified by the Administrator, any election to authorize, modify, suspend, or resume such payroll deductions shall be subject to the same procedures as are specified for the making of Elective Contributions pursuant to Section 4.2.

(b) A Participant who is employed by the State of Michigan or any Employer described in Section 2.15(b) may from time to time elect to have any portion of the Participant’s Compensation contributed to the Plan, through payroll reduction, as a “Roth Elective Deferral” in lieu of all or a portion of the Elective Contributions that the Participant is otherwise eligible to make pursuant to Section 4.2. Such contributions will be considered “designated Roth contributions” under Code Section 402A, and will be treated by the Employer as includible in the Participant’s income at the time the Participant would have received that amount in cash, if the Participant had not made a cash-or-deferred election; provided, that the Participant’s designation of such contribution as a Roth Elective Deferral is irrevocable at the time of such election. Any such elections shall be permitted in accordance with the same rules as those adopted by the Administrator with respect to Elective Contributions pursuant to Section 4.2, shall be subject to all the provisions and limitations (in combination with any Elective Contributions also credited to such Participant) that are set forth in Section 4.2, as applicable, and shall be treated as Elective Contributions for purposes of determining Employer Matching Contributions under Section 4.3. Any Roth Elective Deferrals shall be allocated to a separate Roth After-Tax Employee Contribution Account for the Participant who elected to make such a deferral. Distributions to any Participant from a Roth After-Tax Employee Contribution Account consisting of Roth

Elective Deferrals (and any earnings thereon) shall also be subject to the same restrictions on distributions as from any Elective Contributions Account.

(c) Subject to such policies or procedures as are determined by the Administrator from time to time, a Participant who is employed by the State of Michigan or any Employer described in Section 2.15(b) (or a surviving Spouse Beneficiary, or alternate payee under a QDRO who is a Spouse or former Spouse of the Participant) may elect to have all or any portion of the Participant's Vested Account Balance under the Plan (excluding the total value, if any, of the Participant's existing Roth After-Tax Employee Contribution and Rollover/Transfer Contributions Accounts), that is eligible to be distributed to the Participant pursuant to any of Sections 7.1(a) through 7.1(e), treated as being distributed to the Participant as an eligible rollover distribution that is credited via an in-Plan direct rollover to a Roth After-Tax Employee Contribution Account under this Plan. Any amount that is credited via an in-Plan direct rollover to a Roth After-Tax Employee Contribution Account under this Plan will be treated by the Administrator as being includible in the Participant's income at the time of such rollover, and may not be re-characterized as being pre-tax dollars at any later date. Distributions to any Participant from such a Roth After-Tax Employee Contribution Account shall also be subject to the same restrictions on distributions as from any Elective Contributions Account.

ARTICLE 5
ACCOUNTING

5.1 Accounts.

(a) The Administrator shall maintain at least one account for each Participant who is employed by the State of Michigan or any Employer described in Section 2.15(b) who is credited with any Elective Contributions to the Plan under Section 4.2, and for each other Participant who is credited with any Employer Contributions under Sections 4.3 and/or 4.4. The Administrator may maintain additional accounts on behalf of a Participant, including a separate account for each other type of contribution and for each rollover or transfer of assets to this Plan. Separate accounts shall be maintained for accounting purposes only and shall not require segregated investment of amounts credited to separate accounts except as specified in Article 9.

(b) Separate accounts shall not be required if (i) the separation is not necessary for compliance with any requirement of the Code and Regulations, (ii) the consolidation would not deprive a Participant of any tax or transfer opportunity, and (iii) the accounts are subject to the same vesting schedule or are fully vested.

5.2 Crediting of Contributions.

Contributions to this Plan shall be credited to Participants' accounts when made, as follows:

(a) Elective Contributions. The Elective Contributions of each Participant who is employed by the State of Michigan or any Employer described in Section 2.15(b) shall be credited to the Participant's Elective Contributions Account.

(b) State Tier 2 Matching Contributions for State Tier 2 Participants per Section 4.3(a)(i). State Tier 2 Matching Contributions made pursuant to Section 4.3(a)(i) shall be credited to the State Tier 2 Matching Contributions Account of each eligible State Tier 2 Participant who is credited with Elective Contributions under this Plan and/or elective contributions under the 457 Plan.

(c) State Tier 2 Matching Contributions for State Tier 2 Participants per Section 4.3(a)(ii). State Tier 2 Matching Contributions made pursuant to Section 4.3(a)(ii) shall be credited to the Personal Healthcare Account of each eligible State Tier 2 Participant who is credited with Elective Contributions under this Plan and/or elective contributions under the 457 Plan, in sufficient amounts to result in the crediting of such Matching Contributions.

(d) State Tier 2 Non-Matching Contributions for State Tier 2 Participants. State Tier 2 Non-Matching Contributions made pursuant to Section 4.4(a) shall be credited to the State Tier 2 Non-Matching Contributions Account of each eligible State Tier 2 Participant who is employed at any time during the Plan Year.

(e) Discretionary Matching Contributions. A Participant may be eligible for a share of any Discretionary Matching Contributions which an Employer (other than a Reporting Unit) may determine to contribute pursuant to Section 4.3(b) for all or any part of the Plan Year. Discretionary Matching Contributions for a Plan Year shall be credited to the Discretionary Matching Contributions Account of each eligible Participant uniformly in a specific dollar amount or as a percentage of the Elective Contributions credited to such Participant, subject to such policies or procedures and maximum limits as are determined by the Administrator. If a different Discretionary Matching Contribution is made for a separate classification of Participants for a Plan Year, the method of crediting such contributions to Participants' accounts as described in this provision shall be applied separately for each such classification of Participants.

(f) Discretionary Non-Matching Contributions. A Participant may be eligible for a share of any Discretionary Non-Matching Contributions which an Employer (other than a Reporting Unit) may determine to contribute pursuant to Section 4.4(b) for all or any part of the Plan Year. Discretionary Non-Matching Contributions for a Plan Year shall be credited to the Discretionary Non-Matching Contributions Account of each eligible Participant, uniformly in a specific dollar amount or as a percentage of the Participant's Participating Compensation, subject to such policies or procedures and maximum limits as are determined by the Administrator. If a different Discretionary Non-Matching Contribution is made for a separate classification of Participants for a Plan Year, the method of crediting such contributions to Participants' accounts as described in this provision shall be applied separately for each such classification of Participants.

(g) Reporting Unit Tier 2 Matching Contributions for Reporting Unit Tier 2 Participants per Sections 4.3(c)(i) and (ii). Reporting Unit Tier 2 Matching Contributions made pursuant to Sections 4.3(c)(i) and (ii) shall be credited to the Reporting Unit Tier 2 Matching Contributions Account of each eligible Reporting Unit Tier 2 Participant who is credited with 457 Plan elective contributions during the Plan Year.

(h) Reporting Unit Tier 2 Matching Contributions for Reporting Unit Tier 2 Participants per Section 4.3(c)(iii). Reporting Unit Tier 2 Matching Contributions made pursuant to Section 4.3(c)(iii) shall be credited to the Personal Healthcare Account of each eligible Reporting Unit Tier 2 Participant who is credited with 457 Plan elective contributions during the Plan Year, in sufficient amounts to result in the crediting of such Matching Contributions.

(i) Reporting Unit Discretionary Matching Contributions. If and to the extent the Administrator approves the making of such contributions by any one or more Reporting Units from time to time, a Participant employed by a Reporting Unit may be eligible for a share of any Reporting Unit Discretionary Matching Contributions which a Reporting Unit may determine to contribute pursuant to Section 4.3(c)(iv) for all or any part of the Plan Year. Reporting Unit Discretionary Matching Contributions for a Plan Year shall be credited to the Reporting Unit Discretionary Matching Contributions Account of each eligible Participant, subject to such policies or procedures and maximum limits as are determined by the Administrator. If a different Reporting Unit Discretionary Matching Contribution is made for a separate classification of Participants employed by a Reporting Unit for a Plan Year, the method of

crediting such contributions to Participants' accounts as described in this provision shall be applied separately for each classification of such Participants.

(j) Reporting Unit Tier 2 Non-Matching Contributions for Reporting Unit Tier 2 Participants. Reporting Unit Tier 2 Non-Matching Contributions made pursuant to Section 4.4(e) shall be credited to the Reporting Unit Tier 2 Non-Matching Contributions Account of each eligible Reporting Unit Tier 2 Participant who is employed at any time during the Plan Year

(k) State Police Tier 2 Matching Contributions for State Police Tier 2 Participants per Section 4.3(d)(i). State Police Tier 2 Matching Contributions made pursuant to Section 4.3(d)(i) shall be credited to the State Police Tier 2 Matching Contributions Account of each eligible State Police Tier 2 Participant who is credited with Elective Contributions under this Plan and/or elective contributions under the 457 Plan.

