UNIVERSITY OF PITTSBURGH NONCONTRIBUTORY DEFINED BENEFIT PENSION PLAN

SUMMARY PLAN DESCRIPTION

Revised: August 2012

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INTRODUCTION

The University of Pittsburgh retirement program consists of three plans:

1. The University of Pittsburgh 403(b) Plan (the "403(b) Plan"),[1]

2. The University of Pittsburgh 401(a) Retirement Plan (the “401(a) Plan”), and

3. The University of Pittsburgh Noncontributory Defined Benefit Pension Plan (the “Pension Plan”).

This summary plan description ("SPD") covers the Pension Plan. There is a separate summary plan description for the 403(b) and 401(a) Plans.

Most full-time and (non-student) part-time employees of the University are eligible to make contributions under the 403(b) Plan. In addition, most full-time and many part-time employees have the choice of either receiving a match under the 401(a) Plan or receiving a University paid pension under the Pension Plan.

You need to check the eligibility provisions of each plan in order to know whether you are eligible to participate. If you are eligible to participate in either the 401(a) Plan or the Pension Plan, you need to make a choice between them.

If there is a conflict between the SPD and the plan document, the plan document governs.

If you have any questions, feel free to contact the University’s Human Resources Benefits Department at 412-624-8160 and ask for a Retirement Analyst.

YOU SHOULD NOT RELY ON THIS SPD FOR LEGAL OR TAX ADVICE and should see your attorney or tax advisor if you need advice with regard to a particular situation.

Tax information is presented merely to help you understand how the plans operate and your options under the plans. Tax rules change frequently, and the tax information contained in this SPD may be obsolete before the University is able to issue a new SPD.

[1] The 403(b) Plan was formerly known as the University of Pittsburgh Contributory Tax-Deferred Annuity Plan.

I. PARTICIPATION

In general, if you are a "Benefits Eligible Employee", you need to decide whether you want to participate in the 401(a) Plan (and get matching contributions) or the Pension plan. If you choose the Pension Plan, you are still permitted to make either pre-tax or Roth contributions to the 403(b) Plan, but you will not get a match.

A. Benefits Eligible Employees

If your category of employment is one of the following, you are eligible to participate, unless you are also part of an ineligible class:

1. Faculty full-time regular,
2. Part-time faculty in the tenure stream or tenured for no less than half-time,
3. Faculty part-time regular,
4. Librarians full-time regular,
5. Faculty librarians part-time regular,
6. Research associates full-time regular,
7. Research associates part-time regular,
8. Staff full-time regular,
9. Staff part-time regular, and
10. Postdoctoral associates with an appointment date on or before June 30, 2005.

Your category of employment is determined in accordance with what has been entered into the University's Payroll System.

B. Special Rules

11. **Employees Covered by a Collective Bargaining Agreement**: Union employees are eligible to participate if, and only if, the collective bargaining agreement provides for participation.

12. **Part-time Faculty not in the tenure stream**: Part-time faculty not in the tenure stream are eligible to participate, but they must teach at least 15 credits in a calendar year to become a participant.

C. Ineligible Classes of Employees

If your category of employment is not listed in A above, you are not eligible to participate in the Pension Plan. In addition, the following groups of employees are not eligible to participate:

13. **Employees Eligible for Matching Contributions**: If you are eligible for matching contributions under the 401(a) Plan, you will not accrue benefits under this plan.

14. **Postdoctoral Associates**: A Postdoctoral Associate whose appointment is dated on or after July 1, 2005 is not eligible to participate.

15. **Accelerated Option**: Anyone who elected the "accelerated option" under the 401(a) Plan or under the 401(a) plan of the Medical and Health Sciences Foundation is not eligible to accrue benefits under the Pension Plan.

16. **Temporary Employees**

17. **Students (graduate and undergraduate) and Fellows**

18. **Employees Under the Age of Eighteen (18)**

19. **Nonresident Aliens with no US Source Income**

D. **Non-Employees**

You must be an employee of the University (who receives a Form W-2) in order to be eligible to participate in any of the University's retirement plans.

Fellows/Postdoctoral Scholars: If you are a researcher who is not an employee, you are not eligible to participate. If your payments are not subject to FICA (Social Security) taxes, you are probably not an employee.

