

PRESENTED AND ADOPTED:

SUBJECT: Various Clarifying and Additional Amendments to the WMATA Retirement Plan

**PROPOSED
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, It has come to the attention of staff that there are certain ambiguities in the language of the WMATA Retirement Plan ("Plan") that should be clarified to ensure proper treatment of Plan Participants; and

WHEREAS, Certain definitions of terms should be added to the Plan to either clarify existing terms or provide appropriate authority to implement Authority agreements; and

WHEREAS, Plan §10.01 requires all Plan amendments to be by written resolution; now, therefore, be it

RESOLVED, That the WMATA Retirement Plan is amended as shown in Exhibit A to clarify and update the terms of the WMATA Retirement Plan; and be it further

RESOLVED, That the Table of Contents to the Plan is hereby updated to conform to the changes made by this Resolution; and be it finally

RESOLVED, That this Resolution is effective immediately.

Approved as to form and legal sufficiency.



Carol B. O'Keeffe
General Counsel

TEXT OF AMENDMENTS TO THE WMATA RETIREMENT PLAN:

Section 2.01:

2.01 Eligibility. Each Full Time Employee who, prior to January 1, 1999, was not a Participant in any other pension plan to which the Authority contributes will participate in this Plan. ~~As of the effective date of the WMATA/Local 2 Retirement Plan, all Full Time Employees represented by Local 2 shall cease to participate in this Plan and shall be transferred to the WMATA/Local 2 Retirement Plan. No employee represented by Local 2 shall hereafter~~Except as otherwise expressly provided herein, no Employee who commenced employment with the Authority on or after January 1, 1999, and no Person who is re-employed by the Authority on or after January 1, 1999, shall be eligible to participate in this Plan. ~~Additionally, persons~~

Persons reemployed by the Authority on or after January 1, 1999 will participate in this Plan if:

- (a) their previous Authority employment either (i) caused them to be entitled to a Deferred Vested Retirement Pension under this Plan or (ii) if not entitled to a Deferred Vested Retirement Pension, their period of separation from the Authority was less than the amount of Credited Service they had accrued under this Plan in their previous period of employment with the Authority,

AND

- (b) they are reemployed in a position which, but for the date of reemployment, would have made them Participants in this Plan.

Employees covered by a collective bargaining agreement with Local 246639 (Special Police) will participate in this Plan even if first hired by the Authority after January 1, 1999.

No person transferring from another pension plan to which the Authority contributes on or after January 1, 1999 will participate in this Plan unless that person had at least one year of Credited Service in this Plan at the time of the transfer.

Persons first hired by the Authority other than as a Special Police Officer or first transferring from a long term temporary classification into a position covered by this Plan (other than as a Special Police Officer) between January 1, 1998 and January 1, 1999 had a one-time irrevocable option to elect coverage under this Plan or under the new WMATA Defined Contribution Retirement Plan. This option had to have been elected in writing no later than March 31, 1999. ~~Such~~Any such election ~~will be~~was filed with the Authority's Director of Human Resources Management & Planning with a copy to the Plan's Secretary. ~~Should~~If no option ~~be~~was filed by the deadline, that employee ~~will be~~is considered a member of this Plan.

Leased Employees will not be eligible to participate in this Plan.

Section 4.02:

4.02 Amount. The amount of an annual Early Retirement Pension, payable in monthly installments for the lifetime of the Participant, will be:

(a) The amount of the Normal Retirement Pension calculated under section 3.02 to which the Participant would be entitled based on his Credited Service to his Normal Retirement Date and his Final Average Earnings determined at his Actual Retirement Date,

multiplied by

(b) The ratio of the Participant's Credited Service earned to his Actual Retirement Date and his Credited Service that would have accumulated to his Normal Retirement Date,

such amount to be reduced by 0.166667% for each month that the Participant's Actual Retirement Date precedes his Full Retirement Date.

