# UNIVERSITY OF PITTSBURGH

# 457(b) PLAN

# SUMMARY PLAN DESCRIPTION

Issued: November 2018

*Final Version*

## TABLE OF CONTENTS


| Subject | Article | Page |
|---|---|---|
| INTRODUCTION | | 1 |
| ACCOUNT INFORMATION | I | 2 |
| UNDERSTANDING YOUR ACCOUNTS | II | 4 |
| ELIGIBILITY AND PARTICIPATION | III | 5 |
| CONTRIBUTIONS AND ALLOCATIONS | IV | 9 |
| INVESTMENT OF PLAN ASSETS | V | 13 |
| DEATH BENEFITS | VI | 16 |
| VESTING | VII | 19 |
| BENEFITS | VIII | 20 |
| CLAIMS PROCEDURE | IX | 27 |
| AMENDMENT AND TERMINATION | X | 29 |
| MISCELLANEOUS ITEMS | XI | 30 |
| GENERAL INFORMATION | XII | 31 |

## INTRODUCTION

The University of Pittsburgh ("University") retirement program consists of multiple plans, including the following:

1. University of Pittsburgh 457(b) Plan (the "457(b) Plan" or "Plan"),

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

3. University of Pittsburgh 401(a) Retirement Plan (the "401(a) Plan"), and

4. University of Pittsburgh Noncontributory Defined Benefit Pension Plan (the "Pension Plan").

This summary plan description ("SPD") covers the 457(b) Plan. There is a combined summary plan description for the 403(b) and 401(a) plans, and a separate summary plan description for the Pension Plan. You need to check the eligibility provisions of each plan in order to know whether you are eligible to participate. (See Article III.)

Teachers Insurance and Annuity Association of America ("TIAA") is the sole record keeper of the Plan.

If you make contributions to the Plan (or are thinking about making contributions to the Plan), please read this SPD carefully.

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 Office of Human Resources' Benefits Department at 412-624-8160.

**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 University's retirement plans operate and your options under such retirement 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. ACCOUNT INFORMATION

## A. Change Deferral Elections

1. Log into the University's portal at www.my.pitt.edu.
2. Enter your Username and Password.
3. Click on the "My Resources" tab on the "My Pitt" portal home page.
4. Select "Human Resources" from the drop-down list.
5. Select "Retirement Savings Plan Access" located on the Human Resources landing page.
6. This will log you into a TIAA page personalized to you and referenced in this SPD as "Your TIAA Page."

If you make an election to change: (i) the amount of your contributions or (ii) the type of your contributions (pre-tax v. Roth after-tax), the change becomes effective for the following month. However, if you are paid on a biweekly basis, the change becomes effective in relation to the first pay date in a month. See the Payroll schedule at http://hr.pitt.edu/pay-schedule.

**Help Desk Information**

- If you need assistance logging into the Pitt Portal, call the Help Desk at 412-624-HELP (4357).

**Internet Access**

- You can access a computer in the Benefits Department or contact your Regional HR office.

**Change Your Password**

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

## B. Get Help with Elections

Call the University of Pittsburgh Retirement Plan Call Center, supported by TIAA, at 1-800-682-9139 if you need assistance making any elections or updates.

## C. Check My Account Balances, Change Investments or Make Different Allocations from One Investment Fund to Another

| | |
|---|---|
| Active Employees' Website: | www.my.pitt.edu (See Section A.) |
| Former Employees' Website: | www.tiaa.org |
| Automated Phone Service: | 1-800-842-2252 (available 24/7) |

**University of Pittsburgh Retirement Plan Call Center**: **1-800-682-9139**
Representatives are available Monday through Friday, 8 a.m. to 10 p.m.
Saturday, 9 a.m. to 6 p.m. (ET)

**On-Campus Appointments**
Financial consultants from TIAA are available for on-campus appointments to assist you with your retirement planning. To schedule an appointment, please sign up online at www.tiaa.org/schedulenow-pitt or call TIAA at 1-800-732-8353.

Web seminars: www.tiaa.org/financialeducation

Hearing Impaired Service Line: 1-800-842-2755

D. **Make Beneficiary Designations**

Make beneficiary designations online or choose to have beneficiary designation forms mailed to you. Forms should be returned to TIAA.

**Active Employees should**:

1. Log into the University's portal at www.my.pitt.edu.
2. Enter your Username and Password.
3. Select the "My Resources" tab on the "My Pitt" portal home page.
4. Select “Human Resources.”
5. Select “Retirement Savings Plan Access.”
6. Click “My Account.”
7. Select “Add/Edit Beneficiaries.”

**Retirees and former faculty and staff members should log into** www.tiaa.org/pitt. If you have never used the TIAA secure web site to access your account, you will need to register first. Go to **www.tiaa.org/register** to register. You will need one of your account numbers in order to complete the registration process.

E. **Apply for a Loan**

Contact the University of Pittsburgh Retirement Plan Call Center at 1-800-682-9139 or go online through my.pitt.edu and select “Human Resources” under the “My Resources” tab. Then select the “Retirement Savings Plan Access” link. Click “My Account” and then select “Start a loan or withdrawal.”

## II. UNDERSTANDING YOUR ACCOUNTS

### A. Plan History

The Plan was originally adopted with an effective date as of January 1, 2018, but due to reasonable and typical implementation activities that required attention, the Plan's initial participation date was March 16, 2018.

