

# Seventh District Retirement Plan – Final Average Pay Formula

## Introduction

You and your employer work together to help prepare for a secure retirement. To help provide you a financial foundation for your retirement, employers in the Seventh Farm Credit District provide benefits eligible employees hired before October 1, 2001 a Retirement Plan benefit using the Final Average Pay formula. Employees hired on or after October 1, 2001 are eligible for the Cash Balance formula. (Note: During the third quarter of 2002, employees hired prior to October 1, 2001 were given the option to stay with the Seventh District Retirement Plan - Final Average Pay formula or move to the Cash Balance formula.)

This section of the Employee Handbook is intended to provide a brief description of the Seventh District Retirement Plan – Final Average Pay formula. Complete details of the formula and the Plan are contained in the Plan document. If there is a difference between this booklet and the Plan document, the Plan document will govern. The information provided on taxes is general in nature and may not apply to your personal circumstances. You should consult a tax advisor for more information.

## Participating in the Seventh District Retirement Plan – Final Average Pay Formula

***Part-time or full-time benefits eligible employees hired prior to October 1, 2001, scheduled to work at least 20 hours per week on a consistent basis, began participation in the Plan on their date of hire.***

If you are a part-time or full-time benefits eligible employee hired prior to October 1, 2001 (and during the Retirement Choice period in 2002 you did not elect to move to the Cash Balance formula), you will remain a participant in the Seventh District Retirement Plan – Final Average Pay formula.

You are not eligible to participate in the Plan if you are:

- Earning benefits under the United States Civil Service Retirement System;
- A nonresident alien;
- Employed by an organization acquired by the Seventh District as the result of a foreclosure of a borrower; or
- Covered by a collective bargaining agreement (unless the terms of the bargaining agreement provides for participation in the Plan).
- A temporary employee

If your employment ends and at that time you participated in the Final Average Pay formula and you are re-employed before one year as a benefits eligible employee, then you will resume participation under the Final Average Pay formula.

# Seventh District Retirement Plan – Final Average Pay Formula

## **Plan Cost**

Seventh District employers pay the full cost of the Seventh District Retirement Plan – Final Average Pay formula by making contributions to a retirement trust fund. The amount of these contributions is determined annually by an independent actuary who calculates how much must be in the trust fund to cover the benefits provided by the Plan.

The assets of the Plan are held in trust. The money in the trust may be used only to pay benefits and administrative costs for this Plan. The trustee makes all payments from the Plan.

## **Benefits Complete<sup>®</sup>**

To help with your retirement planning, you may determine your accrued benefit under the Plan (and your vested interest), and model retirement alternatives through *Benefits Complete*, 24 hours a day, seven days a week. *Benefits Complete* is provided by New York Life Investment Management (NYLIM). You may access *Benefits Complete* over an automated telephone system or via the Internet ( <http://www.bcomplete.com>). This system also allows you access to a NYLIM Participant Service Representative, 1-800-294-3575, if you call between the hours of 9:00 AM and 8:00 PM Eastern Time any business day (a day on which the New York Stock Exchange [NYSE] is open).

Instructions for using *Benefits Complete* are contained in the online Transaction Guide accessible from the Welcome Screen at [www.bcomplete.com](http://www.bcomplete.com).

## **Your Plan Service**

***Your benefit from the Defined Benefit Retirement Plan – Final Average Pay formula is determined in part by your years of credited service with the employers in the Seventh District.***

## **Credited Service and Vesting**

Credited service generally includes all of your years of employment as a benefits eligible employee in the Seventh District. You begin earning credited service with your first hour of employment. In addition, your credited service will be increased for any unused sick leave or vacation hours that you have accumulated at termination. There is no maximum on the years of credited service used in the Final Average Pay formula.

If you are a temporary employee, you will begin earning credited service on the date you become classified as a regular employee.

## Seventh District Retirement Plan – Final Average Pay Formula

You are fully vested, that is, have earned a benefit from the Plan, after you have completed five full years of credited service. If you leave employment in the Seventh District after you are fully vested, you will be eligible for a benefit when you reach retirement age. If you leave the Seventh District fully vested and are later rehired, you are automatically fully vested on your reemployment date.

