403(b) PLAN
SUMMARY PLAN DESCRIPTION

This is a summary plan description (SPD) to assist you in understanding the Saint Francis High School 403(b) Plan. Its intent is to give you a description of the program, how you can participate, and to what extent the school will make Employer Contributions to your plan. The Administration of Saint Francis has established this document with the objective to describe the program's features in a descriptive manner to assist you in the planning of your retirement.

This plan is a non-ERISA plan meaning that since we are a church group, the school is not required to establish a Plan Document nor be subject to the rules and provisions governing such plans. The SPD is an important document. Should you have any questions about how the plan works or how it affects you personally, please do not hesitate in meeting with the Plan Administrator to discuss questions or concerns.

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SUMMARY PLAN DESCRIPTION

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INTRODUCTION

We have established the SAINT FRANCIS HIGH SCHOOL 403(b) PLAN to provide you, our employees, with the opportunity to save for retirement on a tax-favored basis. This Summary Plan Description (SPD) contains information regarding your retirement benefits, when you become eligible to participate, the events that allow you to receive a distribution of your benefits, and many other features of the Plan. Please read this SPD to get a better understanding of your rights and obligations.

This SPD is written in a straight-forward manner using a question and answer format. We have attempted to answer many of the questions you may have regarding your benefits under the Plan. However, we understand that your retirement benefits are important to you and you may have additional questions. If so, please contact the Plan Administrator or other Plan representatives. The name and address of the Plan Administrators can be found in Appendix A at the back of this SPD.

This plan is a non-ERISA plan meaning that since we are a church group, the school is not required to establish a Plan Document nor be subject to ERISA rules and provisions governing such plans. The SPD is an important document. Should **you have any questions about** how the plan works or how it affects you personally, please do not hesitate in meeting with the Plan Administrator to discuss questions or concerns.

This SPD describes the current provisions of the Plan and is designed to comply with applicable legal requirements. The provisions of the Plan are subject to revision due to a change in laws or due to pronouncements by the Internal Revenue Service (IRS) or Department of Labor (DOL). We also may change the Plan provisions for other reasons. If the provisions under the Plan change, we will notify you.

PLAN ELIGIBILITY AND PARTICIPATION

Q&A-1 Am I eligible to participate in the Plan?

As an employee, you are eligible to participate in the Plan. The following briefly discusses the types of contributions authorized under the Plan and the conditions you must satisfy in order to share in such contributions.

Salary deferrals. You may elect to have your compensation reduced by a specific percentage or dollar amount, and have that amount contributed to the Plan as a salary deferral. (See Q&A-4 for a more detailed description of salary deferrals.)

- **No minimum age and service conditions for making salary deferrals.** You do not have to satisfy any minimum age or service conditions to be eligible to make salary deferrals under the Plan.
- **Excluded Employees for purposes of making Salary deferrals.** There are no Excluded Employees under the Plan for purposes of making salary deferrals.

Employer Contributions. Unless you are an Excluded Employee, you also will be entitled to an Employer Contribution based on the agreed to contract for the current school year. In order to receive an Employer Contribution the Employee must commit to contributing at least two percent [2%] of their agreed-to contract for the school year. (See Q&A-4 for a more detailed description of the Employer Contributions under the Plan.)

- **Excluded Employees for Employer Contributions.** There are Excluded Employees under the Plan for purposes of determining eligibility for an Employer Contribution:

  Faculty Employees who teach less than 4 classes per semester.

Staff Employees who work less than 30 hours a week per academic or school year.

Q&A-2 When may I begin participating under the Plan?

You may begin participating under the Plan on the Entry Date described under this Q&A-2.

Salary deferrals. For purposes of determining your eligibility to make salary deferrals under the Plan, your Entry Date is the date you start working at Saint Francis High School. Thus, you may begin making salary deferrals immediately as of your date of employment, provided you have completed a salary reduction agreement and other documentation that is required to set up your account with the respective 403(b) carriers.

Employer Contributions. You are eligible to receive Employer Contributions unless you are an Excluded Employee. Contributions will be made monthly to your individual plan with the carriers. However, to receive an Employer Contribution, you must make salary deferral contributions to the Plan of at least 2% of the agreed to contract for the school year.