### B. Why You Receive So Much Paper

You need to understand the various types of accounts you have. If you would prefer to receive communications electronically you may log in to Your TIAA Page by following the instructions in Article I, Section A of this SPD. Click "My Account," select "Statements & reports," click "Change your delivery settings," make your updates, and click "Save preferences."

### C. How do I Consolidate Accounts?

Under IRS and TIAA rules, there are limits on your ability to consolidate accounts. Nevertheless, there are certain steps that you can take to consolidate accounts and contracts within a plan.

1. You may be able to take your money out of a former employer's plan and roll it over to a University plan or an IRA.

2. If you have terminated employment with the University, you may take money out of the Plan (and, if applicable, the 401(a) Plan or the 403(b) Plan) and make a "direct rollover" to an Individual Retirement Account ("IRA") to consolidate your accounts into an IRA. Roth after-tax contributions (and related gain) may be rolled over to a Roth IRA.

## III. ELIGIBILITY AND PARTICIPATION

### A. 457(b) Plan Participation

Eligibility criteria for participation in the 457(b) Plan is discussed in Sections B and C below.

### B. Employees Only

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, including the 457(b) Plan. Retirees and former employees are not eligible to actively participate and make contributions to the Plan.

**Fellows/Post-Doctoral Scholars**: If you are a Fellow/Post-Doctoral Scholar who is not an employee, you are not eligible to participate. If your payments are not subject to FICA (Social Security) taxes, you are not an employee.

**Dual Appointment with UPP**: If you are an employee of both the University and University of Pittsburgh Physicians ("UPP"), and are paid through a common paymaster, you may participate in the 457(b) Plan (and 403(b) Plan and 401(a) Plan, if you are otherwise eligible) based on your eligible Compensation paid for services to the University.

### C. 457(b) Plan Eligibility

All employees of the University who are entered into the University's payroll system under one of the following designations are eligible to participate in the 457(b) Plan:

1. Faculty full-time regular,
2. Faculty part-time regular in the tenure stream or tenured for no less than half-time,
3. Faculty librarians full-time regular,
4. Research Associates full-time regular,
5. Staff (non-union) full-time regular,
6. Staff (non-union) part-time regular,
7. Members of collective bargaining units that are eligible to participate (per the applicable collective bargaining agreement) in the University Retirement Program.

The following are NOT eligible to participate in the 457(b) Plan:

1. Nonresident aliens with no U. S. source income,
2. Leased employees,
3. Individuals who are receiving long-term disability benefits (and no other Compensation),

4. Student workers,
5. Volunteers, and
6. Temporary employees.

**Change in Employment Classification:** If you are a participant in the 457(b) Plan, and if your employment classification changes so that you are no longer eligible to actively participate, your account balance under the 457(b) Plan becomes frozen. No new contributions will be made to your account, but your account continues to earn (or lose) money depending on how you invest it.

## D. Entry Date

If you are a new hire (who is a benefits-eligible employee), your entry date depends on your hire date and when you submit your election to participate. An entry may not be earlier than the first of the month after your hire date.

1. **If you are paid on a monthly basis** and:

   a. **If: (i) your first day of work is on or before the first business day of the month, and (ii) you submit your election to participate by the end of the month of your first day of work, you become a participant as of the first day of the next month.**

      Example: If your first day of work is September 1 and you submit your election to participate by September 30, you become a participant on October 1. If you submit your election form in October, you become a participant as of November 1.

   b. **If: (i) your first day of work is after the first business day of the month, and (ii) you submit your election to participate by the end of the month following the month of your first day of work, you become a participant as of the first day of the second month following your first day of work.**

      Example: If your first day of work is September 15 and you submit your election to participate by October 31, you become a participant on November 1. If you submit your election form in November, you become a participant as of December 1.

2. **If you are paid on a biweekly basis,** your 457(b) election will be effective based on the bi-weekly pay schedule. You need to see the "pay schedule" in order to understand when your 457(b) Plan election will be reflected in your pay. You can find the pay schedule at: http://hr.pitt.edu/pay-schedule.

   A "pay period" is two weeks. Pay periods begin on Sundays and end on Saturdays. The pay date for a particular pay period is the first Friday following the end of the pay period.

An "enrollment period" is generally two pay periods but can be three pay periods. Enrollment periods are shown in the left-hand column of the pay schedule.

c. **If** (i) **your first day of work is on or before the first business day of the month**, and (ii) you make your election during an enrollment period shown in the left-hand columns of the pay schedule, your 457(b) Plan election will show up in the pay shown in the corresponding far right column.

Example: If your first day of work is May 1, 2018, and you submit your election to participate by May 19, 2018, your election will show up in your June 8, 2018 pay. If you make your election on May 20, 2018, it will show up in your July 6, 2018 pay.

d. **If** (i) **your first day of work is <u>after</u> the first business day of the month**, and (ii) you make your election during an enrollment period shown in the left hand columns of the pay schedule, your 457(b) Plan election will show up in the pay shown in the corresponding far right column. However, you will not be treated as enrolling prior to the month following the month of your first day of work.

Example: If your first day of work is September 5, 2018, and if you submit your election to participate by October 20, 2018, your election will show up in the first pay in November.

**3. Automatic Enrollment**: The 457(b) Plan does not have an automatic enrollment feature.

## E. Former Employees/Rehires/Change in Status

If you terminate employment with the University and are rehired, regardless of the amount of time you were away, you become eligible to make contributions to the 457(b) Plan (unless you return in a category of employees who are ineligible to participate), subject to the Entry Date rules described above. If you are treated under the University's payroll system as having terminated employment for any reason and if you are rehired, you are treated as a new hire. If you want to make contributions to the 457(b) Plan, you need to make a new election.