Independent Contractors: If the University regards you as being an independent contractor, as opposed to an employee, you are not eligible to participate. If a court or government agency later determines that you should have been treated as an employee, you may become eligible to participate on a prospective basis, but you are not eligible for retroactive benefit accruals.

E. **Participation**

1. **Current Employees**: The Pension Plan was amended and restated as of January 1, 2009. If you were a participant on December 31, 2008, you remained a participant on January 1, 2009 unless you happened to have a change in employment status that caused you to become ineligible to participate.

2. **New Hires**: New hires fall into one of three groups: (i) those eligible to participate in the 401(a) Plan, (ii) those not eligible to participate in the 401(a) Plan, and (iii) faculty part-time regular, who are subject to special rules.

Not Eligible to Participate in the 401(a) Plan

The following employees are not eligible to participate in the 401(a) Plan: (i) part-time faculty who are not in the tenure stream, (ii) faculty librarians part-time regular Class Levels I and II, and (iii) research associates part-time regular.

If you are not eligible to participate in the 401(a) Plan, you may elect to participate in the Pension Plan. If you fail to make an election by the end of your first full twelve calendar months of employment, you will be deemed to have elected to participate (assuming that you remain eligible to participate). If you later become eligible to participate in the 401(a) Plan, you may elect to participate in the 401(a) Plan, in which case you will cease to accrue benefits under the Pension Plan.

Eligible to Participate in the 401(a) Plan

If you are eligible to participate in the 401(a) Plan, you have twelve full calendar months to elect to become a participant in either the 401(a) Plan or the Pension Plan. If, by the end of your first twelve full calendar months of employment (or as a "Benefits Eligible Employee"), you elect to make contributions to the 403(b) Plan, you will be deemed to have elected to participate in the 401(a) Plan. If you do not elect to make contributions to the 403(b) Plan by the end of your first full twelve calendar months of employment (or as a "Benefits Eligible Employee"), you will be deemed to have elected to participate in the Pension Plan. If you cease to be a "Benefits Eligible Employee" and, before you become a participant, you once again become a "Benefits Eligible Employee", your twelve month period starts over.

If you want to enroll in the Pension Plan (and not the 401(a) Plan) **and also want to make unmatched contributions to the 403(b) Plan**, enroll in the Pension Plan before you elect to make contributions to the 403(b) Plan.

Part-time Faculty not in the Tenure Stream

If you are a **part-time faculty member not in the tenure stream,** you need to teach at least fifteen (15) credits in a calendar year in order to become eligible to participate.

3. **Entry Dates**: Except for part-time faculty not in the tenure stream:

If you become a Benefits Eligible Employee on or before the first business day of a month, you become a participant as of the first day of the next month. For example, if your first day of work is September 1, you become a participant as of October 1.

If you become a Benefits Eligible Employee after the first business day of a month, you become a participant as of the first day of the second month. For example, if your first day of work is September 10, you become a participant as of November 1.

If you become a participant by failing to make any election during your first twelve full calendar months as a Benefits Eligible Employee, you become a participant retroactive to the same entry date you would have had had you elected to participate on your first day as a Benefits Eligible Employee.

A **part-time faculty member who is not in the tenure stream** becomes a participant retroactive to the January 1 of the first plan year during which he or she teaches at least fifteen (15) credits.

4. **Switching Plans**: If you are a participant in the 401(a) Plan, you may not switch participation to the Pension Plan. If you are a participant in the Pension Plan, you may switch participation to the 401(a) Plan (if you are eligible to participate in the 401(a) Plan).

   If you are participating in the Pension Plan and want to switch to the 401(a) Plan, use the online enrollment system or contact a Retirement Analyst in the Human Resources Benefits Office.

5. **Rehires/Change in Status:**

Rehires: If you terminate employment with the University and more than three hundred sixty-five (365) days pass before you again become an employee, you will be treated as a new hire when you again become an employee (meaning that you may be eligible to elect to participate).

If you terminate employment with the University and return before three hundred sixty-six days pass, you will not be treated as a new hire.

Change in Status: If you become a participant and cease to be a Benefits Eligible Employee (without terminating employment with the University), your benefit will be frozen. You remain as a participant in the plan, but you will not accrue new benefits or additional vesting service. If you again become a Benefits Eligible Employee, you will start to accrue benefits again and will not be treated as a new hire. If you are not vested when the change in status occurs, and if you have a Five Year Break in Service, you will forfeit your benefit.