For this purpose, the Entry Dates under the Plan is the date of hire.

The Plan Administrator may request that you complete certain paperwork related to your Plan participation. In addition, special rules may apply if you terminate employment and are then rehired. (See Q&A-3.) If you have questions about the timing of your Plan participation, please contact the Plan Administrator.

Q&A-3 What employment service counts for purposes of Plan eligibility?

Service does not affect eligibility but does affect how much of an Employer Contribution is to be credited to an individual. [See Q&A-4]

Rehired Employees. If you terminate employment and are later rehired, the service you earned with us prior to your termination of employment continues to count towards the rate at which the Employer Contribution will be provided.

PLAN CONTRIBUTIONS AND VESTING

Q&A-4 What contributions may I receive as a participant under the Plan?

This Plan is a special type of qualified retirement plan commonly referred to as a 403(b) Plan. The following is a description of the types of contributions that are available under this Plan. (See Q&As-1 and -2 for a description of the conditions you must satisfy before you become eligible for any of the following contributions.)

Salary deferrals. As a participant under the Plan, you may have a before and/or after tax deferral.

Before tax deferrals:

You may elect to reduce your compensation by a specific percentage or dollar amount and have that amount contributed to the Plan on a *pre-tax* basis. As *pre-tax* contributions, you generally are not taxed on your salary deferrals (or any earnings on those amounts) until you withdraw those amounts from the Plan. (See Q&A-17.)

After tax deferral or Roth Deferrals:

You may elect to reduce your compensation by a specific percentage or dollar amount and have that amount contributed to the Plan on an *after-tax* basis. As *after-tax* contributions, you are depositing money to the plan after taxes have been taken out. You are not taxed on your salary reductions or any earnings on those amounts at the time you withdraw those amounts from the Plan. (See Q&A-14.) [SEE 403(b) Roth]

The Plan Administrator will provide you with a salary reduction agreement that you must complete prior to making any salary deferrals under the Plan. The salary reduction agreement will describe how you make a salary reduction election, when you can change or terminate a salary reduction election, and any limits on the amount you can contribute under the Plan.

- **Plan Limit - Maximum amount.** You may not make Salary deferrals to the Plan in an amount that exceeds the salary deferral limit imposed by the IRS. (See Q&A-6 for a description of the salary deferral limit.)

- **Plan Limit - Minimum amount.** If you wish to make salary deferrals under the Plan, you must elect to defer at least 2% of your Included Compensation (see Q&A-5) for each payroll period.

Your salary deferrals will be deposited to a 403(b) Plan account that you have opened in your name. (See Q&A-11 for a description of how your salary deferrals will be invested under the Plan.)

Employer Contributions. Unless you are an Excluded Employee**,** you will be eligible for an Employer Contribution under the Plan. You are not taxed on the Employer Contribution we make to the Plan on your behalf (or on any earnings on such amounts) generally until you withdraw those amounts from the 403(b) Plan. (See Q&A-14.)

The following describes how we determine the amount the school is to contribute to your Plan as an Employer Contribution.

The Employer Contribution is based on tenure with the school. Currently a fixed percent of your signed agreed-to contract, or as adjusted, for each school year will be deposited into an account that you have opened in your name with one of the carriers we currently provide as a 403(b) carrier.

The following describes how we determine the amount to contribute to the Plan as an Employer Contribution.

Tenure	Percent of Gross Basic Contract
0-10 years	5%
11-16 years	6%
17+ years	7%

Q&A-5 What compensation does the Plan use to determine my benefits?

The contract offered to and agreed to by you at the start of a school year will be the basis of computing the base compensation on which the above percent will apply. Employer Contribution will not apply to bonus, incentive or non-contracted stipend pay. The compensation indicated on the *TEACHER and CLASSIFIED EMPLOYEE CONTRACTS* will be the base upon which a percent will be applied.

Q&A-6 Are there limits on how much can be contributed to my account each year?

Limit on salary deferrals. The IRS imposes a limit on the maximum amount you may contribute as Salary deferrals during any calendar year. For the 2014 calendar year, the maximum amount you can contribute as Salary deferrals is $17,500. The Plan Administrator will inform you each year of the maximum amount you may contribute as Salary Deferrals under this IRS limit. If you are 50 years old or older, you may contribute an additional amount of salary deferrals up to a maximum of $5,500. The Plan Administrator will inform you of the limits each year.