**Change in Status**

If you cease to be a Benefits-Eligible Employee without terminating employment with the University, and you again become a Benefits-Eligible Employee, you will need to make a new deferral election under the 457(b) Plan. If you make a new deferral elections, your election will be effective the month following when it is made (or, if you are paid on a biweekly schedule, in accordance with the biweekly pay schedule).

If you are hired in a position that is not eligible to participate in the 457(b) Plan and later become eligible to participate, you are treated (for purposes of the 457(b) Plan) as a new hire.

**Veterans** Notwithstanding the above, if you terminate employment because you are called up for military duty, you will not be treated as a new hire (for purposes of the 457(b) Plan) if you are re-employed by the University within the time period during which you have re-employment rights protected by federal law, but you will need to make a new election under the 457(b) Plan.

## IV. CONTRIBUTIONS AND ALLOCATIONS

### A. Procedures

Prior to enrolling in the 457(b) Plan, consider the advantages of participating in the 403(b) Plan to obtain the full University matching contributions (which are not available under the 457(b) Plan).

If you want to contribute to the 457(b) Plan, complete the online enrollment process. Online enrollment can be accessed through www.my.pitt.edu. (See Article I for log-in information.)

You have the option to contribute to the 457(b) Plan on a pre-tax or Roth after-tax basis. Pre-tax contributions are not subject to the federal income tax when made, but generally are subject to federal income taxes when benefits are paid from the Plan. See Tax Notes/Rules. (See Section C.)

If you want to contribute, you need to decide how to invest your contributions. If you enroll in the Plan, but fail to make an investment election, your contributions will be invested in a TIAA-CREF Lifecycle Fund based on the year that you will reach age 65. (See Article V for more information.)

### B. Compensation

Most contributions are based on "Compensation," which for purposes of the 457(b) Plan means your base salary or wages (including faculty third-term compensation) plus any salary reductions under the 403(b) Plan, flexible benefits plan, or the pre-tax transportation program.

"Compensation" does not include any fringe benefits, cash payments under the flexible benefits plan in exchange for waiving benefits, lump-sum cash-outs of vacation or sick pay paid to terminating employees, expense reimbursements, moving expenses, bonuses, commissions, overtime, supplemental compensation, 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 amounts paid before you became a participant. If you are paid biweekly, your "Compensation" includes your entire base pay for the pay period during which you become a participant.

Any payment (such as a scholarship, grant, stipend, or fellowship payment) that is not a payment for services (subject to FICA taxes) is not "Compensation" for purposes of the 457(b) Plan.

## C. Contributions

You have the option to contribute to the 457(b) Plan on a pre-tax or Roth after-tax basis. You are always 100% vested in your contributions to the 457(b) Plan (both pre-tax and Roth after-tax contributions).

1. **Pre-Tax and Roth After-Tax Contributions**: Pre-tax contributions may also be known as 457(b) contributions, elective deferral contributions, salary reduction contributions, or tax-deferred annuity contributions.

   You may elect to make contributions (both pre-tax and Roth after-tax) up through the lesser of: (i) the "applicable dollar amount" (see below) or (ii) 99% of your "Compensation." For most employees, the applicable dollar amount will be the lower limit.

   Anyone who is eligible to make pre-tax contributions may also elect to make Roth after-tax contributions. Subject to any actions that may be taken by the Plan Administrator to prohibit making both kinds of contributions for the same pay period, you may elect to make both pre-tax contributions and Roth after-tax contributions in the same year.

   **Applicable Dollar Amount**: Internal Revenue Code §457(b)(2) imposes a limit on the amount of your 457(b) contributions. The general dollar limit, which in the Internal Revenue Code is referred to as the “applicable dollar amount,” for 2018 is $18,500. The limit may increase in future years for cost-of-living adjustments. Your limit may be higher if you are eligible for "age 50 catch-up contributions" (discussed below). The applicable dollar amount applies to all contributions made to multiple 457(b) plans. If you participate in more than one 457(b) plan, the most you can contribute, in the aggregate, to all of the 457(b) plans is the applicable dollar amount.

   Roth after-tax contributions are subject to the same limits as pre-tax contributions. In fact, the applicable dollar amount ($18,500 for 2018) and the limits on catch-up contributions apply to the sum of your pre-tax contributions and Roth after-tax contributions.

   **Priority**: In general, contributions to the 457(b) Plan have the lowest priority of any amount that is withheld from your paycheck. Deductions will be made for taxes, welfare benefits (such as medical, dental, and vision benefits), fringe benefits (such as the flexible benefits plan and pre-tax parking), savings bonds, and anything else that you elect to have withheld from your pay first (including contributions to the 403(b) Plan). If your paycheck is not large enough to cover everything that you elect to have withheld from it (plus taxes), the Benefits Department will reduce the amount of your contributions to the 457(b) Plan.

**Excess Deferrals**: If your contributions to the 457(b) Plan exceed your applicable dollar amount, you must take a refund of the excess contributions. If the excess contributions remain in the Plan, you could be taxed twice, once in the year of contribution and once in the year that the contributions are distributed.

If your contributions exceed your applicable dollar amount because you participated in the Plan and a 457(b) plan sponsored by another employer, you have until March 1 of the following year to request the excess contributions be distributed from at least one of the employers' plans.

**Age 50 Catch-Up Contributions:** If you are (or will be) at least 50 years old by the end of a calendar year, your applicable dollar amount increases by $6,000, and you may elect to contribute an additional $6,000 on a pre-tax or Roth after-tax basis under the University's plan. The $6,000 increase applies for 2018 and is subject to periodic cost-of-living adjustments.

