

**USD NO. 373, HARVEY COUNTY, KANSAS (NEWTON)
PENSION PLAN**

SUMMARY PLAN DESCRIPTION

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IMPORTANT DISCLOSURE CONCERNING FEDERAL TAX MATERIAL IN THIS SUMMARY

This Summary Plan Description contains information concerning certain federal tax issues. In accordance with the provisions prescribed by Treasury Department Circular 230, 31 C.F.R. Part 10, the information concerning federal tax issues contained herein is not intended or written to be used, and it cannot be used by, any individual for the purpose of avoiding penalties that may be imposed on the individual. An individual should seek advice based on that person’s particular circumstance from an independent tax advisor.

I. INTRODUCTION AND PLAN PROFILE

USD No. 373, Harvey County, Kansas (Newton) (the “District”) maintains the USD No. 373, Harvey County, Kansas (Newton) Pension Plan (the “Plan”) to provide you with supplemental early retirement income. This Summary Plan Description describes the Plan.

This summary explains the main provisions and features of the Plan, which is effective January 1, 2007. Please read it carefully. It is important that you understand the Plan requirements and the benefits it can provide for you. In accordance with the District’s applicable negotiated agreement, the Plan serves as the only source of early retirement benefits available to you.

This summary cannot modify the terms of the Plan document. In the event of inconsistencies between this summary and the Plan document, the Plan document will control.

Listed below are important facts you should know about the Plan.

Administrator. The District is the “Administrator” of the Plan. The District may appoint a person or a committee to act as Administrator. The Administrator keeps the Plan’s records, determines questions of eligibility for participation and benefits, interprets the Plan, communicates with participants and is otherwise generally responsible for Plan operations. If you have any questions about the administration of the Plan, you may contact the following person:

Gary Jantz, Assistant Superintendent
Newton Public Schools
308 East First
Newton, KS 67114
(316) 284-6200

Trust and Trustee. A trust for the Plan has been established to hold the Plan’s assets. The Trustee will hold the assets of the Plan in trust for the exclusive benefit of participants. The Trustee is the District.

II. PARTICIPATING IN THE PLAN

An eligible employee may participate in the Plan after having satisfied various criteria, including that related to the employee’s employment position, years of employment and eligibility for a KPERs benefit.

1. *Am I eligible to participate in the Plan?*

Current Employees

You are eligible to participate in the Plan if, in part, you currently are employed in Licensed Employment or Administrative Employment with the District. Licensed Employment means your full-time employment under a teacher’s basic contract. Examples of Licensed Employment include, but are not limited to, teacher, counselor, media specialist, director or nurse. Administrative Employment means your full-time employment in a position for which the District requires you to hold an administrator’s license. It is not enough that you simply hold an administrator’s license. Instead, the District must require it of you for your position. Examples

of Administrative Employment include, but are not limited to, superintendent, assistant superintendent, principal, assistant principal, director or assistant director.

Besides being in Licensed or Administrative Employment, to be eligible to participate in the Plan, you also must (1) have at least 15 years of Licensed and/or Administrative Employment with the District, (2) be no more than 12 years from being able to receive a “Social Security Retirement Benefit,” (3) have not reached “Full Social Security Retirement Age” and (4) be eligible to receive a retirement benefit from KPERS. You must have satisfied these criteria by the September 1 immediately following your retirement date.

For these purposes, “Social Security Retirement Benefit” means the benefit you receive from the U.S. Social Security system when you reach Full Social Security Retirement Age. The term “Full Social Security Retirement Age” means the age at which you qualify for a full (normal or unreduced) social security benefit under the U.S. Social Security system as it exists as of January 1, 2007, which is as follows:

Year of Birth	Full Social Security Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 to 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Additionally, if you retire from Licensed Employment during the 2007-2008 school year and later, you are eligible to participate in the Plan provided that as of the September 1 immediately following your retirement date, you also are no more than the number of years from being able to receive a Social Security Retirement Benefit (as defined above) in accordance with the following table:

Years of Licensed Employment within the District	Years Before the Participant Receives a Social Security Retirement Benefit
3	1
6	2
9	3
12	4
15	5
18	6
21	7
24	8
27	9
30	10
33	11
36	12

Former Employees

If you terminated your employment with the District prior to January 1, 2007, you are eligible to participate in the Plan if you are receiving benefits as of January 1, 2007, under the District's voluntary early retirement incentive programs for Licensed or Administrative Employment as set out in the applicable negotiated agreement between the District and the bargaining unit or the District's Administrative Benefits summary, respectively.

