

Voluntary Tax-Deferred Retirement Program Overview

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Accumulation Account	Participant
Beneficiary	Plan
Board	Plan Administrator
Code	Plan Contributions
Custodial Account	Plan Year
Eligible Employee	Salary Reduction Agreement
Insurance/Investment Company	University
Maximum Exclusion Allowance	

Introduction

The Eastern Illinois University Voluntary Tax-Deferred Retirement Plan (Plan) is an optional employee program allowed under Sections 403(b) and 403(b)(7) of the Internal Revenue Code. Under Section 403(b), employees of certain organizations, including public universities, can enter into salary reduction agreements with their employers. Under the agreement, a portion of the employee's compensation (selected by the employee and within the limitations imposed by the Internal Revenue Code) is applied on a before-tax basis to an annuity contract owned by the employee, rather than being paid directly to the employee. Under Section 403(b)(7), these contributions can be invested for retirement purposes in custodial accounts holding mutual fund shares. These amounts, together with any investment earnings, are not subject to federal income tax until they are paid to the employee (or beneficiary).

Participation in this Plan is voluntary. Employees are not required to join the Plan. Each employee who does join the Plan is responsible for making decisions regarding the possible benefits or tax consequences of various options which are available under the Plan, including selection of available insurance and/or investment companies, accumulation accounts, custodial accounts and contracts.

Certain terms used herein are defined in Article XII of the Plan. These terms are indicated in bold italics the first time they appear in the Plan Description.

Article I**Establishment of Voluntary Tax-Deferred Retirement Plan**

1.1 Establishment of Plan.

The Board of Trustees of Eastern Illinois University (the "Board") formally established the Voluntary Tax-Deferred Retirement Plan (the "Plan") effective January 1, 1982. The Plan (initially called the Tax-Deferred Annuity Plan) was amended in 1988, 1996, and 1999.

This Plan document sets forth the provisions of the Plan, as of April 19, 1999. Contributions under this Plan are made under Sections 403(b) and 403(b)(7) of the Internal Revenue Code (the "Code") and are invested, at the direction of the Participant, in one or more of the accounts available under the Plan.

Article II

Eligibility and Participation

2.1 Eligibility and Participation.

All employees are eligible to begin participation on the first day of any pay period. Participation is voluntary. Employees are not required to join the Plan. Contributions cannot be made to an account after termination of employment. To participate in this Plan, an Eligible Employee must complete the necessary enrollment form(s) and a Salary Reduction Agreement, and return them to Benefits Services of the University. Participants must also provide, on an annual basis, a Maximum Exclusion Allowance calculation acceptable to the University.

Each Participant is responsible for making decisions regarding the possible benefits or tax consequences of various options available under the Plan, including the selection of Insurance/Investment Companies and various Accumulation Accounts and/or Custodial Accounts. A Participant may terminate contributions under the Plan at any time by completing the necessary revocation form and filing it with Benefits Services. Participation is subject to rules of the Internal Revenue Service.

Article III Contributions

3.1 Contributions.

Contributions to this Plan (referred to hereafter as "**Plan Contributions**") are in addition to any contributions which may be made to the State Universities Retirement System. Plan Contributions are made through a Salary Reduction Agreement with Eastern Illinois University. Under the agreement, the employee's salary is reduced and the amount of the reduction is applied as a contribution to the annuity Accumulation Account(s) or the Custodial Account(s) available under this Plan. Plan Contributions shall be made at least monthly except for months in which no salary is paid, and shall be forwarded by the University to the Insurance/Investment Company selected by the Participant.

These amounts, together with any investment earnings, are not subject to federal income tax until they are paid to the employee (or beneficiary).

3.2 Limitations on Plan Contributions.

The Plan Contributions made by the University on behalf of a Participant are subject to a \$200.00 annual contribution minimum, as permitted by Code Section 403(b).

The total Plan Contributions made by the University on behalf of the Participant for any year under this Plan and all other plans, contracts or arrangements of the University will not exceed the limits imposed by Code Sections 402(g), 403(b), and 415. The limits of Code Sections 402(g), 403(b), and 415 are incorporated herein by reference.

3.3 Allocation of Contributions.

A Participant may allocate Plan Contributions among the available Insurance/Investment Companies in any whole number percentages that equal 100 percent.