Veterans: If you are called up for military duty, you are treated as being on leave and will not be treated as a new hire if you return to work at the University within the time period during which you have re-employment rights protected by federal law.

Disability: Notwithstanding the above, if you are a former employee receiving benefits under a long-term disability plan of the University, recover from your disability, and again become an employee of the University within 365 days of the date on which you are medically released to return to work, you will not be treated as a new hire when you again become an employee.

365th Day: If the University is not open for business on the 365^{th} day, then the 365 day deadline is extended until the close of business of the University's Office of Human Resources on the first business day following the 365^{th} day. In addition, the 365 day period starts after your last day of work for the University. *Example:* If your last day of work is August 4, you must be re-employed by the next August 4 (August 3 if the next year is a leap year). If August 4 (3) is not a business day, then the deadline is extending until the close of business on the next business day.

This 365 day rule also applies for determining forfeitures. See IV C below.

HOW TO ENROLL IN THE PENSION PLAN

1. Log into the University's Portal at www.my.pitt.edu.
2. Enter Username and Password
3. Click on Click on "My Resources" tab on the "My Pitt" portal home page, and
4. Select "Human Resources" from the drop down list.
5. Select "Retirement Plan Access- Manage Your Retirement Plan Elections" located on the right side of the screen.

If you want to use a paper enrollment form, go to the Human Resources Benefits Department.

Having Trouble Logging On?

- Call the Help Desk at 412-624 HELP (4357).

Need to Find Your Username?

- Go to: https://ww.hr.pitt.edu/lookup
  Click on the University of Pittsburgh Directory
  Enter last and first names and click "OK"

Want to Change Your Password?

- Go to: http://accounts.pitt.edu

Need Help with the Enrollment Process (as opposed to logging on)?

- Call the University of Pittsburgh Retirement Plan Call Center at 800-682-9139.

Want to Make 403(b) Contributions and Participate in the Pension Plan?

- Enroll in the Pension Plan before you elect to make contributions to the 403(b) Plan.

II. <u>RETIREMENT BENEFITS</u>

A. **Accrued Benefit**

Your "Accrued Benefit" is the amount of benefit, expressed as a single life annuity, that you are entitled to receive if you retire at "Normal Retirement Age" and start your pension on your "Normal Retirement Date".

If you start your pension on a date other than your Normal Retirement Date or if you receive your pension in a form other than a single life annuity, you will receive a benefit that is the actuarial equivalent of your Accrued Benefit.

The formula for your Accrued Benefit is:

> 2.1% of your Compensation at or below the Social Security Wage Base in each Year of Participation.

See Appendix A for an example of how an Accrued Benefit is calculated.

B. **Definitions**

In order for you to understand how your Accrued Benefit is calculated, you need to understand certain terms.

1. **Normal Retirement Age** means the later of age 65 or your age on the fifth anniversary of your first date of participation in the plan.

2. **Normal Retirement Date** means the first day of the month following the month you reach your Normal Retirement Age. If you first become a participant prior to age 60, your Normal Retirement Date will be the first day of the month following the month of your 65th birthday.

3. **Compensation** means the total amount of base compensation paid to you by the University which is subject to federal income tax withholding plus any salary reductions under the 403(b) Plan, the flexible benefits plan, or the pre-tax transportation program.

   "Compensation" does <u>not</u> include:
   - non-base compensation, such as bonuses, overtime, or supplemental compensation;
   - nontaxable welfare benefits (including long-term disability benefits);
   - fringe benefits (including moving expenses);

- cash payments under the flexible benefits plan in exchange for waiving benefits;
- lump-sum cash outs of vacation or sick pay made to terminating employees;
- expense reimbursements;
- compensation in excess of $250,000 (indexed for 2012); or
- payments under any early retirement, severance, or similar program.

If you become eligible to participate in the middle of a plan year, your "compensation" for the plan year does not include compensation paid before you became a participant.

Any payment (such as a scholarship, grant, stipend, or fellowship payment) that is not a payment for services is not “compensation” for purposes of this plan. Any payment of "compensation" should be subject to FICA (Social Security and Medicare) taxes.

4. **Year of Participation** means any plan year (calendar year) during which you are a “Benefits Eligible Employee”, are credited with 1,000 or more Hours of Service for the University, and are participating in the Pension Plan. However, if you are a part-time faculty member who is not in the tenure stream, you receive credit for a "Year of Participation" for each plan year during which you teach at least fifteen (15) credits.

