

SUBJECT: RESTATEMENT OF THE WMATA TRANSIT POLICE RETIREMENT PLAN

2009-11
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, The Internal Revenue Service requires all qualified plans to renew their favorable determination letters every five years; and

WHEREAS, The submission to the Internal Revenue Service requires the restating of the WMATA Transit Police Retirement Plan; and

WHEREAS, The restated plan document for the WMATA Transit Police Retirement Plan is designed to make such changes as are required in order for the Plan to retain its qualification under Section 401(a) of the Internal Revenue Code of 1986 as amended; and

WHEREAS, A copy of the restated plan document for the WMATA Transit Police Retirement Plan is attached to this Resolution; and

WHEREAS, The WMATA Transit Police Retirement Plan Section 14.01 requires that all Plan amendments be made by a written Resolution of the Board of Directors; now, therefore be it

RESOLVED, That the WMATA Transit Police Retirement Plan, as amended and restated effective January 1, 2009, a copy of which is attached to this Resolution, is hereby adopted and approved on behalf of Metro; and be it further

RESOLVED, That the General Manager is hereby authorized and directed to execute on behalf of Metro any other changes to the WMATA Transit Police Retirement Plan as are requested by the Internal Revenue Service, or based on advice of counsel, as are necessary or desirable for the Plan to continue qualification under Section 401(a) of the Internal Revenue Code of 1986, as amended; and be it further

RESOLVED, That the General Manager or the Assistant General Manager for Workforce Services is hereby authorized and directed to execute such other forms, notices, instruments or other documents and to take such further action as may be necessary or desirable (1) to fully implement the WMATA Transit Police Retirement Plan; (2) to ensure that the Plan is qualified under Section 401(a) of the internal Revenue Code; and (3) to obtain from the Internal Revenue Service a determination letter to the effect

Motioned by Mr. Benjamin, seconded by Mr. Graham

Ayes: 6 - Mr. Zimmerman, Mr. Graham, Mr. Benjamin, Mrs. Hudgins, Mr. Albert, Ms. Hewlett

that said Plan continues to meet the requirements for qualification under Section 401(a) of the Internal Revenue Code; and be it finally

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

A handwritten signature in cursive script, appearing to read "Carol B. O'Keeffe", is written over a horizontal line.

Carol B. O'Keeffe
General Counsel

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

TRANSIT POLICE RETIREMENT PLAN

(As Amended and Restated Effective January 1, 2009)

This Restated Retirement Plan is adopted by the Washington Metropolitan Area Transit Authority, an agency and instrumentality of the District of Columbia, State of Maryland and Commonwealth of Virginia, created as a body corporate and politic, with the consent of the Congress of the United States (hereinafter "WMATA" or "AUTHORITY"), effective January 1, 2009, pursuant to a Collective Bargaining Agreement between WMATA and Fraternal Order of Police/Metro Police Labor Committee (hereinafter "UNION"), the representative of sworn Metro Transit Police in the Office of Transit Police and Security.

A R T I C L E 1

NAME, EFFECTIVE DATE AND PURPOSE

1.01 Name. The Name of the Plan is "THE WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY TRANSIT POLICE RETIREMENT PLAN," hereinafter called the "Plan."

1.02 Effective Date. The original effective date of the Plan was April 2, 1981. The effective date of this restatement is January 1, 2009 (the "Effective Date"). Notwithstanding the foregoing, any provision which is contained in this amended and restated plan and which is required to be effective before the Effective Date in order for the Plan to retain its qualification under Section 401(a) of the Internal Revenue Code shall, nevertheless, be effective as of the effective date required under the Internal Revenue Code.

Except as specifically provided herein, the provisions of this restatement shall apply only to a Participant whose status as an Employee terminates on or after the Effective Date. The rights and benefits, if any, of a Participant whose status as an Employee terminated prior to the Effective Date shall be determined in accordance with the provisions of the Plan that were in effect on the date his or her status as an Employee terminated.

1.03 Purpose of the Plan. It is the purpose of this Plan to recognize the contribution made to the successful operation of the Authority by its Transit Police Force and to reward such contribution by establishing a system of pension benefits for those employees who shall hereafter qualify as Participants under this Plan, and for the beneficiaries designated by such employees in accordance with the provisions of this Plan.

This Plan has been established for the exclusive benefit of the Participants and their beneficiaries. So far as possible, this Plan should be interpreted in a manner consistent with this intent and with the Authority's intention that this Plan satisfy those provisions of the Internal Revenue Code relating to exempt employees' trusts. No income or corpus of this Plan or any funds contributed to the Plan by the Authority shall ever revert to or be used or enjoyed by the Authority, except as may be permitted by the provisions of the Internal Revenue Code relating to exempt employees' trusts.

The establishment of this Plan shall not be construed as giving any employee, or any other person, any legal or equitable rights against the Authority, its Board of Directors, the Union, the Trustees or the Plan, or the corpus or income of this Plan unless such right is specifically provided by the Plan Document.

A R T I C L E 2 DEFINITIONS

When used in this Plan and in the Trust Agreement, the words and phrases defined hereinafter shall have the following meaning, unless a different meaning is clearly required by the context of the Plan or Trust Agreement.

2.01 “Accrued Benefit” shall mean, as of any date prior to the Participant’s Normal Retirement Date, a monthly benefit, commencing on the Participant’s Normal Retirement Date and continuing for his life, calculated in the same manner as a normal retirement benefit and based upon the Credited Service earned by such Participant and the Participant’s Final Average Earnings. As of the Participant’s Normal Retirement Date, the Participant’s Accrued Benefit shall be the monthly benefit described in Section 4.02.

2.02 “Accumulated Employee Contributions” shall mean the total of employee contributions under the Plan as provided for in Section 3.02 plus interest at the rate of five percent (5%) compounded annually from the first day of the Plan Year following the date such contributions were made, to the first day of the month in which employment terminates. Accumulated Employee Contributions shall include contributions made by the Employee that have been transferred from the Washington Metropolitan Area Transit Authority Retirement Plan together with credited interest thereon.

2.03 “Actual Retirement Date” shall mean the date the Participant actually retires and becomes eligible to start receiving benefits under the Plan by reason of such retirement.

2.04 “Actuarial Equivalent” shall mean a benefit of equal value when computed in accordance with the actuarial tables last recommended by the Actuary for the Plan and approved by the Board of Trustees of the Plan, taking into consideration the difference in fund earnings and life expectancy when the benefit commences at a time other than the normal benefit commencement date, and the value of additional guarantees provided under an option being utilized. Such actuarial equivalences are set forth in Appendix A.

2.05 “Age” shall mean attained age, not age at nearest birthday.

2.06 “Annuity Starting Date” shall mean the first day of the first period for which an amount is paid as an annuity or, in the case of a single sum payment, the first day on which all events have occurred which entitle the Participant, or his beneficiary (if the Participant has died) to such benefit.

2.07 “Agreement” shall mean the trust established for the accumulation and investment of the funds required to provide the benefits under the Plan.

2.08 “Authority” or “WMATA” shall mean the Washington Metropolitan Area Transit Authority, an agency and instrumentality of the District of Columbia, State of Maryland and Commonwealth of Virginia, a body corporate and politic created with the consent of the United States Congress (Pub. L. 89-774, November 6, 1966, 80 Stat. 1324; Pub. L. 92-349, July 13, 1972, 86 Stat. 466; Pub. L. 92-517, October 21, 1972, 86 Stat. 999; and Pub. L. 94-306, June 4, 1976) by the District of Columbia, State of Maryland and Commonwealth of Virginia. (Resolution of the Board of Commissioners, December 22, 1960; (Md) Ch. 613, Acts of General Assembly, 1959; (Va) Ch. 527, 1958 Acts of Assembly; Resolution of the Board of Commissioners, November 15, 1966, as amended; Ch. 869, Acts of General Assembly, 1965, as amended; and Ch. 2, 1966, Acts of Assembly, as amended) or any successor thereof lawfully empowered as such by the United States Congress, District of Columbia, State of Maryland, and Commonwealth of Virginia. For purposes of this Plan and Trust Agreement, the principal place of business of WMATA shall be considered to be the District of Columbia. For purposes of this Plan and Trust Agreement, the District of Columbia shall be considered a state.

2.09 “Board of Directors” shall mean the Board of Directors of the Authority.

2.10 “Board of Trustees (Trustees)” shall mean the Board of Trustees designated in accordance with the terms of the Trust Agreement.

2.11 “Children (Child)” shall mean the issue of the Participant, any legally adopted child of the Participant, or any legally recognized ward of the Participant or his Spouse who was dependent on the Participant for more than fifty percent (50%) of his support during the year preceding the Participant’s date of death.

2.12 “Code” shall mean Internal Revenue Code of 1986, as amended from time to time. Reference to a Code Section shall include (i) such section and any comparable section or sections of future legislation that amends supplements, or supercedes such section; and (ii) all rulings, regulations, notices, announcements, and other pronouncements issued by the U.S. Treasury Department, the Internal Revenue Service, and any court of competent jurisdiction that relate to such section and that are applicable to governmental plans.

2.13 “Compensation” shall mean the total basic compensation (excluding any overtime payments, special shift payments, bonuses or other allowances) received by a Participant from the Authority during any calendar month. Notwithstanding the foregoing, Compensation:

(a) shall not include (i) contributions, credits, or benefits paid or accrued under this Plan or any other retirement plan, deferred compensation plan, welfare benefit plan or fringe benefit plan of the Authority; (ii) compensation or payments for unused vacation payable in connection with any termination of employment; or (iii) reimbursements for expenses, expense allowances or other special allowances.

(b) shall include any amount which would otherwise be deemed Compensation under this Section but for the fact that it is deferred pursuant to a salary reduction agreement under any plan described in Section 125, 132(f), 457 or 414(h) of Code.

The annual Compensation of each Participant taken into account in determining benefit accruals for any Plan Year beginning after December 31, 2001, shall not exceed

\$200,000, as adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B) of the Code. Annual Compensation means compensation during the plan year or such other consecutive 12-month period over which Compensation is otherwise determined under the Plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual Compensation for the determination period that begins with or within such calendar year. In determining benefit accruals in Plan Years beginning after December 31, 2001, the annual Compensation limit for determination periods beginning before January 1, 2002, shall be \$150,000 for any determination period beginning in 1996 or earlier; \$160,000 for any determination period beginning in 1997, 1998, or 1999; and \$170,000 for any determination period beginning in 2000 or 2001.

2.14 “Continuous Service” shall mean the uninterrupted period of service commencing with the Participant’s most recent date of employment. The period of employment shall not be deemed to be interrupted by absence for military service, sick leave, vacation leave or other special leave approved in writing by the Authority, which (except military service) does not exceed twelve (12) months. Absence for military service will come within the meaning of the above provision only if the Participant returns to employment with the Authority during the period in which his employment rights are protected by law.