(l) State Police Tier 2 Matching Contributions for State Police Tier 2 Participants per Section 4.3(d)(ii). State Police Tier 2 Matching Contributions made pursuant to Section 4.3(d)(ii) shall be credited to the Personal Healthcare Account of each eligible State Police Tier 2 Participant who is credited with Elective Contributions under this Plan and/or elective contributions under the 457 Plan, in sufficient amounts to result in the crediting of such Matching Contributions.

(m) Rollovers and Transfers. Each Participant's rollover or transfer contributions shall be credited to the Participant's Rollover/Transfer Contributions Account.

(n) After-Tax Employee Contributions. Each Participant's After-Tax Employee Contributions (if any) made pursuant to Section 4.8(a), shall be credited to the Participant's After-Tax Employee Contributions Account. As provided in Section 4.8(b), any Roth Elective Deferrals shall be allocated to a separate Roth After-Tax Employee Contribution Account for the Participant who elected to make such a deferral. Further, as provided in Section 4.8(c), a Participant may elect to have certain portions of the Participant's Vested Account Balance under the Plan treated as being distributed to the Participant as an eligible rollover distribution that is credited via an in-Plan direct rollover to a Roth After-Tax Employee Contribution Account under this Plan.

(o) Restoration of Forfeiture. If a forfeited amount is required to be restored under Section 6.2(a), that amount shall be recredited to the account from which the amount was originally forfeited.

(p) Leave Program Non-Matching Contributions. Each Participant's Leave Program Non-Matching Contributions made pursuant to Section 4.4(c) shall be credited to the Participant's Leave Program Account.

(q) Personal Healthcare Non-Matching Contributions. Each State Tier 2 Participant's Personal Healthcare Non-Matching Contributions made pursuant to Section 4.4(d)(i) shall be credited to the Participant's Personal Healthcare Account. Each Reporting Unit Tier 2 Participant's Personal Healthcare Non-Matching Contributions made pursuant to Section 4.4(d)(ii) shall be credited to the Participant's Personal Healthcare Account. A Participant shall have a 100% vested percentage at all times in any such Personal Healthcare Account. The

foregoing notwithstanding, any contributions made pursuant to Sections 4.3(a)(ii) or 4.3(c)(iii) for such Participant shall be maintained in a separate Personal Healthcare Account and be subject to the vesting schedule set forth in Section 6.1(b), until such time as the Participant is fully 100% vested in all of the Participant's accounts under the Plan pursuant to Section 6.1.

5.3 Forfeitures.

(a) Forfeitures shall occur as of the dates specified in Section 6.2. Forfeitures that occur during a Plan Year shall be credited to the Forfeitures Account and invested by the Trustee in accordance with the provisions of Articles 9 and 10 of the Plan. Forfeitures shall be applied first to restore any forfeited amounts that are required to be restored under the limited circumstances set forth in Section 6.2(a). Except as set forth in subsection (b) below, the balance of any forfeitures and earnings thereon remaining in the Forfeitures Account shall periodically be used to reduce the required amount or rate of any Employer Contributions provided for under Sections 4.3 or 4.4 for the current or any following Plan Year.

(b) At any time during a Plan Year, the Administrator may direct the Trustee to pay administrative expenses of the Plan or other costs incurred by the Plan out of the Forfeitures Account. In addition, the Administrator may determine that a certain portion of the amounts held in the Forfeitures Account should be maintained in reserve from year to year (in such amounts, and subject to policies or procedures adopted by the Administrator from time to time), and not used to reduce required Employer Contributions for any Plan Year as contemplated in subsection (a) above.

5.4 Accounting for Earnings, Losses, and Expenses; Revaluation of Assets.

(a) Under policies or procedures adopted by the Administrator from time to time, a Participant's accounts shall be credited or debited from time to time to reflect any expenses incurred by or charged to such accounts and the earnings, gains and losses which have been realized from the investments of such accounts under the Trust, in accordance with the Participant's directions pursuant to Section 9.4. The Administrator and Trustee will coordinate their efforts to maintain sufficient accounting records to identify the individual account balances and the changes thereto under the Trust, for all Participants of the Plan. Daily valuation record keeping shall be used by the Plan, unless another valuation method is implemented by the Administrator.

(b) With respect to a loan made to a Participant pursuant to Section 9.5, interest and principal payments shall be credited directly to the Participant's accounts, and will then be reinvested in accordance with the Participant's investment direction in effect at such time. Any expenses associated with making and administering such loan, may be charged directly to the accounts of the Participant under policies or procedures adopted by the Administrator from time to time.

5.5 Limitation on Annual Additions.

(a) "Annual Additions" for a Participant for a Limitation Year shall have the meaning for such term as set forth in Code Section 415(c)(2) and Section 1.415(c)-1(b) of the Regulations, and shall include:

(i) The Participant's Elective Contributions, other than Age 50 Catch-Up Contributions made pursuant to Section 4.2(b)(ii);

(ii) the Participant's share of any Employer Contributions and forfeitures;

(iii) the Participant's After-Tax Employee Contributions;

(iv) contributions allocated to an individual medical benefit account in a pension or annuity plan, as defined in Code Section 415(1)(2);

(v) for the Limitation Years during which these amounts were contributed, Excess Deferrals, whether or not distributed to a Participant; and

(vi) an excess Annual Addition from the preceding Limitation Year applied to reduce the Employer Contributions for the current Plan Year.

(b) The Annual Additions to a Participant's accounts for any Limitation Year shall not exceed the limit set forth in Code Section 415(c) (the provisions of which are incorporated by reference) which is applicable to such Plan Year, as amended and adjusted for increases in the cost of living in accordance with Code Section 415(d).

(c) For purposes of applying the Annual Addition limitation referred to in subsection (b) above, "compensation" shall have the meaning for such term as set forth in Code Section 415(c)(3) and Section 1.415(c)-2(a) of the Regulations (but specifically excluding any employee contributions that are picked up pursuant to Code Section 414(h)(2)). For this purpose, "compensation" shall also include any Elective Contributions made under this Plan, and any amount contributed or deferred at the election of the Employee which is excluded from gross income pursuant to Code Sections 125, 132(f)(4), 403(b) or 457.

(d) "Limitation Year" means the Plan Year.

(e) If the Annual Additions limitation would be exceeded for a Participant as a result of an application of forfeitures, a reasonable error in estimating a Participant's annual compensation, or other facts and circumstances permitted by the Commissioner of Internal Revenue, the excess amount shall be eliminated by: (i) reducing the amount of Employer Contributions for the Plan Year before payment to the Trustee, to the maximum amount permitted; (ii) returning the Participant's After-Tax Employee Contributions (if any) together with attributable earnings for the Plan Year; and/or (iii) any other methods of correction permitted in accordance with the Code Section 415 Regulations, or as otherwise permitted by the Internal Revenue Service.

ARTICLE 6

DETERMINATION OF VESTED PERCENTAGE

6.1 Vested Percentage.

Except as provided in Section 6.2:

(a) Each Participant who has reached his or her Normal Retirement Age shall have a 100% vested percentage in all of the Participant’s accounts under this Plan; and

(b) Each Participant who has not yet reached his or her Normal Retirement Age shall have a 100% vested percentage in all of the Participant’s accounts, except for those accounts to which any Matching and Non-Matching Contributions are allocated under Sections 4.1(b), (c), (d) and (e), which shall become vested only according to the following schedule:

Prior to completion of 2 Years of Service	0%
Upon completion of 2 Years of Service.....	50%
Upon completion of 3 Years of Service.....	75%
Upon completion of 4 or more Years of Service	100%

6.2 Forfeitures.

(a) If a Participant or Beneficiary entitled to a payment cannot be located, the Participant’s accounts related thereto shall be forfeited as of the date the Administrator certifies to the Trustee that the Participant or Beneficiary cannot be located. The Participant’s Vested Account Balance that is so forfeited shall be restored to the Participant’s account if the Participant or Beneficiary entitled to the payment later submits a written election of method of payment.

(b) Any unvested portion of a Participant’s accounts (determined under Section 6.1) shall be forfeited and applied as provided in Section 5.3, upon the death or other severance from employment of the Participant.