   In general, you either receive credit for a whole year or no year. However, for the year that you become a participant or cease to be a Benefits Eligible Employee, your Years of Participation are calculated to the month. You will receive credit for 1/12 of a Year of Participation for each month for which you are credited with at least 83 1/3 hours of service.

   If you leave the University, receive a lump-sum distribution, are rehired, and again become a participant in this plan, you will not receive credit for Years of Participation for which a benefit has already been paid.

   You will not receive credit for more than 45 Years of Participation.

5. **Social Security Wage Base**: The Social Security Wage Base for 1989-2012 is listed in Appendix B.

6. **Annuity Starting Date** means the earlier of the first day of the first period for which an amount is payable as an annuity under the Plan or the first date on which a Participant is eligible for a lump-sum distribution.

   If you retire on your 65th birthday and if your pension starts the first day of the next month (which would be your Normal Retirement Date), your Annuity Starting Date is your Normal Retirement Date.

Please note that it sometimes takes the actuaries a couple of months to calculate the correct amount of your pension. For example, suppose that your pension is supposed to start on your Normal Retirement Date, which is July 1, but the actuaries don't have a proper calculation of your pension until September. You may receive your first check on October 1. That check should include payments (plus interest) for July, August, September, and October. Your "Annuity Starting Date" would be July 1 because you are owed a pension for July.

C. **Form of Payment**

As of January 1, 2002, benefits are calculated as single life annuities.

1. **Unmarried Participants**: If the present value of your vested benefit is greater than $5,000 and if you are not married as of your "Annuity Starting Date" (regardless of whether you are married now), you will receive a single life annuity.

   The first payment under a single life annuity will be for the month of your "Annuity Starting Date", and the last payment will be for the month in which you die.

2. **Married Participants:** If the present value of your vested benefit is greater than $5,000 and if you are married at your Annuity Starting Date (regardless of whether you are married now), you may elect to receive: (i) a joint and 100% survivor annuity, (ii) a joint and 50% survivor annuity, or (iii) a single life annuity.

   If you fail to make an election, you will receive a joint and 100% survivor annuity.

   You must obtain your spouse's written consent in order to elect to receive a single life annuity. If you elect to receive a joint and survivor annuity, your spouse will be your beneficiary. You may not name someone other than your spouse as your beneficiary.

   The first payment under a joint and survivor annuity will be for the month of your "Annuity Starting Date". The last payment will be for the later of the month in which you die or the month in which your spouse dies. If you receive a joint and 50% survivor annuity, and if you die first, your spouse will receive a monthly payment for his or her life that is 50% of what you were receiving while alive.

   Payments under a joint and survivor annuity will be the actuarial equivalent of payments under a single life annuity. [The monthly payments will be less because, if your spouse survives you, the payments continue for his or her life.]

3. **$5,000 or less**: If the actuarial equivalent present value of your benefit is $1,000 or less, you will receive a lump-sum payment. You may elect to have the lump-sum transferred or rolled over to an IRA or to a plan of another employer if that plan accepts rollovers.

If the actuarial equivalent present value of your vested benefit exceeds $1,000 and is not more than $5,000, you may elect to receive a lump-sum. If you do not elect to receive a lump sum, your vested interest will be transferred to an IRA opened in your name.

Note: The present value of an annuity fluctuates inversely with interest rates. As interest rates increase, the present value decreases.

4. **Annuities**: Benefits may be paid directly from the trust, or the trustee may purchase an annuity from an insurance or annuity company.

D. Are You Married?

Same-Sex Relationships: For purposes of this plan marital status is determined as of your Annuity Starting Date (or date of death) in accordance with the law of the Commonwealth of Pennsylvania and any applicable federal law, such as the Defense of Marriage Act. Therefore, as of the date of preparation of this SPD, the University does not recognize same-sex marriages or domestic partnership arrangements as marriages for purposes of its retirement plans.

The law with regard to these matters is evolving, and the University intends to administer its retirement plans in accordance with applicable law.

Domestic Partnerships: An "Affidavit of Domestic Partnership" applies for purposes of medical, dental, vision, group dependent life, and staff bereavement benefits but does not apply for purposes of the Pension Plan.

