

Retirement Plans

Base Retirement Plan

TIAA-CREF

The University of San Francisco provides a retirement plan for all eligible employees. The plan is qualified under Sec. 401 (a) of the Internal Revenue Code. It is a money-purchase defined contribution plan offered by Teachers Insurance Annuity Association (TIAA), College Retirement Equities Fund (CREF).

See your Summary of Benefits for the University's contribution rate. You are not required to contribute.

WHAT IS A DEFINED CONTRIBUTION PLAN?

A specified amount is contributed to the plan on your behalf while you are employed by the University of San Francisco. The amount of benefit you will be entitled to receive from the plan is determined by the total accumulated value of contributions plus earnings, at the time you retire.

WHEN AM I ELIGIBLE?

You are eligible to enroll in this plan as of your date of employment and will remain eligible for participation as long as you maintain at least a 53% FTE (full time equivalent) position. In order to establish contracts in your name, an application form must be completed within thirty days of hire.

WHEN AM I VESTED IN THE PLAN?

The University of San Francisco has a four year cliff vesting schedule effective January 1, 2007. This means that if you participate in the plan for at least three years, the University's contribution belongs to you at the time of your termination. You are also vested in the plan if you were vested at another institution of higher education or not-for-profit institution prior to your employment at USF. You will need to provide proof of previous vesting status in order to qualify for immediate vesting in USF's plan. Once you are vested, you cannot lose your rights to a benefit from the plan.

WHAT ARE THE INVESTMENT OPTIONS?

The University of San Francisco has selected Teachers Insurance Annuity Association and College Retirement Equities Fund (TIAA-CREF) as the provider of investment and benefit options. You decide how the contributions will be invested in the funds which are currently offered.

A prospectus for each CREF fund is available in Human Resources. Your allocation for future contributions may be changed at anytime and amounts already invested may be moved to other CREF funds or to TIAA by calling the Automated Telephone Service at 1-800- 842-2252.

HOW DO I RECEIVE TIAA-CREF BENEFITS?

Any retirement income benefit you receive from this plan will be in addition to your social security entitlement or income from any other sources. You may apply to receive benefits by writing directly to TIAA-CREF at:

TIAA-CREF
730-3rd Avenue
New York, NY 10017
1-800-842-2777

Benefits will be payable by TIAA-CREF after they have received a completed application for benefits and supporting documents, including waiver of spousal rights to retirement and death benefits, if necessary. TIAA will provide the necessary forms to you, your surviving spouse, or your beneficiary. For additional information, please refer to "Your Retirement Annuity and You" published by TIAA-CREF. Copies are available in Human Resources or from TIAA-CREF.

IS THERE A LOAN PROVISION?

You may borrow against your TIAA accumulation without reducing your retirement savings. Your TIAA accumulation continues to earn the TIAA guaranteed interest rate and dividends throughout the term of your loan.

Loans are available from \$1,000 to \$50,000 at a variable interest rate. The most you may borrow, however, will depend on the size of your combined TIAA and CREF accumulations under your employer's base retirement plan. In addition, you must keep an amount equal to 110% of your loan amount in your TIAA group RA certificate as security for your loan.

The amount reserved as security has to remain in your accumulation for the term of your loan, and won't be available to you for withdrawal or for retirement income until you repay your loan. But as you repay your loan, the amount reserved as security decreases and more becomes available to you.

You may generally take up to five years to repay your loan, and up to 10 years if you're borrowing to purchase a primary residence.

Late interest will be charged on repayments not received at TIAA by the due date. Instead of mailing a check, you may arrange to have your loan repayments transferred directly from your checking account to TIAA on the scheduled due date. Any repayment not received by the last day of the month in which it's due will be in default.

To learn more about TIAA loans, please call TIAACREF at 1-800-842-2777 for a copy of "*Group Retirement Annuities – The Loan Guide.*"

HOW MAY I GET TIAA-CREF ACCUMULATION INFORMATION?