### ***Break-in-Service***

In general, you stop earning credited service when you:

- Quit;
- Retire;
- Are discharged; or
- Die.

These situations are called a "break-in-service". If you complete an hour of service within 12 months of a break-in-service, you will not have incurred a break-in-service. This also applies if you are absent because of a military leave of absence and return to the Seventh District within the period of time required by law.

### ***Effect on Credited Service Date***

If during the 2002 Retirement Choice period you elected to remain covered under the Final Average Pay formula, a break-in-service may affect your credited service date as described here:

- **Regardless of when your employment ended and when you were rehired, if the break-in-service is less than 12 months**, then you resume coverage under the Final Average Pay formula and receive credited service for the period of time not worked. Your credited service date equals the credited service date before your break-in-service. For example:

Credited Service Date	06/05/2002
Employment Terminated	12/07/2002
Rehire Date	02/12/2003

Credited Service Date after Rehire	06/05/2002
------------------------------------	------------

- **If your employment ended and you were rehired prior to October 1, 2001, and if the break-in-service was more than 12 months but less than 5 years then** you are covered under the Final Average Pay Formula and receive credit for prior service, whether or not you were previously vested. Your credited service date is adjusted to exclude the period of time not worked in the Seventh District. For example:

## Seventh District Retirement Plan – Final Average Pay Formula

Credited Service Date	07/11/1982
Employment Terminated	11/22/1992
Rehire Date	06/12/1995
Credited Service Date after Rehire	02/01/1985

- **If you terminated with less than five years of credited service without being vested and you were rehired prior to October 1, 2001, and your break in service is greater than five years then,** your credited service date on rehire equals your rehire date. You will not receive any credited service based on your work before the break in service.
- **If you are rehired after October 1, 2001, and after a break-in-service of 12 months or more, then** you will participate in the Seventh District Retirement Plan – Cash Balance formula, but your prior service under the Final Average Pay formula will count in determining your Pay Credits and vesting.

### ***Effect of a Lump Sum Cashout on Credited Service Date***

If your employment terminated prior to January 1, 1989, and you received a lump sum cash out from the Seventh District Retirement Plan – Final Average Pay formula and are rehired, then your credited service date is your rehire date. You may have an opportunity to repay the lump sum with interest and restore your prior service in the Plan.

**Note:** Please contact *Benefits Complete* at 1-800-294-3575 for verification of lump sum status and/or prior credited service.

### ***If You Transfer Within the Farm Credit Organization***

If prior to October 1, 2001 you transferred from a Farm Credit Organization to an employer covered by this Plan before you incurred a five year break-in-service, your prior period of service will be counted as credited service in determining your Seventh District Retirement Plan – Final Average Pay formula. Only your earnings with an employer in the Seventh District are used in calculating your final average pay as defined on page five. Your benefit from this Plan will be offset by the age 65 life only equivalent benefit you are, or would be, entitled to under any other District plan that is attributable to service counted under this Plan.

# Seventh District Retirement Plan – Final Average Pay Formula

## When You Can Retire

**The normal retirement date for the Seventh District Retirement Plan – Final Average Pay formula is the first day of the month on or after your 65<sup>th</sup> birthday or if later, the 5<sup>th</sup> anniversary of your participation in the Plan.**

You will be eligible to begin receiving benefits from the Plan when you reach your normal retirement date.

## If You Choose to Receive Benefits Before Normal Retirement

You may choose to begin receiving benefits before your normal retirement date if you are at least age 55 and have completed five (5) full years of credited service. If you begin receiving benefits before age 65, your benefits will normally be reduced to reflect that they will be paid over a longer period of time.

The amount of the reduction is equal to 3% for each year, or 1/4% for each month benefits are paid before your normal retirement age. For example, if you elect to commence your benefit at age 62, your subsidized retirement benefit payable at age 62 will be 91% of your age 65 benefit. This 9% reduction partially covers the cost of three additional years of payments. In other words, the Plan shares the cost of providing this benefit with you.