2. If I am eligible, what requirements must I meet to participate in the Plan?

If you are eligible as a former employee in accordance with question and answer 1 immediately above, you automatically participate in the Plan on January 1, 2007. If you are not a former employee, you may participate in the Plan after notifying the District in writing by the March 15 immediately preceding your retirement date (or such later date as approved by the District) of your intention to retire. You may be required to furnish information to the District as the District may require to enroll you in the Plan and provide you Plan benefits.

3. On what date do I begin to participate in the Plan?

You will participate in the Plan on your "Retirement Date." For purposes of the Plan, your "Retirement Date" means the last date you are required to provide services to the District under your most current basic teacher's contract or individual administrative contract, as applicable to your employment position.

4. When do I stop being a participant?

Your participation in the Plan ends on the date you are no longer entitled to receive a benefit, as discussed under Article IV, question and answer 6.

III. CONTRIBUTIONS

The District will contribute amounts to the Plan as required by law to fund your benefits.

1. Does the District make a contribution to the Plan on my behalf?

The District will contribute to the Trust such amounts as are necessary to provide benefits under the Plan in accordance with the applicable requirements of the law.

2. May I roll over a distribution from another retirement plan to this Plan or contribute to the Plan?

This Plan does not accept rollover contributions or any other contributions from participants. Your benefit is funded entirely by the District.

IV. DISTRIBUTIONS

Your benefit will be paid as a result of your termination of employment and generally will be based on a percentage of your salary and the years until you reach Full Social Security Retirement Age.

1. *When may I begin to receive payment of my benefit?*

You begin receiving benefits from the Plan almost immediately after you begin participation in the Plan. Your benefit generally will begin as of the month immediately following the month of your final receipt of payment under your basic teacher's contract or individual administrative contract, as applicable to you. For example, if you receive wages from the District under your contract through August, your benefit under the Plan will begin in September.

2. *How much is my benefit?*

The maximum benefit you could receive as a participant in the Plan will equal the "Applicable Percentage" of your "Basic Contract Salary" determined as of your Retirement Date (defined above under Article II, question and answer 3) multiplied by either the years until you attain Full Social Security Retirement Age, or 65 minus your age beginning in the first contract year of your retirement, as further provided below. For this purpose, your "Basic Contract Salary" means the contractual amount the District pays you to perform your basic duties, excluding payments for extracurricular duties, extended duties, extended contract days or any other supplementary payments.

Your "Applicable Percentage" is determined as follows:

Licensed Employment Prior to the 2001-2002 School Year

If you were in Licensed Employment immediately prior to your Retirement Date and you retired before the 2001-2002 school year, your Applicable Percentage is determined in accordance with the following table:

Age at Beginning of First Contract Year of Retirement	Percentage
53	19
54	20
55	21
56	22
57	23
58	24
59	25
60	26
61	27
62	28
63	29
64	30

Licensed Employment After the 2000-2001 School Year

If you were in Licensed Employment immediately prior to your Retirement Date and you retired after the 2000-2001 school year, your “Applicable Percentage” is determined in accordance with the following table:

Years from a Participant’s Retirement Date to Full Social Security Retirement Age	Percentage
12	19
11	20
10	21
9	22
8	23
7	24
6	25
5	26
4	27
3	28
2	29
1	30

Administrative Employment After the 2001-2002 School Year

If you were in Administrative Employment immediately prior to your Retirement Date and you retired after the 2001-2002 school year, your “Applicable Percentage” is determined in accordance with the following table:

Years from a Participant’s Retirement Date to Full Social Security Retirement Age	Percentage
12	13
11	14
10	14
9	14
8	15
7	15
6	26
5	27
4	28
3	29
2	30
1	30

Administrative Employment Prior to the 2002-2003 School Year

If you were in Administrative Employment immediately prior to your Retirement Date and you retired prior to the 2002-2003 school year, your “Applicable Percentage” is determined in accordance with the following table:

Age at Beginning of First Contract Year of Retirement	Percentage
55	14
56	14
57	14
58	15
59	15
60	26
61	27
62	28
63	29
64	30

3. *How will my benefit be paid?*

Your total Plan benefit as determined under question and answer 1 immediately above will be divided by the number of months until you are eligible for a Social Security Retirement Benefit (as defined in Article II, question and answer 1, above). You will receive this amount as monthly cash distributions from the Plan payable on or about the 25th day of each month. Instead of receiving cash distributions, in certain cases you may be able to receive a direct rollover of any payment to which you are entitled.

4. *What is a direct rollover?*

Instead of having a cash distribution of your benefit paid to you, you may be able to elect a direct rollover. A direct rollover is a payment of your distribution to your IRA (other than a Roth IRA or Coverdell education savings account) or to another employer plan that accepts rollovers. If you elect payment in a direct rollover, no income tax will be withheld and the amount rolled over will not be taxed until you later receive payment from your IRA or other employer plan. When you are eligible for a distribution from the Plan, you will receive more detailed information on direct rollovers.