Limit on total contributions. The IRS also imposes a maximum limit on the total amount of contributions you may receive under the Plan. This limit applies to all contributions we make on your behalf, all contributions you contribute to any of your plan accounts during the year. Under this limit, the total of all

contributions under the Plan cannot exceed a specific dollar amount or 100% of your annual compensation. For 2014, the specific dollar limit is $51,000. For purposes of applying the 100% of compensation limit, your annual compensation includes all taxable compensation, increased for any salary deferrals and other pre-tax contributions to a plan such as a cafeteria plan.

Example: Suppose your taxable compensation was $25,000 and you made pre-tax 403(b) plan contributions of $5,000 and pre-tax cafeteria plan contributions of $5,000. Your compensation for purposes of this overall contribution limit is $35,000 and your total contribution limit is $35,000 (100% of $35,000).

15-Year Rule

If you have at least 15 years of service with Saint Francis High School, the limit on elective deferrals to your 403(b) account is increased by the least of:

1. $3,000,
2. $15,000, reduced by the sum of:
   a. The additional pre-tax elective deferrals made in prior years because of this rule, plus
   b. The aggregate amount of designated Roth contributions permitted for prior tax years because of this rule, or
3. $5,000 times the number of your years of service for the organization, minus the total elective deferrals made by your employer on your behalf for earlier years.

If you qualify for the 15-year rule, your elective deferrals under this limit can be as high as $20,500 for 2014.

Q&A-7 When do I become "vested" in my Plan benefits?

Under this plan, you are always 100% vested in all contributions to the plan.

Q&A-8 May I make a "rollover" contribution to the Plan?

Generally, the Plan will accept a rollover contribution from another retirement plan or IRA. In most cases, if you have an account balance in another retirement plan or an IRA, you may move those amounts into this Plan, without incurring any tax liability, by means of a "rollover" contribution. You are always 100% vested in any amounts you contribute to the Plan as a rollover.

You may accomplish a rollover in one of two ways. You may ask your prior plan administrator or trustee to directly rollover to this Plan all or a portion of any amount that you are entitled to receive as a distribution from your prior plan. Alternatively, if you receive a distribution from your prior plan, you may elect to deposit any amount eligible for rollover within 60 days of your receipt of the distribution. Any rollover to the Plan will be credited to your Rollover Contribution Account. If you are interested in making a rollover contribution, talk with the Plan Administrator or other Plan representatives to get more information and the proper forms. The Plan Administrator may have procedures describing the type of rollover contributions it will accept. In no event will these procedures discriminate against any employee.

PLAN ADMINISTRATION AND INVESTMENTS

Q&A-9 Who holds the money in my account?

All money that is contributed to your Plan is held by a mutual fund custodian or an insurance company. The custodian and insurance company are responsible for the safekeeping of the Plan funds. The following is the name and address of the person or persons designated as Plan custodian and/or insurance company:

Fidelity Investments
P.O. Box 31401
Salt Lake City, UT 84131-9921

National Benefit Services, LLC
8523 S. Redwood Road
West Jordon, UT 84088

General American Life Insurance Company
PO Box 19098
Greenville, SC 29602-9098

Q&A-10 Who is the Plan Administrator?

The Plan Administrator is the person designated to be responsible for the day-to-day administration and operation of the Plan. For example, the Plan Administrator ensures the proper maintenance of the Plan records, including your account information, provides you with the forms you need to complete for Plan participation and directs the payment to your account[s] at the appropriate time. If you have any questions about the Plan, your eligibility to participate in the Plan or your Plan benefits, you should contact the Plan Administrator. The Plan Administrator may designate another person or persons to perform the duties of the Plan Administrator.

The following is the name, address and phone number of the Plan Administrator:

Myron Nessan
Saint Francis High School
1885 Miramonte Ave
Mountain View, CA 94040
650-968-1213 Ext. 231

Q&A-11 How are my retirement savings invested?

