

MEMO

Attachment E



Date: April 5, 2011
To: Board of Directors
From: Barbara J. Bonifas, CEO
Subject: National Girl Scout Council Retirement Plan Withdrawal Option

As a reminder, the National Girl Scout Council Retirement Plan was frozen on July 31, 2010. Several factors led to an underfunding of the Plan including the Pension Protection Act of 2006, which changed the rules for determining whether a plan is fully funded. As the Pension Protection Act took effect, the U.S. economy experienced its severe upheaval and, at the same time, GSUSA offered a voluntary early retirement plan, which affected the Plan. In order to fully fund the Plan to make up for the market losses and more stringent federal regulations, councils are now required to significantly increase their funding rate. Freezing the plan stopped the accrual of additional benefit liabilities and prevented the council financial burden from becoming larger. A decision was made for councils to pay the liability up over a 15 year period, which is allowed by law. GSUSA contributed a portion of the funds, and each council is funding the remainder. Over the course of this past year, councils have requested information on withdrawing from the Plan and we now have information to use in making individual council decisions.

Attached are copies of documents received to explain the option of withdrawing from the National Girl Scout Council Retirement Plan. As is described, a council may withdraw from the Plan with the permission of the Plan Sponsor, GSUSA. Upon withdrawal, councils will be responsible for their underfunded liabilities (for Girl Scouts of Western Ohio this is over \$7 million). The documents for your review are the following:

1. Cover memo
2. Withdrawal Liability Estimate
3. Withdrawal Procedures and Timeline
4. Sample Letter of Agreement
5. Sample Board Resolution

It is my recommendation that Girl Scouts of Western Ohio not withdraw from the Plan. You should also be aware that GSUSA will determine whether withdrawals will be permitted, based upon the magnitude of withdrawal requests and whether they will disadvantage those councils that remain in the plan. I would advise that the board vote on the withdrawal option, to make it clear to future boards that a decision was made. Therefore, I am suggesting the following motion:

That the board of directors of Girl Scouts of Western Ohio rejects the current option to withdraw from the National Girl Scout Council Retirement Plan, but is willing to consider future withdrawal options, should they become available.



4930 Cornell Rd., Cincinnati, OH 45242
T: 513-489-1025 or 800-537-6241
F: 513-489-1417
www.girlscoutsofwesternohio.org





March 30, 2011

Barbara J. Bonifas, CEO
Nancy C. Dawes, Board Chair
Girl Scouts of Western Ohio
4930 Cornell Road
Cincinnati OH 45242-1804

Subject: National Girl Scout Council Retirement Plan (NGSCR) Withdrawal
Procedures and Spin Off of Assets

Girl Scouts of the USA
420 Fifth Avenue
New York, NY 10018-2798
212-852-8000
www.girlscouts.org

Dear Barbara and Nancy,

GSUSA has completed the development of National Girl Scout Council Retirement Plan (NGSCR) Withdrawal procedures. This work was undertaken with the assistance of the Plan actuary and legal counsel in accordance with Sections 10.2 and 10.3 of the Plan document. As provided therein, a council may withdraw from the NGSCR with the permission of the Plan Sponsor, GSUSA. Upon withdrawal, councils will be responsible for their underfunded past liabilities. The attached documents provide information on the procedures to withdraw, the methodology used to determine a council's underfunded past liability, the estimated withdrawal liability for your council, a draft letter agreement and pro forma board resolution you will have to sign and a set of frequently asked questions (FAQs) for your use.

Council withdrawal from the Plan, if approved, will be made effective December 1, 2011. Councils will need to review the attached withdrawal material with their board and decide if they want to withdraw. Councils are to advise Florence Corsello, Chief Financial Officer at GSUSA by May 13, 2011 of their intention to withdraw from the plan. Following receipt of all council requests for withdrawal, GSUSA will determine whether withdrawals will be permitted. Consideration will be given to whether the magnitude of withdrawal requests would disadvantage those councils who remain in the plan.

Assuming withdrawals are permitted, those councils requesting withdrawal will receive their demographic data for verification on June 1, 2011. Councils are to return an executed withdrawal agreement, board-approved resolution and their check for the processing fee to GSUSA by June 30, 2011. Once the council withdraws from the plan, all contributions made in 2011 will be credited towards the council's withdrawal liability.

Girl Scouting builds girls of courage, confidence, and character,
who make the world a better place.

