

**CTA EMPLOYEES' RETIREMENT BENEFITS TRUST AND
CTA EMPLOYEES' HEALTH AND WELFARE BENEFITS TRUST**

PARTICIPATION AGREEMENT

This Participation Agreement ("*Agreement*") is entered into by and between

(the "*Employer*") and the California Teachers Association Employees' Retirement Benefits Trust (the "*Retirement Trust*"), which is intended to constitute a tax-exempt trust pursuant to sections 401(a) and 501(a) of the Internal Revenue Code (the "*Code*"), and provides information with respect to the Employer's obligations in connection with the plan of retiree health benefits that may be provided from time to time (the "*Retiree Health Benefits*") by the California Teachers Association Employees' Health and Welfare Benefits Trust (the "*Health Trust*" and, together with the Retirement Trust, the "*Trusts*"), which is intended to constitute a tax-exempt trust pursuant to sections 501(c)(9) and 501(a) of the Code. The Employer agrees to participate in the CTA Employees' Retirement Benefits Plan (the "*Retirement Plan*") and, with respect to Retiree Health Benefits, the CTA Employees' Health and Welfare Benefits Plan (the "*Health Plan*" and, together with the Retirement Plan, the "*Plans*"), and to be bound by the trust agreements governing the Trusts (the "*Trust Agreements*").

A. *Governing Documents.*

The Employer agrees to be bound by all the terms and provisions of the Plans' governing documents, including the Trust Agreements; the formal Retirement Plan and Health Plan documents; rules, regulations and binding decisions previously adopted by the trustees of the Plans (the "*Trustees*"); any amendments to such documents, rules, and regulations; and any binding decisions hereafter adopted by the Trustees. If there is a conflict between the Plans and/or the Trust Agreements and this Agreement, the terms of the Plans and/or Trust Agreements, as the case may be, shall be controlling.

B. Plan Contribution Rules.

The Employer acknowledges that it has had the opportunity to review copies of both Trust Agreements and the Retirement Plan document (as amended to date) and has done so to its satisfaction. Specifically, the Employer acknowledges that it is aware of and agrees to the specifics of the terms and provisions summarized below:

1. Eligibility (See Retirement Plan Section 2).

- (a) Subject to Section 1(b) below, an Eligible Employee (as defined in Section 1.9 of the Retirement Plan) becomes a Member of the Retirement Plan as of the later of (1) January 1, 1999 or (2) the first day of the calendar month in which he or she first worked for the Employer as an Eligible Employee, *provided* that the Employer may require all of its Eligible Employees to complete no more than two months of service as an employee as a condition of eligibility for membership.

THE EMPLOYER HEREBY SELECTS, AS A CONDITION OF ELIGIBILITY FOR ALL OF ITS ELIGIBLE EMPLOYEES, THE FOLLOWING NUMBER OF MONTHS OF SERVICE AS AN EMPLOYEE [CHECK ONE BOX]:

- Zero (0) month
 One (1) month
 Two (2) months

- (b) An Eligible Employee who is a Temporary Employee (as defined in Section 1.29 of the Retirement Plan) becomes a Member of the Retirement Plan as of the earlier of: (1) the time specified in the applicable collective bargaining agreement between the Employer and an exclusive bargaining representative of its employees, or (2) the first day of the calendar month after the employee first completes 1,000 hours of service within the twelve (12) consecutive month period commencing with the date the employee first worked for the Employer, *provided* that, if a Temporary Employee does not complete 1,000 hours of service during such 12-month period, he or she shall become a Member of the Retirement Plan as of the first day of

the calendar month in which he or she first completes 1,000 hours of service during any Plan Year (as defined in Section 1.21 of the Retirement Plan).

- (c) An Eligible Employee ceases to be a Member of the Retirement Plan when he or she retires, dies, or incurs a One-Year Break in Service (as defined in Section 1.7 (a) of the Retirement Plan).
- (d) A former Member who is rehired as an Eligible Employee is automatically reinstated as a Member of the Retirement Plan as of the first day of the calendar month in which he or she is rehired, *provided* that, if the former Member is rehired as an Eligible Employee *after* incurring a Permanent Break in Service (as defined in Section 1.7(b) of the Retirement Plan), he or she will become eligible for membership as a new Employee as provided under Sections 1(a) and 1(b) above.

2. Contributions (*See Retirement Plan Section 4; Retirement Trust Article IV; Health Trust Article VII*).

(a) Required Contribution to Retirement Plan.

(1) Member-Required Contributions. Except as provided in Section 2(a)(2) below, all Members of the Retirement Plan who, as of December 31, 1998, made contributions by means of payroll deduction to the California Teachers Association Staff Retirement Plan (the “*Staff Plan*”) may make contributions by means of payroll deduction in an amount equal to 3% of the first \$350 of their monthly salary, and 6% of the portion of monthly salary that exceeds \$350, excluding any overtime or bonus pay (“*Member-Required Contributions*”). A Temporary Employee may make Member-Required Contributions retroactive to the first day of employment by making a lump sum payment within 60 days of becoming a Member.