Records are maintained on a calendar year basis from January 1 through December 31. You will receive a quarterly report from TIAA-CREF summarizing the status of your

accumulation accounts and an annual retirement benefit illustration based on your accumulation as of December 31.

If you have any questions about your account including account balances, you may call TIAA-CREF toll-free at 1-800-TIAA-CREF (1-800-842-2733) or at one of the following numbers:

TIAA-CREF Participant Information Center

For answers to questions on annuity options, premiums, accumulations, quarterly reports and annuity benefits reports: 1-800-842-2776

TIAA-CREF Benefit Payment Information Center

For information about receiving TIAA-CREF benefit payments: 1-800-842-2777

TIAA-CREF Daily Update Service

For the latest information on TIAA's current rates of interest and CREF accumulation unit values: 1-800-223-1290

TIAA-CREF Automated Telephone Service

To change your allocation of future premiums, to transfer accumulations among the CREF accounts and to TIAA, and to learn the current value of your accumulation: 1-800-842-2252

TDA Planning Center

For answers to questions on tax deferred annuities: 1-800-223- 200

TDA Counseling and Salary Reduction Calculations

For a calculation of the maximum amount that you may contribute to a tax deferred annuity: 1-800-842-2733 Ext. 2929

Telecommunications Device for the Deaf (TDD)

For hearing-impaired participants: 1-800-842-2755

Plan Benefits

WHEN DOES PARTICIPATION BEGIN?

After you have completed the necessary enrollment forms, participation in the plan begins when your employment begins. If you are an eligible employee who is re-employed by USF, plan contributions will begin on the first day of the month following your date of reemployment.

You will continue to participate in the plan until you cease to be an eligible employee or the plan is terminated, whichever comes first.

WHEN ARE CONTRIBUTIONS MADE?

Plan Contributions

Plan contributions will begin when USF has determined that you have met or will meet participation requirements. If you met plan requirements before USF made that determination, contributions made after the determination will include contributions that you were entitled to before the determination. Plan contributions will be forwarded to TIAA-CREF in accordance with the procedures established by USF.

Paid Leave of Absence

During a paid leave of absence, USF will continue to make contributions based on your regular salary at the time.

HOW ARE TIAA-CREF CONTRIBUTIONS ALLOCATED?

You may allocate plan contributions made on your behalf to funding vehicles in any whole number percentages that equal 100%. You notify TIAA-CREF directly whenever you want to change your allocation of future contributions.

Limitations

USF's obligation to make plan contributions is subject to the provisions relating to the amendment and termination of the plan.

However, no amendment or termination will affect USF's obligation to make plan contributions for salary you earned before the date of amendment or termination.

Incorrect Allocations

Under no circumstances will USF contributions revert to, be paid to, or benefit USF directly or indirectly. However, if contributions are made by USF in error, these amounts may be returned to USF within one year of the date they were made.

MAY I TRANSFER FUNDS?

You may specify that a part or all of your accumulation in one funding vehicle be transferred to another funding vehicle of the fund sponsor. Transfers are subject to TIAA-CREF's rules for transfers and must be made in accordance with the provisions of the Internal Revenue Code for maintaining the tax deferral of the accumulation accounts.

HOW ARE RETIREMENT BENEFITS PAID?

After retirement or earlier termination of employment, you may elect the following:

- To withdraw a part or all of your vested accumulation accounts in a lump sum (CREF only); or
- To receive benefits for a fixed period (CREF only); or
- To receive benefits under any of the options offered by TIAA-CREF.

HOW ARE SURVIVOR BENEFITS PAID?

Upon your death and before retirement payments begin, the full current value of the vested accumulation account is payable to your named beneficiary or beneficiaries. Payment will be made under the options offered by TIAA-CREF. The amount payable to your beneficiaries is subject to your spouse's rights described below. Distributions of survivor benefits are subject to the required distribution rules set forth in Internal Revenue Code Section 410(a) (9).