Barbara J. Bonifas, CEO
Nancy C. Dawes, Board Chair
March 30, 2011
Page 2

Spin Off of Assets

At the request of a council to spin off assets from the NGSCR, GSUSA undertook an evaluation to determine whether to offer this option to councils. After much consideration, including obtaining legal advice from a different outside ERISA attorney, GSUSA as Plan Sponsor and Fiduciary, has determined it is in the best interest of plan participants not to offer this option at this time. As communicated during the February 24, 2011 CEO teleconference, a spin-off of assets is very different than a withdrawal because in a spin-off, the responsibility shifts from the multiple employers in the plan to a single employer who assumes the risk; whereas, in a withdrawal, the responsibility shifts from the multiple employers in the plan to an insurance company who assumes the risk and guarantees the annuity payment to retirees. In addition, due to the regulations that govern spin-offs, it is possible that the council spinning off assets would take more than its proportional share of assets, thus disadvantaging councils remaining in the plan. For these reasons, the option to spin off is not being offered.

Governance of the Plan

In the coming year, we will be re-examining the current NGSCR governance framework to recognize the important ongoing role of councils in the governance of the plan. We look forward to your input on how we can create a governance model that is representative of the various parties and fulfills key plan responsibilities efficiently and effectively.

Should you have questions regarding the NGSCR withdrawal procedure, decision about spin offs or input on the governance framework, please contact me at fcorsello@girlscouts.org or Margie Wang at mwang@girlscouts.org.

Sincerely,

Florence Corsello
Chief Financial Officer

Attachments

- I NGSCR Withdrawal Procedures and Timeline for 2011
- II Council's specific 2011 withdrawal liability and methodology
- III Withdrawal Letter Agreement
- IV Pro Forma Board Resolution
- V NGSCR Frequently Asked Questions (FAQs)

cc: Kathy Cloninger
Margie Wang

National Girl Scout Council Retirement Plan Withdrawal Liability Estimate

Council Number 069-240
Council Name Girl Scouts of Western Ohio

1. Estimated January, 1 2011 annuity purchase cost	\$14,689,000.00
2. Estimated January 1, 2011 share of plan assets	\$7,333,300.00
3. Estimated January 1, 2011 withdrawal liability (1. - 2.)	\$7,355,700.00

The estimated annuity purchase cost is based on the following demographic data as of January 1, 2010:

Active Headcount	102
Terminated Vested Headcount	112
Retiree Headcount	51

Methodology

The withdrawal liability is the excess of the council's *annuity purchase cost* over the council's *share of plan assets*.

- *Annuity purchase cost* is the amount charged by the selected insurance company in exchange for providing payment of accrued benefits to the council's active, terminated vested and retired participants. This cost is based on the actuarial present value of accrued benefits plus a risk premium required by the insurance company.
- *Share of plan assets* is based on an allocation of net January 1, 2011 assets after subtracting assets to cover the liability for councils no longer participating in the plan. The allocation is based on the proportion of the council's valuation liability to the total valuation liability of all participating councils. The actual share of plan assets that will be credited to the council at annuity purchase is the council's allocated share as of January 1, 2011 increased by 2011 year to date contributions, decreased by 2011 year to date benefit payments and adjusted to reflect the plan's investment performance since January 1, 2011.

Any corrections to demographic data may change both the annuity purchase cost and/or the share of plan assets estimated above.

Assumptions

The above estimate of the annuity purchase cost is based on assumptions that we expect insurance companies to use to price the annuities to cover future benefits for the council's participants. The actual cost will be what the selected insurance company would quote for these benefits at the time of purchase. The assumptions used for the estimate (as detailed below) are an average of assumptions used by various insurance companies as of as of March, 2011.

- The annuity purchase cost estimate reflects the sex distinct 1994 Group Annuity Reserving Table (GAR-94) with recognition of generational mortality improvement and interest rates of 3.80% for retired participants and 4.67% for all other participants. In addition, participants eligible for rule of 80 benefits are assumed to retire at first eligibility. All other participants are assumed to retire at age 65.
- The data used to calculate the estimate of annuity purchase cost is the demographic information provided by the council for the January 1, 2010 valuation. Actual data that will be provided to insurance companies for quotes will be data that will be verified by the council. In addition, the actual cost will reflect the final accrued benefits for active employees as of the July 31, 2010 plan freeze date.

