

# LEGAL SERVICES CORPORATION

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750 First Street, N.E.  
Washington, D.C. 20002

## BOARD OF DIRECTORS

### RESOLUTION REGARDING AMENDMENTS TO CORPORATION'S 403(B) THRIFT PLAN

[Resolution #98-001]

**WHEREAS**, the Board of Directors ("Board") of the Legal Services Corporation ("Corporation"), has assembled in a meeting this 7th day of February, 1998;

**WHEREAS**, the Corporation maintains a 403(b) Thrift Plan ("Plan") to provide retirement benefits for Corporation employees; and

**WHEREAS**, the Board of Directors has the right to amend the plan and is exercising that right to bring the plan into compliance with the Small Business Job Protection Act of 1996; and

**WHEREAS**, the Board of Directors has reviewed the provisions of the amendment attached hereto;

#### **NOW, THEREFORE, BE IT RESOLVED THAT:**

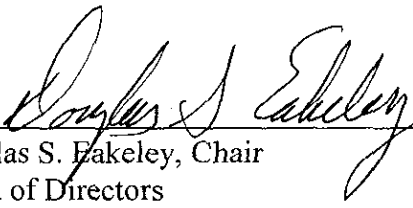
- 1) The attached amendment is hereby approved and adopted; and
- 2) The appropriate officers and agents of the Corporation are hereby authorized and directed to take such further action as they may deem necessary, appropriate, or advisable to implement the foregoing resolution.

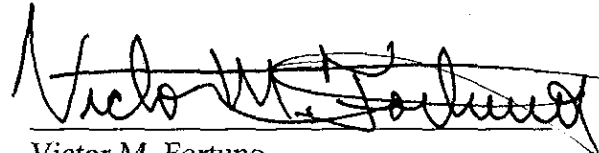
Board of Directors Resolution  
Regarding 403(b) Amendment  
February 7, 1998  
-Page 2

[Resolution # 98-001]

Adopted by the Board of Directors  
on February 7, 1998

Corporate Seal

  
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Douglas S. Eakeley, Chair  
Board of Directors

  
\_\_\_\_\_  
Victor M. Fortuno  
General Counsel & Corporate Secretary

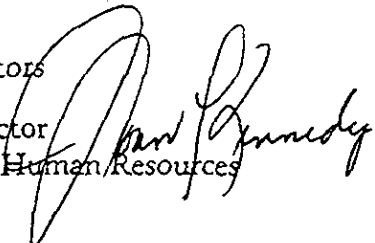
# LEGAL SERVICES CORPORATION

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750 First Street, NE  
Washington, DC 20002

## Memorandum

To: LSC Board of Directors

From: Joan Kennedy, Director  
Administration and Human Resources 

Date: January 22, 1998

Subject: Compliance Review of the LSC 403(b) Thrift Plan

On May 19, 1989, the Legal Services Corporation (LSC) instituted a retirement plan entitled the 403(b) Thrift Plan, a tax-deferred annuity plan subject to Section 403(b) of the Internal Revenue Code. The Plan is underwritten by Mutual of America Life Insurance Company which issues the contracts, maintains the individual contribution accounts, offers the interest and investment options, and pays the benefits provided by the contract.

By law and design, the Plan must meet extensive Internal Revenue Service (IRS) qualification regulations, as well as Employee Retirement Income Security Act (ERISA) reporting and disclosure requirements in order to provide retirement benefits on a tax-deferred basis.

As part of our management efforts, the Corporation initiated an extensive review of its operational procedures and compliance requirements to determine if the Plan is meeting applicable mandates under current law. The initial step of this process was the retention of the professional services benefits consultants KPMG Peat Marwick to conduct an in-depth review of the plan documents and operations to identify areas of potential noncompliance with the Internal Revenue Code and ERISA.

