

**THE DEFINED BENEFIT PENSION PLAN
OF THE HEAD START SPONSORING
BOARD COUNCIL OF THE CITY OF NEW
YORK, INC.**

(amended and restated July 1, 2017)

PLAN HIGHLIGHTS

5-22924
(CL2010)

Plan Highlights briefly describes the Plan. The rest of this booklet explains in greater detail how the Plan works.

We started the Plan on August 1, 1989.

The Plan:

- Gives you a dependable source of income when you retire. Knowing how much you'll receive from the Plan makes planning for your retirement easier.
- Bases your right to your retirement benefit on your service and pay.
- May provide a death benefit for your spouse, eligible child(ren), or another person you name as beneficiary if you die before retirement.
- Provides benefits before retirement if you become disabled as defined in the Plan.
- Is funded entirely by our contributions.
- Offers several different ways to receive your benefits. You choose the best way for you.

About This Booklet

This booklet is the summary plan description. It explains how the Plan currently works, when you qualify for benefits, and other information.

If any part of this summary plan description (booklet) conflicts with the terms of the Plan, the terms of the Plan will be followed. The Plan is much more detailed.

The term "your earned benefit" refers to the benefit earned by you under the Plan. The term "your earned benefit" applies to both the vested part of your earned benefit and the part of your earned benefit that is not vested. The term "your vested benefit" refers to the vested part of the earned benefit. Part 4 of this booklet explains vesting. Use of the term "your earned benefit" does not give you any rights to the earned benefit or any assets of the Plan other than those described in this booklet.

Ask the plan administrator if you have questions. Part 8 of this booklet lists the plan administrator's name and address.

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PART 1 JOINING THE PLAN

When You Join

You join the Plan as an active participant on the first day of the month on or after you meet these requirements:

- You are an eligible employee.
- You have one year of entry service.
- You are age 21 or older.

This date is your **entry date**.

You are an **eligible employee** unless you are any of the following:

- An employee of a Head Start Agency that is not represented for collective bargaining purposes by District Council 1707, Head Start Local 95, Community and Social Service Employees , AFSME , AFL-CIO and non-union management personnel, supervising such employees;
- A nonresident alien with no U.S. income or all such income is exempt from U.S. income tax;
- A leased employee;
- Considered an independent contractor or an employee of an independent contractor who is later determined by the IRS to be an employee;
- An employee of a Head Start Agency who is not a member of the Head Start Sponsoring Board Council of the City of New York, Inc.

You earn a year of **entry service** for each service period in which you have 1,000 or more hours of service with a New York City Head Start Agency that participates in the Plan, referred to throughout the SPD as Participating Agency(ies). The year of service is earned on the last day of the service period.

Service periods are one-year long. Your first one starts on the date you are hired by a Participating Agency and ends on the day before your first anniversary date. Following service periods start on each anniversary of the date you are hired.

An hour of service is each hour of paid working time. In addition, it includes up to 501 hours during any one service period of paid non-working time, such as paid vacation.

Entry service also includes service with:

- An organization in the health and social service field within the three-year period immediately before you start working for a Participating Agency if you have met the 1,000 hours of service requirement with such organization for each year of prior service counted;
- A public school or education institution within the three-year period immediately before you start working for a Participating Agency shall be included if you have met the 1,000 hours of service requirement with such organization for each year of prior service counted.

- An agency in the governmental field within the three-year period immediately before you start working for a Participating Agency shall be included provided you have met the 1,000 hours of service requirement with such organization for each year of prior service counted.

Break in service means a service period during which you have 500 or fewer hours of service. Federal law delays a break in service for your pregnancy, birth of your child, placement of a child with you by reason of your adoption of such child, or your caring for such child following such birth or placement. A break in service is also delayed if you are absent from work due to a leave of absence under the Family and Medical Leave Act.

Your entry service before a period of breaks in service is not counted if your vesting percentage is zero and your consecutive breaks in service equal or are more than the greater of five years or your earlier entry service.

Changes in Your Participation

You become an inactive participant on:

- The date you are no longer an eligible employee.
- The date your period of service for benefit service ends (see Part 2).

You stop being a participant on:

- The date of your death.
- The date you get a single sum payment in place of all other benefits if your vesting percentage is 100% (see Part 4).

If you become an inactive participant, you'll also stop being a participant on the earliest date on which you are not entitled to a vested benefit (see Part 4).

You rejoin the Plan as an active participant when you work another hour for a Participating Agency as an eligible employee. However, if such hour occurs on your rehire date and your prior entry service is not counted, you rejoin the Plan as an active participant on the first day of the month on or after the day on which you are an eligible employee and have one year of entry service.

PART 2 YOUR EARNED BENEFIT

As you work for a Participating Agency, you earn your retirement benefit. This earned benefit grows with your service and pay.

Figuring Your Earned Benefit- There are two formulas used to determine your retirement benefit. Your actual retirement benefit will be based on the formula that provides the highest retirement benefit.