The reduction is calculated as follows:

65	Age
- 62	Early Commencement Age
<hr/>	Years
3	Months
* 12	Months Early
<hr/>	1/4% Reduction Per Month
36	Reduction
* .0025	
<hr/>	
.090	

As a comparison, you can also commence Social Security benefits as early as age 62 but they are not subsidized. If your date of birth is before 1938 and you commence payments at age 62 you will receive 80% of your age 65 benefit in this program, a reduction that is twice as much as the Seventh District Plan's reduction. For example, if your age 65 benefit in both programs was \$1,000 per month, and you commenced at age 62, the Seventh District Plan would pay you \$910 per month, while Social Security would pay you \$800 per month. Social Security reductions are even greater for someone born after 1937.

You can also start receiving benefits immediately with no reduction for early commencement if your termination of employment is on or after the day you reach age 62 **and** you have completed 30 or more years of credited service. Additional credited

## Seventh District Retirement Plan – Final Average Pay Formula

service attributable to unused sick leave or vacation hours accumulated at your termination of employment can be used toward this 30 year requirement.

### ***If You Work Beyond Your Normal Retirement Date***

If you choose to work beyond your normal retirement date, your service will continue to count towards your retirement benefits. When you retire, your benefits will start the first of the month after your retirement date.

### ***What Determines Your Benefit***

***Your service is one of the factors used to determine your benefit. The other factors are your Final Average Pay and your Covered Compensation.***

### ***Final Average Pay***

Final Average Pay is the average of your eligible earnings for the highest **60 consecutive months** of service over your career with a Seventh Farm Credit District employer(s). Your eligible earnings include your base pay plus certain other types of pay (e.g. incentive, bonus, commission, overtime, shift differential) before payroll deductions but will not include non-cash awards, expense reimbursements, deferrals to non-qualified plans, and other nonrecurring compensation (e.g. pay in lieu of vacation, severance, sign-on bonus, retention pay, retirement gratuity, service awards, irregular/intermittent work). In addition, the amount of pay that may be taken into account is further limited under the federal tax laws. For 2006, the limit is \$220,000 for employees hired after December 31, 1995, or \$325,000 if hired before January 1, 1996.

### ***Covered Compensation***

Social Security is an important source of your future retirement income. While you are working, you contribute to Social Security through payroll taxes and your employer pays an equal amount on earnings up to the annual Social Security taxable wage base, \$94,200 for 2006. If your 60-month Final Average Pay is greater than the average wages on which you've paid Social Security (FICA) tax, you will receive the "excess benefit" portion of the Final Average Pay formula. The excess benefit helps replace some of the benefit you won't get from Social Security due to wages on which you didn't pay FICA tax. This is done by using your covered compensation.

- Your covered compensation is the average of the Social Security "taxable wage bases" for the 35 years ending with your Social Security normal retirement age.
- It is published in standard tables based on Internal Revenue Service (IRS) regulations.

## Seventh District Retirement Plan – Final Average Pay Formula

- Social Security normal retirement age may be as early as age 65 or as late as age 67, depending on when you were born. This may be different than the way the Plan defines normal retirement for you.

If you retire earlier than your normal retirement date, the Plan will figure your covered compensation as if your Social Security wage base at retirement remains in effect until you reach your Social Security normal retirement age.

### How Your Benefit is Calculated

**Your benefit is calculated using a specific formula, as described in this section.**

Your benefit is calculated using this formula:

(1.5% of Final Average Pay
+
.25% of Final Average Pay over Covered Compensation)
X
Credited Service
=
Retirement Benefit at Normal Retirement

### Example

Assume you retired on December 1, 2005, at age 65 with 32 years of credited service, and final average pay of \$3,750 per month. Your covered compensation for 2005 was \$4,058 per month. Here is how your retirement benefit would be figured.

1.5% of \$3,750 (Final Average Pay)	\$	56.25
<b>PLUS</b>		+
.25% of (\$3,750 Final Average Pay - \$4,058 Covered Compensation)	\$	0.00
		56.25
<b>TIMES</b>		
32 Years of Credited Service	x	32
<b>Total Monthly Retirement Benefit</b>	\$	1,800.00

Also, the IRS limits benefits payable from qualified retirement plans. The annual benefit limit for 2006 is \$175,000 for benefits commencing at age 65.

