

**CHAPMAN UNIVERSITY
FACULTY PHASED RETIREMENT
EMPLOYEE BENEFIT PROGRAM

SUMMARY PLAN DESCRIPTION**

July 2007

<p>This document constitutes the Summary Plan Description required by ERISA §102</p>
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Introduction

The Chapman University Faculty Phased Retirement Employee Benefit Program (the "Plan") is a voluntary retirement program for tenured full-time faculty members of Chapman University (the "University"). The purpose of the Plan is to offer a tenured full-time faculty member the opportunity to voluntarily terminate his or her employment with the University and to receive special benefits.

This Summary Plan Description ("SPD") describes the basic features of the Plan and how the Plan operates. This SPD is only a summary of the key parts of the Plan, and a brief description of your rights as a participant. This SPD is not a part of the official Plan Document.

This Plan supersedes any other policy or practice relating to phased retirement. This document was prepared for the employees of Chapman University. If there is any ambiguity or inconsistency between the terms of the Plan Document and those of this SPD, the terms of the Plan document are final unless they violate ERISA or other applicable tax law.

Eligibility and Enrollment

Eligibility Requirements

You are eligible for benefits under this Plan if you meet all of the following requirements before participation:

- You are an active full-time tenured faculty member; and
- You are at least age 60 by the first day of the semester when the phased retirement would begin; and
- You have completed at least ten years of full-time continuous service with the University immediately before your participation in the Plan.

Definition of Full-Time Tenured Faculty

- You must have full-time status as a tenured faculty member at the time of application; and
- For purposes of eligibility for the Plan, the definition of full-time faculty is the same as that used in the determination of eligibility for employee benefits.

Rules for Counting Service

- You must have 10 years of continuous service as a full-time faculty member at Chapman University, but are not required to have been tenured for the full 10 years.
- Your continuous service requirement must have been performed immediately before your participation in the Plan.
- Sabbaticals and development leaves count towards years of service. Personal leaves of absences for other reasons shall not count as years of service, but will not be considered a break in continuous service.
- If you were a tenured faculty member and hold an administrative appointment you will be considered to retain your tenured status for purposes of the Plan and such years of service will be counted as years of service for the Plan. However, if you are currently holding an administrative appointment, you must relinquish that appointment and retreat to your rank as a full-time faculty before you may participate in the Plan, unless an exception is made by the Chancellor in the best interest of the University.

Non-Automatic Enrollment

Participation in the Plan is strictly voluntary and subject to administrative approval. Participation in the Plan requires mutual agreement and consent of both you and the administration. You must initiate the application, which is available either online on the benefits website or via hard copy in the Department of Human Resources.

***Circumstances Which May Result
in the Denial of Your Request to Participate***

While the University will give consideration to all requests to participate in the Plan, your request may not be approved for a number of reasons, including (without limitation):

- The nature of your work assignment may not lend itself to a reduced schedule or responsibilities.
- There may be practical considerations such as the impact of existing phased retirement participants on the department or school, availability of office space or lab facilities, funding considerations, etc.
- There may be departmental, school or institutional caps that may be placed on faculty participation
- There may be a finding that granting your application would substantially weaken academic quality or disrupt program sequence.

Application and Approval Process

- Application Procedures

If you meet the eligibility criteria and wish to be considered for participation in the Program, you must apply to the department Chairperson (or Dean for units without chairpersons), with a copy to the Human Resources Department no later than the first day of the academic year prior to that in which you wish to begin your phased retirement.

After review of your application, the Chairperson, if any, will forward the application to the Dean along with a recommendation as to whether a phased retirement would be mutually beneficial to you and the University within 21 days, with a copy to you.

You may provide a written response to the Dean (with a copy to the Chairperson) within 7 days.

The Dean will consider the application, the recommendation of the Chairperson, and any written response of the faculty member, and will then forward these materials to the Chancellor along with a recommendation as to whether a phased retirement would be mutually beneficial to you and the University within 21 days.

If the recommendation of the Dean is to approve the application, he or she will prepare a written Program Employment Agreement based on a template to be provided by the University, containing the specific terms relating to your phased retirement and forward it to the Chancellor with a request for review. If the recommendation of the Dean is to deny the application, the application shall be forwarded to the Chancellor without a proposed Program Employment Agreement.

You will be provided with a copy of all recommendations to the Chancellor concurrently with the Dean's forwarding of the recommendations to the Chancellor. You may provide the Chancellor (with copies to the Chairperson and Dean(s)) with a written response to the recommendation of the Dean(s) within 7 days.