2.15 “Credited Service” shall mean the number of years (and fractional years measured in completed months) of Continuous Service that the Participant has accumulated prior to his Actual Retirement Date, with the following exceptions:

(a) Credited Service shall include only those of months of Continuous Service after April 1, 1981, with respect to which the Participant made contributions to the Plan in accordance with Section 3.02.

(b) For purposes of determining the amount of the Normal Retirement Pension for a Participant retiring on or after his Normal Retirement Date, Credited Service shall include all unused accrued whole months of sick leave as of the date of retirement.

(c) If a Participant becomes Disabled, recovers from his disability so as to be medically certified to full-time active duty as a law enforcement officer prior to his Normal Retirement Age, and is reemployed by the Authority, his period of disability shall be included in Credited Service for purposes of determining eligibility for the Normal Retirement Pension. To the extent he makes contributions to the Plan in accordance with Section 3.02, his period of disability shall be included in Credited Service for benefit calculation purposes.

2.16 “Disabled” shall mean being totally or partially disabled as determined by the Board of Trustees. Total disability shall mean the inability of a Participant to reasonably perform his duties as a law enforcement officer. Partial disability shall mean the ability of a Participant to perform some part of the duties as a law enforcement officer, such as in administrative or desk assignments.

2.17 “Distribution Calendar Year” shall mean a calendar year for which a minimum distribution is required. For distributions beginning before the Participant’s death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which

contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under Section 4.05(a)(2).

2.18 "DROP" shall mean the Deferred Retirement Option Program described in Section 4.06.

2.19 "DROP Effective Date" shall mean the date on which the Participant's DROP Election becomes effective. The DROP Effective Date must be the first day of a calendar month.

2.20 "DROP Election" shall mean an election under Section 4.06(c) to participate in the DROP.

2.21 "DROP Retirement Date" shall mean the first day of the month coincident with or next following the retirement date voluntarily elected by an eligible DROP Participant in his or her DROP Election (or such earlier date upon which the Participant voluntarily elects to actually terminate his or her employment with the Authority).

2.22 "Employee" shall mean any person who, on or after the Effective Date of the Plan, is employed by the Authority as a Transit Police Officer, or a person who is employed as a Transit Police Official who was promoted from Transit Police Officer after the Effective Date of the Plan; except that the term "Employee" shall not include a seasonal, part-time or casual worker whose customary employment is for less than thirty (30) hours in any week or for less than five (5) months in any calendar year.

2.23 "Final Average Earnings" shall mean the annualized arithmetic average of the Participant's Compensation paid to him during his highest thirty-six (36) consecutive calendar months prior to the Participant's Normal Retirement Date or Actual Retirement Date, if later, which will produce the highest annual average for the purposes of the benefit being calculated under the Plan.

2.24 "Fiscal Year" shall mean the fiscal year of the trust which shall be the twelve (12) months ending on December 31.

2.25 "Limitation Year" shall mean a calendar year for purposes of Article 10.

2.26 "Normal Retirement Age" shall mean the earlier of (a) the completion of twenty-five (25) years of Credited Service or (b) the attainment of age sixty-five (65).

2.27 "Normal Retirement Date" shall mean the first day of the month next following the date the Participant attains his Normal Retirement Age, or the date he attains Normal Retirement Age if on the first of a month.

2.28 "Normal Retirement Pension" shall mean the monthly benefit to which a Participant is entitled under the provisions of Section 4.02, expressed as a single life annuity commencing at the Participant's Normal Retirement Date.

2.29 “Participant” shall mean any Employee in the employ of the Authority who is eligible to participate in the Plan and makes the required contributions to the Plan.

2.30 “Plan” shall mean “THE WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY TRANSIT POLICE RETIREMENT PLAN,” as set forth herein, or in any amendments hereto.

2.31 “Plan Year” shall mean the twelve-month period ending on December 31.

2.32 “Required Beginning Date” shall mean the April 1st following the later of (i) the calendar year in which the Participant attains age 70 ½; or (ii) the calendar year in which the Participant actually retires.

2.33 “Spouse” shall mean the person legally married to the Participant.

2.34 “Transit Police Officer” means an employee covered by the terms of the labor agreement between the Authority and the Union representing sworn Transit Police Officers.

2.35 “Transit Police Official” means an individual employed on the Transit Police Force above the rank of Transit Police Officer who is also a sworn police officer.

2.36 “Union” shall mean the exclusive bargaining agent presently representing the Transit Police Officers.

A R T I C L E 3 PARTICIPATION IN THE PLAN

3.01 Eligibility. Each Transit Police Officer employed on the Effective Date of the Plan, who was hired as an Employee on or before May 3, 1976 will become a Participant of this Plan on the effective date of his irrevocable written election to participate in this Plan. Each Transit Police Officer employed on the Effective Date of the Plan, who was hired as an Employee on or before May 3, 1976 and who has not previously made an irrevocable election to participate in this Plan, may elect to do so by June 30, 1986. Participation of such Employees is effective July 1, 1986 and is contingent upon the following:

(a) Employer and Employee contribution, including interest, applicable to the Employee must be transferred from the Washington Metropolitan Area Transit Authority Retirement Plan by September 30, 1986, and

(b) An Employee must pay to the Retirement Plan an amount equal to the amount of Employee contributions he would have made had he become a Participant on the Effective Date of the Plan as provided in Section 3.02, together with interest thereon at the rate of eight percent (8%), compounded annually, in accordance with one of the following payment schedules:

(1) in a lump sum payment by September 30, 1986; or

(2) through payroll deductions over a period of twenty-four (24) months commencing with the first payroll after September 30, 1986. The amount of payroll deduction shall include interest added for the twenty-four (24) month period at the rate of eight percent (8%), compounded annually. If a Participant making payments under this payment schedule terminates employment within the twenty-four (24) month period, his benefits will be determined as follows:

(A) If the total unpaid balance is paid within thirty (30) days of termination, the Participant is eligible for benefits under the applicable provisions of the Plan;

(B) If the total unpaid balance is not paid within thirty (30) days of termination, the Participant may receive a benefit under Section 9.01 only, regardless of whether he meets the age and service requirements for other Plan benefits.

Each Transit Police Officer hired after May 3, 1976 will automatically become a Participant of this Plan at the later of his date of hire, or April 2, 1981.

3.02 Employee Contributions. Each Participant in the Plan shall contribute 4.34%, of his Compensation. Effective with the first day of payroll period beginning on or after October 1, 2001, each Participant in the Plan shall contribute 5.317% of his Compensation. Effective with the first day of payroll period beginning on or after October 1, 2002, each Participant in the Plan shall contribute 6.293% of his Compensation. Effective with the first day of payroll period beginning on or after October 1, 2003, each Participant in the Plan shall contribute 7.27% of his Compensation. A Participant whose contributions shall become in arrears because of a period of Continuous Service or Disability without Compensation must pay the contributions which are in arrears after his return to work with the Authority through either (a) a lump sum payment, or, (b) through double deductions. The election to pay the contributions by lump sum or double deductions shall be made immediately upon his return to work.

Effective July 1, 1997, any Plan Participant whose contributions are in arrears on that date because of a period of Continuous Service or Disability without Compensation shall elect to pay such arrearage by either (a) a lump sum payment payable at the time of such election, or (b) double deductions, which shall commence immediately upon such election.

For all Compensation earned after January 1, 1997, the employee contributions required under this Section 3.02 shall be funded by the Employer as set forth in the Collective Bargaining Agreement between the Employer and Local 246, International Brotherhood of Teamsters, State, County, and Municipal Employees and in compliance with Section 414(h)(2) of the Internal Revenue Code or any amended or successor statute. For income tax purposes, all employee contributions funded by the Employer shall be treated as Employer contributions. Participants shall have no election as to whether to pay the contributions required under Section 3.02 with funds other than from their salary. For all purposes of this Plan, the employee contributions funded by the Employer shall be considered Compensation received by the Participant.

3.03 Authority Contributions. Subject to the qualifications following, the Authority shall pay any remaining cost of the Plan as determined in accordance with generally accepted actuarial practices. The Plan will be funded in accordance with the aggregate funding method

effective with the January 1, 2001 Actuarial Evaluation. Under this method the Annual Employer Cost will be determined by reducing the "Present Value of Future Benefits" by the "Adjusted Assets" and "Present Value of Future Employee Contributions" (the difference not less than zero), the result divided by the "Present Value of Future Salaries" and that result multiplied by "Current Annual Salaries." All capitalized terms used in this paragraph are the same as those defined in the 1999 Mercer Actuarial Valuation of the Plan in the exhibit labeled "3, Recommended Contributions."

The foregoing notwithstanding, the Authority, in its sole discretion, may limit the amount of the contribution it is required to make for any given Plan Year to 17.05% of gross earnings of covered Employees (15.31% of gross earnings for the non-disability portion of the Plan and 1.74% of gross earnings for the disability component of the Plan); provided, however, that the Authority shall not be permitted to utilize such deferral (1) for more than three consecutive Plan Years or (2) for more than a total of four out of any seven consecutive Plan Years. Any amount deferred shall be automatically included in the calculation of the Authority's required contribution in subsequent actuarial valuations of the Plan.

A R T I C L E 4 NORMAL RETIREMENT PENSION

4.01 When Payable. A Normal Retirement Pension shall be granted to each Participant of the Plan who retires on or after the date on which he attains his Normal Retirement Age.

4.02 Amount. Unless an optional method of payment is elected, as described in Section 4.04, the annual Normal Retirement Pension benefit payable in monthly installments to an eligible Participant; who retires or otherwise terminates employment after September 30, 1998 and before October 1, 2001 shall equal two and thirty-four hundredths percent (2.34%) of the Participant's Final Average Earnings multiplied by his years of Credited Service; provided, however, that the resulting pension paid during any month following the Participant's sixty-sixth (66th) birthday shall be reduced as follows: the annual benefit amount payable under this Article shall be reduced by forty-five hundredths of one percent (0.45%) of the Participant's Final Average Earnings multiplied by his years of Credited Service (subject to a maximum of 35 years), and further multiplied by all increases in his Normal Retirement Pension, granted in accordance with the third paragraph of this Section, between the Participant's date of retirement and his sixty-sixth (66th) birthday. The annual benefit amount so reduced shall then be divided by twelve with the resulting amount being paid to the Participant on a monthly basis.

In the case of Participants who retire or otherwise terminate employment on or after October 1, 2001, unless an optional method of payment is elected, as described in Section 4.04, the annual Normal Retirement Pension benefit payable in monthly installments to such eligible Participant shall equal two and fifty-six hundredths percent (2.56%) of the Participant's Final Average Earnings multiplied by his years of Credited Service; provided, however, that the resulting pension paid during any month following the Participant's sixty-sixth (66th) birthday shall be reduced as follows: the annual benefit amount payable under this Article shall be reduced by one-half of one percent (0.5%) of the Participant's Final Average Earnings multiplied by his years of Credited Service, and further multiplied by all increases in his Normal Retirement Pension, granted in accordance with the next paragraph, between the Participant's date of

retirement and his sixty-sixth (66th) birthday. The annual benefit amount so reduced shall then be divided by twelve with the resulting amount being paid to the Participant on a monthly basis.

