TO: University of Rochester Faculty and Staff

SUBJECT: Important Information regarding the University of Rochester Retirement Program and Deferred Compensation 457(b) Plan

University’s Direct Contribution Formula

The University makes a Direct Contribution to the Retirement Program once an eligible faculty or staff member has satisfied the two-year service requirement. Currently, the Direct Contribution is 6.2% of base salary* up to $54,087, plus 10.5% of base salary* in excess of $54,087, up to the IRS limit ($265,000).

In 1995, the University adopted the President’s Commission on Benefits recommendation that the breakpoint between the two percentages should be indexed annually in the future according to national changes in average wages.

Effective with the plan year beginning July 1, 2017, the breakpoint will change from $54,087 to $55,623, based on 2016 changes in national average wages as reported by the Bureau of Labor Statistics. In addition, the IRS limit (IRS code Section 401(a)(17)) will increase to $270,000. For additional information on the University’s Direct Contribution calculation, please refer to the Retirement Program brochure at rochester.edu/benefits/retirement.

Qualified Default Investment Alternative (QDIA) Notice

You decide how both the University’s Direct Contribution and your Voluntary Contributions are invested. If you fail to complete the enrollment or investment election process, and therefore, have not provided direction on how you want to have your contributions invested, those contributions will be invested in a “default” fund. Please refer to the enclosed QDIA Notice regarding the default process for the University’s Direct Contribution and Voluntary Contributions, as well as information on the default investment funds and transfer options.

If your contributions have been invested in the “default” fund, you may want to consider the range of investment options available to you through the Retirement Program. Even if you have made investment selections, you may want to review your current investment allocation. A TIAA Financial Consultant can help you review your choices and make the decisions that meet your needs. To schedule a consultation, call TIAA at 800-410-6497, Monday to Friday, 8 a.m. to 10 p.m. or Saturday, 9 a.m. to 6 p.m. (ET), or visit TIAA.org/schedule.

Summary Annual Report

Also enclosed is a copy of the Summary Annual Report for the Retirement Program. Summary Annual Reports are a summary of the annual financial report (Form 5500) that has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Continued
Vanguard Target Retirement Funds Merger: change to the investment options for the Retirement Program and Deferred Compensation 457(b) Plan

On or about July 21, 2017, the investment options under the Retirement Program and Deferred Compensation 457(b) Plan will be updated to reflect a merger of the Vanguard Institutional Target Retirement 2010 Fund (VIRTX) and the Vanguard Institutional Target Retirement Income Fund (VITRX). Once a fund has passed its designated date (such as the Vanguard Institutional Target Retirement 2010 Fund), its allocation is gradually adjusted to match that of the Vanguard Institutional Target Retirement Income Fund. Both funds have an expense ratio of 9 basis points, or 0.09%.

Balances and contributions invested in the Vanguard Institutional Target Retirement 2010 Fund as of the merger date will move to the Vanguard Institutional Target Retirement Income Fund automatically, on or about July 21, 2017. The change requires no action by you.

If you are invested in the impacted fund, you will receive a confirmation of any changes made to your account on or about the week of July 21, 2017. These changes will also appear on your next quarterly statement.

Detailed information about the impacted funds and the other investment options offered under the plans are available at TIAA.org/rochester, including fund fact sheets and prospectuses. You may obtain a paper copy of the fund fact sheet for the impacted funds or any of the other funds available for investment under the plans by calling the Benefits Office at 585-275-2084.

How to make investment changes:
Online: To update your retirement portfolio online, visit TIAA.org/rochester and log in to your account. To transfer current assets, go to the My Account tab, then select Manage Investments and follow the directions. To change the allocation of future contributions, go to My Account, select Manage Investments, then select Change Allocation of Future Contributions and follow the directions.

By phone: To update your retirement portfolio by phone, call TIAA at 800-410-6497, Monday to Friday, 8 a.m. to 10 p.m. or Saturday, 9 a.m. to 6 p.m. (ET).

What if you need help?
You can get guidance on the Plans’ investment options from a TIAA Financial Consultant. To schedule a one-on-one advice session, call 800-410-6497, Monday to Friday, 8 a.m. to 10 p.m. or Saturday, 9 a.m. to 6 p.m. (ET). You can also schedule your session online at TIAA.org/schedulenow.

If you have any questions, you may contact the Benefits Office at 585-275-2084.

Sincerely,

Michele R. Hill
Director, University Benefits

* Base Salary means gross wages (as defined below). Base Salary shall not include any amount in excess of the limit imposed by Code section 401(a)(17) as of the start of each plan year.

Gross wages means the total remuneration reported in Box 1 of Form W-2 that is paid to a participant for personal services actually rendered, plus the participant’s pretax elective deferrals under the University’s 403(b) and cafeteria plans, but excluding wellness incentives, tuition assistance, taxable relocation assistance, sign-on bonuses, severance benefits and forms of extra remuneration not related to actual services.