Page Two  
403(b) Thrift Plan Compliance Review  
January 22, 1998

We have completed the final phase of this 403(b) Thrift Plan Compliance Review and we have determined that some amendments to our current plan will be necessary. The majority of these Plan "amendments" are merely restatements of Plan provisions for clarification. However, some amendments are more significant. The most significant amendments to the Plan are identified as follows:

- Eligibility: Eligible class of employees was amended to include temporary employees and to eliminate the 1,000 hours requirement;
- Contributions: Definition amended to read "...total Salary Reduction Contributions made on behalf of a Participant for a Plan Year shall not exceed the maximum amount permitted by the Internal Revenue Code";
- SBJPA: Amendment to Plan necessary due to the enactment of the Small Business Job Protection Act of 1996 (SBJPA).

We are now in receipt of the proposed Adoption Agreement, Board of Directors Resolution, and the Amendment to the 403(b) Thrift Plan. Each of these documents has been reviewed and approved by our General Counsel's Office.

Ideally, the Plan Amendment and subsequent Board Resolution would have been approved at a regularly scheduled Board meeting in 1997; however, due to the fact that the LSC Board of Directors meeting was not scheduled until February, 1998 and that the amendments required immediate action be taken in order to comply with the law, the General Counsel offered as an alternative that we move forward with the execution of the amendment by obtaining the signature of John McKay, with a subsequent Board of Directors ratification at the February, 1998 meeting.

Please reference the attached documents which include the Adoption Agreement, Group Annuity Contract Rider, and the Amendment to the 403(b) Thrift Plan.

Attachments

JK/tsb

**403(b) THRIFT PLAN  
FOR  
LEGAL SERVICES CORPORATION**

**078-064-I**

## Section 1 - ADOPTION AGREEMENT

The undersigned Employer hereby establishes or amends its plan to be known as the 403(b) Thrift Plan for Employees of the Employer named in Section 1.1(a), (hereinafter referred to as the "Plan"), to be effective as of the date specified in 1.1(b) below, for the exclusive benefit of its Employees who qualify under the terms and conditions thereof.

If specified in Section 1.1(c) below, the Plan is a continuation as of the Amendment Effective Date of the plan immediately in effect before that date. The Employer hereby selects the following plan specifications for its Plan.

### 1.1 EMPLOYER, ADMINISTRATOR, EFFECTIVE DATE(S)

- (a) NAME OF EMPLOYER: Legal Services Corporation
- (b) PLAN EFFECTIVE DATE: December 1, 1988
- (c) AMENDMENT EFFECTIVE DATE: January 1, 1997, except as otherwise provided in the adoption agreement or the basic plan document with respect to the effective date of a specific provision of the plan.
- (d) PLAN YEAR: The twelve consecutive month period beginning January 1 and ending December 31.
- (e) PLAN ADMINISTRATOR: Employer named in Section 1.1(a).
- (f) ORGANIZATIONAL STATUS:  
Non-Church Section 501(c)(3) Organization.

### 1.2 ELIGIBILITY

#### (a) ELIGIBLE CLASS OF EMPLOYEES:

##### (1) SALARY REDUCTION CONTRIBUTIONS

All Employees except those who are Employees in the Civil Service Retirement System are eligible to make Salary Reduction Contributions.

##### (2) EMPLOYER MATCHING CONTRIBUTIONS

All Employees are eligible to receive Employer Matching Contributions except those who are Employees in the Civil Service Retirement System.

##### (3) EMPLOYER BASE CONTRIBUTIONS

All Employees are eligible to receive Employer Base Contributions except those who are Employees in the Civil Service Retirement System.

(b) MINIMUM AGE AND SERVICE REQUIREMENTS:

(1) SALARY REDUCTION CONTRIBUTIONS

Salary Reduction Contributions are permitted under this Plan.

There are no minimum age or service requirements to make Salary Reduction Contributions.

(2) EMPLOYER MATCHING CONTRIBUTIONS

Employer Matching Contributions are permitted under this Plan.

(i) Age Requirement

There shall be no minimum age requirement.

(ii) Service Requirement

There shall be no minimum service requirement.

(3) EMPLOYER BASE CONTRIBUTIONS

Employer Base Contributions are permitted under this Plan.

(i) Age Requirement

There shall be no minimum age requirement.

(ii) Service Requirement

There shall be no minimum service requirement.

(c) YEARS OF SERVICE is not applicable.(See Section 1.8).

(d) PRIOR SERVICE COUNTED TOWARDS ELIGIBILITY

Prior service with any other employer shall not count towards eligibility.