Spouse's Rights

You and your spouse may waive the spousal entitlement to receive retirement benefits, a lump sum benefit, or survivor benefits. You may do this only if you and your spouse (or you, if your spouse cannot be located) sign a written waiver and file it with TIAA-CREF in an acceptable form.

Pre-Retirement Spousal Entitlement

If you die before the start of retirement benefit payments and a waiver of spousal entitlement is not on file with the fund sponsors, your spouse will receive a benefit that is at least 50% of the full current value of your accumulation accounts. The benefit will be payable under one of the payment methods offered by TIAACREF.

You and your spouse may elect to waive the pre-retirement survivor benefit only during a certain period. This period begins on the first day of the plan year in which you reach age 35 and continues until the date of your death or the date you start receiving retirement benefit payments, whichever is earlier.

If you die before reaching age 35 (i.e., before you have had the option to make a waiver), at least 50% of the current value of any accumulation account is payable automatically to your surviving spouse.

Benefits will be paid in a single sum or under one of the payment methods offered by TIAA-CREF in accordance with the minimum distribution rules of Internal Revenue Code Section 401(a)(9).

If you terminate employment before age 35, the waiver provisions are available.

Notification of Pre-Retirement Spousal Entitlement

When you are between the ages of 32 and 34, TIAACREF will notify you of your spouse's rights to pre-retirement death benefits and of your corresponding rights to waive these death benefits with the written consent of your spouse. If you terminated employment before age 32, you will also be notified of these rights.

Post-Retirement Spousal Entitlement

At your death, your surviving spouse will receive retirement benefits of at least 50% of the retirement benefits payable during the joint lives of you and your spouse. Benefits will be the actuarial equivalent of a single life annuity for your lifetime.

You and your spouse may waive the post-retirement survivor benefit (joint and survivor annuity) only during the 90 days before the retirement benefit payment begins. You may also revoke the waiver during the same period; however, the waiver may not be revoked after retirement benefits begin.

Notification of Post-Retirement Spousal Entitlement

TIAA-CREF will send you notification between 30 and 90 days before the date retirement benefits begin. The notice will include a written explanation of the terms and conditions of your spouse's rights to post-survivor retirement benefits and your right to waive these benefits with the written consent of your spouse.

WHAT ARE THE MINIMUM DISTRIBUTION REQUIREMENTS?

All distributions under this plan will be made in accordance with the regulations under Internal Revenue Code Section 401(a) (9), including Treasury Regulation 1.401(a) (9)-2. The spouse's rights provisions override any distribution options in the plan inconsistent with Code Section 401(a) (9).

Your entire interest must begin to be distributed no later than April 1 following the calendar year in which you reach age 70 and 1/2. Distribution will be over your lifetime or over your lifetime and that of a designated beneficiary. Upon your death, any remaining interest will be distributed at least as rapidly as under the method of distribution in effect at the time of your death.

If you die before benefit payments begin, any portion of your interest payable to a designated beneficiary will be paid:

- Within five years after your death; or
- No later than one year after your death.
- Payments will be made over the life of the designated beneficiary or over a period not exceeding his or her life expectancy. If the designated beneficiary is your surviving spouse, payment may be delayed until the date you would have reached age 70 and 1/2.

ARE MY BENEFITS SUBJECT TO LEGAL PROCESS?

To the fullest extent permitted by law, no benefit under the plan may at any time be subject in any manner to alienation or encumbrance by claims of creditors or legal process. You may not in any way transfer, assign, alienate, or in any way encumber your benefits, or any part of your benefits, under the plan. Any attempt to do so will be void and of no effect. However, this plan will comply with any judgment, decree or order which establishes the rights of another person to all or a part of your benefit under this plan if it is a "qualified domestic relations order" under Internal Revenue Code Section 401(p).

WHO IS THE PLAN ADMINISTRATOR?

The University of San Francisco is the Administrator of this plan. Human Resources is responsible for enrolling participants, sending your plan contributions to TIAA-CREF, and for performing other duties required for operation of the plan.