- I. This formula is used to figure the portion of your earned benefit accrued before July 1, 2014 and is referred to as your **“Frozen Benefit”**:
- (1) 1.6% of your average monthly pay multiplied by
 - (2) the benefit service you are expected to have on the date you reach Normal Retirement Age (age 65) or your actual benefit service if after Normal Retirement Age (see Part 3) multiplied by
 - (3) your **“Earned Benefit Percentage”** equals
 - (4) Your Frozen Benefit.

Your **“Earned Benefit Percentage”** in this formula is equal to the actual number of years of benefit service you have as of June 30, 2014 divided by the number of years of benefit service you would have had at Normal Retirement Age or your actual years of benefit service if after your Normal Retirement Age.

- II. This formula is used to figure your earned benefit accrued using pay and benefit service earned both before and after July 1, 2014:
- (1) 1.2% of your average monthly pay multiplied by
 - (2) the benefit service you are expected to have on the date you reach normal retirement age (see Part 3) or your actual benefit service on and after that date
 - (3) multiplied by
 - (4) your **“Earned Benefit Percentage”**
 - (5) equals
 - (6) your **“All Service Benefit”**

Your **Earned Benefit Percentage** for calculating the All Service Benefit is the actual number of your years of service as of the date you terminate employment or retire divided by the number of years of service you would have had if you remained employed until your Normal Retirement Date or your actual years of service if after Normal Retirement Date..

Your Normal Retirement Benefit will never be less than your Frozen Benefit calculated as of June 30, 2014.

EXAMPLE 1: NORMAL RETIREMENT BENEFIT

I. This example illustrates the calculation of the monthly Frozen Benefit payable at Normal Retirement Age (65), assuming the following:

Average Monthly Pay as of June 30, 2014: \$2,500

Years of Service as of June 30, 2014: 15

(Expected) Years of Service at Age 65: 20

Here is how the Frozen Benefit is calculated.

Step 1: Calculate 1.6% of average monthly pay
 $1.6\% \times \$2,500 = \40

Step 2: Multiply Step 1 by years of service at Normal Retirement Age (65)
 $\$40 \times 20 = \800

Step 3: Multiply Step 2 by your Earned Benefit Percentage
 $\$800 \times 75\%$ (15 yrs. divided by 20 years=75%) = **\$600**

II. This example illustrates the calculation of the monthly All Service Benefit payable at Normal Retirement Age (65), assuming the following:

Average Monthly Pay as of Normal Retirement Date: \$3,000

Years of Service as of Normal Retirement Date: 20

Here is how the All Service Benefit is calculated.

Step 1: Calculate 1.2% of average monthly pay
 $1.2\% \times \$3,000 = \36

Step 2: Multiply Step 1 by years of service at Normal Retirement Age
 $\$36 \times 20 = \720

Step 3: Multiply Step 2 by your Earned Benefit Percentage
 $\$720 \times 100\%$ (20 yrs. divided by 20 years = 100%) = **\$720**

In this example, because the All Service Benefit of \$720 is greater than the Frozen Benefit of \$600 the participant would receive \$720 per month for his or her lifetime with no payments due after death.

Grandfathered Benefit effective July 1, 2014

Certain participant's in the Plan are "grandfathered". To be eligible for the "Grandfathered Benefit" as of **July 1, 2014** you must have been either age 60 with at least 10 years of service or your age plus years of service must be equal to or greater than 80. (Rule of 80).

If you are eligible for the Grandfathered Benefit you will receive a benefit equal to the greater of:

Your Frozen Benefit determined as of June 30, 2014

PLUS

1% of average monthly pay (at Normal Retirement Age or, if later, actual retirement age) **multiplied by** years of benefit service between July 1, 2014 and the date you retire.

OR IF GREATER

Your All Service benefit as of your Normal Retirement Age (or later termination date).

EXAMPLE 2: GRANDFATHERED BENEFIT

Using the results of Example 1, this example illustrates the calculation of the monthly Grandfathered Benefit payable at Normal Retirement Age (65), assuming the following:

Frozen Benefit as of June 30, 2014: \$600

All Service Benefit: \$720

Years of Service after June 30, 2014: 5

Average Monthly Pay: \$3000

Here is how the Grandfathered Benefit is calculated.

Step 1: Calculate 1.0% of average monthly pay
 $1.0\% \times \$3,000 = \30

Step 2: Multiply Step 1 by years of service after June 30, 2014
 $\$30 \times 5 = \150

Step 3: Add the results of Step 2 to the Frozen Benefit
 $\$150 + \$600 = \mathbf{\$750}$

Step 4 Compare the Grandfathered Benefit (**\$750**) to the All Service Benefit (**\$720**)

In this example, because the Grandfathered Benefit of \$750 is greater than the All Service Benefit of \$720 the participant would receive **\$750** per month for his or her lifetime with no payments due after death.

Law Limits

The law limits the amount of pay that may be used in any pay year to determine benefits. The limit for any pay year beginning in 2017 is \$270,000. This limit is subject to change each year for cost of living changes.