(c) Any provision of this Plan to the contrary notwithstanding, a Participant and/or his or her Beneficiaries shall forfeit the Participant’s accounts, and any rights under this Plan: (i) as otherwise provided under the laws of the State of Michigan that permit such forfeiture (including, but not limited to, prohibited participation in any other public sector retirement benefits plan, and forfeiture of certain Personal Healthcare Accounts maintained pursuant to Section 5.2, upon becoming eligible for certain duty death or disability health coverage benefits); (ii) as the Administrator deems necessary to satisfy the State of Michigan’s claims arising from embezzlement or fraud committed by the Participant and/or any Beneficiary; or (iii) with respect to such de minimis account balances as the Administrator may determine from time to time.

ARTICLE 7
DISTRIBUTIONS

7.1 Distributive Events.

The following events shall permit distribution.

- (a) Normal Retirement Age. A Participant's severance from employment at or after the Participant's Normal Retirement Age.
- (b) Early Retirement Age. A Participant's severance from employment at or after the Participant's Early Retirement Age; provided, that if the Participant is rehired as an Employee prior to payment of any requested distribution of the Participant's accounts under the Plan, any such pending payment(s) from the Plan will be stopped or discontinued by the Administrator to the extent administratively feasible.
- (c) Death. A Participant dies.
- (d) Other Severance from Employment. A Participant's severance from employment for any reason; provided that the amount of any distribution pursuant to this provision shall not exceed the value of the Participant's Vested Account Balance as of the date of distribution. Provided further, that if the Participant is rehired as an Employee prior to payment of any requested distribution of the Participant's accounts under the Plan, any such pending payment(s) from the Plan will be stopped or discontinued by the Administrator to the extent administratively feasible. A Participant's transfer to a category of employment with an Employer where a Participant is no longer eligible to participate in the Plan does not constitute a severance from employment.
- (e) Attainment of Age 59 ½. A Participant attains age 59 ½; provided that the amount of any distribution pursuant to this provision shall not exceed the value of the Participant's Vested Account Balance as of the date of distribution.
- (f) QDRO. This Plan receives a QDRO and the Administrator directs the Trustee to pay benefits to an alternate payee as set forth in the QDRO.

"QDRO" means a "qualified domestic relations order," as determined under Code Section 414(p), as modified by Code Section 414(p)(11).
- (g) Plan Termination; Partial Termination. Termination of this Plan with respect to all Participants or partial termination with respect to Participants affected by the partial termination. Notwithstanding the foregoing, a Participant's Elective Contributions Account may not be distributed on Plan termination if the Participant's Employer maintains a successor defined contribution plan.
- (h) Hardship Withdrawal. A Participant requests a hardship withdrawal which satisfies the following conditions:

(i) Amount. The amount of the withdrawal shall not exceed that portion of the Participant's Vested Account Balance that is reasonably necessary to satisfy the immediate financial need, which may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution. Further, a hardship withdrawal may not be paid from any funds held by the Plan consisting of earnings on the Participant's Elective Contributions Account, or any amounts transferred directly to this Plan from any Tier 1 Plan (and the earnings thereon).

(ii) Immediate and Heavy Financial Need. The request must establish an unusual financial burden due to immediate and heavy financial needs. The Administrator shall require the Participant to provide written documentation of the immediate and heavy financial need. The following shall constitute "immediate and heavy financial needs" for purposes of this Plan: (A) only the purchase of, but not mortgage or other regular payments for, a principal residence for the Participant; (B) tuition, related educational fees, and room and board expenses, for the next twelve (12) months of postsecondary education for the Participant, the Spouse, or the Participant's children or dependents (as defined in Code Section 152); (C) medical expenses of the type that are deductible under Code Section 213(d) for the Participant, the Spouse, or the Participant's dependents; (D) prevention of eviction from, or foreclosure (or forfeiture) of the mortgage, land contract, or other security interest on the Participant's principal residence; (E) burial or funeral expenses for a deceased Spouse, or the Participant's deceased parents, children or dependents (as defined in Code Section 152); and (F) expenses for the repair of damage to the Participant's principal residence (that would qualify for the casualty deduction under Code Section 165, without limitation). For this purpose, any expenses described in (B), (C) and/or (E) above for a primary Beneficiary designated by a Participant under the Plan who is other than the Participant's Spouse, or dependent, shall be deemed to constitute an "immediate and heavy financial need;" provided that such primary Beneficiary is an individual who has an unconditional right to all or a portion of the Participant's Vested Account Balance upon the Participant's death.

(iii) Other Resources. The amount needed to meet the immediate and heavy financial need must not be reasonably available from other resources of the Participant. Other resources include the liquidation of personal assets (if such liquidation would not create an immediate and heavy financial need), reimbursement or compensation from insurance or otherwise, or borrowing the amount needed. The Administrator may reasonably rely on the representations of a Participant regarding the availability of other financial resources. A Participant must elect to receive all available plan loans under this Plan and any other retirement plan in which the Participant participates. The Participant's right to make Elective Contributions and After-Tax Employee Contributions under this Plan and all other retirement plans maintained by the Participant's Employer, and cafeteria plans under Code Section 125, but excluding other health and welfare benefit plans, shall be suspended for a period of at least six (6) months after the withdrawal.

(i) Withdrawal of Rollover or Transfer Contributions. A Participant requests a withdrawal from the Participant's Rollover/Transfer Contributions Account, provided that no amount deposited in such account as the result of a direct plan-to-plan transfer (and the earnings thereon), including any transfer from a Tier 1 Plan, may be so withdrawn.

(j) Withdrawal of After-Tax Employee Contributions. A Participant requests a withdrawal from the Participant's After-Tax Employee Contributions Account created pursuant to Section 4.8(a). The foregoing notwithstanding, distributions to any Participant from a Roth After-Tax Employee Contribution Account created pursuant to Section 4.8(b) consisting of Roth Elective Deferrals and/or Section 4.8(c) consisting of any in-Plan direct rollovers (and any earnings thereon), shall also be subject to the same restrictions on distributions set forth above as from any Elective Contributions Account, and the additional restrictions set forth in Sections 4.8(b) and (c), respectively.

7.2 Valuation for Distribution.

The Participant's Vested Account Balance shall be valued for purposes of making distributions hereunder, based on daily valuation record keeping, unless another valuation method is implemented by the Administrator. The amount to be distributed shall be reduced by the amount of any loan outstanding at any time.

7.3 Methods of Distribution.

Distribution of a Participant's Vested Account Balance shall be made in one or a combination of the following methods, subject to policies or procedures adopted by the Administrator from time to time:

(a) Lump Sum(s). Distribution shall be made in a single payment or, if necessary, in one or more non-periodic payments within one or more taxable years of the recipient. A single lump sum payment shall be the only permitted method of distribution for the following:

(i) Termination of the Plan or partial termination of this Plan under Section 7.1(g) and Article 12;

(ii) Small accounts with a value of \$5,000 or less;

(iii) A requested withdrawal from the Participant's Rollover/Transfer Contributions Account under Section 7.1(i);

(iv) A requested withdrawal of After-Tax Employee Contributions under Section 7.1(j); and

(v) Distribution upon the death of a Participant or Beneficiary, if such amount is payable to the Participant's legal representative or estate under Section 7.6(d).

(b) Direct Rollovers to Another Plan. At a Participant's election, and subject to the provisions of Section 7.8, the Administrator shall direct the Trustee to make a direct rollover of all or any portion of the Participant's Vested Account Balance in a lump sum to the Trustee or custodian of another eligible retirement plan to be held and distributed under the terms of that plan.

(c) Installments. Distribution shall be made in installments paid annually, or more frequently if permitted by the Administrator, over an elected period of years not exceeding the life expectancy of the Participant or the joint life expectancy of the Participant and a Beneficiary.

(i) The amount of the installment payments distributed each calendar year shall be equal to the quotient obtained by dividing the Participant's Vested Account Balance by the remaining number of years in the period; other methods of determining the installment amount payable may be authorized by policies or procedures adopted by the Administrator from time to time. The elected installment payment schedule may be changed or the remainder may be paid in a lump sum, but a Participant may not elect payments smaller than the Minimum Distribution required under the applicable provisions of Section 7.10.

(ii) Life expectancy, as of the calendar year in which payment begins, shall be determined in the manner described in the applicable provisions of Section 7.10.

7.4 Time of Distribution.

(a) Immediate Distribution. Distribution shall begin on the Earliest Distribution Date.