The above projected withdrawal liability amount is an estimate for planning purposes only and is based on various actuarial assumptions and methods, as described above and reflect a single scenario from a range of possibilities. However, the future is uncertain, and the actual experience will likely differ from the assumptions utilized and the scenario presented; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range, and results based on those assumptions would be different. This statement has been created for a limited purpose, is presented at a particular point in time and should not be viewed as a prediction of the actual withdrawal liability. Actual amount will reflect the annuity purchase cost quoted by the selected insurance company and the changes in assets allocated to the council at that time.

NGSCRIP Withdrawal Procedures and Timeline

1. March 2011. Each council is provided with an estimate of their withdrawal liability. The estimated liability represents the estimated cost of purchasing a commercial annuity for their participants less their allocated share of the plan assets. This will be an estimate only and not based on actual solicitation of quotes from insurance companies. GSUSA provides councils with legal document for execution.
2. April, 2011. Councils review withdrawal material including pro forma board resolution with their board and decide if they want to withdraw.
3. May 13, 2011. Council notifies GSUSA's CFO, Florence Corsello no later than May 13, 2011, that it is considering withdrawing from the plan. Council will be charged a fee of \$40,000 to cover the cost of processing the application and securing the safest available annuity provider. If more than one council chooses to withdraw from the plan, the total processing fee will be higher (\$5,000 for each additional council) but the total fee will be allocated among the councils electing to withdraw.
4. June 1, 2011. Councils receive their demographic data for verification.
5. June 30, 2011. Councils submit verified data, board resolution, agreement letter and processing fee to GSUSA's CFO, Florence Corsello and data is submitted by Mercer to the insurance companies for the annuity bids.
6. July 1, 2011. Mercer commences final accrued benefit calculations.
7. September 15, 2011. Mercer finalizes accrued benefit calculations and provides insurance companies with final accrued benefits.
8. October 15, 2011. Mercer receives preliminary quotes from insurance companies.
9. October 31, 2011. GSUSA selects the annuity provider.
10. November 15, 2011. Councils provide funding for their deficit and annuity premium to purchase the annuities. The amount, when paid, will be held by GSUSA as agent for the council to be contributed to the Plan, once the final quote is calculated. The council must continue to make monthly payments to the plan until the withdrawal is finalized.
11. December 1, 2011. Annuities are purchased. GSUSA purchases the annuity contracts on behalf of the participants of the withdrawing councils. GSUSA approves the withdrawal of the council and confirms that all signed documents have been received.
12. December 15, 2011. True-up of difference between the actual and estimated annuity purchase price. If there is a refund due to a difference between the estimated and actual annuity price, GSUSA will remit it to the council; the plan is prohibited by law from making such a refund. If there is an additional premium due, the council will remit any additional annuity premium to GSUSA, as agent for the council to be contributed to the plan.

GSUSA RESERVES THE RIGHT TO MODIFY THESE PROCEDURES.

WITHDRAWAL IS NOT FINAL UNTIL THE ANNUITY IS PURCHASED, GSUSA APPROVES THE WITHDRAWAL AND ALL SIGNED DOCUMENTS HAVE BEEN RECEIVED.

March 31, 2011

**GSUSA RESERVES THE RIGHT TO RESCIND THE TERMS OF THIS AGREEMENT
AT ANY TIME PRIOR TO EXECUTION BY GSUSA**

LETTER AGREEMENT

[DATE]

Dear [COUNCIL NAME]:

Reference is made in this Letter Agreement, by and between the Girl Scouts of the USA (“GSUSA”) and [COUNCIL NAME] (“Council” or “Employer”), dated as of [_____, 2011] (the “Letter Agreement”), to the National Girl Scout Council Retirement Plan (the “Plan”), originally effective as of January 1, 1974, and amended and restated effective as of January 1, 2002, and as amended from time to time, and all capitalized terms not defined herein have the meanings set forth in the Plan. Any references to “you”, “yours” or any variation thereof shall mean or reference the [COUNCIL NAME] (“Council”).

Under the terms of Section 10.2 of the Plan, an Employer reserves the right to terminate its participation in the Plan “with the consent of the Plan Sponsor.” While the Employer’s participation in the Plan may terminate, however, in accordance with Section 10.3 of the Plan, the Plan Sponsor may require appropriate conditions for funding of liabilities to Participants who are or were Employees of the Employer, including requiring additional contributions of the Employer or its predecessor entities (the “Liabilities”).