The law also limits the annual benefit that may be paid to you in any year. These limitations normally would only apply to the highest paid employees. They are subject to periodic changes by the Internal Revenue Service.

The law also requires that certain forms of benefit payment may not be available to you if the value of the contributions we have made to the Plan on the date you request your benefit is below a certain amount.

When it's time to choose your retirement benefits, the Plan Administrator will let you know if certain forms are not available or if your benefit is restricted.

Ask the Plan Administrator if you want to know more about these limits.

Helpful Terms

Average monthly pay is the average of your monthly pay for the 60 consecutive calendar months out of the 120 latest calendar months which give the highest average.

Calendar months in which you have not earned an hour of service are excluded.

Benefit service means the sum of the following:

- Your periods of service on or after July 1, 2014. A period of service begins when you start working for a Participating Agency. It ends on the earlier of the date you stop working (you quit or are discharged) or the date you are absent from work one year.
- Your service with us before July 1, 2014, determined under the provisions of the Plan on the day before that date.

Generally, service before you became a participant is not counted. However, if you were an active employee of a current New York City Head Start Agency on August 1, 1989 your service with that agency prior to August 1, 1989 will be counted.

Earned benefit percentage is the percentage of the benefit you have earned. It equals your benefit service divided by the benefit service you expect to have at Normal Retirement Age (see Part 3). The percentage won't be more than 100%. For purposes of the Frozen Benefit **earned benefit percentage** is your benefit service as of June 30, 2014 divided by the benefit service you expect to have at Normal Retirement Age

Monthly pay for any calendar month is your total pay for such month including your elective contributions to any Head Start plans and excluding any:

- bonuses;
- overtime pay;
- other special one-time payments

Elective contributions are salary reduction amounts contributed by an employer at an employee's election to a 401(k) plan, simplified employee pension plan, qualified transportation fringe benefit plan, or tax sheltered annuity(403(b)). Elective contributions also include amounts deferred under a 457 plan or employee contributions "picked up" by a governmental employer and treated as employer contributions.

Monthly pay includes differential wage payments (amounts paid to you while you are on military duty that are in addition to your military pay).

Who Provides Your Earned Benefit

Your earned benefit is provided entirely by your Participating Agency's contributions to the Plan. Contributions are actuarially determined.

The contributions are invested and accumulate to provide benefits under the Plan. The Plan funds are for the exclusive benefit of participants and their beneficiaries.

PART 3 RETIREMENT BENEFITS

The Plan is designed to provide a retirement income for you. The amount you receive each month when you retire is based on your earned benefit.

At Normal Retirement Date

Your retirement benefit begins on your Normal Retirement Date if you have an earned benefit (see Part 2) and you are no longer employed by a Participating Agency.

Normal Retirement Date means the earliest first day of the month on or after the date you reach age 65.

At Early Retirement Date

If you choose to retire early, your earned benefit will be less than the amount you could have earned by working until Normal Retirement Date.

You receive a percentage of your earned benefit because payments begin at a younger age and are expected to continue longer. The percentage is based on the number of years you retire early and is shown in the following table:

<u>Years You Retire Early</u>	<u>Approximate Percentage of Earned Benefit</u>
1	93
2	86
3	80
4	73
5	66
6	63
7	60
8	56
9	53
10	50

The percentage is adjusted for parts of a year.

Early Retirement Date means the first day of any month you choose that is on or after the later of the date you are no longer employed by a Participating Agency or the date you reach Early Retirement Age.

Your **Early Retirement Age** is 55.

EXAMPLE 2 – EARLY RETIREMENT

Let's assume that a participant retires at age 60. His Normal Retirement Benefit commencing at age 65 is \$720. This example illustrates the reduction of the monthly benefit payable at age 60, an Early Retirement Age:

Termination of Employment and Benefit Commencement Date: Age 60

Step 1 Multiply \$720 (earned benefit at age 60) by the early retirement factor for a person commencing benefit payments at age 60 $\$720 \times .66 = \mathbf{\$475.20}$

In this example, the participant would receive \$475.20 payable monthly for life with no payment after death. If this participant waited until age 65 to begin receiving payments, he or she would receive \$720 per month for life (no reduction for early commencement of payment).

At Late Retirement Date

You may choose to start benefits on your Late Retirement Date. When you retire late, your benefit equals your earned benefit as of your Late Retirement Date. However, if you retire after age 70½ your benefit will be increased to take into account the period between the April 1 following the calendar year in which you reach age 70½ and the date your retirement benefits begin.

Late Retirement Date means, if you continue working for a Participating Agency after your Normal Retirement Date, the earlier of:

- The earliest first day of the month on or after the date you stop working; or
- The first day of the earliest month ending after your Normal Retirement Date in which you work less than 40 hours.

You will be notified before your Normal Retirement Date how continuing to work past your Normal Retirement Date will affect the amount and starting date of your retirement benefits.

However, if you stop working for us before your Normal Retirement Date, and you postpone starting your benefit until your Late Retirement Date, your benefit will be increased by 1% for each month or part of a month your benefit is postponed after your Normal Retirement Date up to age 67, and by 1.5% for each month or part of a month your Late Retirement Date follows age 67, up to your required beginning date.