The Chancellor is the University officer vested with the discretion to grant or deny an application for participation in the Program. The Chancellor will review the application and any recommendations and faculty responses and make a decision on the application within the earlier of: 30 days after the application and recommendations, if any, are forwarded to the Chancellor by the Dean or 90 days after the application was originally filed, with a copy to the Chancellor.

If an application is wholly or partially denied, the Chancellor will notify you within the earlier of: 30 days after the application and recommendations, if any, are forwarded to the Chancellor by the Dean or 90 days after the application was originally filed by you. You will be told the specific reason or reasons for the denial, specific references to pertinent Program provisions on which the denial is based, a description of any additional material or information necessary to perfect the application, and appropriate information about the steps to be taken to appeal the denial.

If your application is approved, you will be presented with a written Program Employment Agreement and general release (the terms of the release are not negotiable). You will then have 45 days in which to consider the release, and after signing the general release, you will have a period of 7 days to revoke your agreement to the general release. You will also be provided with a chart containing the job titles and ages of all full-time, tenured faculty members who are, and who are not, eligible to participate in the Program. This list will be compiled by Human Resources when the Program becomes effective, and will be updated at least annually thereafter.

The University's final determination on participation in the Program will be made no later than fifteen (15) days prior to the start of the academic year for starting the Program.

- Appeals of Denials of Applications to Participate in the Program

If your application to participate in the Program is denied, you may appeal that denial to the President of the University pursuant to the procedures described in this paragraph.

You must file your appeal within 60 days after receipt of the denial directly with the President, with a copy to the Human Resources Department. An

appeal will be considered filed when filed with the President's office. If an appeal of the Chancellor's decision to deny an application to participate in the

Program is not filed by you or your duly authorized representative within 60 days after receipt of the Chancellor's denial, the Chancellor's decision will be final, binding and conclusive upon all parties having any interest in the Program.

Upon written request, you or your duly authorized representative will be provided with copies of all Program documents and other papers that affected the Chancellor's decision to deny the application. In making his or her appeal, you or your duly authorized representative will be allowed to submit issues and comments and argue against the denial in writing.

The President will review all documents submitted and decide the appeal within 30 days after the request for review is made. The decision on appeal will be written in clear and understandable language and will include specific reasons for the decision as well as specific references to the pertinent provisions of the Program on which the decision is based. The President shall have full discretion to grant or deny an appeal. The decision or action of the President with respect to any appeal shall be final, conclusive and binding upon all persons having any interest in the Program.

If an application to participate is finally denied for any particular academic year, that denial shall have no bearing on future applications for participation in subsequent years and you may still apply for participation in subsequent years.

Terms of Participation

Once you apply for participation and your participation is approved, the specific conditions of your phased retirement will be negotiated between you and the department Chairperson in consultation with the Dean and are subject to the final approval of the Chancellor. These conditions will be described in a written agreement between you and the University. The written agreement will include:

- A general release of claims by you in favor of the University;
- A waiver under the Age Discrimination in Employment Act; and
- An irrevocable agreement to retire at the end of the term of the agreement (a term up to 3 years).

The phased retirement period will normally be 3 consecutive years, although a shorter period may be negotiated. In no event will the phased retirement period be longer than 3 years.

Employment Responsibilities

Your employment responsibilities will be negotiated between you and the administration and will be described in the written agreement. Such responsibilities will include a combination of instructional and administrative duties. Over the period of the phased retirement your instruction responsibilities will be reduced as follows:

<i>Year 1:</i>	<i>Reduction in teaching load of 2 courses (1 per semester)</i>
<i>Year 2:</i>	<i>Additional reduction in teaching load of 2 courses (1 per semester), however overall teaching load may not be reduced below 1 course per academic year.</i>
<i>Year 3:</i>	<i>No teaching responsibilities required; position will consist of administrative duties only</i>

In addition, the following will apply:

- There will be no overload assignments during your participation in the Plan.
- Specific courses will be assigned at the time all courses are scheduled and will not be specified in your written agreement.
- If you are teaching 3 or more courses in an academic year, you will be assigned teaching duties during both semesters.
- The performance of your faculty duties will be evaluated in the same manner as other full-time faculty members of the department and school.

