

**VOLUNTEERS OF AMERICA
CHESAPEAKE, INC.
RETIREMENT PLAN**

PLAN HIGHLIGHTS

6-10246
(CL2006)

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

We started the plan on July 1, 1993.

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 the ownership of your retirement benefit on your service.
- May provide a death benefit for your spouse if you die before retirement.
- Is funded entirely by our contributions.
- Offers several different ways to receive your benefits. You choose the right way for you.

About This Booklet

This booklet explains how the plan currently works, when you qualify for benefits, and other information.

The plan is much more detailed and it governs your benefits.

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 July 1 or January 1 on or after you meet these requirements:

- You are an eligible employee.
- You have been continuously employed by us for one year in which you work at least 2,000 hours.
- You are age 21 or older.

This date is your entry date.

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

- Not customarily employed for at least 2,000 hours per year.
- An active VOA commissioned minister.

However, if the Board of Directors of VOA so votes, active VOA commissioned or ordained ministers may become eligible employees.

Changes in Your Participation

You become an inactive participant on the date you are no longer an eligible employee.

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 again work for us as an eligible employee. However, you will not be eligible to rejoin the plan until you have again been continuously employed by us for one year in which you work at least 2,000 hours.

PART 2 YOUR EARNED BENEFIT

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

Figuring Your Earned Benefit

This formula is used to figure your earned benefit:

(1) 50% of your average monthly pay

multiplied by

(2) your earned benefit percentage

multiplied by

(3) your short service percentage

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 2008 is \$230,000. This limit is subject to change each year for cost of living changes.

The law limits the annual benefit that may be paid to you in any year to the lesser of 100% of your average annual pay for the highest three years or a dollar amount. The dollar limit, which is subject to change each year for cost of living changes, is \$185,000 in 2008. The limits are adjusted if:

- You have less than ten years of service or participation.
- You retire before age 62 or after age 65.
- The plan's normal form of income provides a death benefit.

Your earned benefit may not exceed this limit. Since your earned benefit is stated as a monthly benefit, 1/12th of the applicable limit applies.

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 5 latest pay years beginning on July 1, 1992.

Pay for the current pay year is not counted until the date on which such year ends.

Benefit service means the sum of your years of service. You have one year of service for each plan year (See Part 8) in which you have 2,000 or more hours of service with us.

However, for the period

- beginning on July 1, 2001 and ending June 30, 2002, you will be credited with a complete or partial year of service equal to the number of hours credited for such period, divided by 2,000.
- beginning July 1, 2002 and ending December 31, 2002, you will be credited with .5 of a year if you are credited with 1,000 hours of service, or .75 of a year if you are credited with 1,500 or more hours of service.

Service when you are not an eligible employee (see Part 1) is not counted.

If you are laid off and rehired as an eligible employee within 6 months of the lay-off, no loss of credit for any prior years earned will occur. If you have been an active participant for at least three years or more and then cease to be an employee for six or less months and again become an eligible employee, you will not lose any prior years of benefit service.

Earned benefit percentage means the percentage of the benefit you have earned. It equals your benefit service divided by the benefit service you expect to have at the end of the last plan year before your normal retirement date (see Part 3) assuming you have 2,000 or more hours of service with us in future plan years. The percentage won't be more than 100%.

Monthly pay for any pay year is 1/12th of your total pay for such year including your elective contributions to any of our plans.

Monthly pay also includes parsonage allowance for ministers who are voted eligible employees by the Board of Directors of VOA.

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. Elective contributions also include amounts deferred under a 457 plan or employee contributions "picked up" by a governmental employer and treated as employer contributions.

Pay year means a one-year period ending on December 31.

Short service percentage is a percentage that reduces your earned benefit if you would have fewer than 25 years of expected benefit service at normal retirement date (see Part 3). Your expected benefit service is determined when you enter or reenter the plan, based on the benefit service you could have on your normal retirement date. Your expected service is divided by 25. The result is expressed as a percentage. This percentage is 100% if your expected benefit service is 25 or more years.

If you continue to work after normal retirement date and your expected benefit service at normal retirement date was less than 25 years, your actual years of benefit service after your normal retirement date will be added to your expected benefit service at normal retirement date. Your short service percentage on any date after your normal retirement date will be determined using this sum. Your short service percentage will be 100% if your expected benefit service at normal retirement date

and your actual years of benefit service after your normal retirement date as of such date is 25 or more years.

Who Provides Your Earned Benefit

Your earned benefit is provided entirely by our contributions to the plan.

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 stop working for us.

Normal retirement date means the earliest first day of the month on or after the date you reach your 62nd birthday.

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:

Years You Retire Early	Approximate Percentage of Earned Benefit
1	98
2	97
3	95
4	93
5	91
6	86
7	78
8	70
9	60
10	50

The percentage is adjusted for parts of a year.

Early retirement date means first day of any month you choose that is on or after the latest of:

- The date you stop working for us.
- The date you reach age 52.
- The date you have ten years of service with us.

At Late Retirement Date

You may choose to start benefits on your late retirement date. When you retire late, your earned benefit as of your normal retirement date is increased by a percentage because payments begin at an older age and are expected to continue for a shorter time. The percentage is based on the number of years you retire late and is shown in the following table:

Years You Retire Late	Percentage Increase to Your Earned Benefit
1	6
2	12
3	19
4	26
5	34
6	42
7	50
8	59
9	69
10	79

The percentage is adjusted for parts of a year. The plan administrator can give you the percentages for other years.

