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THIS AGREEMENT, made in triplicate as of June 1, 1949, by and between CHICAGO TRANSIT AUTHORITY, a municipal corporation created by the Metropolitan Transit Authority Act of Illinois, party of the first part, and LOCALS 241 and 308 of the AMALGAMATED TRANSIT UNION, formerly known as the AMALGAMATED ASSOCIATION OF STREET, ELECTRIC RAILWAY AND MOTOR COACH EMPLOYEES OF AMERICA, party of the second part, as amended.

SECTION 1 - TITLE

- 1.1. The retirement and disability allowance plan which is the subject of this agreement shall be known as “RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES” and is sometimes referred to in this agreement as “this Plan” or “the Plan.”

SECTION 2 - PURPOSE

- 2.1. The object of the Plan is to provide retirement allowances in case of old age or disability for the eligible employees of the Chicago Transit Authority who are represented by said party of the second part, subject to the conditions hereinafter set forth, and for other employees to whom the Plan may be later extended as herein provided, subject to the conditions herein set forth.

SECTION 3 - DEFINITIONS

- 3.1. “Authority” shall mean Chicago Transit Authority.
- 3.2. “Association” or “Amalgamated” shall mean both Local 241 and Local 308 of the Amalgamated Transit Union.
- 3.3. “Employee” for the purpose of the Plan shall consist of:
 - (1) An individual employed on June 1, 1948 or employed subsequent thereto but prior to May 16, 1980 by the Authority, receiving a regular and stated compensation from the Authority other than a retirement allowance or retainer; or
 - (2) An individual employed by the Authority who on June 1, 1948 was absent due to leave of absence, or authorized furlough (other than retirement or disability retirement) or sickness or accident, which started subsequent to September 30, 1947; or
 - (3) An individual employed by the Authority who on June 1, 1948 or thereafter, is on leave of absence because of holding office in the Association or its International Office or in the Office or International Office or any other bargaining agent representing employees of the Authority; provided, however, that if said individual is first employed by the Authority on May 16, 1980 or thereafter, said individual has completed twelve months of continuous service with the Authority prior to commencement of the leave of absence incidental to his aforesaid union activities; or

- (4) An individual who on May 16, 1980 or thereafter is first employed by the Authority who has completed twelve months of continuous service with the Authority and who is classified by the Authority on its employment rolls as a full time permanent employee.

It is not intended to include temporary employees as defined by the Board of Trustees provided for hereinafter. Retired employees are not included, except as provided in Section 20. (Additional historical text available in Board's files.)

- 3.4. "Effective date of the Plan" shall mean June 1, 1949.
- 3.5. "Past Service" shall mean the continuous service with the Authority, or any of its predecessor public utilities, rendered prior to the effective date of this Plan.
- 3.6. "Future Service" shall mean continuous service with the Authority from and after the effective date of this Plan.
- 3.7. "Continuous Service" means service with the Authority, or any of its predecessor public utilities from the date an individual first satisfied the description of an employee set forth in Section 3.3(1), (2), (3) or (4) and thereafter maintained unbroken employment with the Authority, provided, however, that the following shall not be considered a break in continuous service:
 - (1) Authorized leaves of absence and authorized absence because of sickness or injury.
 - (2) Time spent in the service of the armed forces or the Merchant Marine of the United States or her allies during a period of emergency, or on account of compulsory military service provided the employee has returned or returns to the service of the Authority after his honorable discharge within the period described by law, if any, notwithstanding Section 414(u) of the Internal Revenue Code. (See Rule No. 16)
 - (3) Termination of the employment of the employee by the Authority, if followed by reinstatement within three (3) years after the date of such termination (i) in the job classification occupied at the date of such termination, with seniority rights or (ii) in another job classification, with service from date of hire prior to such termination. (Amended 11-29-94)
 - (4) Periods during which no services were rendered because of strikes or lockouts.
 - (5) Lay off due to reduction in force if the lay-off occurred after 1930, and the employee was called back to work and pursuant to such recall returned to work prior to 1937. This subparagraph 5 applies only to employees who retire on or after January 1, 1956.
 - (6) Other lay-off or furlough not exceeding three (3) years, unless extended by agreement of the Authority and the Association. (See Rule No. 19)

- (7) Authorized leave of absence to work in the office of the Secretary of the Board. The employee on said leave of absence will retain and enjoy all rights, privileges, service, earning credits and benefits, including bidding rights on positions with the Authority, available to other employees of the Authority but shall be subject to the direction of the Secretary and the Board. (Amended 12-19-83)

Provided, however, that in calculating past service and in determining eligibility (whether based on past or future service) to a minimum retirement, disability, or deferred vested allowance under this Plan, except for purposes of clause 7 above, absence for one or more of the foregoing grounds exceeding three consecutive years shall, to the extent it exceeds such three years, be deducted in computing the length of said past service, or in determining eligibility to such minimum retirement, disability, or deferred vested allowance; further provided, however, that if the entire period of an absence shall be for military service as described in clause 2 above, then only that portion, if any, of such absence exceeding four consecutive years shall be deducted in computing the length of said past service, or in determining eligibility to such minimum retirement, disability, or deferred vested allowance. (Amended 1-1-74)

Effective January 18, 2008, "Continuous Service" includes all pension credit for service with any retirement system established under Article 8 (Municipal Employees', Officers', and Officials' Annuity and Benefit Fund) or Article 11 (Laborers' and Retirement Board Employees' Annuity and Benefit Fund) of the Illinois Pension Code, provided that the employee forfeits and relinquishes all pension credit under Article 8 or Article 11 of the Illinois Pension Code, and the contribution required under 40 ILCS 5/22-101(c)(3) is made by the employee. The Plan's actuary shall determine the contribution to be paid by the employee as an amount equal to the normal cost of the benefit accrued, had the service been rendered as an employee, plus interest per annum from the time such service was rendered until the date the payment is made. (Amended 1-18-08)

- 3.8. Not currently applicable. Historical text of provision available in Board's files.
- 3.9. "Compensation" shall mean as to future service and as to the contributions to the Fund provided for hereinafter, the total earnings paid by the Authority or by the Board to a participating employee based on the employee's full-time permanent employment on or after the effective date of the Plan. (Amended 12-19-83) (Further Amended 11-29-94)

As to those individuals who on or after December 1, 1989 occupy full-time or part-time positions with the Association or its International Office, or with the Office or International Office of any other bargaining agent representing employees of the Authority, "compensation" shall mean:

- (a) For such individuals in full-time positions, the total earnings paid to the individual for all service in such positions both before and after December 1, 1989, by the Association or its International Office, or by the Office or International Office of the bargaining agent representing employees of the Authority; provided that the Authority and the individual make contributions to the Plan based on such total earnings at the rates provided by Paragraph 7.1 for all service with the Association

or its International Office, or with the Office or International Office of any other bargaining agent representing employees of the Authority.

- (b)
 - (1) For such individuals in part-time positions, the total earnings paid to the individual by the Authority or by the Board plus the total earnings paid to the individual for service in such part-time positions both before and after December 1, 1989, up until December 31, 2004 by the Association or its International Office, or by the Office or International Office of the bargaining agent representing employees of the Authority; provided that the Authority and the individual make contributions to the Plan based on all of the earnings from such part-time positions at the rates provided by Paragraph 7.1.
 - (2) Effective January 1, 2005 for any such Employee recognized as a part-time Union official, "Compensation" shall include Total Earnings paid to the individual by the Authority plus earnings paid by the individual's Union to the part-time Union official for work performed in furtherance of the bargaining relationship between the individual's Union and the Authority, provided that such work is performed on a "lost-time" basis during the individual's Authority regular work schedule and provided that such work is compensated at a rate no higher than 10% more than the Authority's hourly rate for the individual's job classification to be calculated on a monthly basis. A part-time Union official shall not receive pensionable earnings from his or her Union for the same time the individual performed work or received Compensation from the Authority. A part-time Union official shall not receive pensionable earnings from his or her Union for any work performed on a paid Authority holiday, vacation day, or on a day on which the individual has reported off sick, or for any work performed while the individual is in Area 605.
 - (i) Subject to the limitations and requirements set forth in the preceding paragraph hereof, services by a part-time Union official which are in "furtherance of the bargaining relationship between the individual's Union and the Authority" shall include investigating and handling grievances and arbitrations for Authority bargaining unit members, preparing for and or participating in collective bargaining with the Authority, lobbying governmental bodies on matters affecting the Authority, attending meetings of the Women's Conference, Black Caucus and the Latino Caucus, attending educational seminars or conferences which have a primary purpose of educating Union officers and developing their professional relationship with the Authority, attending the individual's Union executive board meetings and the ATU triennial convention, and administering the collective bargaining agreement, including matters relating to picks.

- (ii) For any such individual recognized as a part-time Union official, "Compensation" shall not include among other things payments by the individual's Union in the form of bonuses or 'Barley days' and for the following activities which are not in furtherance of the bargaining relationship between the individual's Union and the Authority: Attendance at and/or preparation for parades, picnics, and other recreational, sporting or social events including attendance at committee meetings for the planning of such events, attending PAC meetings, work connected with the review of audits of the individual's Union, internal Union administrative work, charitable activities, and delivery of food or gifts to schools or similar institutions, and monthly membership meetings.
 - (iii) The Association and any other bargaining agent representing Employees of the Authority shall provide to the Authority a written list of the part-time Union officials whose "Compensation" is defined in this Section 3.9(b) and shall notify the Authority of any changes to the list as they occur. Such part-time Union officials shall include only elected part-time officials and the official positions that have been historically recognized as being "part-time positions" or the equivalent of such positions within the meaning of this Section 3.9(b).
 - (iv) The President and the Financial Secretary of the Association, and the principal officer of any other bargaining agent representing Employees of the Authority will document monthly to the Authority, on a form provided by the Authority - a copy of which is attached hereto -, the earnings of the part-time official during the preceding month claimed to be pensionable, indicating the time of day each claimed pensionable activity began and ended, the nature of the activity, and the hourly wage rate claimed appropriate. The President and Financial Secretary of the part-time official's Union shall certify that the contents of the document are true, include only pensionable activities as defined herein, and include no non-pensionable earnings as defined herein.
 - (v) Disputes over the amount and nature of time claimed to be pensionable and the proper wage rate for such time must be raised to the Executive Director of the Retirement Plan by either party within 60 days of the presentation of the form described in (iv). Notwithstanding any provision of the Trust Agreement to the contrary, any unresolved disputes will be arbitrated by an independent arbitrator appointed by the Board. (Amended 1-18-08)
- (c) Notwithstanding anything herein to the contrary, the compensation of any individual occupying a position with an International Office, determined and to be taken into account under this paragraph as attributable to such position, shall not

exceed the compensation similarly attributable to the highest paid full-time position or comparable part-time position with the Local of the Association or other local bargaining agent with which the officer was associated. (Amended 9-26-90)

“Average Annual Compensation” shall be determined as follows:

- (a) For those employees for whom the effective date of retirement is prior to 3-1-82 “Average Annual Compensation in the highest five (5) Completed Plan Years” shall mean that amount determined by dividing by five (5) the total Compensation as defined herein, of the employee in those five (5) Plan Years within the ten (10) Plan Years immediately prior to his normal retirement date (or, if earlier, the effective date of retirement) in which his Compensation was greatest. (Amended 1-1-71)
- (b) For those employees for whom the effective date of retirement is 3-1-82 or thereafter “Average Annual Compensation in the highest four (4) Completed Plan Years” shall mean that amount determined by dividing by four (4) the total Compensation, as defined herein, of the employee in those four (4) Plan Years within the ten (10) Plan Years immediately prior to his retirement date in which his Compensation was greatest. (Amended 9-22-87)
- (c) For those employees for whom the effective date of retirement is after September 26, 1990, the Board, upon good cause shown to its satisfaction, may substitute those four (4) Plan Years during an employee’s employment in which his compensation was greatest, in lieu of the four (4) Plan Years within the ten (10) Plan Years immediately prior to the employee’s retirement date in which his compensation was greatest, for the determination of the employee’s “Average Annual Compensation”. (Amended 9-26-90)

3.10. “Board” means the Board of Trustees.

3.11. “Fund” shall mean the moneys and property due to or in the hands of the Trustee including payments by the employees and the Authority plus the income or other proceeds from investments, less disbursements for benefits and expense.

3.12. “Trustee” shall mean the bank or trust corporation selected to administer the Fund.

3.13. The Plan Year shall be the calendar year for all computations herein provided, except that for the purpose of computing employee compensation from the Authority, the plan year shall be the Authority’s fiscal payroll period which approximates the calendar year. (Amended 5-16-80)

3.14. The masculine pronoun wherever used shall include the feminine pronoun, in the singular, and the plural.

SECTION 4 - PARTICIPATION IN THE PLAN

- 4.1. Subject to Paragraph 4.2., all employees, as defined above, shall come under this Plan and continue as contributing employees so long as they are in the employ of the Authority in an occupation or position to which this agreement applies or may hereafter be made to apply.
- 4.2. This agreement shall apply, in the first instance, only to the employees represented by said party of the second part; it may be made applicable to other employees or groups of employees of the Authority by agreement between the Authority and such other employees, either individually or when represented by a bargaining agent, then with such bargaining agent. (See Appendices A, B and C)
- 4.3. Notwithstanding any provision in this Plan to the contrary, an individual who was employed by the Authority and was terminated by the Authority or was constructively discharged and who subsequently is reinstated as a result of a grievance procedure finding, arbitration award, court order, or a settlement agreement between the individual and the Authority shall participate under this Plan provided the individual satisfies the provisions of the Plan in regard to eligibility to participate. The individual's continuous service with the Authority shall include the period of continuous service with the Authority prior to the termination of his employment, the period from termination of employment until reinstatement as may be specified and required by such grievance procedure finding, arbitration award, court order or settlement agreement, and the period of continuous service after reinstatement, provided that:
 - (1) The finding, award, order, or agreement sets forth the period of time to be so taken into account as continuous service under the Plan and such period of time is consistent, in the judgment of the Board in its discretion, with the facts of the individual's actual employment with the Authority and the other provisions of the finding, award, order or agreement;
 - (2) The amount of the total financial award to the individual set forth in the finding, award, order or agreement regardless of how described therein shall be considered as Compensation for Plan purposes allocated in equal monthly installments over the period between termination of employment and reinstatement subject to the right of the Board in its discretion to determine that said compensation is consistent with the facts of the matter in dispute;
 - (3) Contributions are made to the Plan treating the amount of the financial award specified in the finding, award, order, or agreement as Compensation from the Authority for the period of time to be taken into account as continuous service with both the individual and the Authority making their respective contributions as called for by the Plan unless the finding, award, order, or agreement provides that the contributions to the Plan, as called for by the Plan, are to be otherwise allocated between the individual and the Authority; and

- (4) The finding, award, order, or agreement shall not be given effect with regard to any such period of time or compensation if the Board in its sole discretion determines that such action has the potential to cause the Plan to fail to satisfy any of the requirements of Section 401(a) of the Internal Revenue Code of 1986 or the regulations thereunder applicable to the Plan.