As previously discussed, all money that is contributed to the Plan is held by a mutual fund custodian or an insurance company. Under this Plan, you have the right to direct the investment of all (or a portion) of the money held on your

behalf under the Plan. The Plan Administrator will provide you with information on the amounts available for direction, the investment choices available to you, the frequency with which you can change your investment choices and other investment information. Periodically, you will receive a benefit statement that provides information on your account balance and your investment returns. If you have any questions about the investment of your Plan accounts, please contact the Plan Administrator or other Plan representative.

To the extent you are permitted to direct the investment of your account, you are solely responsible for the investment decisions you make with respect to your Plan benefits. If you have questions regarding investment decisions or strategies with respect to the investment of your Plan benefits, you should consult an investment advisor.

PLAN WITHDRAWALS AND DISTRIBUTIONS

Q&A-12 When can I receive a distribution from the Plan if my employment ends?

When you terminate employment, you may receive a distribution of your *vested* account balance under the Plan. The availability of a distribution will depend on the amount of your vested account balance.

Vested account balance of $5,000 or less. If your total vested account balance under the Plan is $5,000 or less at the time you terminate employment, you will automatically receive a distribution of your entire vested account balance in a lump sum.

Your vested account balance will be distributed to you as soon as administratively feasible following your termination of employment.

Vested account balance in excess of $5,000. If your vested account balance exceeds $5,000 at the time you terminate employment, you may request a distribution from the Plan. You must request a distribution on the appropriate forms provided by the Plan Administrator before a distribution will be made to you.

You may receive a distribution as soon as administratively feasible following your termination of employment.

Disability distribution. If you become disabled, you may receive a distribution as soon as administratively feasible following the date you become disabled. You must request a distribution on the appropriate forms provided by the Plan Administrator before a distribution will be made to you. For this purpose, you are considered disabled if you are unable to engage in any substantial gainful activity by reason of a *medically determinable* physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of at least 12 months. The

permanence and degree of your disability must be supported by medical evidence.

Spousal consent. If you are married, your spouse also must consent to a distribution from the Plan, unless you receive a distribution in the form of a "qualified joint and survivor annuity," which provides payments over your life and the life of your spouse. When you are entitled to receive a distribution from the Plan, the Plan Administrator will provide you with a more detailed explanation of the qualified joint and survivor annuity and your (and your spouse's) rights under the Plan.

Available forms of benefit. You may request distribution in any of the following forms:

- A "qualified joint and survivor annuity" which provides for payments to you for as long as you are alive with a survivor benefit payable to your spouse for as long as he/she lives. If you are not married, the qualified joint and survivor annuity provides for payments to you for as long as you are alive. The Plan Administrator will provide you with an explanation of the various distribution options under the Plan and the consent requirements which must be satisfied to receive a distribution.
- A lump sum distribution of your entire vested account balance.
- A partial distribution of any portion of your vested account balance.

The Plan Administrator may provide other distribution options if permitted under the terms of the Plan. Please contact the Plan Administrator to receive the appropriate forms for requesting a distribution from the Plan.

Q&A-13 May I withdraw money from the Plan while I am still employed?

Generally, you may receive a distribution from the Plan prior to your termination of employment only if you satisfy certain conditions. The availability of an in-

service distribution may vary depending on the type of contributions being withdrawn. (See Q&A-4 for a description of the contributions permitted under the Plan and for any special distribution restrictions that may apply for certain types of contributions.).

Salary deferrals. If you have made Salary deferrals to the Plan, you may withdraw those amounts (and earnings on those amounts) prior to your termination of employment only upon one of the following events:

- You have attained at least age 59-½ at the time of the distribution.
- You have incurred a hardship, as described below.
- You have reached the Plan's Normal Retirement Age at the time of the distribution. For this purpose, the Plan's Normal Retirement Age is 65.
- You are disabled at the time of the distribution. (See Q&A-12 above for the definition of disability.)

Employer Contributions. You may withdraw amounts attributable to Employer Contributions (including earnings) prior to your termination of employment only upon one of the following events:

- You have incurred a hardship, as described below.
- You have reached the Plan's Normal Retirement Age at the time of the distribution. For this purpose, the Plan's Normal Retirement Age is 65.
- You are disabled at the time of the distribution. (See Q&A-15 above for the definition of disability.)

