

EARLY RETIREMENT

*The Plan allows you to retire as early as age 55. If you qualify for the “Rule of 85” (discussed below), you may retire even earlier. Unless you satisfy the Rule of 85’s conditions, however, your monthly benefit will be reduced for each year or partial year your retirement precedes your 62nd birthday. This is because benefits paid early are expected to be paid over a longer period of time. **The first part of this section applies only to vested participants who terminate employment after reaching age 55.***

The Plan’s Early Retirement age-reduction schedule is subsidized. In other words, it provides you with greater benefit payments than would a schedule based strictly on life expectancies. Here is an abbreviated version of the schedule:

If you retire at age you will receive this percentage of your formula benefit
62 or above	100%
61	96%
60	92%
59	88%
58	84%
57	80%
56	76%
55	72%

NOTE: A different table applies to those who terminate their employment before age 55. (See the section entitled “Early Receipt of a Termination Annuity.”) Also, if a portion of your Accrued Benefit was accrued under the Farmland Plan or Mid-America Plan, the early retirement table in effect under that other plan when you left that plan will apply to the portion accrued under that plan.

EXAMPLE: Bob elects to retire at age 58. His formula benefit is \$1,000 per month, payable at Normal Retirement Date. Because Bob is 58, he would receive \$840 per month (\$1,000 x 84%) if he elects an Individual Member Benefit.

QUESTION: *What must I do to retire early and receive an early retirement benefit?*

ANSWER: You must contact United Benefits Group to request an estimate of your benefit and a description of the forms of benefit available to you. You must then receive that estimate and description between 30 and 180 days prior to the date you want to start benefits. You must also file an application to retire prior to, but no more than 180 days before, the date you want to start receiving benefits. Your benefit may start only on the first day of a month.

QUESTION: *What happens if I retire between birthdays?*

ANSWER: The Early Retirement reduction factors are prorated between birthdays. In the example above, if Bob retired at age 58½, he would receive 86% of his formula benefit.

QUESTION: *Can I terminate employment after age 55, but wait until later to begin receiving my retirement benefits?*

ANSWER: Yes. In our example above, if Bob terminates at age 58 but waits until age 62 to commence receiving benefits, he would receive \$1,000 per month.

QUESTION: *The Plan’s benefit formula calculates the monthly benefit beginning at Normal Retirement Date (Age 65 in most cases), but it appears that I can receive full benefits at age 62 if I qualify for Early Retirement. Are there any advantages to retiring at age 65 rather than age 62?*

ANSWER: While it's true that age 62 is a popular age for retirement due to the absence of an early retirement reduction, some people choose to work longer. Here, for example, are a few reasons you might choose to work until age 65:

- 1) You would accumulate three more years of Creditable Service.
- 2) Your Final Average Wage Base may increase.
- 3) You would be closer to receiving full Social Security benefits.
- 4) You qualify for Medicare at age 65.
- 5) You would continue to receive a regular paycheck.
- 6) You would continue coverage under your employer's health insurance plan.

QUESTION: *If I quit my job prior to age 55 and elect to receive my benefits when I reach age 55, do I receive 72% of my formula benefit?*

ANSWER: No, a different age-reduction table applies to your benefit. (See the section entitled "Early Receipt of a Termination Annuity.") You are considered to have experienced a "termination" – not a "retirement."

EARLY RETIREMENT ENHANCEMENT: "RULE OF 85"

The Plan also offers an early retirement option known as the "Rule of 85." This option makes it possible for you to retire at any age with benefits that are unreduced for early retirement if you satisfy these three requirements:

1. *The sum of your age and years of Creditable Service must equal or exceed 85.* This SPD may refer to your age and years of service as "points" that must add together to total at least 85 "points."
2. *Your last ten years of Creditable Service must have been earned in the Plan (or, in some circumstances, an ABC Plan).* You are not permitted to count any Past Service, nor are you permitted to count any

Creditable Service realized on account of a transfer of assets and liabilities from another pension plan to the Co-op Plan if that Creditable Service would be included in your last ten years of Creditable Service (except you may count that Creditable Service if your employer's Mid-America Plan merged into the Co-op Plan April 1, 1996, or your KFSA Plan benefit was transferred to this Plan from a KFSA Plan maintained by one of the KFSA Plan employers listed in the Plan document). Practically speaking, this means you generally would not be eligible for the "Rule of 85" if you transferred from the Farmland Plan or the Mid-America Plan to the Co-op Plan within your last ten years of employment.

3. *Your last ten years of Creditable Service must be "continuous" service.* Your last ten years of Creditable Service will be considered continuous as long as you do not have a break-in-service of more than two years, and as long as you do not participate in the Farmland Plan or the Mid-America Plan during a break-in-service of any length.

The two-year break-in-service cannot immediately precede your retirement. Rather, this rule makes it possible for you to take up to two years to find another job within the Co-op Plan network should you lose your job in the last ten years before retirement. If your employer suspends participation in the Co-op Plan, you will stop accruing Creditable Service. This suspension alone will not prevent your Creditable Service from being "continuous" (although a break-in-service of more than two years during the suspension will).