(i) "Earliest Distribution Date" means the first date on which distribution is administratively feasible following the distributive event and election of a distribution by the Participant, Beneficiary or other recipient, under policies or procedures adopted by the Administrator from time to time. A Participant may elect to defer distribution to any date not later than the applicable date in (b) below; such deferral shall be deemed to have been elected by the Participant in the event the Administrator fails to receive a distribution election form from a Participant.

(ii) Exceptions.

(A) Death. The time of distribution following death of a Participant is determined under the applicable provisions of Section 7.10.

(B) QDRO. Distribution to an alternate payee under a QDRO shall be paid to the alternate payee at the time specified in the order, whether or not the Participant has attained a specific age and even though the Participant continues to be an Employee.

(b) Required Distribution. If not made or begun under (a) above, distribution to a Participant shall begin not later than the Participant's Required Beginning Date. Unless paid during the calendar year before the Participant's Required Beginning Date, the Minimum Distribution for that calendar year shall be paid not later than the Required Beginning Date. The Minimum Distribution for each subsequent calendar year shall be paid by the last day of the calendar year for which it is required.

7.5 Election of Method and Time of Distribution.

(a) To the extent permitted under this Article, the Participant or other recipient may elect the method and time of distribution. Except as provided in subsection (b) below, however,

no distribution may be made prior to the date the Participant attains age 70-1/2, without the Participant's consent. The consent shall be given by making an election of distribution. The election shall be made not later than the date distribution actually begins or, if earlier, the date when distribution must begin. An election may be revoked or changed at any time, whether before or after distribution begins. An election shall be made in a form acceptable to and as determined by the Administrator from time to time. The Administrator may require additional election, application or information forms required by law or deemed necessary or appropriate by the Administrator in connection with any distribution.

(b) Notwithstanding subsection (a) above or any other provision of this Plan to the contrary and subject to such policies or procedures as determined by the Administrator from time to time, where at a Participant's retirement, death or other severance from employment the total value of the Participant's Vested Account Balance is \$500 or less, the Administrator shall upon or as soon as is administratively feasible after such event direct the Trustee to pay such amount to the Participant in a lump sum. Further, a Participant's distribution election shall not cause a reduction in the minimum amount or delay the required time of payment of any Minimum Distribution or any distribution required after the death of a Participant.

7.6 Designation of Beneficiary.

(a) "Beneficiary." Subject to the restrictions set forth below, a Participant may designate one or more Beneficiaries to receive the Participant's Vested Account Balance under the Plan after the Participant's death, by filing a signed designation with the Administrator in the form approved by the Administrator; such designation may be changed or revoked by the Participant in writing at any time. The Participant's will is not effective for this purpose. The Beneficiary shall receive the same rights allowed the Participant should the Participant die, except for the right to change any other beneficiary(ies) previously named by the Participant.

(b) Spousal Consent. If a married Participant designates or changes to a primary Beneficiary other than the Spouse without the Spouse's consent to and acknowledgment of the effect of the designation, the designation shall be void. A consent that permits further designations without consent is void unless the Spouse expressly and voluntarily permits such designations without any further spousal consent. The consent may be limited to a specific Beneficiary and a specific method of distribution. "Spouse" means the Participant's husband or wife at any specified time as a result of marriage (as defined under Chapter 551 of the Michigan Compiled Laws, as amended, and Article I, Section 25 of the Michigan Constitution, as amended); a former Spouse shall not be a Spouse except to the extent specified in a QDRO. An existing Beneficiary designation by a Participant will not be effective upon the Participant's subsequent marriage unless the new Spouse consents to the prior designation and acknowledges the effect of the designation. A Participant may designate one or more contingent Beneficiaries as successor(s) to the Spouse without the Spouse's consent.

(c) Death of Designated Beneficiary. Unless otherwise indicated in writing by the Participant in his or her signed Beneficiary designation described above: If all of the primary Beneficiaries designated by the Participant predecease the Participant and then the Participant dies before complete distribution, the remaining amount of the Participant's Vested Account Balance shall be paid to the Participant's contingent Beneficiary(ies) (if any). If distribution is

being made to a sole primary Beneficiary designated by the Participant who dies before complete distribution, the remaining amount of the Participant's Vested Account Balance shall be paid to the Participant's contingent Beneficiary(ies) (if any). If distribution is being made to more than one primary Beneficiary, then upon the death of a primary Beneficiary distribution shall continue to the survivor or survivors of them, and any remaining amount in the Participant's Vested Account Balance upon the death of the last surviving primary Beneficiary shall be paid to the Participant's contingent Beneficiary(ies) (if any). Similarly, if distribution is being made to more than one contingent Beneficiary, then upon the death of a contingent Beneficiary distribution shall continue to the survivor or survivors of them. The foregoing notwithstanding, in accordance with applicable Michigan law relating to substitute gifts, any Beneficiary designation by the Participant of the Participant's grandparent, the descendant of a grandparent of the Participant, or a stepchild of the Participant, shall be interpreted to include the issue of such Beneficiary, per stirpes, if the Beneficiary predeceases the Participant or dies before complete distribution.

(d) No Beneficiary. If a deceased Participant fails to designate a Beneficiary, or has no surviving Beneficiary on the date a distribution is payable, the remaining amount of the Participant's Vested Account Balance shall (subject to the applicable provisions of Sections 7.3 and 7.10) be paid to the Participant's Spouse, or if there is no surviving Spouse, to the Participant's legal representative, or if there is no legal representative, to the Participant's estate, if then under the active administration of a probate or similar court, or if not, to those persons who would then take the Participant's personal property under the Michigan intestate laws then in force and in the proportions provided therein, as though the Participant had died at such time.

(e) Determination. The Administrator shall apply the provisions of this section to determine the proper persons to whom payment should be made. The decision of the Administrator shall be final and binding on all persons.

7.7 Facility of Payment.

Any payment made in accordance with this Section shall fully discharge the Administrator, any Employer and the Trustee from all future liability with respect to the amount so paid.

(a) If a Participant or Beneficiary entitled to a payment under the Plan is legally, physically, or mentally incapable of receiving or acknowledging payment, the Administrator may direct the payment to any of the following: the recipient; the recipient's legal representative; the Spouse, child, or other relative by blood or marriage of the recipient; the individual with whom the recipient resides; or by expending the payment directly for the benefit of the recipient. A payment made to any person other than the recipient shall be used for the recipient's exclusive benefit.

(b) In determining the identity or whereabouts of a Participant or Beneficiary entitled to a payment under the Plan, the Administrator may rely upon such affidavits or other information as it deems appropriate, and shall further be authorized to direct payment to a successor Beneficiary or another person or entity in reliance thereupon. Any person not receiving any such payment shall have no rights with respect to payments so made.

(c) An Employer shall not be required to commence probate proceedings or to secure the appointment of a legal representative in connection with any payment made in accordance with this Section.

7.8 Direct Rollovers.

(a) Election of Direct Rollover. 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 Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(b) Definitions.

(i) 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); the portion of any distribution that is not includible in gross income (except to the extent that such portion is paid (A) to an individual retirement account or annuity described in Code Sections 408(a) or (b) ("IRA"), or (B) to a qualified plan described in Code Section 401(a), or 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); and any amount distributed on account of hardship, regardless of the type of plan from which such amount is distributed.

(ii) Eligible Retirement Plan. An "eligible retirement plan" that accepts the distributee's eligible rollover distribution is (A) an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), a qualified trust described in Code Section 401(a), or an annuity contract described in Code Section 403(b), (B) an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state, which agrees to separately account for amounts transferred into such plan from this Plan, or (C) a Roth IRA under Code Section 408A, subject to the rules that apply to rollovers from a traditional IRA to a Roth IRA generally. The foregoing notwithstanding, a Participant may only elect to have an eligible rollover distribution from a Roth After-Tax Employee Contribution Account created pursuant to Section 4.8(b) or 4.8(c), paid in a direct rollover to a designated Roth account under an applicable retirement plan described in Code Section 402A(e)(1) or to a Roth IRA described in Code Section 408A.

(iii) Distributee. A "distributee" includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving Spouse and the Employee's or

former Employee's spouse who is the alternate payee under a QDRO, are distributees with regard to the interest of the Spouse or former spouse.

(iv) **Direct Rollover.** A "direct rollover" is a payment by the Plan to the eligible retirement plan specified by the distributee.