1. Payment. GSUSA acknowledges the receipt from you of \$_____ [the Council’s share of the \$40,000 processing fee] which was used and will be used to cover the costs of processing the undertakings of the Plan in connection with this Letter Agreement. In order to cover the funding of the Liabilities you owe above to the Plan through [December 1, 2011] for the Participants who are or were your Employees, you shall pay to GSUSA a certified check made payable to GSUSA in an amount equal to the annuity purchase price for the Liabilities on November 15, 2011. This amount is estimated to be \$_____ (the “Estimated Cost”). To the extent the annuity purchase price is lower than the Estimated Cost, GSUSA shall within seven days refund such amount to you. To the extent the annuity purchased price is in excess of the Estimated Cost, you shall pay the difference within seven (7) days of notice to you of the amount owing. GSUSA shall contribute the funds to the Plan, to purchase the annuity.
2. Plan Accuracy. You represent and warrant that, (i) in accordance with Section 9.14 of the Plan, you have promptly furnished and will promptly furnish all necessary information to the Plan Administrator to permit her to perform her duties and responsibilities under the Plan and that such information was and is accurate and complete so that the Plan Administrator may rely on such information related to Council, (ii) you have fully paid all Council contributions owed to the Plan in accordance with all applicable provisions of the Plan through the effective date of this Letter Agreement, and (iii) that you will continue to pay all Council contributions owed to the Plan through and including November 1].
3. Indemnity. Council shall indemnify, defend and hold harmless the Plan and GSUSA, and their officers, directors, employees and agents from and against any and all loss, liability, damages, costs and expenses, including reasonable attorney’s fees and costs of the action, which GSUSA or the Plan incur arising from or in connection with any claim, action or proceeding arising out of a breach, or alleged breach, of the Employer’s warranties, representations, obligations and agreements herein contained, including, but not limited to, any claims for Plan benefits that are not provided for under the annuity described in Section 1. The provisions of this paragraph shall survive the termination or expiration of this Letter Agreement for any reason whatsoever.

4. Arbitration Waiver. YOU HEREBY AGREE TO WAIVE ANY AND ALL RIGHTS TO ARBITRATE ANY CLAIMS, MATTERS OR DISPUTES ARISING FROM, IN CONNECTION WITH OR IN RELATION TO THE PLAN PURSUANT TO SECTION 10.7 OF THE PLAN.
5. Nullification. Unless and until this Letter Agreement is executed in writing by GSUSA, no provisions, terms or obligations in this Letter Agreement shall be effective and nothing in this Letter Agreement is binding on or enforceable against GSUSA.
6. Choice of Law. This Letter Agreement shall be interpreted and construed in accordance with and governed by the laws of the State of New York, without regard to conflict of law principles. Any actions relating to this Letter Agreement must be brought within the State of New York.
7. Headings. Section headings are not to be considered a part of this Letter Agreement and are not intended to be a full and accurate description of the contents hereof.
8. Waiver. Waiver by one party hereto of breach of any provision of this Letter Agreement by the other shall not operate or be construed as a continuing waiver.
9. Assignment. You shall not assign any rights under this Letter Agreement, or delegate the performance of any duties hereunder, without the prior written consent of GSUSA. Any such assignment shall be void and without effect.
10. Release. Council hereby irrevocably and unconditionally releases, acquits and forever discharges the Plan and GSUSA and all of their directors, officers, employees, representatives, attorneys, actuaries, and all persons acting by, through, under or in concert with any of them (collectively, "Releasees"), from any and all complaints, claims, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorney's fees and costs actually incurred), relating to the Plan, known or unknown, which Council now has, owns, holds, or claims to have, own, or hold, from the beginning of time to the date hereof, against each of the Releasees, including but not limited to any and all claims under the Employee Retirement Income Security Act of 1974, except with respect to the obligations of the Plan and GSUSA described in this Letter Agreement.
11. Notices. Any and all notices or other communications required or desired to be given hereunder by any party shall be in writing and shall be validly given or made to another party if personally served, or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested. Notices and other communication are to be given as follows:

If to the [Council Name]: _____

If to GSUSA: Plan Sponsor
 Girl Scout Council Retirement Plan
 420 Fifth Avenue
 New York, NY 10018

and

With a copy to:

Kenneth Kirschner
Partner
Hogan & Hartson LLP
875 Third Avenue
New York, NY 10022

- 12. Modification or Amendment. No amendment, change or modification of this Letter Agreement shall be valid unless in writing signed by the parties hereto.
- 13. Entire Understanding. This document and any exhibit attached constitute the entire understanding and agreement of the parties, and any and all prior agreements, including but not limited to the Plan document and any related agreements, understandings, and representations are hereby terminated and canceled in their entirety and are of no further force and effect.
- 14. Severability. If any provision of this Letter Agreement, or any portion thereof, is held to be invalid and unenforceable, then the remainder of this Letter Agreement shall nevertheless remain in full force and effect.

