



**GRAND VALLEY  
STATE UNIVERSITY**

**SUMMARY PLAN DESCRIPTION**

**FOR THE**

**GRAND VALLEY STATE UNIVERSITY**

**403(b) RETIREMENT PLAN**

**June 2015**

This is a summary of the major provisions of the Plan. This summary is intended to provide an accurate outline of the provisions of the Plan as amended to date. If, however, there are any discrepancies between this summary and the provisions of the Plan document, the Plan document will be controlling. Copies of the Plan document are available in the Human Resources Office.

## INTRODUCTION

Grand Valley State University maintains the Grand Valley State University 403(b) Retirement Plan for the exclusive benefit of its eligible employees and their beneficiaries. This summary description of the Plan has been prepared to explain the somewhat complicated provisions of the Plan to you. You should read all parts of this summary so that you understand the ways in which the Plan may benefit you.

## GENERAL INFORMATION

Here is some technical information about the Plan.

### Plan Name.

Grand Valley State University 403(b) Retirement Plan

### Employer and Plan Administrator.

Grand Valley State University

### Employer Taxpayer Identification Number.

38-1684280

### Plan Number.

003

### Type of Plan.

The Plan is a defined contribution retirement plan designed to satisfy the requirements of section 403(b) of the Internal Revenue Code of 1986, as amended.

### Type of Administration.

The plan is self-administered by Grand Valley State University and its delegates.

### Plan Year.

January 1 - December 31

### Plan Funding.

Plan assets must be held in a qualified Code Section 403(b)(7) Custodial Account or a Code Section 403(b)(1) Annuity Contract. The applicable Custodial Accounts and Annuity Contracts are those provided by the Custodians and Insurers listed in Schedule A. The University may add or delete Custodians and Insurers listed on Schedule A with respect to future contributions at any time or from time to time.

### Service of Legal Process.

Service of legal process may be made upon the University.

### ELIGIBILITY TO PARTICIPATE

## The Plan's Eligibility Requirements.

For Elective Deferral Contributions. With limited exceptions, all faculty and staff members are eligible to participate in the Plan for purposes of Employee Elective Deferral Contributions on the date you begin working for the University.

- Exclusions. Notwithstanding that general rule, you are not eligible to participate in the Plan if you are:
  - A student-employee working for the University in a job that is not covered by Social Security;
  - A leased employee (i.e., an employee working through a temporary service);
  - An individual classified by the University as an independent contractor, even if it is later determined that classification is not correct;
  - Employed by a related employer that has not adopted this Plan; or
  - A nonresident alien receiving no earned income from sources within the U.S.

For University Contributions. To be eligible for University Contributions, you must be eligible to make Employee Elective Deferral Contributions to the Plan under the rules described above and you must be in "Covered Employment." Covered Employment is employment with the University in a one-half time or more salaried appointment while classified as a member of the Regular Faculty, Executive Staff, or Administrative or Professional Staff, and employment with the University in a one-half time or more hourly appointment while classified as a member of the Security Officer Staff. You become eligible to participate in the Plan for purposes of University Contributions on the date you begin working for the University or, for faculty members, the date you are appointed as a faculty member, if this date is earlier.

- Exclusions from Covered Employment. Notwithstanding those rules, you are not in Covered Employment and eligible for a University Contribution if you are:
  - Employed in a unit covered by a collective bargaining agreement;
  - An adjunct or visiting faculty employee;
  - An adjunct executive, administrative or professional staff employee;
  - A COTE Alumnus, who moved from employment in a clerical, office, technical, or engineering classification to employment in an Administrative, Professional or Executive Staff classification and irrevocably elected this classification under a University appointment letter, with the consent of the Alliance of Professional Support Staff and the University; or
  - A participant in another 403(b) plan sponsored by the University, to the extent you receive a University contribution (other than an elective deferral) under the other 403(b) plan.

Entry Into the Plan.

You will become a participant in the Plan on the earliest applicable date identified above.

EXAMPLE 1:

Assume you are hired as a full-time Professional Staff member and you begin working for the University on September 10, 2015. You will become a participant in the Plan with respect to both Employee Elective Deferrals and University Contributions on September 10, 2015.

EXAMPLE 2:

Assume you are appointed as a full-time Regular Faculty member on July 1, 2015. You begin working for the University on September 3, 2015. You are a participant in the plan with respect to University Contributions as of July 1, 2015 and a participant with respect to Employee Elective Deferrals as of September 3, 2015.

EXAMPLE 3:

Assume you are appointed as a less than half-time Regular Faculty member on January 2, 2015 and begin working for the University on April 1, 2015. You are a participant in the Plan with respect to Employee Elective Deferrals on April 1, 2015. You will not be eligible for University Contributions, however, because your appointment letter did not provide for one-half time or more employment with the University.

Termination and Resumption of Participation.

Your participation in the Plan will terminate if you are no longer an employee of the University and have been paid the full amount of your vested account balance under this Plan. If your participation terminates, you must again satisfy the eligibility requirements to resume participation.