The Normal Retirement Pension benefit shall be adjusted each January 1st following retirement to the amount determined by multiplying the benefit payment that would otherwise have been paid on January 1st by the ratio of (1) the Consumer Price Index for the month of September of the latest year, to (2) the Consumer Price Index for the month of September one year earlier. As used in this Plan, the Consumer Price Index shall be defined as the Washington Metropolitan Area CPI-W Index. This adjustment shall be limited to six percent (6%) annually, applied on a cumulative basis.

4.03 Period of Payment. Monthly pension benefits shall commence on the Normal Retirement Date of the Participant and shall continue until the first of the month in which the retired Participant dies, unless an optional method of payment has been elected, in which case the monthly pension benefits shall be continued as provided for under the option elected.

4.04 Optional Methods of Payment.

(a) Married Participant. In lieu of a lifetime pension payable monthly to a married Participant, such Participant may elect to receive a joint and survivor pension of Actuarial Equivalent value which would provide a reduced monthly pension payable to the Participant starting with his Actual Retirement Date, with the provision that after his death, pension payments would continue to be paid to, and during the lifetime of, the spouse of the Participant in an amount determined under one of the following options:

- (1) Continuation of the same amount of reduced pension that was payable to the Participant, or
- (2) Three-fourths of the reduced pension that was payable to the Participant; or
- (3) Two-Thirds of the reduced pension that was payable to the Participant; or
- (4) One half of the reduced pension that was payable to the Participant.

In the event of the death of the Participant or Spouse prior to the Participant's Actual Retirement Date, the election will be null and void.

In the event of the death of a Participant subsequent to his Normal Retirement Date but prior to his Actual Retirement Date, the option election shall be fully operative and the spouse or other beneficiary shall commence receiving pension payments pursuant to the terms of the elected option. If the spouse should die prior to the Participant but after the Participant's Actual Retirement Date, the actuarially reduced pension shall continue to be payable to the Participant. If a married Participant elects, on or after October 1, 2001, to receive his benefit under the Plan in the optional form described in this Section 4.04(a), and the Participant's Spouse dies prior to the Participant (but after the Participant's Actual Retirement Date), the benefit payment option

shall thereupon become void, and the Participant shall receive, commencing on the 1st day of the month following the spouse's death, the monthly benefit which the Participant would have received had the Participant's benefits originally been payable in the form of a lifetime pension under Section 4.03; provided, however, the resulting lifetime pension shall be actuarially reduced to reflect the cost of the pop-up prior to such payment as a lifetime pension.

(b) Unmarried Participant. In lieu of the pension payable monthly for the life of an unmarried Participant, such Participant may elect to receive a term certain and life thereafter pension of Actuarial Equivalent value which would provide a reduced monthly pension payable to the Participant commencing with his Actual Retirement Date, with the provision that after his death, benefit payments would continue to be paid to his named beneficiary for the remainder, if any, of the term certain, provided that the term certain elected shall not exceed the life expectancy of the Participant or ten years, whichever is longer.

If a beneficiary, named under a term certain and life option, should die prior to the Participant but after his Actual Retirement Date, and at the Participant's death another beneficiary has not been named to receive the remaining benefit payments, the present value of the remaining payments, if any, shall be paid to the Participant's estate.

(c) Besides the options provided in (a) and (b) above, a Participant may elect a pension payable in accordance with any other option (except an "interest only" or lump sum distribution option) which is the Actuarial Equivalent of the Normal Retirement Pension to which the Participant was entitled at Normal Retirement Date, provided, however, that such option (i) provides for equal installments commencing with the Participant's Actual Retirement Date and (ii) may not be expected to cause pension benefits to be payable for a period longer than the life expectancy of the last to die of the employee and his spouse, and provided further that such option is approved by the Trustees and the actuary of the Plan.

(d) In the event that the Participant and his Spouse (if a Joint and Survivor Pension has been elected) die prior to their receiving total monthly benefits equal to the Participant's accumulated Employee Contributions, at the date that the Participant's benefits commence, and there are no future premium benefits payable, any remaining difference shall be paid to the Participant's named beneficiary, or to his estate in the absence of a surviving named beneficiary.

(e) Once an election has been made and accepted by the Trustees, it cannot be rescinded or changed without the written consent of the Trustees in accordance with rules uniformly applied to all Participants similarly situated.

4.05 Minimum Distribution Requirement.

Effective for Calendar years beginning with the 2003 Calendar the provisions of this Section apply for purposes of determining minimum required distributions under Section 401(a)(9) of the Internal Revenue Code and take precedence over any inconsistent provisions of the Plan; provided, however, that these provisions are intended solely to reflect the requirements of Section 401(a)(9) of the Internal Revenue Code (and accompanying Treasury regulations) and are not intended to provide or expand (and shall not be construed as providing or expanding) any

benefit or distribution option not otherwise expressly provided for under the terms of the Plan. The provisions of this Section shall apply only to the extent required under Section 401(a)(9) of the Internal Revenue Code as applied to a governmental plan and if any special rules for governmental plans are not set forth herein, such special rules are hereby incorporated by reference and shall for all purposes be deemed a part of the Plan.

(a) Time and Manner of Distribution

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

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

(A) If the Participant's surviving Spouse is the sole designated Beneficiary, then subject to Section 4.05(a)(2)(E) below, distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 1/2, if later.

(B) If the Participant's surviving Spouse is not the sole designated Beneficiary, then subject to Section 4.05(a)(2)(E) below, distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

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

(D) If the Participant's surviving Spouse is the sole designated Beneficiary and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse begin, this Section 4.05(a)(2) other than Section 4.05(a)(2)(A) will apply as if the surviving Spouse were the Participant.

(E) If the Participant dies before distributions begin and there is a designated Beneficiary, distribution to the designated Beneficiary is not required to begin by the date specified in Section 4.05(a)(2)(A) or (B) above, but only if the designated Beneficiary elects to have the Participant's entire interest distributed to the designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. Such an election by the designated Beneficiary must be made no later than the earlier of September 30 of the calendar year in which the distribution would otherwise be required to begin under Section 4.05(a)(2)(A) or (B), or September 30 of the calendar year that contains the fifth anniversary of the Participant's death.

For purposes of this Section 4.05(a)(2) and Section 4.05(d), distributions are considered to begin on the Participant's Required Beginning Date (or, if Section 4.05(a)(2)(D) applies, the date distributions are required to begin to the surviving Spouse under Section 4.05(a)(2)(A)). If annuity payments irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving Spouse before the date distributions are required to begin to the surviving Spouse under Section 4.05(a)(2)(A)), the date distributions are considered to begin is the date distributions actually commence.

(3) Form of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first Distribution Calendar Year distributions will be made in accordance with Sections 4.05(b), (c) and (d). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Internal Revenue Code and applicable Treasury regulations. Any part of the Participant's interest which is in the form of an individual account described in Section 414(k) of the Internal Revenue Code will be distributed in a manner satisfying their requirements of Section 401(a)(9) of the Internal Revenue Code and the Treasury regulations that apply to individual accounts.

(b) Determination of Amount to be Distributed Each Year

(1) General Annuity Requirements. If the Participant's interest is paid in the form of annuity distributions under the Plan, payments under the annuity shall satisfy the following requirements:

(A) The annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(B) The distribution period will be over a life (or lives) or over a period certain not longer than the period described in Section 4.05(c) or (d);

(C) Once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(D) Payment will either be non-increasing or increase only as follows:

(i) By an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index based on prices of all items and issued by the Bureau of Labor Statistics;

(ii) To the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in Section 4.05(c) dies or is no longer the Participant's beneficiary pursuant to a qualified domestic relations order within the meaning of Section 414(p) of the Internal Revenue Code;

(iii) To provide cash refunds of employee contributions upon the Participant's death;

(iv) To pay increased benefits that result from a Plan amendment.

(2) Amount Required to be Distributed by Required Beginning Date.

The amount that must be distributed on or before the Participant's Required Beginning Date (or, if the Participant dies before distributions begin, the date distributions are required to begin under Section 4.05(a)(2)(A) or (B)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Participant's benefit accruals as of the last day of the first Distribution Calendar Year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's Required Beginning Date.

(3) Additional Accruals after First Distribution Calendar Year.

Any additional benefits accruing to the Participant in a calendar year after the first Distribution Calendar Year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(c) Requirements for Annuity Distributions Commencing During Participant's Lifetime

(1) Joint Life Annuities Where Beneficiary Is Not the Participant's Spouse. If the Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a non-spouse Beneficiary, annuity payments to be made on or after the Participant's Required Beginning Date to the designated Beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table in Q&A-2 of Treas. Reg. §1.401(a)(9)-6. If the form of distribution combines a joint and survivor annuity for the joint lives of the Participant and a non-spouse Beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated Beneficiary after the expiration of the period certain.

(2) Period Certain Annuities. Unless the Participant's Spouse is the sole designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in Treas. Reg. §1.401(a)(9)-9 for the calendar year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in Treas. Reg. §1.401(a)(9)-9 plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the Annuity Starting Date. If the Participant's Spouse is the Participant's sole designated

Beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this Section 4.05(c)(2), or the joint life and last survivor expectancy of the Participant and the Participant's Spouse as determined under the Joint and Last Survivor Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's and Spouse's attained ages as of the Participant's and spouse's birthdays in the calendar year that contains the Annuity Starting Date.

(d) Requirements For Minimum Distributions If Participant Dies Before Distributions Begin

(1) Participant Survived by Designated Beneficiary. Except as provided in Section 4.05(a)(2)(E), if the Participant dies before the date distribution of his interest begins and there is a designated Beneficiary, the Participant's entire interest will be distributed, beginning no later than the time described in Section 4.05(a)(2)(A) or (B), over the life of the designated Beneficiary or over a period certain not exceeding:

(A) Unless the Annuity Starting Date is before the first Distribution Calendar Year, the life expectancy of the designated Beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

(B) If the Annuity Starting Date is before the first Distribution Calendar Year, the life expectancy of the designated Beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year that contains the Annuity Starting Date.

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

(3) Death of Surviving Spouse Before Distributions to Surviving Spouse Begin. If the Participant dies before the date distribution of his interest begins, the Participant's surviving Spouse is the Participant's sole designated Beneficiary, and the surviving Spouse dies before distributions to the surviving spouse begin, this Section 4.05(d) will apply as if the surviving Spouse were the Participant, except that the time by which distributions must begin will be determined without regard to Section 4.05(a)(2)(A).

(e) Reasonable and Good Faith Interpretation. Notwithstanding anything contained herein to the contrary, any distribution option under the Plan that is consistent with a reasonable and good faith interpretation of Section 401(a)(9) of the Internal Revenue Code shall be permitted under this Section 4.05.

