Northwest Farm Credit Services Retirement Plan

(formerly known as the AgAmerica District Defined Benefit Plan)

Summary of Plan Provisions

2018
SUMMARY PLAN DESCRIPTION
Northwest Farm Credit Services Retirement Plan

TABLE OF CONTENTS

Part I – General Information

1.1 Name of Plan ........................................................................................................................1
1.2 Plan Sponsor ........................................................................................................................1
1.3 Governmental Plan Status....................................................................................................1
1.4 Type of Plan .........................................................................................................................1
1.5 Plan Administrator ................................................................................................................1
1.6 Recordkeeper – John Hancock ............................................................................................2
1.7 Trustee .................................................................................................................................2
1.8 Funding of Benefits .............................................................................................................2
1.9 Employee Contributions .......................................................................................................2
1.10 No PBGC Coverage .........................................................................................................2

Part II – Eligibility, Service, and Vesting

2.1 Closure of Plan .....................................................................................................................2
2.2 Service ................................................................................................................................3
2.3 Vesting ................................................................................................................................4

Part III – Commencement of Your Pension Benefit

3.1 In General .............................................................................................................................4
3.2 Type of Retirement Benefit ..................................................................................................4
3.3 Mandatory Commencement of Retirement Benefit ..............................................................5
3.4 No In-Service Distributions ................................................................................................5
3.5 Suspension of Benefit Payments ..........................................................................................5

Part IV – Calculating Your Pension Benefit

4.1 Normal Retirement Benefit ...................................................................................................5
4.2 High-Five Average Salary .................................................................................................6
4.3 Social Security Average Monthly Wage ..............................................................................8
4.4 Early Retirement Benefit – Commencement Prior to Normal Retirement Date ..........8
4.5 Early Retirement Benefit – Commencement on Normal Retirement Date ......................10
4.6 Delayed Retirement Benefit ...............................................................................................10
4.7 Disability Retirement Benefit ............................................................................................10
4.8 Benefit Limitations for Highly Paid Employees .................................................................10
Part V – Distribution of Your Pension Benefit

5.1 Form of Payment of Your Pension Benefit .................................................................10
5.2 Important Tax Considerations ....................................................................................13

Part VI – Survivor Benefits

6.1 Death of a Married Active Participant .........................................................................14
6.2 Death of Married Terminated Vested Participant ..........................................................15
6.3 Death of Unmarried Participant ....................................................................................16
6.4 Death of Participant While Performing Qualified Military Service .....................................16
6.5 IRA Rollover Distribution Option ...................................................................................16

Part VII – Procedures for Applying for Your Pension Benefit

7.1 Application for Benefit ................................................................................................16
7.2 Valid Address ................................................................................................................17

Part VIII – Assignment of Pension Benefit / Qualified Domestic Relations Orders

8.1 Limited Assignment of Benefit .....................................................................................17
8.2 Qualified Domestic Relations Order Procedure ..............................................................17

Part IX – Claims Procedures

9.1 Claims Procedures ......................................................................................................17

Part X – Plan Amendments / Termination

10.1 Amendment of Plan ..................................................................................................18
10.2 Termination of Plan ................................................................................................18
10.3 Merger of Plan .........................................................................................................18

APPENDICES

Appendix A – Procedure Governing Plan Administrator’s Review of Claims for Eligibility and/or Benefits under the Northwest Farm Credit Services Retirement Plan
SUMMARY OF PLAN PROVISIONS
NORTHWEST FARM CREDIT SERVICES RETIREMENT PLAN

This Summary of Plan Provisions ("SPP") is intended to highlight and explain some of the more important provisions of the Northwest Farm Credit Services Retirement Plan. The SPP, however, is not intended to be a complete summary of every provision of the Plan. If there is a conflict or any inconsistency between a statement in the SPP and the terms and provisions of the Plan, the terms and provisions of the Plan will control. If you have any questions after reading this SPP, or if you would like to review a copy of the Plan document itself, please contact Farm Credit Foundations.

Part I – General Information

1.1 **Name of Plan.** The formal name of the Plan is the Northwest Farm Credit Services Retirement Plan. Prior to June 1, 2003, the Plan was known as the AgAmerica District Defined Benefit Plan.

1.2 **Plan Sponsor.** The Plan is sponsored by Northwest Farm Credit Services, ACA, and its two wholly-owned subsidiaries, Northwest Farm Credit Services, PCA, and Northwest Farm Credit Services, FLCA.

1.3 **Governmental Plan Status.** Because all of the employers in the Plan are members of the federal Farm Credit System and are federally chartered “instrumentalities of the United States,” the Plan is considered to be a “governmental plan.” As a governmental plan, the Plan is not subject to the provisions of Title I of the Employee Retirement Income Security Act of 1974 (“ERISA”) or the regulations issued by the Department of Labor. Although the Plan is subject to the provisions of the Internal Revenue Code (the “Code”), the application of certain Code provisions to governmental plans may differ from their application to plans maintained by nongovernmental employers.

1.4 **Type of Plan.** The Plan is a defined benefit pension plan. Under this type of plan, a participant generally will receive, upon retirement, a fixed and determinable monthly pension benefit for the remainder of his/her life. The benefits a Participant may receive under the Plan are summarized in Part IV of this SPP.

1.5 **Plan Administrator.** The Plan Administrator of the Plan is the Farm Credit Foundations Trust Committee (the “Trust Committee”). In carrying out its responsibilities as Plan Administrator, the Trust Committee is assisted by both Farm Credit Foundations and the Plan’s recordkeeper.

The Plan Administrator may be reached for purposes of legal process at the following address:

Farm Credit Foundations Trust Committee
c/o Farm Credit Foundations
Attn: Vice-President, Employee Benefits
30 East 7th Street, Suite 3000
St. Paul, MN 55101
1.6 Recordkeeper – John Hancock. The Plan’s recordkeeper is John Hancock Retirement Services (“John Hancock”), which primarily assists with matters related to benefit calculations, distribution requests, and Beneficiary designations. John Hancock can provide you with information about the Plan’s features as well as your benefit under the Plan. This information can be accessed in two separate ways: through the Internet at www.mylife.jhrps.com or through John Hancock’s toll-free telephone number at 1-800-294-3575.

Most of the telephone services are available 24 hours a day, 7 days a week, through an automated voice response system. Participant Services Representatives are also available from 9:00 a.m. to 10:00 p.m. Eastern time on every business day (i.e., days on which the New York Stock Exchange is open) for help with other services. The Internet features are available 24 hours a day, 7 days a week.