## CONTRIBUTIONS TO THE PLAN

Employee Elective Deferrals. You may elect to have your compensation reduced and have the amount of the reduction contributed by the University to an Annuity Contract or Custodial Account. Generally, you do not have to pay income tax on your elective contributions until you receive a distribution from the Plan at a future date, but the amount will be subject to social security tax.

Alternatively, you may make part or all of your Elective Deferrals as Roth Contributions. To do so, you must irrevocably designate the deferral as a Roth Contribution at the time of your election to defer the amount. Roth Contributions are contributed on an after-tax basis. That is, they are included in your gross income for the year in which they are contributed and you will pay the federal and state taxes on them now instead of later. A separate account will be maintained for any Roth Contributions you make along with the gains, losses, and other credits and charges allocated to the account.

- Payroll Deductions. Your initial election will be effective as soon as it can be processed after the election is made. Elections can be changed or a new election made at any time. An election applies to all compensation paid to you by the University, until the election is changed. All elections must be in writing. You may elect to discontinue your elective contributions at any time.
- Limits. Your Elective Deferrals are subject to the following limits each calendar year. You are responsible for making sure that these limits are not exceeded.
  - General Limit. Unless you qualify for Age 50 Catch-Up Contributions, the amount you may defer per calendar year may not exceed the General Limit, which is \$18,000 for 2015. The limit is adjusted by the Internal Revenue Service at the beginning of each year. In applying the General Limit, all of your deferrals for the calendar year must be included. This includes any portion of your income from other employers which is deferred and excluded from current taxation,

including elective deferrals to a 401(k) profit-sharing plan and a simplified pension plan as well as to a 403(b) tax-sheltered annuity.

- Alternative Limit. If you have completed at least 15 Years of Credited Service, you may elect to apply this limit to your Employee Elective Deferrals instead of the General Limit described above. The Alternative Limit is the General Limit described above, plus the least of the following three amounts:
  - \$3,000;
  - \$15,000 reduced by amounts contributed during prior plan years under this rule; or
  - The excess of \$5,000 multiplied by your Years of Credited Service over your Employee Elective Deferrals for all previous years.
- Catch-Up Contributions. If you are age 50 or above, or will attain age 50 before the end of the calendar year, you may make additional elective deferral contributions of amounts not exceeding \$6,000 for 2015. The limit is adjusted by the Internal Revenue Service at the beginning of each year. Catch-Up Contributions may be made in addition to any amounts contributed to the General Limit and the Alternative Limit. However, you must first fill those limits before making Catch-Up Contributions.
- Year of Credited Service. A Year of Credited Service<sup>®</sup> is a Plan Year during which you are a full-time employee of the University (or a related employer which has adopted the Plan) for the full Plan Year. You will also be credited with a partial Year of Credited Service based on the fraction of each Plan Year during which you are a full-time or part-time employee of the University (or a related employer which has adopted the Plan).



- Prevention/Correction. If it appears that the limits on Employee Elective Deferrals may be exceeded, the University may reduce or suspend your Employee Elective Deferrals as necessary. However, the University is under no obligation to monitor, reduce or suspend your Employee Elective Deferrals or to otherwise act to prevent or correct a violation of these limits. Therefore, you must monitor your limits and notify the University in writing by the next March 1 if you believe an Excess Deferral Contribution has occurred or may occur. Your notice must also notify the University of the extent to which the excess amount is comprised of designated Roth contributions.

### University Contributions.

The University may make a University Contributions on your behalf for a Plan Year. The University will determine the amount of the University Contributions for each Plan Year if it decides to make such a contribution.

- Base Retirement Contribution. If you are not employed as a Security Officer, the expected University Base Retirement Contribution is 12% of your Recognized Compensation for payroll periods in which an allocation is to be made for you. If you are a Security Officer, the expected University Base Retirement Contribution is 8% of your Recognized Compensation for payroll periods in which an allocation is to be made to you (less forfeitures to be reallocated for that period).
- Matching Contribution. In addition to the Base Retirement Contribution for each year as determined by the University from time to time, effective October 2014, the University expects to also contribute a Matching Contribution for each eligible participant who is an eligible Security Officer, as determined by the University. The University will make the Matching Contribution on a biweekly basis coordinated with University payroll, or as soon as administratively possible thereafter.

The amount of the Matching Contribution for each participant who is an eligible Security Officer is based on the participant's elective deferrals to this

plan each payroll period. The current Matching Contribution is equal to the first one percent of the participant's elective deferrals to the plan for the payroll period, provided the participant's elective deferrals are at least one percent of the participant's plan compensation. Beginning in January 2016, the Matching Contribution will be equal to the participant's elective deferrals to the plan for the payroll period, provided the participant's elective deferrals are at least one percent of the participant's plan compensation, up to a maximum of two percent of the participant's plan compensation. Contributions to this plan must be made in whole percentages of plan compensation (e.g., 1%, 2%, etc.). The University may use forfeitures to partially fund the Matching Contributions. The Matching Contribution is subject to change.