4.06 Deferred Retirement Option Program

(a) Eligibility for DROP. A Participant (i) who is a Transit Police Official or who is classified as a PO3, step 10, and (ii) who has completed at least 27 years of Credited Service may voluntarily elect, pursuant to this Section 4.06, to retire for purposes of calculating his or her Normal Retirement Pension under Article 4, continue working as a Transit Police Officer for a period of up to three (3) years, and defer commencement of his or her Normal Retirement Pension until his or her DROP Retirement Date. The deferred benefit will be credited to the Participant's DROP Account and credited with interest in accordance with Section 4.06(e). In order for the DROP Election to be effective, the eligible Participant must complete and execute an election and release on a form supplied by the Board of Trustees, and such election and release must be valid and binding on the Participant in accordance with its terms.

A Participant who does not elect to participate in the DROP in accordance with the provisions of this Section 4.06 when first eligible, may elect to participate at any time thereafter provided the Participant has not terminated employment or become Disabled.

(b) Election of Retirement Date. An eligible Participant who voluntarily elects to have the provisions of this Section 4.06 apply shall irrevocably elect to retire no later than three years following the DROP Effective Date on which the participant makes a DROP Election in accordance with Section 4.06(c). The DROP Election is not a commitment to remain employed for a period of up to three (3) years or a guarantee of continued employment. A Participant who makes a DROP Election may retire at any time prior to the date specified in his or her DROP Election and may be terminated by the Authority at any time in accordance with the relevant rules and procedures applicable to terminations of Transit Police Officers.

(c) DROP Election. The election to participate in the DROP in accordance with all of the terms and conditions of this Section 4.06 must be made, if at all, by executing and delivering to the WMATA Benefits Office, a DROP Election on a form provided by the Benefits Office for this purpose. Such form shall include a waiver and release of any age discrimination or other claims relating to the DROP. A DROP Election using the form provided by the Benefits Office must be filed with the Benefits Office at least sixty (60) days prior to the proposed DROP Effective Date. The proposed DROP Effective Date selected by the Participant shall be subject to the approval of the Board of Trustees. A Participant who makes a DROP Election shall have a period of seven (7) calendar days to revoke the DROP Election. If the DROP Election is in effect at the close of regular business hours on the seventh calendar day after the date on which the Participant signs the DROP Election, the DROP Election (including, without limitation, the DROP Effective Date and the commitment to terminate employment and retire on the date specified) shall thereon become irrevocable.

If a Participant makes a valid DROP Election, the amount accrued by a Participant after his or her DROP Effective Date and the amount payable with respect to the Participant's Normal Retirement Pension shall be determined solely and exclusively by the provisions of this Section 4.06 and, except as otherwise specifically provided herein, the Participant shall not be entitled to any other payment, benefit or amount with respect to his or her Normal Retirement Pension.

(d) Effect of Failure to Elect. The rights under the Plan of any Participant who is eligible for the DROP but who does not elect to participate in the DROP in accordance with, and subject to, all of the terms and conditions of this Section 4.06, shall be determined by the remaining terms of the Plan, and the value of any rights created by this Section 4.06 shall not be considered in determining such Participant's Normal Retirement Pension or the Actuarial Equivalent thereof.

(e) Credit to DROP Account.

(1) As of the first day of each calendar month commencing on or after the DROP Effective Date and continuing until the Participant's DROP Retirement Date, the Participant's DROP Account shall be credited with the amount the Participant would have received under Section 4.02 if the Participant had actually retired on the DROP Effective Date and elected to receive his or her Normal Retirement Pension in the form of a straight life annuity. Notwithstanding the forgoing, in lieu of having the amount credited to his or her DROP Account determined under the monthly life annuity form of retirement income, the Participant may elect, as part of his or her DROP Election, to have the amount determined under any of the Actuarial Equivalent forms of benefit specified in Section 4.04.

(2) The amount of the annuity used to determine the amount credited to the DROP Account will be adjusted each January 1 following the DROP Effective Date for changes in the cost of living in accordance with the provisions of Section 4.02.

(3) As of the last day of each full calendar month that has elapsed since the DROP Effective Date, a Participant's DROP Account shall be credited with interest for such full calendar month at the rate of 3% per year, compounded annually. No interest shall be credited for any period less than a full calendar month.

(f) Amount of Retirement Benefit. Subject to the limitations contained in Section 415 of the Internal Revenue Code, an eligible Participant who is subject to a valid and binding DROP Election shall be entitled to receive a monthly retirement income, beginning with the first day of the month coincident with or next following his or her DROP Retirement Date equal to:

(1) His or her Normal Retirement Pension, calculated in accordance with Section 4.02 as if the Participant had terminated employment with the Authority on the Participant's DROP Effective Date.

(2) Additional monthly retirement income that is the Actuarial Equivalent of the value of the Participant's DROP Account on the DROP Retirement Date.

(g) Form of Retirement Benefit. Following the DROP Retirement Date, the Participant's retirement benefit, as determined pursuant to Section 4.06(f), shall be payable in the form of monthly payments for the remainder of the Participant's life, unless an optional form of payment has been elected pursuant to Section 4.04.

A Participant may elect to have his or her benefits following the DROP Retirement Date paid in the form of a joint and survivor annuity or guaranteed period certain under Section 4.04

in accordance with the Plan's procedures for electing optional forms of benefits. The election made by the Participant does not have to be the same as the election made with respect to the amount credited to his or her DROP Account under Section 4.06(e). A Participant may also elect to receive the value of his or her DROP Account (but not his or her Normal Retirement Pension) in the form of a single lump sum payment.

Upon the Participant's commencement of benefits, any election made by the Participant (including the designation of a Beneficiary under any option other than the guaranteed period option) shall be irrevocable.

The benefit payable to the Participant following his or her DROP Retirement Date shall be adjusted beginning as of January 1 of the year following the Participant's DROP Retirement Date for changes in the cost of living in accordance with the provisions of Section 4.02.

(h) Amount of Benefit Accrual and Cessation of Employee Contributions. Except as specifically provided in Section 4.06(i), a Participant who makes a DROP Election shall be treated as if he or she terminated employment as of the DROP Election Date.

(1) The Participant shall not be required to make any Employee contributions with respect to Compensation earned on or after the DROP Effective Date.

(2) Such Participant's Normal Retirement Pension shall be determined based only on years of Credited Service earned as of the DROP Effective Date and shall be determined under the provisions of this Plan in effect as of the DROP Effective Date.

(3) In determining Final Average Earnings under this Plan, only Compensation with respect to employment as a Covered Employee prior to the DROP Effective Date shall be taken into account.

(4) The benefit accrued by the Participant subsequent to the DROP Effective Date shall consist solely of the amounts credited to the Participant's DROP Account under Section 4.06(e).

(i) Disability Benefits. On and after the DROP Effective Date, the Participant shall cease to be eligible for a Disability Retirement Pension under Article 5.

(j) Death Benefits. If a Participant who makes a DROP Election dies before the DROP Effective Date, the DROP Election shall be inoperative, and the death benefits, if any, payable on account of the Participant's death shall be determined in accordance with the remaining provisions of the Plan.

If a Participant who makes a DROP Election dies after the DROP Effective Date but before his or her Normal Retirement Pension (following the DROP Retirement Date) the benefits payable upon the death of the Participant shall be determined as follows:

(1) The Participant's Beneficiary shall receive the amount of the Participant's DROP Account as a single lump sum.

(2) If the Participant elected to have the amount credited to his or her DROP Account determined in one of the optional forms permitted under Section 4.04, then the Participant shall be deemed to have reached his DROP Retirement Date on the day prior to the date of death and to have commenced payment of his or her Normal Retirement Pension according to the form that deferred benefit payments were being credited to the Participant's DROP Account under Section 4.06(e)(1).

If a Participant dies after commencement of his or her Normal Retirement Pension (following the DROP Retirement Date), the benefits, if any, to which the Participant's Beneficiary shall be entitled shall depend upon the form in which the Participant's benefits were payable at the time of his or her death, under the applicable form of benefit.

(k) Sunset. Absent mutual written agreement to the contrary, the provisions of this Section 4.06 shall terminate effective September 30, 2007 and shall be of no further force or effect after such date; provided, however, that notwithstanding the termination of this Section 4.06, the provisions of this Section 4.06 shall continue to apply to (and determine the benefits of) any eligible Participant whose DROP Effective Date occurred on or before September 1, 2007.

A R T I C L E 5 DISABILITY RETIREMENT PENSION

5.01 When Payable. Disability Retirement Income benefits shall be granted to each Participant who becomes Disabled prior to his Normal Retirement Age; however, any Participant becoming partially disabled who shall remain in the police department in a position which he is capable of performing shall not receive a benefit from the Plan until he terminates employment. Participants granted Disability Retirement income benefits for partial disability shall be subject to recall to active service by the Board of Trustees when and if positions are available within the police department that they are capable of performing, in which case benefits shall cease.

A Normal Retirement Pension shall be granted to each Participant who after earning five (5) years of Continuous Service terminates his employment as a result of becoming Disabled and who continues to be Disabled until his Normal Retirement Age.

Upon receiving a Participant's written request for disability benefits and for purposes of Section 5.04, the Board of Trustees shall require such Participant to submit, from a physician of the Participant's choice, a written report of findings and recommendations. The Board shall then select a physician of its choice and require the Participant to submit to a medical examination. In the event there is no clear preponderance of medical evidence from the above two (2) physicians, a third physician will be selected by the original two (2) physicians, who will also examine the Participant and submit a written report of findings and recommendations.

A waiver of examinations, as required by this Section or Section 5.04, may be made by either the Board of Trustees or Participant for justifiable causes; but in no event shall any Participant be granted disability benefits without submitting to at least one (1) medical examination. Failure of any Participant to submit to medical examination as required by this Section or Section 5.04 may result in the denial, loss or reduction of the Participant's disability benefits.

5.02 Amount.

(a) The amount of the annual Disability Retirement Income benefit (payable monthly) for a Participant who has become disabled in the discharge of his official duties shall be:

(1) sixty percent (60%) of his annual Compensation at the participant's date of disability, adjusted each January 15¹ by the ratio of (1) the Consumer Price Index for the month of September of the latest year, to (2) the Consumer Price Index for the month of September one year earlier. This adjustment shall be limited to one and one-half percent (1½%) annually, applied on a cumulative basis, less

(2) the amount of gross outside earnings which, when added to (a) above at any point in time, are in excess of the current rate of gross salary of someone in the same grade and step as the Participant was at his date of disability, less

(3) any periodic workers' compensation benefits payable (excluding attorney's fees incurred in pursuing the claim for Workers' Compensation benefits).

(b) The amount of the annual Disability Retirement Income benefit (payable monthly) for a Participant who has become disabled, but not as a result of activities in the performance of his official duties, shall be the amount determined in paragraph 1 of this Section using fifty percent (50%) instead of sixty percent (60%).