Rollover Contributions. If you have any amounts under the Plan which were contributed to this Plan pursuant to a rollover from another qualified plan or IRA, you may withdraw those amounts at any time. (See Q&A-8 for a further discussion of rollover contributions.)

Hardship distribution. To receive a distribution on account of hardship, you must demonstrate one of the following hardship events.

(1) You need the distribution to pay unpaid medical expenses for yourself, your spouse or any dependent.

(2) You need the distribution to pay for the purchase of your principal residence. You must use the hardship distribution for the *purchase* of your principal residence. You may not receive a hardship distribution solely to make mortgage payments.

(3) You need the distribution to pay tuition and related educational fees (including room and board) for the post-secondary education of yourself, your spouse, your children, or other dependent. You may take a hardship distribution to cover up to 12 months of tuition and related fees.

(4) You need the distribution to prevent your eviction or to prevent foreclosure on your mortgage. The eviction or foreclosure must be related to your principal residence.

Before you may receive a hardship distribution, you must provide the Plan Administrator with sufficient documentation to demonstrate the existence of one of the above hardship events. The Plan Administrator may require additional documentation, as it deems necessary, to sufficiently document the existence of a proper hardship event.

In addition, if you have other distributions or loans available under this Plan (or any other plan we may maintain) you must take such distributions or loans *before* requesting a hardship distribution.

Limits on in-service distributions. You may only receive an in-service distribution if the amounts you are withdrawing from the Plan are 100% vested. (See Q&A-7 for a description of the vesting rules). In addition, you may take only one (1) in-service distribution during any calendar year. The Plan

Administrator may impose additional limitations as authorized under the Plan. See the Plan Administrator for more information regarding the availability of in-service distributions and for the appropriate forms for requesting an in-service distribution from the Plan.

Q&A-14 What are my tax consequences when I receive a distribution from the Plan?

Generally, you must include any Plan distribution in your taxable income in the year you receive the distribution. The tax treatment may depend on your age when you receive the distribution. More detailed information on tax treatment of Plan distributions is contained in the "Special Tax Notice Regarding Plan Payments" which is attached to this Summary Plan Description as Appendix B.

Distributions before Age 59½

If you receive a distribution before age 59½, you generally will be subject to a 10% penalty tax in addition to regular income taxation on the amount of the distribution. Certain exceptions to the penalty tax may apply. See the "Special Tax Notice Regarding Plan Payments" in Appendix B for more details.

Rollovers and Withholding

You may "rollover" most Plan distributions and avoid current taxation. A rollover is your contribution of some or all of a Plan distribution into another employer's retirement plan or to an IRA. You may accomplish a rollover either directly or indirectly. In a direct rollover, you instruct the Plan Administrator that you wish to deposit a future Plan distribution directly into another plan or an IRA. In an indirect rollover, the Plan Administrator pays out your distribution to you and within 60 days you deposit the proceeds into another plan or an IRA.

If you are eligible to directly rollover a distribution but choose not to, the Plan Administrator must withhold 20% of the taxable distribution for federal income tax withholding purposes.

The Plan Administrator will provide you with the appropriate forms for choosing a direct rollover. See the "Taxation Information Notice" in Appendix B for more details.

Q&A-15 When must I receive a distribution from the Plan?

Generally, the tax law requires that you begin receiving benefits under the Plan by your "required beginning date." For most participants, their required beginning date is the later of: April 1 following the year in which they reach age 70½ or the date they retire from employment with the employer. Minimum distributions must continue every year thereafter. The Plan Administrator will assist you in determining the required amount of each annual distribution.

Q&A-16 May I receive a loan from the Plan?

Yes. You may request a participant loan using an application form provided by the Plan Administrator. Your ability to obtain a participant loan depends on several factors. The Plan Administrator will determine whether you satisfy these factors. The following procedures apply to any participant loans received under the Plan.

Promissory note and pledge of account. You must sign a promissory note along with a loan pledge. You must use your vested account balance as security for any loan you receive from the Plan.

Creditworthiness. Participant loans are available to Participants on a reasonably equivalent basis. The Plan Administrator may refuse to make a loan to you if you are not creditworthy. For example, you are not creditworthy if the Plan Administrator believes you will not be able to repay the loan. Also, if you have defaulted on a previous loan from the Plan, you will not be treated as creditworthy until you repay the defaulted loan (with accrued interest).