1.7 Trustee. The Trust Committee serves as the Trustee of the Plan. After receiving annual funding contributions from the Employer, the Trustee places the contributions in a Trust account. The contributions and any earnings thereon are then used to provide benefits to Participants and their Beneficiaries and to pay Plan expenses. The Trustee is legally responsible for the administration, management, and investment of the Trust account.

1.8 Funding of Benefits. The Employer pays the full cost of pension benefits under the Plan by making contributions to a special trust established to fund benefits under the Plan. The Employer has an obligation to make contributions to the trust fund in an amount that the Plan’s actuary determines is necessary to cover the benefits provided by the Plan.

1.9 Employee Contributions. The Plan does not require or permit Employees to contribute to the Plan.

1.10 No PBGC Coverage. A governmental agency known as the Pension Benefit Guaranty Corporation (the “PBGC”) insures the benefits payable under defined benefit plans. The PBGC does not, however, provide coverage for governmental plans. Because the Plan is considered to be a governmental plan, it is not eligible for coverage by the PBGC.

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Part II – Eligibility, Service, and Vesting

2.1 Closure of Plan. The Plan has been closed to new participants since January 1, 1995. Accordingly, you are eligible to participate in the Plan only if you were hired (or rehired) prior to January 1, 1995, and you satisfied the Service requirements for participation that were in effect at that time.

(A) Loss of Eligibility. Regardless of when you were hired, you will not be eligible to accrue additional benefits under the Plan if at any point you are:

- Not an Employee;
- Earning benefits under the U.S. Civil Service Retirement System;
- Covered by a collective bargaining agreement;
• Classified by the Employer as a temporary employee;

• Employed by an entity that is acquired by the Employer pursuant to a foreclosure on an obligation; and/or

• Classified by the Employer as no longer being an eligible Employee even if it is later determined that this classification was incorrect.

(B) **Rehired Participants.** If you are a Participant in the Plan and you terminate employment with the Employer, you will not be eligible to accrue any additional benefits under the Plan in the event that you are rehired by the Employer.

(C) **USERRA Exception.** If you are absent from work due to service in the Uniformed Services and subsequently become reemployed pursuant to the provisions of the Uniformed Services Employment and Reemployment Rights Act ("USERRA"), you will be eligible to accrue additional benefits under the Plan upon your reemployment if you return to employment with the Employer within the period of time required by federal law.

2.2 **Service.** Generally, you will be credited with Service under the Plan for all periods of time during which you have worked as a full-time or part-time Employee for the Employer. Your Service will also be increased for any unused sick leave that you have accumulated at the time you terminate employment. Unused sick leave will not, however, be used for purposes of determining when you are eligible to retire or commence benefits. See Section 3.2.

(A) **Service with Other Farm Credit System Organizations.** As a general rule, your prior service with other Farm Credit System employers will be counted as Service in determining your benefits under the Plan. There is, however, a special rule with regards to prior employment with the Farm Credit Administration. If you were hired on or before December 8, 1988, you will be given credit for all periods of regular Service with the Farm Credit Administration. If, on the other hand, you were hired after December 8, 1988, you will only be given credit for your prior regular service with the Farm Credit Administration through December 31, 1985.

Please note that, if you are credited with service with other Farm Credit System employers, the amount of your pension benefit under the Plan will be offset by the amount of any pension benefit or pre-retirement death benefit that you are, or would be, entitled to receive under the plan of any other Farm Credit System employer that is attributable to that same amount of Service.

(B) **Special Rule for Disabled Participants.** If you experience a Disability (i.e., you become eligible to receive benefits under your Employer’s long-term disability plan) while you are actively employed and continue to be disabled until your Normal Retirement Date, an additional two Years of Service will be added to the actual amount of your Service with the Employer for purposes of calculating the amount of your benefits under the Plan.
Military Service (USERRA). If you are absent from work due to service in the Uniformed Services and subsequently become reemployed pursuant to the provisions of USERRA, you will be credited with Service for the entire period of your military service as long as you return to full-time or part-time employment with the Employer within the period of time required by federal law.

Maximum Years of Service. In calculating your pension benefit, the Plan will take into account a maximum of thirty-five (35) Years of Service.

Questions About Service and Benefits. The rules as to when and how service will be counted as Service under the Plan and how benefits under the Plan will be calculated are complicated. These rules are set forth in detail in the Plan document. You may also obtain additional information on your particular situation by calling John Hancock at 1-800-294-3575 or accessing John Hancock’s website at www.mylife.jhrps.com.

2.3 Vesting. You will be fully vested – i.e., you will be entitled to receive a benefit under the Plan – after you have completed five (5) full Years of Service. If you terminate employment before you are fully vested, you will have no right to any benefit under the Plan.

Part III – Commencement of Your Pension Benefit

3.1 In General. As a general rule, you may elect to start receiving your pension benefit under the Plan at any time once you have satisfied each of the following conditions:

(A) You are entitled to receive a Vested Benefit under the Plan; and

(B) You have retired or have otherwise terminated your employment with the Employer; and

(C) You have attained the minimum required age for commencing benefits, which is generally age 55.

3.2 Type of Retirement Benefit. The Plan offers the following types of Retirement benefits:

(A) Normal Retirement Benefit. You may begin to receive a Normal Retirement Benefit if you retire or otherwise terminate your employment with the Employer and you satisfy at least one of the following conditions:

- You have attained your Normal Retirement Age, that is, you are age 65; or

- You are age at least 62 with at least 30 Years of Service; or

- You are at least age 55 and you meet the “Rule of 85,” that is, your age plus Years of Service (not including unused sick leave) equals at least 85.

The amount of your Normal Retirement Benefit is determined by the formula discussed in Section 4.1 below.
(B) **Delayed Retirement Benefit.** If you remain employed after your Normal Retirement Date – that is, the first day of the month on or after the date you turn 65 – you may begin to receive a Delayed Retirement Benefit once you do retire or your employment is otherwise terminated. The amount of your Delayed Retirement Benefit is discussed in Section 4.6 below.

(C) **Early Retirement Benefit.** You may begin to receive your Early Retirement Benefit if you retire (or otherwise terminate your employment for any reason other than death) on or after your Early Retirement Date. Your Early Retirement Date is the first day of any month after you have attained age 55 and have completed at least five (5) Years of Service. The amount of your Early Retirement Benefit is summarized in Sections 4.4 and 4.5 below.