(c) Upon obtaining Normal Retirement Age, the amount of the annual Normal Retirement Pension (payable monthly) shall be determined as:

(1) the Participant's Normal Retirement Pension based on his Final Average Earnings and completed years of Credited Service at date of disability, less

(A) any periodic workers' compensation benefits payable (excluding attorney's fees incurred in pursuing the claim for workers' compensation benefits), less

(B) in the case of an eligible Participant who retires or otherwise terminates employment after September 30, 1998 and before October 1, 2001, the amount resulting from the annual reduction of forty-five hundredths of one percent (0.45%) of Final Average Earnings times his years of Credited Service (subject to a maximum of 35 years). In the case of an eligible Participant who retires or otherwise terminates employment on or after October 1, 2001, the applicable reduction percentage shall be one-half of one percent (0.5%) of Final Average Earnings times his years of Credited Service. The applicable reduction factor, computed on an annual basis, shall apply for any month the benefit is paid following the Participant's sixty-sixth (66th) birthday.

The amount of the resulting benefit shall be increased to reflect all increases that would have applied, in accordance with Section 4.02, to a Normal Retirement Pension during the period from the date of disability to the date of benefit commencement subject to a maximum increase

of six percent (6%) annually, and shall thereafter be subject to annual consumer Price Index adjustments as provided in Section 4.02.

Each Participant receiving Disability Retirement Income benefits shall file with the Board of Trustees, at least annually, by April 15th a statement of his earnings for the previous years on forms furnished by the Board, together with such supporting data as may be requested by the Board to establish a basis for determining earnings for operation of this Section. The Board may from time to time adopt rules and regulations for defining earnings and further outlining procedures consistent with the purposes of this Section. Failure of a Participant receiving Disability Retirement Income benefits to submit required information upon written request by the Board shall subject the Participant receiving Disability Retirement Income benefits to suspension of his Disability Retirement Income payments.

5.03 Period of Payment. For Participants who became Disabled in the discharge of official duties, monthly Disability Retirement Income benefits shall commence on the first day of the month following the conclusion of the period during which the Participant is entitled to receive the Supplemental Worker's Compensation benefit provided under Article 29 of the Collective Bargaining Agreement and any additional period during which the Participant uses accumulated sick leave. Monthly Disability Retirement Income benefits shall commence on the first day of the month following a ninety (90) day waiting period beginning on date of disability for Participants who became disabled for reasons other than the performance of official duties. Disability Retirement Income benefits shall cease on the first day of the month following upon the earlier of the Participant's recovery (in accordance with Section 5.04), or his Normal Retirement Age determined as if he had continued to earn credited Service until his Normal Retirement Age.

Any earned monthly Normal Retirement Pension benefits shall commence on the first of the month coincident with or next following the Normal Retirement Age of the disabled Participant and shall continue until the first of the month in which the Participant dies.

Any remaining difference between total benefits paid and the value of Accumulated Employee Contributions as of the date benefits commence shall be determined and paid as provided for in Section 4.04(d), subject to the limitations contained in Section 4.05.

5.04 Recovery. At least once each year during the first five (5) years following disability and at least once every three years thereafter, the Board of Trustees shall require such Participant to undergo medical examinations as outlined in Section 5.01. In the event that such Participant fails to submit to these medical examinations, benefits shall be discontinued until the Participant submits to the examinations; and should the refusal continue for one (1) year, all rights to disability benefits under this Article shall terminate.

The Board of Trustees may determine, upon receiving supporting medical data from any two (2) physicians, that a disabled Participant has sufficiently recovered to perform a part or all of the duties of a law enforcement officer, or to engage in other gainful employment in which he might reasonably expected to be engaged, in light of education, training or experience. To the extent that such Participant is partially disabled, or was partially or totally disabled but has recovered to some extent, and is unable to be medically certified to full-time active duty as a law

enforcement officer, the Board of Trustees may determine the earnings potential of the Participant based upon the degree of disability then still existing and reduce the benefits payable in accordance with Section 5.02(a)(2). The determination of partial disability shall be based upon the medical record and the ability of the Participant to seek gainful employment in light of education, training, experience, retraining and rehabilitation.

In the event a Disabled Participant recovers from the disability so as to be medically certified to full-time active duty as a law enforcement officer prior to his Normal Retirement Age, such Participant shall be re-employed by the Authority as a law enforcement officer provided the participant meets all required law enforcement certification criteria.

In the event a Disabled Participant recovers from the disability so as to be medically certified to full-time active duty as a law enforcement officer prior to his Normal Retirement Age, and he is not reemployed by the Authority because he fails to meet all required law enforcement certification criteria, or because he refused to take the offered position, his Disability Retirement Income benefits under the Plan shall cease, he shall become ineligible to receive a Normal Retirement Pension benefit and his benefit from the Plan shall be determined as if he had terminated employment on the date of his disability. His period of disability shall not be considered for the purposes of determining Credited Service under the Plan.

In the event a Disabled Participant recovers from the disability prior to Normal Retirement Age, and is reemployed by the Authority, the provisions of Sections 2.15 and 3.02 shall apply.

A R T I C L E 6 EARLY RETIREMENT PENSION

6.01 When Payable. An Early Retirement Pension shall be granted to each Participant who retires prior to becoming eligible to receive a Normal Retirement Pension but on or after the date on which he has attained Age fifty (50) and has completed ten (10) years of Credited Service.

6.02 Amount. Unless an optional method of payment is elected, as described in Section 4.04, the annual Early Retirement Pension benefit payable in monthly installments to an eligible Participant shall equal:

(a) the Normal Retirement Pension to which the Participant would be entitled had he worked to his Normal Retirement Age, but based on his current Final Average Earnings, multiplied by

(b) the ratio of his years of Credited Service at termination to the years of Credited Service he would have had upon attainment of his Normal Retirement Age, and multiplied by

(c) an early retirement reduction factor equal to one (1.00) minus four-tenths of one percent (0.4%) for each complete month by which the early retirement date precedes the Normal Retirement Date provided, however, that in the case of an eligible Participant who retires or otherwise terminates employment after September 30, 1998 and before October 1, 2001, the

resulting pension paid during any month following the Participant's sixty-sixth (66th) birthday shall be reduced as follows: the annual benefit amount payable under this Article shall be reduced by forty-five hundredths of one percent (0.45%) of the Participant's Final Average Earnings multiplied by his total years of Credited Service (subject to a maximum of thirty-five (35) years), and further multiplied by all increases in the Early Retirement Pension, granted in accordance with the next paragraph, between the Participant's date of retirement and his sixty-sixth (66th) birthday. In the case of an eligible Participant who retires or otherwise terminates employment on or after October 1, 2001, the applicable reduction percentage following the Participant's sixty-sixth (66th) birthday shall be one-half of one percent (0.5%) of Final Average Earnings times his total years of Credited Service.

The Early Retirement Pension benefit shall be adjusted each January 1st following retirement to the amount determined by multiplying the benefit payment that would otherwise have been paid on January 1st by the ratio of (1) the Consumer Price Index for the month of September of the latest year, to (2) the Consumer Price Index for the month of September one year earlier. As used in this Plan, the Consumer Price Index shall be defined as the Washington Metropolitan Area CPI-W Index. This adjustment shall be limited to six percent (6%) annually, applied on a cumulative basis.

6.03 Period of Payment. Monthly pension benefits shall commence on the first of the month coincident with or next following the Participant's retirement and shall continue until the first of the month in which the retired Participant dies, unless an optional method of payment has been elected, in which case the monthly pension benefits shall be continued as provided for under the option elected.

6.04 Optional Methods of Payment. Optional methods of payment may be elected in accordance with the provisions of Section 4.04, subject to the limitations contained in Section 4.05.

A R T I C L E 7 VESTED PENSION

7.01 When Payable. A Vested Pension shall be granted to each Participant who terminates employment with ten (10) or more years of Credited Service and who is not eligible for any other pension under this Plan.

7.02 Amount. Unless an optional method of payment is elected, as described in Section 4.04, the annual Vested Pension payable in monthly installments to an eligible Participant shall equal:

(a) the Normal Retirement Pension to which the Participant would be entitled had he worked to his Normal Retirement Age, but based on his current Final Average Earnings, multiplied by

(b) the ratio of his years of Credited Service at termination to the years of Credited Service he would have had upon attainment of his Normal Retirement Age. When a Participant receiving a Vested Pension who retired or otherwise terminated employment after September 30, 1998 and before October 1, 2001 attains age 66, the amount of that Vested

Pension shall be recalculated as follows: the annual benefit amount payable under this Article shall be reduced by forty-five hundredths of one (1) percent (0.45%) of the Participant's Final Average Earnings multiplied by his total years of credited service (subject to a maximum of 35 years). In the case of a Participant receiving a Vested Pension who retired or otherwise terminated employment on or after October 1, 2001, the applicable reduction percentage following the Participant's sixty-sixth (66th) birthday shall be one-half of one percent (0.5%) of Final Average Earnings times his total years of Credited Service.

The Vested Pension shall be adjusted each January 1st following benefit commencement to the amount determined by multiplying the benefit payment that would otherwise have been paid on January 1 by the ratio of (1) the Consumer Price Index for the month of September of the latest year, to (2) the Consumer Price Index for the month of September one year earlier. As used in this Plan, the Consumer Price Index shall be defined as the Washington Metropolitan Area CPI-W Index. This adjustment shall be limited to six percent (6%) annually, applied on a cumulative basis.

7.03 Period of Payment. Monthly Vested Pension benefits shall commence on the first of the month coincident with or next following the sixty-fifth (65th) birthday of the Participant and shall continue until the first of the month in which the Participant dies, unless an optional method of payment has been elected, in which case the monthly pension benefits shall be continued as provided under the option elected.

7.04 Optional Methods of Payment. Optional methods of payment may be elected in accordance with the provisions of Section 4.04, subject to the limitations contained in Section 4.05.

A R T I C L E 8 DEPENDENT PENSION

8.01 When Payable.

(a) Spouse. If a Participant dies before attaining his Actual Retirement Date, while an Employee of the Authority, the Spouse of the deceased Participant shall be entitled to a Dependent Pension, commencing on the first of the month following such Participants date of death.

(b) Children. The benefit amount shall be paid to all Children of the Participant who are, on the date the benefit is paid (1) under age eighteen (18), (2) full-time students at least age eighteen (18), but under age twenty-three (23), or (3) currently and have continuously been incapable of self-support for medically determinable reasons, since the date of the Participant's death.

8.02 Amount. The amount of the Dependent Pension shall be \$750 monthly to the surviving Spouse and \$500 monthly for each dependent Child up to a maximum monthly benefit of \$2,250. The benefit amount shall not be subject to adjustment for changes in the Consumer Price Index. The provisions of this Section 8.02 shall apply to the families of Officer Harry Davis and Officer David Young with respect to payments of the Dependent Pension that are made after May 17, 2001.

8.03 Period of Payment. Monthly pension benefits payable to the Spouse and dependent Children shall commence as of the first of the month following the Participant's date of death and continue until the first of the month in which the Participant's Spouse dies or remarries. Monthly pension benefits payable to the Children shall commence on the first of the month following the death of the Participant and shall continue until the attainment of age eighteen (18) or twenty-three (23) if a full-time student or until the Child marries or becomes self-supporting. After all pension benefits payable under this Article have been paid, any remaining difference between the Accumulated Employee Contributions and the total benefits paid shall be determined and paid as provided for in Section 4.04(d).