Authority of USF

USF has all the powers and authority expressly conferred upon it herein and further has the sole right to interpret and construe the plan, and to determine any disputes arising under it. In exercising these powers and authority, USF will at all times exercise good faith, apply standards of uniform application, and refrain from arbitrary action.

USF may employ attorneys, agents, and accountants as necessary or advisable to assist in carrying out USF duties. USF will be a "named fiduciary" as that term is defined in Section 402(a) (2) of the Employee Retirement Income Security Act (ERISA) for determining eligibility and computing and making plan contributions. USF, by action of its Board, may designate another person or persons to carry out any of its powers, authority, or responsibilities. Any delegation will be set forth in writing.

Action of USF

Any act authorized, permitted or required to be taken by USF under the plan which has not been delegated in accordance with the authority of USF, may be taken by a majority of the members of the board, either by vote at a meeting, or in writing without a meeting. All notices, advice, directions, certifications, approvals, and instructions required or authorized to be given by USF under the plan will be in writing and signed by either:

- A majority of the members of the Board, or by any member or members designated with the authority to execute the documents on the Board's behalf; or
- A person who becomes authorized to act for USF.

Any action taken by USF which is authorized, permitted or required under the plan and is in accordance with the fund sponsor's contractual obligations is final and binding upon USF, and all persons who have or who claim an interest under the plan, and all third parties dealing with USF.

Plan Indemnification

This provision is in addition to whatever rights of indemnification the members of the Board, or any other person or persons (other than TIAA-CREF) to whom any power, authority or responsibility of USF is delegated, may be entitled under the articles of incorporation, regulations or by-laws of USF, under any provision of law, or under any other agreement. USF will satisfy any liability actually and reasonably incurred by any member or other person or persons, including:

- Expenses;
- Attorney's fees;
- Judgment;
- Fines;
- and amounts paid in settlement in connection with any suit or proceedings related to the exercise of, or failure to exercise, any powers, authority, responsibilities or discretion of USF as provided, or reasonably believed to be provided, under the plan, or any action taken by the member or other person or persons in connection with it.

Amendment and Termination

While it is expected that this plan will continue indefinitely, USF reserves the right at any time to amend, modify, or terminate the plan, or to discontinue any further plan contributions or payments under the plan, by resolution of its Board. In the event that the plan terminates or contributions are discontinued, USF will notify employees.

Supplemental Retirement Plans

TIAA-CREF Supplemental Retirement Annuity (SRA), Fidelity Investment (Mutual Funds), and VALIC

In accordance with the tax deferral provisions and limitations of the Internal Revenue Code (IRC) Sections 403(b), 403 (b)(7), and 415, employees may make a written salary reduction agreement with USF to purchase fixed or variable annuity contracts or mutual funds from Fidelity, TIAA- REF or VALIC, to provide a retirement investment in which they are fully vested. This plan is **optional** and USF does not contribute to this plan.

The amount of salary reduction that you authorize is transferred to the company that you select to purchase annuities or mutual funds. Your social security taxes are calculated on your full, unreduced salary. Your federal and state taxes are calculated on your reduced salary. At the end of the year, your reduced salary is reported on your W-2 for income tax purposes. When you withdraw money from your tax deferred annuities or mutual funds you will be required to pay income tax on the amount withdrawn in that year.

WHEN AM I ELIGIBLE?

All USF employees are eligible to participate in the voluntary tax deferred annuity (TDA) plan. You may enroll at anytime.

WHAT IS THE EFFECTIVE DATE?

Your salary reduction will be effective at the beginning of the next payroll period following completion of the application forms and salary reduction agreement. Under IRS regulation, you may not sign a salary reduction agreement covering time worked for which you have already been paid.

Amounts contributed from the current month's pay will be posted as premiums for the following month because they are received by the investment company early in the following month.

WHEN AM I VESTED?

Because these contributions are made by you, you are automatically vested. When you terminate employment with the University, you own the contributions and their earnings.