1.3 CONTRIBUTIONS

(a) SALARY REDUCTION CONTRIBUTIONS

Subject to Section 5.1, a Participant may direct his Employer to make Salary Reduction Contributions to this Plan on his behalf. The total Salary Reduction Contributions made on behalf of a Participant for a Plan Year shall not exceed the maximum amount permitted by the Internal Revenue Code.

(b) EMPLOYER MATCHING CONTRIBUTIONS

Subject to Section 5.2, each Participant shall be entitled to receive an allocation of Employer Matching Contributions for each Plan Year that equals 100% of the first 1% of that Participant's Compensation during that Plan Year.

(c) EMPLOYER BASE CONTRIBUTIONS

Subject to Section 5.2, each Participant who has satisfied the age and service requirements of Section 1.2(b)(3) shall be entitled to receive an allocation of Employer Base Contributions for each Plan Year equal to 6% of his Compensation for that year, whether or not he has made Salary Reduction Contributions to the Plan or is an Employee on the Accounting Date of that Plan Year.

d) COMPENSATION

For the purposes of calculating Employee and Employer Contributions and with regard to Section 2.6, Compensation includes all of the following items:

Employer contributions made pursuant to a salary reduction agreement which are not includible in the gross income of the Participant under Sections 125, 402(a)(8), 402(h) or 403(b) of the Code;

Compensation deferred under an eligible deferred compensation plan within the meaning of Section 457(b) of the Code; and

Employee contributions under Section 414(h)(2) of the Code that are picked up by an employing unit under a government plan.

1.4 VESTING REQUIREMENT

A Participant shall at all times have 100% immediate vesting in the amounts in his Employee Contribution Accounts. The amounts in a Participant's Employer Contribution Accounts shall be 100% vested upon the attainment of age 59½ or if earlier,

upon the completion of a percentage equal to the percentage determined under the following table:

<u>Years of Vesting Service</u>	<u>Vesting Percentage</u>
less than 2 years	0
2	50
3 or more	100

1.5 LOANS

Loans as provided for in Section 8.5 of this Plan shall be permitted.



1.6 INVESTMENT OPTIONS

Subject to the restrictions below, a Participant shall designate the allocation of all contributions made on his behalf to the investment accounts available under this Plan and described in Section 6.2.

Allocations of Employer Contributions made on the Participant's behalf shall be restricted to the Interest Accumulation Account(s) until the Participant is 100% vested in such contributions and thereafter, no further restrictions shall apply.

1.7 WITHDRAWAL RESTRICTIONS

A Participant may withdraw funds from his Accounts before he terminates employment with the Employer subject to the restrictions imposed by Sections 8.3 and 8.4.

Except as provided in the preceding sentence, a Participant may not withdraw funds from his Accounts before he terminates employment with the Employer.

1.8 ENTRY DATE

For purposes of Section 4, Entry date shall have the following meaning:

The first day of the month coinciding with or immediately following the completion of an Eligible Employee's first Hour of Service.

THE EMPLOYER HEREBY REPRESENTS THAT:

The Plan specifications selected in this Adoption Agreement, together with the provisions of the Plan referred to herein, as both may be amended from time to time in accordance with Section 12 of the Plan, shall constitute the entire Plan.

Contributions under the Plan shall be placed with Mutual of America under the Contract(s) issued, according to its rules and procedures, in conjunction with this Plan. Mutual of America shall be entitled to rely upon the written statements furnished by the Employer, Plan Administrator or Named Fiduciary(ies) in the performance of their duties under this Plan and payments by Mutual of America in accordance with the provisions of the above mentioned Contract(s) shall fully discharge Mutual of America's liability for such payments. Mutual of America is not responsible for the failure of the Employer, Plan Administrator or Named Fiduciary(ies) to perform their duties under the Plan.