8.04 Notwithstanding anything contained herein to the contrary, all distributions made pursuant to the terms of this Section and/or Plan shall comply with the requirements of Section 401(a)(9) of the Internal Revenue Code, which requirements are hereby incorporated by reference into this Plan and for all purposes shall be deemed a part of the Plan.

A R T I C L E 9 OTHER TERMINATION

9.01 Termination Benefit. If a Participant ceases to work for the Authority at any time and for any reason prior to the date on which such Participant has met the age, service, and other requirements essential for a Normal Retirement Pension, a Disability Retirement Pension, an early Retirement Pension, a Vested Pension, or a Dependent Pension, such Participant (or such Participant's beneficiary) shall be eligible to receive the Participant's Accumulated Employee Contributions. If a Participant (or his dependent eligible for Dependent Pension) is eligible for a Normal Retirement Pension, a Disability Retirement Pension, an Early- Retirement Pension, a Vested Pension, or a Dependent Pension payable under this Plan at the time that the Participant ceases to work for the Authority, that Participant or, for a Dependent Pension, the Participant's dependent eligible for Dependent Pension, must irrevocably waive any entitlement to that Pension in order to receive the Participant's Accumulated Employee Contributions.

A R T I C L E 10 LIMITATIONS ON BENEFITS

10.01 Maximum Benefit and Contributions

(a) Notwithstanding any Plan provisions to the contrary, effective for Limitation Years beginning on or after January 1, 2008, to the extent necessary to prevent disqualification under Section 415 of the Internal Revenue Code, and subject to the remainder of this Article 10, the maximum monthly benefit to which any Participant may be entitled in any Limitation Year with respect to his Accrued Benefit pursuant to Sections 4.02, 5.02, 6.02 or 7.02 (hereafter referred to as the "maximum benefit") shall not exceed the defined benefit dollar limit (adjusted as provided in Section 10.02), which limit shall be determined in accordance with the following:

(1) The defined benefit dollar limit shall be \$13,333, as adjusted for the Limitation Year under Section 415(d) of the Internal Revenue Code.

(2) The defined benefit dollar limit as set forth above is the monthly amount payable in the form of a straight life annuity, beginning no earlier than age 62 (except as provided in Section 10.02(b)(1)) and no later than age 65. In the case of a monthly amount payable in a form other than a straight life annuity, or beginning before age 62 or after age 65, the adjustments in Section 10.02 shall apply.

(b) The dollar limits in this Section 10.01 shall be adjusted, effective January 1 of each year, under Section 415(d) of the Internal Revenue Code in such manner as the Secretary shall prescribe. A limit as adjusted under Section 415(d) of the Internal Revenue Code shall apply to Limitation Years ending with or within the calendar year for which the adjustment applies but a Participant's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. To the extent that the monthly benefit payable to a Participant who has terminated employment is limited by the application of this Section 10.01, such limit shall be adjusted to reflect any subsequent adjustments made in accordance with Section 415(d) of the Internal Revenue Code, but the adjusted limit shall apply only to benefits payable on or after January 1 of the calendar year for which the adjustment applies.

10.02 Actuarial Adjustments Relating to Defined Benefit Dollar Limit

(a) Adjustment for Benefit Payable in Form Other than Straight Life Annuity

(1) If a monthly benefit is payable in a form other than a straight life annuity, before applying the defined benefit dollar limit, the benefit shall be adjusted, in the manner described in Section 10.02(a)(2) or (3), to the actuarially equivalent straight life annuity that begins at the same time. No actuarial adjustment to the benefit shall be made for (a) survivor benefits payable to a surviving Spouse under a qualified joint and survivor annuity (as defined for purposes of Section 415 of the Internal Revenue Code) to the extent such benefits would not be payable if the Participant's benefit were paid in another form, (b) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, preretirement incidental death benefits, and postretirement medical benefits), or (c) in the case of a form of benefit not subject to Section 417(e)(3) of the Internal Revenue Code, the inclusion of a feature under which a benefit increases automatically to the extent permitted to reflect cost of living adjustments and the increase, if any, in the defined benefit dollar limit under Section 415(d) of the Internal Revenue Code.

(2) If the benefit of a Participant is paid in a form not subject to Section 417(e) of the Internal Revenue Code, the actuarially equivalent straight life annuity (without regard to cost-of-living adjustments described in Section 10.01) is equal to the greater of (a) the annual amount of the straight life annuity (if any) payable to the Participant under the Plan commencing at the same time, or (b) the annual amount of the straight life annuity commencing at the same time that has the same actuarial present value as the Participant's form of benefit, computed using a 5% interest rate and the applicable mortality designated by the Secretary of the Treasury from time to time pursuant to Section 417(e)(3) of the Internal Revenue Code.

(3) If the benefit of a Participant is paid in a form subject to Section 417(e) of the Internal Revenue Code, the actuarially equivalent straight life annuity is equal to

the greatest of: (a) the annual amount of the straight life annuity commencing at the Annuity Starting Date that has the same actuarial present value as the Participant's form of benefit, computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for adjusting benefits in the same form, (b) the annual amount of the straight life annuity commencing at the time that has the same actuarial present value as the Participant's form of benefit, computed using a 5.5% interest rate assumption and the applicable mortality table designated by the Secretary of the Treasury from time to time pursuant to Section 417(e)(3) of the Internal Revenue Code, or (c) the annual amount of the straight life annuity commencing at the same time that has the same actuarial present value as the Participant's form of benefit, computed using the applicable interest rate and the applicable mortality table designated by the Secretary of the Treasury from time to time pursuant to Section 417(e)(3) of the Internal Revenue Code, divided by 1.05.

(4) For purposes of this Section 10.02, whether a form of benefit is subject to Section 417(e) of the Internal Revenue Code is determined without regard to the status of the Plan as a governmental plan as described in Section 414(d) of the Internal Revenue Code.

(b) Adjustment for Benefit Commencement before Age 62 or after Age 65

(1) If the benefit of a Participant begins prior to age 62, the defined benefit dollar limit applicable to the Participant at such earlier age is an annual benefit payable in the form of a straight life annuity beginning at the earlier age that is the Actuarial Equivalent of the defined benefit dollar limit applicable to the Participant at age 62 (adjusted for participation of fewer than 10 years, if applicable) computed using a 5% interest rate and the applicable mortality table designated by the Secretary of the Treasury from time to time pursuant to Section 417(e)(3) of the Internal Revenue Code. However, if the Plan provides an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the defined benefit dollar limit is the lesser of: (1) the limitation determined under the immediately preceding sentence, or (2) the defined benefit dollar limit (adjusted for participation of fewer than 10 years, if applicable) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the Plan at the age of benefit commencement to the annual amount of the immediately commencing straight life annuity under the Plan at age 62, both determined without applying the limitations of this Section. The adjustment in this Section 10.02(b)(1) shall not apply to a Participant who has been credited with at least 15 years of continuous service as a full-time Employee. In addition, the adjustment in this Section 10.02(b)(1) shall not apply as a result of benefits paid on account of Disability under Article 5 or death.

(2) If the benefit of a Participant begins after age 65, the defined benefit dollar limit applicable to the Participant at the later age is the annual benefit payable in the form of a straight life annuity beginning at the later age that is actuarially equivalent to the defined benefit dollar limit applicable at age 65 (adjusted for participation of fewer than 10 years, if applicable) computed using a 5% interest rate assumption and the applicable mortality table designated by the Secretary of the Treasury from time to time pursuant to Section 417(e)(3) of the Internal Revenue Code. However, if the Plan provides an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the defined benefit dollar limit is the lesser of (1) the limitation determined under the immediately preceding

sentence, or (2) the defined benefit dollar limit (adjusted for participation of less than 10 years, if applicable) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the Plan at the age of benefit commencement to the annual amount of the adjusted immediately commencing straight life annuity under the Plan at age 65, both determined without applying the limitations of this Section. For this purpose, the adjusted immediately commencing straight life annuity under the Plan at the age of Annuity Starting Date is the annual amount of such annuity payable to the Participant, computed disregarding the Participant's accruals after age 65 but including any actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing straight life annuity under the Plan at age 65 is the annual amount of such annuity that would be payable under the Plan to a hypothetical participant who is age 65 and has the same accrued benefit as the Participant.

(3) For purposes of this Section 10.02(b), no adjustment shall be made to the defined benefit dollar limit to reflect the probability of a Participant's death between the Annuity Starting Date and age 62, or between age 65 and the Annuity Starting Date, as applicable, if benefits are not forfeited upon the death of the Participant prior to the Annuity Starting Date. To the extent benefits are forfeited upon death before the Annuity Starting Date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon the Participant's death if the Plan does not charge Participants for providing a qualified preretirement survivor annuity (as defined for purposes of Section 415 of the Internal Revenue Code) upon the Participant's death.

10.03 Reduced Dollar Limit

If the Participant has fewer than 10 years of participation in the Plan (as determined under Section 415 of the Internal Revenue Code and the Treasury regulations thereunder), the defined benefit dollar limit shall be multiplied by a fraction, the numerator of which is the number of years (or part thereof) of participation in the Plan and the denominator of which is 10. For this purpose, a Participant who makes a valid DROP Election shall continue to accrue years of participation until his or her DROP Retirement Date. The adjustment in this Section 10.03 shall not apply to benefits paid on account of Disability under Article 5 or as a result of the death of the Participant.

10.04 Other Reductions in Maximum Benefit and Contributions

In addition to the foregoing, the maximum benefit and contributions shall be reduced to the extent necessary to prevent disqualification of the Plan under Section 415 of the Internal Revenue Code, with respect to any Participant who is also a participant in:

(a) Any other tax qualified retirement plan maintained by the Authority, including a defined benefit plan in which an individual medical benefit account (as described in Section 415(1) of the Internal Revenue Code) has been established for the Participant;

(b) Any welfare plan maintained by the Authority in which a separate account (as described in Section 419A(d) of the Internal Revenue Code) has been established to provide post retirement medical benefits for the Participant; and/or

(c) Any retirement or welfare plan, as aforesaid, maintained by an affiliated or predecessor employer, as described in Treasury regulations under Section 415 of the Internal Revenue Code, or otherwise required to be taken into account under such Treasury regulations.

10.05 Miscellaneous

(a) Multiple Annuity Starting Dates. If a Participant has distributions commencing at more than one Annuity Starting Date (determined in accordance with Section 415 of the Internal Revenue Code and the Treasury regulations thereunder), the benefits payable as of each such Annuity Starting Date shall satisfy the limitations of this Article 10 as of each such date, actuarially adjusting for past and future distributions of benefits commencing at the other Annuity Starting Dates.

(b) Grandfathered Benefits. The application of the provisions of this Section shall not cause the maximum permissible benefit for any Participant to be less than the Participant's Accrued Benefit under this Plan as of the end of the last Limitation Year beginning before July 1, 2007 under provisions of this Plan that were both adopted and in effect before April 5, 2007 and that satisfied the limitations under Section 415 of the Internal Revenue Code as in effect as of the end of the last Limitation Year beginning before July 1, 2007.