## Seventh District Retirement Plan – Final Average Pay Formula

### Special Note:

Employees of the former 4th District actively employed on 1/1/94 or later will have their retirement benefit calculated according to the provisions of the 4th District's Defined Benefit Retirement Plan for the benefit accrued through 12/31/93. The following provisions have been grandfathered on the accrued benefits earned as of 12/31/93:

- partially unreduced benefit if you terminate employment on or after age 60 with 30 years of service, and
- full lump sum distribution payment option of your 12/31/93 accrued benefit at retirement.

For service earned after 12/31/93, the retirement benefit will be calculated using the formula described above under the Seventh Farm Credit District's Seventh District Retirement Plan provisions.

### ***Rule of 65 Provision (Participant in the former St. Paul Farm Credit District Plan on January 1, 1990)***

If you were a participant in the former St. Paul District Defined Benefit Retirement Plan on January 1, 1990, and your age plus service equaled 65 years at that time, your retirement benefit will be calculated in two different ways. Your benefit will be calculated using the formula in the current plan using earnings and service at your termination of employment. It will also be calculated using the formula under the previous plan using earnings and service as of your date of termination. You will then receive the greater of the two amounts as your monthly retirement benefit. Contact *Benefits Complete* for more information.

### ***If You Leave Before Retirement***

***If you leave after completing five full years of Credited Service you will be eligible for a Plan benefit.***

If you leave after completing five full years of Credited Service, but before you are eligible to retire, you have the right to receive benefits beginning as early as age 55. You must begin receiving benefits by April 1 of the year following the year you reach age 70-1/2.

If your employment ends in the Seventh District before you complete five full years of credited service, you are not entitled to any benefits from the Seventh District Retirement Plan – Final Average Pay formula. Any amounts forfeited will be used to reduce future contributions to the Plan.

If you choose to begin receiving benefits before you reach age 65 your monthly benefit will be reduced. See the previous section entitled "If You Choose to Receive Benefits

## Seventh District Retirement Plan – Final Average Pay Formula

Before Normal Retirement" for an explanation of how benefits are reduced for early commencement.

### *If You Become Disabled*

***You may be eligible for a benefit from the Plan if you become disabled before retirement.***

You may be eligible for a disability retirement benefit if you become disabled while you are employed and if you are eligible to receive benefits under the District's Long Term Disability (LTD) Plan. The LTD Plan defines disability as being unable, because of illness or injury, to perform the substantial and material duties of your own occupation.

Benefits begin from this Plan on your normal retirement date or when your LTD benefits end and you retire. You can choose to have benefits from this Plan begin before your normal retirement date, as early as age 55 with the same reduction factors described on page 4.

### *How Your Service is Determined*

Your disability retirement benefit is calculated in the same manner as your normal retirement benefit. In order to determine your credited service, the Plan takes into consideration the credited service you have earned up to the beginning of your disability, plus service to the earlier of:

- the date your period of disability equals the credited service you had earned before you became disabled;
- your recovery;
- the date your disability retirement benefits begin; or
- your normal retirement date.

### *How Your Final Average Pay is Determined*

As described earlier, your Final Average Pay is based on the highest 60 consecutive months of earnings over your career with an employer in the Seventh Farm Credit District. For Plan purposes, your "pay" during your disability will be based on your base pay as of the date of your disability. For example, if you are disabled for two years before you retire, your final average pay is based on the 24 months of your base pay prior to disability and the 36 months of your actual earnings before the disability, assuming these are your highest paid 60 consecutive months of employment.

# Seventh District Retirement Plan – Final Average Pay Formula

## How Your Benefits are Paid

***You can choose how your benefit will be paid from a variety of options.***

Because people's needs differ, there are several payment options available to you. If you do not choose a payment option, the Plan will automatically pay benefits to you based on your marital status at retirement, as explained in this section.

### ***If You are Not Married***

You will receive monthly payments during your lifetime. When you die, payments will stop. This is called the Single Life Annuity option.

