

**SUMMARY PLAN DESCRIPTION**  
**OF THE**  
**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**457 PLAN**

## ADMINISTRATION OF THE PLAN

Name of Plan:	East Central Council of Governments 457 Plan
Type of Plan:	This plan is established under Section 457 of the Internal Revenue Code and is an eligible deferred compensation plan for employees of state and local government
Effective Date:	This plan was established January 1, 1996. It is being amended and restated effective January 1, 2002.
Sponsor's Name:	East Central Council of Governments
Address:	P.O. Box 28 Stratton, Colorado 80836
Phone Number:	(719) 348-5562
Tax ID Number:	84-0672768
Plan Administrator:	Employer
Plan Trustee:	Executive Director of the Sponsor
Agent for Process:	Employer or the Trustee
Plan Year:	January 1st to December 31st

## **INTRODUCTION**

The purpose of this Summary Plan Description is to familiarize you with important information concerning the East Central Council of Governments 457 Plan (the "Plan"), which is sponsored by East Central Council of Governments. Throughout this document we will refer to the East Central Council of Governments as the "Employer," "us" or "we."

This summary describes some important features of the plan in non-technical language and is intended to answer most of your questions about the Plan. It replaces all our prior memoranda and announcements about the Plan. It nevertheless is only a summary, and if there is any conflict between the description in this summary and the terms of the Plan, the terms of the Plan will control. If you want further information concerning anything contained in this summary or relating to the Plan, please contact the Employer.

The Plan is administered by a written trust agreement. The Trustees are responsible for investing contributions made to the Plan. All other matters concerning the operation of the Plan are the responsibility of the Employer.

## **PLAN PARTICIPATION**

Any full-time employees will be eligible to enter the Plan as a participant upon completing a 3-month probationary period of employment. You will actually enter the Plan as a Participant on that same date, provided you complete a Voluntary Salary Reduction Agreement (which is explained in more detail below).

## **CONTRIBUTIONS AND ALLOCATIONS**

When you become a Participant, we will establish an account for you. Your share of any contributions, and investment earnings and losses will be allocated to your account.

Beginning January 1, 2002, you may enter into a Voluntary Salary Reduction Agreement authorizing us to withhold up to \$11,000 of your compensation each calendar year. The \$11,000 amount will increase each year by \$1,000 until the annual dollar limit is \$15,000, at which time the annual dollar limit will be adjusted each year for inflation as determined by the Internal Revenue Service (but only in increments of \$500).

For each of the last three taxable years ending before reaching your normal retirement age, the maximum annual dollar limit will be the lesser of (1) twice the annual dollar limit in effect for that year, or (2) the sum of the annual dollar limit described above for the current year and amounts permitted in prior years which were not used during those years. This "catch-up election" is available to a participant during one three-year period only. Once you use the catch-up election, it will not be available again.

Your contribution is called a Deferral, and we will reduce your compensation by that amount (before taxes) and contribute it to your account.

We may also elect to make additional discretionary contributions to the Plan. If so, these contributions will be allocated to your account in the ratio that your compensation for that Plan Year bears to the total compensation of all Participants for that Plan Year.

## **VOLUNTARY SALARY REDUCTION AGREEMENTS**

You can change your Voluntary Salary Deferral Agreement at any time, and the change will be effective on the first day of the month following the date the Trustee or his or her designee receives the amended agreement (or as soon as practicable thereafter). You can also suspend or cancel the agreement at any time upon reasonable written notice. In addition, if you have not authorized us to withhold at the maximum rate and you want to increase the total amount withheld for any year to the maximum rate, you may authorize that a supplemental amount up to 100% of your compensation be withheld for one or more pay periods.

## **DEFINITION OF COMPENSATION**

Compensation for Plan purposes is compensation for services performed for us that is currently includible in your gross income for the taxable year for federal income tax purposes. However, compensation does not include any amount excludable from your gross income under this Plan or any other Section 457(b) plan, any amount excludable from your gross income under any pickup program under Section 414(h)(2) of the Internal Revenue Code, or any other amount excludable from your gross income for income tax purpose.

## **EARNINGS AND LOSSES**

The Plan is valued periodically to determine its earnings and losses, and each eligible Participant's account will periodically receive an allocation of these earnings and losses.

## **BENEFIT UPON RETIREMENT**

Except as otherwise provided herein, distribution of your account will begin on the first day of the first calendar month beginning at least sixty (60) days after you reach normal retirement age and separate from service, or as soon as practicable thereafter. Your account will be paid in a single lump sum or in installments.