**2. Tax Notes/Rules:**

This section deals only with special tax rules applicable to 457(b) contributions.

(i) Although this SPD is written as if you make contributions to the 457(b) Plan, under the Internal Revenue Code you are agreeing to have your salary or wages reduced in exchange for the University's making a contribution to the 457(b) Plan for you.

Pre-tax contributions will not be included in your taxable income for purposes of the federal income tax (until they are distributed from the Plan). They are included in income for purposes of the Pennsylvania income tax, local wages taxes in PA, and FICA (Social Security and Medicare) taxes.

(ii) You are permitted to make age 50 catch-up contributions at any time during the calendar year of your 50th birthday (or any later calendar year). You do not need to wait until your 50th birthday.

**Taxation of Roth After-tax Contributions**: Qualified distributions of Roth after-tax contributions are generally not includible in gross income for purposes of the federal income tax.

In order for a distribution to be a "qualified distribution," you must participate in the Roth after-tax feature for at least five years <u>and</u> the distribution must be made after you: (i) reach age 59½, (ii) suffer a disability (under IRS standards, which may not be identical to the standard for benefits under the University's long-term disability plan), or (iii) die. (Note: Making Roth after-tax contributions does not give you any special rights to a distribution. You may not take a distribution until you are eligible for one under the 457(b) Plan.)

The five-year period begins as of January 1 of the first year that you make Roth after-tax contributions. Therefore, if you make a Roth after-tax contribution in 2018 (and the contribution is not designated to a prior year, under special tax rules), your five-year period ends on December 31, 2022.

Your five-year participation period is calculated separately for every plan in which you participate. Therefore, making a Roth after-tax contribution to the 457(b) Plan does not count for purposes of determining your five-year period of participation under any other plan (e.g. the 403(b) Plan), and vice-versa.

**Tax Treatment**: **Roth After-tax v. Pre-tax Contributions:**

If you make pre-tax contributions, the amount that you contribute is not subject to federal income tax for the year that you make the contribution. (You are, however, subject to FICA taxes and the PA income tax.) In general, when pre-tax contributions are eligible for distribution from the 457(b) Plan, the contributions and all accumulated gain are subject to the federal income tax. Therefore, making pre-tax contributions enables you to defer federal income taxes until you are later eligible for a distribution.

If you make Roth after-tax contributions, the amount that you contribute is subject to the federal income tax (and FICA taxes and the PA income tax) for the year that you make the contribution. When the Roth after-tax contributions are distributed from the Plan, the contributions and all accumulated gain are not subject to the federal income tax IF you have a "qualified distribution." Therefore, making Roth after-tax contributions may enable you to avoid taxes on gains, and not merely defer taxes, BUT you need to meet certain requirements in order to avoid taxation. The University does not provide tax advice to participants, and you should seek the counsel of a qualified tax professional if you have questions about the taxation of your deferrals under the Plan.

## D. Veterans

If you go on military duty and return to the University within the period during which your re-employment rights are protected by law, you may (after you return) make the pre-tax contributions and Roth after-tax contributions that you would have been able to make had you remained employed by the University. You have the lesser of five years or three times your period of qualified military service to make those contributions.

## V. INVESTMENT OF PLAN ASSETS

### A. Participant Directed Investments

You have the responsibility to invest your account under the 457(b) Plan. Because you have the ability to choose how to invest your account, the fiduciaries of a plan may be relieved of liability for any losses which result from following your investment instructions.

Your investment options consist of a variety of TIAA investment funds (both annuities and mutual funds), Vanguard mutual funds, and other investment companies' mutual funds. An up-to-date list of all available investment options can be found at www.tiaa.org/pitt. If you enroll, but fail to make an investment election, you will be deemed to have elected to invest in a TIAA-CREF Lifecycle Fund based on the year that you will reach age 65.

### B. Self-Directed Brokerage Accounts

Self-directed brokerage accounts offer additional investment options and flexibility for participants who would like choices beyond the Plan's core investment menu. With self-directed brokerage accounts, you can independently research and select from thousands of mutual funds from well-known fund families. It is important to note that TIAA, the University, and the Retirement Oversight Committee will not monitor the performance of the funds offered through self-directed brokerage accounts, and TIAA does not offer investment advice for brokerage assets. Plan participants bear the risk of investing through self-directed brokerage accounts. Plan participants also bear the risk of any fees or expenses that may be incurred on investments acquired through self-directed brokerage accounts. Please exercise caution and consider seeking professional guidance when investing through self-directed brokerage accounts. Details for setting up a self-directed brokerage account can be obtained by calling the University of Pittsburgh Retirement Plan Call Center at 1-800-682-9139.

### C. Plan Information

Refer to the Office of Human Resources' Benefits Department website for the following information:

1. Summary Plan Descriptions and basic information concerning the plan.

2. Toll-free telephone numbers and online access information. (See Article I.) When you enroll online, you will choose an ID and password the first time that you log in through tiaa.org or you may go through my.pitt.edu under the "My Resources" tab and choose "Human Resources." Click on "Retirement Savings Plan Access."