IN WITNESS WHEREOF, the Employer has caused this Adoption Agreement to be executed by an authorized individual as of this 23rd day of December, 1987

For The Employer, By: [Signature]  
(signature of authorized officer)

Title: PRESIDENT

# Amendment To The 403(b) Thrift Plan

In accordance with the provisions of Section 12.1 of the Plan, the Employer hereby amends its Thrift Plan as follows, effective as of the dates indicated herein, or as of the Plan's Effective Date, if later:

- (1) Effective on October 13, 1996, a new Section 3.5 is added to the Plan to read as follows:

## Qualified Military Service

Employees shall be credited with Eligibility Service and Vesting Service with respect to qualified military service in accordance with Section 414(u) of the Code.

- (2) Section 5.1 of the Plan is amended by the addition of the following final paragraph:

Effective October 13, 1996, to the extent required under Section 414(u) of the Code, a Participant who is re-employed after a period of military service shall be permitted to make additional contributions to this Plan in an amount not to exceed the Basic Employee Contributions that he would have been permitted to make if he had continued in employment with the Employer during that period of military service.

- (3) Section 5.2 of the Plan is amended by the addition of the following final paragraph:

Effective October 13, 1996, if a Participant is re-employed after a period of military service, the Employer shall also contribute to this Plan the amount necessary to provide any additional allocation to which such Participant is entitled under Section 414(u) of the Code.

- (4) Effective January 1, 1997, the subsection entitled **Special Rules** of Section 5.3 of the Plan is amended in its entirety to read as follows:

## Special Rules

- (a) For Plan Years beginning before 1997, the ACP of any group of Participants for a Plan Year is the average Contribution Percentage of that group for the same Plan Year. For Plan Years beginning after 1996, the ACP of a group of Highly Compensated Employees for a Plan Year is the average Contribution Percentage of that group for the same Plan Year, and the ACP of a group of Non-Highly Compensated Employees for a Plan Year is the average Contribution Percentage of that group for the preceding Plan Year, unless the Employer elects otherwise in accordance with Section 401(m) of the Code.
- (b) The Employer may elect in accordance with Section 401(m) of the Code and applicable IRS regulations, that any Compensation paid to a Participant during any part of a Plan Year in which he did not satisfy the eligibility requirements for Employer Matching Contributions may be disregarded for the purpose of determining the ACP of that Participant for that Plan Year.
- (c) The Employer may elect in accordance with Section 401(m) of the Code and applicable IRS regulations, that the ACP test may be applied separately to the group of Participants who have not attained age 21 and completed at least one Year of Service for eligibility.
- (d) For any Plan Year beginning after 1998, the Employer may elect in accordance with Section 401(m) of the Code, to apply the ACP test without regard to all Non-Highly Compensated Employees who have not attained age 21 and completed at least one Year of Service for eligibility.
- (e) For Plan Years beginning before 1997, the Contribution Percentage of a Participant who is a 5% owner or one of the ten most highly paid Highly Compensated Employees shall be determined by combining the Contribution Percentage Amounts and Compensation of such Participant with the Contribution Percentage Amounts and Compensation of his Family Members (to the extent required by Section 414(q)(6) of the Code). The Family Members of such Highly Compensated Employees shall be disregarded as separate Employees in determining the Contribution Percentage for both Non-Highly Compensated Employees and Highly Compensated Employees.

- (f) For purposes of determining the ACP test, Employer Matching Contributions shall be considered made for a Plan Year if made no later than the end of the twelve-month period beginning on the day after the close of the Plan Year.
  - (g) If this Plan is aggregated with another retirement plan or plans for purposes of Section 410(b) of the Code, this Section 5.3 shall be applied by determining the applicable Contribution Percentages as if all such plans were a single plan.
  - (h) For purposes of this Section, the Contribution Percentage for any Participant who is a Highly Compensated Employee and who is eligible to have Contribution Percentage Amounts allocated to his Accounts under two or more plans maintained by the Employer, shall be determined as if the total of such Contribution Percentage Amounts were made under one plan. If a Highly Compensated Employee participates in two or more such plans that have different plan years, all such plans ending with or within the same calendar year shall be treated as a single arrangement. Notwithstanding the foregoing, certain plans shall be treated as separate if mandatorily disaggregated under regulations under Section 401 (m) of the Code.
  - (i) The Employer shall maintain records sufficient to demonstrate satisfaction of the ACP test.
- (5) Effective January 1, 1997, Section 9.3(c)(5) is amended in its entirety to read as follows:

**"Required Beginning Date"** means the date determined under (A) or (B) below, (whichever is applicable).

**(A) For Post-'86 Amounts**

A Participant's Required Beginning Date for his Post-'86 Amount shall be the applicable date described below. A Participant's Post-'86 Amount is the portion of his account balance under the Plan in excess of his Pre-'87 Grandfathered Amount described in paragraph (B) below.