~~For purposes of this Article IV, the Full Retirement Date for a Participant who ends his or her employment with the Authority on or after the end of the month preceding the Participant's Early Retirement Date and whose age plus years of Credited Service will not reach 83 as computed below at any time before reaching age 65, even if he or she remained employed with the Authority, is the Participant's Normal Retirement Date. For a Participant who ends his or her employment~~

~~with the Authority on or after the end of the month preceding the Participant's Early Retirement Date and who, if he or she remained employed with the Authority would reach 83 points as computed below at some time before reaching age 65, the Participant's Full Retirement Date is the first day of the month following or coinciding with the first date where the sum of the Participant's age (measured in years and complete months) and his Credited Service equals or exceeds eighty-three (83).~~

In no event will the benefit amount determined in this manner be less than the benefit amount that would have been determined under the Plan as it was in effect ~~before this Restatement on~~ May 15, 2002, using the amount of the Participant's five (5) year average monthly compensation as it would have been determined on the date of retirement.

Article XIII:

ARTICLE XIII

Definitions

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

13.01 "Actual Retirement Date" means the date the Participant actually retires and becomes eligible to start receiving benefits under the Plan by reason of such retirement.

13.02 "Actuarial Equivalent" ~~will mean~~ means a benefit of equal value when computed in accordance with a blended rate of the UP84 Mortality Table and the UP84 Mortality Table set back five years. The exact percentages will be based on the assumption that the Plan is composed of 50% male participants and 50% female participants. The UP84 Mortality Table will be applied for male participants and the same table set back 5 years will be applied for female participants. The Plan will utilize an 8.5% interest assumption and will take into consideration the difference in life expectancy when the benefit commences at a time other than the normal benefit commencement date, and the value of additional guarantees provided under an option being utilized.

13.03 "Age" ~~will mean~~means attained age, not age at nearest birthday. For purposes of determining a Participant's entitlement to an Early Retirement Pension or Normal Retirement Pension (but not for any other purposes), "age" will also include any Bonus Credited Age that has been awarded to the Participant.

13.04 "Agreement" ~~will mean~~means the 1973 restated trust document continuing the Trust previously established for the accumulation and investment of the funds required to provide the benefits under the Plan as it may be amended from time to time.

13.05 "Authority" ~~will mean~~means the Washington Metropolitan Area Transit Authority, a body corporate and politic with its principal office in the District of Columbia, or any predecessor or any successor thereto.

13.06 "Board of Directors" ~~will mean~~means the Board of Directors of the Authority.

13.07 "Bonus Credited Service" ~~will mean~~means that time in years (and fractional years measured in completed months) which, by vote of the Board of Directors of the Authority, will be added to the Credited Service of a Participant otherwise accrued under the terms of the Plan. Any such award of Bonus Credited Service will be signed by the Chairman of the Board of Directors and transmitted to the Plan Secretary for inclusion in the Participant's file.

~~13.08 Reserved for future use.~~

13.08 "Bonus Credited Age" means that time in years and/or completed months which, by vote of the Board of Directors of the Authority, will be added to the attained age of a Participant for purposes of determining the Participant's Normal Retirement Age or the Participant's entitlement to benefits under the Plan (including, without limitation, an Early Retirement Pension). Any such award of Bonus Credited Age will be signed by the Chairman of the Board of Directors and transmitted to the Plan Secretary for inclusion in the Participant's file.

13.09 "Compensation" ~~will mean~~means the total basic compensation (excluding any overtime payments, special shift payments, bonuses, or other allowances but including employer paid deferred compensation which is contributed to the WMATA Deferred Compensation Plan & Trust) received by a Participant from the

Authority during any calendar month. For all Participants accruing Continuous Service on or after December 12, 1994, "Compensation" shall also include the total basic compensation described above that would have been paid by the Authority to the Participant but for the Participant's being on military leave. The immediately preceding sentence shall apply only if the Participant's military service meets the requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994 or any successor statute; and if the Participant returns to employment within three (3) months of his release from military service, or such longer period during which his employment rights are protected by law. If an Employee is an Employee who is on a leave of absence while either holding office or performing duties for Local 639 International Brotherhood of Teamsters, then the total basic compensation (excluding any overtime payments, special shift payments, bonuses, or other allowances) received from Local 639 International Brotherhood of Teamsters received during any calendar month shall, for purposes of this Plan, be treated as compensation received from the Authority. After January 1, 1993 and before January 1, 2002, under no circumstances will compensation as defined in this section include more than \$150,000 in any twelve consecutive month period. The \$150,000 amount will be adjusted for increases in the cost of living in \$10,000 increments as determined under Internal Revenue Code § 401 (a)(17)(B) or any successor statute. After December 31, 2001, compensation will not exceed \$200,000 in any twelve consecutive month period subject to being adjusted for increases in the cost of living in \$5,000 increments as determined under Internal Revenue Code § 401 (a)(17)(B) or any successor statute. For any portion of a twelve month period beginning before January 1, 2002, compensation will not exceed the amount allowed by law for the year encompassing the first month of that twelve month period.