The University may determine that no (or a lesser) University Contributions will be made for a Plan Year. A decision by the University to make a University Contribution for a year is not a commitment or obligation to make any contribution for a later Plan Year.

#### Timing of Contributions.

The University will make its contribution on a biweekly basis coordinated with University payroll, or as soon as administratively possible thereafter. Any amount withheld from your Compensation for contribution to this Plan will be paid to the Insurer or Custodian as soon as administratively possible after the amounts are withheld (generally bi-weekly), but not later than the 15<sup>th</sup> business day of the month following the month in which the amounts are withheld from Compensation. The University will identify the type and amount of each contribution for a Plan Year by written communication to the Insurer or Custodian on or before the date final allocations are performed.

### Rollovers and Direct Transfers.

An Insurer or Custodian may accept amounts that are a rollover or a direct transfer from an eligible retirement plan. To work, the transfer must be either a direct plan-to-plan transfer of funds held for you under another eligible retirement plan, or a rollover (within the meaning of the applicable Internal Revenue Code sections). If a rollover amount is determined not to be a qualifying rollover or constitutes a prohibited transfer, the amount, plus any earnings and minus any losses, will be distributed to you as soon as administratively feasible. A transfer or rollover amount will not be treated as an Employee Elective Deferral Contribution with respect to the annual contribution limits described in this document.

### Reclassification.

If you have funds in the Plan that are eligible for distribution and rollover (for example, because you have attained age 59½), your Funding Agent may permit you to irrevocably elect to transfer all or a portion of your Plan accounts to your Roth Contributions account within this Plan. There are limitations on, and significant tax consequences associated with, this sort of "Roth conversion," so you should consult with qualified tax counsel before requesting a conversion.

### Make-Up Contributions Under USERRA.

If you return to work with the University after qualified military service within the time limits established by the Uniformed Services Employment and Reemployment Rights Act ("USERRA"), you are entitled to receive an allocation of University Contributions that you would have received if you had been employed during your time of qualified military service. For more information, contact the Human Resources Office.

## ACCOUNTS AND ALLOCATION

### Accounts and Allocation of Contributions.

Each Custodian and Insurer should maintain a separate account for you for each type of contribution and for each rollover or transfer of assets to this Plan, except that your University or Base Retirement and Matching Contributions may be combined in one contract or accounting record.

- Employee Elective Deferrals. Your elective deferrals will be allocated to your Employee Elective Deferrals account.
- Catch-Up Contributions. Your Catch-Up Contributions will be allocated to your Catch-Up Contributions Account.
- Roth Contributions. Your Roth Contributions, including any rollover or transfer of Roth Contributions, will be allocated to your Roth Contributions Account.
- University Contributions.
  - Eligibility. You are eligible for a share of the University Contribution for each payroll period in which you are employed in Covered Employment or are a Disabled Participant who is receiving a monthly benefit under the University's long-term disability program.
  - Disabled Participant. A "Disabled Participant" is a participant who: (1) has been a participant in this Plan for at least three months at the commencement of the disability; (2) is totally and permanently disabled within the meaning of the University's long-term disability program or is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of at least twelve months and provides satisfactory proof of that disability; and (3) is receiving a monthly benefit under the University's long-term disability program.

- Allocation of University Base Retirement Contributions. The University Base Retirement Contribution will be allocated to your University Base Retirement Contributions account in the proportion that your Recognized Compensation for the period bears to the Recognized Compensation of all eligible participants for the period.
- Recognized Compensation. Except as provided in the next sentences, Recognized Compensation means all amounts paid as salary or wages for the time you were a participant in Covered Employment during the Plan Year, including any elective contributions made under this Plan or any cafeteria plan maintained by the University. If you are a Disabled Participant, special rules are provided in the Plan describing how your Compensation is determined. Recognized Compensation does not include moving expense reimbursements, overload pay, bonuses, service awards or extra compensation (such as workshop or seminar stipends), however. For 2015, Recognized Compensation is capped at \$265,000 (as adjusted thereafter for inflation).
- Allocation of Matching Contributions. If you are eligible to receive Matching Contributions, they will be allocated to you based on your Elective Deferrals, as provided on Page 9.

#### Allocation of Forfeitures.

After your employment terminates, any nonvested amounts in your accounts (see page 16 for an explanation of vesting) will be forfeited. Generally, forfeited amounts are used to offset future University Contributions or to reduce the administrative expenses of this Plan. Forfeitures are not returned to the University.

### Maximum Allocations.

Your total Annual Additions for a Plan Year may not exceed the lesser of the Percentage Limit and the Defined Contribution Dollar Limit, as modified. Note that this is a greatly simplified explanation of these limits, which are very important. It is critical that you obtain qualified advice to help you monitor these limits each year.