(c) Incorporation of 415 Limits. To the extent that a Participant's benefit is subject to a provision of Section 415 of the Internal Revenue Code that has not been set forth in the Plan, such provision is hereby incorporated by reference into the Plan and shall be deemed to be part of the Plan.

A R T I C L E 1 1 QUALIFIED MILITARY SERVICE

Notwithstanding any provision of this Plan to the contrary, effective December 12, 1994, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

A R T I C L E 1 2 REPAYMENT OF ACCUMULATED EMPLOYEE CONTRIBUTION UPON REHIRE AND TRANSFER TO A POSITION NOT COVERED BY THIS PLAN

12.01 Transfer To A Position Not Covered By This Plan. In the event that a Participant of this Plan transfers to a position within the Authority and not covered by this Plan, the Employee's participation under this Plan shall cease as of such transfer date. In the event, the Employee will be entitled to a benefit under this Plan based upon Credited Service and Final Average Earnings as of the date of transfer; provided, however, that for purpose of determining eligibility for benefits under this Plan, all Continuous Service with the Authority shall be considered. In the event that an Employee transfers to a position within the Authority and not covered by this Plan and returns to coverage under this Plan within one year of first transferring, he will be considered for all purposes to never have left this Plan and will be credited with Credited Service for the period of employment covered by the other Plan.

12.02 Repayment of Accumulated Employee Contribution Upon Rehire. If a Participant who has received a refund of his Accumulated Employee Contribution is rehired in a position covered by this Plan, notwithstanding a waiver of pension benefits as provided in Section 9.01 herein, the Participant may repay his Accumulated Employee Contribution that was withdrawn plus interest at the rate of eight percent (8%) per year compounded annually from the date of receipt of the refund through the date that the repayment, including interest was completed.

Upon such repayment, the Participant's prior service covered by the refunded Accumulated Employee Contribution shall be considered Credited Service and Continuous Service.

To be eligible to repay this Accumulated Employee Contribution, the rehired Participant must be an employee within the meaning of Section 2.22 for three years following rehire and must be able to perform the duties of a transit police officer or be disabled in the discharge of his official duties. The Participant shall be granted a sixty (60) day period commencing three years following rehire during which he must notify the Authority of his election to repay the Accumulated Employee Contribution and the specified interest thereon.

Any current employee who previously received a refund of his Accumulated Employee Contribution and who was rehired as an employee prior to July 1, 1997 shall be granted a one-time opportunity to elect to repay his Accumulated Employee Contribution that was withdrawn plus interest at the rate of eight percent (6%) per year compounded annually from the date of receipt of the refund through the date of repayment. For such employees, the Board of Trustees shall establish a sixty-day (60) time period in which the election must be made.

A Participant repaying his Accumulated Employee Contribution under this Article may elect to pay the amount due the Plan in a lump sum at the time of election or in equal payroll deductions over two (2) years, or a minimum ten percent (10%) lump sum and the remainder in payroll deduction. The period of repayment shall not extend beyond the Participant's actual Retirement Date.

In the event of death, retirement or Other termination of employment, Credited Service shall include only that portion of the Prior Service, which at the time of termination had been paid for by the Participant. The amount of Prior Service to be included shall equal the amount of service purchased reduced by the ratio of total amount of principal paid to the original amount of principal due.

Where a Participant chooses to repay his Accumulated Employee Contribution with the Plan specified interest solely through payroll deduction and files an irrevocable election to that effect, his contributions will be treated as Employer contributions in the same manner as his current contributions under Section 3.02 are treated as Employer contributions, the repayment of Accumulated Employee Contributions and interest through either a lump sum payment or a partial lump sum payment and partial payroll deduction will be treated only as Employee contributions for all purposes and will not be treated as Employer contributions for income tax purposes under Section 414(h)(2) of the Internal Revenue Code.

A R T I C L E 13
ELIGIBLE ROLLOVER DISTRIBUTION PRIVILEGES

13.01 Right To Trustee-To-Trustee Transfer Of Eligible Rollover Distributions. For all Eligible Rollover Distributions (as defined in Section 13.02(c)) occurring after December 31, 1992, a Distributee (as defined in Section 13.02(a)) may elect, at the time and in the manner prescribed by the Plan Trustees, to have any portion of an Eligible Rollover Distribution paid to an Eligible Retirement Plan (as defined in Section 13.02(b)) specified by the Distributee in a direct Plan to receiving Eligible Retirement Plan payment.

13.02 Definitions: The following definitions shall be used in the construction of this Article.

(a) “Distributee” shall include a Participant or former Participant, and the Participant’s or former Participant’s surviving Spouse.

(b) “Eligible Retirement Plan” shall mean:

(1) An individual retirement account described in Section 408(a) of the Internal Revenue Code, including a Roth IRA described in Section 408A of the Internal Revenue Code;

(2) An individual retirement annuity described in Section 408(b) of the Internal Revenue Code, including a Roth IRA described in Section 408A of the Internal Revenue Code;

(3) A qualified trust described in Section 401(a) of the Internal Revenue Code or an annuity plan described in Section 403(a) of the Internal Revenue Code, that accepts the Distributee’s eligible rollover distribution;

(4) An annuity contract described in Section 403(b) of the Internal Revenue Code that accepts the Distributee’s eligible rollover distribution; and

(5) An eligible plan described in Section 457(b) of the Internal Revenue 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, that accepts the Distributee’s eligible rollover distribution and agrees to account separately for amounts transferred into such plan from this Plan.

(c) “Eligible Rollover Distribution” shall mean any distribution of all or any part of the balance to the credit of the Distributee except for distributions (or any portion of distributions) which are (1) a series of substantially equal periodic payments made no less frequently than annually for either the life (or life expectancy) of the Participant or the joint lives (or life expectancies) of the Participant and his/her spouse or other designated beneficiary; (2) a series of substantially equal periodic payments made no less frequently than annually for specific period of time lasting ten or more years; (3) required under the minimum distribution requirements of Section 401(a)(9) of the Internal Revenue Code or any successor statute; or (4)

not included in the Distributee's gross income. Any hardship distribution described in Section 401(k)(2)(B)(i)(iv) of the Internal Revenue Code.

(d) Nonspouse Beneficiary. A nonspouse beneficiary of a deceased Participant is also a distributee for the purposes of this Article 13, provided, however, in the case of a nonspouse beneficiary, the direct rollover may be made only to an individual retirement account or annuity under Section 408 of the Internal Revenue Code that is established on behalf of the nonspouse beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Section 402(c)(11) of the Internal Revenue Code. The determination of the extent to which a distribution to a nonspouse beneficiary is required under Section 401(a)(9) of the Internal Revenue Code shall be made in accordance with IRS Notice 2007-7, Q&A-17 and 18, 2007-5 I.R.B. 395.

A R T I C L E 1 4

MODIFICATION, AMENDMENT AND DISCONTINUANCE OF THE PLAN

14.01 Power To Modify, Amend Or Discontinue Plan Reserved. The provisions of this Plan may be modified or amended, or the Plan may be terminated subject to the terms and conditions of the collective bargaining agreements and any applicable law or regulation. Any modifications or amendments required for qualification of the Plan under the Internal Revenue Code may be made by written resolution of the Board of Trustees. These rights are subject to the condition that no part of the assets of the Plan shall, by reason of any modification, amendment or termination, be used for or diverted to purposes other than for the exclusive benefit of Participants, retired Participants and their beneficiaries under the Plan, unless and until all liabilities of the Plan have been satisfied, in which case any remaining assets may revert to the Authority.

By written resolution, the Board of Trustees may recommend changes in the language of this Plan that are not required as a condition of qualification under the Internal Revenue Code to the appropriate representatives of the Union and the Authority for their consideration. The recommended changes shall not be effective until both the Union and the Authority have agreed to those changes in writing.

14.02 Distribution Upon Termination Of The Plan. If the plan is terminated at any time or there is a complete discontinuance of contributions to the Plan, the rights of all Participants to the benefits accrued to the date of termination or discontinuance, to the extent then funded, shall be fully vested and non-forfeitable. All participants shall be entitled to the value of their Accumulated Employee Contributions. The funds then held by the Trustees in excess of the value of Accumulated Employee Contributions shall be allocated and applied by the Trustees in amounts which, when added to the value of Accumulated Employee Contributions, will provide the benefits contemplated by the Plan in the following order of priority:

(a) First, to provide for the continued payment of retirement benefits to all retired or former Participants and their beneficiaries who as of the date of termination or discontinuance were receiving benefits under this Plan. Any reduction in the retirement benefits within the group necessitated by any insufficiency of assets at or after the date of termination or

discontinuance of the Plan shall be shared proportionately on the basis of similar annuity values, taking into consideration the contingent benefits attributable to the benefit being paid.

(b) Second, if any such assets remain after complete allocation for the purposes of (a) above, to provide retirement pensions computed under Article 4 to all Participants and former Participants who, at the date of termination or discontinuance of the Plan, have reached their Normal Retirement Date and have not as yet received retirement benefits under this Plan. The amount, if any, to be allocated for this purpose shall be based on immediate annuity values applicable to the Participant and such other contingent annuitants that may receive benefits attributable to the Participant, and shall be subject to any reduction necessitated by any insufficiency of assets as in (a) above.

(c) Third, if any such assets remain after complete allocation for the purposes of (a) and (b) above, to provide Early Retirement Pensions computed under Article 5 to Participants who, at the date of termination or discontinuance of the Plan, have satisfied the conditions of Section 6.01. The amount, if any to be allocated shall be based on immediate annuity values, as in (b) above, and shall be subject to reduction for insufficiency of assets as in (a) and (b) above.

(d) Fourth, if any such assets remain after complete allocation for the purposes of (a), (b), and (c) above, to provide vested Pensions computed under Article 7 to Participants and former Participants, who would be or who previously have become eligible to receive a Vested Pension but who have not yet received retirement benefits under the Plan and to Disabled Participants in accordance with Article 5 who have not yet received retirement benefits under this Plan. The amounts, if any, to be allocated shall be based on deferred life annuity values and shall be subject to reduction for insufficiency of assets in (a), (b), and (c) above.

(e) Fifth, if any such assets remain after complete allocation for the purposes of (a), (b), (c), and (d) above, to provide accrued pensions computed under Article 7 for all other Participants in the Plan as of the date of termination or discontinuance. The amount, if any, to be allocated for this purpose shall be determined as in (d) above.

Any funds that may remain after having provided in full for the benefits of all persons in the groups identified above shall be deemed an amount due to erroneous actuarial computation and shall be returned to the Authority.

The distribution of benefits in accordance with this Section 14.02 may be carried out through the continuance of the existing Trust, the retention and/or purchase of insurance of annuity contract, the creation of a new trust or trusts, or by payment of cash, or by any combination of the foregoing, as the Board of Trustees shall determine.