The Board's determinations under this Paragraph shall be conclusive and binding on all parties. (Amended 11-29-94)

- 4.4. Bargaining unit members may participate in the CTA 401(k) program but must continue to participate in this Plan.
- 4.5. CTA non-vested/non-bargained for employees may voluntarily opt out of this Plan and/or participate in such other plans as the CTA may offer.
- 4.6. The Authority shall have the right to establish, in addition to this Plan, one (1) or more retirement plans as provided for in § 22-101 of the Illinois Pension Code.
- 4.7. Effective December 12, 1994, 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 Section 414(u) of the Code (Amended 1-8-03).

Notwithstanding anything herein to the contrary, if an employee dies on or after January 1, 2007, while in the Uniformed Services of the United States and while entitled to reemployment rights under the Uniformed Services Employment & Reemployment Rights Act of 1994 ("USERRA"), his or her beneficiaries are entitled to any additional benefits provided under the plan (other than benefit accruals relating to the period of qualified military service) as if the participant had resumed employment on the day before the date of death and then terminated employment on account of death.

SECTION 5 - BOARD OF TRUSTEES

- 5.1. The Board of Trustees shall consist of eleven (11) members appointed as follows: (i) 5 trustees shall be appointed by the Chicago Transit Board; (ii) 3 trustees shall be appointed by an organization representing the highest number of Chicago Transit Authority participants; (iii) one trustee shall be appointed by an organization representing the second-highest number of Chicago Transit Authority participants; (iv) one trustee shall be appointed by the recognized coalition representatives of participants who are not represented by an organization with the highest or second-highest number of Chicago Transit Authority participants; and (v) one trustee shall be selected by the Regional Transportation Authority Board of Directors, which trustee shall be a professional fiduciary who has experience in the area of collectively bargained pension plans. The entity which appointed a trustee shall have the right at any time and for any period to replace a member appointed by it. A trustee shall serve until a successor has been appointed and qualified, or until resignation, death, incapacity, or disqualification. (Amended 1-18-08)

Any person appointed as a member of the Board shall qualify by taking an oath of office that he or she will diligently and honestly administer the affairs of the system and will not

knowingly violate or willfully permit the violation of any of the provisions of law applicable to the Plan, including Section 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114, and 1-115 of the Illinois Pension Code. (Amended 1-18-08)

Each Trustee shall have the rights, privileges, authority and obligations as are usual and customary for such fiduciaries.

The absence of employee contributions under Paragraph 7.1 shall in no way affect the continued participation of Locals 241 and 308 in the administration of the Plan as provided for herein. (Amended 12-1-84)

- 5.2. All members of the Board shall have alternates who shall be appointed in the same manner provided in Paragraph 5.1.
- 5.3. The Board shall select from its membership a Chairman. All members of the Board shall serve without compensation. (Amended 11-29-94)
- 5.4. Each member of the Board shall cast individual votes and a majority vote shall be final and binding upon all interested parties, provided that the Board may require a supermajority vote with respect to the investment of the assets of the Plan. The Board, by a vote of at least two-thirds of the members, may transfer investment management to the Illinois State Board of Investment.
- 5.5. The Executive Director of the Board shall act upon all routine matters in connection with the administration of the Plan and shall keep a record of the proceedings of the Board. (Amended 11-29-94)
- 5.6. The Board shall have power:
 - (1) to make and enforce such rules and regulations consistent with the provisions of this agreement as in its opinion may be necessary, or desirable, for the carrying out of its duties, and for the efficient administration of the Plan;
 - (2) to decide any question arising in the administration, interpretation and application of this Plan;
 - (3) to determine, according to the provisions herein set forth, the eligibility of an employee for old-age retirement and disability allowance under this Plan and, if eligible, his rights hereunder;
 - (4) to certify to the Trustee the name of each employee eligible for a refund or old age retirement or disability allowance and the amount payable to him and to rescind such certification in accordance with the provisions of this Plan;
 - (5) to approve or deny any application for an optional form of payment or retirement allowances, and to formulate rules with respect to the election of, and payments under, any such optional form of payment, which rules, however, shall not be inconsistent with the provisions of this Plan. (Amended 1-1-71)

- 5.7. All employees designated to work in the office of the Board shall be on leave of absence from the Authority to the Board as provided by Section 3, Paragraph 3.7(7), 3.8 and 3.9. (Amended 11-29-94). The Board may employ from time to time such legal and other experts as it may deem necessary. (Amended 12-19-83)
- 5.8. The Board shall hold meetings at such times as it shall determine, but not less than one (1) meeting each month. It shall make an annual report to the Authority and the Association, and shall make such other reports of the operation of the Plan as it shall deem necessary. At least once a year the Board shall have an audit made of the funds forwarded to, disbursed and held by the Trustee by a recognized firm of certified public accountants. A statement of the results of such audit shall be forwarded to the Auditor General, the Authority and the Association and the duly appointed representatives of any other employees no later than September 30.
- 5.9. All necessary expenses incurred by the Board shall be certified by the Board to, and paid by, the Trustee out of the funds held by it.
- 5.10. Members of the Board shall not be personally liable for any act done by them in performance of their duties as members of the Board and shall be indemnified by the Fund against any and all liability and expenses reasonably incurred in connection with any action to which they may be party by reason of their being members of the Board, provided, however, that the foregoing shall not apply to any members of the Board who shall be adjudged guilty of misconduct.
- 5.11. The Board shall have an annual actuarial valuation prepared for the Plan by the actuary retained by the Board, subject to the following:
 - (1) Effective January 1, 1993, the annual investment return assumption will be increased from 8.25% to 9%, and the salary increase assumption will be increased from 5% to 5.5%. The non-economic assumptions will be modified to the extent deemed appropriate by the Plan's actuary.
 - (2) Effective January 1, 1993, the amortization period for unfunded past service liabilities will be increased from 30 to 40 years.
 - (3) Effective January 1, 1993, the Plan's adjusted asset value for funding purposes will be reestablished to equal the market value of the assets of the Fund. With respect to actuarial valuations effective January 1, 1994, and each year thereafter, the valuation method used for funding purposes in the years immediately preceding January 1, 1993 will be reemployed, based on the asset value established effective January 1, 1993. (Amended 8-2-93)
 - (4) Effective January 1, 2000, the Plan's adjusted asset value for funding purposes will be re-established to equal the market value of the assets of the Fund.
 - (5) Effective January 1, 2001, and each year thereafter, the valuation method used for funding purposes in the years immediately preceding January 1, 2000 will be reemployed, based on the asset value established effective January 1, 2000.

- (6) Effective January 1, 2000, the actuarial cost method will be changed from the Entry Age Normal Cost Method to the Projected Unit Credit Cost Method.
- 5.12. By September 15 of each year beginning in 2009, the Board shall have an annual actuarial valuation and report prepared for the Plan by the actuary retained by the Board. The projected funded ratio of the total assets of the Plan to its total actuarially determined liabilities, and resulting contribution requirements, shall be determined in a manner consistent with statutory guidelines.
- 5.13. The Board shall provide the Auditor General an annual statement containing the information specified in Section 1A-109 of the Illinois Pension code no later than September 30.

SECTION 6 - RECORDS

- 6.1. The Authority shall keep all records, compile all data, accept all written communications from participating employees and their beneficiaries addressed to the Board and submit such communications to the Board for processing in accordance with the provisions of this Plan, so far as its employees are concerned. The actual cost and expense to the Authority in performing such duties shall be certified by the Authority to the Board and upon approval by the Board shall be paid by the Trustee out of the Fund.
- 6.2. The Board shall have the right at all times to call for additional information concerning any or all applications forwarded to the Board and to examine all records or data pertaining to the Plan.

SECTION 7 - CONTRIBUTIONS TO THE FUND

- 7.1. Except as limited by Paragraph 9.3 hereof the contributions of the Authority and of the employee shall be the stated percentage of compensation effective with the first payroll respectively for the periods indicated below:
 - (a) Effective the first full pay period commencing on or after January 1, 1994, no contributions to the Retirement Fund shall be required of either the Authority or employees until the first full payroll period commencing on or after March 1, 1995. (Amended 8-23-93)
 - (b) Effective the first full payroll period commencing on or after March 1, 1995, the Authority's contribution to the Fund shall be 2% of total compensation and employees shall contribute 1% of total compensation to the Fund. (Amended 8-2-93)
 - (c) Effective the first full payroll period commencing on or after December 1, 1995, the Authority's contribution to the Fund will be increased from 2% to 6% of total compensation and the employee contribution rate will be increased from 1% to 3% of total compensation. (Amended 8-2-93)

- (d) Effective for the period from January 1, 1996 through December 31, 1999, the Authority in its discretion shall designate a maximum of six (6) calendar months within such period, which may but shall not be required to be consecutive or in any year or in one or more years, with respect to which no contributions to the Fund will be required of the Authority or employees. (Amended 12-23-97)
- (e) Notwithstanding any other provision of the Plan to the contrary, no contributions to the Fund will be required of the Authority or employees with respect to 1996 bonuses paid to employees pursuant to the provisions of the Collective Bargaining Agreement between the parties; and such bonuses paid to employees shall be included as part of the employees' compensation as defined in Paragraph 3.9 regardless of not being subject to contribution requirements as provided herein. (Amended 12-23-97)
- (f) From January 18, 2008 through December 31, 2008, all participating employees shall contribute to the Plan in an amount not less than 6% of compensation, and the Authority shall contribute to the Plan in an amount not less than 12% of compensation.
- (g) Beginning January 1, 2009 the Authority shall make contributions to the Plan in an amount equal to twelve percent (12%) of compensation and participating employees shall make contributions to the Plan in an amount equal to six percent (6%) of compensation.
- (h) For the period ending December 31, 2040, the amount paid by the Authority in any year with respect to debt service on bonds issued for the purposes of funding a contribution to the Retirement Plan under Section 12c of the Metropolitan Transit Authority Act, other than debt service paid with the proceeds of bonds or notes issued by the Authority for any year after calendar year 2008, shall be treated as a credit against the amount of required contribution to the Plan by the Authority under subparagraph (g) for the following year up to an amount not to exceed 6% of compensation paid by the Authority in that following year.
- (i) By September 15 of each year beginning 2009 and ending on December 31, 2039, on the basis of a report prepared by an enrolled actuary retained by the Plan, the Board shall determine the estimated funded ratio of the total assets of the Plan to its total actuarially determined liabilities. A report containing that determination and the actuarial assumptions on which it is based shall be filed with the Authority, the representatives of its participating employees, the Auditor General of the State of Illinois, and the Regional Transportation Authority. If the funded ratio is projected to decline below 60% in any year before 2040, the Board shall also determine the increased contribution required each year as a level percentage of payroll over the years remaining until 2040 using the projected unit credit actuarial cost method so the funded ratio does not decline below 60% and include that determination in its report. If the actual funded ratio declines below 60% in any year prior to 2040, the Board shall also determine the increased contribution required each year as a level percentage of payroll during the years after the then

current year using the projected unit credit actuarial cost method so the funded ratio is projected to reach at least 60% no later than 10 years after the then current year and include that determination in its report. Within 60 days after receiving the report, the Auditor General shall review the determination and the assumptions on which it is based, and if he finds that the determination and the assumptions on which it is based are unreasonable in the aggregate, he shall issue a new determination of the funded ratio, the assumptions on which it is based and the increased contribution required each year as a level percentage of payroll over the years remaining until 2040 using the projected unit credit actuarial cost method so the funded ratio does not decline below 60%, or, in the event of an actual decline below 60%, so the funded ratio is projected to reach 60% by no later than 10 years after the then current year. If the Board or the Auditor General determine that an increased contribution is required to meet the funded ratio required by this subparagraph, effective January 1 following the determination or 30 days after such determination, whichever is later, one-third of the increased contribution shall be paid by participating employees and two-thirds by the Authority, in addition to the contributions required by subparagraph (g).

- (j) For the period beginning 2040, the minimum contribution to the Plan for each fiscal year shall be an amount determined by the Board to be sufficient to bring the total assets of the Plan up to 90% of its total actuarial liabilities by the end of 2059. Participating employees shall be responsible for one-third of the required contribution and the Authority shall be responsible for two-thirds of the required contribution. In making these determinations, the Board shall calculate the required contribution each year as a level percentage of payroll over the years remaining to and including fiscal year 2059 using the projected unit credit actuarial cost method. A report containing that determination and the actuarial assumptions on which it is based shall be filed by September 15 of each year with the Authority, the representatives of its participating employees, the Auditor General of the State of Illinois and the Regional Transportation Authority. If the funded ratio is projected to fail to reach 90% by December 31, 2059, the Board shall also determine the increased contribution required each year as a level percentage of payroll over the years remaining until December 31, 2059 using the projected unit credit actuarial cost method so the funded ratio will meet 90% by December 31, 2059 and include that determination in its report. Within 60 days after receiving the report, the Auditor General shall review the determination and the assumptions on which it is based and if he finds that the determination and the assumptions on which it is based are unreasonable in the aggregate, he shall issue a new determination of the funded ratio, the assumptions on which it is based and the increased contribution required each year as a level percentage of payroll over the years remaining until December 31, 2059 using the projected unit credit actuarial cost method so the funded ratio reaches no less than 90% by December 31, 2059. If the Board or the Auditor General determines that an increased contribution is required to meet the funded ratio required by this subsection, effective January 1 following the determination or 30 days after such determination, whichever is later, one-third of the increased contribution shall be paid by participating employees and two-thirds by the Authority, in addition to the contributions required by subparagraph (g).

- (k) Beginning in 2060, the minimum contribution for each year shall be the amount needed to maintain the total assets of the Plan at 90% of the total actuarial liabilities of the Plan, and the contribution shall be funded two-thirds by the Authority and one-third by the participating employees in accordance with 40 ILCS 5/22-101(e)(5).
- (l) The Board shall certify to the Governor, the General Assembly, the Auditor General, the Board of the Regional Transportation Authority, and the Authority at least 90 days prior to the end of each fiscal year the amount of the required contributions to the Plan for the next Plan Year. The certification shall include a copy of the actuarial recommendations upon which it is based. In addition, copies of the certification shall be sent to the Commission on Government Forecasting and Accountability and the Mayor of Chicago.