- Annual Additions. Generally, your Annual Additions for a Plan Year include your share of University Contributions and your Employee Elective Deferrals (excluding Catch-Up Contributions). In some circumstances (which are set forth in the Plan), contributions to other plans made on your behalf may have to be included in your Annual Additions.
- Percentage Limit. The Percentage Limit is 100% of your Section 415 Compensation from the University for the Plan Year.
  - Section 415 Compensation is your earned income, wages, salaries, and fees for professional services and other amounts received for personal services actually rendered in the course of employment with the University actually paid and includible in gross income for the Plan Year and your Employee Elective Deferrals (or other elective deferrals) for the year.
  - If you are a Disabled Participant, Section 415 Compensation is the amount of compensation you would have received for the year if you were paid at the rate of compensation paid immediately before you became disabled.
  - Section 415 Compensation does not include amounts that received special tax benefits or contributions made by the University toward the purchase of an annuity described in Code Section 403(b) (whether or not the amounts are actually excludable from gross income).
  - Section 415 Compensation does not include any of your compensation which exceeds the annual limit set forth on page 13 (which is \$265,000 as of 2015), as adjusted for inflation.

- Defined Contribution Dollar Limit. The Defined Contribution Dollar Limit is \$53,000 for 2015, as adjusted from time to time by the IRS.

Except as otherwise provided, all plans maintained by the University and any related employer, all contributions under those plans, and Section 415 Compensation from the University and any related employer are aggregated for purposes of applying this section and the remainder of these rules.

Excess Additions.

- Before Contribution. If your Annual Additions limitation will be exceeded, your contributions for the Plan Year should be reduced before payment.
- After Contribution. If your Annual Additions limitation is exceeded as a result of an allocation of forfeitures, a reasonable error in estimating your annual Section 415 Compensation, or a reasonable error in determining the amount of Employee Elective Deferrals permissible, the excess will be eliminated by returning, to the extent allowed by law, your Employee Elective Deferrals (beginning with Catch-Up Contributions) together with earnings for the Plan Year and then holding any remaining excess in a suspense account. The amount in the suspense account will be used to reduce the University Contributions for the next Plan Year.

## VESTING

### General Rule.

Vesting describes the percentage of your account that you are entitled to receive from the plan when you qualify for a distribution.

- 100% Vesting. You are always 100% vested in your Employee Elective Deferrals account, your Roth Contributions Account, any transfer or rollover account, and any portion of your University Contributions Account which consists of contributions made while you are a Disabled Participant. Vesting for University Contributions is determined by Years of Vesting Service. You are credited with Years of Vesting Service based upon your elapsed time of employment from your last employment date to the next Break in Service, disregarding any service which is canceled. Periods of less than a full year are aggregated at the rate of 1/12 for each full period of 30 days of employment.
- Special Rule. You will also be credited with additional Years of Vesting Service equal to your elapsed time of employment with your immediately preceding employer, to a maximum of two years, if that employer was a governmental or private institution of higher education and the period between that employment and your first Hour of Service for the University would not constitute a Break in Service under this Plan.
- Absences. You will be credited with vesting service as though you were employed for periods of qualified maternity or paternity absences, approved leaves of absence, or military service.
- Percentage Vesting. You will become vested in your University Contributions account according to the following schedule:



<u>Years of Vesting Service</u>	<u>Percentage Vested</u>
Less than 2 years	0%
2 years or more	100%

Regardless of your years of vesting service, you will automatically become 100% vested in your University Contributions account when you reach normal retirement age (age 65) while still employed by the University, or if your employment terminates due to your death or total disability.

#### Cashout.

If your employment terminates when your vested percentage is zero, the nonvested amount will be forfeited as of the date that your employment terminates.

#### Consecutive Breaks in Service.

If your vested percentage for University Contributions is zero and you incur consecutive Breaks in Service which exceed your whole Years of Vesting Service credited before the Breaks in Service, those Years of Vesting Service will be permanently canceled. Also, unless previously forfeited, your nonvested amount will be permanently forfeited as of the end of the Vesting Period that includes your second consecutive Break in Service.

A Break in Service is a period of at least 12 months, beginning on a Severance Date and ending on or after the first anniversary of the Severance Date. An unpaid leave of absence under the Family and Medical Leave Act will not be treated as or counted toward a Break in Service. A Severance Date is the earlier of:

- The date you quit, retire, are discharged, die or become totally disabled, whichever comes first;
- The first anniversary of the first day of a period in which you are absent from work with or without pay for any other reason (such as vacation, holiday,

sickness, disability, leave of absence or layoff) other than active service in the armed forces of the United States; or

- The second anniversary of your first day of absence due to a qualified maternity or paternity absence.

## DISTRIBUTION OF BENEFITS

### Distributive Events.

Subject to the terms of the governing Annuity Contracts and Custodial Accounts, the following events allow distribution of your vested account balance.