Interest rate. You will be charged an interest rate of Prime Rate plus 1%. Prime rate will be defined as the prime rate in effect on the first day of the month in which the loan is taken.

Security for your loan. Your loan must be adequately secured. Generally, you will use your vested account balance as security for your loan, not to exceed 50% of your vested Account Balance. In certain cases, the Plan Administrator may require a participant to provide additional collateral to receive a loan.

Loan repayment. If approved, your loan will provide for level amortization with payments to be made not less frequently than quarterly. Generally, the term of your loan may not exceed five (5) years. However, if the loan is for the purchase of your principal residence, the Plan Administrator may permit a longer repayment term. Unless approved by the Plan Administrator, you must repay your loan through payroll withholding. If you have an unpaid leave of absence or go on military leave while you have an outstanding loan, please contact the Plan Administrator to find out your repayment options.

Loan Limitations. Your loan (when added to the outstanding balance of all your other participant loans) may not exceed the lesser of:

- $50,000 (reduced by the excess, if any, of your highest outstanding balance of loans from the Plan during the previous one-year period over the your current outstanding balance of loans from the Plan) or
- one-half (½) of your vested account balance.

You may not receive a loan of less than $10,000 nor may you have more than one participant loan outstanding at any time.

Loan Default. If you do not repay your loan as required under the promissory note, the Plan Administrator will consider your loan in default and you will be taxed on the entire outstanding balance of the loan at the time of the default. The Plan Administrator will consider your loan to be in default if any scheduled

loan repayment is not made by the end of the calendar quarter following the calendar quarter in which the missed payment was due.

Termination of Employment. If you terminate your employment, your loan becomes due and payable in full immediately. Upon your employment termination, you may repay the entire outstanding balance of the loan (including any accrued interest). If you do not repay the entire outstanding loan balance, your vested account balance will be reduced by the remaining outstanding balance of the loan. In some cases, you may request a direct rollover of the loan note to another qualified retirement plan.

The Plan Administrator may periodically revise the Plan's loan policy. If you have any questions on participant loans or the current loan policy, please contact the Plan Administrator.

PLAN PARTICIPANT CLAIM PROCEDURES

Q&A-17 How do I submit a claim for Plan benefits?

You may submit to the Plan Administrator a written claim for benefits under the Plan. Please ask the Plan Administrator for a claim form.

The Plan Administrator will evaluate your claim to determine if benefits are payable to you under the terms of the Plan. The Plan Administrator may solicit additional information from you if necessary to evaluate the claim.

If the Plan Administrator determines the claim is valid, then you will receive a statement describing the amount of benefit, the method or methods of payment, the timing of distributions and other information relevant to the payment of the benefit.

If the Plan Administrator denies all or any portion of your claim, you will receive, within 90 days after receipt of the claim form, a written explanation setting forth the reasons for the denial and the steps you may take to submit the claim for review. You will have 60 days from the date you receive a denial

of your claim to appeal the adverse decision of the Plan Administrator. You may review pertinent documents and submit written comments to the Plan Administrator. The Plan Administrator will submit all relevant documentation to us so that we may hold a hearing or seek additional information from you and the Plan Administrator to properly determine the appropriateness of your claim.

Within 60 days (or such longer period due to the circumstances) of your request for review, we will render a written decision on your appeal. If your claim is denied, you may file suit in a state or federal court.

APPENDIX A -- OTHER IMPORTANT INFORMATION

Plan Name: Saint Francis High School 403(b) Plan

Type of Plan: This retirement plan is a defined contribution plan.

Plan Number: 001

Plan Year: July 1 – June 30

Employer name and address:
Saint Francis High School
1885 Miramonte Avenue
Mountain View, CA 94040

Employer's EIN: 94-1337826

Plan Administrator name and address:
Myron Nessan
Saint Francis High School
1885 Miramonte Avenue
Mountain View, CA 94040

Plan Custodian and/or Insurance Company name and address:
Fidelity Investments
P.O. Box 31401
Salt Lake City, UT 84131-9921

National Benefit Services, LLC
8523 S. Redwood Road
West Jordon, UT 84088

General American Life Insurance Company
PO Box 19098
Greenville, SC 29602-9098

Agent for Service of Legal Process:
Service of legal process may be served upon the Plan Administrator.