### ***If You are Married***

You will receive monthly payments during your lifetime. If you die before your spouse, 50% of your benefit will continue to your spouse for his or her lifetime. This is called a 50% Joint and Survivor Annuity.

The 50% Joint and Survivor Annuity benefit is less than the Single Life Annuity benefit because the benefit is reduced to provide for the possibility of a longer period of payment to you and your spouse. The amount of the reduction is based on your age and your spouse's age at the time you begin receiving your benefit.

### ***Optional Payment Methods***

You may choose any of the optional payment methods by completing an annuity election form at the time of your retirement.

If you are married and wish to choose someone other than your spouse as your beneficiary, or to choose an option other than the 50% or 100% Joint and Survivor annuity benefit or the 50% or 100% Joint and Survivor annuity option with 10 year certain and life (as described below), your spouse must agree to your benefit choice in writing and his or her signature must be notarized.

#### **Joint and Survivor Annuity Option**

If you are not married and wish to provide for a survivor, you may choose a 50% or 100% annuity option for any beneficiary you name. If you are married, you may choose the 100% annuity option to increase the payment amount to your spouse.

#### **Certain and Life Option**

Under Certain and Life Option, benefits are paid monthly for your lifetime, with payments guaranteed for a period of time, 5 or 10 years (or 15 years for Louisville benefit only as

## Seventh District Retirement Plan – Final Average Pay Formula

described in the Special Note in the section, “How Your Benefit is calculated”). If you die within the guaranteed period, payments in the same amount will be made to your beneficiary for the remainder of the guaranteed period.

### Joint and Survivor Annuity Option with 10-year Certain and Life

If you are not married and wish to provide for a survivor, you may choose from the 50% or 100% Joint and Survivor Annuity Option with 10-year Certain and Life. If you are married, you may also choose one of these options. If you die within the first 10 years of payments, your spouse/beneficiary will continue to receive your monthly payments. At the end of the 10-year period certain, only your beneficiary (spouse or other designated beneficiary), if living, will receive a monthly amount (either 50% or 100%) for their lifetime.

### One-Half Lump Sum and One-Half Monthly Annuity

One-half of the benefit's cash value can be paid as a lump sum and the remaining benefit paid in a monthly annuity. The lump sum can be rolled over to an IRA or another retirement plan if that plan accepts rollovers. You may choose from the optional forms of monthly payments described above for the remaining one-half.

### ***Some Issues to Consider as You Make Your Decision***

There are certain issues you should think about before you make your benefit election including:

- If you receive benefits in any form other than the Single Life Annuity, the amount of your monthly benefit will be reduced to reflect that payment will be possibly made over two lifetimes or for a guaranteed period of time.
- You may choose a payment method or change your election any time before benefits begin. Once you start receiving payments, your form of payment cannot be changed.
- If the person you have named under a Joint and Survivor Annuity benefit dies before you, but after your monthly annuity and/or lump sum distribution has commenced, your annuity amount will remain at the reduced amount you elected. All payments will cease upon your death. You cannot reassign the survivor's share of the Joint and Survivor's benefit to another joint annuitant.
- If you elect a Joint and Survivor option and you divorce after retirement, you will continue to receive the reduced Joint and Survivor benefits and, if your former spouse survives you, she or he will receive the monthly survivor benefit.

## **Seventh District Retirement Plan – Final Average Pay Formula**

### ***Payment of Small Amounts***

If the total present value of your benefit (not your monthly benefit payment itself) is \$1,000 or less, it will be paid to you in one lump sum. You may also choose to receive your benefit in one lump sum if the present value of your benefit is more than \$1,000, but less than \$10,000.

### ***If You Return to Work After Benefits Begin***

If you begin receiving retirement benefits and then return to work in a benefits eligible status, your retirement annuity benefits will be suspended. When you end your employment, your annuity benefit will be recalculated to reflect the additional pay and service during your reemployment. If you return to work in a benefits eligible position after October 1, 2001, and after a break-in-service of 12-months or more you will accrue benefits under the Cash Balance formula.

You can return to work and continue to receive your monthly retirement benefit if you work less than 1,000 hours in a year.