IN WITNESS WHEREOF the undersigned have executed this Agreement as of the day and year first written above. The parties hereto agree that facsimile signatures shall be as effective as if originals and this Agreement may be signed in counterparts.

GIRL SCOUTS OF THE USA

[COUNCIL NAME]

By: _____
Name: Florence Corsello
Title: Chief Financial Officer

By: _____
Name: _____
Title: _____

Date: _____

Date: _____

[COUNCIL NAME]

RESOLUTIONS ADOPTED AT THE
MEETING OF THE BOARD OF DIRECTORS
HELD ON [____], 2011

Decision to Terminate Participation in the National Girl Scout Council Retirement Plan

WHEREAS, [COUNCIL NAME] (the "Council") participates in the National Girl Scout Council Retirement Plan (the "Plan");

WHEREAS, Section 10.2 of the Plan reserves the right for the Council to terminate its participation in the Plan with the consent of the Plan Sponsor, which is Girl Scouts of the USA ("GSUSA");

WHEREAS, according to Section 10.3 of the Plan, in the event the Council terminates its participation in the Plan, GSUSA may require appropriate conditions for funding of liabilities to eligible participants who are or were employees of the Council or its predecessor or affiliated entity or entities, including requiring additional contributions of the Council or its predecessor or affiliated entity or entities (the "Council Participants");

WHEREAS, the Board of Directors of the Council (the "Board") has determined that it is desirable and in the best interests of the Council to terminate participation in the Plan effective December 1, 2011;

WHEREAS, the Board has reviewed the Letter Agreement between the Council and GSUSA (the "Letter Agreement"), which is attached hereto as Appendix A, and the Board agrees to the terms set forth in the Letter Agreement and understands that the Council must sign and return the Letter Agreement to GSUSA prior to June 30, 2011 in order to be eligible to withdraw from participation in the Plan effective December 1, 2011;

WHEREAS, the Board understands that GSUSA reserves the right to rescind the terms of the Letter Agreement prior to execution by GSUSA, and therefore, the ability to withdraw from the Plan is subject to GSUSA's execution of the Letter Agreement;

WHEREAS, the Board understands that the Council must continue to make required contributions to the Plan through and including November 1, 2011;

WHEREAS, the Board understands that in accordance with the Letter Agreement and Section 10.3 of the Plan, the Council must make a payment to GSUSA to cover the funding of the Plan liability owed by the Council through December 1, 2011 (the "Withdrawal Payment");

NOW, THEREFORE, BE IT RESOLVED, that the Council intends to terminate participation in the Plan effective December 1, 2011;

FURTHER RESOLVED, that the Council agrees to the terms of the Letter Agreement and the Council will execute the Letter Agreement and return to GSUSA on or before June 30, 2011;

FURTHER RESOLVED, that the Council will make a payment to GSUSA in the total amount of [_____] Dollars ("Estimated Annuity Purchase Price") to cover the funding of the Plan liability that the Council owes to the Plan through December 1, 2011;

FURTHER RESOLVED, that on December 1, 2011 annuities will be purchased by the Plan to fulfill Plan obligations to the Council Participants for the Actual Annuity Purchase Price and if the difference between the Actual Annuity Purchase Price for the Council Participants is in excess of the Estimated Annuity Purchase Price, then the Council will remit such difference to GSUSA on or before December 7, 2011 and that if the Actual Annuity Purchase Price exceeds the Estimated Annuity Purchase Price, GSUSA shall refund the difference to the Council on or before December 7, 2011;

FURTHER RESOLVED, that the Council understands that GSUSA reserves the right to rescind the terms of the Letter Agreement at any time and for any reason prior to execution by GSUSA, and therefore, the ability to withdraw from the Plan is subject to GSUSA's execution of the Letter Agreement;

FURTHER RESOLVED, that the proper officers of the Council, or any one or more of them, hereby are authorized, in the name and on behalf of the Council, to do all things, to take all actions and to execute, deliver and file all documents and instruments as such officer(s) determine to be necessary or advisable in effecting the foregoing resolutions (such determination to be conclusively, but not exclusively, evidenced by the doing of such things, the taking of such actions, or the execution, delivery or filing of such documents or instruments by such officer(s)); and

FURTHER RESOLVED, that any and all actions taken by the Council in connection with these resolutions are hereby ratified, confirmed and approved in all respects for all purposes.