Notwithstanding the foregoing, Compensation shall include any amount which would otherwise be deemed Compensation under the above definition but for the fact that it is deferred pursuant to a salary reduction agreement under a plan described in Internal Revenue Code § 457, 414(h), or 125.

13.10 "Continuous Service" ~~will be~~ is defined as the uninterrupted period of service commencing with the Participant's most recent date of employment. The period of employment will not be deemed to be interrupted by absence for military service, sick leave, maternity leave, vacation leave, approved Workers' Compensation, Local 2 leave, or a leave of absence while holding

office in or performing duties for Local 639. Additionally, unpaid Family & Medical Leave Act leave will receive Continuous Service for all time not exceeding ninety (90) days. Other special leave approved in writing by the Authority does not interrupt Continuous Service if it does not exceed ninety (90) days for Participants on approved special leave for all other reasons besides workers' compensation. Participants already on an approved special leave as of July 1, 1997 may continue to accrue Continuous Service while on that special leave for the lesser of: (1) the duration of the unextended special leave or (2) twelve (12) months. Absence for military service will come within the meaning of the above provision only if the Participant's military service meets the requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994 or any successor statute; and if the Participant returns to employment within three (3) months of his release from military service, or such longer period during which his employment rights are protected by law. For an Employee retiring on or after June 1, 1974 or at or after his Full Retirement Date, if earlier, all unused accrued whole months of sick leave as of the date of retirement will be included in computing total years of Continuous Service for all purposes under this Plan, including the calculation of "Projected Credited Service". This crediting will be allowed only after an Employee has attained either normal retirement eligibility or full retirement eligibility. For Participants accruing credited service after June 30, 1997, sick leave as computed above will be added to the Continuous Service of that Participant after the Participant has attained either normal retirement eligibility, early retirement eligibility, or full retirement eligibility.

13.11 "Credited Service" ~~will be~~ is defined in terms of years (and fractional years measured in completed months) of Continuous Service of the Participant accumulated prior to his Normal Retirement Date (or after Normal Retirement Date for purposes of an Article V Postponed Retirement Pension), to the extent that the Participant received Compensation from the Authority with respect to such Continuous Service. Credited Service will also include any Bonus Credited Service that has been awarded to the Participant.

13.12 "Disabled" ~~will mean~~ means being totally and permanently unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment. In no event will a Participant be determined to be totally and permanently disabled if his disability does not qualify the Participant to receive disability benefits under the Social Security Act.

13.13 "Early Retirement Date" ~~will mean~~means the first day of the month coinciding with or next following (1) the fifty-fifth (55th) birthday of the Participant, or (2) the completion of ten (10) years of Credited Service, whichever occurs later.

13.14 "Early Retirement Pension" means an early retirement benefit payable in accordance with Article IV hereof.

~~13.15~~ 13.14 "Employee" ~~will mean~~means any person who, on or after the effective date of this Plan is employed by the Authority as a non-represented employee or an employee represented by Local 639 of the International Brotherhood of Teamsters, except that the term "Employee" will not include a seasonal, part-time or casual worker whose customary employment is for less than thirty (30) hours in any week or for less than five (5) months in any calendar year. The term "Employee" ~~will~~does not include any person who is classified by the Authority as working or providing services in a capacity other than as an employee of the Authority (including, without limitation, a person classified as an independent contractor or any person performing services for the Authority under a contract between the Authority and a leasing or other third party organization), notwithstanding the later reclassification by a court or any governmental agency of the person as a common law employee of the Authority. The term "Full Time Employee" will mean a regular employee whose normal work schedule for each biweekly pay period is at least 60 hours. The terms "Employee" and "Full Time Employee" will include a person who transfers from a full-time permanent position with the Authority to a full-time temporary position ~~covered by Local 2 after March 1, 1987 or to a full-time temporary position not covered by any collective bargaining agreement after August 1, 2000.~~ The definition of "Full Time Employee" used above will be effective for all Employees working for the Authority on or after August 1, 1989. The terms "Employee" and "Full Time Employee" also shall include an employee of the Authority who is on a leave of absence while either holding office in or performing full time duties for Local 639 of the International Brotherhood of Teamsters.