(c) **Nonspousal Beneficiary Rollovers.** In the event that a non-Spouse Beneficiary of the Participant (as determined under Section 7.6) is entitled to a payment under the Plan, such Beneficiary shall be treated as a distributee under this section and may elect, at the time and in the manner prescribed by the Administrator, to have any portion of such payment treated as a direct rollover under this section that will be paid in a direct trustee-to-trustee transfer to an individual retirement account or annuity described in Code Section 408(a) or 408(b) that is established for the purposes of receiving such distribution on behalf of the Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Code Section 402(c)(11). In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an eligible rollover distribution.

7.9 Transfers to Purchase Service Credits.

Notwithstanding any other provision of this Plan to the contrary and subject to such policies or procedures as determined by the Administrator from time to time, upon application by any Participant who is employed by the State of Michigan or any Employer described in Section 2.15(b) at any time prior to the Participant's severance from employment with such Employer (regardless of whether the Participant is otherwise entitled to a distribution from the Plan), the Administrator shall direct the Trustee to transfer directly to the trustee of any Tier 1 Plan (or any other defined benefit retirement plan maintained by such Employer under Code Section 401(a)) in which the Participant also participates, that portion of the Participant's Vested Account Balance which the Participant requests be so transferred, for the purpose of purchasing permissive service credits (as defined in Code Section 415(n)(3)(A)) that will be counted in determining the Participant's benefits under such defined benefit plan. Any such amounts that are so transferred will remain nonforfeitable and be credited periodically with applicable interest (if any) under such defined benefit plan, and will not be distributed from such plan prior to the Participant's death, disability, retirement or other severance from employment.

7.10 Minimum Distribution Requirements.

(a) **General Rules.**

(i) **Effective Date.** The provisions of this Section will apply for purposes of determining required minimum distributions ("Minimum Distribution") for distribution calendar years beginning with the 2003 calendar year.

(ii) **Precedence.** The requirements of this Section will take precedence over any inconsistent provisions of the Plan.

(iii) **Requirements of Regulations Incorporated.** All distributions required under this Section will be determined and made in accordance with the Regulations under Code

Section 401(a)(9), including the incidental death benefit requirement of Code Section 401(a)(9)(G).

(b) Time and Manner of Distribution.

(i) **Required Beginning Date.** The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.

(ii) **Death of Participant Before Distributions Begin.** If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(A) If the Participant's surviving Spouse is the Participant's sole designated Beneficiary then, except as provided in (C) below, distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.

(B) If the Participant's surviving Spouse is not the Participant's sole designated Beneficiary then, except as provided in (C) below, distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(C) If there is a designated Beneficiary, distribution to the Participant's Beneficiary is not required to begin by the date specified in (A) or (B) above, but the Participant's entire interest must be distributed to the designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(D) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(E) If the Participant's surviving Spouse is the Participant's sole designated Beneficiary and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse begin, this Section 7.10(b)(ii), other than Section 7.10(b)(ii)(A), will apply as if the surviving Spouse were the Participant.

For purposes of this Section 7.10(b)(ii) and Section 7.10(d), distributions are considered to begin on the Participant's Required Beginning Date. If Section 7.10(b)(ii)(E) applies, distributions are considered to begin on the date distributions are required to begin to the surviving Spouse under Section 7.10(b)(ii)(A). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving Spouse before the date distributions are required to begin to the surviving Spouse under Section 7.10(b)(ii)(A)), the date distributions are considered to begin is the date distributions actually commence.

(iii) **Forms of Distribution.** Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first distribution calendar year distributions will be made in accordance with Sections 7.10(c) and 7.10(d). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Regulations thereunder.

(c) Required Minimum Distributions During Participant's Lifetime.

(i) **Amount of Required Minimum Distribution For Each Distribution Calendar Year.** During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(A) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or

(B) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's Spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Regulations, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the distribution calendar year.

(ii) **Lifetime Required Minimum Distributions Continue Through Year of Participant's Death.** Required minimum distributions will be determined under this Section 7.10(c) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(d) Required Minimum Distributions After Participant's Death.

(i) **Death On or After Date Distributions Begin.**

(A) **Participant Survived by Designated Beneficiary.** If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:

(1) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) If the Participant's surviving Spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving Spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving Spouse's age as of the Spouse's birthday in that year.

For distribution calendar years after the year of the surviving Spouse's death, the remaining life expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the Spouse's birthday in the calendar year of the Spouse's death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving Spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(B) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) Death Before Date Distributions Begin.

(A) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Section 7.10(d)(i).

(B) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(C) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving Spouse is the Participant's sole designated Beneficiary, and the surviving Spouse dies before distributions are required to begin to the surviving Spouse under Section 7.10(b)(ii)(A), this Section 7.10(d)(ii) will apply as if the surviving Spouse were the Participant.

(e) Definitions.

(i) Designated Beneficiary. The individual who is designated as the Beneficiary under Section 7.6 of the Plan and is the designated Beneficiary under Code Section 401(a)(9) and Section 1.401(a)(9)-4, Q&A-1, of the Regulations.

(ii) Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which

contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Section 7.10(b)(ii). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's Required Beginning Date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that distribution calendar year.

(iii) Life expectancy. Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Regulations.

(iv) Participant's account balance. A Participant's Vested Account Balance under the Plan as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and credited or forfeitures credited to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(v) Required Beginning Date. The date specified in Section 2.35 of the Plan.

(f) 2009 Moratorium. The foregoing provisions of this Section 7.10 notwithstanding, no minimum distribution is required nor will be paid with respect to any Participant under the Plan for calendar year 2009, unless the Participant or Beneficiary involved specifically chooses to receive such amount, in accordance with the applicable provisions of Code Section 401(a)(9)(H), and any regulations promulgated thereunder.

ARTICLE 8

ADMINISTRATION OF THE PLAN

8.1 Duties and Powers of the State of Michigan and Employer.

(a) Duties of the State of Michigan. The State of Michigan shall have the following duties:

- (i) Serving as the agent for service of process;
- (ii) Appointing the Trustee; and
- (iii) Amending this Plan and Trust, as required by applicable law or Regulations, or as the State of Michigan shall otherwise determine pursuant to Section 11.1.

(b) Powers of the State of Michigan. The State of Michigan may exercise the following discretionary powers:

- (i) Appointing one or more Investment Managers, who shall have the power to acquire, manage, or dispose of any or all Trust assets; provided, that the functions of the Investment Manager shall be limited to those specified services and duties for which the Investment Manager is engaged, and the Investment Manager shall have no other duties, obligations, or responsibilities under this Plan or Trust;
- (ii) Appointing one or more agents to act as custodians of a portion of the Trust assets transferred to each such custodian that are subject to an Investment Manager;
- (iii) Designating a person or entity other than the State of Michigan as the Administrator;
- (iv) Paying administrative expenses incurred in the operation, administration, management, and control of this Plan or the Trust, unless the State of Michigan directs payment from the Trust;
- (v) Revoking this instrument and terminating this Plan and Trust; and
- (vi) Merging this Plan with another qualified retirement plan maintained by any Employer or dividing this Plan into multiple plans.

(c) Duties of an Employer. An Employer shall have the following duties:

- (i) Determining the amount and timing of contributions for Employees of the Employer in compliance with this Plan, and paying, ceasing, or suspending contributions; including making additional contributions if necessary to correct an error in the crediting of contributions, vesting, or distribution of a Participant's interest (subject to such timing and other limitations as are determined by the Administrator from time to time).

8.2 State of Michigan or Employer Action.

An action required to be taken by the State of Michigan or an Employer shall be taken by the Administrator, to the extent consistent with any legislation and/or governmental orders under which this Plan is established.

8.3 Plan Administrator.

The Administrator is a named fiduciary for operation and management of the Plan and shall have the responsibilities conferred upon the "Administrator" by this Plan, and by any legislation and/or governmental orders under which this Plan is established.

8.4 Administrative Committee.

(a) The Administrator may, but shall not be required to, appoint an administrative committee to perform the duties involved in the daily operation of this Plan. The number of members of the administrative committee shall be determined by the Administrator. The Administrator shall appoint the members of the administrative committee and may remove or replace them at any time. Any member of the administrative committee who is an Employee shall serve without compensation.

(b) The administrative committee is an agent of each Employer. The administrative committee shall have the powers and duties delegated to it by the Administrator. Except to the extent the administrative committee is expressly named a fiduciary with respect to this Plan, the administrative committee will be responsible only to the Employers for its actions and will not be a named fiduciary for operation and management of this Plan.