### ***Paying Taxes on Your Benefits***

Retirement benefits you receive from the Plan are considered federal taxable income. If you receive a lump sum payment from the Plan, unless you elect to have such payment paid directly to an IRA or to another eligible retirement plan, the payment will be subject to mandatory 20% federal income tax withholding and may also be subject to any applicable state income withholding.

If you receive any other form of distribution, taxes will automatically be withheld on your benefit payments unless you specifically request otherwise in writing. The amount withheld will depend on your filing status and the number of exemptions you claim. If you choose not to have taxes withheld from your benefit, you must pay them when you file your tax return. You may be required to pay estimated taxes – and possibly tax penalties – if you decide not to have taxes withheld, or if the amount withheld is not enough to cover the actual taxes due (state and federal).

You can change your tax withholding at any time by contacting AgriBank at 1-800-892-7924. Tax laws change frequently. You may want to talk to a qualified tax advisor before you begin receiving benefits from the Plan.

## Seventh District Retirement Plan – Final Average Pay Formula

### *If You Die Before Retirement*

***The Plan includes financial protection for your spouse if you should die before retirement.***

If you die before your normal retirement date and before you begin receiving benefits, your spouse may be eligible for a benefit from the Plan. Your spouse is eligible for benefits if you and your spouse have been married for at least one year and you have completed at least five full years of credited service or if you die after your normal retirement date while still employed in the Seventh District.

The benefit is figured using your credited service and final average pay at your death. Benefits will be paid to your spouse in the form of a 50% Survivor annuity option, and will begin the month following the later of your death or the month during which you would have reached age 55.

### *Applying for Benefits*

***This section describes the procedures you will need to follow to apply for benefits.***

Within 90 days prior to the date you wish to retire, you should contact *Benefits Complete* to order a retirement application. After receipt of the completed application and once your final pay through your date of termination is known, a benefit election package will be sent to your address of record. The election package will offer you a choice of payment method for your retirement benefits, the option for direct deposit of pension payments, and the ability to have federal and/or state income taxes withheld from your payment.

If you die before your benefit commencement date, your benefit election will not be effective, and survivor benefits will be payable only to a surviving spouse as described in the previous section. If you are not married, no benefits will be paid after your death. *Benefits Complete* will help your spouse apply for benefits from the Plan.

You may contact *Benefits Complete* at [www.bcomplete.com](http://www.bcomplete.com) or at 1-800-294-3575. The *Benefits Complete* automated information line is available seven days a week, twenty-four hours a day. Participant Service Representatives are available Monday through Friday, 9:00 a.m. to 8:00 p.m. Eastern Time, except on New York Stock Exchange holidays.

# Seventh District Retirement Plan – Final Average Pay Formula

## *Situations that Can Affect Your Benefits*

***Your benefit could be lost or delayed by certain situations, as described in this section.***

The Seventh District Retirement Plan – Final Average Pay formula is designed to provide you with continuing income when you reach retirement age. But some situations can affect your benefits, as summarized here:

- If you leave employment in Seventh District for any reason other than disability before you have five years of credited service, you will not be eligible for benefits from this Plan.
- If you are entitled to a benefit when you leave employment, you must properly complete an election form and submit it before benefits can begin. If you do not complete an election form or you fail to provide all the necessary information, your benefit payment will be delayed.
- If you do not keep your current address on file and you cannot be located, your benefit payments may be delayed. You are responsible for notifying your employer and NYLIM of any change in address.

## ***Special Provisions for Highly Paid Employees***

The Internal Revenue Code imposes limits on the benefits payable from the Seventh District Retirement Plan – Final Average Pay formula. In general, these limits apply to:

- Benefits based on compensation over certain pay levels defined by the IRS; and
- The amount that can be paid out to any one person as an annual benefit.

If either of these maximums should apply, the benefit payable from a Plan could be less than the benefit determined in the way explained earlier for normal, early, or vested retirement benefit. Anyone affected will be notified individually.

## ***Assignment of Benefits***

Your retirement benefits belong to you and may not be sold, assigned, transferred, pledged, or garnished under most circumstances.