(Additional historical text available in Board's files.)

- 7.2. The contributions by all participating employees receiving compensation from the Authority shall be made by means of deductions on each pay day.
- 7.3. Officers and representatives of the Association or its International Office, whether in full time or part time positions, who are employees of the Authority on leave of absence, shall transmit their contributions each month to the Authority, except insofar as any part thereof has been deducted under Paragraph 7.2.
- 7.4. Contributions may be paid by the Authority and participating employees on a payroll or other periodic basis. The total contributions of the employees and the Authority shall be forwarded by the Authority to the Trustee not later than the end of each month for all contributions made as to pay periods ending in the preceding month. (Amended 1-18-08)
- 7.5. All payments and benefits provided for in this Plan (including the Supplemental Benefits provided in Section 22 hereof) shall be made from the Fund and there shall be no obligation on the part of the Authority or the employees to provide for payments of benefits from any other source; and there shall be no liability on the Authority or employees to make any contributions other than those specified in Sections 7 and 21.1(1). (Amended 1-18-08)
- 7.6. The contributions required of employees pursuant to this Section 7 shall be picked up (within the meaning of Section 414(h)(2) of the Internal Revenue Code of 1986, as amended) by the Authority. Said contributions, although designated as employee contributions for determining employee rights under the Plan, shall be paid by the Authority in lieu of contributions by the employees. Said contributions shall be picked up pursuant to Paragraph 7.2 by a reduction in compensation paid by the Authority and shall be treated as employer contributions in determining tax treatment under the Internal Revenue Code of 1986 as amended. An employee shall not have the option of choosing to receive these contributions directly instead of having them paid by the Authority to the Plan. Picked-up employee contributions shall be included in the term "total earnings."

SECTION 8 - RETIREMENT ALLOWANCE

8.1. An employee retiring at the normal or later retirement date as set out in Section 9 shall receive an annual retirement allowance paid in equal monthly installments for life which shall be computed according to the following formula:

- (1) As to an employee who first becomes entitled to a retirement allowance commencing on or after November 30, 1989, the retirement allowance shall be the amount determined in accordance with the following formula:
 - (a) One percent (1%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each full year of continuous service from the date of original employment to the effective date of the Plan; plus
 - (b) One and seventy-five hundredths percent (1.75%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service (i) from and after the effective date of the Plan and prior to his normal retirement date or, (ii) if the employee retires at a later date than his normal retirement date in accordance with Paragraph 9.2, from and after the effective date of the Plan and prior to the date he actually retires subject to limitation by Paragraph 9.3. (Amended 9-22-87).

Provided, however that:

- (2) As to an employee who first becomes entitled to a retirement allowance commencing on or after January 1, 1993, the retirement allowance shall be the amount determined in accordance with the following formula:
 - (a) One percent (1%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each full year of continuous service from the date of original employment to the effective date of the Plan; plus
 - (b) One and eighty hundredths percent (1.80%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service (i) from and after the effective date of the Plan and prior to his normal retirement date or, (ii) if the employee retires at a later date than his normal retirement date in accordance with Paragraph 9.2, from and after the effective date of the Plan and prior to the date he actually retires subject to limitation by Paragraph 9.3.

Provided, however that:

- (3) As to an employee who first becomes entitled to a retirement allowance commencing on or after January 1, 1994, the retirement allowance shall be the amount determined in accordance with the following formula:

- (a) One percent (1%) of his “Average Annual Compensation in the highest four (4) completed Plan Years” for each full year of continuous service from the date of original employment to the effective date of the Plan; plus
- (b) One and eighty-five hundredths percent (1.85%) of his “Average Annual Compensation in the highest four (4) completed Plan Years” for each year (including fractions thereof to completed calendar months) of continuous service (i) from and after the effective date of the Plan and prior to his normal retirement date or, (ii) if the employee retires at a later date than his normal retirement date in accordance with Paragraph 9.2, from and after the effective date of the Plan and prior to the date he actually retires subject to limitation by Paragraph 9.3. (Amended 8-2-93)

(Additional historical text available in Board’s office.)

Provided, however that:

- (4) As to an employee who first becomes entitled to a retirement allowance commencing on or after January 1, 2000, the retirement allowance shall be the amount determined in accordance with the following formula:
 - (a) One percent (1%) of his “Average Annual Compensation in the highest four (4) completed Plan Years” for each full year of continuous service from the date of original employment to the effective date of the Plan; plus
 - (b) Two percent (2%) of his “Average Annual Compensation in the highest four (4) completed Plan Years” for each year (including fractions thereof to completed calendar months) of continuous service (i) from and after the effective date of the Plan and prior to his normal retirement date or, (ii) if the employee retires at a later date than his normal retirement date in accordance with Paragraph 9.2, from and after the effective date of the Plan and prior to the date he actually retires subject to limitation by Paragraph 9.3.

Provided, however that:

- (5) As to an employee who first becomes entitled to a retirement allowance commencing on or after January 1, 2001, the retirement allowance shall be the amount determined in accordance with the following formula:
 - (a) One percent (1%) of his “Average Annual Compensation in the highest four (4) completed Plan Years” for each full year of continuous service from the date of original employment to the effective date of the Plan; plus
 - (b) Two and fifteen hundredths percent (2.15%) of his “Average Annual Compensation in the highest four (4) completed Plan Years” for each year (including fractions thereof to completed calendar months) of continuous service (i) from and after effective date of the Plan and prior to his normal

retirement date or, (ii) if the employee retires at a later date than his normal retirement date in accordance with Paragraph 9.2, from and after the effective date of the Plan and prior to the date he actually retires subject to limitation by Paragraph 9.3.

Provided, however that:

- (6) The Plan for the 2001 plan year met or exceeded the actuarial assumptions agreed to by the Authority and the Association and set forth in the Plan and the Plan as of January 1, 2002 has a Funded Ratio of at least 86.47% or more, as to an employee who first becomes entitled to a retirement allowance commencing on or after January 1, 2002, the retirement allowance shall be the amount determined in accordance with the following formula:
 - (a) One percent (1%) of his “Average Annual Compensation in the highest four (4) completed Plan Years” for each full year of continuous service from the date of original employment to the effective date of the Plan; plus
 - (b) Two and thirty hundredths percent (2.30%) of his “Average Annual Compensation in the highest four (4) completed Plan Years” for each year (including fractions thereof to completed calendar months) of continuous service (i) from and after the effective date of the Plan and prior to his normal retirement date or, (ii) if the employee retires at a later date than his normal retirement date in accordance with Paragraph 9.2, from and after the effective date of the Plan and prior to the date he actually retires subject to limitation by Paragraph 9.3

Provided, however that:

- (7) The Plan for the 2001 and 2002 plan years on an aggregate basis met or exceeded the actuarial assumptions agreed to by the Authority and the Association and set forth in the Plan and the Plan as of January 1, 2003 has a Funded Ratio of at least 84.99% or more, as to an employee who first becomes entitled to a retirement allowance commencing on or after January 1, 2003, the retirement allowance shall be the amount determined in accordance with the following formula:
 - (a) One percent (1%) of his “Average Annual Compensation in the highest four (4) completed Plan Years” for each full year of continuous service from the date of original employment to the effective date of the Plan; plus
 - (b) Two and forty hundredths percent (2.40%) of this “Average Annual Compensation in the highest four (4) completed Plan Years” for each year (including fractions thereof to completed calendar months) of continuous service (i) from and after the effective date of the Plan and prior to his normal retirement date, or (ii) if the employee retires at a later date than his normal retirement date in accordance with Paragraph 9.2, from and after the effective date of the Plan and prior to the date he actually retires subject to limitation by Paragraph 9.3.

For the purposes of subparagraphs (6) and (7) of this Paragraph, the Funded Ratio shall be the Adjusted Assets divided by the Actuarial Accrued Liability developed in accordance with Statement #25 promulgated by the Government Accounting Standards Board and the actuarial assumptions described in the Plan. The Adjusted Assets will be calculated based on the methodology described in the Plan.

- 8.2. If the employee has had twenty (20) years of continuous service and has attained the age of sixty-five (65) years or more such allowance shall be not less than:
 - (a) One Hundred Eighty Five Dollars (\$185.00) per month if he shall first become entitled to a retirement allowance commencing after the month of December, 1972. (Amended 1-1-71)
- 8.3. Effective January 1, 2000 the old age retirement allowance provided for in this section shall in no event be in excess of seventy (70.0) per cent of the employee's average annual compensation in the highest four (4) completed plan years as defined in Paragraph 3.9. No employee shall be eligible to receive a retirement allowance unless he shall have been employed for at least three (3) years of continuous service, as above defined.

SECTION 9 - NORMAL RETIREMENT DATE

- 9.1. The normal retirement date shall be the first day of the month following the employee's sixty-fifth (65th) birthday at which date the employee shall be 100% vested in his retirement allowance.
- 9.2. Effective on and after January 1, 1988, any employee who has attained the normal retirement date may retire on said date or upon any later date selected by the employee. Upon retirement, the individual shall be entitled to such retirement allowance for life as provided in the Plan. (Amended 9-22-87)
- 9.3. If any employee continues in the service of the Authority after attainment of the normal retirement date, the old age retirement allowance payable to such employee shall not commence until after his actual retirement.

An employee who continues employment after his normal retirement date but who does not continue in the service of the Authority after January 1, 1988 shall not make the contributions prescribed in Section 7 nor shall the Authority make any contributions with respect to the compensation of such employee for employment after his normal retirement date. If such employee reaches age sixty-five (65) after the effective date of the Plan, he shall receive no credit under Paragraph 8.1(1)(b), 8.1(2)(b), 8.1(3)(b), 8.1(4)(b), 8.1(5)(b), 8.1(6)(b), 8.1(7)(b) or 8.1(8)(b) for any service after age sixty-five (65).

An employee who continues employment after his normal retirement date and who continues in the service of the Authority after January 1, 1988 shall make the contributions prescribed in Section 7 for payroll periods beginning on or after January 1, 1988, and the Authority shall make contributions with respect to the compensation of such employee paid on or after January 1, 1988 as prescribed in Section 7. Such employee shall receive credit

under Paragraph 8.1(2)(b), 8.1(7)(b) or 8.1(8)(b) for service after age sixty-five (65) only for service completed subsequent to December 31, 1987. (Amended 9-22-87)

Notwithstanding anything herein to the contrary, an employee who reached age sixty-five (65) prior to January 1, 1988 and continued employment after his normal retirement date, and who continues in the service of the Authority on or after June 1, 1992, shall receive credit under Paragraph 8.1(2)(b) or 8.1(8)(b) for service after age sixty-five (65) which was completed prior to January 1, 1988, provided that the employee makes payment to the Plan of the amount of contributions which would have been payable by the employee under Paragraph 7.1 with respect to the compensation of such employee for such service. If such employee makes such payment in order to receive credit for such service, the Authority shall contribute an amount equal to the contributions which would have been payable by the Authority under Paragraph 7.1 with respect to the compensation of the employee for the service. (Amended 11-29-94)

SECTION 10 - EARLY RETIREMENT

- 10.1. Any employee in good standing who was first hired by the Authority before January 18, 2008, may retire voluntarily on or after January 1, 1984, and after he
- (a) Has attained the age of fifty-five (55) years and shall have been employed for at least (3) years of continuous service, or
 - (b) Has completed twenty five (25) years or more of continuous service. (Amended 12-19-83)

whereupon said retired employee shall receive an old age retirement allowance for life reduced in accordance with Paragraph 10.2.

Any employee in good standing who was first hired by the Authority on or after January 18, 2008, may retire voluntarily after he has attained the age of fifty-five (55) years and shall have been employed for at least 10 years of continuous service whereupon said retired employee shall receive an old-age retirement allowance for life reduced in accordance with Paragraph 10.2.

An employee who is qualified for retirement will have the opportunity to retire in cases where management has just cause for discharge, except where the basis for discharge involved conduct for which the employee is convicted of a felony. (Amended 9-22-87)

- 10.2. Effective September 5, 2001, in the event of such early retirement after the month of December, 1983, the employee shall receive his earned retirement allowance, computed at and up to such early retirement date, reduced by five percent (5%) for each full year or fraction thereof below age sixty-five (65); provided, however, that for an employee first hired on or before September 5, 2001, the employee's earned retirement allowance computed at and up to such early retirement date shall not be reduced if he shall retire on or after the 1st day of the month after the completion of twenty-five (25) or more years of continuous service, provided further that, for an employee first hired after September 5, 2001, the employee's earned retirement allowance computed at and up to such early

retirement date shall not be reduced if he shall retire on or after the 1st day of the month after the completion of twenty-five (25) or more years of continuous service and having attained age 55. For an employee first hired on or after January 18, 2008, the employee's earned retirement allowance computed at and up to such early retirement date shall not be reduced if he shall retire on or after the 1st day of the month after the completion of twenty-five (25) or more years of continuous service and having attained age 64.

10.3 Not currently applicable. Historical text of provision available in Board's files.

10.4 The provisions of this Paragraph 10.4 incorporate into the Plan the provisions of Part VIII.L. of the Interest Arbitration Award of December 23, 1993 and shall be interpreted and administered by the Committee consistent with said provisions of the Interest Arbitration Award, and may be collectively referred to as the "Voluntary Early Retirement Incentive Program."

Subject to the terms of this Paragraph 10.4, in lieu of retirement under any other provision of the Plan, an employee who has completed twenty-five (25) years or more of continuous service on or before December 31, 1995, and who has not retired prior to January 1, 1994, may elect to voluntarily retire as follows:

- (a) An employee who has twenty-five (25) years or more of continuous service on or before July 31, 1994 must submit an election to retire under this Paragraph 10.4 during the period from January 1, 1994 to July 31, 1994.
- (b) An employee who first obtains twenty-five (25) years of continuous service on or after August 1, 1994, and prior to or on December 31, 1995, must submit an election to retire under this Paragraph 10.4 during the period from August 1, 1994 to February 28, 1995.

An employee eligible to elect voluntary retirement under this Paragraph 10.4 who fails to make an election during the applicable period specified in (a) or (b) above shall not be entitled to make any election to voluntarily retire and to receive the benefits provided under this Paragraph 10.4.

An employee must file an election under this Paragraph 10.4 with the Authority in writing on the form or forms provided by the Authority, including any waivers which the Authority may require. All elections must be submitted and will be subject to approval by the Authority subject to such rules and procedures as the Authority may promulgate.