- The University must continue to be your primary professional commitment during your participation in the Plan. You may not accept a position with another employer unless approved in writing by the University. If you accept a position in conflict with these limitations, your right to participate in this Plan will be forfeited.
- Your written agreement will continue to be based on 9 or 10 month contracts with the salary being accrued over 12 months.
- Except as expressly provided for in the Plan or written agreement, your employment with the University during your participation in the Plan will remain subject to the Faculty Manual and/or Faculty Handbook. The terms of the Plan and your written agreement supersede any conflicting terms in the Faculty Manual and/or Faculty Handbook.

Compensation and Benefits During Participation

While you participate in the Plan, you will retain the following:

- Tenure;
- Current academic rank;
- Faculty voting rights; and
- Access to labs, equipment and office space as is customary in your department or school and as necessary for the performance of your duties

Compensation

For each year that you participate in the Plan, you will receive a percentage of your base salary as follows:

<i>Year 1</i>	<i>100% of base pay</i>
<i>Year 2</i>	<i>75% of base pay</i>
<i>Year 3</i>	<i>50% of base pay</i>

In no event will your base pay be allowed to drop below two times the minimum wage in the State of California for an academic year. You will be eligible for annual merit increases, to be pro-rated based on the percentage of base salary for the applicable years.

Because the purpose of the Plan is to ease your transition into full retirement, you will generally not be eligible for projects or activities that result in salary supplements or extra pay, including alternative funding sources such as grants, unless such project, activity or alternative funding is a condition of the original negotiation for your participation in the Plan.

Benefits

While you are participating in the Plan, you will continue to participate in the University's benefit plans as follows:

- Leaves of Absence. You will remain eligible for statutory leaves of absence as required under state or federal law (such as FMLA, CFRA, workers' compensation and California pregnancy disability leaves) and for leaves without pay. You will not be eligible for sabbatical or faculty development leaves during this time. Your time on leave will not extend the duration of your participation in the Plan. If you are placed on a paid or unpaid leave of absence while participating in the Plan, your contributions and the University's contributions toward those benefits will be based on the rules regarding leave of absence under the each respective benefit plan.
- Group Health Coverage, Group Dental Coverage, Group Vision Coverage, and Flexible Spending Accounts (health care, dependent care, mass transit, parking). Participation may continue subject to the provisions of the plan(s) in effect during the plan years that coincide with participation in this Plan.
- Group Life and AD&D Insurance, and Long Term Disability. Participation may continue subject to the provisions of the plan and the actual phased retirement base salary in effect during the plan years that coincide with participation in this Plan.
- Tuition Discount Program. Benefits will be provided as if you were a full-time employee.
- Retirement Plan Contributions and Distributions.
 - You may continue to make contributions to the Chapman University Tax Deferred Annuity Plan based on your actual base salary in effect as long as you are normally scheduled to work at least 20 hours per week and meet the other eligibility requirements under the Chapman University Tax Deferred Annuity Plan.
 - In addition, provided you are eligible to participate in the Chapman University Tax Deferred Annuity Plan, the corresponding University contribution will be made on your behalf to the Chapman University Defined Contribution Retirement Plan, and will be based on your actual base salary in effect.
 - You may begin to receive in-service distributions of your Chapman University Tax Deferred Annuity Plan benefits during your participation in the Plan, to the extent that the distribution is permitted by that plan and is in accordance with the provisions of the contracts with the applicable fund sponsors.

- The Chapman University Defined Contribution Retirement Plan will continue to allow in-service distributions only in limited circumstances provided for under that plan.
- Terms and Conditions of the Benefit Plans. The benefit plans are not governed by this Plan, and the terms and conditions are provided for under separate plan documents and summaries thereof. Please refer to those separate documents for a description of the respective terms and conditions of the benefit plans. Please note that the benefit plans may be changed from time to time on the same terms and conditions that apply to other full-time faculty.
- Level of Coverage for Salary-Based Benefits. Benefits that are based on salary levels will be provided based on the reduced salary paid to you while participating in the Plan as described above.

Commencement and Termination of Participation

Commencement of Participation

Once your application for participation in the Plan has been approved and your agreement finalized, your participation in the Plan will begin concurrent with an academic year.

Termination of Participation

End of Phased Retirement Period

Your participation in the Plan will end, and you will retire and relinquish your tenure and your employment with the University will end, at the end of the phased retirement period. Participation in the Plan will not affect your ability to be given the title of professor emeritus in accordance with existing procedures or to receive associated privileges and benefits.

Your participation in the Plan neither precludes nor guarantees post-retirement part-time teaching or employment. However, unless you have a specific written agreement signed by the Chancellor, at the expiration of the phased retirement period the University is under no obligation to continue to employ you in any capacity.