(D) **Deferred Vested Retirement Benefit.** If you terminate your employment for any reason other than death prior to your Early Retirement Date and you have at least five (5) Years of Service, you may (but do not have to) commence your pension benefit at any time after you attain age 55. The amount of your deferred vested retirement benefit will be determined based on when you commence your pension benefit.

(E) **Disabled Retirement Benefit.** If you become disabled while you are employed, you may be eligible for a disability retirement benefit. You are considered “disabled” only if you are eligible to receive benefits under the Employer’s long-term disability plan. You will be eligible to receive a disability retirement benefit under the Plan if you remain disabled until your Normal Retirement Date. The calculation of your disability retirement benefit is summarized in Section 4.7 below.

3.3 **Mandatory Commencement of Retirement Benefit.** If you have retired and have not commenced your pension benefit by the time you reach age 70½, you will generally be required to do so under the “required minimum distribution” provisions in the Internal Revenue Code.

3.4 **No In-Service Distributions.** The Plan is designed to provide you with a Retirement benefit. Therefore, the Plan does not authorize the distribution of your pension benefit until such time as you have terminated employment with the Employer and are eligible for a Normal Retirement Benefit, an Early Retirement Benefit, a Delayed Retirement Benefit, a disability retirement benefit, or a deferred vested retirement benefit.

3.5 **Suspension of Benefit Payments.** If you begin receiving your pension benefit and then return to work, your benefit payments generally will be suspended during your period of reemployment. However, your pension benefit will not be suspended if, upon your return, (a) you are at least age 62 or (b) your re-employment was not prearranged prior to your retirement, at least 30 days have elapsed since you retired, and you are paid on an hourly (as opposed to salaried) basis upon reemployment.

**Part IV – Calculating Your Pension Benefit**

4.1 **Normal Retirement Benefit.** Your Normal Retirement Benefit (i.e., the full amount of your accrued pension benefit) is calculated using the following formula:
(1.45% of your High-Five Average Salary + 0.35% of the amount by which your High-Five Average Salary exceeds one-half of your Social Security Average Monthly Wage)

-- multiplied by --

Your total Years of Service in the Plan (maximum of 35 years)

Note 1: The definition for the terms High-Five Average Salary and Social Security Average Monthly Wage are summarized in Sections 4.2 and 4.3. The definition of Service is summarized in Section 2.2.

Note 2: In calculating your benefit, please remember that, if any part of your Credited Service under the Plan is attributable to your employment by another Farm Credit System employer, the amount of your benefit under the Plan will be subject to an offset for the amount of any benefit that you have received or may be entitled to receive under the retirement plan or plans of that other Farm Credit System employer. The Plan’s offset provision is summarized in more detail in Section 2.2 above.

### Normal Retirement Benefit - Hypothetical Calculation

In order to illustrate how your Normal Retirement Benefit is calculated using the formula described in Section 4.1, consider the following example:

Assume that you retired on December 1, 2009, at age 65 with 32 Years of Service, and with a High-Five Average Salary of $5,000 per month. Your Social Security Average Monthly Wage is $7,860. Your Normal Retirement Benefit would thus be calculated as follows:

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.45% of $5,000 (High-Five Average Salary)</td>
<td>$72.50</td>
</tr>
<tr>
<td>-- plus --</td>
<td></td>
</tr>
<tr>
<td>0.35% of $1,070 (the difference between your $5,000 High-Five Average Salary and $3,930, which is one-half of your Social Security Average Monthly Wage)</td>
<td>$3.75</td>
</tr>
<tr>
<td>-- multiplied by --</td>
<td></td>
</tr>
<tr>
<td>Your 32 Years of Service</td>
<td>32</td>
</tr>
<tr>
<td>TOTAL MONTHLY RETIREMENT BENEFIT</td>
<td>$2,440</td>
</tr>
</tbody>
</table>

4.2 **High-Five Average Salary.** Your “High-Five Average Salary” under the Plan is the average monthly Compensation you received during the 60 consecutive month period of your Service with the Employer in which you had the highest Compensation.
For purposes of determining your Compensation, all of your wages that are reportable as income for federal income tax purposes (e.g., base salary, bonuses, commissions, overtime, and shift differential) are included, subject to the exceptions listed below. Your Compensation also includes any amounts that you have contributed on a pre-tax basis to a cafeteria plan and/or a 401(k) plan.

Your Compensation does not include the following:

- Non-cash awards;
- Expense reimbursements;
- Severance pay;
- Hiring bonuses;
- Long-term incentive payments;
- Retention pay (if paid after you terminate employment with the Employer);
- Employer Contributions to any defined benefit pension plan (e.g., the Northwest Farm Credit Services Retirement Plan);
- Employer Contributions to any defined contribution pension plan (e.g., the Farm Credit Foundations Defined Contribution / 401(k) Plan);
- Employer Contributions (including Employee elective deferrals) to any nonqualified deferred compensation plan;
- Payments for unused vacation time;
- The value of fringe benefits (e.g., health and welfare benefits, group life insurance benefits, etc.);
- Payments made pursuant to an employer-sponsored employee wellness program;
- Customer recruitment and/or Employee referral bonuses;
- Any amount received as flex dollars;
- Any amount received in payment or settlement for a claim of back wages;
- Distributions from a plan of nonqualified deferred compensation; and/or
- Amounts that are includible in income based on violations of Section 409A of the Internal Revenue Code, which governs nonqualified deferred compensation plans.

The total amount of eligible earnings that may be taken into account in calculating your High-Five Average Salary is also limited by the Internal Revenue Code. See Section 4.8 for more information on these limitations.
4.3 **Social Security Average Monthly Wage.** Social Security is an important source of your retirement income. While you are working, you contribute to Social Security through payroll taxes, and your employer makes an equal Social Security contribution on your behalf. The contributions that you and your employer make, however, are based only on the portion of your earnings that do not exceed the Social Security Wage Base. (This figure is adjusted every year by the Internal Revenue Service; for 2014, the Social Security Wage Base is $117,000.)

Your “Social Security Average Monthly Wage” is the average of the Social Security Wage Bases for the 5 years preceding the calendar year in which you terminate employment. This number is then divided by 12 so that it is expressed as a monthly amount.

Thus, for example, the Social Security Average Monthly Wage for someone retiring in 2014 is $9,070, determined as follows:

2013: $113,700
2012: $110,100
2011: $106,800
2010 $106,800
2009: $106,800

$544,200

÷ 5 years

$108,840 / year

÷12 months

$9,070 / month

If your High-Five Average Salary is greater than one-half of your Social Security Average Monthly Wage, then you will receive the “excess benefit” portion of the High-Five Average Salary formula. This excess benefit helps replace some of the benefit that you will not get from Social Security due to wages on which you did not pay Social Security (FICA) tax.