You can elect your own normal retirement age, but it can't be earlier than the earliest age at which you have the right to retire without our consent and begin receiving an unreduced retirement benefit under our basic retirement plan, and it can't be later than the later of the date you reach age 70½ or the date you separate from service. If you will not become eligible to receive a benefit under our basic retirement plan, you can elect a normal retirement age that is not earlier than the date you reach age 65 and not later than the later of the date you reach age 70½ or the date you separate from service. Your election of a normal retirement age is irrevocable once contributions have been made using the catch-up election described above.

## **BENEFIT UPON DEATH**

If you die while you are still employed by us, your beneficiary will be entitled to receive your account in a lump sum or installments. You may name anyone to be your beneficiary.

## **BENEFIT UPON TERMINATION OF EMPLOYMENT**

If you terminate employment for any reason, you will be entitled to receive your account, which will be distributed within a reasonable time after you termination employment.

## **DETERMINATION OF VESTED INTEREST**

Your vested interest in your account is the percentage of your account to which you are entitled at any point in time. You are always 100% vested in your account balance.

## **HARDSHIP DISTRIBUTIONS**

If you suffer a severe financial hardship due to an unforeseeable emergency, you can withdraw up to 100% of your account to help alleviate the hardship. An unforeseeable emergency is a severe financial hardship resulting from a sudden and unexpected illness or accident or loss of property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond your control.

The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but a hardship distribution is not available to the extent the financial hardship can be relieved (1) through reimbursement or compensation by insurance; (2) by liquidation of your assets to the extent the liquidation itself would not itself cause a financial hardship; or (3) by cessation of Deferrals to the Plan. The need to send your child to college and the desire to purchase a home are not considered unforeseeable emergencies.

You must request a hardship distribution in writing to the Administrator. Evidence that demonstrates that the circumstances being experienced qualify as an unforeseeable emergency must accompany the request. The Administrator has the authority to require any other evidence deemed necessary to determine if a distribution is warranted. If a request for a hardship distribution is approved, the distribution will be limited to an amount sufficient to meet the emergency. The allowed distribution will be payable in a method determined by the Administrator as soon as possible after approval of such distribution.

A Participant who has started receiving installment payments may request acceleration of such payments in the event of severe financial hardship due to an unforeseeable emergency. The Administrator may permit accelerated payment to the extent such accelerated payment does not exceed the amount necessary to meet the unforeseeable emergency.

## **TAXATION OF PLAN BENEFITS**

Any distribution that is eligible to be transferred to another deferred compensation plan and that is so transferred is not subject to income tax until actually withdrawn. Generally, any part of a distribution may be transferred over to another deferred compensation plan unless the distribution is part of a series of equal periodic payments made over your lifetime or over the lifetime of you and your beneficiary. Contact the Administrator of the transferor if you have questions regarding whether a plan distribution is eligible to be transferred.

## **INVESTMENT OF TRUST FUNDS**

You may direct that your account be invested in those investments that are allowed by the Administrator, which may include a range of mutual funds and related investments. All earnings on the funds you invest will be credited to your account. You will be able to switch between investment alternatives on a daily basis by contacting the Trustees or their designee in writing or through an 800 number that will be made available to you.

## **NON-ALIENATION OF BENEFITS**

Your general creditors may not garnish or levy upon your account, and you may not sell, transfer, assign, or pledge your account. If you separate from or divorce your spouse, a court may direct through a qualified domestic relations order that all or part of your benefit be paid to an alternate payee, usually your ex-spouse or children. The Plan has a procedure for handling domestic relations orders that you can obtain from the Administrator.

## **CLAIMS FOR BENEFITS**

If you are not satisfied with a decision made about your Plan benefits, you should submit a written claim to the Administrator. If your claim is denied, the Administrator will notify you within ninety days after you file your claim. You can have the denial reviewed by making a written request to the Administrator, which along with a written statement explaining your position must be filed within sixty days of the date you were notified in writing that the claim was denied. The Administrator may (but is not required to) provide you with a hearing, but must decide your appeal within sixty days and give written notice of the decision. If your claim for benefits is denied or ignored, in whole or part, you can file suit.

## **AMENDMENT OR TERMINATION OF THE PLAN**

Although the Plan is intended to be permanent, the Employer can amend or terminate the Plan at any time. If the Plan is terminated, each Participant, as well as each beneficiary who is receiving benefits, will be notified in writing of the amendment or termination.