

2009
BLOOMFIELD HILLS SCHOOLS
TAX SHELTERED ANNUITY OR CUSTODIAL ACCOUNT PURCHASE
AGREEMENT (COMPENSATION REDUCTION AGREEMENT)

In order to make contributions to a tax sheltered annuity contract or custodial account pursuant to the terms of Section 403 of the Internal Revenue Code of 1986, as amended, (hereinafter "the Code") it is hereby agreed by and between _____ (Employee) and the Bloomfield Hills Schools (Employer), as follows:

1. Beginning _____, the compensation to be paid by the Employer to the Employee shall be reduced in the following manner:

Regular Salary:

\$ _____ per pay period;

\$ _____ percent (%) of pay;

\$ _____ lump sum for payroll dated: _____

Total Annual Compensation Reduction \$ _____

The Employee hereby designates the following Annuity Contract Sales Agency or Custodial Account Representative as a third party beneficiary of this Agreement.
(Please check only one company per agreement)

___ Consolidated Financial Corporation (683)

___ AXA Equitable (687)

___ Pro Equities (869)

___ Fidelity (862) Acct # _____

___ GLP and Associates (870)

___ Great West Assurance Co. (864)

___ Variable Annuity (VALIC) (866)

___ Paradigm Equities (MEA Financial) (868)

___ The VANGUARD Group (871)

2. NOTWITHSTANDING PARAGRAPH 1 ABOVE, THE EMPLOYER ASSUMES NO RESPONSIBILITY FOR AND MAKES NO REPRESENTATION CONCERNING TREATMENT FOR FEDERAL, STATE OR LOCAL TAX PURPOSES OF AMOUNTS PAID FOR AND/OR RECEIVED UNDER ANY ANNUITY CONTRACT OR CUSTODIAL ACCOUNT PURCHASED UNDER THIS AGREEMENT. THE RESPONSIBILITY FOR COMPLYING WITH APPLICABLE STATUTORY AND PLAN REQUIREMENTS IS WITH THE ANNUITY CONTRACT SALES AGENCY OR CUSTODIAL ACCOUNT REPRESENTATIVE SELECTED BY THE EMPLOYEE TO PROVIDE AN ANNUITY CONTRACT OR CUSTODIAL ACCOUNT TO WHICH DEFERRALS WILL BE MADE UNDER THIS AGREEMENT. THE ANNUITY CONTRACT SALES AGENCY OR CUSTODIAL ACCOUNT REPRESENTATIVE WILL ASSIST THE EMPLOYEE WITH MEETING APPLICABLE REQUIREMENTS SPECIFIED IN PARAGRAPHS 4 AND 10 BASED ON THE INFORMATION SUPPLIED BY THE EMPLOYEE. IF THE EMPLOYEE HAS MORE THAN ONE ARRANGEMENT TO MAKE COMPENSATION REDUCTION AGREEMENT CONTRIBUTIONS TO AN ANNUITY CONTRACT AND/OR CUSTODIAL ACCOUNT, THE EMPLOYEE AGREES TO DISCLOSE AND INFORM EACH AFFECTED ANNUITY CONTRACT SALES AGENCY AND CUSTODIAL ACCOUNT REPRESENTATIVE OF ALL OF THE RELEVANT INFORMATION. IF THE EMPLOYEE MAKES CONTRIBUTIONS DIRECTLY TO A CUSTODIAL ACCOUNT WITHOUT THE ASSISTANCE OF A CUSTODIAL ACCOUNT REPRESENTATIVE, THEN THE EMPLOYEE AGREES TO RETAIN A QUALIFIED TAX PROFESSIONAL TO ASSIST THE EMPLOYEE IN COMPLYING WITH THIS AGREEMENT. AN EMPLOYEE WHO MAKES CONTRIBUTIONS DIRECTLY TO A CUSTODIAL ACCOUNT WITHOUT THE ASSISTANCE OF A CUSTODIAL ACCOUNT REPRESENTATIVE SHALL COMPLY WITH ALL OF THE DUTIES ASSIGNED TO THE CUSTODIAL ACCOUNT REPRESENTATIVE UNDER THIS AGREEMENT.

3. Notwithstanding paragraph 1 above, the Employer shall not be obligated to pay any amount to any insurance company, Annuity Contract Sales Agency, Custodial Account Representative or custodial account if the amount then due from said Employer to the Employee is less than the dollar amount of compensation reduction set forth in Paragraph 1, nor shall the Employer incur any responsibility or obligation to the Employee with respect to any annuity contract or custodial account purchased or contributed to pursuant to this Agreement other than responsibility for the transmission of funds resulting from the reduction of compensation provided for herein for the purchase of or contribution to such annuity contract or custodial account.