The Authority has sole discretion and right to determine the timing for, and number of, employees allowed to retire each month under this Paragraph 10.4, subject to such criteria and methodology as the Authority may promulgate; provided that all eligible employees making valid elections under this Paragraph 10.4 shall be allowed to retire as soon as possible but not later than December 31, 1995.

An employee retiring under this Paragraph 10.4 at the retirement date determined by the Authority, as provided for herein, shall receive an annual retirement allowance paid in equal monthly installments for life which shall be equal to two and five hundredths percent

(2.05%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service (i) from and after the effective date of the Plan and prior to his normal retirement date or, (ii) if the employee retires at a later date than his normal retirement date in accordance with Paragraph 9.2, from and after the effective date of the Plan and prior to the date he actually retires subject to limitation by Paragraph 9.3.

The retirement allowance provided for in this Paragraph 10.4 shall in no event be in excess of sixty-six and five-tenths percent (66.5%) of the employee's average annual compensation in the highest four (4) completed plan years as described in Paragraph 3.9.

For purposes of calculating retirement allowances under this Paragraph 10.4, notwithstanding anything to the contrary in Paragraph 3.9 of the Plan, an employee may elect to use the employee's total Compensation, as defined in the Plan, in the calendar year in which the employee retires in the determination of "Average Annual Compensation in the highest four (4) Completed Plan Years" as provided for under Paragraph 3.9.

Notwithstanding anything in this Paragraph 10.4 to the contrary, an employee otherwise eligible to elect to retire under Paragraph 10.4, but who applied to retire prior to January 1, 1994 and thereafter did not retire but revoked such retirement application prior to January 31, 1994, may elect to voluntarily retire under this Paragraph 10.4. (Amended 12-23-93)

- 10.5 The provisions of this Paragraph 10.5 incorporate into the Plan the provisions of the Collective Bargaining Agreement and shall be interpreted and administered by the Committee consistent with said provisions of the Collective Bargaining Agreement, and may be collectively referred to as the "1997 Voluntary Early Retirement Incentive Program."

Subject to the terms of this Paragraph 10.5, in lieu of retirement under any other provision of the Plan, an employee who has completed twenty-five (25) years or more of continuous service on or before December 31, 1999, and who has not retired prior to January 1, 1997, may elect to voluntarily retire as follows:

- (a) An employee who has twenty-five (25) years or more of continuous service on or before June 30, 1997 must submit an election to retire under this Paragraph 10.5 during the period from March 1, 1997 to June 30, 1997.
- (b) An employee who first obtains twenty-five (25) years of continuous service on or after July 1, 1997, and prior to or on December 31, 1999, must submit an election to retire under this Paragraph 10.5 during the period from July 1, 1997 to February 28, 1998.

An employee eligible to elect voluntary retirement under this Paragraph 10.5 who fails to make an election during the applicable period specified in (a) or (b) above shall not be entitled to make any election to voluntarily retire and to receive the benefits provided under this Paragraph 10.5.

An employee must file an election under this Paragraph 10.5 with the Authority in writing on the form or forms provided by the Authority, including any waivers which the Authority may require. All elections must be submitted and will be subject to approval by the Authority subject to such rules and procedures as the Authority may promulgate.

The Authority has sole discretion and right to determine the timing for, and the number of, employees allowed to retire each month under this Paragraph 10.5, subject to such criteria and methodology as the Authority may promulgate; provided that all eligible employees making valid elections under this Paragraph 10.5 shall be allowed to retire as soon as possible but not later than December 31, 1999.

An employee retiring under this Paragraph 10.5 at the retirement date determined by the Authority, as provided for herein, shall receive an annual retirement allowance paid in equal monthly installments for life which shall be equal to two and four tenths percent (2.40%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service (i) from and after the effective date of the Plan and prior to his normal retirement date or, (ii) if the employee retires at a later date than his normal retirement date in accordance with Paragraph 9.2, from and after the effective date of the Plan and prior to the date he actually retires subject to limitation by Paragraph 9.3.

The retirement allowance provided for in this Paragraph 10.5 shall in no event be in excess of seventy percent (70%) of the employee's average annual compensation in the highest four (4) completed plan years as described in Paragraph 3.9.

For purposes of calculating retirement allowances under this Paragraph 10.5, notwithstanding anything to the contrary in Paragraph 3.9 of the Plan, an employee may elect to use the employee's total compensation, as defined in the Plan, in the calendar year in which the employee retires in the determination of "Average Annual Compensation in the highest four (4) Completed Plan Years" as provided for under Paragraph 3.9.

Notwithstanding anything in this Paragraph 10.5 to the contrary, an employee otherwise eligible to elect to retire under Paragraph 10.5, but who applied to retire effective January 1, 1997 and thereafter did or did not retire but revoked such retirement or retirement application prior to February 28, 1997, may elect to voluntarily retire under this Paragraph 10.5; subject to the right of the Authority to require the employee, by delivery of notice to the employee prior to March 1, 1997, to accept a later scheduled retirement date determined by the Authority as provided under this Paragraph 10.5.

Notwithstanding anything in Paragraphs 13.2 or 15.9 to the contrary, in the case of an employee eligible to elect and who elects voluntary retirement under this Paragraph 10.5 by filing the written election required by the Authority hereunder:

- (1) in the event of such employee's death (i) prior to the employee's retirement date as scheduled by the Authority hereunder and (ii) at a time when the employee's surviving spouse is eligible and entitled to receive the spouse's retirement allowance provided by Paragraph 15.9, the amount of such retirement allowance to

be paid to such surviving spouse shall be determined utilizing the benefit formula percentage of 2.40% provided for under this Paragraph 10.5; and

- (2) at the time of submitting his or her election to voluntarily retire under Paragraph 10.5, such employee may make an irrevocable election of one of the retirement allowances of equivalent actuarial value specified in Paragraph 13.2 to apply (i) to the payment of the employee's retirement allowance commencing upon the retirement of the employee as scheduled by the Authority hereunder and (ii) in the event of such employee's death prior to the employee's retirement date as scheduled by the Authority hereunder for purposes of determining the form of payment, in lieu of Option A one half (½), of the surviving spouse's retirement allowance to be provided pursuant to Paragraph 15.9. (Amended 12-23-97)

- 10.6 Effective January 18, 2008, no early retirement incentive shall be offered to participants of the Plan unless the Funded Ratio of the Plan is at least 80% or more.

SECTION 11 - VESTING OF RETIREMENT ALLOWANCE

- 11.1. An employee who, on or after January 1, 1974, becomes separated from the service of the Authority (other than by death) after he has completed ten (10) or more years of continuous service and prior to his eligibility for a retirement allowance pursuant to Section 8, Section 10 or Section 12 hereof, shall be entitled to a deferred vested old age retirement allowance as hereinafter provided. (See Rule No. 22)
- 11.2. A former employee as described in Paragraph 11.1 shall be entitled to a deferred vested old age retirement allowance only if he shall elect not to receive the refund of his contributions, with interest, as otherwise provided under Paragraph 15.2 hereof. If the former employee shall subsequently rescind such election at any time prior to the commencement of payment of his allowance, then there shall be payable to him an amount as provided by Paragraph 15.2 hereof which payment shall be in lieu of all further rights to a deferred vested old age retirement allowance. The election required by this paragraph and, if applicable, the rescission thereof, shall be in writing on a properly executed form provided for that purpose and filed with the Board. Notwithstanding the foregoing provisions of this Paragraph 11.2, if the former employee shall die prior to the commencement of payment of his deferred vested old age retirement allowance, the refund of his contributions shall be made as otherwise provided in Paragraph 15.2.
- 11.3. The monthly amount of deferred vested old age retirement allowance shall be computed in the manner provided in Paragraph 8.1 above, as in effect on the date the employee's continuous service ends, based on the period of his continuous service and his compensation to such date.
- 11.4. Application for commencement of payment of the deferred vested old age retirement allowance shall be filed with the Secretary not earlier than ninety (90) days prior to the former employee's sixty-fifth (65th) birthday. Payment of the deferred vested retirement allowance to a former employee who remains eligible therefore shall be payable monthly commencing with the month next following the month in which the former employee (i)

attains age sixty-five (65) or (ii) files the application for commencement of payments, whichever last occurs, and shall be continued to be paid through the month in which his death occurs. In no event shall retroactive payments be made with respect to the month in which the application is filed with the Secretary or any previous month.

- 11.5. Notwithstanding any other provision hereof, no benefits shall be payable pursuant to Paragraph 15.7 in respect of a former employee receiving a deferred vested old-age retirement allowance.
- 11.6. If a former employee entitled to a deferred vested old age retirement allowance shall be re-employed by the Authority as a new employee (i.e., he is not reinstated within the terms of Paragraph 3.7 (3)), he shall retain the right to the deferred vested old-age retirement allowance as described in this Section 11 in addition to any allowance to which he may become entitled under the Plan attributable to his period of re-employment.

SECTION 12 - DISABILITY ALLOWANCE

- 12.1. Any employee who, after the effective date of the Plan shall become disabled (as defined below) from performing his duties and from following his regular employment with the Authority due to an occupational or non-occupational accident or sickness before becoming eligible for an old-age retirement allowance in accordance with Section 9 hereof, shall be entitled to a monthly disability allowance from the beginning of such disability, provided, however, that:
 - (a) As to an employee who first became disabled prior to the month of January, 1971, he had been, at the time of becoming so disabled, in continuous service for ten (10) years or more; or
 - (b) As to an employee who first became disabled on or after January 1, 1971, he has been, at the time of becoming so disabled:
 - (i) for non-occupational injuries or illnesses, in continuous service for ten (10) years or more; or
 - (ii) for occupational injuries or illnesses covered under the Workmen's Compensation Act, in continuous service for five (5) years or more. (Amended 1-1-71)

An employee is disabled from performing his duties and from following his regular employment with the Authority when he is unable to return to his regular duties and has received benefits for a particular disability for twenty-six (26) weeks under the Authority's Group Accident and Sickness Insurance or from the Authority under the Workmen's Compensation Act. (Amended 11-29-94) (See Rule No. 1)

He shall not be entitled to receive any disability allowance for any period for which he, although unable to return to his regular duties, refuses to accept other work offered by the Authority which, in the judgment of a physician duly selected by the Board, he is capable of performing and which pays not less than eighty percent (80%) of the earnings which

would have accrued to him if he had been currently employed in the job classification last held by him with the Authority. (Amended 9-26-90)

No employee shall receive a disability benefit under this Section 12 at the same time that he receives a retirement allowance under Section 8 or 10 hereof. (See Rule No. 15)

12.2. The monthly disability allowance shall be computed in the manner provided in Section 8 above, and shall not be less than the following sum, provided that in no event shall it be more than the maximum specified in Paragraph 8.3 hereof:

(a) Four Hundred Dollars (\$400.00) per month, if he shall become entitled to a retirement allowance commencing after December, 1983. (Amended 12-19-83)

(Additional historical text available in Board's files.)

12.3. No employee shall be entitled to receive a disability allowance under this Plan if and when the disability is a result of:

(1) habitual and excessive use of intoxicants, drugs, or narcotics;

(2) injuries or diseases sustained while under the influence of intoxicants, drugs or narcotics habitually used to excess;

(3) injuries or diseases sustained while willfully and illegally participating in fights, riots, civil insurrections or committing a crime;

(4) injuries or diseases sustained while serving in the armed forces or the Merchant Marine of the United States or her allies; (Deleted 10-1-07)

(5) injuries or diseases incurred while working for another employer and arising out of such other employment while also employed by the Authority;

(6) injuries or diseases sustained while riding in aircraft, except as a fare paying passenger on regularly licensed and scheduled air lines;

(7) injuries or diseases sustained while the employee is on leave of absence for any reason, other than (a) holding office in the Association or its International Office, or in the office or International Office of any other bargaining agent representing employees of the Authority; or (b) working in the office of the Secretary of the Board; or (c) sickness or accident; provided, however, that an employee while on leave of absence for the reasons listed under (a), (b) and (c) shall not be eligible to benefits if the injuries or diseases so sustained fall within subparagraphs (1) and (6) above. (Amended 12-19-83)

12.4. No employee shall be entitled to receive a disability allowance under the Plan when he declines to permit a physician selected by the Board to examine or re-examine him or materially hinders an investigation ordered by the Board.

- 12.5. If, at any time, the Board finds that any employee receiving a disability allowance is no longer disabled as defined above, it shall order the discontinuance of the payments provided for in this section. (Amended 11-29-94) (See Rule No. 5)
- 12.6. If an employee entitled to disability allowance is entitled to benefits under the group accident and sickness policy provided by the Authority, he shall receive as a disability allowance under this Plan only the excess, if any, of the disability allowance over the monthly benefits under the group accident and sickness policy. An employee shall not receive a disability allowance for any period for which he receives his regular wages or salary. (See Rule No. 4)
- 12.7. An employee who, on or after September 26, 1990, has completed twenty-five (25) or more years of continuous service at the time the employee becomes entitled to a disability allowance and who is married shall have the right to elect to have a disability allowance of equal actuarial value payable in accordance with Options A or B of Paragraph 13.2. (Amended 9-26-90)

SECTION 13 - PAYMENT OF OLD-AGE RETIREMENT AND DISABILITY ALLOWANCES

- 13.1. Retirement and disability allowances, as specified herein, shall be paid on the last day of each month for which such allowance is due.
- 13.2. The normal form of payment of old-age retirement allowances, as specified in Paragraph 8.1., Paragraph 10.1 and Paragraph 13.1 hereof is a monthly benefit payable for the remainder of the employee's lifetime. The normal form of payment of retirement allowance in the amount determined pursuant to Section 8 or Section 10 hereof shall apply to an employee (i) who shall have no living spouse at the date of his or her retirement, or (ii) who, although legally married at his or her retirement date, shall elect to have his or her retirement allowance paid in the normal form.

If an employee shall have a spouse to whom the employee is legally married at his or her retirement date - and if the employee then shall have failed to elect otherwise - such employee shall be deemed to have elected Option A as described below, to have designated said spouse as contingent annuitant with 1/2 as the specified fraction of reduced monthly amount of retirement allowance applicable to the spouse's benefits and to have complied in all other respects with the requirements of this Paragraph 13.2.