Common Law Marriages: Pennsylvania does not recognize common law marriages created after December 31, 2004. If you are counting on the existence of a common law marriage in order to provide benefits for a spouse, the University recommends that you see a family law attorney regarding whether you have a valid common law marriage in Pennsylvania.

E. Time of Payment

You must terminate employment with the University in order to be eligible to receive a distribution.

1. **Lump-Sums:** If your vested interest has an actuarial present value of $5,000 or less, you will receive a distribution (or have your vested interest transferred to an IRA) as soon as it is administratively feasible to make payment after your termination of employment.

2. **Annuities**: If your vested interest is greater than $5,000, your annuity payments will start not later than sixty (60) days after the end of the plan year when you attain age 65 or terminate employment, if later.

3. **Early Retirement:** If you have at least ten (10) Years of Participation in the plan and terminate employment with the University after reaching age 55, you may elect to start your annuity prior to your 65th birthday.

   If you retire prior to age 65, the monthly payment will be reduced by 0.6% for each month that you are under age 65 at the time that the payment starts.

4. **Late Retirement**: If your retire after your Normal Retirement Date, your benefit will be the greater of the actuarial equivalent of your benefit at your Normal Retirement Date or the benefit calculated under the formula above with payments starting on the first day of the month following actual retirement.

F. Section 415 Limit

The Internal Revenue Code imposes a limit on the amount of benefits that may be paid to any participant. As of 2012 it is highly unlikely that any participant in this plan would have his or her pension reduced because of the 415 limit. Nevertheless, the Plan Administrator will comply with the Internal Revenue Code and may need to limit someone's benefits in the future.

G. Overpayments/ Suspension of Benefits

1. **Overpayments**: If you receive a greater benefit payment than you are entitled to, the plan administrator reserves the right to adjust your future payments in order to recover the overpayment.

2. **Rehires**: If you start your annuity payments and are rehired by the University, your annuity payments will be suspended until you again terminate employment.

H. Tax Consequences

In general (based on the tax laws at the time this SPD was prepared):

1. Any distribution that you receive will be taxable. You may be able to defer taxes on a lump-sum distribution by making a rollover to an IRA.

2. Annuity distributions may not be rolled over to an IRA.

3. If you take a lump-sum distribution and do not elect to make a direct rollover to an IRA (or another plan), the plan administrator is required to withhold 20% of the taxable portion of your distribution for taxes. [Note: The 20% rate is the withholding rate, not your tax rate. You may owe more taxes when you file your Form 1040.]

4. If you terminate employment with the University prior to age 55 and take a distribution prior to age 59½, the distribution **MAY BE SUBJECT TO A 10% EXCISE TAX** (in addition to the income tax).

5. In general, distributions made on account of retirement are not taxed by the Commonwealth of Pennsylvania. You may owe state income tax if you are a resident of another state at the time that you take a distribution.

6. If you are neither a resident nor a citizen of the United States at the time that you take a distribution, you are subject to a different set of tax rules and should consult with your tax advisor.

7. Most tax rules have exceptions, including the ones above, and the rules change periodically. It might be a good idea to talk with a tax advisor before taking a distribution.

III. DEATH BENEFITS

In general, this plan is designed to provide retirement benefits, not death benefits. The only person able to receive a death benefit is a surviving spouse (or someone deemed to be a surviving spouse under a domestic relations order).

If you want a retirement plan that enables you to leave money to someone other than your spouse, consider whether it would make more sense for you to participate in the 401(a) Plan.

A. Married Employees- Preretirement Death Benefit

If: (i) you die before your "Annuity Starting Date," and (ii) you have been married for at least one year as of your date of death, your surviving spouse will receive a Preretirement Survivor Annuity. A Preretirement Survivor Annuity is an annuity for the life of the surviving spouse equal to the amount which would be payable as a survivor annuity under a joint and 100% survivor annuity under the Plan (or the actuarial equivalent thereof) if:

1. In the case of a participant who dies after attaining the earliest retirement age, the participant had retired with an immediate joint and 100% survivor annuity on the day before his date of death; or

2. In the case of a participant who dies on or before the date on which he would have attained the earliest retirement age, he had:

    a. separated from service on the date of death,
    b. survived to the earliest retirement age,
    c. retired with an immediate joint and 100% survivor annuity at the earliest retirement age, and
    d. died on the day after the day on which you would have attained the earliest retirement age.

