University of Rochester
Deferred Compensation
457(b) Plan
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Introduction

Effective March 1, 2003, the University of Rochester (the “University”) established the Deferred Compensation 457(b) Plan (the “Plan”) for the benefit of eligible employees. The Plan allows eligible participants to accumulate tax-deferred savings for retirement or other financial needs beyond the limits of the University of Rochester 403(b) Retirement Program.

With the Deferred Compensation 457(b) Plan you can:

- Save more of what you earn on a pre-tax basis.
- Defer taxes until you take the money out.
- Choose how contributions are invested.

Before you join, please note this important consideration related to the ownership of assets under this Plan:

Under Section 457(b) of the Internal Revenue Code, your deferrals under this Plan (including any earnings) must be part of the University of Rochester’s general assets. This means that in the unlikely event that the University of Rochester ever became insolvent, your Plan benefits would be subject to the claims of the University’s general creditors and you might lose part or all of your benefits. You should consider this in deciding whether to participate in the Plan.

Who is eligible

You are eligible to participate in the Deferred Compensation 457(b) Plan if the following conditions of eligibility are satisfied:

- You are a faculty member or senior staff (pay grades 59, 98 and 99) member of the University and meet the University’s general benefit eligibility requirements.
- You are scheduled to earn annual compensation* of at least $10,000 more than the IRS-specified highly compensated employee dollar limit for the year ($120,000 for 2016).
- You are contributing the Internal Revenue Code (IRC) maximum amount to the University 403(b) Retirement Program ($18,000 for 2016).

*Annual compensation means the current annual pay rate and the previous calendar year’s extra compensation and summer compensation.

If you initially satisfy the annual compensation threshold and become a participant in the Plan, you may continue to make contributions in subsequent years so long as your compensation remains above the IRS-specified dollar limit for the year. If your compensation falls below the IRS-specified dollar limit, you will no longer be eligible to make contributions to the Plan until such time that you meet the initial eligibility requirements. However, your accumulations can remain in the Plan.

How you become a participant

To enroll, you must complete the University of Rochester Deferred Compensation 457(b) Salary Deferral Agreement, as well as establish your TIAA-CREF account. See page 2 for the enrollment instructions. You may enroll in the Plan any time after you become eligible; however, IRS regulations dictate that enrollments must be processed no earlier than the first of the month following the month in which you enroll.
Enroll in the Plan online:
• Go to www.tiaa-cref.org/rochester
• Select the “Enroll/Change” tab
• If you already have a user ID and password for an online account with TIAA-CREF, choose “Log In” and enter your user ID and password. If you do not have a user ID, choose “Register with TIAA-CREF”.
• Once you are logged in, follow the steps to complete your enrollment online.

Enroll in the Plan by telephone:
• Call 800 410-6497
When you enroll, you will choose the dollar amount you wish to defer or the “Maximum”. This will continue until you elect to change the amount or stop participation by completing another Salary Deferral Agreement. You can re-enroll in the Plan at any time as long as you meet the eligibility requirements.

Contribution limits
Your contributions to the Deferred Compensation 457(b) Plan may be made in any amount up to the limits imposed by the Internal Revenue Code section 457(e)(15). This amount is $18,000 in 2016.

Catch-up contributions
If you are within three years of age 65 (normal retirement age), you may contribute the lesser of:
1. twice the normal annual limit for that year, or
2. the annual limit for that year, plus any underutilized contributions from prior years in which the Plan was in place, where you did not contribute the maximum amount allowed.

For example: For calendar year 2016, Susan is 62 years old and has been eligible for the 457(b) Plan since 2013. Let’s assume that Susan contributed $8,000 in 2013, $9,000 in 2014 and $10,000 in 2015, for a total of $27,000. However, she could have contributed a total of $53,000 in those three years ($17,500 + $17,500 + $18,000), or an extra $26,000. Because Susan is within three years of age 65, she can contribute the lesser of:
1. $36,000 (twice the 2016 limit of $18,000), or
2. $44,000 (the 2016 limit of $18,000, plus the $26,000 “left over” amount from the three previous years).
In this example, Susan would be allowed to contribute $36,000 in 2016.