Subject to the provisions of this Section 13, and in lieu of the amount and form of monthly retirement allowance otherwise payable hereunder pursuant to Section 8, Section 10 or Section 12 if the employee has twenty-five (25) or more years of continuous service, an employee may, subject to the consent of the Board, elect to have a retirement allowance of equivalent actuarial value payable in accordance with one of the following options, as specified in such election (Amended 11-29-94):

OPTION A: A reduced monthly retirement allowance payable to the retired employee during his or her remaining lifetime and, if such retired employee shall predecease the spouse designated by such retired employee in accordance

with the provisions hereof, all or a specified fractional part - 1/2 or 2/3 thereof, as specified by the employee in his election - of such reduced monthly amount payable to the spouse for the then remainder of his or her lifetime.

OPTION B: A reduced monthly retirement allowance payable to the retired employee while both such retired employee and the spouse (designated by such retired employee in accordance with the provisions hereof) shall live, and:

- (i) If such retired employee shall predecease the said designated spouse, all or a specified fractional part - 1/2 or 2/3 thereof, as specified by the employee in his election - of such reduced monthly amount payable to the spouse for the then remainder of his or her lifetime; or
- (ii) If the said designated spouse shall predecease the retired employee, the monthly amount payable to such retired employee for the then remainder of his or her lifetime shall be that monthly amount which would have been payable had no option been elected.

Each request for an optional form of payment - and, in the case of an employee legally married at his or her retirement date, the request to have his or her retirement allowance paid in the normal form - must be in writing, on a properly executed form provided for that purpose and filed with the Board. Each such form must specify the scheduled commencement date of retirement allowance payments under the form elected. An employee may, at any time prior to his retirement date, elect to cancel or change the optional form of payment previously approved by the Board in respect of him, but each such change shall be deemed a new election and shall be treated as such in accordance with the provisions of this Section.

The election of, and payment under, the optional form pursuant to the provisions of this Section shall be subject to the following conditions:

- (1) Retirement allowance payments under the optional form of payment will be payable as of the last day of each month. The first such payment to the retired employee will be paid on the last day of the month within which the employee's retirement date occurs, and the last such payment will be the payment due as of the last day of the month coincident with or next preceding the date of the retired employee's death. If the retired employee shall predecease his or her spouse, and such spouse shall have been designated (or shall be deemed to have been so designated) in accordance with the provisions hereof, such reduced benefit or the applicable fraction thereof, as specified by the retired employee, shall be payable to such spouse commencing on the last day of the month next succeeding the month in which the last payment was due to the retired employee and ending with the last day of the month coincident with or next preceding the date of the surviving spouse's death.

If the designated spouse shall predecease a retired employee for whom Option B shall have become effective, the increased monthly amount shall become payable to the retired employee commencing on the last day of the month in which the designated spouse's death occurs and continue to be paid through the month in which the retired employee's death occurs.

- (2) If the continuous service of an employee shall terminate, or if the employee shall die prior to his retirement hereunder, the optional form elected by such employee shall be cancelled automatically.
- (3) If the spouse designated by the employee shall die prior to the employee's retirement hereunder, the optional form of payment elected shall be cancelled automatically and a monthly retirement allowance of the normal form and amount shall be applicable to such employee upon his retirement hereunder, unless, prior to his retirement, a new election shall have been effected in accordance with the provisions of this Section.
- (4) If an employee shall have a living spouse to whom he or she is legally married on the date the election of the optional form of payment is filed with the Board, such spouse shall be designated the contingent annuitant under such election. If any other person shall be designated, the election shall be invalid for all purposes hereof.
- (5) Notwithstanding the provisions of Paragraphs 15.2 and 15.3, if upon the death of an employee after his retirement, a retirement allowance shall be payable to the spouse pursuant to the optional form of payment effected hereunder, no refund of the employee's contributions and interest shall be payable until the death of such spouse at which time the amount of Refund payable shall be the excess, if any, of (i) the amount otherwise determined in respect of him pursuant to the provisions of Paragraph 15.3 at the date of the employee's or retired employee's death over (ii) the aggregate of payments made to such spouse. (Amended 12-1-77, Effective 1-1-78)

Notwithstanding any other provision herein, effective as soon as is practicable after September 26, 1990, a retiree who elected Option A at a time when Option B was not available shall be given an opportunity to select Option B, regardless of whether his or her spouse is living at the time such opportunity is provided. The Board shall notify each such retiree of his or her right to convert to Option B, with a written explanation of the effect on his or her retirement allowance benefit if the conversion is elected. An eligible retiree must elect this conversion within ninety (90) days after the notice and explanation are provided to the retiree by the Board. (Amended 9-26-90)

- 13.3. Upon the death of a retired employee who has elected a surviving spouse option pursuant to this section, and who has during his retirement received an increase in monthly benefit pursuant to Section 20 hereof, the monthly surviving spouse benefit will be computed based on the final monthly benefit of the retiree. (Amended 12-19-83)

- 13.4. Not currently applicable. Historical text of provision available in Board's files.
- 13.5. Effective December 1, 1986, the surviving spouse as provided for in this Section and in Paragraph 15.9 who was on the rolls as of December 1, 1986, or who was placed on the surviving spouse rolls on or after December 1, 1986 and prior to December 1, 1987 shall have the monthly survivorship benefit increased as follows:
- (1) For those commencing to receive survivor benefits prior to January 1, 1976, \$35.00 per month;
 - (2) For those commencing to receive survivor benefits on or after January 1, 1976, and prior to January 1, 1980, \$25.00 per month; and
 - (3) For those commencing to receive survivor benefits on or after January 1, 1980 and prior to January 1, 1984, \$15.00 per month; and
 - (4) For those commencing to receive survivor benefits on or after January 1, 1984 and prior to December 1, 1987, \$10.00 per month. (Amended 9-22-87)
- 13.6. Effective January 1, 1997, the surviving spouse as provided for in this Section and in Paragraph 15.9 who was on the rolls as of January 1, 1997, shall have the monthly survivorship benefit increased as follows:
- (1) For those commencing to receive survivor benefits prior to January 1, 1971, \$75.00 per month; and
 - (2) For those commencing to receive survivor benefits on or after January 1, 1971, and prior to January 1, 1981, \$50.00 per month; and
 - (3) For those commencing to receive survivor benefits on or after January 1, 1981 and prior to January 1, 1991, \$40.00 per month. (Amended 12-23-97)
- 13.7. Effective January 1, 2000, the surviving spouse as provided for in this Section and in Paragraph 15.9 who was on the rolls as of January 1, 2000 shall have the monthly survivorship benefit increased as follows:
- (1) For those commencing to receive survivor benefits prior to January 1, 1980, \$75.00 per month; and
 - (2) For those commencing to receive survivor benefits on or after January 1, 1971, and prior to January 1, 1981, \$50.00 per month; and
 - (3) For those commencing to receive survivor benefits on or after January 1, 1980, and prior to January 1, 2000, \$40.00 per month. (Added 11-4-04)
- 13.8. Effective January 8, 2003, whenever the amount of any benefit is to be determined on the basis of actuarial assumptions, such determination shall be made on the basis of a 7% interest factor and the UP 84 Table. (Added 1-8-03)

- 13.9. Effective July 1, 2008, a one-time ad hoc pension adjustment of not more than \$2,500,000 shall be effective for retirees and or surviving spouses allocated as determined by the Board.

**SECTION 14 - PAYMENT OF ALLOWANCES
IN CASE OF INCOMPETENCY**

- 14.1. In case of incompetency, either mental or physical, of any person eligible to receive payments under the provisions of the Plan, payments shall be made to such person or institution that has satisfied the Board as to his or its right to receive the payments for said eligible person.

**SECTION 15 - REFUNDS FROM EMPLOYEES'
CONTRIBUTIONS AND PAYMENT OF
DEATH BENEFIT**

- 15.1. No employee shall be entitled to borrow against or withdraw any part of the contributions to the Plan so long as he remains eligible to participate in the Plan.
- 15.2. Contributions made from and after the effective date of the Plan by any employee who becomes separated from the service of the Authority or dies prior to retirement or disability shall be refunded with interest at the rate hereinafter specified, less benefits received under the Plan.
- (a) An employee, as defined in Paragraphs 3.3(1), (2) or (3), who has completed one year or more of service with the Authority and an employee as defined in Paragraph 3.3(4), shall be entitled to a Refund with interest as provided in Paragraph 15.6.

Any employee whose contributions under this or any prior Plan have been refunded to him in whole or in part shall be entitled to no further rights, benefits or allowances under this Plan or any prior Plan, except as provided in the following subparagraphs:

- (1) If an employee who received a refund returns to work after service within the terms of Paragraph 3.7 (2) or is reinstated within the terms of Paragraph 3.7 (3) and remits to the Authority for payment into the Fund the amount previously refunded to him, he shall have the same rights under the Plan that he would have had if he had not received the refund. (See Rule Nos. 9, 21 and 26)
- (2) If an employee who received a refund is not reinstated within the terms of Paragraph 3.7 (3) but returns to work as a new employee, he shall have only the rights of a new employee under this Plan and no service prior to the date of the new employment shall be credited as continuous Service.

Contributions to the Plan made by employees as defined in Section 3 Paragraphs 3.3(1), (2), (3) or (4) in regard to the pay periods commencing May 24, 1981 and concluding December 31, 1983 shall be returned without interest to the employees. Said return of contributions shall not restrict the rights, benefits, or allowances of said employees under

this Plan, notwithstanding the provisions of the foregoing paragraph and the subparagraphs thereof. (Amended 12-19-83)

- 15.3. On the death of an employee after his old age retirement allowance has become effective, there shall be paid from the Fund a sum equal to the amount by which the aggregate of the employee's contributions since the effective date of the Plan plus interest as hereinafter defined have exceeded the aggregate of all benefits received by him.
- 15.4. Contributions made prior to the effective date of this Plan shall be subject to refund in accordance with the terms, limitations and provisions of the several Plans under which such contributions were made.

Moneys deducted from the employees' compensation by the Authority since October 1, 1947, for the account of Pension Fund No. 1 of Chicago Rapid Transit Company employees, shall be treated, for the purpose of this Section, as if they had been paid into said Pension Fund No. 1.

- 15.5. All payments provided for in Paragraphs 15.2, 15.3 and 15.4 shall be made under such rules and regulations as the Board may establish.
- 15.6. Interest on contributions, as provided for in this Section, shall be computed:
 - (a) With respect to Plan Years beginning on or after January 1, 1980 at the rate of three per cent (3%) per annum and said rate of interest is to be applied to employee contributions accumulated at the end of the preceding Plan Year

(Additional historical text available in Board's files.)

- 15.7. A death benefit shall be paid from the Fund upon the death of a retired employee as follows:
 - (a) As to an employee who first became entitled to a retirement allowance commencing any month from January, 1965, to April, 1969, inclusive:

As to any such employee who retired at or after age sixty-five (65) with twenty (20) years continuous service at age sixty-five (65) - \$8,000.00

As to any such employee who retired at or after age sixty-two (62) and prior to age sixty-five (65) with twenty (20) years continuous service - \$6,000.00

As to any such employee who retired at or after age fifty-eight (58) and prior to age sixty-two (62) with twenty (20) years continuous service - \$5,000.00

As to any such employee who retired with less than twenty (20) years continuous service or whose retirement occurred prior to his attainment of age fifty-eight (58) - \$2,000.00. (Amended 9-26-90)
 - (b) As to an employee who first became entitled to a retirement allowance commencing after the month of April, 1969:

As to any such employee who retired at or after age sixty-five (65) with twenty (20) years of continuous service at age sixty-five (65); or who retired at or after age sixty-two (62) and the sum of whose age and years of continuous service then was ninety-two (92) years or more; or the sum of whose age and years of continuous service at his retirement date was ninety-eight (98) or more - \$8,000.00

As to any such employee who shall not qualify under the foregoing provisions of this subparagraph 15.7(b) and who retired at or after age sixty-two (62) and prior to age sixty-five (65) with twenty (20) years continuous service; or who retired at or after age fifty-nine (59) and prior to sixty-two (62) and the sum of whose age and years of continuous service then was ninety-two (92) or more - \$6,000.00

As to any such employee who shall not qualify under the foregoing provisions of this subparagraph 15.7(b) and who retired at or after age fifty-eight (58) and prior to age sixty-two (62) with twenty (20) years continuous service - \$5,000.00

As to any such employee who retired with less than twenty (20) years continuous service or whose retirement occurs prior to his attainment of age fifty-eight (58) - \$2,000.00. (Amended 9-26-90)

- (c) As to an employee who first became entitled to a retirement allowance commencing after the month of December, 1970:

As to any such employee who retired at or after age sixty-five (65) with twenty (20) years of continuous service at age sixty-five (65); or who retired at or after age sixty (60) and the sum of whose age and years of continuous service then was ninety (90) or more; or the sum of whose age and years of continuous service at his retirement date was ninety-six (96) or more - \$8,000.00

As to any such employee who shall not qualify under the foregoing provisions of this subparagraph 15.7(c) and who retired at or after age sixty (60) and prior to age sixty-five (65) with twenty (20) years continuous service; or who retired at or after age fifty-eight (58) and prior to age sixty (60) and the sum of whose age and years of continuous service then was ninety (90) or more - \$6,000.00

As to any such employee who shall not qualify under the foregoing provisions of this subparagraph 15.7(c) and who retired at or after age fifty-eight (58) and prior to age sixty (60) with twenty (20) years of continuous service - \$5,000.00

As to any such employee who retired with less than twenty (20) years of continuous service or whose retirement occurs prior to his attainment of age fifty-eight (58) - \$2,000.00. (Amended 9-26-90)

- (d) As to an employee who first became entitled to a retirement allowance commencing after the month of December, 1973:

As to any such employee who retired at or after age sixty-five (65) with twenty (20) years of continuous service at age sixty-five (65); or who retired at or after age sixty

(60) and the sum of whose age and years of continuous service then was ninety (90) or more; or who retired at or after age fifty-five (55) with thirty (30) or more years of continuous service; or the sum of whose age and years of continuous service at his retirement date was ninety-four (94) or more - \$8,000.00

As to any such employee who shall not qualify under the foregoing provisions of this subparagraph 15.7(d) and who retired at or after age sixty (60) and prior to age sixty-five (65) with twenty (20) years of continuous service - \$6,000.00

As to any such employee who shall not qualify under the foregoing provisions of this subparagraph 15.7(d) and who retired at or after age fifty-five (55) and prior to age sixty (60) with twenty (20) years of continuous service - \$5,000.00

As to any such employee who shall not qualify under the foregoing provisions of this subparagraph 15.7(d) and who retired with less than twenty (20) years of continuous service or whose retirement occurs prior to his attainment of age fifty-five (55) - \$2,000.00. (Amended 9-26-90)