- Termination of Employment. Your employment terminates for any reason. A transfer between Covered Employment and any other employment with the University, or a transfer between the University and a Related Employer, is not a termination of employment.
- Hardship Withdrawal. You demonstrate that there is an immediate and heavy financial hardship and you have no other sources from which to meet the hardship. You can only take a hardship withdrawal from your Elective Deferrals, including Roth contributions but not the earnings on your Elective Deferrals. Hardship withdrawals are also subject to the terms and conditions of the Funding Vehicles you selected for investment purposes. A hardship withdrawal must also satisfy the following conditions:
  - Amount. The amount of the hardship withdrawal may not exceed the amount necessary to meet your “immediate and heavy financial need”, plus amounts needed to pay any federal, state, or local income taxes or penalties resulting from the withdrawal.
  - Immediate and Heavy Financial Need. You must show an unusual financial burden due to immediate and heavy financial needs in one of the following categories:
    - Costs directly related to the purchase of your principal residence (but not including mortgage or other regular payments);
    - Tuition, related fees and room and board expenses for the next 12 months of postsecondary education for you or your spouse, children, or dependents;
    - Expenses for medical care (of the type that is deductible under

the Internal Revenue Code) for you, your spouse, or your dependents;

- Payments necessary to prevent your eviction from your principal residence or foreclosure of the mortgage, land contract, or other security interest on your principal residence;
  - Payments for burial or funeral expenses for your parent, spouse, children or dependents; or
  - Expenses for the repair of damage to your principal residence to the extent deductible under the casualty loss rules of the Internal Revenue Code (generally, damage caused by a sudden, unexpected or unusual incident such as a fire, flood, storm or vandalism).
- Other Resources. The amount needed to meet the immediate and heavy financial need must not be reasonably available from your other resources. You will be deemed to have no other available resources if you have received all distributions and loans payable without termination of employment from this plan and all other plans maintained by the University and you suspend Elective Deferral Contributions under this plan and all other plans maintained by the University for a period of at least six months after the hardship withdrawal.
  - Age 59½. You attain age 59½.
  - Death. Your death occurs.
  - Total Disability. You suffer a Total Disability while an Employee. Total Disability means you are unable due to a physical or mental condition to perform the duties of your employment. The Plan Administrator may require that one or more physicians (chosen or approved by the Administrator) certify whether you are disabled. This certification is conclusive.
  - Eligible Domestic Relations Order or Qualified Domestic Relations Order. This Plan receives an approved Eligible Domestic Relations Order (EDRO)

or a Qualified Domestic Relations Order (QDRO) and the Administrator directs the Custodian or Insurer to pay benefits to an alternate payee as set forth in the Order. Except as provided in Code Section 414(q), distribution under an EDRO or QDRO may not occur prior to the earliest date on which you meet all of the requirements for a retirement distribution other than termination of employment.

- Plan Termination. The Plan is terminated by the University or the Internal Revenue Service.

In addition, other events permitting distribution may be provided in a governing Annuity Contract or Custodial Agreement. Those events will be honored under this Plan as long as they do not affect its tax-favored status.

#### Valuation for Distribution.

The valuation of your benefits for distribution will be made in accordance with the procedures established by the Insurer or Custodian. Except as otherwise provided in a governing Annuity Contract or Custodial Agreement:

- Commingled. If your Account is commingled for investment purposes, your vested account balance will be determined as of the valuation date (the most recent business date) coinciding with or most recently preceding the date of the distribution. The amount distributed will not include investment experience for the period from the valuation date to the date of distribution. Separate valuations will be performed for segregated accounts that are commingled for investment.
- Reductions. Any accounts that are separately invested without commingling will be valued as of the closest administratively feasible date to the date of distribution. The amount to be distributed will be reduced by the amount of any distribution or withdrawal during the period from the valuation date to the date of distribution.

## Methods of Distribution.

Distribution may be made in one of the following methods:

- Lump Sum. A distribution in a single payment or, if necessary, in one or more payments within one taxable year. A lump sum is the only permitted method of distribution for Hardship Withdrawals and QDROs.
- Direct Rollover to Another Plan. A transfer of an eligible rollover distribution to the insurer or custodian of an eligible retirement plan for your benefit or the benefit of your Surviving Spouse, former Spouse or non-Spouse beneficiary, as applicable, to be held and distributed under the terms of that plan or account.
- Installments. A distribution in installments or fixed period annuities paid annually, or more frequently if permitted by the Administrator, over an elected period of years not exceeding your life expectancy or the joint life expectancy of you and your beneficiary.
- Annuity. A distribution in the form of an annuity providing benefits over an elected period of years not exceeding your life expectancy or the joint life expectancy of you and your beneficiary.
- Combination. A distribution in a combination of the annuity and either the lump sum, transfer or installment forms.

All of the distribution methods are subject to availability under, and the terms and conditions of, the funding vehicles which you have selected. In addition, other methods of distribution provided under a funding vehicle may be used as long as they are approved for use in a 403(b) plan.