Required Beginning Date

Under the law you must begin receiving benefits by your required beginning date. Your required beginning date is the April 1 following the later of the calendar year in which you reach age 70½ or the calendar year in which you stop working for a Participating Agency.

Adjustments to Your Benefits

The amount you receive will be adjusted if your retirement benefit is not paid under the normal form of income.

Normal form of income means a form that pays you monthly income for life and pays no benefits after your death.

Part 6 explains the other payment forms you may choose.

Ask the Plan Administrator if you want to know more about these adjustments.

PART 4 BENEFITS FOR INACTIVE PARTICIPANTS

Your Vested Benefit

You become vested in your earned benefit when you complete 5 years of vesting service or reach your Normal Retirement Age (65th birthday) while still working for a Participating Agency.

If you terminate employment after becoming vested, you are fully entitled to your earned benefit from the Plan. This is your vested benefit.

If you become an inactive participant because you are no longer an eligible employee (see Part 1), but you are still working for a participating Head Start Agency your service after you become an inactive participant is used to figure your vesting percentage but not your earned benefit.

Before Normal Retirement Age, the following schedule determines your vesting percentage:

<u>Years of Vesting Service</u>	<u>Vesting Percentage</u>
Less than 5	0
5 or more	100

Vesting service means the sum of your periods of service. A period of service begins when you start working for a Participating Agency. It ends on the earlier of the date you stop working (you quit or are discharged) or the date you are absent from work one year. Any period of time of less than one year when either you are not working, or you are absent from work because of vacation or some other reason, will count as a period of service.

Your vesting service before a period of breaks in service is not counted if your vesting percentage is zero and your consecutive breaks in service equal or are more than the greater of five years or your earlier vesting service.

Break in service means a period of service ends and you do not work another hour for us within one year.

Federal law delays a break in service for your pregnancy, birth of your child, placement of a child with you by reason of your adoption of such child, or your caring for such child following such birth or placement.

When Your Vested Benefit Starts

If you become an inactive participant, you will start receiving your vested benefit on your retirement date. Part 3 explains when you may retire.

The amount you receive will be adjusted if your retirement benefit is not paid under the normal form of income.

Normal form of income means a form that pays you monthly income for life and pays no benefits after your death.

Part 6 explains other forms of benefit you may choose when you retire and tax considerations. If the value of your vested benefit is \$5,000 or less, your vested benefit will be paid to you in a single sum when you stop working for a Participating Agency. Federal law requires the Plan to automatically roll the value of your vested benefit to an IRA in a direct rollover (see Part 7) if:

- the value of your vested benefit is more than \$1,000;

- you have not reached age 65; and
- you do not elect to have your vested benefit paid to you in a single sum or rolled to another retirement plan or an IRA of your choice in a direct rollover

For more information regarding the designated IRA for automatic rollovers see Part 8.

You need to tell us your current address when you wish payments to begin. Federal law may require you to have your spouse's consent. See A Spouse's Rights in Part 7.

Before Your Vesting Percentage Is 100%

You forfeit (lose the right to) your earned benefit if you stop working for us when your vesting percentage is zero. We will restore this forfeited amount if you come back to work as an eligible employee (see Part 1) before the end of the first period of five consecutive one-year breaks in service beginning after you stop working for us.

Disability Benefits

You will continue to earn benefits if you are an active participant and you meet all of the following:

- You are totally disabled as defined in the Plan; and
- You have been disabled for six months.

While you are disabled, you continue to earn benefit service. Your earned benefit is determined as if you had continued to work for a Participating Agency until you reach Normal Retirement Age or, if you choose to commence receiving benefit payments before your Normal Retirement Age, your Early Retirement Age. Your earned benefit is figured as if your pay continued unchanged.

Disabled means that a participant is disabled as a result of sickness or injury to the extent that he is prevented from engaging in any substantial gainful activity, and is eligible for and receives a disability benefit under Title II of the Federal Social Security Act.

Your retirement benefits will be paid as explained in Part 3.

PART 5 DEATH BENEFITS BEFORE RETIREMENT

The primary purpose of the Plan is to provide income for you during your retirement years. However, if you die before you retire, a death benefit may be payable to your spouse, eligible child(ren), or beneficiary.

A Spouse's Benefit

A death benefit is paid to your spouse if these requirements are met:

- You are vested in your earned benefit (see Part 4);
- You are married;
- You die before retirement benefits start.

The death benefit equals the survivor's benefit under a 66 2/3% survivor with 10-year certain form. The benefit is payable to your spouse as of the earliest date you could have retired on or after the date of your death. If you were still working for a Participating Agency on the date of your death, the earliest date you could have retired will be determined as if you had stopped working for a Participating Agency the date of your death and survived to retire. This date will be the earliest first day of the month on or after the date of your death if you die on or after your Normal Retirement Date or you had reached Early Retirement Age on the date of your death.