- (e) As to an employee who first became entitled to a retirement allowance commencing after the month of February 1982:

As to any such employee who retired at or after age sixty-five (65) with twenty (20) years of continuous service at age sixty-five (65); or who retired at or after age sixty (60) and the sum of whose age and years of continuous service then was ninety (90) or more; or who retired with thirty (30) or more years of continuous service; or the sum of whose age and years of continuous service at his retirement date was ninety-four (94) or more - \$8,000.00

As to any such employee who shall not qualify under the foregoing provisions of this subparagraph 15.7(e) and who retired at or after age sixty (60) and prior to age sixty-five (65) with twenty (20) years of continuous service - \$6,000.00

As to any such employee who shall not qualify under the foregoing provisions of this subparagraph 15.7(e) and who retired at or after age fifty-five (55) and prior to age sixty (60) with twenty (20) years of continuous service - \$5,000.00

As to any such employee who shall not qualify under the foregoing provisions of this subparagraph 15.7(e) and who retired with less than twenty (20) years of continuous service or whose retirement occurs prior to his attainment of age fifty-five (55) - \$2,000.00. (Amended 9-26-90)

- (f) As to an employee who first became entitled to a retirement allowance commencing after the month of November, 1983:

As to any such employee who retired at or after age sixty-five (65) with twenty (20) years of continuous service at age sixty-five (65); or who retired at or after age sixty (60) and the sum of whose age and years of continuous service then was ninety (90) or more; or who retired with twenty-five (25) or more years of continuous service;

or the sum of whose age and years of continuous service at his retirement date was ninety-four (94) or more - \$8,000.00

As to any such employee who shall not qualify under the foregoing provisions of this subparagraph 15.7(f) and who retired at or after age sixty (60) and prior to age sixty-five (65) with twenty (20) years of continuous service - \$6,000.00

As to any such employee who shall not qualify under the foregoing provisions of this subparagraph 15.7(f) and who retired at or after age fifty-five (55) and prior to age sixty (60) with twenty (20) years of continuous service - \$5,000.00

As to any such employee who shall not qualify under the foregoing provisions of this subparagraph 15.7(f) and who retired with less than twenty (20) years of continuous service or whose retirement occurs prior to his attainment of age fifty-five (55) - \$2,000.00. (Amended 9-26-90)

15.8. A death benefit shall be paid from the Fund upon the death on or after January 1, 1971, of a retired employee who shall not qualify under the foregoing Paragraph 15.7 and who shall have become entitled to a retirement allowance commencing for any month prior to December, 1962, as follows:

- (a) As to an employee who first became entitled to a Retirement Allowance commencing any month prior to June, 1957, \$2,000.00 regardless of age and service.
- (b) As to an employee who first became entitled to a Retirement Allowance commencing any month from June, 1957, and prior to December, 1962, \$1,500.00. (Amended 9-26-90)

15.9. If an employee as defined under Section 3 of the Plan who would qualify for benefits under Section 9 or 10 of the Plan dies on or after December 1, 1983 and prior to his actual retirement date, and if at the date of his death the employee is survived by a spouse, such surviving spouse will be entitled to receive a monthly retirement allowance for the remainder of the spouse's lifetime in lieu of any other beneficiary designation made by the employee unless prior to his death the employee has elected to deny this allowance to the surviving spouse. The employee's election at any time or from time to time to deny this allowance may be made at any time by a properly executed form provided for that purpose and filed with the Secretary of the Board, which form shall be effective the first day of the following month. The election may be cancelled by the employee at any time by a properly executed form provided for that purpose and filed with the Secretary of the Board which shall be effective the date filed. The monthly amount and form of payment of such spouse's retirement allowance shall be that to which such spouse would have been entitled had:

- (i) The employee retired voluntarily pursuant to Section 10 hereof as of the first day of the calendar month in which the employee's death occurred, and

- (ii) The employee had elected Option A (as described in Paragraph 13.2) with such spouse as contingent annuitant with one-half (1/2) the reduced monthly retirement allowance to be paid to such spouse.

The allowance described in this paragraph shall not affect any option the employee may have elected under Section 13 that is to become effective at his retirement, nor shall it prevent his subsequent election of any such option under that Section.

Notwithstanding the provisions of Paragraphs 15.2 and 15.3, if upon the death of an employee a retirement allowance shall be payable to the spouse pursuant to this Paragraph 15.9, no refund of the employee's contributions and interest shall be payable until the death of such spouse, at which time the amount of refund payable shall be the excess, if any, of (i) the amount otherwise determined in respect of the employee pursuant to the provisions of Paragraph 15.2 at the date of the employee's death over (ii) the aggregate of payments made to such spouse. (Amended 9-22-87)

15.10. Notwithstanding anything herein to the contrary, a retired employee who first became entitled to a retirement allowance commencing prior to September 26, 1990 may elect an increased annual benefit payable monthly for life in lieu of the retired employee death benefit increase provided for in Part I. of the Interest Arbitration Award of September 26, 1990; provided that:

- (a) Subsequent to the making of such election, the retired employee shall be entitled to a death benefit determined under Paragraph 15.7 or 15.8 without regard to the retired employee death benefit increase provided for in Part I. of the Interest Arbitration Award of September 26, 1990;
- (b) The increased annual benefit shall be paid for the remaining life of the retired employee following the retired employee's election of the benefit, shall be in addition to the annual retirement allowance payable to the retired employee during the retired employee's lifetime as otherwise determined under this Plan, and shall not be considered in the determination of any survivorship option which the retired employee may have previously elected;
- (c) The election of the increased annual benefit (i) must be made by a retired employee within thirty (30) days following notification of the right to make the election, or within such other longer period as the Board may specify, in writing on a properly executed form provided for that purpose and filed with the Board, (ii) must apply with respect to the total amount of the death benefit increase to which the retired employee would have been entitled absent the election hereunder, (iii) shall be irrevocable once filed with the Board unless it can be proven that a clerical error was made and (iv) shall be given effect as soon as is practicable, as determined by the Board, after the election is filed; and
- (d) The amount of the increased annual benefit elected by a retired employee shall be an amount which is actuarially equivalent to the total amount of the death benefit increase to which the retired employee would have been entitled absent the election

hereunder, as determined by the Board based on the retired employee's attained age as of March 1, 1991 and the actuarial assumptions used in the last actuarial valuation of the Plan preceding March 1, 1991. (Amended 9-26-90)

SECTION 16 - REFUNDS FROM CONTRIBUTIONS

- 16.1. If a contribution to the Plan was made by mistake, the Board shall issue a refund.

SECTION 17 - NO ASSIGNMENTS, ETC.

- 17.1. The rights of any employee are limited to those specifically set forth in this agreement. He shall, however, have the unqualified right to name any person or persons as his beneficiaries or alternate beneficiaries under the Plan and to change the same from time to time. The designation of a beneficiary shall be made by the employees on a form provided by and filed with the Board. No disposition, assignment, transfer, charge or encumbrance of the Fund or any part thereof, or of any right to receive retirement or disability allowance or refund, by an employee or beneficiary hereunder by way of anticipation shall be of any validity or legal effect, or be in any wise regarded by the Board; and the Fund, or any part thereof, shall not be in any wise liable to any claim of any creditor of any such employee or beneficiary, and disbursements by way of benefits or refunds from the Fund shall be made only to the employee or beneficiary (or his legal representative) upon and in accordance with directions of the Board to the Trustee, provided however, that the benefits payable hereunder to an employee or retired employee may be deposited directly into an account at a financial institution if so requested by the employee or retired employee and if the request complies with procedures established by the Board in accord with the non assignment provisions of this section. (See Rule No. 24)

Further provided, however, an employee retiring under the Plan shall have the unqualified right to authorize the Board in writing to deduct the amount to cover his monthly Union Dues; the employee may rescind this authorization at any time in writing. (Amended 1-1-71)

Further provided, however, employees retiring under the Plan shall have the unqualified right to authorize the Board in writing to deduct voluntary Income Tax Withholding; the employee may rescind this authorization at any time in writing. (Amended 1-1-74)

Further provided, however, a retiree or beneficiary under the Plan shall have the unqualified right to authorize the Board in writing to deduct the amount to cover contributions required of the retiree or beneficiary by the Retiree Health Care Trust; the employee may rescind this authorization at any time in writing. (Amended 1-18-08)

SECTION 18 - TRUSTEE

- 18.1. The Trustee shall be selected and appointed by the Board. The Trustee shall be a bank or a trust company incorporated under the laws of the United States or of the State of Illinois, or another corporation duly authorized to act in Illinois as Trustee of pension, retirement or similar type funds, and in addition such Trustee at the time of appointment must be

administering such funds in the amount of not less than five hundred million dollars. In case of the resignation, removal or inability to act of said Trustee, or any successor Trustee, a successor Trustee, with like qualifications, shall be selected and appointed by the Board. Any Trustee or successor Trustee may be removed by the Board at any time. (Amended 5-16-80)(Further Amended 1-18-08)

- 18.2. All Trustee charges shall be subject to approval by the Board and when so approved shall be paid out of the Fund held by the Trustee in the name of the Plan.
- 18.3. It is agreed that the Trustee shall have no liability as to the correctness of the amounts to be paid under this Plan when such amounts are determined and certified to the Trustee by the Board, nor shall the Trustee have any liability as to the correctness of the amounts to be received from the Authority and from the employees for the purpose of depositing the same with the Trustee when such amounts are determined and certified to the Trustee by the Board.
- 18.4. The Board is authorized to enter into any and all agreements with the Trustee that the Board may deem advisable for carrying out the provisions of this Plan and for the administration of the Fund herein, including the powers to be exercised by the Trustee and any investment managers in making investments and reinvestments to the end that the Fund shall at all times be prudently invested; the compensation and expenses of the Trustee and investment managers; the allocation of responsibilities among the Board, the Trustee and investment managers; and any and all other matters in accordance with the terms of the Plan deemed desirable by the Board; and such agreements shall be binding and conclusive on the parties hereto, the Board, and all employees and persons entitled to old age retirement or disability allowances or other payments under this Plan, and the Trustee, acting hereunder and in accordance herewith shall thereby incur no obligation whatsoever except as provided thereby and in this Plan.
- 18.5. The initial agreement entered into between the Board and the Trustee in accordance with this section, or any modifications thereof, shall be subscribed by the Authority and the Association.

SECTION 19 - DISPOSITION OF EXISTING PENSION FUNDS

Not currently applicable. Text of original Section available in the Board's files.

SECTION 20 - PRESENT PENSIONERS

Paragraphs 20.1 through 20.14 are not currently applicable. The historical text of the provisions is available in the Board's files.

- 20.15 Effective December 1, 1986, the monthly retirement and disability allowance for each retired or disabled employee on the retirement rolls as of December 1, 1986, or who was placed on the retirement rolls on or after December 1, 1986 and prior to December 1, 1987, shall be increased as follows:

- (1) For those retired or disabled prior to January 1, 1976, \$35.00 per month; and
 - (2) For those retired or disabled on or after January 1, 1976, and prior to January 1, 1980, \$25.00 per month; and
 - (3) For those retired or disabled on or after January 1, 1980, and prior to January 1, 1984, \$15.00 per month; and
 - (4) For those retired or disabled on or after January 1, 1984, and prior to December 1, 1987, \$10.00 per month. (Amended 9-22-87)
- 20.16 Effective January 1, 1994, the monthly retirement and disability allowance for each retired or disabled employee on the retirement rolls as of January 1, 1994 shall be increased as follows:
- (1) For those retired or disabled prior to January 1, 1971, \$40.00 per month; and
 - (2) For those retired or disabled on or after January 1, 1971 and prior to January 1, 1981, \$30.00 per month. (Amended 8-2-93)
- 20.17 Effective January 1, 1997, the monthly retirement and disability allowance for each retired or disabled employee on the retirement rolls as of January 1, 1997 shall be increased as follows:
- (1) For those retired or disabled prior to January 1, 1971, \$75.00 per month; and
 - (2) For those retired or disabled on or after January 1, 1971 and prior to January 1, 1981, \$50.00 per month; and
 - (3) For those retired or disabled on or after January 1, 1981 and prior to January 1, 1991, \$40.00 per month. (Amended 12-13-97)
- 20.18 Effective January 1, 2000, the monthly retirement allowance for each retired employee on the retirement rolls as of January 1, 2000 shall be increased as follows:
- (1) For those retired before January 1, 1980, \$75.00 per month; and
 - (2) For those retired on or after January 1, 1980 but before January 1, 1991, \$50.00 per month; and
 - (3) For those retired on or after January 1, 1991 but before January 1, 2000, \$40.00 per month.

**SECTION 21 - DISTRIBUTION OF FUNDS
IN EVENT OF ABANDONMENT OF PLAN**

- 21.1 While it is the intent of the parties hereto to maintain an old age retirement and disability allowance plan permanently, however, in the event the Plan is abandoned in the future, the following provisions shall control:

- (1) The Authority agrees to pay (from and after the date of such abandonment) to each employee retired or disabled prior to June 1, 1948, the monthly benefits for life or for the duration of the disability, as the case may be, to which he is entitled at and immediately prior to the date of such abandonment.
 - (2) In the event of the Plan's termination or partial termination, a participating employee's interest under the Plan as of such date shall be nonforfeitable to the extent funded. The Trustee shall determine the assets of the Fund as of the date of abandonment and shall allocate such assets pursuant to the following priorities as of the date of any such abandonment:
 - (a) An amount shall be allocated to the account of each participating employee equal to his own contributions from June 1, 1949, to the date of abandonment, with interest as herein provided, less any benefits received under the Plan, or if the employee shall have retired, the amount shall be equal to his contributions from June 1, 1949, to the date of his retirement, with such interest, less the retirement allowance or disability payments that have already been made to him.
 - (b) After the allocations provided for in subparagraph (a) above, the balance remaining in the Fund shall be used for the purpose of providing for the retirement and disability benefits under this Plan (reduced as hereinafter stated) for active employees who have on the date of abandonment reached age sixty-five (65), and for those who retired or were disabled (and are still receiving a benefit) after May 31, 1948; such benefits shall be reduced, in the case of each employee, by a percentage equal to the percentage which the contributions of such employee, since June 1, 1949, bears to the total contributions made since said date (by him and the Authority) with respect to his compensation.
 - (c) In the event such balance in the Fund is insufficient to provide for such reduced retirement and disability payments, then such balance shall be allocated to the account of each such employee in proportion to the ratio which the actuarial reserve for his said reduced benefit (to commence at normal retirement date) bears to the total of such actuarial reserves for all such employees.
 - (d) In the event there remains a balance in the Fund after the allocations provided for in subparagraph (a) and after carrying out the provisions of subparagraph (b) above, then such balance shall be allocated to the account of each employee not provided for in subparagraphs (b) and (c) of this section in proportion to the ratio which the actuarial reserve for his accrued retirement allowance (reduced by the same formula prescribed in (b) above) to commence at normal retirement date, bears to the total of such actuarial reserves for all such employees.
- 21.2 The Trustee shall liquidate the Fund, and the amounts allocated in accordance with Paragraph 21.1(2) shall be apportioned to all such employees in cash or in the form of insured paid up annuities, or by transfer to another trust fund, or otherwise all as the Board may direct.