The TIAA web site includes the following:

1. A list of all of the available investment options (www.tiaa.org/pitt).

2. A prospectus or detailed financial information for each investment option (www.tiaa.org/pitt).

3. Helpful tools and resources.

4. Financial webinars.

5. Schedule for one-on-one advice sessions.

You have the right to receive the following information upon request (based on what is available to the trustees), all of which should be available online:

1. The current prospectus or financial information for each investment option in which you have invested.

2. The annual operating expenses for each investment option.

3. A list of assets for each investment option.

4. The past investment performance of each investment option.

**D. Plan Expenses**

With the exception of possible fees, loads or other charges that may be imposed if you choose to use self-directed brokerage accounts, there is no load or other charge for investing in any of the mutual funds and variable annuities generally available in the 457(b) Plan. Therefore, outside the self-directed brokerage accounts, no fee will be deducted from your account because you choose any particular fund. Nevertheless, investment funds held through your self-directed brokerage accounts may charge management fees and other expenses which reduce your rate of return. These expenses are listed in the financial information for a fund.

If your account is invested in the TIAA Traditional annuity fund, you will only be permitted to make a lump-sum withdrawal within 120 days after termination of employment and the lump sum withdrawal will be subject to a 2.5% surrender charge. Any other withdrawal or transfer from a TIAA Traditional annuity fund (other than a lump-sum withdrawal within 120 days of termination of employment) must be paid out in 84 monthly installments (7 years) without a fee.

Investment funds may impose fees for frequent trading and short-term redemptions. Please review the fund's prospectus for a description of these fees and related amounts.

**Revenue Credit Account**: At the present time, TIAA's record keeping services are paid for out of the management fees that TIAA-CREF receives for managing the TIAA-CREF funds held by the Plan. The University has an arrangement with TIAA-CREF under which TIAA (the record keeper) is entitled to a specified amount of revenue for its record keeping services. If TIAA (the record keeper) receives more than the specified amount, the excess will be placed in a "revenue credit account." Money in the revenue credit account can be used to pay other administrative expenses of the Plan, to the extent those are not paid by the University. At the end of each plan year, if there is any money left over in the revenue credit account after payment of expenses, it will be allocated among the participant accounts in proportion to account balances. For purposes of this allocation, amounts invested in institutional class mutual funds are not taken into account because those funds do not generate fees for the revenue credit account.

## E. Changing Elections

You may change how your new contributions are invested or how your existing accounts are invested at any time by logging into your account online or by calling the TIAA toll-free number. (See Article I for contact and login information.)

If you need help with changing your elections for future contributions, call the University of Pittsburgh Retirement Plan Call Center at 1-800-682-9139.

## F. Reports

You may check the status of your accounts online at any time. (See Article I for login information.)

As a participant in the Plan, you will receive quarterly statements about your account balance under the Plan. You have two options regarding statements:

1. If you do nothing, you will receive electronic statements quarterly. These will be delivered to the email address that the University has on file for you. You can learn how to change the email address by calling the University of Pittsburgh Retirement Plan Call Center at 1-800-682-9139.

2. You may go online and make an election for paper statements. (See Article II, Section B.)

## VI. DEATH BENEFITS

### A. Beneficiary Designations

In general, if you are single when you die, your vested interest will be paid to your beneficiary or, if no beneficiary designation is on file with TIAA, to your estate.

If you are married when you die**,** regardless of whether you are married now, your vested interest will be paid to your spouse unless: (i) you have filed a beneficiary designation naming someone else as your beneficiary, and (ii) your spouse has waived his/her right to be a beneficiary in writing. (See Section C below.)

**How to Make a Beneficiary Designation**: When you start participating in the Plan, you will be offered the ability to designate beneficiaries as part of the enrollment process. Active employees may designate beneficiaries by going to my.pitt.edu, and clicking on "Human Resources" under the "My Resources" tab. Select "Retirement Savings Plan Access" from the Human Resources landing page. Click on "My Account," and then select "Add/Edit Beneficiaries" under the "Profile" heading. Beneficiary designations are maintained by TIAA.

Active faculty and staff members, as well as retirees and former faculty and staff members, can make beneficiary designations on the TIAA website.

### B. How Many Beneficiary Designations?

When you make a beneficiary designation, pay attention to which accounts are covered by the beneficiary designation.

1. If you participate in more than one type of retirement plan sponsored by the University, you may name a different beneficiary for each type of retirement plan. You will need to designate your beneficiary(ies) under the 457(b) Plan, even if you already have your beneficiary(ies) designated for other plans.

   If you want more information about your beneficiary designation options, call the University of Pittsburgh Retirement Plan Call Center at 1-800-682-9139, Monday through Friday 8 a.m. to 6 p.m. (E.T.)

2. If you worked for another employer that sponsored a plan that had investments with TIAA, you need to file separate beneficiary designations for that plan.

**Roth Accounts**: One beneficiary designation covers both pre-tax and Roth after-tax accounts within the same plan.

## C. Special Rules for Married Participants

The Plan document provides that, in general, if you are married at the time of your death (regardless of whether you are married now), your vested interest will be paid automatically to your spouse, regardless of any beneficiary designation which you have made, unless your spouse has specifically waived his/her right to be the beneficiary.

Under this general rule, if you want to name your children or someone other than a spouse as a beneficiary, you need to make certain that you have a beneficiary designation with spousal consent on file. If you remarry, your new marriage will cancel all of your existing beneficiary designations (except those mandated by certain court orders), and you will need your new spouse's consent to name anyone other than the new spouse as a beneficiary.

**Annuities (Lifetime Income)**: If you elect to take a distribution from a plan in the form of a lifetime annuity, the assets that are converted into an annuity (lifetime income) leave the plan and are no longer subject to plan rules regarding the designation of beneficiaries.