Investments
Federal tax and employee benefit rules require the Deferred Compensation 457(b) Plan to be “unfunded”. If the Plan were funded, under IRS regulations your contributions and the earnings on them would be immediately taxed. To defer taxation, i.e., to create an unfunded plan, it is necessary that your account be subject to a potential risk of forfeiture should the University become insolvent. This does not mean that the Plan will have no assets. In fact, the University will remit your contributions to the recordkeeper TIAA-CREF.

When you initially enroll in the Plan, you will make a deferral election and may select your investments.
Please go to www.tiaa-cref.org/rochester for a list of your investment options.
You can change your investments at any time by contacting TIAA-CREF directly. Please see page 7 on how to contact TIAA-CREF.

**Investment statements**

You will receive statements quarterly from TIAA-CREF.

**Transfers from other 457(b) Plans**

Direct transfers are permitted if your former employer’s plan permits such transfers and certain other requirements of the tax laws are satisfied.

**In-service distributions**

Except in the case of an unforeseeable emergency or a small-sum distribution, withdrawals from the Deferred Compensation 457(b) Plan are not permitted until you have separated from service (terminated or retired). Loans are not permitted under the Plan.

**Unforeseeable Emergency**

Under IRS rules, if you have an unforeseeable emergency, you may make a withdrawal from the Plan of an amount reasonably needed to satisfy your emergency. An unforeseeable emergency is defined as a severe financial hardship to you resulting from you or your dependent’s sudden and unexpected illness or accident, the loss of property due to casualty, or any other extraordinary and unforeseeable circumstances arising as a result of events beyond your control. You may not make a withdrawal if your severe financial hardship may be relieved through reimbursement or compensation by insurance or otherwise; by liquidation of your assets, to the extent that liquidation of such assets would not itself cause severe financial hardship; or by cessation of deferrals under the Plan. Funds withdrawn will be subject to taxation.

You may request a hardship withdrawal if you experience an unforeseeable emergency. However, before your request can be approved, you must show that the financial emergency meets the legally mandated criteria for an unforeseeable emergency, and you must also prove that you have exhausted all other financial resources. Requests for an unforeseeable emergency hardship withdrawal can be made through the Benefits Office.

**Small-Sum Distribution**

If you have less than $5,000 in the Plan and you have not made any contributions for at least two consecutive calendar years, you may be eligible to withdraw the full amount. You can make this type of withdrawal only one time, and any funds withdrawn will be subject to taxation. Requests for a small-sum distribution can be made through the Benefits Office.

**Distributions upon termination or retirement**

Generally, after you separate from service (terminate or retire) from the University, you must decide when you would like funds paid to you. Following separation from service, you will have 60 days (called a “Commencement Period”) to make an election with respect to when you want funds paid to you. If you fail to make an election within the 60-day Commencement Period, you will receive a lump-sum payment, less applicable taxes withheld.

You may begin receiving payments anytime following the end of the Commencement Period, for example, at the end of the Commencement Period or some future date, for example, when you retire. However, you must begin receiving a minimum distribution no later than April 1st of the calendar year following the year you reach age 70½ or retire, whichever comes later.
If you elect to defer payments during the 60-day Commencement Period, you may subsequently make an additional one-time written election to defer commencement of benefits to a specified later date, as long as it is at least 30 days prior to the original date of commencement.

**Payment choices**
At the same time you decide when you want payments to begin, you will generally also want to decide how you want funds paid to you. When the time comes, you will be able to access accumulations in a wide variety of ways, such as lump-sum withdrawals, systematic withdrawals, and lifetime payments.

You also may transfer your accumulations to another employer’s eligible private 457(b) plan, if the receiving plan accepts transfers-in.

Once payments begin, your method of payment is fixed and irrevocable.

**Summary of payment options**

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<th>From annuity funds</th>
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<td>Partial lump-sum payment with remainder as an annuity</td>
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<tr>
<td>Fixed period installment</td>
<td>Fixed period annuity over 5 to 30 years</td>
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<td>Minimum distribution</td>
<td>One-life annuity</td>
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<td>One-life annuity with 10, 15, or 20 year guaranteed period:</td>
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<td></td>
<td>• 2/3 benefit to survivor</td>
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<tr>
<td></td>
<td>• Full benefit to survivor</td>
</tr>
<tr>
<td></td>
<td>• Half benefit to second annuitant</td>
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<td>Minimum distribution</td>
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**Benefits upon death**

You need to designate a beneficiary(ies) for your Plan accumulations. Your beneficiary(ies) may be your spouse or any other individual you choose to name. If you die prior to the start of your Plan benefits, your accumulations will be paid to your beneficiary(ies).