21.3 Not currently applicable. Historical text of original Paragraph available in the Board's files.

21.4 Not currently applicable. Historical text of provision available in Board's files.

SECTION 22 - SUPPLEMENTAL BENEFITS AND CONTRIBUTIONS

Not currently applicable except as to certain retired employees. Text of original Section available in the Board's files.

SECTION 23 - AMENDMENT, EXTENSION AND TERMINATION OF AGREEMENT

23.1 This Agreement, as amended, has been in effect from June 1, 1949 to date. This Agreement is part of the Wage and Working Conditions Agreement between the parties hereto. This Agreement can be changed only in accordance with the provisions of the aforesaid Wage and Working Conditions Agreement. No change to this Agreement shall be made which causes any part of the Plan assets to be used for, or diverted to, any purpose other than the exclusive benefit of Participants or their beneficiaries. (Amended 11-29-94) (Further Amended 1-8-03)

SECTION 24 - SEPARABILITY PROVISION

24.1 If any provision of this agreement be held invalid, the remainder of the agreement shall not in any way be affected or impaired thereby.

Executed this ____ day of _____, 2017.

PARTY OF THE FIRST PART:

CHICAGO TRANSIT AUTHORITY

By: _____

PARTY OF THE SECOND PART:

LOCAL 241 OF THE AMALGAMATED TRANSIT UNION

By: _____

LOCAL 308 OF THE AMALGAMATED TRANSIT UNION

By: _____

APPENDIX A

Not currently applicable. Text of original Section available in the Board's files.

APPENDIX B

By Agreement dated on April 30, 1953, between the Authority and Division 1381 of the Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America, the Plan was extended to participants in the Retirement Plan of Chicago Motor Coach Company represented by Division 1381 with the following modifications as provided in the Agreement of April 30, 1953.

For Chicago Motor Coach Company Employees who were members of Division 1381 of the Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America, on January 1, 1953, the following modifications to the Plan will apply:

1. The Retirement Plan for Chicago Transit Authority Employees, hereafter called the Authority Plan, shall be applicable from and after January 1, 1953.
2. All provisions of the Authority Plan shall apply except as modified hereunder.
3. "Past Service" shall mean continuous service with the Chicago Motor Coach Company, or its predecessors, prior to January 1, 1951.
4. "Future Service" shall mean continuous service with the Chicago Motor Coach Company or the Authority from and after January 1, 1951.

Additional historical text available in Board's files.

APPENDIX C

Chicago Motor Coach Company Employees who were participants of the Chicago Motor Coach Company Non union Employees' Trust on January 1, 1953, or retired thereunder on January 1, 1953, and who have accepted the Plan are covered by the Plan subject to the following modifications:

1. "Past Service" shall mean the continuous service with the Chicago Motor Coach Company or any of its predecessor public utilities, rendered prior to January 1, 1952.
2. "Future Service" shall mean continuous service with the Chicago Motor Coach Company and the Chicago Transit Authority from and after January 1, 1952.
3. "Contributions to the Fund" Effective January 1, 1953, contributions of the Authority and of the employees shall be in accordance with Section 7 of the CTA Retirement Plan.

**RULES ADOPTED BY THE
BOARD OF TRUSTEE
APPLYING TO PARTICIPANTS IN THE PLAN**

Rule No. 1

The date on which an employee shall be considered disabled under Section 12, Paragraph 12.1 shall be the later of the following:

- (1) The date the employee suffers the disability which totally and permanently disables him from any type of work.
- (2) An existence of the employee's disability to the extent that he is unable to return to his regular duties after the employee has received benefits for a particular disability for twenty-six weeks under the Authority's Group Accident and Sickness Insurance, or from the Authority under the Workmen's Compensation Act.

The Board has the right to have a doctor or panel of doctors acceptable to the Board examine from time to time and certify the extent of the employee's disability for the purposes of applying this rule. If the Board calls for a medical examination of an employee who is receiving disability benefits and the employee fails to appear for the medical examination, the Board shall cease paying disability benefits to said employee until he appears for a medical examination and is found to be disabled, as defined herein, whereupon the disability benefits shall resume, but only from the date of the employee's medical examination. (Adopted September 7, 1949) (Amended June 30, 1983) (Further Amended October 21, 1997)

Rule No. 2

No vacation, holiday or other benefits accrued on the employee's retirement date shall be used in the formula determining the actual pension to be paid, nor shall there be any contributions deducted or made on such benefits. (Adopted November 21, 1949) (Amended June 16, 1980) (Further Amended July 18, 1988)

Rule No. 3

Not currently applicable. Text of original rule available in Board's files.

Rule No. 4

Applications for retirement or disability retirement initiated by the employee shall be in the Secretary's office on or before the fourteenth (14th) of the month preceding the first of the month in which the employee desires to retire. The Board authorizes the Secretary or the Chairman to make an exception to this Rule in those cases where the employee is required to retire by the Authority or in which the facts surrounding the individual case would warrant making an exception. (Adopted November 21, 1949)

Rule No. 5

The payment of disability allowance due an employee who has worked during part of a month for which he is also due disability allowance shall be made on a pro rata base and shall be computed as follows:

The monthly disability allowance shall be broken down to a daily basis by dividing the number of days in the month into the amount of monthly payment. The figure obtained by this division shall be multiplied by the number of days for which a disability allowance is due. The product of this multiplication shall be the amount of the disability allowance paid for the month. (Adopted August 31, 1950)

Rule No. 6

Defines average amount invested. Text of rule in Board's files. (Adopted December 18, 1950)

Rule No. 7

Retirement under the Retirement Plan for Chicago Transit Authority Employees shall be effective on the date officially accepted by the Board and recorded in the official minutes of the retirement meetings. If a retired employee, other than an employee on disability retirement as provided under Rule No. 5 and, to accommodate the Early Retirement Incentive Program, other than an employee who is hired to work part-time, shall work for the Chicago Transit Authority after the effective date of his retirement, he will forfeit any monthly retirement allowance that may be due him for the calendar month in which such work was performed unless the retirement allowance is paid pursuant to Rule No. 30.

This Rule shall not be construed as in any way granting the right for a retired employee to return to work for the Chicago Transit Authority subsequent to the effective date of his retirement.

The pronoun "his" as used in this Rule shall refer both to masculine and feminine employees of the Chicago Transit Authority. (Adopted January 15, 1951) (Amended July 18, 1988) (Further Amended March 22, 1994)

Rule No. 8

Provides for the determining of Net Income under Section 15 Paragraph 15.6. Text of rule in Board's files. (Adopted January 15, 1951)

Rule No. 9

A laid-off or furloughed employee shall be considered to be eligible to participate in the Plan, provided the employee returns to full duty before the expiration of three (3) years from the date such lay-off or furlough started, unless the employee resigns in writing from Chicago Transit Authority employment. (Adopted May 19, 1952)

Rule No. 10

Although it is intended to pay refunds due employees or beneficiaries as soon as possible after the refund is due the Board may withhold payment of any or all refunds for a period of one hundred twenty (120) days after a refund is due. (Adopted May 19, 1952)

Rule No. 11

Not currently applicable. Text of original rule available in Board's files. (Adopted September 15, 1952)

Rule No. 12

Not currently applicable except as to certain retired employees. Text of original rule available in Board's files. (Adopted September 15, 1952)

Rule No. 13

Not currently applicable except as to certain retired employees. Text of original rule available in the Board's files. (Adopted September 15, 1952)

Rule No. 14

Effective for Plan Years subsequent to 1990, the term "total earnings" as it appears in Section 3, Paragraph 3.9 shall mean the amount reported as wages and other compensation subject to federal income tax on the Form W-2 Wage and Tax Statements or comparable forms issued to participating employees by the Authority, the Board or the Association; provided that:

- (i) the amount so reported as wages and other compensation shall be reduced by amounts included therein attributable to the reimbursement of moving expenses or similar items of payment which, as determined by the Board, do not constitute amounts regularly paid to employees by the Authority as compensation in consideration for personal services rendered; provided that such determinations by the Board shall be made on a uniform basis treating all similarly situated employees in a similar manner for purposes of this Rule; and
- (ii) the amount so reported as wages shall be increased by amounts of wages subject to elections by employees under programs sponsored by the Authority as provided for by Sections 125, 132(f), 401(k), 403(b) and 457 of the Internal Revenue Code of 1986.
- (iii) The amount so reported as wages and other compensation shall be limited to \$200,000 as adjusted annually pursuant to the provisions of Section 401(a)(17) of the Internal Revenue Code of 1986 as amended.
- (iv) Notwithstanding any provision of the Plan to the contrary, effective January 1, 2009, if the Authority provides "Differential Wage Payments" to individuals who are active duty members of the uniformed services, (i) such individuals shall be

treated as employees of the Authority, (ii) such Differential Wage payments shall be treated as compensation hereunder for purposes of determining contributions and benefits under the Plan and applying applicable provisions of the Internal Revenue Code of 1986 (“Code”) including treating the payments as compensation under Code Section 415(c)(3) and Income Tax Regulation Section 1.415-2(d), and (iii) the Plan shall not be treated as failing to meet the requirements of any provisions described in Code Section 414(u)(1)(c) by reason of any contribution or benefit that is based on any such payment, provided that all employees of the Authority performing service in the uniformed services described in Code Section 3401(h)(2)(A) are entitled to Differential Wage Payments on reasonably equivalent terms and if applicable have the ability to make contributions based on the payments on reasonably equivalent terms. For purposes of this provision, “Differential Wage Payment” shall mean, as provided in Code Section 3401(h), any payment which is made by the Authority to an individual with respect to any period during which the individual is performing service in the uniformed services while on active duty for a period of more than thirty (30) days and represents all or a portion of the wages the individual would have received from the Authority if the individual were performing services for the Authority. (Amended May 25, 2017)

Pursuant to the definition of “compensation” included in Section 3, Paragraph 3.9 with respect to individuals who on or after December 1, 1989 occupy a full-time or part-time position with the Association or with the local office of any other bargaining agent representing employees of the Authority, contributions shall be made for such individuals under Section 7 based on such compensation for service with the Association or with the local office of any other bargaining agent representing employees of the Authority to be taken into account under the Plan. With respect to periods of service prior to the amendment of this Rule which are to be taken into account under the Plan, the contributions required hereunder with respect to such service, as determined after offset for contributions previously made, shall be made within one hundred eighty (180) days after the amendment of this Rule. (Adopted April 20, 1953) (Amended April 21, 1980) (Further Amended January 30, 1991) (Further Amended June 26, 2001)

Rule No. 15

Unless an employee files a protest concerning any part of his Application for Retirement at the time he executes his Application for Retirement, there shall be no later recourse to correct any data thereon, unless it can be proven a clerical error has been made. (Adopted June 8, 1953)

Rule No. 16

An employee entering service within the terms of Paragraph 3.7 (2) shall receive no refund of his contributions to the Plan unless the Board approves his written request for a refund. The request shall state the reason he desires a refund and shall be submitted to the Secretary of the Board. If the request is approved, the employee shall, at the time of receiving the refund, sign a written statement substantially in the following form:

To the Board of Trustees
of the Retirement Plan
for the Chicago Transit
Authority Employees:

I acknowledge receipt of the refund of my contributions to the Retirement Plan. I agree that if I return to the active service of the Authority within the terms of Paragraph 3.7 (2), I will, prior to commencing work, remit the amount of this refund to the Authority for payment into the Plan Fund. I understand that if I do not so remit the amount of the refund before commencing work, I shall lose all rights I may have in the Plan except those rights which accrue to any new employee.

Employee Signature

(Adopted April 15, 1957)

Rule No. 17

Not currently applicable. Text of original rule available in Board's files. (Adopted May 17, 1971)

Rule No. 18

No application for retirement shall be approved by the Board unless the desired manner of payment (normal form or survivorship option) shall have been designated in writing, on a properly executed form provided for that purpose and filed with the Board. (Adopted December 20, 1971) (Amended November 20, 1978) (Further Amended July 18, 1988)

Rule No. 19

Section 3, Paragraph 3.7(6) provides that an employee's service will remain unbroken during a layoff not to exceed three (3) years. An employee who is eligible for retirement under the appropriate sections of the Plan on the effective date of his layoff, may at his option make application for such retirement during the first three (3) years of the layoff. Benefits will be computed based on the age and service credit as provided for in the Plan on the effective date of his retirement. In the event the employee does not return to active duty and fails to apply for retirement during the three (3) year period, his contributions will be refunded and his service terminated under the Plan. (Adopted February 20, 1973)

Rule No. 20

Full Time Permanent Employee: as referred in Section 3.3 is defined as any employee who is employed by the Authority with the expectation by the Authority that he will be available for and may be called upon for forty hours of work per week on a continuing basis. (Adopted March 19, 1973) (Amended May 16, 1980)

Rule No. 21

If an employee is terminated and then reinstated subsequent to January 31, 2005 within the provisions of Paragraph 3.7(3) of the Plan after having received a refund of his contributions and wishes to take advantage of Paragraph 15.2 (1) of the Plan, he shall repay to the Fund at one time or in installments selected by the employee the full amount of the refund plus interest within 36 months of the date of his return to work, according to the records of the Authority. Interest on the amount of the refund is computed at a rate of six (6%) per annum compounded annually from the date of receipt of the refund until payment in full of the amount of the refund

If an employee is terminated and then reinstated prior to January 1, 2006, within the provisions of Paragraph 3.7(3) of the Plan or laid-off or furloughed within the provisions of Paragraph 3.7(6) of the Plan and then reemployed prior to January 1, 2006, after having received a refund of his contributions and files an election with the Secretary between January 1, 2006, and March 31, 2006, to take advantage of Paragraph 15.2(1) of the Plan, he shall repay to the Fund at one time or in installments selected by the employee the full amount of the refund plus interest within 36 months after March 31, 2006. Interest on the amount of the refund is computed at a rate of six (6%) per annum compounded annually from the date of receipt of the refund until payment in full of the amount of the refund.