(2) **Employer Contributions.** Notwithstanding Section B.2(a)(1) above, an Employer whose Employee Members were making contributions by means of payroll deduction to the Staff Plan as of December 31, 1998, may elect to make, for *all* of its Eligible Employees, all contributions necessary to fund the Retirement Plan pursuant to Section B.2(b) and Part C below. Every Employer whose Eligible Employees did *not* make Member-Required Contributions to the Staff Plan as of December 31, 1998 will be deemed to elect to make contributions on behalf of *all* its Eligible Employees. *Regardless of whether the Employer pays the total costs or collects Member-Required Contributions from its Eligible Employees, the Employer is obligated to remit the correct total amount of all Required Contributions to the Retirement Trust.*

THE EMPLOYER HEREBY ELECTS TO PAY THE MEMBER-REQUIRED CONTRIBUTIONS UNDER THE RETIREMENT PLAN FOR [CHECK ONE BOX]:

*All of its Eligible Employees (i.e., Members do not pay their own Member-Required Contributions). (This election is deemed selected **unless** Members paid Member-Required Contributions to the Staff Plan as of December 31, 1998.)*

*None of its Eligible Employees (i.e., Members do pay their own Member-Required Contributions). (This election is available **only if** Members paid Member-Required Contributions to the Staff Plan as of December 31, 1998.)*

(b) **Remitting Required Contributions to Retirement Trust.** Monthly, whether or not any Member-Required Contributions are made by or on behalf of its Eligible Employee Members pursuant to Section B.2(a) above, the Employer shall remit to the Retirement Trust a Required Contribution (which may include Member-Required Contributions) in an amount determined by the Trustees. Currently, the amount of the Required Contribution is 21.5% of the total of taxable wages, not including any taxable automobile allowances, for *all* the Employer's employees (*i.e.*,

based on gross payroll, regardless of whether or not all of the Employer's employees are eligible to participate in the Retirement Plan).

- (c) ***Required Contributions to Health Trust.*** The Employer acknowledges that the Trustees of the Health Trust currently require additional Employer Health Contributions with respect to Retiree Health Benefits in an amount expressed as a percentage (currently 2%) of the total taxable wages (based on gross payroll, as described in Section B.2(b) above), as determined by those Trustees. To the extent required, Employer Health Contributions with respect to Retiree Health Benefits shall be remitted to the Health Trust as described in Section B.2(b) above.

C. *Due Dates.*

All Required Contributions shall be made monthly, or at more frequent intervals if required by the Plans' Trustees, and shall be submitted with such forms, in such manner and by such due dates as may from time to time be specified by the Plans' Trustees. The Employer is required to remit all such Required Contribution payments for all periods through the effective date of such Employer's withdrawal from the Retirement Plan, subject to the notice requirement and other rules set forth in Section 10 of the Retirement Plan and the Trust Agreements. Delinquent payments shall bear interest and be subject to liquidated damages pursuant to applicable provisions of the Trust Agreements and such rules, regulations or binding decisions, if any, as the Plans' Trustees may adopt from time to time. The current remittance requirements established by the Trustees of the Retirement Trust are set forth below:

Contributions must be remitted by the Employer to the Plan no later than 60 days after the end of the month in which the payroll was earned. Contributions become delinquent at 90 days after the end of the month in which payroll was earned and are subject to 1.5% interest per month thereafter. If any Employer fails to make contributions plus interest within 90 days after close of its fiscal year, the Plans' Trustees may deem such Employer to have withdrawn from the Plan. In any event, if any Employer fails to make contributions plus interest within 8½ months after the close of

its fiscal year, such Employer shall be deemed to have withdrawn from the Plans effective as of the end of such 8½-month period.

D. *Withdrawal Liability.*

The Employer acknowledges that the Employer will be subject to withdrawal liability as follows:

1. *Retirement Plan (See Retirement Trust Section IV.B).*

Withdrawal liability will generally be calculated using the “rolling five-year” method (also called the “one-pool” method) described in Section 4211(c)(3) of ERISA. The Trustees of the Retirement Trust have the power to make decisions regarding the applicability and calculation of withdrawal liability.

2. *Health Plan (See Health Trust).*

Withdrawal liability will generally be the difference between (a) the actuarial cost of Retiree Health Benefits accrued by Members of the Health Plan while employed by the withdrawing Employer and (b) the portion of assets held by the Health Trust which, in the sole determination of the Trustees of the Health Trust, may be allocated to pay such benefits.

E. *Audits.*

The Employer acknowledges that the Plans’ Trustees or their agents have the right to audit its records to ascertain if it is making or has made all contributions it is required to remit to the Trusts.

F. *Information.*

The Employer agrees to supply the Plans’ Trustees or their agents with all information that they may require in order to determine when Employees are eligible to participate, the amounts of their benefits, the amounts of the Employer’s Required Contributions, and any other information necessary to properly administer the Plans and Trusts.

G. *Collection Costs.*

The Employer agrees to pay all attorneys fees, audit fees and other collection costs incurred by the Plans' Trustees or their agents to collect all contributions required to be made or remitted to the Trusts by the Employer.

H. *Effective Date.*

This Agreement and the participation of the Employer under the Trusts shall be effective as of date this Agreement is signed on behalf of the Trustees of the Retirement Trust and shall remain in effect until terminated in writing in accordance with Section 10.2 of the Retirement Plan and applicable provisions of the other governing Plan documents.

EXECUTION OF PARTICIPATION AGREEMENT

Witness the execution of this Agreement by the Employer (by its duly authorized officer or employee) on the date indicated below.

(Name of Employer)

(Signature)

Name _____

Title _____

Date _____

IMPORTANT: Be sure to make the desired elections by checking the boxes in Sections B.1(a) and B.2(a)(2) above.

Received and accepted on behalf of the Board of Trustees of the CTA Employees' Retirement Benefits Trust, and *received* by the CTA Employees' Health and Welfare Benefits Trust, on the dates indicated below.

**CTA EMPLOYEES' RETIREMENT
BENEFITS TRUST**

**CTA EMPLOYEES' HEALTH AND WELFARE
BENEFITS TRUST**

(Signature)

(Signature)

Name _____

Name _____

Title _____

Title _____

Date _____

Date _____