If you become divorced or separated, a court order could require that part of your benefit be paid to someone else such as your spouse or your children. This is known as a Qualified Domestic Relations Order.

As soon as you become aware of any court proceedings that may affect your retirement benefits, you should contact *Benefits Complete*. The Order must be reviewed to ensure that it meets both the legal and the Plan's requirements for a Qualified Domestic Relations Order.

## **Seventh District Retirement Plan – Final Average Pay Formula**

If you or your beneficiary are unable to manage your financial affairs, any payments due may be paid to a court-appointed guardian or another person who is legally authorized to conduct your financial affairs.

### ***If the Plan is Ended or Amended***

The employers intend to provide this Plan on an ongoing basis, however, they reserve the right to amend or terminate the Plan at any time. If material changes are made in the future, you will be notified of them.

If the Plan is ended, or if there is a partial termination that affects you, any benefit you have earned will immediately become 100% vested as of the termination date.

In the event of a complete termination of the Plan, the benefits you have earned will be paid from the assets of the Plan. If there are assets left over after accrued benefits have been paid to all participants, they will be returned to the employers of the Seventh District who contributed to this Plan.

If funds are insufficient to pay accrued benefits to all participants, benefits will be paid first to retired participants and their beneficiaries who have been receiving benefits for at least three years. (This also includes individuals who could have started receiving benefits three years before the Plan ended if they had chosen to retire at that time.) Benefits will be based on the Plan provisions in effect five years before the Plan ended. If benefits have been reduced by an amendment during the three-year period ending on the Plan termination date, then the lowest benefit will be the one paid.

Special limits apply to the benefits paid to the 25 highest paid participants. You will be notified if these limits apply to you.

### ***If this Plan is Merged With Another Plan***

If this Plan is merged with another plan, or assets from this Plan are transferred to another plan, the benefits you have already earned will be protected. Your benefit under the new Plan will be at least as great as the amount you would have been entitled to if the Plan had been terminated just before the change.

### ***Pension Benefit Guaranty Corporation***

As a governmental plan, the Plan is not covered under the provisions of the PBGC.

J:\communic\clients\we06B1\dms\spd1105FinalAverage.doc

# Seventh District Retirement Plan – Final Average Pay Formula

## Table of Contents

<b>Introduction</b> .....	1
<b>Participating in the Seventh District Retirement Plan – Final Average Pay Formula</b> .....	1
Plan Cost.....	2
<i>Benefits Complete</i> .....	2
<b>Your Plan Service</b> .....	2
Credited Service and Vesting .....	2
Break-in-Service.....	3
Effect on Credited Service Date .....	3
Effect of a Lump Sum Cashout on Credited Service Date .....	4
If You Transfer Within the Farm Credit Organization .....	4
<b>When You Can Retire</b> .....	5
If You Choose to Receive Benefits Before Normal Retirement.....	5
If You Work Beyond Your Normal Retirement Date .....	6
<b>What Determines Your Benefit</b> .....	6
Final Average Pay .....	6
Covered Compensation .....	6
<b>How Your Benefit is Calculated</b> .....	7
<b>If You Leave Before Retirement</b> .....	8
<b>If You Become Disabled</b> .....	9
How Your Service is Determined .....	9
How Your Final Average Pay is Determined .....	9
<b>How Your Benefits Are Paid</b> .....	10
If You Are Not Married .....	10
If You Are Married .....	10
Optional Payment Methods .....	10
Some Issues To Consider as You Make Your Decision.....	11
Payment of Small Amounts .....	12
If You Return To Work After Benefits Begin.....	12
Paying Taxes on Your Benefits .....	12
<b>If You Die Before Retirement</b> .....	13
<b>Applying For Benefits</b> .....	13
<b>Situations That Can Affect Your Benefits</b> .....	14
Special Provisions for Highly Paid Employees.....	14
Assignment of Benefits .....	14
If the Plan is Ended or Amended .....	15
If this Plan is Merged with Another Plan .....	15
Pension Benefit Guaranty Corporation .....	15

Complete details of the Plan are contained in the Plan document. If there is a difference between this booklet and the Plan document, the Plan document will govern.