**Divorce**: If you get divorced (or become widowed or get remarried), review all of your beneficiary designations under all of your retirement plans (including IRAs and plans of other employers) and make appropriate changes.

**CAVEAT:** This SPD should not be regarded as legal advice. If you have a complicated situation regarding the designation of beneficiaries, the University encourages you to seek legal advice.

**General Guidelines for Beneficiary Designations**:

1. **Other Documents**: A prenuptial agreement, separation agreement, divorce settlement, civil union, or domestic partnership agreement will not override a beneficiary designation or the provisions of the Plan document requiring spousal consent. Certain "qualified domestic relations orders" will override the Plan document or beneficiary designations.

2. **Common Law Marriage**: 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.

3. **Same-Sex Spouses**: Marital status will be determined in accordance with Pennsylvania law (or, if different, the law of the state in which the marriage was entered into) and applicable federal law.

4. **Wills**: Your will governs who is the beneficiary of your estate. Your will does not govern who is the beneficiary of your accounts under the plans.

5. **IRAs**: If you terminate employment, take a distribution, and roll that distribution over to an IRA, remember to file a new beneficiary designation for that IRA.

## VII. VESTING

You are always 100% vested in your account balance under the Plan. This means that the amounts you contribute to the Plan generally cannot be forfeited.

## VIII. BENEFITS

### A. Keep Monies in the Plan

If you terminate employment with the University and a distribution is not mandated under the Plan document or required by law (see later sections), you may elect to keep your monies invested in the Plan.

### B. Methods of Distribution

If you have terminated employment with the University, you may elect to receive your money in (i) a lump sum; (ii) a life annuity; or (iii) a Joint and Survivor Annuity (if married). All benefit distributions are subject to the following restrictions:

1. You are subject to whatever restrictions TIAA imposes. For example, see the restrictions discussed in Article V, Section D on the lump-sum withdrawal of an account balance invested in a TIAA Traditional annuity fund.

2. If you are married, you must obtain your spouse's consent in order to receive an annuity other than a qualified joint and survivor annuity. A qualified joint and survivor annuity has your spouse as primary beneficiary, and the survivorship percentage is at least 50% and not more than 100%. An example of a qualified joint and survivor annuity is a joint and 50% survivor annuity with your spouse as beneficiary.

3. Your distribution option must comply with IRS and Plan rules on "required minimum distributions," which begin to apply after you reach age 70½, or terminate employment with the University, whichever is later. (See Section F.)

### C. Mandatory Distributions:

If you terminate employment and have a vested interest of $5,000 or less (including rollover accounts), and do not elect to take a distribution, the Plan Administrator will arrange for an IRA to be set up in your name and to have your vested interest transferred to an IRA. This rule applies separately to each plan held at TIAA. For example, if you have $6,000 in one 403(b) Plan account (i.e. an amount that exceeds the $5,000 mandatory distribution threshold) and $4,000 in the one 457(b) Plan account (i.e. an amount that does not exceed the $5,000 mandatory distribution threshold), the $4,000 in the 457(b) Plan would be transferred to an IRA even though your total balance between the two plans is more than $5,000.

### D. Monthly Income: Summary of Annuity (Lifetime Income) Features

If you decide that you want regular monthly income from the Plan, you can select an annuity as your benefit distribution method.

**Annuities (Lifetime income):** If you elect to convert money in your account that is invested in a mutual fund into an annuity (lifetime income), you need to transfer the money from the mutual fund to an annuity fund investment. Account balances that are converted into an annuity (lifetime income) cease to be plan assets, and if you have a dispute over the annuity, it will be with TIAA (or other annuity company you selected), not with the University or the Plan Administrator.

**Multiple Options**: TIAA offers a number of different types of annuities, including "fixed annuities," "variable annuities," "standard payment method annuities," and "graded payment method annuities." You need to understand the differences in order to determine which option(s) is (are) best for you. Once money in your account(s) has been converted to a payout annuity, the conversion is irrevocable.

You may make a separate annuity election for each TIAA or CREF investment fund in which you have invested contributions.

**Single Life Annuities**: If you elect a "single life annuity," payments will be made for your life only.

**Joint and Survivor Annuities**: If you elect to receive a joint and survivor annuity, you are electing to receive payments for your life and payments for the life of a "second annuitant." For example, if you elect to receive a joint and 50% survivor annuity with your spouse, after you die TIAA will pay your spouse 50% of the amount that you were receiving. If your spouse dies first, the payments stop with your death. If the person you name as a second annuitant is not your spouse and is more than 10 years younger than you (such as a child or grandchild), TIAA needs to make special calculations to make certain that the annuity complies with the required minimum distribution rules.

**Annuities with a Guaranteed Number of Payments**: You may elect to receive an annuity with a guaranteed number of payments. If you elect such an annuity, you need to choose a "beneficiary." If you (and the second annuitant, if any) die before the guaranteed number of payments is made, the beneficiary will receive payments for the remaining number of guaranteed payments. For example, if you receive a single life annuity with 20 years of guaranteed payments and die after 8 years, TIAA will make monthly payments to your beneficiary for the remaining 12 years.

**Beneficiary Designation**: Any beneficiary designation that you made under the Plan does NOT apply to payout annuity contracts held outside of the Plan. You need to make a separate beneficiary designation for each payout annuity contract that provides for a survivor benefit.

**Annuity v. Lump Sum**

The upside of an annuity is that the payments last as long as you are alive. For example, if you live to be 110 years of age, the payments still continue your entire life.