Notwithstanding the foregoing provision in regard to repayment, the withdrawn amount must be repaid in full within 60 days prior to the commencement of the payment of any benefits from the Plan to said employee. Unless and until such refund is actually repaid in full to the Fund, the employee's rights under the Plan shall be only as a new employee from the date of return to work. If the employee defaults in the repayment in full, the monies so repaid will be reimbursed to the employee without interest and the employee should be treated as a new employee from the date of return to work. (Adopted June 18, 1973) (Amended September 19, 1977) (Further Amended July 16, 1984)

Rule No. 22

For the purpose of determining all benefits and allowances hereunder, the continuous service of an employee commences upon the date an individual first satisfied the description of an employee set forth in Section 3.3(1), (2), (3) or (4). (Adopted July 15, 1974) (Amended January 26, 1987)

Rule No. 23

In the event that a former employee or beneficiary designated by an employee does not claim the benefits due hereunder to said former employee or beneficiary within a period of three years after the benefits became due and payable, said former employee or beneficiary so designated shall have no further claim to said benefits and the Board shall distribute said benefits to the heirs at law, if any, of said former employee. If the heirs at law of said former employee do not claim said benefits within a period of four years after the benefits first become due and payable to the former employee

or his designated beneficiary, the benefits shall become assets of the Retirement Plan without being subject to further claim by the heirs at law of the former employee or any governmental body. (Adopted June 18, 1979)

Rule No. 24

No instruction or direction in regard to the distribution and distributees of allowances, benefits and refunds under this Plan from any person or entity other than an employee who is entitled to receive benefits and to identify beneficiaries under this Plan shall be of any effect upon this Plan and the Board; except the Board will honor a court order in regard to the distribution of allowances, benefits and refunds under this Plan and the identification of the distributees only under the following circumstances:

- A. The order is made pursuant to a State domestic relations law and is a judgment, decree or order, including the approval of a property settlement agreement, which relates to the provision of child support, alimony payments or marital property rights to an alternate payee who is a spouse, former spouse, child or other dependent of an employee.
- B. The order clearly specifies, to the satisfaction of the Board, the following:
 - (i) The amount or percentage of all of the employee's allowances, benefits and refunds under this Plan to be paid to each alternate payee, or the manner in which such amount or percentage is to be determined.
 - (ii) The number of payments or period to which the order applies, including the allowances, benefits and refunds applicable to the employee's service with the Authority both prior and subsequent to the date of the order.
 - (iii) The name and last known mailing address of the employee and each alternate payee covered by the order.
- C. The order does not require this Plan to provide any type or form of benefit, or any option, not otherwise provided; and the order does not require any distribution of allowances, benefits or refunds at any point in time prior to the time that an employee or an employee's beneficiary, but for said order, would be entitled to receive payment of allowances, benefits or refunds.
- D. The order does not require this Plan to make payment of allowances, benefits and refunds to an alternate payee which are required to be paid to another alternate payee under any other order satisfying the requirements of this Rule.

This Rule will be interpreted and applied by the Board so that the Board shall honor only those court orders which would satisfy the requirements of Section 414(p) of the Internal Revenue Code of 1986. (Adopted April 21, 1980) (Amended July 20, 1987)

Rule No. 25

If the Board is furnished with (i) a court order or (ii) affidavits and supporting data requested by the Board which is acceptable in form and content solely in the discretion of the Board, the Board is authorized to make payment of all allowances, benefits and refunds under the Plan to a custodian, conservator or guardian of an employee, former employee, or the beneficiary designated by an employee or former employee when, pursuant to said order or affidavit and supporting data, said employee, former employee or beneficiary is incapacitated or is adjudged incompetent. (Adopted May 19, 1980)

Rule No. 26

Any employee who during the period commencing September 25, 1981 through September 25, 1982 is neither (a) terminated by his own act or by the act of the Authority nor (b) is laid off by the Authority nor (c) is absent due to a leave of absence, authorized furlough, sickness, disability or military service but who is not receiving compensation as an employee of the Authority may withdraw all or any portion of his contributions to the Plan; provided, however, that before he is eligible to receive any benefits under the Plan, he must repay in full or commit to a program of full repayment of the withdrawn amount. If the employee is reinstated to active employment with the Authority, the repayment program must commence not later than thirty (30) days after the return of the employee to employment with the Authority and be made in an equal monthly amortization over a sixty (60) month period but with a minimum monthly payment of One Hundred (\$100.00) Dollars and a maximum monthly payment of Two Hundred (\$200.00) Dollars; provided, however, that if the employee has not satisfied in full this repayment program at the end of the sixty (60) month period because of the foregoing monthly maximum repayment obligation, the Board shall grant to the employee an extension of time within which the employee is to complete the repayment program through consecutive monthly amortization payments of \$200.00, commencing upon the completion of the sixty-month time period. Notwithstanding the foregoing provisions in regard to the repayment program, the withdrawn amount must be repaid in full within sixty (60) days prior to the commencement of the payment of any benefits from the Plan to said employee. The employee has the right to prepay the obligation at any time or from time to time. The repayment obligation does not bear interest. If the employee defaults in complying with the terms of a program of repayment approved by the Board, he will be viewed solely for the purposes of the Plan to be a terminated employee. If any individual, including an individual who has elected lay-off status, does not return to the Authority as a full-time permanent employee within three (3) years of the date he last received compensation from the Authority, he shall be determined, solely for the purposes of the Plan, to be a terminated employee as of the end of said three (3) year period, but said determination shall not prejudice his rights to benefits which he then is receiving from the Plan. (Adopted November 16, 1981) (Amended November 15, 1982) (Further Amended July 18, 1983)

Rule No. 27

For the purposes of Paragraph 3.3 of the Plan, a temporary employee is defined as an individual employed by the Authority with the expectation by the Authority that he will not be employed by the Authority on a permanent and indefinitely continuing basis and is therefore classified by the Authority on its employment rolls as a temporary employee. (Adopted October 18, 1982).

Rule No. 28

In addition to other limitations set forth in the Plan and notwithstanding any other provisions of the Plan, the accrued benefits, including the right to any optional benefit provided in the Plan (and all other defined benefit plans required to be aggregated with this Plan under the provisions of Section 415 of the Internal Revenue Code of 1986), shall not, at any time, increase to an amount in excess of the amount permitted under Section 415 of the Internal Revenue Code of 1986 as amended. For purposes of determining compliance with Section 415 of the Internal Revenue Code of 1986, compensation shall mean compensation as defined in Section 415(b)(3) of the Internal Revenue Code of 1986 and the regulations thereunder. Section 415 compensation will include regular compensation (but not severance pay) paid after the Participant has incurred a severance from employment, provided that such compensation is paid during the period extending until the last day of the limitation year of severance or 2 1/2 months, whichever occurs later. (Adopted December 20, 1982) (Amended July 18, 1988)

Rule No. 29

In order to effectuate the provisions of Section 17 of the Retirement Plan, the Secretary's Office shall not accept any power of attorney or similar document purportedly exercised by any employee or beneficiary entitled to or receiving benefits under the Plan or from an individual who at some time in the future may receive benefits under the Plan. (Adopted November 21, 1983)

Rule No. 30

In addition to other limitations set forth in the Plan and notwithstanding any other provisions of the Plan, all distributions of allowances and benefits otherwise provided for under the Plan shall satisfy the following requirements:

Distributions to an employee shall commence no later than the first day of April following the calendar year in which the later of termination of employment or age 70-1/2 occurs. The entire interest of each employee in the Plan shall be distributed over a period which shall not extend beyond one of the following periods, or a combination thereof:

- (1) The life of the employee,
- (2) The life of the employee and a designated beneficiary,
- (3) A period certain not extending beyond the life expectancy of the employee, or
- (4) A period certain not extending beyond the joint and last survivor expectancy of the employee and a designated beneficiary.

If the employee's spouse is not the designated beneficiary, the methods of distribution selected shall assure that at least 50% of the present value of the amount available for distribution is paid within the life expectancy of the employee.

If an employee dies after distribution of such employee's interest has commenced, the remaining portion of such interest shall continue to be distributed at least as rapidly as under the method of distribution being used prior to the employee's death. If an employee dies before distribution of such employee's interest has commenced, the employee's entire interest shall be distributed no

later than five (5) years after the employee's death except to the extent that an election is made (if otherwise provided for under the Plan) to receive distributions as follows:

- (1) if any portion of the employee's interest is payable to a designated beneficiary, distributions may be made in substantially equal installments over the life or the life expectancy of the designated beneficiary commencing no later than one (1) year after the employee's death,
- (2) if the beneficiary is the employee's surviving spouse, the date distributions are required to begin in accordance with (1) above shall not be earlier than the date on which the employee would have attained age 70-1/2 and, if the spouse dies before payments begin, subsequent distributions shall be made as if the spouse had been the employee.

The requirement of Section 401(a)(9) of the Internal Revenue Code of 1986 as amended shall apply to any distribution of a participant's interest and will take precedence over any inconsistent provisions of this Plan. All distributions required under this Rule shall be determined and made in accordance with Section 401(a)(9) of the Internal Revenue Code of 1986 as amended, including the incidental death benefit requirement in Section 401(a)(9)(G), and Income Tax Regulation Sections 1.401(a)(9)-2 through 1.401(a)(9)-9. (Amended May 25, 2017)

Rule No. 31

The Authority, the Association and the Board agree that notwithstanding any provision in this Plan to the contrary, an individual who was employed by the Authority and was terminated by the Authority or was constructively discharged and who subsequently is reinstated as a result of a grievance procedure finding, court order, or a settlement agreement between the individual and the Authority shall participate under this Plan provided the individual satisfies the provisions of the Plan in regard to eligibility to participate. The individual's continuous service with the Authority shall include the period of continuous service with the Authority prior to the termination of his employment, the period from termination of employment until reinstatement as may be specified and required by such grievance procedure, court order or settlement agreement, and the period of continuous service after reinstatement, provided that:

- (1) The finding, order, or agreement sets forth the period of time to be so taken into account as continuous service under the Plan and such period of time is consistent, in the judgment of the Board in its discretion, with the facts of the individual's actual employment with the Authority and the other provisions of the finding, order or agreement;
- (2) The amount of the total financial award to the individual set forth in the finding, order or agreement regardless of how described therein shall be considered as Compensation for Plan purposes allocated in equal monthly installments over the period between termination of employment and reinstatement subject to the right of the Board in its discretion to determine that said compensation is consistent with the facts of the matter in dispute; and

- (3) Contributions are made to the Plan treating the amount of the financial award specified in the finding, order, or agreement as Compensation from the Authority for the period of time to be taken into account as continuous service with both the individual and the Authority making their respective contributions as called for by the Plan unless the finding, order, or agreement provides that the contributions to the Plan, as called for by the Plan, are to be otherwise allocated between the individual and the Authority; and
- (4) The finding, order, or agreement shall not be given effect with regard to any such period of time or compensation if the Board in its sole discretion determines that such action has the potential to cause the Plan to fail to satisfy any of the requirements of Section 401(a) of the Internal Revenue Code of 1986 or the regulations thereunder applicable to the Plan.

The Board's determination under this Rule shall be conclusive and binding on all parties. (Adopted July 28, 1992).

Rule No. 32

- (a) Notwithstanding any provision of the plan to the contrary that would otherwise limit a distributee's election under this part, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have any portion of an eligible rollover distribution that is equal to at least \$500 paid directly to an eligible retirement plan specified by the distributee in a direct rollover. If an eligible rollover distribution is less than \$500, a distributee may not make the election described in the preceding sentence to rollover a portion of the eligible rollover distribution.
- (b) Definitions.
 - (1) 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 section 401(a)(9) of the Internal Revenue Code; and the portion of any distribution that is not includible in gross income.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to (1) an individual retirement account or annuity described in §408(a) or (b) of the Code; or (2) to a qualified trust or to an annuity contract described in §403(b), if such trust or contract, provides for separate accounting for amounts so transferred (including interest thereon), 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.

- (2) **Eligible retirement plan:** An eligible retirement plan is an eligible plan under §457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan, an individual retirement amount described in §408(a) of the Code, an individual retirement annuity described in §408(b) of the Code, an annuity contract plan described in §403(b) of the Code, an annuity contract described in §403(b) of the Code, a qualified defined contribution plan described in §401(a) of the Code, or effective January 1, 2008, a Roth IRA described in §408A of the Code, that accepts the distributee's eligible rollover distribution. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in §414(p) of the Code.
- (3) **Distributee:** A distributee includes an employee or former employee. In addition, an employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse. A distributee also includes participant's nonspouse designated beneficiary. In the case of the nonspouse beneficiary, the direct rollover may be made only to an individual retirement account or annuity described in §408(a) or §408(b) ("IRA") that is established on behalf of the designated beneficiary and that will be treated as an inherited IRA pursuant to the provisions of §402(c)(11)
- (3) **Direct rollover:** A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

Rule No. 33

If an employee eligible to elect an Option A or Option B benefit pursuant to Paragraph 13.2 files such an election, as part of a retirement application which is complete in all respects, with the Secretary's office and dies before the application can be officially accepted by the Board and recorded in the official minutes of the retirement meetings and if the employee's entitlement to retirement is approved by the Board, the deceased employee's election of an Option A or Option B benefit shall be accepted in lieu of the Option A ½ benefit otherwise payable in the absence of an election. (Adopted July 22, 2002)

Rule No. 34

To be eligible to receive a retirement allowance pursuant to Section 8, 10 or 11 of the Plan, an individual, if otherwise eligible to receive the retirement allowance, in any of the following circumstances need not return to full-time permanent employment with the Authority:

1. An individual who is on an authorized absence from the Authority and who is not receiving a disability allowance from the Plan;
2. An individual who is on inactive status while receiving a disability allowance from the Plan who has been found to be no longer disabled by the Board;
3. An individual who is not working because of strikes or lockouts;
4. An individual who is on other lay-off or furlough not exceeding three (3) years, unless extended by agreement of the Authority and the Association;
5. An individual while on an authorized leave of absence to work in the office of the Bard. (Adopted June 23, 2005).

Rule No. 35

If the repayment of a refund of contributions (including interest thereon) or a purchase of pension credit is permitted under the provisions of the Plan, payment for such may be made by direct trustee-to-trustee transfer from a Code Section 403(b) annuity, a Code Section 401(k) plan, an individual retirement account or annuity described in Code Section 408(a) or (b) or a governmental Code Section 457 Plan.

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