**Qualified Domestic Relations Order**

Some or all of your accumulations may be payable to your spouse, former spouse, child or other dependents pursuant to a domestic relations order that the Plan determines to be “qualified”. Participants and beneficiaries can obtain a copy of the University of Rochester Qualified Domestic Relations Order procedures from the Benefits Office.

**Participation during Sick Leave and/or Job-Related Disability paid through the University of Rochester**

When an eligible faculty or staff member is receiving payments under the Sick Leave Plan for Short-Term Disability or for a job-related disability paid through the University of Rochester payroll, he or she may continue to defer compensation to the Plan.
Participation during unpaid Leave of Absence and/or Layoff
During an unpaid Leave of Absence or Layoff, contributions are suspended since they are made through salary reduction.

Participation during Long-Term Disability
During a Long-Term Disability, contributions are suspended since they are made through salary reduction.

Frequently asked questions

Enrollment

1. Q: Who is eligible for the Deferred Compensation 457(b) Plan?

A: Employees eligible for this Plan are faculty members or senior staff (pay grades 59, 98 and 99) members of the University who meet the University’s general benefit eligibility requirements, and who are scheduled to earn annual compensation of at least $10,000 more than the IRS-specified highly compensated employee dollar limit for the year ($120,000 for 2016) and are contributing the Internal Revenue Code (IRC) maximum amount to the University 403(b) Retirement Program ($18,000 for 2016).

2. Q: How do I join the Plan?

A: To enroll, you must complete the University of Rochester Deferred Compensation 457(b) Salary Deferral Agreement, as well as establish your TIAA-CREF account. See below for the enrollment instructions. You may enroll in the Plan any time after you become eligible; however, IRS regulations dictate that enrollments must be processed no earlier than the first of the month following the month in which you enroll.

Enroll in the Plan online:
• Go to www.tiaa-cref.org/rochester
• Select the “Enroll/Change” tab
• If you already have a user ID and password for an online account with TIAA-CREF, choose “Log In” and enter your user ID and password. If you do not have a user ID, choose “Register with TIAA-CREF”.
• Once you are logged in, follow the steps to complete your enrollment online.

Enroll in the Plan by telephone:
• Call 800 410-6497

3. Q: How often can I change the amount I choose to defer?

A: You can make changes to your deferral election at any time. However, any change will only be effective as soon as practicable following the date of the change, but no earlier than the first of the month following the month that the change was elected.

Contributions

4. Q: How much can I contribute?

A: You may contribute any amount up to the limits imposed by the Internal Revenue Code section 457(e)(15). This amount is $18,000 in 2016.

If you are within three years of retirement, you may be able to make preretirement catch-up contributions into the Plan.
5. Q: Can I make elective deferrals to another 457(b) plan through another employer along with deferrals to the University of Rochester Deferred Compensation 457(b) Plan in the same year?

A: Any deferrals under a 457(b) plan counts towards your annual limit. Therefore, you can defer under both plans as long as you do not exceed the annual limit for that calendar year (e.g., $18,000 in 2016) under both plans.

6. Q: Does the University of Rochester contribute to the Plan?

A: No, the University does not contribute to the Plan. This saving plan is designed to provide you the additional opportunity to supplement your retirement income in a fashion that best fits your financial needs.

Investments

7. Q: How does the Plan invest my contributions?

A: Federal tax and employee benefit rules require the Deferred Compensation 457(b) Plan to be “unfunded”. If the Plan were funded, under IRS regulations your contributions and the earnings on them would be immediately taxed. To defer taxation, i.e., to create an unfunded plan, it is necessary that your account be subject to a potential risk of forfeiture should the University become insolvent. This does not mean that the Plan will have no assets. In fact, the University will remit your contributions to the investment companies you elect.