The amount of the benefit is based on your vested benefit on your date of death, or if earlier, on the date you stopped working for any Participating Agency. If the earliest date you could have retired is before your Normal Retirement Date, your vested benefit is adjusted for Early Retirement as explained in Part 3. If you die after your Normal Retirement Date, your vested benefit is adjusted for Late Retirement as explained in Part 3. Your vested benefit is also adjusted for the 66 2/3% survivor with 10-year certain form. Two-thirds of this reduced amount is payable to your spouse monthly for life. If your spouse dies before the end of a 10-year certain period, payments continue to your beneficiary until the 10-year certain period ends. (If you're eligible to retire and have made a valid election of a survivor form for your spouse with a different percentage, that survivor form will be used to determine the death benefit payable to your spouse if you die before your retirement date, subject to certain restrictions.)

If the value of the spouse's death benefit is \$5,000 or less, the benefit will be paid to your spouse in a single sum in place of the monthly income.

Your spouse may choose to begin benefits on a later date. If your spouse chooses to begin benefits on a later date, the survivor's benefit will be actuarially increased. Benefits must begin by the date you would have been age 70½.

An Eligible Child or Beneficiary Death Benefit

A death benefit is paid to your eligible child(ren) or beneficiary if these requirements are met:

- You are vested in your earned benefit (see Part 4);
- You are survived by an eligible child(ren) (beneficiary, if no eligible child(ren)), on the date you die;
- You die before retirement benefits start; and
- The requirements for the spouse's benefit above have not been met.

Eligible Child(ren) means any child(ren) of a participant who have not attained age 19.

The death benefit equals the beneficiary's benefit under a life annuity with 10-year certain period optional form of benefit (see Part 6) as if you had chosen to receive such optional form of benefit on the day before your death and not received any payments. The benefit is payable to your eligible child(ren) in equal shares (or your beneficiary, if no eligible child(ren)), as of the first day of the month following the date of your death but no later than the December 31 of the calendar year following the calendar year of your death.

The amount of the benefit is based on your vested benefit on your date of death, or if earlier, on the date you stopped working for any Participating Agency. If the day before you die is before your Normal Retirement Date, your vested benefit is adjusted for Early Retirement as explained in Part 3. If the day before you die is after your Normal Retirement Date, your vested benefit is adjusted for Late Retirement as explained in Part 3. Your vested benefit is also adjusted for the life annuity with 10-year certain period form. This reduced amount is payable to your eligible child(ren) or beneficiary for 10 years. If your eligible child(ren) or beneficiary die before payments have been made for a total of 10 years, payments will continue to your estate until payments have been made for a total of 10 years.

If the value of the eligible child or beneficiary death benefit is \$5,000 or less, the benefit will be paid to your eligible child(ren) or beneficiary in a single sum in place of the monthly income.

PART 6 HOW THE PLAN PAYS BENEFITS

You make an important choice when you decide how to receive your retirement benefit. Things to consider include the money you will need every month, any death benefits you want to provide, and your tax situation.

If the value of your retirement benefit is more than \$5,000, you may choose to have your retirement benefit paid under any of the optional forms available under the Plan. Your tax advisor can help you make your choice.

The amount of the payments will depend on the amount of your retirement benefit, your age, and the optional form chosen. If the option provides a monthly income for the life of someone who survives you, the amount of the payments will also depend on the age of your survivor.

If the value of your retirement benefit is \$5,000 or less, you will receive your benefit in a single sum payment. Federal law requires the Plan to automatically roll your single sum payment to an IRA in a direct rollover (see Part 7) if:

- the value is more than \$1,000
- you have not reached age 65
- you do not elect to have your retirement benefit paid to you in a single sum or rolled to another retirement plan or an IRA of your choice in a direct rollover

For more information regarding the designated IRA for automatic rollovers see Part 8.

Choosing at Retirement

If the value of your retirement benefit is more than \$5,000, you may choose from the forms of benefit described in Forms to Choose below. Your choice must be made within 180 days of the date benefits begin. Federal rules may limit the forms available to you. You may need your spouse's consent to choose a form of benefit. See A Spouse's Rights in Part 7. You may change or cancel your choice at any time before benefits start.

If you don't choose a form or your spouse revokes consent (if consent is needed), your retirement benefits are paid as follows:

- If you are married, retirement benefits are paid to you monthly for life. After your death, 66 2/3% of your monthly income is paid to your spouse for as long as your spouse lives. If your spouse dies before the end of a 10-year period, payments continue to your beneficiary until the 10-year period ends.
- If you are single, retirement benefits are paid to you monthly for life. No benefits are payable after your death.

Choosing Pre-retirement Death Benefits

Your spouse may choose to have the spouse's benefit described in Part 5 paid in another form. If the value of the spouse's benefit is \$5,000 or less, the benefit will automatically be paid to your spouse in a single sum.

The optional forms of death benefit are any of the optional forms available to you at retirement. Because of Federal rules regarding when death benefits must begin and how death benefits can be paid, your

spouse should contact the Plan Administrator to determine what options are available and when elections must be made.