### Minimum Distribution.

Under current tax law, payment must begin by April 1 of the year following the year in which you reach age 70½ or retire, whichever is later. Distributions will be made in accordance with the Internal Revenue Code.

### Time of Distribution.

Distribution of your account will begin on the first date on which distribution is administratively feasible after the date of the distributive event (or if later, after election of distribution). However, special rules apply if distribution is due to your death or a QDRO. Distribution due to termination of employment for any reason other than death will begin within 60 days after the end of the Plan Year that includes your normal retirement date, or if later, the end of the Plan Year in which your employment terminates. Distribution must begin by the April 1 following the calendar year in which you attain age 70½ or in which you retire.

### Election of Method and Time of Distribution.

- Permitted Elections. Within the limits of this Plan, you or another recipient may elect the method and time of distribution as provided in the governing Annuity Contract or Custodial Agreement.
- Election Requirements. The election must be made not later than the date distribution begins or, if earlier, the date when distribution must begin. An election may be revoked or changed before distribution begins. An election must be made in a form acceptable to the Administrator.
- Failure to Elect. If a person fails to elect (or multiple recipients cannot agree), the method of distribution will be a lump sum.
- Additional Information. The Administrator may require additional election, application or information forms required by law or deemed necessary or appropriate by the Administrator in connection with any distribution.
- No Reduction or Delay of Distribution. An election may not cause a reduction in the minimum amount or delay the required time of payment of

any Minimum Distribution or any distribution required after the death of a Participant.

Designation of Beneficiary.

You may designate or change a beneficiary by filing a signed designation with the funding vehicle in the form approved by the funding vehicle. Your will is not effective for this purpose.

- Beneficiary. The Beneficiary is the person designated by you to receive your benefits under this Plan after your death.
- Spousal Consent Required. If you are married, your spouse must consent in writing before you may name someone other than your spouse as your beneficiary.
- Failure to Designate. If you fail to designate a Beneficiary, the Beneficiary is your spouse at the time of your death and your spouse's estate with respect to any amount remaining undistributed at the subsequent death of your spouse. If you are not survived by a spouse, the Beneficiary for each date of distribution will be the first of the following classes with a living member on the date of distribution: children, parents, and then brothers and sisters.
- Death of Beneficiary. If distribution is being made to a Beneficiary who dies before complete distribution, the remaining amount in the account will be paid to the successor Beneficiary. If distribution is made to more than one Beneficiary, distribution will continue to the survivor or survivors of them, and any remaining amount in the account upon the death of the last survivor will be paid to the successor Beneficiary.



### No Assignment of Benefits/Eligible or Qualified Domestic Relations Order.

As a general rule, your vested account balance cannot be sold, used as collateral for a loan, given away or otherwise transferred. In addition, your creditors may not attach, garnish or otherwise interfere with your account.

However, there is an exception to this general rule. The law requires a distribution from your vested account for court-ordered property settlement in divorce or separation, child support or alimony payments if the Plan Administrator is presented with an "Eligible Domestic Relations Order" or a "Qualified Domestic Relations Order." The Plan Administrator will determine whether a domestic relations order is "eligible" or "qualified".

### Taxation of Distributions.

When you receive a distribution from the Plan, it will normally be subject to income taxes. You may reduce or defer the tax on the distribution by rolling over part or all of the distribution to an individual retirement account (IRA) or another retirement plan authorized to accept your distribution.

Since they are contributed on an after-tax basis, in most cases you will not be taxed on designated Roth contributions when they are distributed from the Plan. However, if the distribution is not a "qualified" Roth distribution, the income on your contributions will be taxable when distributed, unless you roll over the distribution to a Roth IRA or another retirement plan that is authorized to accept rollovers of Roth contributions.

A "qualified" distribution of Roth contributions is generally a distribution that is made (i) after a 5-year participation period and (ii) after you attain age 59 1/2 or, if earlier, the date you die or are disabled. For this purpose, you are considered disabled if you are unable to engage in any substantial gainful employment because of a mental or physical impairment that is expected to result in death or to be of long-term and indefinite duration.

The 5-year participation period begins on the first day of the calendar year in which you make your first Roth contribution and ends on the last day of the calendar year that is five years later. For example, if you make your first Roth contribution under this plan on June 3, 2015, the applicable 5-year participation period begins on January 1, 2015, and ends on December 31, 2019. If you make a direct rollover of Roth contributions from another plan to this plan, the applicable 5-year participation period will begin on the first day of the calendar year in which you made the first Roth contribution under the other plan, if earlier.

Note that a separate 5-year rule may apply to Roth conversion amounts.

When you receive a distribution, you will receive a more detailed explanation of the tax options. The tax rules, especially those applicable to designated Roth contributions and Roth conversions, are complex. You should consult with qualified tax counsel before electing Roth contributions and when you are considering a distribution.