3.4 Leave of Absence.

During a leave of absence with pay, Plan Contributions will continue to be made in accordance with the Salary Reduction Agreement. No Plan Contributions will be made during a leave of absence without pay.

Article IV

Companies and Accounts

4.1 Companies and Accounts.

Plan Contributions are invested in one or more of the Accumulation Accounts and/or Custodial Accounts established by Insurance/Investment Companies approved by the Board. The Insurance/Investment Companies that are available to Participants as of the date of this document are:

- American Express Financial Advisors
- Fidelity Investments
- Lincoln Life
- MetLife Resources
- TIAA/CREF
- VALIC
- ING
- First Mid Illinois Bank & Trust

The Board's current selection of Insurance/Investment Companies is not intended to limit future additions or deletions of insurance and investment companies.

4.2 Fund Transfers.

A Participant may transfer funds accumulated under a bona fide tax-deferred annuity provider to any of the companies available under this Plan.

A Participant may transfer funds accumulated under this Plan among the available Insurance/Investment Companies and their accumulation and custodial accounts. All transfers are subject to the provisions and any restrictions of each Insurance/Investment Company and the Code.

Article V
Vesting

5.1 Vesting.

The Participant is fully and immediately vested in all Plan Contributions made under this Plan. The University has no interest in or control over the accumulation and custodial accounts.

Article VI

Distributions

6.1 Distributions.

The Participant is entitled to receive benefits under any of the options offered by the applicable Insurance/Investment Companies. However, distributions attributable to amounts accrued in an accumulation or custodial account after December 31, 1988 may be paid only when a Participant attains age 59 1/2, separates from service, dies, becomes disabled, or in the case of hardship. Hardship distributions are subject to the restrictions adopted in Article 6.4. Distributions to a Participant made prior to attaining age 59 1/2 may be subject to early withdrawal penalties under the Code.

6.2 Direct Rollovers.

A Participant may elect a direct rollover of eligible rollover distributions to an eligible retirement plan that accepts direct rollovers, as long as the Participant meets Code requirements for a direct rollover.

6.3 Death Benefits.

If the Participant dies before retirement benefit payments begin, the entire value of the Participant's Accumulation Account or Custodial Account is payable to the Beneficiary or Beneficiaries named by the Participant under one of the options offered by the Insurance/Investment Company.

6.4 Hardship Distributions.

Hardship distributions under Article 6.1 shall be available only if permitted by the applicable Insurance/Investment Company within the terms of the Accumulation Account or Custodial Account and the parameters established by the Code. Neither the University nor the Plan Administrator determines whether a hardship exists or a hardship distribution should be made.

6.5 Distributions Required by Law.

Distributions from the Participant's account(s) will begin no later than the date required by law and shall continue at a rate that complies with Code requirements.

6.6 Application for Distribution.

Procedures for the receipt of distributions are initiated by writing directly to the Insurance/Investment Company. Distributions will be payable by the Insurance/Investment Company upon receipt of a satisfactorily completed application for distributions and supporting documents. The necessary forms will be provided to the Participant, the surviving spouse or the Beneficiary by the Insurance/Investment Company.

6.7 Loans.

Subject to the terms of the accumulation or custodial account, loans are available to the Participant.

Article VII
General Provisions and Limitations Regarding Distributions

7.1 No Assignment or Encumbrance of Retirement Rights or Benefits.

To the fullest extent permitted by law, no benefit under the Plan may at any time be subject in any manner to encumbrance, the claims of creditors or legal process. Unless authorized by court order, no person will have the power in any manner to assign, or in any way encumber his or her benefits under the Plan, or any part thereof.

Article VIII Administration

8.1 Plan Administrator.

The President of Eastern Illinois University is the Administrator of this Plan. The President has designated the Vice President for Business Affairs to be responsible for administering the Plan. The Vice President for Business Affairs has further designated the Benefits Manager to be responsible for processing payroll reductions, and for performing other administrative duties for the operation of the Plan. Eastern Illinois University, the Plan Administrator and the Benefits Manager are precluded from giving, and will not provide, investment advice to Participants.

8.2 Insurance/Investment Companies.

The insurance and investment companies will be responsible for providing information to Participants regarding enrollment, investment options, and performance; calculating maximum contribution limits, processing contributions, withdrawal requests, transfers and changes in investment mix; providing record keeping services and such other services as provided for in agreements with the Plan Administrator.