There are generally two downsides to an annuity. First, if you (or you and your second annuitant) die young, the payments stop. The money stays in an annuity pool and is used to make payments to annuitants who live beyond their normal life expectancy. Second, annuity payments may not keep up with inflation.

The upside of a lump sum payment is that you have immediate use of your money.

The downside of a lump sum payment is that you will not have a reliable stream of income in the future, and you may face a large tax burden in the year you take the lump sum distribution. In effect, you run the risk of outliving your savings.

Keep in mind that you may not be required to choose one form of distribution for your entire account. Under some circumstances, you may be able to convert some of your investment funds into an annuity and take a lump sum of the remainder. You should allow time to consider all of your options before you retire.

## E. Rollovers and Transfers

An "***indirect rollover***" starts as a distribution that initially is made to you and gets reported on Form 1099-R. In order to make this a tax-free indirect rollover, you must take the distribution, have 20% of the distribution withheld for federal income taxes, and then rollover (or deposit) the amount left after withholding into an IRA or a plan of another employer. You generally have 60 days to make this kind of an indirect rollover if you want to avoid income tax on the original distribution you received. You will have to pay taxes on the portion of the distribution that is withheld and paid over for federal income taxes, unless you have resources to also roll over an amount equal to the portion paid for tax withholding. If you want to avoid having taxes withheld from a distribution, make a "direct rollover." See below.

A "***transfer***" is not a distribution (from the IRS' perspective) if it occurs between accounts under the Plan. However, a "transfer" is treated as a taxable event if the transfer is for an In-Plan Rollover. In a transfer, the money goes from one account to another under the Plan, and no tax is withheld. The only types of transfers potentially available under the Plan are transfers between investment options and transfers for In-Plan Rollovers of pre-tax contributions to In-Plan Roth Rollover Contribution Accounts. (See Section 5.06 of the 457(b) Plan document for more information about transfers to In-Plan Roth Rollover Contributions Accounts. In-Plan Rollovers are only available if the Plan trustee is capable of performing the record keeping functions necessary to maintain In-Plan Roth Rollover Contribution Accounts. Contact the Plan Administrator for more information about whether In-Plan Rollovers are available.) Except as provided for in the "direct rollover" rules below, you may not make a transfer to an IRA.

A "***direct rollover***" looks like a transfer, but is reported on Form 1099-R. Direct rollovers are not subject to income tax withholding. If you want to move your money to an IRA (or the plan of another employer) and don't want to have taxes withheld as part of

the move, you should ask your personal tax advisor whether a "direct rollover" is a good option for you.

If you terminate employment with the University, you may take a distribution of all or part of your accounts and make a rollover or direct rollover to an IRA or a plan of a new employer, based on the following guidelines:

1. Roth after-tax accounts may be rolled over only to a Roth IRA or a Roth account under another plan.

2. If you have money invested with TIAA Traditional, you may incur a fee or be required to distribute the funds over a period of time to avoid a fee.

3. Another employer is not obligated to accept a rollover or transfer into its plan.

4. You may not roll over distributions that are required under the required minimum distribution rules.

5. Annuity payments may not be rolled over to an IRA or other plan.

## F. Time of Payment/Required Minimum Distributions

In general, you may not take a distribution until you retire at your Normal Retirement Date or terminate employment with the University. However, certain in-service distributions are permitted (see Section G below).

After you terminate employment with the University, you may elect to receive a distribution. You are not required to wait until a certain age to take a distribution upon termination.

**Termination of Employment**: If for any reason you terminate employment (or are treated as if you terminated employment) and are subsequently rehired (or are treated as if rehired) by the University or a Related Organization (which does not include the Medical and Health Sciences Foundation) and such rehire occurs before you take a distribution, you will lose the ability to take a distribution as a result of your rehire and will not be able to take a distribution until you terminate employment again.

If you are an employee and become classified as a Post-Doctoral Scholar, Volunteer, or any other position that is not an eligible employee under the Plan, you are treated as having terminated employment with the University.

**Change of Address**: If you terminate employment, don't take an immediate distribution, and move, it is your responsibility to inform TIAA of your new address.

**Required Minimum Distributions ("RMDs")**

You are required by law to take a required minimum distribution (or "RMD") each year beginning with the year that contains your "required beginning date." Your "required beginning date" is April 1 of the calendar year after the later of the calendar year you either: (i) terminate employment with the University or (ii) attain age 70½. For example, if your 70th birthday is on October 15, 2018, you will reach 70½ on April 15, 2019, and (if you have terminated employment with the University) you will be required to take a distribution by April 1, 2020, and unless you take a lump-sum distribution, you will be required to take a second distribution by December 31, 2020.

Your required minimum distributions will be based on your life expectancy, or your joint life expectancy with your beneficiary, as determined under tables in IRS regulations. The required distribution amount will be calculated based solely on the Participant's accounts under this Plan.

The 457(b) Plan is designed so that before the end of each calendar year, TIAA will automatically make required minimum distributions to you. In order to make the required minimum distributions, TIAA will take a proportional amount out of each investment account that you have in the Plan. If you want to choose the funds from which the minimum required distributions are made, you need to make a distribution election at least 30 days before the deadline for the required minimum distribution.

Your first required minimum distribution has a deadline of April 1. All subsequent required minimum distributions have a deadline of December 31.