#### Penalty Taxes.

Under most circumstances, if you receive a distribution before you reach age 59½ and do not roll over the distribution, you may be required to pay an excise tax of 10% of the amount distributed. If distributions are required at age 70½ or, if later, retirement, and you do not receive at least the required minimum amount of distribution, you will be required to pay a tax equal to 50% of the amount that should have been distributed. You should notify the Plan Administrator six months before you reach age 70½.

## ADMINISTRATION OF THE PLAN

### Fiduciaries.

Generally speaking, the University administers the Plan. Other parties, such as an Insurer or Custodian, may also be fiduciaries. Each fiduciary is responsible for the exercise of the duties assigned to it, but not for the duties assigned to the other fiduciaries.

### University Responsibilities.

The University is responsible for transmitting contributions, determining eligibility and benefits, interpreting the plan, prescribing procedures and forms for administering the plan, and preparing reports and disclosures to participants and the government.

### Claims and Appeals.

If you or your beneficiary wish to submit a claim under the plan, the claim must be made in writing to the Plan Administrator. Within 90 days of receipt of the request (unless you are notified prior to that time that circumstances require an additional 90 days), the Plan Administrator will approve or disapprove your claim. If your claim for benefits or your beneficiary's claim for benefits is partially or completely denied, the Plan Administrator will notify you in writing to explain:

- The reason for the denial;
- References to the plan provisions on which the denial was based;
- The additional information or material you must submit to have your claim for benefits approved as well as an explanation of why this information is necessary; and
- The steps you must take if you wish to appeal the denial of your claim for benefits.

You (or your representative) may appeal a denied claim for benefits by filing a written request with the Plan Administrator within 60 days of your receipt of the denial (unless the 60-day period is extended by the Plan Administrator). Within 60 days after re-

ceiving your request (unless you are notified that circumstances justify an additional 60 days), the Plan Administrator must give you a final decision in writing explaining the reasons for the decision, the references to the plan provisions on which the decision is based, a statement that you are entitled to receive, at no cost, reasonable access to, and copies of, all documents and records relevant to your application and an explanation of any possible redress. In preparing an appeal, you have the right to review and receive copies of all documents and records relevant to your claim for benefits at no cost.

#### Your Responsibilities.

It is your responsibility to assure compliance with the contribution limits of the Internal Revenue Code, and in particular to maintain your Elective Contributions within the applicable limits. The University is not responsible for calculating your Section 402(g) limit, exclusion allowance, or Section 415 limit, monitoring or limiting contributions at a level which will not violate any of those limits, or advising you in that regard. You should consult with a tax advisor familiar with 403(b) plans.

## INVESTMENTS

### Authorized Investments.

All plan assets must be held in one of the following Funding Vehicles:

- Mutual Fund - Custodial Account. A Custodial Account held by a bank or other person approved by the Secretary of the Treasury (the Custodian), and invested in regulated investment company stock; or
- Annuity Contract. A group or individual annuity contract issued by an Insurer which is nontransferable by you that meets the requirements under the Code.

The Custodians and Insurers available under this Plan are listed in Schedule A. The University may add or delete Custodians and Insurers with respect to future contributions at any time.

### Participant Direction.

You may direct the investment of your accounts under the plan under the following rules:

- Accounts. Participant investment direction is required with respect to all of your accounts. You are solely responsible for the investment consequences of your investment directions. If you fail to provide investment direction, the Custodian or Insurer will invest your account in an option designated as the default choice and intended to preserve principal and provide a reasonable rate of interest and liquidity.
- Choices. Investment direction is limited to a choice among investments permitted under this article and the applicable funding vehicles.
- Commingling. Funds or assets invested under this provision may be commingled with other funds or assets similarly invested for investment purposes.

- Written Direction. Your written direction must be in the form prescribed by the Custodian or Insurer and is effective only when signed by you and filed with the Custodian or Insurer. The Custodian or Insurer may rely upon such direction and upon the continuance of the direction contained therein until it is revoked or modified. Investment directions may be modified by a written form properly filed with the Custodian or Insurer or by telephonic or electronic direction made through the Custodian's or Insurer's automated system.
- Allocation. You must inform the University's Human Resources Office of your choice of allocation for your Employee Elective Deferrals and University Contributions. Changes to this allocation may be made at any time during the year.
- Transfers. You may transfer funds among the designated Custodians and Insurers and their Funding Vehicles.
- Additional Terms and Conditions. The Administrator may formulate additional terms and conditions for investment direction by you as necessary or appropriate.

### Loans.

Upon your request and at the direction of the Administrator, the Custodian or Insurer may loan the requested amount to you on terms and conditions specified by the Administrator. Loans are available to Participants on a reasonably equivalent basis, but the Administrator may take into account your credit rating, financial need, and ability to repay the loan. In addition, your loan amount may be further limited by the Custodian or Insurer based on its administrative practices.

- Source of Loan. Any loan you take from the plan will be funded solely from your Employee Elective Deferrals account, Catch-Up Contributions Account, Roth Contributions Account or any transfer or rollover account. Although your Employee Elective Deferrals account, your Catch-Up Contributions account, your Roth Contributions Account and your University Contributions account will all be considered in determining the amount of the loan, you may

not receive any portion of your loan from your University Contributions account.