Article IX

Amendment and Termination

9.1 Amendment and Termination.

While it is expected that this Plan will continue indefinitely, the University reserves the right at any time to amend or terminate the Plan, or to discontinue any further contributions or payments under the Plan, by resolution of the Board. If the Plan is terminated or if contributions are discontinued, the University will notify all Participants, and any agreements for salary reduction that have been entered into will become void with respect to salary amounts yet to be earned.

9.2 Limitation.

Notwithstanding the provisions of Article 9.1, the following conditions and limitations apply: (a) No amendment will be made which will operate to recapture for the University any contributions previously made under this Plan. However, Plan Contributions which were made based on a mistake of fact may be returned to the University for appropriate disposition; and (b) No amendment will deprive, take away, or alter any accrued right of any Participant insofar as contributions previously made under the Plan are concerned

Article X
Miscellaneous

10.1 Plan Not an Employment Contract.

Nothing contained in this Plan will be construed as a commitment or agreement on the part of any person to continue his or her employment with the University, and nothing contained in this Plan will be construed as a commitment on the part of the University to continue the employment or the rate of compensation of any person for any period. All employees of the University will remain subject to discharge to the same extent as if the Plan had never been put into effect.

10.2 Claims of Other Persons.

No provision in this Plan will be construed as giving any Participant or any other person, firm, or corporation any legal or equitable right against the Board, its trustees, officers, employees, or agents, except that employees of the University shall have the right to participate in accordance with the terms and provisions of this Plan.

10.3 Contracts - Incorporation by Reference.

The terms of the contracts between the Insurance/Investment Companies and the University and/or the Participants and any certificates issued to a Participant in accordance with the provisions of such contracts are a part of the Plan as if fully set forth in the plan document and the provisions of each are incorporated by reference into the Plan. In cases where there is any inconsistency or ambiguity between the terms of the contract and the Plan, the terms of the contracts control.

Article XI
Requests for Information and Claims Procedures

11.1 Requests to Plan Administrator.

Any request for information concerning eligibility, participation, contributions, or other aspects of the operation of the Plan may be directed to the Benefits Manager.

11.2 Claims and Other Requests for Information.

Requests for information concerning the Insurance/Investment Companies and their accounts, their terms, conditions and interpretations thereof, claims thereunder, any request for review of such claims, and service of legal process may be directed in writing to the appropriate Insurance/Investment Company. If a written request is denied, the Insurance/Investment Company shall, within a reasonable period of time, provide a written denial to the Participant. A Participant may request in writing a review of a claim denied by the Insurance/Investment Company and may submit issues and comments in writing to the Insurance/Investment Company. The Insurance/Investment Company shall provide to the Participant a written decision upon such request for review of a denied claim.

Article XII Definitions

The words and phrases defined in this Article have the following meanings throughout this plan document:

Accumulation Account - the separate account established for each Participant by an insurance company. The current value of a Participant's Accumulation Account includes all Plan Contributions and credited investment experience less expense charges.

Beneficiary - the individual(s), institution, trustee, or estate designated by the Participant to receive the Participant's benefits at his or her death.

Board - the Board of Trustees of Eastern Illinois University.

Code - means the Internal Revenue Code of 1986, as amended.

Custodial Account - the separate account established for each Participant by an investment company. The current value of a Participant's Custodial Account includes all Plan Contributions and credited investment experience less expense charges.

Eligible Employee - any employee of the Board.

Insurance/Investment Company - any Board approved insurance, variable annuity, mutual fund or retirement company that makes Accumulation Accounts or Custodial Accounts available to Participants under the Plan.

Maximum Exclusion Allowance - the annual limit on the maximum amount that can be excluded from taxable income under section 403(b), section 415(c) and section 402(g) of the Internal Revenue Code.

Participant - any Eligible Employee of the University who has submitted the necessary enrollment form(s) and Salary Reduction Agreement in accordance with Article II.

Plan - the Eastern Illinois University Voluntary Tax-Deferred Retirement Plan, as restated by this document.

Plan Administrator - the President of Eastern Illinois University or his/her designee.

Plan Contributions - contributions made on behalf of the Participant as described in Article III.

Plan Year - January 1 through December 31 during the time the Plan is in effect.

Salary Reduction Agreement - the written agreement between the University and the Participant under which Plan Contributions are made.

University - Eastern Illinois University.