Any choice of the form of payment by your spouse must be made before benefits begin.

Forms to Choose

The Plan offers the following optional forms of benefit:

Annuity Options

- A monthly income to you for life. No benefits are payable after your death.
- A monthly income to you for life. If you die before the end of a certain number of years (you may choose 10 or 15 years), payments continue to your beneficiary until that period ends.
- A monthly income to you for life. You choose a percentage (50%, 66 2/3%, 75%, or 100%) of your monthly income to continue for the lifetime of a survivor you name.
- A monthly income to you for life with 66 2/3% of your monthly income to continue for the lifetime of a survivor you name. If your survivor dies before the end of a 10-year certain period, payments continue to your beneficiary until that period ends.
- A monthly income to you for life with a full cash refund of the present value of your vested earned benefit.

Tax Considerations

Benefits you receive are normally subject to income taxes. You may be able to postpone or reduce the taxes that would otherwise be due. In addition, benefits you receive before age 59 1/2 may be subject to a 10% penalty tax.

Each person's tax situation differs. Your tax advisor can help you decide the best way for you to receive benefits.

PART 7 IMPORTANT INFORMATION FOR YOU

Your Rights

As a participant in the Defined Benefit Pension Plan of the Head Start Sponsoring Board Council of the City of New York, Inc., you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants will be entitled to:

- Receive Information About The Plan and Benefits

Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and, if applicable, collective bargaining agreements that include provisions to establish, operate, or govern the Plan, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of all documents governing the Plan, including insurance contracts and, if applicable, collective bargaining agreements that include provisions to establish, operate, or govern the Plan, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (see Part 3) and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. If you have a right to a pension, this statement will be provided to you at least once every three years or you can request it in writing once every twelve months. The Plan must provide the statement free of charge.

- Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union (if applicable), or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

- Enforce Your Rights

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money,

or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

- Assistance With Your Questions

If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

A Spouse's Rights

Other parts of this booklet refer to a spouse's rights. Federal law gives these rights to a spouse for his or her protection.

You must have your spouse's written consent to start benefits before the date you reach age 65. No consent is needed if your benefits are to be paid to you monthly for life with 66 2/3% of your monthly income paid to your spouse after your death. **If your spouse dies before the end of a 10-year period, payments continue to your beneficiary until the 10-year period ends.**

Your spouse must consent to any optional form of benefit. Your spouse has the right to limit consent to a specific optional form of benefit or to limit consent to a specific beneficiary for any form that pays a death benefit. Your spouse's consent must be obtained within 180 days of the date your benefits begin. Your spouse can waive one or both of these rights.

Your spouse may revoke consent at any time before benefits begin. A spouse's consent is not valid for a former or future spouse of yours.

Death Benefits

Your spouse's consent may let you make future changes without his or her consent. If it does not, you will need a new consent to make a new choice. You do not need your spouse's consent to cancel a choice.

Your spouse may revoke consent at any time before your death. A spouse's consent is not valid for a former or a future spouse of yours.

Qualified Domestic Relations Order (QDRO)

A domestic relations order is a judgment, decree, or order that provides child support, alimony payments, or marital property rights. A domestic relations order may give all or part of your Plan benefits to an alternate payee if it is determined to be a qualified domestic relations order (QDRO). An alternate payee is your spouse, former spouse, child or dependent. In order to be a QDRO, the domestic relations order must include certain information and meet certain other requirements.

The Plan Administrator is required to set up detailed procedures for determining if a domestic relations order is a QDRO. You and the alternate payee may get a copy of these procedures, without charge, from the Plan Administrator.

The Plan Administrator

The Plan Administrator is responsible for the general administration and management of the Plan and shall have all powers and duties necessary to fulfill its responsibilities, including the sole discretion to interpret and apply the Plan and to determine all questions relating to eligibility for benefits. Decisions by the Plan Administrator are conclusive and binding on all participants and others, and benefits under the Plan will be paid only if the Plan Administrator decides in its discretion that the claimant is entitled to them.

The Plan shall be interpreted in accordance with its terms and their intended meanings. However, the Plan Administrator shall have the discretion to interpret or construe ambiguous, unclear, or implied (but omitted) terms in any fashion it deems to be appropriate in its sole discretion, and to make any findings of fact needed in the administration of the Plan. The validity of any such interpretation, construction, decision, or finding of fact shall not be given de novo review if challenged in court, by arbitration, or in any other forum, and shall be upheld unless clearly arbitrary or capricious.

Direct Rollovers

Certain benefits that are payable to you may be paid directly to another retirement plan or IRA. The Plan Administrator will give you more specific information about this option when it applies.

Assigning Your Benefits

Benefits under the Plan cannot be assigned, transferred, or pledged to someone else. The Plan does make the following exceptions:

- Qualified domestic relations orders such as alimony payments or marital property rights to a spouse or former spouse.
- Any offset to your benefit per a judgment, order, decree, or settlement agreement because of a conviction of a crime against the Plan or a violation of ERISA.

The Plan Administrator will tell you if either of these exceptions applies to you.