    Note: If you die before you have been married for a year, your spouse will not receive a death benefit.

If the present value of the death benefit is $5,000 or less, the benefit will be paid in a lump-sum as soon as it is administratively feasible to do so.

If the present value is greater than $5,000, your surviving spouse will receive an annuity as of the first day that you would have been eligible for Early or Normal Retirement had you lived and remained employed by the University.

B. Unmarried Participants

If you die before your "Annuity Starting Date" and are not married at death, no death benefit will be paid.

C. Are You Married?

Same-Sex Relationships: For purposes of this plan marital status is determined as of the date of your death (or your Annuity Starting Date) in accordance with the law of the Commonwealth of Pennsylvania and applicable federal law, such as the Defense of Marriage Act. Therefore, as of the date of preparation of this SPD, the University does not recognize same-sex marriages or domestic partnership arrangements as marriages for purposes of its retirement plans.

The law with regard to these matters is evolving, and the University intends to administer its retirement plans in accordance with applicable law.

Common Law Marriages: Pennsylvania does not recognize common law marriages created after December 31, 2004. If you are counting on the existence of a common law marriage in order to provide benefits for a spouse, the University recommends that you see a family law attorney regarding whether you have a valid common law marriage in Pennsylvania.

D. Death After Your Annuity Starting Date

If you retire from Pitt, live until your "Annuity Starting Date", and have an Accrued Benefit with a present value in excess of $5,000, your benefit will be paid in the form of an annuity.

If you receive a single life annuity, the payments will stop when you die.

If you are married and receive a joint and survivor annuity, and if your spouse survives you, he or she will receive payments after your death for the remainder of his or her life; provided that the two of you have been married for at least one year as of your date of death. If you die before you have been married for a year, your surviving spouse will not receive a death benefit.

If your spouse dies before you, payments will stop at your death.

IV. VESTING

A. Vesting

The plan has a "vesting schedule." If you terminate employment before you are 100% vested, your benefit will be forfeited. The vesting schedule is:

Years of Participation	**Vested Percentage**
Less than 5	0%
5 or more	100%

Your benefit automatically becomes 100% vested if while employed at the University you attain Normal Retirement Age, die (but see the chapter on Death Benefits, above), or suffer a Total Disability. Total Disability means that you have suffered a total and permanent mental or physical disability which makes you eligible for benefits under the Social Security Acts.

If (while you are a University employee) you are called up for military duty and are killed while on military duty, you will be treated as if you had died while employed by the University and will become 100% vested at death.

B. Years of Participation

You receive credit for a Year of Participation for each plan year (calendar year) during which you are credited with at least 1000 hours of service for the University and are an Eligible Employee who is participating in the Plan. If the University does not actually count your hours of service, you will be credited with 190 hours of service for any month during which you work at least one hour or are on an approved leave of absence (including sick leave, military leave, vacation, or leave under the Family and Medical Leave Act.).

You will **not** receive credit for any of the following periods of service:

1. Service prior to Jan. 1, 1989 (when the plan became effective).
2. Service while you are not a “Benefits Eligible Employee”.
3. Service prior to a Five-Year Break in Service (if you suffer a Five-Year Break in Service prior to becoming vested).
4. Service prior to your 18th birthday.
5. Service with UPMC, UPP, or the Medical and Health Sciences Foundation.

Notwithstanding the above, a part-time faculty member who is not in the tenure stream receives credit for a "Year of Participation" only if he or she teaches at least fifteen (15) credits during the plan year (not the academic year).

C. Forfeitures

Benefits that are not vested will be forfeited if either of the following occurs:

1. **Termination of Employment:** If you terminate employment, your accrued benefit will be forfeited if you do not again become an employee of the University before 365 days pass.

2. **Change in Employment Category:** If you cease to be a Benefits Eligible Employee and are not able to accrue benefits, your benefit will be forfeited if (and when) you suffer a Five-Year Break in Service (five consecutive years during which you fail to be credited with more than 500 hours of service).

   If you cease to be a Benefits Eligible Employee, remain employed by the University, and do not suffer a Five-Year Break in Service, you will become vested when you reach Normal Retirement Age (although you will not accrue any benefits while you are not a Benefits Eligible Employee).

D. Definitions Related to Vesting

1. **Year of Participation** - means any plan year during which you are a "Benefits Eligible Employee", are credited with 1,000 or more Hours of Service for the University, **and are participating in the Plan**.