4. Notwithstanding paragraph 1 above, no Agreement will be accepted by the Employer unless the Annuity Contract Sales Agency or Custodial Account Representative prepares and delivers sufficient documentation (in the form approved by the Employer) to the Employer which demonstrates that the Employee is entitled to the compensation reduction (elective deferral) amount set forth in this Agreement pursuant to the provisions of Code Section 402(g) and that the total amount of contributions (including employer contributions and elective deferrals) will not cause the Code Section 415 annual addition limitations to be exceeded. The

demonstration must take into account all 403(b) plans, 401(k) plans, SEPs described in Code Section 402(b)(1)(B) and SIMPLE retirement accounts described in Code Section 408(p)(2)(A)(i). The demonstrations may take into account any special elections available to the Employee under Code Section 414(v), if applicable. Such Code §414(v) "catch-up" deferrals may be made only after any available "catch-up" deferral under Code §402(g)(7) is exhausted. If the Employee participates in any plan which permits Roth deferrals, the demonstrations must also take into account the requirements of Code §§402(g), 402A and 415(c) applicable to such deferrals. Under this Agreement, excess deferrals are prohibited. The Employee agrees that in the event that excess deferrals are made, excess deferrals and income shall be returned in the manner provided in Code Section 402(g) (or corresponding provision of future tax law). All distributions shall comply with the provisions of Treas. Reg. §1.402(g)-1(e)(2) or (3) (which provisions are hereby incorporated by reference). Excess deferrals and earnings under this Agreement which are attributable only to this Employer, shall be automatically returned to the Employee by the Annuity Contract or Custodial Account. The Employee shall designate amounts as excess deferrals which are attributable to multiple employers and/or multiple contracts.

5. No after-tax contributions will be allowed or accepted.

6. This Agreement applies only to the amounts currently available to the Employee after the effective date of the Agreement, and is legally binding and irrevocable with respect to amounts earned while the Agreement is in effect.

7. Subject to the provisions of paragraph 6 above, this Agreement shall continue to be effective for this calendar year and each subsequent calendar year until a new Agreement is executed or this Agreement is modified (subject to the provisions of paragraph 6 above) or terminated. However, the Employer may limit, reduce or terminate contributions only as required to comply with Internal Revenue Code limitations.

8. The Employee retains the right to terminate the Agreement in its entirety for amounts not currently available by filing a written statement with the Employer which states that the Agreement shall be terminated.

9. Other terms and conditions of employment between the Employee and the Employer shall not be affected by this Agreement and in the event of any conflict, the terms of an Employee's contract of employment shall prevail.

10. In a separate agreement, the Annuity Contract Sales Agency or Custodial Account Representative has agreed to assist the Employee by preparing and supplying the Employee and the Employer with sufficient written demonstrations that the total amounts contributed to the Employee's tax sheltered annuit(ies) will not exceed the limitations set forth in Code Sections 402(g) and 415 (or corresponding provisions of future tax laws). Copies of such demonstrations shall be filed with the Employer. The demonstrations may take into account any special elections available to the Employee under Code Section 414(v).

11. For purposes of Code Sections 414(v) and 415, Compensation means the amount of remuneration earned by an Employee from the Employer during the most recent period of service which is includible in the Participant's gross income. Only remuneration which is earned by a Participant from the Employer during the period which precedes the taxable year by no more than five years shall be considered as "Compensation". Compensation shall not include employer-paid contributions. Compensation for 415 purposes and Compensation of Code Section 403(b) purposes shall also include elective deferrals and amounts contributed or deferred by the Employer at the election of the Employee which are not includible in the gross income of the Employee by reason of Code Sections 132(f)(4), 125 or 457. Compensation shall be limited for all purposes under the Plan by the compensation limit set forth in Code Section 401(a)(17). The compensation limit is \$200,000, as adjusted by the Commissioner for cost of living increases as reflected in Code Section 401(a)(17).

12. The Bloomfield Hills Schools Tax-Sheltered Annuity Plan (Master Document) and this Tax Sheltered Annuity or Custodial Account Purchase Agreement, the annuity contract or custodial account, any Agreement Between Bloomfield Hills Schools and the Annuity Contract Sales Agency or Custodial Account Representative, and any relevant collective bargaining agreements, shall together constitute the applicable plan documents for the Bloomfield Hills Schools Tax-Sheltered Annuity Plan. To the extent that any provision in a document is inconsistent with the Bloomfield Hills Schools Tax-Sheltered Annuity Plan (Master Document), the provisions of the Master Document are controlling.

13. The ability to make compensation reduction agreement contributions (elective deferrals) under this Agreement is available to all employees of the Bloomfield Hills Schools except for nonresident aliens and students performing services described in Code Section 3121(b)(10).. All eligible employees may participate as soon as administratively feasible after completion and filing of this Agreement and other applicable enrollment forms. All elective deferrals shall be one hundred (100%) percent vested.