Your Social Security Benefits

Your benefits from this Plan are in addition to your benefits from Social Security. You should make your application for Social Security (and Medicare) benefits three months before you wish Social Security payments to begin.

Claims By Participants and Beneficiaries

You or your beneficiaries will need to complete all necessary forms and supply needed information, such as the address where you will receive your checks. Any request for benefits should be made to the Plan Administrator. If you have any other claim under the Plan, you should submit it in writing to the Plan Administrator.

Your request for Plan benefits or other claim under the Plan will be considered a claim for Plan benefits, and it will be subject to a full and fair review. If your claim is wholly or partially denied, the Plan Administrator will furnish you with a written notice of this denial. This written notice must be provided to you within a reasonable period of time (generally 90 days) after the receipt of your claim by the Plan Administrator. In the case of a non-disability related claim, the written notice must contain the following information:

- the specific reason or reasons for the denial;
- specific reference to those Plan provisions on which the denial is based;
- description of any additional information or material necessary to correct your claim and an explanation of why such material or information is necessary; and
- appropriate information as to the steps to be taken if you or your beneficiary wishes to submit your claim for review, including a statement of your right to bring a civil action under ERISA Section 502(a) following the denial of your claim on appeal.

In the case of a claim relating to disability, the Plan Administrator will provide you with written or electronic notification of the Plan's adverse benefit determination within a reasonable period of time, but not later than 45 days after receipt of the claim by the Plan. This period may be extended by the plan for up to 30 days, provided that the Plan Administrator both determines that such an extension is necessary due to matters beyond the control of the Plan and notifies you, before the expiration of the initial 45 day period, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision. If, before the end of the first 30-day extension period, the Plan Administrator determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for up to an additional 30 days, provided that the Plan Administrator notifies you, before the expiration of the first 30-day extension period, of the circumstances requiring the extension and the date as of which the Plan expects to render a decision. In the case of any such extension, the notice of extension will specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and you will be afforded at least 45 days within which to provide the specified information

In the case of a claim relating to disability, the Plan Administrator's written or electronic notification of any adverse benefit determination must contain, in some circumstances, information in addition to that provided for non-disability related claims. If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion must be provided; or a statement that such rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination and that a copy of the rule, guideline, protocol, or other similar criterion will be provided to you free of charge upon request.

If your claim has been denied and you want to submit your claim for review, you must follow the Claims Review Procedure.

The Claims Review Procedure For All Matters Except Disability Determination

Upon the denial of your claim for benefits, you may file your claim for review, in writing, with the Plan Administrator.

YOU MUST FILE THE CLAIM FOR REVIEW NO LATER THAN 60 DAYS AFTER YOU HAVE RECEIVED WRITTEN NOTIFICATION OF THE DENIAL OF YOUR CLAIM FOR BENEFITS.

You may review all pertinent documents relating to the denial of your claim and submit any issues and comments, in writing, to the Plan Administrator.

Your claim for review must be given a full and fair review. If your claim is denied, the Plan Administrator must provide you with written notice of this denial within 60 days after the Plan Administrator's receipt of your written claim for review. There may be times when this 60 day period may be extended. This extension may only be made, however, where there are special circumstances which are communicated to you in writing within the 60 day period.

The Plan Administrator's decision on your claim for review will be communicated to you in writing and will include specific references to the pertinent Plan provisions on which the decision was based.

The Claims Review Procedure for Disability-Related Claims

If the claim review procedure relates to disability, then the claim deadline is 180 days, not 60 days. In addition, the following additional procedures will be applicable.

Your claim will be reviewed without deference to the initial adverse benefit determination and the review will be conducted by an appropriate named fiduciary of the Plan who is neither the individual who made the adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual.

In deciding an appeal of any adverse benefit determination that is based in whole or part on medical judgment, the appropriate named fiduciary will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment.

The health care professional engaged for purposes of a consultation will be an individual who is neither an individual who was consulted in connection with the adverse benefit determination that is the subject of the appeal, nor the subordinate of any such individual.

Any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with your adverse benefit determination will be identified, without regard to whether the advice was relied upon in making the benefit determination.

In the case of disability related claims, your denial must be provided within 45 days instead of 60 days and extensions are for 45 days not 60 days. In addition to the procedures that apply in the case of non-disability claim denials, the following procedures apply:

- If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion must be provided; or a statement that such rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination and that a copy of the rule, guideline, protocol, or other similar criterion will be provided to you free of charge upon request.
- If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the specific or clinical judgment for the determination must be provided, applying the terms of the Plan to your medical circumstances, or a statement that such explanation will be provided to you free of charge upon request.
- If benefits are provided or administered by an insurance company, insurance service, or other similar organization which is subject to regulation under the insurance laws, the claims procedure relating to those benefits may provide for review. If so, that company, service, or organization will be the entity to which claims are addressed. Ask the Plan Administrator if you have any questions regarding the proper person or entity to address claims.

