

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

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## **INTRODUCTION**

Effective, January 1, 2010, the East Central Council of Governments amended its retirement plan, which was previously established as of January 1, 1996 under Section 457 of the Internal Revenue Code. The plan is named the East Central Council of Governments 457 Plan, and will be referred to in this summary simply as the "Plan."

The purpose of this summary is to describe some important features of the Plan in non-technical language. It is also intended to answer most of your questions about the Plan, and it replaces all of our prior memoranda and announcements about the Plan. This nevertheless is only a summary, and if there is any conflict between the description in this summary and the actual 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 Plan Administrator.

## **PLAN ADMINISTRATION**

The Plan is sponsored by the East Central Council of Governments (who throughout this document will be referred to as "employer," "us" or "we"). Our address is P.O. Box 28, Stratton, CO 80836; our telephone number is (719) 348-5562; and our employer identification number is 84-0672768. We also act as the Plan Administrator, and are responsible for all matters concerning the operation of the Plan.

## **PLAN PARTICIPATION**

If you are a member of the select group of employees we designate as eligible to participate in the Plan, you can enter the Plan as a Participant after completing a 3-month probationary period of employment.

## **CONTRIBUTIONS**

You can enter into a Salary Deferral Agreement authorizing us to withhold the amount you specify from your Compensation during each calendar year. This amount withheld from your Compensation is called a Deferral, and all of your Deferrals will be credited to an account established for you under the Plan.

The amount of your Deferrals for any calendar year cannot exceed the lesser of 100% of your "Includible Compensation" or the maximum annual dollar limit permitted by law, which is \$16,500 for 2009 and 2010, and thereafter as adjusted annually by law. However, if you are eligible, you can make additional "catch-up" Deferrals in excess of the annual limit described in the preceding sentence. If you are interested in making "catch-up" Deferrals, contact the Plan Administrator.

You can change your Salary Deferral Agreement at any time to increase or decrease your Deferrals. The change will be effective on the first day of the month following the date the Administrator receives an executed Salary Deferral Agreement, or as soon thereafter as administratively practicable thereafter. You can also suspend or cancel your Salary Deferral Agreement at any time upon reasonable written notice.

Your "Includible Compensation" for purposes of this Plan is the total amount you receive from us for services rendered during the calendar year, including any amounts you elect to defer under this Plan and under other deferred compensation plans, up to the maximum annual dollar limit permitted by law, which is \$245,000 for 2009 and 2010, and thereafter as adjusted annually by law.

We may also make additional contributions to the Plan on your behalf. However, any such contributions that we make to the Plan on your behalf will reduce the amount of the Deferrals you can make for the year because they are added to your Deferrals in determining whether you have exceeded the annual dollar limit on Deferrals which was described in the preceding paragraphs.

## **DISTRIBUTION OF BENEFITS**

Upon termination of employment for any reason other than your death, your Vested Account Balance will not be distributed until at least 30 days after you file a written notice with the Administrator requesting a distribution. Distribution will be made in a lump sum unless you request installment payments, in which event you will receive substantially equal annual installments until the year of your death.

If you die before your Vested Account Balance has been distributed, your beneficiary will receive your Vested Account Balance in a lump sum unless he or she requests installment payments, in which event your beneficiary will receive substantially equal annual installments over a period of time equal to his or her life expectancy as determined under applicable IRS rules.

Notwithstanding the foregoing, if your Vested Account Balance does not exceed \$5,000, payment will be made to you (or to your beneficiary if you are deceased) in a lump sum as soon as administratively practicable following your termination of employment (or death, if applicable).

Furthermore, at your request, your Vested Account Balance will be paid to you in a lump sum as soon as administratively practical following your request if (a) your Vested Account Balance does not exceed \$5,000; and (b) you have not made any Deferrals during the two-year period ending immediately before the date of such distribution.

## **VESTED ACCOUNT BALANCE**

Your Vested Account Balance is the percentage of your Account in which you have a non-forfeitable (or "vested") interest. You will at all times have a 100% vested interest in your Account Balance.

## **UNFORESEEABLE EMERGENCIES**

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

The circumstances that constitute an unforeseeable emergency will depend upon the facts of each case, but a distribution is not available to the extent the 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, and your request must include evidence that demonstrates that the circumstances being experienced qualify as an unforeseeable emergency. The Administrator can 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.

## **INVESTMENT OF CONTRIBUTIONS**

This Plan is unfunded, and all contributions to the Plan, and the earnings on those contributions, will remain our property (and subject to the claims of our general creditors) until paid or made available to you (or your beneficiary, if applicable)

## **AMENDMENT OR TERMINATION**

Although the Plan is intended to be permanent, we 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.