The Required Beginning Date for a distribution paid before 1997, for a Distribution Calendar Year beginning before 1997, for a Participant who attained age 70½ before 1988, is the latest of (i), (ii), or (iii) below:

- (i) April 1 of the calendar year following the calendar year in which the Participant attained age 70½
- (ii) April 1 of the calendar year following the calendar year in which the Participant retired; or
- (iii) December 31, 1988.

The Required Beginning Date for a distribution paid before 1997, for a Distribution Calendar Year beginning before 1997, for a Participant who attained age 70½ after 1987, is determined under (i), (ii) or (iii) below (whichever is applicable):

- (i) For a Participant in a church or government plan, the Required Beginning Date is the later of (I) April 1 of the calendar year following the calendar year in which the Participant attained age 70½ or (II) April 1 of the calendar year following the calendar year in which the Participant retired.
- (ii) For a Participant in a plan not maintained by a church or government who attained age 70½ in 1988 and did not retire by January 1, 1989, the Required Beginning Date is April 1, 1990.
- (iii) For all other Participants who attained age 70½ after 1987, the Required Beginning Date is April 1 of the calendar year following the calendar year in which the Participant attained age 70½.

The Required Beginning Date for a distribution paid after 1996, for a Distribution Calendar Year beginning after 1995, is the later of (i) or (ii) below:

- (i) April 1 of the calendar year following the calendar year in which the Participant attained age 70½
  - (ii) April 1 of the calendar year following the calendar year in which the Participant retired.
- (B) For Pre-'87 Grandfathered Amounts

Effective January 1, 1997, a Participant's Required Beginning Date for his Pre-'87 Grandfathered Amount shall be the latest of:

- (i) the last day of the calendar year in which the Participant attains age 75; or
- (ii) the Required Beginning Date applicable to the Post-'86 Amount under (A) above; or
- (iii) December 31, 1997.

A Participant's Pre-'87 Grandfathered Amount is the difference between (i) and (ii) below:

- (i) The sum of (1) the Participant's account balance under this Plan on December 31, 1986 and (2) any additional amount transferred to this Plan from another Code Section 403(b) arrangement that represents the Participant's account balance under that arrangement on December 31, 1986; and
- (ii) Any amount distributed to the Participant in excess of the amount required under Section 401(a)(9) of the Code.

- (6) Effective January 1, 1997, a new Section 9.3(e) is added to the Plan to read as follows and the former Section 9.3(e) is renumbered 9.3(f) accordingly:

**Alternate Method**

The Participant or Beneficiary shall not be required to receive a distribution from this Plan otherwise required under Sections 9.3(a) or 9.3(b) to the extent that the required distribution is withdrawn from another arrangement described in Section 403(b) of the Code pursuant to the "alternative method of distribution" provided for in IRS Notice 88-38, 1988-1 C.B. 524.

This amendment executed at Washington, DC. this 23rd day of December 1997.

Employer: LEGAL SERVICES CORP

By: [Signature]

Title: PRESIDENT

320 PARK AVENUE  
NEW YORK NY 10022-6839  
212 224 1600  
212 224 2500 FAX

THOMAS J. MORAN  
PRESIDENT AND  
CHIEF EXECUTIVE OFFICER

December 1997

To: Chief Executive Officer

Re: **Group Annuity Contract IAC-8700**  
**Rider IAC-GFR16**  
**Amendments to 403(b) Thrift Plan**

Enclosed is a rider to your Group Annuity Contract. This rider is part of your contract and should be kept with it. Also enclosed are two copies of amendments to your Section 403(b) Thrift Plan. Following adoption and execution of the amendments by your Board of Directors, one copy should be returned to Mutual of America, along with a board resolution pertaining to their adoption, in the enclosed envelope. A specimen resolution is enclosed.