4.4 **Early Retirement Benefit – Commencement Prior to Normal Retirement Date.** As noted in Section 3.2(C) above, you may begin receiving a reduced pension benefit as early as age 55 if you terminate your employment (for any reason other than death) and you have at least five (5) Years of Service. Your Early Retirement Benefit will be calculated using the same formula that is used to calculate a Normal Retirement Benefit (as summarized in Section 4.1); however, subject to the exceptions set forth below, it will be reduced to reflect the fact that you will be receiving payments over a longer period of time. Specifically, the amount of your Early Retirement Benefit will be reduced by 1/6 of 1% for each of the first 60 complete months by which the date of your commencement of benefits precedes your Normal Retirement Date, and by 1/3 of 1% for each of the next 60 complete months by which the date of your commencement of your pension benefit precedes your Normal Retirement Date.
The reduction that will be made for early commencement is illustrated in the examples below:

<table>
<thead>
<tr>
<th>Months Prior to Normal Retirement Date</th>
<th>Reduction Calculation</th>
<th>Percentage Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 months</td>
<td>1/6 of 1% times 12 months</td>
<td>2%</td>
</tr>
<tr>
<td>24 months</td>
<td>1/6 of 1% times 24 months</td>
<td>4%</td>
</tr>
<tr>
<td>60 months</td>
<td>1/6 of 1% times 60 months</td>
<td>10%</td>
</tr>
<tr>
<td>72 months</td>
<td>1/6 of 1% times 60 months + 1/3 of 1% times 12 months</td>
<td>14%</td>
</tr>
<tr>
<td>120 months</td>
<td>1/6 of 1% times 60 months + 1/3 of 1% times 60 months</td>
<td>30%</td>
</tr>
</tbody>
</table>

The exact amount of the reduction that will be made if you retire early will depend on how many months before your Normal Retirement Date your benefits are commenced. You may obtain information on the reduction that will apply if you retire early by calling John Hancock at 1-800-294-3575 or accessing John Hancock’s website at www.mylife.jhrps.com.

There are two important exceptions to the usual reduction of your Early Retirement Benefit. In particular, as noted in Section 3.2(A), you can begin receiving the full amount of your accrued pension benefit if, at the time you retire from employment and commence benefits, you either: (a) are age 62 with at least 30 Years of Service (not including unused sick leave); or (b) satisfy the “Rule of 85,” i.e., are at least age 55 and your age plus Years of Service (not including unused sick leave) equals at least 85.

### Early Retirement Benefit - Hypothetical Calculation

In order to illustrate how your Normal Retirement Benefit is calculated using the formula described in Section 4.1, consider the following example:

Assume that you retire on December 1, 2009, at age 60 with 32 Years of Service, and with a High-Five Average Salary of $5,000 per month. Your Social Security Average Monthly Wage is $7,860. Your Normal Retirement Benefit would thus be calculated as follows:

\[
\begin{align*}
\text{1.45\% of } \$5,000 \text{ (High-Five Average Salary)} & \quad \times \quad \$72.50 \\
\text{0.35\% of } \$1,070 \text{ (the difference between your } \$5,000 \text{ High-Five Average Salary and } \$3,930, \text{ which is one-half of your Social Security Average Monthly Wage)} & \quad \times \quad \$3.75 \\
\text{Your 32 Years of Service} & \quad \times \quad 32
\end{align*}
\]

**TOTAL MONTHLY RETIREMENT BENEFIT AT AGE 65** \( \$2,440 \)

\[
\begin{align*}
\text{-- minus --} & \\
\text{10\% (1/6 of 1\% per month x 60 months)} & \quad \times \quad \$244
\end{align*}
\]

**TOTAL MONTHLY RETIREMENT BENEFIT AT AGE 60** \( \$2,196 \)
4.5 **Early Retirement Benefit – Commencement on Normal Retirement Date.** If you terminate your employment (for any reason other than death) and you have at least five (5) Years of Service, but you elect to defer the commencement of your pension benefit until you have attained your Normal Retirement Date (i.e., age 65), your pension benefits will be calculated using the same formula that is used to calculate Normal Retirement Benefits (as summarized in Section 4.1). The calculations used in that formula will be based on your Years of Service, High-Five Average Salary, and Social Security Average Monthly Wage as of your Early Retirement Date.

4.6 **Delayed Retirement Benefit.** If you choose to work beyond your Normal Retirement Date, your pension benefit upon your retirement will be calculated using the same formula that is used to calculate a Normal Retirement Benefit (as summarized in Section 4.1). The calculations used in that formula will be based on your Years of Service, High-Five Average Salary, and Social Security Average Monthly Wage as of your actual (i.e., delayed) retirement date.

4.7 **Disability Retirement Benefit.** As noted in Section 3.2(E), if you become disabled while you are employed, and you remain disabled until your Normal Retirement Date, you are entitled to a disability retirement benefit under the Plan. The amount of your disability retirement benefit will be determined using the same formula that is used for calculating Normal Retirement Benefits under the Plan (as summarized in Section 4.1). In determining your disability retirement benefit, however, the calculations used in that formula will be based on your Years of Service, High-Five Average Salary, and Social Security Average Monthly Wage as of the date that you became disabled. In addition, you will be credited with an additional two (2) Years of Service upon your retirement for Disability.

4.8 **Benefit Limitations for Highly Paid Employees.** The Internal Revenue Code limits the amount of annual compensation that may be taken into account in calculating your Final Average Pay. This limit is often referred to as the “401(a)(17) limit.” Participants who first became a Participant in the Plan (or one of the plans which was subsequently merged with the Plan) prior to or on December 31, 1995, are subject to a higher limit than other Participants. The Internal Revenue Service periodically adjusts the 401(a)(17) limit to reflect changes in the cost of living.

The Internal Revenue Code similarly limits the amount of annual benefits payable from a defined benefit plan. This limit is often referred to as the “415 limit.” The Internal Revenue Service periodically adjusts the 415 limit to reflect changes in the cost of living.

You may obtain information on the latest year’s limit by calling John Hancock at 1-800-294-3575 or accessing John Hancock’s website at www.mylife.jhrps.com. If your pension benefits are affected by either the 401(a)(17) limit or the 415 limit, the Plan will notify you individually of the applicable limitation.

Part V – Distribution of Your Pension Benefit

5.1 **Form of Payment of Your Pension Benefit.** You can choose how your pension benefit will be paid from a variety of options.