- Separate Investment. A loan is a separate investment of your account as of the date of the loan. Interest on the loan and repayments of principal are credited directly to your account.
- Fees and Charges. Special fees and charges resulting from the loan are charged to your account.
- Promissory Note. The loan will be documented by a written promissory note providing for at least equal quarterly payments of principal and interest with no prepayment penalty. The loan will bear a reasonable rate of interest. The term of the loan will not exceed five years unless the loan is used to acquire or construct your principal residence. A loan must have a stated maturity date not later than the date of the first expected distribution to the Participant.
- Amount. All outstanding loans may not exceed the lesser of \$50,000 or one-half of your vested accounts in the plan. The \$50,000 limit is reduced by the excess of the highest outstanding principal balance of all loans to you under this plan and all qualified retirement plans of the University and each related employer during the one-year period ending on the day before the date of the new loan, over the outstanding balance of all prior loans to you on the date of the new loan. The minimum amount of a loan is \$1,000.
- Security. Each loan must be adequately secured. You and your spouse, if you are married, must consent to the use of your Vested Account Balance as security for the loan. You must execute a security agreement within 90 days before the effective date of the loan or renegotiation, extension, renewal, or other revision of an existing loan. The security agreement grants to the Plan a continuing security interest in your Vested Account Balance. The Security Interest will not exceed 50% of your Vested Account Balance. Upon payment in full of principal and interest on the loan, the security interest terminates.

- One Loan Limit. You may have only one loan outstanding at any time. This does not preclude refinancing of a loan provided that the principal and interest being refinanced are payable within the allowable time period calculated from the date of the original loan and the new loan would not violate any other restriction described in this section.
- Default. Upon default, the entire loan is due and the security interest may be foreclosed. The Custodian or Insurer may exercise its right of setoff and reduce your vested accounts in the plan by the unpaid balance.
- Early Due Date. If all or a part of the loan is outstanding on the date the first distribution is to be made to you or your beneficiary after your employment terminates or this plan terminates, the loan is due and payable. Unless paid, the remaining balance of the loan and all accrued and unpaid interest will be deducted from your vested accounts in the plan before the first distribution is made.



## AMENDMENT AND MERGER

### Amendment.

The University has the right to amend the plan at any time but an amendment cannot retroactively reduce your benefits or vested percentage or eliminate an optional method of distribution.

### Merger.

The plan can be merged or consolidated with another plan as long as your account balance is not reduced by the merger.

## TERMINATION

### Termination.

The University has the right to stop making contributions to the Plan permanently or to terminate the Plan. The University may also cease contributions for Disabled Participants, in whole or in part, at any time. The Plan automatically terminates upon the University's legal dissolution, upon its adjudication as bankrupt or insolvent, upon a general assignment by the University for the benefit of creditors, upon the appointment of a receiver for its assets, or when required by the Internal Revenue Code.

If the University decides to stop making contributions permanently, your account will become 100% vested, but the funds may remain in trust to be distributed when you become eligible. If the Plan is terminated, your account becomes 100% vested and will be distributed to you. No Plan assets will be returned to the University.

## GENERAL PROVISIONS

### Non-Assignment.

Any attempt to assign, convey, transfer, anticipate, pledge, alienate, sell, transfer, charge or otherwise dispose of benefits payable under this Plan shall be void, except under an EDRO or QDRO or under a voluntary revocable assignment to the extent permitted by Code Regulation 1.401(a)-13. The benefits and Plan assets under this Plan are not considered an asset in the event of your or your Beneficiary's bankruptcy or insolvency.

### Employment Relationship.

This Plan does not create a contract of employment between you and the University, give you a legal right to continuation of employment, limit the University's right to discharge or retire you at will, or affect your right to remain in service after your normal retirement date.

### University Assets.

Nothing in this Plan gives you or your Beneficiaries any interest in the University's assets or business affairs.

### No PBGC Insurance.

Your benefits are not insured under the insurance provisions of ERISA which establish the Pension Benefit Guaranty Corporation. This is because ERISA does not cover governmental plans such as this one.

**SCHEDULE A**  
**Custodians and Insurers**

- |     |            |   |
|-----|------------|---|
| A.1 | Custodians | Fidelity Management Trust Company<br>Bank of America Merrill Lynch<br>(for assets invested as of December 31, 2008 only)<br>New England Securities Corporation<br>(for assets invested as of October 31, 2011 only)<br>American Funds<br>(for assets invested as of December 31, 2008 only) |
| A.2 | Insurers   | Teachers Insurance and Annuity Association (TIAA)<br>TIAA Retirement Annuity<br>College Retirement Equities Fund (CREF)<br>CREF Retirement Unit - Annuity   |

Only Fidelity and TIAA/CREF are available for the University Contributions Account.