WHEN MAY I RECEIVE SUPPLEMENTAL RETIREMENT BENEFITS?

Withdrawal from mutual funds (Fidelity) is restricted until age 59 1/2 or upon termination of employment, death, disability or financial hardship. The income received is taxable and there may be an additional tax penalty for early withdrawal before age 59 1/2.

Withdrawal from annuity accounts (TIAA-CREF) of contributions made and earnings credited after 12/31/88 is also restricted until age 59 1/2 or upon termination (only contributions may be withdrawn for financial hardship). The income received is taxable

and there may be an additional tax penalty for early withdrawal. There is no additional tax penalty on income received which was credited prior to 1989.

MAY I CHANGE MY CONTRIBUTION?

Under current IRS regulations, you may change the amount by signing a new agreement and indicating either a dollar amount or percentage of pay to be contributed each pay period. The new agreement will replace any prior agreement. You may stop your contributions at anytime, effective at the beginning of the next pay period after signing the agreement. Forms are available in Human Resources.

HOW MUCH MAY I CONTRIBUTE?

The maximum tax deferred contribution allowed is determined by regulations set forth in the Internal Revenue Code Sections 403(b), 403 (b) (7), and 415. Section 402(g) generally limits your tax-deferred contributions annually. Contact the Benefits Representative for assistance in calculating your maximum tax deferral allowance

WHAT ARE MY INVESTMENT OPTIONS?

A fixed annuity and several variable annuity options are available through TIAA-CREF. For detailed explanations of TIAA-CREF options, please refer to TIAA-CREF's "Supplemental Retirement Annuities" and the prospectus for each CREF fund.

There is a prospectus available for each fund Fidelity offers. It is very important that you review the appropriate prospectus before you begin participation in any of the funds. You may receive more information from TIAA-CREF, Fidelity, or VALIC by contacting them directly at:

TIAA-CREF

Tax deferred annuity planning.
1-800-223-1200

Fidelity

P.O. Box 31401
Salt Lake City, UT 84131-9921
1-800-343-0860

VALIC

1900 O'Farrell Street
Suite 390
San Mateo, CA 94403-1311|
1-800-448-2542

IS THERE A LOAN PROVISION? TIAA-CREF

You may borrow against your TIAA group SRA accumulation without reducing your retirement savings. Your TIAA group SRA accumulation continues to earn the TIAA guaranteed interest rate and dividends throughout the term of your loan.

Loans are available from \$1,000 to \$50,000 at a variable interest rate. The most you may borrow, however, will depend on the size of your combined TIAA and CREF accumulations under your employer's group SRA plan. In addition, you must keep an amount equal to 110% of your loan amount in your TIAA group SRA certificate as security for your loan.

The amount reserved as security has to remain in your accumulation for the term of your loan, and won't be available to you for withdrawal or for retirement income until you repay your loan. But as you repay your loan, the amount reserved as security decreases and more becomes available to you.

You may generally take up to five years to repay your loan, and up to 10 years if you're borrowing to purchase a primary residence. You'll be billed quarterly and your repayment is due on the first of the month. Late interest will be charged on repayments not received at TIAA by the due date. Instead of mailing a check, you may arrange to have your loan repayments transferred directly from your checking account to TIAA on the scheduled due date. Any repayment not received by the last day of the month in which it's due will be in default.

To learn more about TIAA loans, please call TIAACREF at 800-842-2776 for a copy of *"Group Supplemental Retirement Annuities – The Loan Guide."*

NOTE: *If you have an individually owned SRA, you may transfer to a group SRA to increase the loan amount you're eligible for. The maximum you may borrow will be affected, however, if you have any outstanding loans under a plan at the employer that owns the group SRA contract.*

Fidelity

There is no loan provision available through Fidelity.

VALIC

VALIC generally offers penalty free loans to all participants. The minimum loan amount is \$1,000. Call VALIC at (800) 448-2542 for more information.