2. **Hour of Service** - means each hour for which you are paid for working. It also includes hours during which you are entitled to payment but are not working because:

   - you are on a paid leave of absence,
   - you are on vacation or taking a holiday,
   - you are sick or on disability leave, or
   - you are on jury or military duty.

   You will not receive credit for more than 501 Hours of Service in a plan year unless you actually worked during the plan year. Except for purposes of determining whether you have a One-Year Break in Service, you will receive credit only for hours for which you are paid.

3. **One-Year Break in Service** - means any plan year in which you fail to complete more than 500 Hours of Service.

4. **Five-Year Break in Service** - means any have five consecutive Plan Years (calendar years) during which you are credited with 500 Hours of Service (or less) for each year.

V. CLAIMS PROCEDURE

A. Claims Procedure

If you believe that you are being denied any rights or benefits under the Plan, you may file a claim in writing with the Plan Administrator. [File the claim with the Office of General Counsel.] If any such claim is wholly or partially denied, the Plan Administrator will notify you of its decision in writing. Such notification will contain:

1. Reasons for the denial,
2. Reference to Plan provisions on which the denial is based,
3. A description of any additional material or information necessary for you to perfect your claim and an explanation of why such material or information is necessary, and
4. A description of the Plan's review procedures and the time limits applicable to such procedures.

Such notification will be given within 90 days after the claim is received by the Plan Administrator or within 180 days if special circumstances require an extension of time.

B. Review Procedure

If you receive a written notice that all or part of you claim has been denied, you have 60 days to:

1. File a written request with the Plan Administrator for a review of the denied claim and of pertinent documents, and

2. Submit written comments, pertinent documents, records, and other information to the Plan Administrator.

If you file a request for review, you will be provided with a review that takes into account all comments, documents, records, and other information you submitted relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

The Plan Administrator will provide you with written or electronic notification of its decision. A notification of an adverse decision will include:

1. Reasons for the adverse benefit determination,

2. Reference to Plan provisions on which the adverse benefit determination is based, and

3. A statement that you entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits.

The decision on review will be made within 60 days after the request for review is received by the Plan Administrator, unless the Plan Administrator determines that special circumstances (such as the need to hold a hearing) require an extension of time for processing the claim. If the Plan Administrator determines that an extension of time for processing is required, written notice of the extension shall be furnished to you prior to the termination of the initial 60-day period. In no event shall such extension exceed a period of 60 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the determination on review.

VI. AMENDMENT AND TERMINATION

The University intends to continue the plans indefinitely; however, the University does reserve the right to amend or even terminate the plans at any time.

If a plan is amended, your vested interest will not decrease as a result of the amendment.

If the Pension Plan is terminated while you are an employee at the University, you will automatically become 100% vested in your Accrued Benefit.

VII. <u>MISCELLANEOUS</u>

A. **Contributions**

The University makes all contributions to the plan. Participants are neither required nor permitted to contribute.

B. **Trust Fund**

Plan assets (which include contributions and earnings) are held in a Trust Fund. The University will appoint, and may remove, Trustees who will invest the assets. The Trustees will hold legal title to the Trust assets for the benefit of the plan participants.

C. **Assignments of Funds**

You may not assign any portion of your benefit before distribution except to comply with a Domestic Relations Order.

D. **Rollovers and Transfers**

The Plan Administrator will not accept a rollover or transfer from another plan.

E. **Disability Benefits**

As of January 1, 2002 no disability benefits will be paid under this plan. Participants who qualified for disability benefits prior to that date will continue to receive them. Disability benefits are paid through the University's long-term disability program.

F. **Grandfather Rule Regarding the Calculation of Accrued Benefits**

Prior to January 1, 2002 Accrued Benefits were calculated as a joint and 100% survivor annuity <u>if</u> the participant was married when he retired under the plan. As of January 1, 2002 the benefit formula changed so that accrued benefits are calculated as single life annuities regardless of your marital status. [Under the old benefit formula, if your spouse died the day before your retirement, the value of your benefit would decrease. On the other hand, if you married the day before your retirement, the value of your benefit could increase solely because of your marriage. The benefit formula change eliminated these possibilities.] The plan has a "grandfather rule" that prevents anyone's benefit from declining as a result of the change. If you were a married participant on Dec. 31, 2001, your benefit will not be less than your accrued benefit (as a joint and 100% survivor annuity) as of that date.