(A) **Default Payment Methods.** If you do not choose a payment option, the Plan will automatically pay benefits to you based on your marital status, as explained below:
(1) **Unmarried Participant.** If you are not married at the time you commence your pension benefit, the default form of payment of your benefit depends on when you were first hired by your employer.

(a) **Hired Before January 1, 1977.** If you are unmarried and you were first hired prior to January 1, 1977, your pension benefit normally will be paid to you in the form of a 60-month Term Certain and Life Annuity. Under this form, you will receive equal monthly payments during your lifetime with the guarantee that at least 60 monthly payments will be made to you or, in the event of your death prior to the completion of those 60 monthly payments, to your Beneficiary.

(b) **Hired on or After January 1, 1977.** If you are unmarried and you were first hired on or after January 1, 1977, your pension benefit normally will be paid to you in the form of a Single Life Annuity. Under this form, you will receive equal monthly payments for the remainder of your lifetime. When you die, the payments will stop.

(2) **Married Participant.** If you are married at the time you commence your pension benefit, you will receive a 66⅔% Joint and Survivor Life Annuity. That is, you will receive monthly payments during your lifetime and, if you die before your Spouse, he/she will then receive 66⅔% of the amount of your benefit for the remainder of his/her life. If your Spouse dies before you, all payments will stop upon your death.

(B) **Waiver of Joint and 66⅔% Survivor Life Annuity for Married Participant.** If you are married and wish to receive your pension benefit in some form other than a 66⅔% Joint and Survivor Life Annuity, you may elect one of the alternative forms of payment specified below. However, your election will generally be valid only if your Spouse consents in writing to the alternative form of payment before your benefit payments are scheduled to commence.

(C) **Optional Payment Methods.** You may choose from any of the following optional payment methods by completing a distribution election form at the time of your retirement:

(1) **Single Life Annuity.** In a Single Life Annuity, you will receive equal monthly payments for the remainder of your lifetime. When you die, the payments will stop.

(2) **Joint and Survivor Annuity Option.** If you wish to provide for a survivor, you may choose a 66⅔% or 100% annuity option for any Beneficiary you name at the time your annuity begins. Under these annuity options, you will receive a reduced monthly benefit for the remainder of your lifetime and your Beneficiary, if he/she survives you, will then receive either 66⅔% or 100% of the amount of your monthly benefit for the remainder of his/her life. If your Beneficiary dies before you, you can continue receiving the reduced monthly benefit and all payments will stop upon your death.
(3) **Certain and Life Option.** Under a Certain and Life Option, you will receive a monthly pension benefit for the remainder of your lifetime, and those payments will be guaranteed for either five (5) years, ten (10) years, or fifteen (15) years, depending on which amount of time you select and when you die. The guarantee period begins with your first benefit payment. For example, if you die after receiving 12 monthly payments, your beneficiary will receive the other 48 monthly payments if you elected a Five-Year Certain and Life option. The monthly benefit in a Ten-Year Certain and Life Option will be less than the monthly benefit in a Five-Year Certain and Life Option to account for the fact that payments are guaranteed to be made over a longer period of time.

(4) **Lump Sum Payment.** You may also elect to have your accrued vested pension benefits distributed in a single lump sum payment. The lump sum is the present value of your Single Life Annuity based on mortality and interest rate assumptions defined in the Plan.

(D) **Mandatory Lump Sum Distribution for Amounts of $1,000 or Less.** If, at the time your pension benefit becomes payable, the total present value of your accrued vested pension benefit (not merely the amount of your monthly benefit payment itself) is $1,000 or less, your benefit must be paid in a lump sum distribution.

(E) **IRA Rollover Distribution Option.** If you elect, or are required, to receive a lump sum distribution of all or part of your pension benefit, you may (but do not have to) elect to have the lump sum portion of your benefit directly “rolled over” by the Plan into an eligible retirement plan (e.g., an Individual Retirement Account (“IRA”), the Farm Credit Foundations Defined Contribution/401(k) Plan, or another employer’s qualified plan that accepts rollovers). This direct rollover option may not be available if you already are, or will turn, age 70½ in the year of the lump sum distribution. For more information on this rollover option, you may call John Hancock at 1-800-294-3575 or access John Hancock’s website at www.mylife.jhrps.com.

(F) **Issues to Consider in Selecting a Form of Payment.** There are a number of issues that you should bear in mind before you elect the form of payment of your pension benefit. Among the more important considerations are the following:

(1) **Death Before Benefits Commence.** If you die before your pension benefit payments commence, your benefit election will be disregarded. Survivor benefits will be payable, as summarized in Part VI of this SPP.

(2) **Adjustment for Optional Form of Payment.** If you receive your pension benefit in any form of annuity other than a Single Life Annuity, the amount of your monthly benefit will be reduced to reflect that the payments may be made over two lifetimes and/or for a guaranteed period of time.

(3) **Change in Form of Payment.** You may elect (and change) the form of payment of your pension benefit at any time before your benefit begins. Once you start receiving payments, however, your form of payment cannot be changed.
(4) **Death of Beneficiary for Joint and Survivor Form of Payment.** If the person you have named under a Joint and Survivor Annuity Option dies before you, (but after your monthly annuity has commenced), your annuity amount will remain at the reduced amount you elected. All payments will then cease upon your death. *Once your pension benefit has commenced, you cannot reassign the survivor’s share of the Joint and Survivor benefit to another joint annuitant.*

(5) **Designation of Beneficiary.** You may change the designation of your period certain Beneficiary (i.e., the individual or entity designated to receive a guaranteed number of payments following your death as part of the Certain and Life Options) at any time, before or after your pension benefit payments have commenced. However, for all other forms of payments, once the distribution of your pension benefit begins, you may not change your designated Beneficiary.

(6) **Divorce.** If you elect a Joint and Survivor Annuity Option and you become divorced after you retire and have commenced your pension benefit, you will continue to receive the reduced Joint and Survivor benefits for the remainder of your lifetime (subject to the provisions of any applicable Qualified Domestic Relations Order, see Part VIII) and, if your former Spouse survives you, he/she will receive the monthly survivor benefit.

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### 5.2 **Important Tax Considerations.**

You should be aware that the pension benefit you receive from the Plan is considered to be taxable income under federal law. If you receive a lump sum form of distribution from the Plan, unless you elect to have such payment paid directly to an Individual Retirement Account or to another eligible retirement plan, the payment will be subject to a 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.