(c) The administrative committee shall act by a majority of its members then in office. Any member of the administrative committee who is a Participant shall not vote or act on a matter that relates solely to that Participant; if that Participant is the only member of the administrative committee, the necessary action shall be exercised by the Administrator. Action may be taken either by a vote at a meeting or in writing without a meeting. Actions of the administrative committee may be evidenced by written instrument executed by the chairman or the secretary of the administrative committee. The administrative committee shall keep records of its proceedings. The administrative committee shall report to the Administrator when requested with respect to the administration, operation, and management of this Plan.

8.5 Duties and Powers of the Administrator.

(a) Duties of the Administrator. Except to the extent properly delegated, the Administrator shall have the following duties:

(i) Interpreting this instrument (including resolving an inconsistency or ambiguity or correcting an error or an omission);

(ii) Subject to Section 8.10, determining the rights of Participants and Beneficiaries under the terms of this Plan and communicating that information to the Trustee;

(iii) Being responsible for determining that this Plan complies with all applicable limitations under the Code and Regulations;

(iv) Determining which Participants are entitled to a share of the contributions and other available amounts for a Plan Year, the amount of each eligible Participant's Participating Compensation for the Plan Year, the amount of the Employer Contribution to be credited to each eligible Participant, the amount and disposition of an excess Annual Addition, and a Participant's vested percentage;

(v) Correcting errors in the records and actions of this Plan, including (but not limited to) errors in crediting Employer Contributions, or in determining the investment experience, vesting or distribution of a Participant's interest, by making adjustments to the accounts, recovering overpayments, making up underpayments, etc. (subject to such timing and other limitations as are determined by the Administrator from time to time);

(vi) Establishing or approving the manner of making an election, designation, application, claim for benefits, and review of claims;

(vii) Directing the Trustee as to the recipient, timing and elected form of any distribution, and with respect to any direct plan-to-plan transfer of funds to another qualified retirement plan for any Participant or group of Participants who cease to participate in the Plan for any reason;

(viii) Establishing procedures to determine whether or not a domestic relations order is a QDRO, to notify the Participant and any alternate payee of this determination, and to administer distributions pursuant to a QDRO;

(ix) Establishing procedures for and supervising the establishment and maintenance of all records necessary and appropriate for the proper administration of this Plan;

(x) Preparing and (A) filing any required annual and periodic reports (if any) required under Regulations; and (B) distributing any required disclosure documents;

(xi) Reporting and paying any applicable penalty tax or excise taxes incurred by this Plan or any Employer in connection with this Plan on the proper tax form designated by the Internal Revenue Service and within the time limits specified for the tax form;

(xii) Adopting policies, procedures and rules for the implementation and administration of this Plan, including the conduct of the hearings provided in Section 8.10;

(xiii) Applying all policies, procedures, and other acts without discrimination among Participants; and

(xiv) Reviewing compliance with any applicable bonding requirements.

(b) Powers of the Administrator. The Administrator may exercise the following discretionary powers:

- (i) Obtaining to the extent reasonably possible all information necessary for the proper administration of this Plan;
- (ii) Employing attorneys, actuaries, accountants, clerical employees, agents, or other persons or entities who are necessary for operation, administration, and management of this Plan;
- (iii) Presenting to the Trustee for payment (if not paid by an Employer) or reimbursement (if advanced by an Employer) all reasonable and necessary expenses, fees and charges, including fees for attorneys, actuaries, accountants, clerical employees, agents, or other persons or entities, incurred in connection with the administration, management, or operation of this Plan;
- (iv) Assessing to any Participant's accounts all expenses, fees and charges incurred in connection with such accounts, including those relating to Plan loans made to the Participant, to procurement of investment advice by the Participant, and to direction of investments pursuant to Section 9.4;
- (v) Prescribing policies or procedures governing and/or restricting investment directions by Participants made pursuant to Section 9.4, including those restricting investment trading practices (including, but not limited to, "market timing") determined by the Administrator to be inappropriate or disadvantageous to the Plan investments of other Participants; and
- (vi) Exercising all other powers and duties necessary or appropriate under this Plan, except those powers and duties allocated to another named fiduciary.

8.6 Delegation of Administrative Duties and Powers.

The Administrator may delegate an administrative duty or power to a fiduciary.

- (a) The written delegation shall specify (i) the date of the action and the effective date of the delegation; (ii) the responsibility delegated; (iii) the name, office, or other reference of each fiduciary to whom the responsibility is delegated; and (iv) if a responsibility is delegated to more than one fiduciary, the allocation of the responsibility among the fiduciaries.
- (b) The delegation shall be communicated to the fiduciary to whom the responsibility is assigned, and written acceptance of the responsibility shall be made by the fiduciary. A fiduciary shall retain the responsibility until the fiduciary resigns or rejects the responsibility in writing, or the Administrator takes a superseding action.
- (c) If a fiduciary's powers or actions conflict with those of the Administrator, the powers of and actions of the Administrator will control.

8.7 Interrelationship of Fiduciaries.

A person or entity may serve in more than one fiduciary capacity with respect to this Plan and Trust. Each fiduciary shall act in accordance with this Plan and Trust. Each fiduciary shall

be responsible for the proper exercise of its responsibilities. Except as required by applicable laws, each fiduciary may rely upon the action of another fiduciary and is not required to inquire into the propriety of any action.

8.8 Compensation; Indemnification.

An Employee fiduciary who is compensated on a full-time basis by any Employer shall not receive compensation from this Plan, except for reimbursement of expenses. An Employer may, consistent with Michigan law, indemnify and hold harmless each of its Employees to whom responsibilities for the operation and administration of this Plan have been delegated from any and all claims, loss, damages, expense, and liability arising from any action or failure to act. Indemnification shall not be required if an Employee's action or inaction is judicially determined to be due to gross negligence or willful misconduct of the Employee. An Employer may purchase and maintain liability insurance covering itself or an Employee against part or all of any claim, loss, damage, expense, and liability.

8.9 Fiduciary Standards.

Each fiduciary shall act solely in the interest of Participants and Beneficiaries:

- (a) With the care, skill, and diligence of a prudent person;
- (b) For the exclusive purpose of providing benefits and paying expenses of administration under the Plan; and
- (c) To avoid engaging in a prohibited transaction under the Code unless an exemption for the transaction is available or obtained.

8.10 Claims Procedure.

Participant claims generally are handled by the Plan's third party administrator, as appointed by the Administrator. If a Participant or Beneficiary disputes a decision made by the third party administrator, he or she may send a written request for review of that decision to the Office of Retirement Services, State of Michigan. In that event, the following procedures shall apply:

- (a) Initial Determination. Upon receipt of a written request by a Participant or Beneficiary, the Office of Retirement Services shall make an initial determination and communicate the determination to the Participant or Beneficiary within 90 days after receipt of the written request.
- (b) Method. The decision of the Office of Retirement Services shall be in writing. The decision shall set forth an explanation of the procedure for further review of the decision.
- (c) Further Review. Within 60 days of receipt of the initial determination decision, the Participant or Beneficiary (or an authorized representative) may make a request for redetermination by the Office of Retirement Services' Specialist for the 401K/457 Plans. The

Participant or Beneficiary (or the authorized representative) may review all pertinent documents and submit issues, comments, and arguments.

(d) Redetermination. The Specialist for the 401K/457 Plans shall provide the Participant or Beneficiary with the final decision within 60 days of receipt of an written request for redetermination, unless special circumstances require a longer period of time (but not longer than 120 days after receipt). The final redetermination decision shall set forth (i) the decision and the specific reasons for the decision; (ii) specific reference to the Plan provisions on which the decision is based; (iii) a description of additional material, information, or acts that may change or modify the decision; and (iv) an explanation of the procedure for further review of the decision.

(e) Waiver. The Specialist for the 401K/457 Plans may waive the requirement for issuance of an initial determination and issue a final decision where the specialist deems that appropriate. If the Specialist takes such action, the Specialist shall advise the Participant or Beneficiary of such waiver in the final decision.

(f) Hearing. Following a final decision by the Specialist, a Participant or Beneficiary may request a hearing on a claim involving his or her rights under this Plan. Upon such written request, the Administrator shall provide for a hearing that shall be conducted pursuant to Chapter 4 of the Administrative Procedures Act of 1969 (Act No. 306 of the Michigan Public Acts of 1969), as amended. A Participant or Beneficiary may be represented by counsel or other duly authorized agent at the hearing.

(g) Final Decision and Order. The resulting Proposal for Decision of the Hearing Officer shall be presented to the Administrator for issuance of a final decision and Order.