When you initially enroll in the Plan, you will make a deferral election and may select your investments.

Please go to www.tiaa-cref.org/rochester for a list of your investment options.

8. Q: How are investment returns credited?

A: Your Plan account is credited with an investment return based on the investments you choose.

9. Q: How can I contact the recordkeeper, TIAA-CREF?

A. You can contact TIAA-CREF by:

   Phone: 800 410-6497
   Web: www.tiaa-cref.org/rochester

10. Q: How often can I change my investments?

A: You can change your investments at any time by contacting TIAA-CREF directly.

Please note that investment elections for the Deferred Compensation 457(b) Plan are independent of the University of Rochester 403(b) Retirement Program. Changes made to one plan do not change the investments in the other plan.

Distributions

11. Q: When can I receive my money?

A: Distributions from the Plan are limited by Federal law. IRS regulations generally require your accounts to be taxed when “made available” by the Plan. However, they also permit you to defer payment if you make an election to defer prior to the time your benefits are first made available. To provide you with flexibility, the Plan makes your accounts available 60 days after you separate from service and, at the same time, gives you this 60-day period in which to elect to have payments begin at a later date (for example, when you retire or when you reach another specified age). If you make no election during the 60-day period, your accounts will be paid in an immediate lump sum and you will be taxed on this lump sum.

12. Q: What forms of payment are available under the Plan?
A: You will be able to access your accumulations in a wide variety of ways, such as lump-sum withdrawals, systematic withdrawals and lifetime payments. Please refer to page 4 for a summary of payment options.

13. Q: Can I take money out of the Plan before a distribution date?
A: Your contributions are available if you need them in case of a severe, unforeseeable emergency that you can’t resolve through other financial resources, including cessation of deferrals. The emergency must arise primarily from medical or casualty losses. You can request the amount needed to meet the emergency. As with all Plan payments, emergency withdrawals are taxed as ordinary income in the year they are paid to you.

14. Q: Can I take a loan against my accumulation in the Plan?
A: No, loans are not permitted under the Plan.

15. Q: What other taxes do I pay on the money I put into the Plan?
A: When you receive a distribution, it will be subject to federal, state and local income tax. However, you pay Social Security and Medicare payroll taxes on all deferrals to the Plan in the year they are made. Your W-2 each year will indicate the total amount of Social Security and Medicare taxes withheld.

16. Q: Can I roll over distributions from the Deferred Compensation 457(b) Plan into an individual retirement account?
A: No. The Deferred Compensation 457(b) Plan distributions are not eligible for rollover to an IRA or qualified pension plan. Deferred Compensation 457(b) tax-exempt money can be transferred into another 457(b) tax-exempt plan if the receiving plan permits transfers-in.

17. Q: Are the payments to my beneficiary taxable?
A: Yes, payments to your beneficiary are taxable as income. You should consult your tax advisor as to whether they would be subject to additional taxes, including estate tax.

Questions?

18. Q: Whom can I contact if I have questions about the Plan?
A: If you have any questions regarding the Deferred Compensation 457(b) Plan, please contact the Benefits Office at 585 275-4667 or 585 273-2779.

Plan information

The Plan Administrator for the Deferred Compensation 457(b) Plan is:

Associate Vice President for Human Resources
University of Rochester
Office of Human Resources, Benefits Office
44 Celebration Drive, Suite 2300
PO Box 270453
Rochester, NY 14627-0453
Telephone: 585 275-2084

The Retirement Plan Committee is the agent for legal process in any action involving the Plan.

Recordkeeper information

The recordkeeper for the Deferred Compensation 457(b) Plan is:

TIAA-CREF
Phone: 800 410-6497
Web: www.tiaa-cref.org/rochester
This document is a summary of the basic terms of the University of Rochester Deferred Compensation 457(b) Plan. The actual benefits offered under the Plan are governed by the Plan documents. This Plan summary does not describe every situation and is not intended to replace the Plan documents. If there is any conflict between this summary and the official Plan documents, the official Plan documents will govern the resolution.

Copies of the prospectuses for the investment funds may be obtained by calling TIAA-CREF directly.

The University of Rochester reserves the right to modify, amend or terminate the Deferred Compensation 457(b) Plan at any time.