You can change your tax withholding at any time. To do so, you must request the appropriate forms by calling John Hancock at 1-800-294-3575 or by accessing John Hancock’s website at [www.mylife.jhrps.com](http://www.mylife.jhrps.com). These forms must then be completed and returned to John Hancock so that your revised withholding instructions may be put into effect.

If you choose to 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.

Please also note that if your pension benefit is distributed to you in a lump sum and you have not attained age 59½ at the time of the distribution, federal tax laws may impose a 10% penalty on the amount of the payment you receive.

In light of the complexity and constantly changing nature of many federal and state tax laws, you may wish to consult with a qualified tax adviser before you begin receiving benefits under the Plan.
Part VI – Survivor Benefits

6.1 Death of a Married Active Participant. If you are married and you die while you are still employed by the Employer, a death benefit will be paid to your surviving Spouse and your surviving children (if any).

(A) Surviving Spouse. The annual death benefit paid to your surviving Spouse will be equal to 30% of your Compensation (see Section 4.2) for the year preceding the year of your death, minus any Social Security and workers’ compensation benefits that are paid to your Spouse upon your death. Unless your surviving Spouse elects a single lump sum distribution – which he/she may do by completing the proper paperwork provided by the Plan Administrator – this death benefit will be distributed in equal monthly payments, and such payments will continue until the occurrence of the earliest of the following:

1. The maximum total death benefit available to your surviving Spouse and surviving children has been reached (see Section 6.1(C) below);

2. Your surviving Spouse remarries prior to attaining age 60 (at which point he/she will receive six (6) additional monthly death benefit payments); or

3. Your surviving Spouse dies.

(B) Surviving Child(ren). The annual benefit paid to each of your surviving children who are under age 18 will be equal to 10% of your Compensation (see Section 4.2) for the year preceding the year of your death, minus any Social Security and workers’ compensation benefits that are paid to your surviving children upon your death. However, if you have more than two surviving children under age 18, the total annual death benefit paid to all of them will not exceed 20% of your Compensation for the year preceding the year of your death (minus the Social Security and workers’ compensation death benefits), and it will be divided evenly among the surviving children. The death benefit paid to each surviving child will be distributed in equal monthly payments, and such payments will continue until the occurrence of the earliest of the following:

1. The maximum total death benefit available to your surviving Spouse and surviving children has been reached (see Section 6.1(C) below); or

2. The surviving child dies or attains age 18, the death benefit previously payable to your surviving children will be divided evenly among the remaining surviving children who are under the age of eighteen (18).

For example, assume that, at the time of your death, you have 3 minor sons, ages 12, 14, and 16. Following your death, each of the children will receive an annual death benefit in the amount of 6⅔% of your previous year’s Compensation, which will be distributed in equal monthly payments. However, once your oldest son turns 18, his death benefit under the Plan will cease. At that point, the two remaining sons will see their death benefits increase to 10% of your applicable year’s Compensation, paid in equal monthly payments.
6.2 **Death of Married Terminated Vested Participant.** If you are married and you have terminated employment with your Employer after accruing a vested pension benefit under the Plan, you may (but do not have to) elect for the Plan to provide your surviving Spouse a death benefit in the event that you die before commencing your pension benefit. The amount and timing of such a death benefit is set forth in Subsections (A) and (B) below. Please bear in mind that, as described in Subsection (C), if you do elect for your surviving Spouse to receive a death benefit, your own pension benefit under the Plan will be reduced while that election is in place.

(A) **Amount of Death Benefit if You Die Before Age 55.** If you elect a surviving Spouse death benefit and you die prior to age 55, your surviving Spouse will receive a monthly death benefit equal to 2/3 of the benefit that you would have received if you had lived until age 55 and commenced your pension benefit at age 55 in the form of a single life annuity. The death benefit paid to your surviving Spouse will also be adjusted downward as set forth in Subsection (C) below. The death benefit payable to your surviving Spouse will commence on the first day of the month coincident with or next following the date that you would have attained age 55, and will continue for the remainder of your surviving Spouse’s life.

(B) **Amount of Death Benefit if You Die After Attaining Age 55.** If you elect a surviving Spouse death benefit and you die after attaining age 55 but prior to commencing your pension benefit, your surviving Spouse will receive a monthly death benefit equal to 2/3 of the benefit that you would have received had you commenced your pension benefit on the date of your death in the form of a single life annuity. The death benefit paid to your surviving Spouse will also be adjusted downward as set forth in Subsection (C) below. The death benefit payable to your surviving Spouse will commence on the first day of the month following the date of your death, and will continue for the remainder of your surviving Spouse’s life.

(C) **Reduction in Benefits.** If you terminate employment with your Employer after accruing a vested pension benefit under the Plan and, before commencing your pension benefit, you elect a surviving Spouse death benefit, the amount of your pension benefit will be reduced for each year that the surviving Spouse death benefit coverage was in effect. Specifically, your pension benefit will be reduced as follows:

- 0.1% for each year of coverage under age 45;
- 0.2% for each year of coverage between ages 45 and 55; and
- 0.5% for each year of coverage after attaining age 55.
For example, if the surviving Spouse death benefit coverage was in effect from age 53 to 65, your pension benefit will be reduced by 5.4% [(0.2% x 2 years) + (0.5% x 10 years)].

At any time after you elect surviving Spouse death benefit coverage, you may elect to waive the coverage in order to avoid any further reduction of your pension benefit following the waiver. However, to do so, you will be required to obtain your Spouse’s written consent.

6.3 Death of Unmarried Participant. If you are not married and you die while you are still employed by the Employer, the Plan will pay a death benefit to your surviving children under the age of 18. The amount and terms of the death benefit to your surviving children, including the minimum and maximum death benefit, are identical to that which is summarized in Section 6.1(B) above.

If you are not still employed by the Employer at the time of your death, and you have not yet commenced your pension benefit at the time of your death, your surviving children are not entitled to any type of death benefit under the Plan.

6.4 Death of Participant While Performing Qualified Military Service. If you die while performing qualified military service, and at the time of your death, you either (a) were still actively employed by the Employer or (b) had terminated employment with the Employer because you had been called up to military service, a death benefit will be paid to your surviving Spouse and/or your surviving children. If you were married at the time of your death, the death benefit payable to your surviving Spouse and/or surviving children is as summarized in Section 6.1 above. If you were not married at the time of your death, the death benefit payable to your surviving children is as summarized in Section 6.3 above.