Your income won't be less than your earned benefit as of your late retirement date.

Late retirement date means, if you continue working for us after your normal retirement date, the earliest first day of the month on or after the date you stop working for us.

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 70 1/2 or the calendar year in which you stop working for us.

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 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

Each year as you work for us, you earn a right to a benefit if you stop working for us before retirement. This benefit is called your vested benefit.

Your vested benefit is equal to:

(1) your earned benefit

multiplied by

(2) your vesting percentage

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

Your vesting percentage will be 100% if you are working for us:

- On or after your normal retirement date (see Part 3).

Before that date, the following schedule determines your vesting percentage:

Years of Vesting Service	Vesting Percentage
Less than 6	0
6	20
7	40
8	60
9	80
10 or more	100

Vesting service means the sum of your years of service. You have one year of service for each plan year (see Part 8) in which you have 2,000 or more hours of service with us.

However, for the period

- beginning on July 1, 2001 and ending June 30, 2002, you will be credited with a complete or partial year of service equal to the number of hours credited for such period, divided by 2,000.
- beginning July 1, 2002 and ending December 31, 2002, you will be credited with .5 of a year if you are credited with 1,000 hours of service, or .75 of a year if you are credited with 1,500 or more hours of service.

For purposes of vesting service, no interruption in service will occur under the following circumstances:

- If you are a participant who became an inactive participant due to lay off and who becomes an active participant within six months of the layoff;
- If you have been an active participant for three years or more and then cease to be an eligible employee for six months or less and then again become an eligible employee;
- If you are a participant on approved leave of absence for up to six months;
- If you are a participant temporarily absent due to illness, injury or pregnancy as specified in the personnel handbook and under all situations above, returned to work as an eligible employee to a position with 2,000 hours or more allotted to it.

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 and how your vested benefit is adjusted if you retire early or late.

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, such value will be paid to you in a single sum when you stop working for us. There is no choice to make. 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:

- such value is more than \$1,000
- you have not reached age 65
- you do not elect to have such value 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.

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.

A Spouse's Benefit

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

- You die before retirement benefits start.
- You were married for the full year before your death.
- Your vesting percentage is greater than zero (see Part 4).

The death benefit equals the survivor's benefit under a 50% survivor 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. This will be your normal retirement date if you die before your normal retirement date and would not have reached early retirement age (your age on the date you meet the requirements for early retirement date other than the requirement to stop working, see Part 3) before that date. If you were still working for us on the date of your death, the earliest date you could have retired will be determined as if you had stopped working for us on 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 when you die. If you are not working for us then, it is based on your vested benefit when you stopped working for us. 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 50% survivor form. One-half of this reduced amount is payable to your spouse monthly for life.

If the value of the spouse's death benefit is \$5,000 or less, such value 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 70 1/2.

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. The plan administrator or 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, such value will be paid to you in a single sum. There is no choice to be made. Federal law requires the plan to automatically roll the value of your retirement benefit to an IRA in a direct rollover (see Part 7) if:

- such value is more than \$1,000
- you have not reached age 65
- you do not elect to have such value 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. Federal rules may limit the forms available to you. You may change or cancel your choice at any time before benefits start.

If you don't choose a form, your 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, such value will be paid to your spouse in a single sum. There is no choice to be made.

The optional forms of death benefit are any of the annuity options that are available to you at retirement other than a monthly income that continues for the life of a survivor upon death. 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. You choose a percentage (50%, 66 2/3%, or 100%) of your monthly income to continue for the lifetime of a survivor you name.

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

The Plan Administrator

The plan administrator has the full power to decide what the plan provisions mean; to answer all questions about the plan, including those about eligibility and benefits; and to supervise the administration of the plan. The plan administrator's decisions are final.

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.

Top-heavy Plans

We test our plan once a year to see if it is top-heavy. It would be top-heavy if the present values of the earned benefits for key employees exceed 60% of the present values of the earned benefits for all employees.

In general, a key employee is an officer. Not all officers are key employees. Factors taken into account are the number of officers and their amount of pay.

For any year in which a plan is top-heavy, there are minimum requirements for benefits and vesting.

The plan administrator can tell you if the plan is top-heavy and if the minimums apply.

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.

Changing the Plan

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

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

Stopping the Plan

We hope to continue the plan, but the plan can be terminated (stopped). If the plan is terminated, the plan assets will be used up on a priority basis to provide retirement income for plan participants.

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.

PART 8 FACTS ABOUT THE PLAN

Plan Sponsor

Volunteers of America Chesapeake, Inc.
7901 Annapolis Road
Lanham, MD 20706-1309

Plan Name

Volunteers of America Chesapeake, Inc. Retirement Plan

Type of Plan

Defined Benefit

Plan Administrator

Volunteers of America Chesapeake, Inc.
7901 Annapolis Road
Lanham, MD 20706-1309

Telephone: (301) 459-2020

Plan Year

January 1 through December 31

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:

President
Volunteers of America Chesapeake, Inc.
7901 Annapolis Road
Lanham, MD 20706-1309

Telephone: (301) 459-2020