EXAMPLE 1: Ed achieves 85 points when his age of 58.25 is added to his Creditable Service of 26.75 years (5.75 years of which were earned at a 1.25% annual accrual rate and 21 at a 1.75% rate). With a Final Average Wage Base of \$2,600/mo., Ed's

Accrued Benefit is \$1,142.38 per month, beginning at age 65. Because Ed qualifies for the “Rule of 85,” he may retire at age 58.25 and receive 100% of his Accrued Benefit. Therefore, if Ed elects an Individual Member Benefit, his monthly payment will be \$1,142.38 beginning at age 58.25 and continuing for life. Without the “Rule of 85,” Ed would have received 85% of his Accrued Benefit at age 58.25.

Under the Rule of 85 some participants will qualify for Early Retirement before the age of 55, which is normally the Plan’s earliest retirement age. For example:

EXAMPLE 2: Susan will achieve 85 points in 2010 when her age of 53.5 is added to her Creditable Service of 31.5 years (7 years of which were earned at 1.25% and 24.5 of which were earned at 1.75%). Susan’s Final Average Wage Base in 2010 is \$3,000 per month. Her Accrued Benefit is \$1,548.75 per month, beginning at Normal Retirement Date. Because Susan qualifies for the “Rule of 85,” she may retire immediately with 100% of her Accrued Benefit. Therefore, if Susan elects an Individual Member Benefit, her monthly payment will be \$1,548.75 beginning at age 53.5 and continuing for life. Without the “Rule of 85” Susan would not have been eligible for early retirement, since she had not yet reached the Plan’s earliest retirement age of 55.

QUESTION: May I retire under the Rule of 85 if a portion of my benefit was accrued under the Farmland Plan or Mid-America Plan?

ANSWER: If you satisfy the three requirements for Rule of 85 eligibility, you may retire under the Rule of 85. Note, however, that the portion of your benefit that you accrued under that other plan will be reduced for early retirement. The amount of the reduction will depend on your age. This is different from the portion of your benefit you accrued under the Co-op Plan,

which is not subject to any reduction for early retirement.

“RULE OF 85” ALSO APPLIES TO DEATH BENEFITS

If you die after accumulating 85 “points” but before retirement, your surviving spouse will receive the Plan’s automatic 100% Joint Annuity survivor’s benefit, unreduced for early retirement. For example, if you are an active participant who dies at age 58, and you have 27 years of Creditable Service at the time of your death, your surviving spouse’s benefit will not be reduced for early retirement. The only adjustment that will be made is a reduction to provide the 100% Joint Annuity benefit instead of an Individual Member Benefit. If, in this same situation you did not qualify for the “Rule of 85,” your surviving spouse’s benefit would first be reduced for early retirement (a 58-year old receives 84% of his or her Accrued Benefit) before applying the reduction for the 100% Joint Annuity option. Death benefits under the Rule of 85 are payable to your surviving spouse even if you are under the age of 55 at the time of death.

Additionally, if you retire under the Rule of 85 your beneficiary will receive (following your death) the Plan’s special lump-sum death benefit, which can range from \$2,000 to \$10,000 depending on your wage level. This is true even if you are under the age of 55 at the time of your retirement. This lump-sum death benefit will not be paid to your Beneficiary, however, if you die before you actually retire.

SPECIAL RULES APPLY IF YOU RETIRE UNDER THE “RULE OF 85” AND ARE LATER REHIRED

CAUTION: Your retirement must be legitimate!

The purpose of a pension plan is to provide retirement income to those who retire, terminate employment, or become disabled. Internal Revenue Service rules prohibit you from receiving an “in-service withdrawal” prior to your Normal Retirement Date, which means it is

illegal to pretend to retire early just to collect retirement benefits and then return to work. If you retire with the intention of returning to work for the same employer or another Participating Employer, your retirement is not legitimate and could result in the forfeiture of any retirement benefits you have already received.

If you retired under the Rule of 85, your payments were higher than they would have been under regular Early Retirement. The difference between your Rule of 85 benefit payments and what you would have received under regular Early Retirement is called your “Rule of 85 subsidy.” If you retire with a Rule of 85 subsidy and subsequently return to work for a Participating Employer before the age of 62, you will temporarily lose your Rule of 85 subsidy if you:

1. are an hourly employee who works 1,000 or more hours in a calendar year (note that the Plan does not use the “equivalency method” for this purpose), or
2. you are a salaried employee who earns 50% or more of your annualized Final Average Wage Base (as calculated at the time of your retirement and multiplied by 12) during any calendar year.

If, after the end of the calendar year, it is determined that you were not entitled to a Rule of 85 subsidy for any time during that calendar year, the Plan will recoup the subsidy in the following year, as described in the following example.

EXAMPLE: Ken retires on January 1, 2010, at the age of 55 under the “Rule of 85.” His monthly benefit is \$1,000 per month. Before the “Rule of 85” was enacted, Ken could have retired at age 55 with 72% of his Accrued Benefit, which would have provided him a benefit of \$720 per month. Thus, his “Rule of 85” subsidy is the difference between these two amounts: \$280 per month. Ken returns to work for his employer on July 1, 2010, and works more than 1,000 hours before the end of 2010. Because Ken worked six months in 2010, he will lose six months of his “Rule of 85” subsidy in 2011. Therefore, the Plan will reduce Ken’s monthly payment to \$720 per month for six months of 2011, after which his benefit amount will revert to its original amount of \$1,000 per month.

Additionally, if you elect to continue to receive retirement benefits when you become reemployed (this is sometimes referred to as “opening a second account”), additional benefits you accrue during re-employment will not be paid under the Rule of 85. In other words, if you retire again before age 62 and elect to receive those additional benefits, they will be reduced for early retirement.