6.5 IRA Rollover Distribution Option. If your surviving Spouse elects to receive his/her death benefit in a lump sum distribution, he/she may elect to have the distribution directly “rolled over” by the Plan into an eligible retirement plan (e.g., an Individual Retirement Account, the Farm Credit Foundations Defined Contribution / 401(k) Plan, or another employer’s plan that accepts rollovers). This direct rollover option may not be available if your surviving Spouse already is, or will turn, age 70½ in the year of the lump sum distribution. More information on this rollover option is available by calling John Hancock at - 800-294-3575 or by accessing John Hancock’s website at www.mylife.jhrps.com.

Part VII – Procedures for Applying for Your Pension Benefit

7.1 Application for Benefit. If you are entitled to a pension benefit under the Plan at the time you terminate your employment, you must complete an election form and submit it to John Hancock before your benefits can begin. If you are retiring, you generally should contact John Hancock within ninety (90) days prior to your Retirement date in order to request a Retirement application. After receiving your completed application, John Hancock will obtain your final payroll information from Farm Credit Foundations as provided by your Employer. John Hancock will then mail a benefit election package to your address of record. This election package will offer you a choice of payment methods for your pension benefit, the option to have your benefit directly deposited into your bank or other financial institution, and the ability to have federal and/or state income taxes withheld from your benefit payments.
In the event that you did not commence your pension benefit immediately after terminating employment but later decide to do so, you may initiate the process of commencing your benefits by calling John Hancock at 1-800-294-3575 or by accessing John Hancock’s website at www.mylife.jhrps.com.

7.2 **Valid Address.** It is important that you keep your address and other contact information completely up to date at all times with John Hancock. If you do not keep your current address on file, the Plan may have difficulty locating you and your benefit payments may be delayed.

**Part VIII – Assignment of Pension Benefit / Qualified Domestic Relations Orders**

8.1 **Limited Assignment of Benefit.** Your pension benefit belongs to you and may not be sold, assigned, transferred, pledged, or garnished except pursuant to a Qualified Domestic Relations Order (“QDRO”), as summarized in Section 8.2 below.

8.2 **Qualified Domestic Relations Order Procedure.** If you and your Spouse become divorced or legally separated, a court may enter a “domestic relations order” requiring the payment of all or part of your pension benefit under the Plan to your Spouse, former Spouse, child(ren), or other dependent(s). If the “domestic relations order” meets certain requirements under the Internal Revenue Code and satisfies the Plan’s rules regarding the time and form of pension benefit payments, the order will be considered a “Qualified Domestic Relations Order” (“QDRO”). Only after the QDRO determination has been made will the Plan be required to give effect to the order.

The Plan Administrator has delegated to John Hancock the responsibility for determining whether a domestic relations order is a QDRO. If you are involved in a divorce or action for a legal separation and it appears that a “domestic relations order” might be entered, you or your attorney should contact John Hancock before the order is submitted to a judge for signature. John Hancock can provide information about the Plan’s QDRO procedures and model language for your attorney to use. This will help avoid situations in which the order has to be revised after it has already been approved by a court in order to satisfy the requirements for QDROs that are set forth in the Code. John Hancock can also provide information about the fee that will be charged for reviewing a “domestic relations order,” including when the fee will be charged and the amount of the fee. You may reach a John Hancock representative by calling 1-800-294-3575 or by accessing John Hancock’s website at www.mylife.jhrps.com.

The Plan Administrator may deduct the cost of reviewing and approving a QDRO from your account.

**Part IX – Claims Procedures**

9.1 **Claims Procedures.** The claims procedures for the Plan are contained in Appendix A, which is attached hereto.
Part X – Plan Amendments / Termination

10.1 Amendment of Plan. The Plan may be amended at any time by the Employer or, depending on the nature of the amendment, by the Farm Credit Foundations Plan Sponsor Committee. An amendment may not reduce your vested Accrued Benefit except to the extent required or permitted by law.

10.2 Termination of Plan. The Plan is intended to remain in existence for the foreseeable future. However, the Employer has the right to terminate the Plan at any time. If the Plan is ever terminated, or if there is a partial termination that affects you, any benefit that you have accrued will become 100% vested as of the termination date. Your pension benefit in such an eventuality will be based on your Service and High-Five Average Salary only to the date of the termination of the Plan.

In the event of a complete termination of the Plan, the benefit that you have earned will be paid from the assets of the Plan.

10.3 Merger of Plan. If the Plan is merged with another plan, or if assets from the Plan are transferred to another plan, the benefits that you have already accrued will be protected. Your benefit under the new (merged) plan will be just as great as the amount to which you would have been entitled if the Plan had been terminated immediately prior to the merger.
APPENDIX A

NORTHWEST FARM CREDIT SERVICES RETIREMENT PLAN

PROCEDURE GOVERNING PLAN ADMINISTRATOR’S REVIEW OF CLAIMS FOR ELIGIBILITY AND/OR BENEFITS UNDER THE NORTHWEST FARM CREDIT SERVICES RETIREMENT PLAN

BACKGROUND

- The Farm Credit Foundations Trust Committee (the “Trust Committee”) serves as the Plan Administrator of the Northwest Farm Credit Services Retirement Plan (the “Plan”).

- The Plan Administrator has full discretionary authority to administer the Plan. Among other things, this authority includes the power to:

  o Determine the eligibility of Employees to participate in the Plan;

  o Resolve any factual questions that might arise in the course of administering the Plan;

  o Adopt any procedures and regulations necessary for the proper and efficient administration of the Plan;

  o Construe and enforce the terms of the Plan; and

  o Adjudicate claims for benefits under the Plan.

PURPOSE OF THIS PROCEDURE

- The purpose of this Procedure is to provide a framework for the handling of claims for eligibility and/or benefits under the Plan, and appeals from the denial of such claims.

- In adopting this Procedure, the Trust Committee has attempted to balance the desire for prompt resolution of eligibility and/or benefit claim requests (and the appeals from the denials thereof) with the need for sufficient time to render thorough and thoughtful claim determinations.

GENERAL FRAMEWORK FOR THE HANDLING OF CLAIMS FOR BENEFITS

- **Eligibility Issues.** In most circumstances where an Employee is or may be eligible to participate in the Plan, such individual will be notified of his/her eligibility to participate. If, for some reason, such notification does not occur and the Employee believes he/she is eligible to participate in the Plan, the Employee should immediately contact his/her Employer. If, following such a request, the Employee is advised that he/she is not eligible to participate in the Plan, the Employee may challenge that decision by filing a claim pursuant to the Procedure set forth below.
Benefits Issues. In most circumstances where a Participant or Beneficiary is, or may be, entitled to commence distribution of benefits under the Plan, he/she will be notified of his/her right to benefits and will be provided with a pension letter detailing benefit options available to him/her and instructions for requesting commencement of benefits. If, following such notification, the Participant or Beneficiary disputes the amount of benefits to be paid, the timing of such payments, or the conditions under which such benefits will be paid, he/she may file a claim pursuant to the Procedure set forth below.