Legal Action

You may not take any legal action against the Plan unless you have exhausted the claims and appeal procedures described above. If you have a claim for benefits which is denied upon review, in whole or in part, you may bring a civil action under Section 502(a) of ERISA. Except as otherwise provided by law, ANY SUCH SUIT MUST BE COMMENCED WITHIN ONE YEAR AFTER RECEIVING SUCH DENIAL ON REVIEW.

Changing the Plan

The Plan can be changed at any time. We will notify you of any changes that affect your benefits.

Benefits you have earned as of the date the Plan is changed may not be reduced except as required by law. If the Plan is changed, the Plan Administrator can tell you which benefits and forms of payment are preserved for you.

An earlier version of the Plan may continue to apply in certain situations. For example, participants who stop working for a Participating Agency have their eligibility for benefits determined under the version in effect when they stopped working.

Plan Discontinuance and the Pension Benefit Guaranty Corporation

We hope to continue the Plan, but the Plan can be terminated (stopped) at any time at the discretion of the Plan Administrator. You will be 100% vested in your earned benefit if the Plan is terminated.

Your pension benefits under this Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the Plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their Plan, but some people may lose certain benefits.

The PBGC guarantee generally covers: (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the Plan terminates; and (3) certain benefits for your survivors.

If the Plan is terminated, the Plan assets will be used up on a priority basis to provide retirement income for Plan participants.

Determining which benefits fall into which priority is very complex, but in general, it works like this. Benefits for Plan participants who retire three years or more before termination will be given first priority. Then those who were eligible to retire at least three years before termination will receive benefits. Next those benefits of all other participants that were vested before termination of the Plan and finally, those nonvested benefits that became vested on termination of the Plan.

Where a benefit falls in the priorities also depends on:

- Plan provisions in effect five years prior to the termination date,
- a percentage of any increase in benefits due to changes in the Plan during the last five years,
- amounts guaranteed by the PBGC,
- limitations for Plan participants who are classified as substantial owners, and
- dollar maximums on pensions, all as regulated by the PBGC.

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by the law for the year in which the Plan terminates; (2) some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates; (3) benefits that are not vested because you have not worked long enough for the company; (4) benefits for which you have not met all of the requirements at the time the Plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at

the Plan's normal retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money the Plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask the Plan Administrator or you may contact the PBGC's Technical Assistance Division, 1200 K Street NW, Suite 930, Washington DC 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at <http://www.pbgc.gov>.

Military Service

You may be entitled to certain benefits under the Uniformed Services Employment and Reemployment Rights Act of 1994. The benefits you are entitled to will be determined at the time you return to work for us based on your period of military service and whether or not you returned to work during the period of time in which you have reemployment rights.

You may be entitled to additional benefits or vesting service under the Heroes Earnings Assistance and Relief Tax Act of 2008 if you die during a period of qualified military service. Your survivor may also be entitled to certain benefits if you die during your period of military service and you could have returned to work for us during the period of time in which you had reemployment rights.

PART 8 FACTS ABOUT THE PLAN

The terms of the Plan do not guarantee your employment with a Participating Agency

Plan Sponsor and Identification Number:

Head Start Sponsoring Board Council of the City of New York, Inc.
1120 Avenue of the Americas, Suite 4110
New York, NY 10036
EIN: 13-3152121

Plan Name and Plan Number:

The Defined Benefit Plan of the Head Start Sponsoring Board Council of the City of New York, Inc.
PN: 001
Type of Plan: Defined Benefit

Plan Administrator:

Pension Committee of the Head Start Sponsoring Board Council of the City of New York, Inc.
1120 Avenue of the Americas
New York, NY 10036
Telephone: (212) 626-2644

Type of Administration: Employer

Plan Year: July 1 through June 30

Designated IRA for Automatic Rollovers:

The IRA designated for automatic rollovers is an interest-bearing savings account. Fees and expenses will be paid by you. For more information about the designated IRA and related fees, contact:

The Principal Client Contact Center
Principal Life Insurance Company
710 9th Street
Des Moines, IA 50309
Telephone: (800) 547-7754

Funding Medium(s):

The Plan sponsor makes contributions to the Plan. Those contributions are held under a trust fund (see Trustee information below) and an annuity contract for purposes of providing benefits for participants of the Plan.

The annuity contract is issued by:

Principal Life Insurance Company
711 High Street
Des Moines, IA 50392-0001

Trustee(s) of the Plan:

Delaware Charter Guarantee & Trust Company d/b/a Principal Trust Company
1013 Centre Road
Wilmington, DE 19805-1265

Agent for Legal Process of the Plan:

President
Head Start Sponsoring Board Council of the City of New York, Inc.
1120 Avenue of the Americas
New York, NY (212) 626-2644

Service of legal process may also be made on the Plan Administrator or a Plan trustee.

Additional Information

The following are member companies of the Principal Financial Group:

- Principal Life Insurance Company
- Delaware Charter Guarantee & Trust Company d/b/a Principal Trust Company

This Plan is maintained pursuant to a collective bargaining agreement. A copy may be obtained upon written request to the Plan Administrator and is available for examination.