14. Any annuity contract used as a funding vehicle hereunder must be nontransferable as provided in Code Section 401(g). Any custodial account used as a funding vehicle hereunder must meet the applicable requirements of Code Section 401(f)(2) and 403(b) and must provide for investment only in regulated investment company stock. The Employer reserves the right to limit funding vehicles. On and after September 25, 2007, an investment with an annuity company or custodial account sponsor under the Plan may not be exchanged for an investment with any annuity company or custodial account sponsor which is not authorized by the Employer to receive investments under the Plan.

15. Any annuity contract or custodial account used as a funding vehicle hereunder which is issued on or after September 24, 2007 may not use incidental life insurance contracts as a funding vehicle. Any annuity contract or custodial account used as a funding vehicle shall make distributions which meet the requirements of Code Section 401(a)(9) and the regulations issued thereunder. These distribution requirements shall override any distribution option in an annuity contract or custodial account which is inconsistent with Code Section 401(a)(9).

16. To the extent permitted under Section 403(b)(13) of the Code, a Participant may request a trustee-to-trustee transfer from his/her Account to a governmental defined benefit pension plan for the purchase of permissive service credit (as defined in Section 415(n)(3)(A) of the Code) under such plan, or for the purpose of a repayment to which Section 415 of the Code does not apply by reason of subsection (k)(3) thereof.

17. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a "Distributee's" election under this Plan, a "Distributee" may elect, at the time and in the manner prescribed by the Employer and Annuity Contract or Custodial Account, to have any portion of an "Eligible Rollover Distribution" paid directly to an "Eligible Retirement Plan" specified by the "Distributee" in a "Direct Rollover."

For purposes of this Section,

- (a) "Eligible Rollover Distribution" is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: a hardship distribution, any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).
- (b) "Eligible Retirement Plan" is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or another 403(b) annuity plan that accepts the Distributee's Eligible Rollover Distribution. "Eligible Retirement Plan" shall also include (i) a qualified plan described in Section 401(a) of the Code; (ii) an individual retirement account to the extent permitted under section 408(d)(3)(A) of the Code, and (iii) an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan.
- (c) "Distributee" includes an Employee or former Employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse. A distributee may also include a beneficiary who, at the time of death of the Employee or former Employee, was neither the

spouse of the Employee/former Employee nor an alternate payee of the Employee/former Employee under a domestic relations order.

- (d) "Direct Rollover" is a payment by the plan to the eligible retirement plan specified by the distributee.

18. An Employee may receive distributions from his or her account held by an annuity contract or custodial account only as permitted by applicable laws. Except as specifically modified hereunder, an Employee, or if applicable a designated beneficiary, is only eligible to receive distribution from this Plan upon death, Total Disability as defined in Code Section 72(m)(7), separation from service with the Employer, attainment of age fifty-nine and one-half (59½) or upon meeting the hardship distribution requirements which are specified in the Plan. Early distribution penalties will apply to distributions due to separation from service prior to age fifty-nine and one-half (59½). Notwithstanding the foregoing, as to distributions from annuity contracts issued before January 1, 2009, a Participant may withdraw, with an early distribution penalty, any Employer contributions (which are not elective deferrals) plus earnings attributable thereto from any annuity contract which is a funding vehicle under this Plan. Such employer contributions, plus earnings, may be distributed from an annuity contract issued on or after January 1, 2009 only upon Severance From Employment, Total Disability, death or the attainment of age 55. Further, a Participant may withdraw, with an early distribution penalty, any elective deferrals and earnings attributable thereto, which were made prior to 1989 from any annuity contract which is a funding vehicle under this plan. Any such distributions shall be subject to the distribution restrictions of the affected Employee's annuity contract. In no event may any withdrawal be made from a custodial account under this Plan before the Employee attains age fifty-nine and one-half (59½), severs from employment, dies or becomes Totally Disabled except that a withdrawal for hardship as defined in the Master Document may be made from the employee's elective deferrals. A hardship distribution shall not include any income attributable to elective deferrals. Distribution from the Plan to an eligible Employee or Beneficiary shall only be made after completion and return of the necessary benefit distribution forms to the appropriate fund sponsor.

19. All loans from an annuity contract or custodial account shall comply with the requirements of Code Section 72(p) including those requirements relating to loan amounts, repayment provisions, amortization and plan aggregation.

20. As required by the final regulations under Code §403(b), the Participant shall provide such information as may reasonably be required by the Employer or its agent for the administration of the Plan, including, but not limited to, information concerning any plan loans, hardship distributions or other distributions received or requested by the employee from any annuity contract or custodial account under the Plan.

EMPLOYER:
BLOOMFIELD HILLS SCHOOLS

Dated: _____

By: _____

Its: _____

EMPLOYEE:

Dated: _____