- In limited circumstances (e.g., death or Disability), the Plan may be unaware that a Participant has experienced a distribution event. In those situations, the Participant (or his/her Beneficiary) should promptly notify the Plan of the applicable distribution event, at which time he/she will be provided with relevant distribution information. If, following this notification, the Participant (or his/her Beneficiary) disputes the amount of benefits to be paid, the timing of such payments, or the conditions under which such benefits will be paid, he/she may file a claim pursuant to the Procedure set forth below.

Responsibility for the initial handling of all claims for eligibility and/or benefits under the Plan, and the initial appeal from the denial of any such claims, is delegated to a “Claims Reviewer.” The Trust Committee then adjudicates any appeals from the Claims Reviewer’s denial of a claim for benefits.

For purposes of this Procedure, the Trust Committee has appointed Farm Credit Foundations to serve as “Claims Reviewer.”

PROCEDURE

1. Form of Claims. Claims under the Plan must be made in writing and must include, at a minimum, the following information:
   a. The nature of the claim (e.g., dispute over amount of pension benefit, individual’s alleged entitlement to benefit, etc.);
   b. The name of the Plan (i.e., the Northwest Farm Credit Services Retirement Plan);
   c. The name of the individual(s) claiming benefits and the relationship of such individual(s) to the Participant (or former Participant); and
   d. An explanation of why such individual(s) believes he/she is eligible for benefits under the Plan.

Note 1: A claim for benefits will be considered to have been submitted under this Procedure only if it is in writing and contains all the information set forth in this Paragraph 1. Casual inquiries regarding eligibility and/or benefits will not be considered a “claim” under this Procedure.
Note 2: Claims may be submitted via mail/express delivery or electronically to the relevant street/e-mail address below. If the claim is submitted via e-mail, the claimant should include in the subject line a statement describing the nature of the claim (e.g., “Claim for Benefits under the Northwest Farm Credit Services Retirement Plan”):

Northwest Farm Credit Services Retirement Plan Claims Reviewer
c/o Farm Credit Foundations
Attn: Vice-President, Employee Benefits
30 East 7th Street, Suite 3000
St. Paul, MN 55101

OR

Benefits@farmcreditfoundations.com

2. Initial Decision by Claims Reviewer. The Claims Reviewer shall issue its decision on any claim that is submitted in accordance with Paragraph 1 above within ninety (90) days after receipt of the claim. If the Claims Reviewer, in its sole discretion, determines that the claim information is incomplete, the Claims Reviewer may request any additional information necessary to finalize the claim. The 90-day time limit shall be tolled – i.e., will temporarily stop running – during the pendency of any information request. If the claim is denied in whole or in part, the Claims Reviewer shall issue its decision in writing, and include specific reasons for the decision and specific references to the Plan provisions on which the decision is based.

3. Appeal from Initial Decision by Claims Reviewer. A claimant whose claim has been denied in whole or in part by the Claims Reviewer may (but is not required to) appeal (i.e., request reconsideration of) that decision to the Claims Reviewer. Any such appeal must be submitted by the claimant (or his/her duly authorized representative) to the Claims Reviewer at the address referenced in Paragraph 1, in writing, no more than sixty (60) days from the date of the initial denial. In pursuing his/her claim, the claimant shall be entitled to review pertinent documents and submit any issues and/or comments in writing.

4. Decision on Review by the Claims Reviewer. A decision shall be made by the Claims Reviewer, in writing, no more than ninety (90) days after receipt of the request for review (i.e., the initial appeal of the denied claim in accordance with Paragraph 3 above). If the Claims Reviewer, in its sole discretion, determines that the claim information is incomplete, the Claims Reviewer may request any additional information necessary to finalize the claim. The 90-day time limit shall be tolled during the pendency of any information request. If the claim is denied in whole or in part, the Claims Reviewer shall issue its decision in writing, and include specific reasons for the decision and specific references to the Plan provisions on which the decision is based.

5. Appeal of Claims Reviewer’s Decision to Trust Committee. Following the initial denial of any claim under the Plan by the Claims Reviewer, or if the claimant has appealed the initial denial of the claim to the Claims Reviewer pursuant to Paragraph 3 above, following an unsuccessful appeal to the Claims Reviewer on a denied claim, a claimant (or his/her duly authorized representative) may appeal to the Trust Committee.
Committee for a full review of the denied claim. The claimant (or his/her duly authorized representative) must submit to the Trust Committee, in writing, any and all information necessary to evaluate the claim – including references to the specific terms of the Plan and any applicable provisions of the Internal Revenue Code or Treasury Regulations – relating to the denial of the claim. Such submission must be made within sixty (60) days of the denial of the appeal by the Claims Reviewer. If the claim information is incomplete, the Trust Committee may request any additional information that it deems necessary to finalize the claim. In pursuing this stage of the appeal, the claimant is entitled to review pertinent documents and submit any issues and/or comments in writing.

Appeals to the Trust Committee should be sent via U.S. mail or express delivery. No e-mails. The following address should be used:

Farm Credit Foundations Trust Committee  
c/o Farm Credit Foundations  
Attn: Vice-President, Employee Benefits  
30 East 7th Street, Suite 3000  
St. Paul, MN 55101

6. Decision on Review by the Trust Committee. The Trust Committee shall issue its decision on any denied claim appeal within 180 days after receipt of the request for review. If the Trust Committee, in its sole discretion, determines that the claim information is incomplete, the Trust Committee may request any additional information necessary to finalize the claim. The 180-day time limit shall be tolled during the pendency of any information request. If the claim is denied in whole or in part, the Trust Committee shall issue its decision in writing, and include specific reasons for the decision and specific references to the Plan provisions on which the decision is based.

7. Litigation of Claim. Prior to initiating legal action concerning a claim in any court – state or federal – against the Plan, any trust used in conjunction with the Plan, the Employer, and/or the Plan Administrator, a claimant must first exhaust the administrative remedies set forth in this Procedure. Failure to exhaust the administrative remedies set forth in this Procedure shall serve as a bar to any civil action concerning a claim under the Plan. If the Trust Committee, acting pursuant to the claims Procedure set forth herein, makes a final written determination denying a claim, the claimant, to preserve the claim, must file an action with respect to the denied claim no more than 180 days following the date of the Trust Committee’s final determination.