Death

If you die before the end of your participation in the Plan, you will be paid through the last day worked or through the last day that salary continuation was authorized, not to exceed your date of death. Your estate may be eligible to receive those benefits to which the estate is entitled under the University's other benefit programs based upon your percentage of full-time status at the time of death.

Disability

If you become physically or mentally unable to continue the reduced workload during an academic year, the Chancellor will authorize a leave of absence consistent with University policies at that time. If the leave lasts for more than 3 months, the obligation of the University under the Plan will terminate at the end of the academic year in which the disability occurs. If the leave lasts for less than 3 months, you may continue participation in the Plan for the next academic year, if applicable.

Appeal Procedure

You should file a claim concerning rights or benefits relating to the amount of payments made under the Plan or any other Plan Provision with the Plan Administrator. The following rules apply to such a claim:

Filing a Claim

A claim is considered filed when a written application is submitted to the Plan Administrator. Claims should be submitted to the applicable department chairperson or dean (for units without chairpersons) with a copy to the Human Resources Department.

Processing the Claim

The Plan Administrator must process the claim within 90 days after the claim is filed. If an extension of time for processing is required, written notice must be given to you before the end of the initial 90-day period. The extension notice must indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render its final decision. In no event can the extension period exceed a period of 90 days from the end of the initial 90-day period.

Denial of a Claim

If a claim is wholly or partially denied, the Plan Administrator must notify you within 90 days following receipt of the claim (or 180 days in the case of an extension for special circumstances). The notification must state the specific reason or reasons for the denial, specific references to pertinent plan provisions on which the denial is based, a description of any additional material or information necessary to perfect the claim, and appropriate information about the steps to be taken if you wish to submit the claim for review.

Review Procedure

You or your duly authorized representative has at least 60 days after receipt of a claim denial to appeal the denied claim to an appropriate named fiduciary or individual designated by the fiduciary and to receive a full and fair review of the claim. As part of the review, you must be allowed to see all plan documents and other papers that affect the claim and must be allowed to submit issues and comments and argue against the denial in writing. Appeal of a claim denial by a department chairperson should be submitted to the applicable dean, and appeal of a claim denial by a dean should be submitted to the Chancellor.

Decision on Review

The Plan must conduct the review and decide the appeal within 60 days after the request for review is made. The decision on review must be written in clear and understandable language and must include specific reasons for the decision as well as specific references to the pertinent plan provisions on which the decision is based. If the decision on review is not made within the time limits specified above, the appeal will be considered denied. If appeal is denied, in whole or in part, you have a right to file suit in a state or federal court.

Statement of ERISA Rights

Your Rights and Privileges Under ERISA

As a participant in an ERISA plan you are entitled to certain rights and protections under ERISA. ERISA provides that, as a participant, you are entitled to:

Receive Information About Your Plan and Benefits

- Examine, without charge, at the Plan Administrator's office and at other specified locations, all documents governing the Plan, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the Plan, including copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report, if any. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for participants, ERISA imposes duties on the people who are responsible for the operation of the Plan:

- These people, called "fiduciaries" of the Plan, have a duty to operate the program prudently and in the interest of you and other program participants and beneficiaries.
- No one, including the University or any other person, may fire you or discriminate against you in any way with the purpose of preventing you from obtaining welfare benefits or exercising your rights under ERISA.

Enforce Your Rights

- If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.
- Under ERISA, there are steps you can take to enforce these rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

- If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or Federal court.
- If it should happen that plan's fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose (for example, if the court finds your claim is frivolous), the court may order you to pay these costs and fees.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

General Information About the Plan

Name of the Plan

Chapman University Faculty Phased Retirement Employee Benefit Program

Employer and Plan Administrator

Chapman University, One University Drive, Orange, CA 92866

Employer Identification Number

95-1643992

Plan Number

502

Plan Year

January 1 to December 31

Agent for Service of Legal Process

Vice President of Finance and Chief Financial Officer, Chapman University, One University Drive, Orange, CA 92866

Type of Plan

Welfare Plan

Type of Administrator

Employer Administration

Funding Medium

Not applicable.

Plan Termination and Amendment

The University reserves the right to amend or terminate this Plan at any time, however no amendment will change any of the specific conditions of any Program Employment Agreement already for existing Program Participants, i.e., those whose Program Employment Agreements are already in effect at the time the Plan is amended or terminated. To be considered "in effect" the Program Employment Agreement must be fully executed by all parties and all revocation periods described in the Plan must have already expired.