8.11 Participant's Responsibilities.

All requests for action of any kind by a Participant or Beneficiary under this Plan shall be made in writing, executed by the Participant or Beneficiary, and shall be subject to any other Plan policies or procedures applicable to any specific type of request.

ARTICLE 9

INVESTMENT OF FUNDS

9.1 Investment Responsibility.

Except to the extent investment responsibility is expressly granted to an Investment Manager or to a Participant pursuant to Section 9.4, the Trustee shall have the authority and responsibility for the investment, management, and control of Trust assets; provided, that the Trustee's efforts in this regard shall be subject to the provisions of State of Michigan Executive Order No. 1999-7.

9.2 Authorized Investments.

The Trust may be invested and reinvested in common or preferred stocks, bonds, mortgages, leases, notes, debentures, mutual funds, guaranteed investment contracts, other securities, and other real or personal property, including, without limitation, the following types of investments, except that investment in collectibles (as that term is defined in Code Section 408(m)) or Employer securities shall not be permitted.

(a) Interest-Bearing Deposits. The Trust may be invested in deposits, certificates, or share accounts of a bank, savings and loan association, credit union, or similar financial institution, including a fiduciary, if the deposits bear a reasonable rate of interest, whether or not the deposits or certificates are insured or guaranteed by an agency of the United States Government.

(b) Pooled Investment Funds of a Custodian. The Trust may be invested through ownership of assets or shares in a common or group trust fund, pooled investment fund, or mutual fund maintained by a custodian, or an affiliate of the custodian, that allows participation by a trust fund established under a qualified retirement plan, and including those that also allow participation by an eligible governmental deferred compensation plan that meets the requirements of Code Section 457(b) (to the extent permitted by applicable Regulations). For this purpose, the terms and provisions of the declaration of trust or other governing documents through which the common trust fund, pooled investment fund, or mutual fund is established or maintained by the custodian, or an affiliate of the custodian, are incorporated in, and made applicable to, this Plan.

(c) Unallocated Funds. Any contribution or other amounts held by the Trustee pending crediting to Participants' accounts may be held in cash or invested in interest-bearing obligations maturing before the date the allocation is required.

(d) Right of Trustee To Hold Cash. The Trustee may hold a reasonable portion of the Trust in cash pending investment or payment of expenses and distributions.

9.3 Commingled Investment.

The Trust may be commingled for investment with other funds or assets similarly invested for investment purposes, and without distinction between principal and income.

9.4 Investment Direction by Participants.

(a) All Participants of the Plan shall be afforded the ability to direct the investment of their accounts under the Plan, in accordance with such investment choices as are made available and those policies or procedures as are determined by the Trustee and the Administrator from time to time; provided, that the Trustee's efforts in this regard shall be subject to the provisions of State of Michigan Executive Order No. 1999-7. Investment directions by a Participant shall be in the format and subject to the policies or procedures prescribed through the Plan's automated system or in another manner as determined by the Administrator from time to time, and shall be effective only as provided under such policies or procedures. In the event the Administrator finds that a Participant has engaged in an investment trading practice (including, but not limited to, "market timing") determined by the Administrator to be inappropriate or disadvantageous to the Plan investments of other Participants, the Administrator may impose restrictions on the investment options available to such Participant (including, but not limited to, suspending or eliminating the availability of certain investment options), subject to such policies or procedures as are adopted by the Administrator from time to time.

(b) The Trustee may rely upon any such investment direction from the Participant and upon the continuance of the direction contained therein until it is revoked or modified in the same manner. If the Trustee determines in its sole discretion that any investment direction received from a Participant is not sufficiently clear or is not authorized under the terms of the Plan, the Trustee may ignore such direction and request that the Participant file a new direction. The Trustee may hold in temporary cash equivalents (or in any other investment medium as determined in the Trustee's discretion) that portion of the Participant's accounts for which inadequate or no investment direction is in effect.

(c) The Trustee shall act only as custodian with respect to any Participant's accounts that are directed (or deemed directed) in accordance with this Section 9.4, and neither the Administrator nor the Trustee shall be responsible for the investment performance of the assets of such accounts.

9.5 Loans.

(a) If and to the extent so determined by the Administrator, any Participant who is employed by the State of Michigan or any Employer described in Section 2.15(b) shall be permitted to apply for loans from the Plan; no other Participants shall be permitted to so apply. Upon application by such an eligible Participant who is actively employed by his or her Employer and at the direction of the Administrator, the Trustee shall loan the Participant the amount requested therewith. Any such loan shall be made pursuant to the separate loan policy statement for the Plan (setting forth the terms and conditions upon which such loans shall be granted, including interest rates, security, and the maximum number, amounts and duration of loans, which terms and conditions shall be fair and equitable to all such eligible Participants and

applied on a nondiscriminatory basis), as developed and revised by the Administrator from time to time. All interest and principal payments on such loans shall be made to the Trust.

(b) Any such loan program will have the following (or more restrictive) characteristics: The aggregate total amount of such loans to any eligible Participant shall not exceed the lesser of: (i) \$50,000; or (ii) one-half of the total value of the Participant's Vested Account Balance. The term of such loans shall not exceed five (5) years, unless it is applied toward the acquisition of the Participant's principal residence, in which case the loan must be repaid within a reasonable time. Any such loan shall be in writing, shall be adequately secured (including security of up to one-half of the Participant's Vested Account Balance), shall bear reasonable interest and shall provide for substantial level amortization over the term of the loan with payments to be made at least quarterly. The foregoing notwithstanding, no amount of any loan may be based on the value of any account maintained under the Plan to the extent such restriction is set forth in the separate loan policy statement for the Plan.

(c) If a Participant fails to repay any loan in accordance with its material terms, then until such indebtedness shall have been fully repaid or discharged, the Administrator shall discharge such indebtedness by deducting it from any amounts which are then, or later become, payable to such Participant under the terms of the Plan.

ARTICLE 10

ADMINISTRATION OF THE TRUST

10.1 Duties and Powers of the Trustee.

(a) Duties of the Trustee. The Trustee shall be a named fiduciary having the following duties:

(i) To control, manage, and invest Trust assets, to the extent provided in Article 9; provided, that the Trustee's efforts in this regard shall be subject to the provisions of State of Michigan Executive Order No. 1999-7;

(ii) To carry out the instructions of the Administrator; and

(iii) To maintain records and to prepare and file reports required by law or Regulations, other than those for which the Administrator is responsible under the terms of this Plan.

(b) Powers of the Trustee. The Trustee may exercise the following discretionary powers:

(i) To hold, manage, improve, repair, and control all property, real or personal, forming part of the Trust;

(ii) To invest Trust assets subject to the limitations in this Plan;

(iii) To sell, convey, transfer, exchange, partition, lease for any term (even extending beyond the duration of the Trust), or otherwise dispose of a Trust asset from time to time, in the manner, for the consideration, and upon the terms and conditions that the Trustee, in its discretion, determines;

(iv) To employ and to compensate from the Trust agents, advisers, and legal counsel reasonably necessary in managing the Trust and advising the Trustee as to its powers, duties, and liabilities;

(v) To prosecute, defend, settle, arbitrate, compromise, or abandon all claims and demands in favor of or against the Trust, with or without the assistance of legal counsel;

(vi) To vote a corporation's stock or other securities, either in person or by proxy, for any purpose;

(vii) To exercise, refrain from the exercise of, or convey a conversion privilege or subscription right applicable to a Trust asset;

(viii) To demand, collect, and receive the principal, dividends, interest, income, and all other moneys or other property due upon Trust assets;

(ix) To consent to, oppose, or take another action in connection with a bankruptcy, composition, arrangement, reorganization, consolidation, merger, liquidation, readjustment of the financial structure, or sale of assets of a corporation or other organization, the securities of which may constitute a portion of the Trust;

(x) To cause securities or other property forming part of the Trust to be issued, held, or registered in the individual name of the Trustee, in the name of its nominee or in such form that title will pass by delivery, provided that the records of the Trustee shall indicate the ownership of the property or security;

(xi) To borrow money for the benefit of the Trust without binding itself individually, and to secure the loan by pledge, mortgage, or creation of another security interest in the property;

(xii) To make distributions from the Trust as directed by the Administrator;

(xiii) Unless paid by an Employer, to pay from the Trust all reasonable fees, taxes, commissions, charges, premiums, and other expenses, including the reasonable fees of the Trustee, incurred by the Trustee or Administrator, in connection with the administration of this Plan or Trust;

(xiv) To insure Trust assets through a policy or contract of insurance;

(xv) To incorporate (or participate in an incorporation) under the laws of any state for the purpose of acquiring and holding title to any property that is part of the Trust;

(xvi) To keep on deposit with a custodian in the United States any part of the Trust; and

(xvii) To perform all other acts the Trustee deems necessary, suitable, or desirable for the control and management of the Trust and discharge of its duties.