G. **In-Service Withdrawals**

You may not take a distribution while employed by the University. Participants on military leave are considered to be employed and not eligible for distributions.

H. **Loans**

You may not borrow from the plan.

I. **Domestic Relations Orders**

The Plan Administrator is required by law to distribute benefits in accordance with certain court orders regarding child support, alimony payments, or division of marital property. If the Plan Administrator receives a court order affecting you, he will notify you promptly and will make a determination about whether he is required to follow the order.

J. **UPMC, UPP, and the Medical and Health Sciences Foundation**

For purposes of this plan if you terminate employment with the University and transfer to the University of Pittsburgh Medical Center ("UPMC"), University of Pittsburgh Physicians ("UPP"), or the University of Pittsburgh and University of Pittsburgh Medical Center Medical and Health Sciences Foundation ("MHSF" or the "Foundation"), you are treated as having terminated employment with the University. You do not receive credit for service with UPMC, UPP, or MHSF and do not receive any special treatment upon return. [In this respect the Pension Plan operates differently than the 401(a) Plan and the 403(b) Plan.]

If you elected to participate in the "accelerated option" under the Foundation's 401(a) Plan, you are not eligible to participate in this Plan.

If you terminate employment with the Foundation (after becoming eligible to participate in the Pitt-UPMC Medical and Health Sciences Foundation 401(a) Retirement Plan) and less than 366 days pass before you become an employee of the University, you are not eligible to participate in the Pension Plan. If more than 365 days pass before you become a University employee, you are treated as a new hire at the University.

VIII. GENERAL INFORMATION

A. **Employer's Name**: University of Pittsburgh of the Commonwealth System of Higher Education.

Address: 4200 Fifth Avenue, Pittsburgh, PA 15260

Business Telephone: (412) 624-8160

Employer Identification Number: 25-0965591

B. **Administrator's Name**: University of Pittsburgh of the Commonwealth System of Higher Education.

Address: 4200 Fifth Avenue, Pittsburgh, PA 15260

Business Telephone: (412) 624-8160

Administrator's Identification Number: 25-0965591

C. **Trustee**: Mellon Bank, N.A.

Address: Mellon Bank Center, Pittsburgh, PA 15219

D. **Agent for Service of Legal Process**: Office of General Counsel, University of Pittsburgh of the Commonwealth System of Higher Education

E. **Plan Number**: 002

F. **Plan Year Ends:** December 31

G. **PBGC Insurance**: The plan is not insured by the Pension Benefit Guaranty Corporation ("PBGC") because the University is an instrumentality of the Commonwealth of Pennsylvania, and therefore, the plan is not subject to PBGC requirements.

APPENDIX A

CALCULATION OF AN ACCRUED BENEFIT

EXAMPLE: Prof. Panther has sixteen Years of Participation and retires at age 65 on Dec. 31, 2012 with the following salary history:

Year	**Salary**	**Age 65 Benefit**
2012	79,000	$ 1,659
2011	78,000	1,638
2010	77,000	1,617
2009	75,000	1,575
2008	72,000	1,512
2007	70,000	1,470
2006	68,000	1,428
2005	66,000	1,386
2004	64,000	1,344
2003	61,000	1,281
2002	59,000	1,239
2001	57,000	1,197
2000	55,000	1,155
1999	53,000	1,113
1998	51,000	1,071
1997	50,000	1,050
Pension Benefit		$21,735
		per year

If Prof. Panther retires on Dec. 31, 2012, his benefit would be $ 21,735 per year (or $1811.25 per month) starting on Jan. 1, 2013 if the benefit is paid as a single life annuity. If the professor is married and receives a joint and survivor annuity, the monthly payment will be the actuarial equivalent of the payment under a single life annuity.

APPENDIX B

SOCIAL SECURITY WAGE BASE

2012	$110,100
2009-2011	106,800
2008	102,000
2007	97,500
2006	94,200
2005	90,000
2004	87,900
2003	87,000
2002	84,900
2001	80,400
2000	76,200
1999	72,600
1998	68,400
1997	65,400
1996	62,700
1995	61,200
1994	60,600
1993	57,600
1992	55,500
1991	53,400
1990	51,300
1989	48,000

Any compensation that you earn in excess of the Social Security Wage Base will not increase your pension benefits.