5. *Are there any circumstances when my Plan benefit could be limited?*

Notwithstanding the benefit described in question and answer 2 immediately above, in no event will your monthly Plan benefit exceed the amount you would receive as a Social Security Retirement Benefit (as defined in Article II, question and answer 1, above). As a requirement for participation in the Plan, you must provide the District certain information on your future social security benefits. You will be notified if the District anticipates that your benefits could be limited.

6. *How long will I continue to receive benefits from the Plan?*

You will continue to receive monthly payments from the Plan until the first to occur of one of the following events:

- (a) You reach the month prior to the month you are entitled to a Social Security Retirement Benefit (as defined in Article II, question and answer 1, above).
- (b) You die.

- (c) You become eligible for disability payments under KPERS.

Notwithstanding the paragraph immediately above, if you were in Licensed Employment on your Retirement Date and you retired before the 2001-2002 school year or you were in Administrative Employment on your Retirement Date and you retired after the 2001-2002 school year, you will continue to receive monthly payments from the Plan until the first to occur of one of the following events:

- (a) You reach the month prior to the month you are entitled to a Social Security Retirement Benefit (as defined in Article II, question and answer 1, above).
- (b) You die.
- (c) You become eligible for disability payments under KPERS.
- (d) You accept licensed regular employment or an administrative position with the District or any other school district, with the exception of temporary substitute employment.

7. *If I die, will my spouse or beneficiary receive any benefits from the Plan?*

The Plan does not provide a death benefit. As a result, you are not able to designate a beneficiary under the Plan, and no amount after your death will be paid to your spouse or another person.

8. *How do I apply for benefits and what is the process?*

The Plan Administrator generally will notify you when you are eligible for a distribution. You will be provided certain distribution forms which you must complete to begin benefit payments. If you disagree with your benefit amount or if you believe you are entitled to a benefit which you have not received, you may file a claim with the Plan Administrator. If your claim is denied, the Plan Administrator will give you a written notice within a reasonable period of time after receipt of your claim, not to exceed 90 days (or if the circumstances warrant an extension, within a period not to exceed 120 days) which will include:

- (a) The specific reason or reasons for the denial;
- (b) Specific references to pertinent provisions of the Plan document on which the denial is based;
- (c) A description of any additional materials or information which you may provide to make your claim valid and an explanation of why that material or information is needed; and
- (d) An explanation of the Plan's claim procedures.

In the event of a further denial, you may request a review by the Plan Administrator. Your request for review by the Plan Administrator must be submitted to the Plan Administrator within 30 days of the Plan Administrator's mailing of your denial notice. Your request for review should be sent to the address for the District contained in this summary. The Plan

Administrator will make a decision within a reasonable period of time, but in no event later than 60 days after its receipt of your request for review (or if the circumstances warrant an extension of the time, within a period not to exceed 120 days after receipt of your request). You will be notified of the decision on review.

V. MISCELLANEOUS INFORMATION

This part of the summary gives you additional information about the Plan.

1. What type of Plan is this?

The Plan is a form of a defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. It is a governmental plan, and therefore, the Employee Retirement Income Security Act of 1974 (ERISA) and several provisions of the Internal Revenue Code which are generally applicable to qualified plans do *not* apply to the Plan.

2. May the District terminate or modify the Plan?

The District expects to continue the Plan indefinitely, but the District reserves the right to amend, modify, suspend contributions to or terminate the Plan. The District has limited its ability to modify the Plan by agreeing with the union to limit modifications. The Administrator will notify you of any material change in the Plan.

3. Does the Plan constitute a contract of employment?

Neither the establishment of the Plan nor the participation in the Plan by any employee is a contract of employment. Every employee remains subject to discharge without regard to his or her participation in the Plan.

4. May anyone make a claim against my benefit?

You may *not* sell, assign, pledge or transfer your benefits under the Plan before you receive them. In general, your benefit is not subject to garnishment, execution, levy or other legal process by your creditors. However, there is an exception to this rule for alimony, child support or other payments to a spouse, former spouse, child or other dependent required under a “Domestic Relations Order” issued by a court pursuant to a state domestic relations law. See the Administrator for details.

5. How will payment be made if I become unable to properly attend to my affairs?

If you are unable to take care of your affairs because of illness, accident or disability, the Administrator may pay your benefits to your spouse or other relative or legal guardian. Any payment that the Administrator makes in good faith pursuant to this provision shall be a complete discharge from any liability of the Plan to you.

6. Who pays the Plan’s fees and expenses?

Expenses of administering the Plan, including the fees and expenses of the Trustee, are generally charged to the trust to the extent not paid by the District. Such expenses include, but are not limited to, recordkeeping, administrative, consultant, legal and internal and external vendors’ fees.