Employer's Right to Modify or Terminate Plan:

Although we intend to maintain the Plan indefinitely, we reserve the right to modify or terminate the Plan at any time. If the Plan is terminated, no further contributions will be made to the Plan. Upon Plan termination, you will not lose any benefits you have accrued up to the date of termination. You will be notified of any modification or termination of the Plan.

Assignment of Benefits:

Generally, neither a participant nor the Plan Administrator may assign or alienate a participant's Plan benefits in favor of another person or entity. One exception to this rule is the Plan Administrator's ability to assign a participant's benefits pursuant to a qualified domestic relations order.

Employment Rights:

Your participation in this Plan does not constitute a promise or guarantee of current or future employment.

APPENDIX B

Special Tax Notice Regarding Plan Payments

This notice explains how you can continue to defer federal income tax on your retirement savings in the **Saint Francis High School 403(b) Plan** (the "Plan") and contains important information you will need before you decide how to receive your Plan benefits.

This notice is provided to you by **Saint Francis High School** (your "Plan Administrator") because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to a traditional IRA or an eligible employer plan. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA. If an employer plan accepts

your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact your plan administrator at 650-968-1213, ext. 231.

Summary

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

(1) Certain payments can be made directly to a traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or

(2) The payment can be PAID TO YOU.

If you choose a **DIRECT ROLLOVER**:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account because these are not traditional IRAs.
- The taxable portion of your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.

If you choose to have a Plan payment that is eligible for rollover **PAID TO YOU**:

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.

- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59-1/2, you may have to pay an additional 10% tax.

- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

Your Right to Waive the 30-Day Notice Period.

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.

I. Payments that Can and Cannot be Rolled Over

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. Your Plan administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

After-tax Contributions

If you made after-tax contributions to the Plan, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

a. **Rollover into a Traditional IRA**. You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. Your plan administrator should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion.

   If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the Service on the applicable forms, the amount of these after-tax contributions. This will enable the

nontaxable amount of any future distributions from the traditional IRA to be determined.

Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.

b. **Rollover into an Employer Plan.** You can roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) or a section 403(a) annuity plan to another such plan using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You can also roll over after-tax contributions from a section 403(b) tax-sheltered annuity to another section 403(b) tax-sheltered annuity using a direct rollover if the other tax-sheltered annuity provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You CANNOT roll over after-tax contributions to a governmental 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Plan Administrator of this Plan to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

The following types of payments cannot be rolled over:

Payments Spread over Long Periods.
You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy), or

- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- a period of 10 years or more.

Required Minimum Payments.
Beginning when you reach age 70 1/2 or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you. Special rules apply if you own 5% or more of your employer.

Hardship Distributions.
A hardship distribution cannot be rolled over.

ESOP Dividends.
Cash dividends paid to you on employer stock held in an employee stock ownership plan cannot be rolled over.

Corrective Distributions.
A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

Loans Treated as Distributions.
The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover, as discussed in Part III below. Ask the Plan Administrator of this Plan if distribution of your loan qualifies for rollover treatment.

The Plan Administrator of this Plan should be able to tell you if your payment includes amounts which cannot be rolled over.

II. Direct Rollover

A **DIRECT ROLLOVER** is a direct payment of the amount of your Plan benefits to a traditional IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a DIRECT ROLLOVER. This Plan might not let you choose a DIRECT ROLLOVER if your distributions for the year are less than $200.

DIRECT ROLLOVER to a Traditional IRA.
You can open a traditional IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to make sure that the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

DIRECT ROLLOVER to a Plan.
If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the

circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of that plan before making your decision.

DIRECT ROLLOVER of a Series of Payments.
If you receive a payment that can be rolled over to a traditional IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in Tax Treatment Resulting from a DIRECT ROLLOVER.
The tax treatment of any payment from the eligible employer plan or traditional IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or a traditional IRA in a DIRECT ROLLOVER, your benefit will no longer be eligible for that special treatment. See the sections below entitled "Additional 10% Tax if You Are under Age 59-1/2" and "Special Tax Treatment if You Were Born before January 1, 1936."