~~13.16~~ 13.15 "Final Average Earnings" ~~will mean~~means the annualized arithmetic average of the Participant's Compensation paid to him during any thirty-six (36) consecutive months ~~prior to which precede~~ the Participant's Normal Retirement Date which will retirement, death or other termination of employment and which produce the highest annual average for the purposes of the benefit being calculated under the Plan.

~~13.17~~ ~~13.16~~ “Fiscal Year” will ~~mean~~ means the fiscal year of the Trust which will be twelve (12) months ended June 30.

~~13.18~~ ~~13.17~~ “Full Retirement Date” means the date on or after the Participant's Early Retirement Date on which the Participant's age (measured in years and complete months) and his Credited Service equals eighty-three (83). The Full Retirement Date for a Participant who ends his or her employment with the Authority on or after the end of the month preceding the Participant's Early Retirement Date and whose age plus years of Credited Service will not reach 83 at any time before reaching age 65, even if he or she remained employed with the Authority, is the Participant's Normal Retirement Date. For a Participant who ends his or her employment with the Authority on or after the end of the month preceding the Participant's Early Retirement Date and whose age plus years of Credited Service, if he or she remained employed with the Authority, would total 83 at some time before reaching age 65, the Participant's Full Retirement Date is the first day of the month following or coinciding with the first date where the sum of the Participant's age (measured in years and complete months) and the Participant's Credited Service equals or exceeds eighty-three (83).

~~13.19~~ “Leased Employee” will ~~mean~~ means any individual who is considered to be a leased employee of the Authority under Internal Revenue Code § 414(n) or any amended or successor statute.

~~13.20~~ ~~13.18~~ “Normal Retirement Date” will ~~mean~~ means the first day of the month coincident with or next following the sixty-fifth (65) birthday of the Participant.

~~13.21~~ “Normal Retirement Pension” means a normal retirement benefit payable in accordance with Article III hereof.

~~13.22~~ ~~13.19~~ “Participant” will ~~mean~~ means any Employee in the employ of the Authority who is eligible to participate in the Plan.

~~13.23~~ ~~13.20~~ “Plan” will ~~mean~~ means “THE WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY RETIREMENT PLAN” as set forth herein, or in any amendments hereto.

~~13.24~~ ~~13.21~~ “Projected Credited Service” will ~~mean~~ means the amount of Credited Service which would accrue to a Participant if he were to work until age 65. In addition, Projected Credited Service will

include all whole months of sick leave or Bonus Credited Service that are included in Credited Service.

13.25 ~~13.22~~—“Social Security Breakpoint” will ~~mean~~means the estimated annual amount which would be expected to be used by the Social Security Administration in determining the Participant's Social Security benefit on the date the Participant attains age sixty-five (65) determined to the nearest \$600, on the basis of the Participant having received compensation at least equal to the Taxable Wage Base applicable to each calendar year which would be included by the Social Security Administration in making that calculation, and in accordance with the Social Security Act in effect at the time the Participant's benefit is determined, as such Act may be known from time to time in the future. Alternatively, instead of the above method to determine the Social Security Breakpoint, the Social Security Breakpoint shall consist of the Special Social Security Breakpoint whenever, by vote of the Board of Directors of the Authority, the Chairman signs and transmits formal notice of the award of a Special Social Security Breakpoint for any Participant to the Plan Secretary. Such notice shall be maintained in the affected Participant's file.

13.26 ~~13.23~~—“Special Social Security Breakpoint” will ~~mean~~means a Social Security Breakpoint in an amount established by the Board of Directors of the Authority.

13.27 ~~13.24~~—“Spouse” will ~~mean~~means the person legally married to the Participant.

13.28 ~~13.25~~—“Taxable Wage Base” will ~~mean~~means the maximum amount of wages received during the calendar year on which Social Security taxes are payable by the Employee and by the Authority, as such amount is defined in Section 3121(a) of the Internal Revenue Code of ~~1954, 1986~~, or as that section may be amended or superseded from time to time in the future.

13.29 ~~13.26~~—“Trustee” will ~~mean~~means the Board of Trustees designated in accordance with the terms of the Agreement.

* Deletions shown as delete. New language is underlined.