The amendments should be adopted and executed on or before December 31, 1997. To the extent that your Board of Directors may not be able to meet formally until after that date, you may want to consider obtaining Board of Directors approval of the amendments in another manner permitted in your bylaws, e.g., by a conference-call meeting or by having the amendments executed by a duly authorized officer on or before December 31, 1997, and then having the Board of Directors ratify that action at its earliest opportunity in 1998.

The rider and amendments reflect changes made by the Small Business Job Protection Act of 1996 ('96 Act) to provisions of the Internal Revenue Code of 1986, as amended, pertaining to tax-deferred annuity (Code Section 403(b)) contracts and plans. The Internal Revenue Service recently announced that these changes must be included in your plan and contracts by the end of 1997.

The '96 Act requires that the contract expressly limit participants' salary-reduction contributions to the applicable dollar amount for a taxable year under Code Section 402(g). The rider changes the contract to comply with this requirement.

The rider also changes the contract to provide that contributions that are required or permitted with respect to qualified military service may be made for a taxable year even though those contributions may exceed other applicable limitations on contributions. This change reflects an amendment to Code Section 414(u) which applies to Code Section 403(b). The amendments, in Sections 5.1 and 5.2, also make reference to code Section 414(u).

The Tax Reform Act of 1986 generally extended the minimum distribution requirements contained in Code Section 401(a) to 403(b) Thrift Plans. The '96 Act amended the definition of "required beginning date" for purposes of the minimum distribution requirements. In addition, the IRS issued procedural guidance indicating that pre-1987 account balances must begin to be

distributed by the end of the calendar year in which participants reach age 75 or, if later, the "required beginning date" for post-1986 account balances, in order to comply with minimum distribution requirements. Previously, pre-1987 account balances were "grandfathered" from the application of the minimum distribution requirements.

The amendments reflect the definition of "required beginning date" for distributions of post-1986 account balances made after 1996. They also include "required beginning date" definitions for distributions of balances made prior to 1997 and conform the 403(b) Thrift Plan to IRS procedural guidance concerning the "required beginning date" for pre-1987 account balances.

Mutual of America intends to provide a completely restated 403(b) Thrift Plan document during 1998 if necessary and appropriate. This document will incorporate other applicable changes made by the Tax Reform Act of 1986 and subsequent legislation which, in accordance with IRS pronouncements or statutory effective dates, are not required to be adopted before 1998.

Your local field representative is available to answer any questions you may have concerning the rider or the amendments.

Sincerely,



Thomas J. Moran

MUTUAL OF AMERICA LIFE INSURANCE COMPANY  
320 PARK AVENUE, NEW YORK, NY 10022 • (212) 224-1600  
(hereafter called the "Company")

Group Annuity Contract IAC-8700 is hereby amended as follows effective January 1, 1996:

1. Section 1.9 is amended by the addition of the following final sentence:

The Employer represents that the Plan is intended to satisfy the requirements of Section 403(b) of the Internal Revenue Code of 1986, as amended (the "Code").

2. Section 2.1 is amended by the addition of the following final paragraph:

Except as otherwise provided, contributions to the Contract may only be made to the extent they are excludable from the gross income of the Participant within the limits of Code Sections 403(b) and 402(g). No amounts in excess of the maximum exclusion from gross income permitted under those Code Sections for a taxable year shall be contributed under the Contract except that contributions required or permitted with respect to qualified military service in accordance with Code Section 414(u) and transfers not includible in gross income pursuant to applicable provisions of the Code may be contributed. The Company is not responsible for assuring that contributions to the Contract on behalf of any Participant for any taxable year do not exceed amounts permitted to be contributed under the Code. However, to the extent that the Company's records indicate that contributions to the Contract for any taxable year received on behalf of a Participant pursuant to a salary reduction agreement exceed the applicable limit of Code Section 402(g), the Company shall distribute any excess in accordance with Code Section 402(g).

This rider executed at New York, N.Y. this 8TH day of December 1997.

MUTUAL OF AMERICA  
LIFE INSURANCE COMPANY

*Marion Amick*

Title: Vice President