(c) Limitation on Duties and Powers of the Trustee. The Trustee shall not be required to exercise a responsibility assigned to the State of Michigan, an Employer or the Administrator under this instrument.

(d) Limitation on Duties and Powers of the Trustee When Investment Manager Appointed. If an Investment Manager is appointed to manage and invest some or all of the Trust assets, the Investment Manager shall have, and the Trustee shall not have, the specified duties and powers with respect to investment of Trust assets subject to the Investment Manager's control. The Trustee shall have no obligation or power to exercise discretionary authority or control with respect to the investment of the assets subject to management by the Investment Manager or to render advice regarding the investment of such assets. The Trustee shall not be liable for the investment performance of the assets subject to management by the Investment Manager. The powers and duties of the Trustee with respect to such assets shall be limited to the following:

- (i) Unless otherwise provided, to have custody of the Trust assets not transferred to the custody of the Investment Manager or its agent, and to protect the assets in its custody from loss by theft, fire, or other cause;
- (ii) To act as custodian of Trust assets unless the State of Michigan appoints another custodian;
- (iii) To acquire additional assets for the Trust in accordance with the direction of the Investment Manager;
- (iv) To sell or otherwise dispose of Trust assets in accordance with the direction of the Investment Manager;
- (v) To account for and render accountings with respect to the Trust (except for assets held by a broker or the Investment Manager);
- (vi) To take authorized actions for and on behalf of the Trust in accordance with the direction of the Investment Manager; and
- (vii) To perform other ministerial and custodial tasks in accordance with the direction of the Investment Manager.

(e) Limitation on Duties and Powers of the Trustee with respect to Participant-Controlled Investments. Consistent with the granting of investment responsibility to Participants with respect to their accounts under the Trust pursuant to Section 9.4, the Trustee shall have only those limited ministerial and custodial responsibilities with respect to the Trust funds represented by such accounts as are set forth in Section 9.4 or as are similar to those set forth in subsection (d) above.

10.2 Accounting.

The Trustee shall maintain accurate and detailed records of all investments, receipts, disbursements, and other transactions for the Trust. The records shall be available for inspection at all reasonable times by persons designated by the Administrator. As soon as administratively feasible after the end of each Plan Year and each other date agreed to by the Administrator and the Trustee, the Trustee shall prepare and furnish to the Administrator a statement of account. A dispute concerning the Trustee's records or statement of account may be settled by a suit for an accounting brought by a person having an interest in the Trust.

10.3 Trustee Action.

Actions taken by a Trustee shall be by written instrument executed by the Trustee.

ARTICLE 11

AMENDMENT

11.1 Amendment.

The State of Michigan, acting through the Administrator, may amend this Plan and Trust document, to the extent consistent with any legislation and/or governmental orders under which this Plan is established. An amendment may be retroactive or prospective, in the sole discretion of the Administrator, except where prohibited by the Code. An amendment may be made without the consent of any other person or entity, except that an amendment shall not (unless required to keep the Plan in compliance with applicable provisions of the Code and Regulations):

- (a) Decrease the amount credited to a Participant's accounts;
- (b) Reduce a Participant's vested percentage, as of the later of the date of adoption of the amendment or the effective date of the amendment;
- (c) Alter the duties, powers, or liabilities of the Trustee without the consent of the Trustee; or
- (d) Modify the vesting schedule to affect directly or indirectly the vested percentage for a Participant who was a Participant on the effective date of an amendment changing the vesting schedule, except to the extent the Participant's vested percentage would be greater under the amended vesting schedule at the effective date of the amendment or any future time.

ARTICLE 12

TERMINATION

12.1 Right to Terminate or Discontinue Contributions.

The State of Michigan, acting through the Administrator, reserves the right to revoke this instrument and terminate this Plan and Trust, or to determine that some or all Employers shall cease or suspend further contributions, to the extent consistent with any legislation and/or governmental order under which this Plan is established.

12.2 Automatic Termination.

This Plan shall automatically terminate, or partially terminate when applicable, and contributions to the Trust shall cease where required by the Code.

12.3 Discontinuance of Contributions.

If the State of Michigan determines that it is no longer possible or desirable for any Employer to make any contributions to the Trust, it may, without terminating this Plan, take appropriate action to permanently discontinue further contributions. Upon discontinuance of contributions, the accounts of all affected Participants shall be nonforfeitable. This Plan and Trust will remain in force, and the Administrator and the Trustee will continue to administer this Plan and Trust under its provisions except for those provisions relating to the making of new contributions.

12.4 Effect of Termination or Partial Termination.

Upon termination or partial termination of this Plan, the accounts of affected Participants shall be nonforfeitable, and the Administrator shall direct the Trustee to make distributions to affected Participants under Article 7.

12.5 No Reversion of Assets.

No Employer shall receive an amount from the Trust upon termination, partial termination, or discontinuance of contributions.

ARTICLE 13

GENERAL PROVISIONS

13.1 Spendthrift Provision.

An interest in the Trust shall not be subject to assignment, conveyance, transfer, anticipation, pledge, alienation, sale, encumbrance, or charge, whether voluntary or involuntary, by a Participant or Beneficiary, unless otherwise provided in this Plan or by the Administrator, or under a QDRO, or as permitted in subsection (a).

(a) An interest shall not provide collateral or security for a debt of a Participant or Beneficiary or be subject to garnishment, execution, assignment, levy, or to another form of judicial or administrative process or to the claim of a creditor of a Participant or Beneficiary, through legal process or otherwise, except for a claim the Trustee may have against the same as security for a Participant loan or as otherwise permitted under the Code.

(b) An attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of benefits payable, before actual receipt of the benefits, or a right to receive benefits, shall be void. The Trust shall not be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of a Participant or Beneficiary entitled to benefits. The benefits and Trust assets under this Plan shall not be considered an asset of a Participant or Beneficiary in the event of insolvency or bankruptcy.

13.2 Effect Upon Employment Relationship.

The adoption of this Plan shall not create a contract of employment between any Employer and an Employee, confer upon an Employee a legal right to continuation of employment, limit or qualify the right of any Employer to discharge or retire an Employee at will, or affect the right of the Employee to remain in service after the Employee's Normal Retirement Age.

13.3 No Interest in Employer Assets.

Nothing in this Plan and Trust shall be construed to give an Employee, Participant, or Beneficiary an interest in the assets or the business affairs of any Employer, or the right to examine the books and records of any Employer. A Participant's rights are solely those granted by this instrument.

13.4 Construction.

The singular includes the plural, and the plural includes the singular, unless the context clearly indicates the contrary. Capitalized terms (except those at the beginning of a sentence or part of a heading) have the meaning specified in this Plan. If a capitalized term is not defined, the term shall have the general, accepted meaning of the term. If a term that is defined does not have the first letter capitalized, and the definition is applicable at that location in this Plan, the term shall have the stated definition.

Any period of time described in this Plan shall consist of consecutive days, months, or years, as appropriate.

13.5 Severability.

If any provision of this Plan is invalid, unenforceable, or disqualified under the Code or Regulations, for any period of time, the affected provisions shall be ineffective but the remaining provisions shall be unaffected.

13.6 Governing Law.

This Plan and Trust shall be interpreted, administered, and managed in compliance with the Code and Regulations, but only to the extent applicable to a governmental retirement plan or as incorporated by reference herein as a Plan provision. To the extent not preempted by federal law, this Plan and Trust shall be interpreted, administered, and managed in compliance with the laws of the State of Michigan.

13.7 Nondiversion.

The Trust is established and shall be administered for the exclusive benefit of Participants and their Beneficiaries.

IN WITNESS WHEREOF, this amended and restated Plan is executed this _____ day of _____, 2014, effective as of the date set forth above.

STATE OF MICHIGAN

By:

Phillip J. Stoddard, Administrator
Director, Michigan Office of Retirement
Services

ACCEPTANCE

The undersigned Trustee accepts the duties, powers and responsibilities of the Trustee as described in Articles 9 and 10 of the foregoing amended and restated State of Michigan 401K Plan.

Dated: _____, 2014

By:

Phillip J. Stoddard, Trustee
Director, Michigan Office of Retirement
Services