TKU Implementation Regulations Governing the Retirement Benefits Pension Plan

Secretariat Regulation No. 1000000005 (08/04/2011)

Article 1

The following regulations were formulated to enhance the welfare of retired TKU employees, increase the amount of income they receive (in retirement), and ensure that they obtain a comprehensive range of benefits.

Article 2

Full-time TKU faculty and staff (not including visiting professors, military instructors, and specially appointed staff) may voluntarily participate in the plan.

Article 3

Definitions of terminology used throughout these regulations are provided below:

1. <u>Voluntary Pension Contributions</u>: Voluntary deposits made into the TKU Defined Benefit Pension Plan (Herein referred to as The Pension Plan) by participating faculty and staff.
2. <u>Collective Pension Contributions</u>: Deposits (equal in amount to Voluntary Pension Contributions) made by TKU for faculty and staff members who participate in The Pension Plan.
3. <u>Extra Pension Contributions</u>: Additional deposits made by faculty and staff to The Pension Plan over and above the Voluntary Pension Contributions.
4. <u>Number of Participating Years</u>: The number of actual years that faculty and staff members have made deposits into The Pension Plan.

Article 4

Voluntary Pension Contributions amount to 3.5% of the participant’s monthly salary. TKU then makes deposits of equal ratio (and equal amount) for the faculty / staff member known as Collective Pension Contributions. Extra Pension Contributions made by faculty and staff can not be greater than twice the amount of Voluntary Pension Contributions. Moreover, TKU does not make equivalent deposits for Extra Pension Contributions.

Article 5

Any amendments made to the structure of the above-mentioned contributions must first be passed during the TKU administrative conference and sent to the Board of

Trustees for approval.

Article 6

Those participating in The Pension Plan must set up a designated bank account and grant authority of administration to the TKU Committee for Managing TKU Pension Plan Contributions (hereafter referred to as the "Plan Contribution Committee"). The Plan Contribution Committee hires an external financial insurance organization to manage these accounts. The *Implementation Guidelines for the Establishment and Operation of the Plan Contribution Committee* are outlined separately.

Article 7

The Voluntary Pension Contributions and Extra Pension Contributions will be taken monthly from the participant's salary and, together with the Collective Pension Contributions, will be deposited into the designated bank account. Voluntary, Collective, and Extra Pension Contributions must be managed in separate accounts. Any necessary costs that arise while dealing with matters related to the Plan Contribution Committee or when implementing the contract will be deducted from participants' Voluntary, Collective, and Extra Contributions.

Article 8

If participating faculty and staff take unpaid leave or are temporarily transferred to another office or department, Collective Pension Contributions will also temporarily cease. However, such faculty and staff may, if they wish, continue to deposit Voluntary and Extra Pension Contributions into The Pension Plan.

Article 9

If for some reason a participant temporarily stops depositing money into The Pension Plan, the amount already deposited will remain untouched. After the factors leading to the stop of payment are rectified, the participant can either continue making deposits or may opt to exit The Pension Plan. Participants who themselves opt to, or, for some reason are forced to exit The Pension Plan, must calculate and then withdraw the total Voluntary and Extra Pension Contributions deposited up to that point. Such members will not be entitled to any of the Collective Pension Contributions deposited up to that point. Any losses or related costs incurred by suspending the payment of deposits or exiting The Pension Plan will be covered solely by the participant.

Article 10

The Plan Contribution Committee hires an external financial insurance organization to manage and control pension contributions. The hired financial insurance organization is selected by the Plan Contribution Committee. However, possible risks associated with the operation of The Pension Plan will be born by its participants. TKU does not guarantee a minimum return on investment for contributions deposited. Participating faculty and staff must cooperate with TKU on administrative procedures such as the signing or switching of contracts. Those who do not cooperate will be forced to exit The Pension Plan.

Article 11

When participating faculty apply for retirement in accordance with TKU regulations, or for compensation (for work-related injuries, illnesses etc), severance pay, or resign from their position, the Office of Human Resources submits their applications to The Plan Contribution Committee for review. Related payments will be made after the conclusion of the review process.

Article 12

Methods for delivering payments under The Pension Plan are outlined as follows:

1. Retirement pension or severance pay: participants may elect to receive payments using one of the two following methods.

a) A lump-sum payout: a one-time payment that includes the sum of all accrued Voluntary, Collective, and Extra Pension Contributions, as well interest and earnings.

b) Incremental payments: incremental annual payouts are taken from the accrued total of Voluntary, Collective, and Extra Pension Contributions, along with interest and earnings, and distributed to participants by the hired financial insurance organization after referring to the life annuity table, interest rates, and number of participating years, and in accordance with related annual insurance regulations. In the event that the recipient of incremental payments passes away, the sum of the remaining contributions (after deducting those already rendered) will be provided in one lump-sum payment to the participant’s legal beneficiary.

2. Resignation: Participants who resign from TKU receive a lump-sum payment that includes Voluntary Pension Contributions, Extra Pension Contributions, interest, and earnings. Such participants are not entitled to receive Collective Pension Contributions.

3. Compensation for death: Personal, Collective, and Extra Pension Contributions, along with interest and earnings will be provided to the participant’s legal

beneficiary in one lump-sum payment.

Article 13

Participants are not allowed to transfer the rights to their pension funds to others, nor to use the fund as collateral on a loan, or in any other such way. However, the pension funds may be used to pay off debts owing to TKU by the participants.

Article 14

TKU employees who qualify to join The Pension Plan and wish to do so midstream may apply to join in August of each year. After doing so, such faculty and staff become official Pension Plan participants as of the following month (September).

New faculty and staff members who apply to join The Pension Plan will become official participants starting from the first month after that in which they commenced work. Participants who wish to change the money amount deposited monthly under Extra Pension Contributions may apply to do so in August of each year. The change will come into effect as of September 1 of that year. Such applications are only processed in August.

All faculty and staff who opt to exit The Pension Plan must submit a written application before the 15th of each month. Deposits made into the Personal, Collective, and Extra Pension Contributions will then cease as of the following month. After exiting The Pension Plan, faculty and staff may no longer apply to re-enter.

Article 15

The management of the pension fund, as well as deposits made into and payments made from the fund, will be carried out in accordance with the guidelines described herein and all related TKU rules and regulations.

Article 16

While implementing these regulations, if the Ministry of Education puts forth and implements a new pension system for private universities, TKU may be required to alter or terminate The Pension Plan. If this occurs, the participant’s entitlement to the accrued total of contributions up to that point (including Personal, Collective, and Extra) will be guaranteed.

Article 17

This set of regulations will take effect on the date of its publication after being passed in a TKU administrative conference and approved by the Board of Trustees. The same applies to any later amendments made.