III. Payment Paid to You

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding

Mandatory Withholding.

If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of $10,000, only $8,000 will be paid to you because the Plan must withhold $2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full $10,000 as a taxable payment from the Plan. You must report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than $200.

Voluntary Withholding.

If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, 10% will be taken out of this portion of your payment for federal income tax withholding. To opt out of withholding, ask the Plan Administrator for the election form and related information.

Sixty-Day Rollover Option.

If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a traditional IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

You can roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money

within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

> *Example*: The taxable portion of your payment that can be rolled over under Part I above is $10,000, and you choose to have it paid to you. You will receive $8,000, and $2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the $8,000, you may roll over the entire $10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the $8,000 you received from the Plan, and you will have to find $2,000 from other sources (your savings, a loan, etc.). In this case, the entire $10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire $10,000, when you file your income tax return you may get a refund of part or all of the $2,000 withheld.
>
> If, on the other hand, you roll over only $8,000, the $2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the $2,000 withheld. (However, any refund is likely to be larger if you roll over the entire $10,000.)

Additional 10% Tax If You Are under Age 59-1/2.

If you receive a payment before you reach age 59-1/2 and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) dividends paid

with respect to stock by an employee stock ownership plan (ESOP) as described in Code section 404(k), (5) payments that are paid directly to the government to satisfy a federal tax levy, (6) payments that are paid to an alternate payee under a qualified domestic relations order, or (7) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59-1/2, unless one of the exceptions applies.

Special Tax Treatment If You Were Born before January 1, 1936.
If you receive a payment from a plan qualified under section 401(a) or a section 403(a) annuity plan that can be rolled over under Part I and you do not roll it over to a traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. (See also "Employer Stock or Securities", below.) A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59-1/2 or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59-1/2 or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

Ten-Year Averaging.
If you receive a lump sum distribution and you were born before January 1,

1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

Capital Gain Treatment.
If you receive a lump sum distribution and you were born before January 1, 1936, and you were a participant in the Plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into this Plan from a 403(b) tax-sheltered annuity contract or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from this Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

Employer Stock or Securities.
There is a special rule for a payment from the Plan that includes employer stock (or other employer securities). To use this special rule, 1) the payment must qualify as a lump sum distribution, as described above, except that you do not need five years of plan participation, or 2) the employer stock included in the payment must be attributable to "after- tax" employee contributions, if

any. Under this special rule, you may have the option of not paying tax on the "net unrealized appreciation" of the stock until you sell the stock. Net unrealized appreciation generally is the increase in the value of the employer stock while it was held by the Plan. For example, if employer stock was contributed to your Plan account when the stock was worth $1,000 but the stock was worth $1,200 when you received it, you would not have to pay tax on the $200 increase in value until you later sold the stock.

You may instead elect not to have the special rule apply to the net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year you receive the stock, unless you roll over the stock. The stock can be rolled over to a traditional IRA or another eligible employer plan, either in a direct rollover or a rollover that you make yourself. Generally, you will no longer be able to use the special rule for net unrealized appreciation if you roll the stock over to a traditional IRA or another eligible employer plan.

If you receive only employer stock in a payment that can be rolled over, no amount will be withheld from the payment. If you receive cash or property other than employer stock, as well as employer stock, in a payment that can be rolled over, the 20% withholding amount will be based on the entire taxable amount paid to you (including the value of the employer stock determined by excluding the net unrealized appreciation). However, the amount withheld will be limited to the cash or property (excluding employer stock) paid to you.

If you receive employer stock in a payment that qualifies as a lump sum distribution, the special tax treatment for lump sum distributions described above (such as 10-year averaging) also may apply. See IRS Form 4972 for additional information on these rules.

Repayment of Plan Loans.

If your employment ends and you have an outstanding loan from your Plan, your employer may reduce (or "offset") your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as

a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or a traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you (other than any employer securities). The amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over.

IV. Surviving Spouses, Alternate Payees and Other Beneficiaries

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse or an alternate payee, you cannot choose a direct rollover, and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59-1/2.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions and the special rule for payments that include employer stock, as described in Part III above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

How to Obtain Additional Information

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the Plan Administrator or a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at *www.irs.gov*, or by calling 1-800-TAX-FORMS.