The Plan and TIAA take appropriate steps to try to ensure participants receive their required minimum distributions in a timely manner, including the preparation of year-end reports by TIAA. However, it is possible that TIAA reporting alone may not assure a required minimum distribution is made on time. If this occurs, participants may be responsible to pay an excise tax. Accordingly, it is in your interest to ensure you receive any required minimum distribution(s). If you meet the requirements for a required minimum distribution, you should contact the Plan Administrator before the end of the plan year to make certain you are scheduled to receive your required minimum distribution.

**Rollovers**: If you make a direct rollover to an IRA, you should be aware of, and inquire about, the potential need to take required minimum distributions from your IRA.

If you are employed by another employer and you have an account balance in the Plan when you reach your required beginning date, you need to take a required minimum distributions from the Plan even though you are actively employed (because you are not employed by the University).

**Annuities**: If you take all or part of your distribution in the form of an annuity, the annuity payments should comply with the required minimum distribution rules (for the portion of your account that was converted into an annuity).

**Different 457(b) Plans:** If you participate in more than one 457(b) plan, you must take a separate required minimum distribution from each such plan in which you have a vested interest. For example, if you have a vested interest in 457(b) plans at three different employers, you may be required to take required minimum distributions from each of the three employers' plans.

**Roth Accounts**: Roth after-tax accounts are also subject to the required minimum distribution rules. In general, if you have made Roth after-tax contributions and pre-tax contributions to the Plan, and you have not rolled your accounts over from the Plan to another retirement plan or an IRA, you will receive required minimum distributions from both your Roth after-tax accumulations and your pre-tax accumulations when you reach the age at which required minimum distributions are legally required to begin.

## G. In-Service Withdrawals

If you are still employed by the University, you may take a distribution ONLY under the following circumstances:

1. **Qualified Domestic Relations Order (QDROs)**: The Plan Administrator may make a distribution in order to comply with a Qualified Domestic Relations Order.

2. **Military Service**: A Participant who is performing service in the uniformed services while on active duty for a period of more than 30 days may take a distribution from any of his or her accounts under the Plan.

3. **Rollover Accounts**: If you make a rollover into the 457(b) Plan from another 457(b) plan established by another governmental entity, you may, regardless of your age, make an in-service withdrawal from the rollover account (subject to any restrictions that TIAA has on the investments in the rollover account).

## H. Court 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, the Plan Administrator will notify you promptly and will make a determination about whether the Plan is required to follow the order.

## I. Tax Consequences

If you elect to take a distribution, TIAA should give you a statement explaining the tax consequences at the time of distribution.

In general:

1. Any distribution that you receive will be taxable other than a qualified distribution from Roth after-tax accumulations.

2. If you take a distribution that is eligible to be rolled over 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.)

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

4. If you are neither a resident nor 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.

5. Most tax rules have exceptions, including the ones above, and the rules change periodically. It is recommended that you consult with a tax advisor before taking a distribution.

# IX. CLAIMS PROCEDURE

## A. Claims Procedure

If you have a question about your statement or account balance, you should contact TIAA.

If you have a question about your contribution elections, contact the Office of Human Resources' Benefits Department.

If you have a dispute that cannot otherwise be resolved and believe that you are being denied any rights or benefits under the Plan, you may file a claim with the Plan Administrator by submitting a written claim to the Office of University Counsel. (See Article XII General Information for contact address and business telephone number.) 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 your 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.

You cannot request a review of any issue that was not raised in the initial claim. 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 that 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 are 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 Administrator expects to render the determination on review.

If your claim for benefits is denied (after the review procedure), you have three years after the denial to file a lawsuit contesting the denial. A lawsuit must be filed in a court situated in Allegheny County, Pennsylvania.

## X. AMENDMENT AND TERMINATION

The University intends to continue the Plan indefinitely; however, the University reserves the right to amend or even terminate the Plan at any time.

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

## XI. MISCELLANEOUS ITEMS

A. **Assignments of Funds**: You may not assign any part, or all, of your account in the Plan to pay a creditor except to comply with a Qualified Domestic Relations Order, and you may not use your accounts as collateral for a loan.

B. **Rollovers**: The plan administrator may accept a rollover from another retirement plan if the rollover is permitted under the Internal Revenue Code and if TIAA agrees to do the necessary record keeping, including, if necessary, separately tracking the rollover account from the participant's other accounts under the Plan.

C. **General Powers and Duties*:*** The Plan Administrator, including its duly appointed agents and third party administrators, shall administer the Plan in accordance with the terms of the Plan document and all other governing/documents. The Plan Administrator shall have all the powers necessary to carry out the terms of the Plan. The Plan Administrator shall interpret, construe, and administer the terms of the Plan and respond to questions concerning its application and administration. Such determinations shall be binding on all persons except as otherwise provided by law. The Plan Administrator shall give all instructions and directions to the Trustee as shall be necessary to conduct the administration of the Plan.

D. **Defined Terms:** All capitalized words and phrases not herein defined shall have the meaning ascribed to such terms in the Plan document.

## XII. 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. | **Plan Administrator**: | 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**: | TIAA, FSB |
| D. | **Agent for Service of Legal Process**: | Office of University Counsel, University of Pittsburgh of the Commonwealth System of Higher Education |
| | **Address:** | 2400 Cathedral of Learning, 4200 Fifth Avenue Pittsburgh, PA 15260 |
| | **Business Telephone:** | 412-624-5674 |
| E. | **Plan Identification Number**: | 407419 |
| F. | **Plan Year:** | January 1 – December 31 |

G. **PBGC Insurance**: The Plan is not insured by the Pension Benefit Guaranty Corporation ("PBGC") because the PBGC insures only defined benefit plans, and the 457(b) Plan is not a defined benefit plan.