14.03 Effect Of Merger Or Consolidation. In the event that the Authority is merged into or consolidated with, or substantially all of the assets of the Authority are transferred to, another agency (hereinafter called the "successor"), with the result that Employees of the Authority covered by the Plan become employees of the successor and the successor undertakes to assume all of the rights and obligations of the Authority under this Plan, then such action shall not constitute a discontinuance or termination of the Plan, and the Plan shall continue in effect for

the Participants in accordance with its terms. If the Plan is assumed by a successor, the Credited Service or Continuous Service of any Participant who is continued in the employ of such successor shall not be deemed to have been terminated or interrupted for any purpose under the Plan as a result of such merger, consolidation or purchase of substantially all of the assets of the Authority. The assumption of the Plan by the successor may be evidenced by the terms of the agreement of merger, consolidation or purchase or may be evidenced by resolution of the governing body of the successor adopted within ninety (90) days after the date of the transaction.

14.04 Diversion Of Assets. No part of the assets accumulated for the Plan under the Trust shall be used directly or indirectly for any purpose other than the exclusive benefit of Participants under the Plan as it is established, or as the Plan may be changed by modification, amendment or termination, prior to the satisfaction of all liabilities under the Plan.

14.05 Applicable Law. Nothing contained in either the Plan documents or the Trust Agreement is intended to violate the express provisions of or exceed the powers vested in WMATA by, Pub. L. 89-774, November 6, 1966, 80 Stat. 1324; Pub. L. 92-349, July 13, 1972, 86 Stat. 466; Pub. L. 92-517, October 21, 1972, 86 Stat. 999, and Pub. L. 94-306, June 4, 1976, the consent legislation of the District of Columbia, State of Maryland, and Commonwealth of Virginia, and any future amendment to any of the above statutes (hereinafter known collectively as the WMATA Compact). In the event of a conflict or inconsistency between the WMATA Compact and any other State or Federal statute or common law, or this Plan or Trust Agreement, it is the intent of the Union and WMATA that the WMATA Compact govern.

A R T I C L E 1 5 ADMINISTRATION OF THE PLAN

15.01 The Trust And Board Of Trustees. The Authority and the Union have entered into an Agreement with the Board of Trustees for the establishment of the trust including provisions with respect to the power and authority of the Trustees, limitations on the liability of the Trustees, and that, with respect to any payments to or for the benefit of any Participant or beneficiary under this Plan, the Trustees shall make said payments in accordance with the terms of the Agreement. The Agreement shall be deemed to form a part of this Plan, and any and all rights or benefits, which may accrue to any person under this Plan, shall be subject to the terms and provisions of the Agreement.

15.02 Investment Of Contributions. The contributions made shall be invested through the trust fund established by the Agreement and in accordance with the provisions of the Agreement of which this Plan is a part. The Agreement covers the detailed provisions with respect to the responsibility of the Trustees for the investment of the funds received.

15.03 Delegation Of Authority. The Board of Trustees shall be designated as “Plan Sponsor” and “Plan Administrator.” The Authority shall maintain, or cause to be maintained, records on the employment and compensation history of each Participant in sufficient detail to permit an accurate determination of any benefits to which the Participant may be entitled under the Plan, The Board of Trustees shall direct their duties with respect to the Plan solely in the interest of the Plan’s Participants and beneficiaries for the exclusive purpose of providing

benefits to the Plan's Participants and beneficiaries and defraying reasonable expenses of administering the Plan.

15.04 Conduct of Board of Trustees Business. The Board of Trustees shall conduct its business and hold meetings as determined by it from time to time. A majority of the Trustees shall have the power to act, and the concurrence of any member may be by telephone, telegram or letter. The Board of Trustees may delegate any one of its members to carry out specific duties and to sign appropriate forms and authorizations. In carrying out its duties, the Board of Trustees may, from time to time, employ an administrative organization and agents and may delegate to them ministerial and limited discretionary duties as it sees fit, and may consult with counsel, who may be of counsel to the Authority.

15.05 Board of Trustees Officers, Committees and Agents. The Board of Trustees shall elect from its members a Chairman and a Secretary and shall appoint such committees as it shall deem necessary and appropriate, and may authorize one or more of its number or any agent to execute or deliver any instrument on its behalf and do any and all other things necessary and proper in the administration of the Plan.

15.06 Expenses Of The Board Of Trustees And Plan Costs. The expenses of administering the Plan, including the printing of literature and forms related thereto, the disbursement of benefits thereunder, the compensation of administrative organizations, agents, actuary, counsel, or Trustees shall be paid by the Trustees from the Trust Fund.

15.07 Records Of The Board Of Trustees. The Board of Trustees shall keep a record of all its proceedings, which shall be open to inspection by the Authority and the Union.

15.08 Board of Trustee's Right To Administer And Interpret The Plan. The Board of Trustees shall have the power and authority to administer and interpret the Plan and to adopt such rules and regulations as in the opinion of the Board of Trustees are necessary or advisable to implement, administer and interpret the Plan, or to transact its business. Such rules and regulations as are adopted by the Trustees, shall be binding upon any persons having an interest in or under the Plan.

15.09 Claims Procedure. The Trustees shall establish the procedure for the submission, processing and disposition of claims for benefits and requests for interpretations of the Plan submitted by Employees.

15.10 Jurisdiction. Jurisdiction and venue of all litigation against this Plan, Trustees or the Trust Agreement shall be exclusively in the United States District Court for the District of Columbia. The Plan and Trust Agreement shall be construed, administered and enforced pursuant to statutes and common law of the District of Columbia, except as otherwise provided herein. The Union and the Authority agree that ERISA is inapplicable to this Plan and Trust Agreement.

15.11 No Waiver Of Rights Or Limitations. The naming of Trustees to this Plan and Trust Agreement by WMATA shall not be construed as a waiver of any rights granted or limitations imposed on WMATA by the WMATA Compact.

15.12 Trustee Power To Recover Overpayment Of Benefits. The Board of Trustees shall have the power to recover overpaid benefits from any Participant, Participant's estate, or beneficiary receiving benefits on the Participant's earnings and service credit, by whatever way the Board of Trustees deems appropriate. Both WMATA and the Union expressly agree that all legal means may be used to recover overpayments, including but not limited to withholding the amount of the overpayment from succeeding benefit payments, making payment plan arrangement with the recipient of the overpayment, and filing suit.

A R T I C L E 16
GENERAL PROVISIONS

16.01 Right To Employment. Nothing contained in the Plan or the establishment of the Trust hereunder or any modification thereof, or the creation of any fund or account for the payment of any benefit shall be construed to give any Employee, Participant or beneficiary any right to employment or continued employment with the Authority or any legal or equitable rights against the Authority, any member of the Board of Directors, officer, agent or employee of the Authority, against the Union, or any officer or agent of the Union, or against the Trustees or their agents or employees, except as herein provided.

16.02 Incapacity. In the event that any retired Participant is unable to care for his affairs because of illness or accident, any payment due (unless a duly qualified guardian or other legal representative has been appointed) may be paid to the Participant's Spouse, parent, brother, sister or other person deemed by the Trustees to have incurred expenses for the care of such retired Participant.

16.03 Reports To Participants. Each Participant will be notified on an annual basis of the total amount of his Accumulated Employee Contributions. The form and manner of notification will be adopted by the Trustees.

16.04 Assignment And Loan. No employee shall have the right to assign, transfer, encumber or otherwise subject to lien any of the benefits provided under this Plan. The right of any Participant, Employee or beneficiary to any benefit or to any payment hereunder or to any separate account shall not be subject to alienation, transfer, assignment or encumbrance or otherwise subject to lien, and no loans shall be made under the Plan on the basis of any account held on behalf of a Participant or former Participant.

16.05 Settlement Of Small Pensions. In the event that the pension provided for any Participant of the Plan is less than \$20 a month, the Trustees may, but shall not be required to, cause such pension to be satisfied by the payment to the Participant entitled thereto of a pension of Actuarial Equivalent value in quarterly, semi-annual or annual installments or in a lump sum which the Trustees determine to be the Actuarial Equivalent of the pension to which the Participant is entitled.

16.06 Forfeitures. Forfeitures, if any, must not be applied to increase the pension benefits any Participant would otherwise receive under the Plan.

16.07 Gender And Pronoun. The masculine pronoun, wherever used, shall include the feminine pronoun, and the singular number shall include the plural number, unless the context of the Plan requires otherwise.

16.08 Liability. No liability shall attach to or be incurred by the Authority, any member of the Board of Directors, officer, agent or employee of the Authority, the Union, any officer or agent or agent of the Union, the Trustees or their agents or employees by reason of the terms, conditions or agreements contained in this Plan or in the Agreement executed in connection herewith. The Authority, any member of the Board of Directors, officer, agent or employee of the Authority, the Union, any officer or agent of the Union, and the Trustees or their agents or employees shall be entitled to rely upon any and all certificates and reports or opinions given by any duly appointed accountant, actuary, investment advisor or legal counsel (who may be counsel for the Authority), and shall be fully protected against any action taken in good faith in reliance upon such tables, valuations, certificates, reports or opinions.

16.09 Tax Qualification. This Plan has been adopted and is based upon the condition precedent that the Plan be initially qualified by the Internal Revenue Service as meeting the requirements of the Internal Revenue Code and Treasury regulations issued thereunder with respect to qualified pension plans, so as to exempt the Trust established as a part of the Plan from tax on its income. Notwithstanding any other provisions of the Plan, if the Commissioner of Internal Revenue or his delegate determines that the Plan or the amended Plan as it may be amended by the Board of Trustees in an effort to receive such approval, does not initially qualify under the applicable provisions of the Internal Revenue Code, the Board of Trustees will make such changes as required to so qualify the Plan.

16.10 Employee Choice of Benefits. Where a Participant shall be eligible to receive more than one benefit under this Plan at the same time, that Participant shall make an irrevocable election as to which of the benefits he chooses to receive. No Participant shall receive more than one benefit under this Plan at the same time. However, nothing in this Section shall be construed to deny any Participant the right to receive a dependent pension at the same time as the Participant receives a benefit based on his/her own earnings and service.

A R T I C L E 17 PLAN EXECUTION

17.01 Number Of Counterparts. The Plan may be executed in any number of counterparts, each of which when duly executed by the Authority shall be deemed to be an original, but all of which shall together constitute but one instrument which may be evidenced by any counterpart.

17.02 Section Headings. All section headings used throughout this Plan are for the purposes of identification only and are not to be used in construing this instrument.

IN WITNESS WHEREOF, this document has been executed this ____ day of _____, 2009.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

By: _____
John B. Catoe, Jr.
General Manager

Date: _____

By: _____
D. Richard Froelke
Director
Office of Employee & Labor Relations

Date: _____

FRATERNAL ORDER OF POLICE

By: _____

Date: _____

By: _____

Date: _____

Resolution 2009-11 supersedes the following resolutions: [81-52](#)
[98-09](#)
[98-48](#)
[2002-10](#)
[2006-16](#)
[2007-10](#)
[2008-37](#)