General Plan Information

Why is the University of Chicago making changes to the retirement program?

After completing a thorough analysis of our retirement program, including a review of what similar universities provide, we have decided to move to a defined contribution approach to provide retirement benefits to staff employees.

What’s changing?

On July 1, 2016, the Retirement Income Plan for Employees (ERIP) will be enhanced for all current staff employees and benefits will no longer be earned under the Pension Plan for Staff Employees (SEPP). The benefits you have earned in the SEPP as of June 30, 2016, will remain in the plan until you retire or terminate employment with the University of Chicago.

Beginning July 1, 2016, you will no longer earn benefits in your SEPP. This means:

- The benefits you have earned in the SEPP as of June 30, 2016, are yours for retirement. You will remain a participant in the plan until you terminate or retire. Future service with the University will still count for vesting purposes under the SEPP and you will not lose any benefits you already have earned under the plan. This means that your current benefit will be based on your years of participation and compensation earned through June 30, 2016.

- You’ll stop earning SEPP benefits after June 30, 2016. You will not earn any new SEPP benefits after this date.

On July 1, 2016, the ERIP will be enhanced for all current staff employees. Enhancements include:

- Higher contribution from the University. You will continue to make your mandatory 3% contribution to the ERIP, but the University will now contribute 4% — an increase from 2.5%.

- Matching contribution from the University. When you contribute up to an additional 2%, the University will match your contribution at 200%, up to 4%. This means if you contribute an additional 1%, the University will contribute 2%; if you contribute an additional 2%, the University will contribute 4%.

- Transition contribution from the University. If you are currently participating in the SEPP and are at least age 40 with 10 or more years of participation, or age 45 regardless of participation, you also will receive a transition contribution to your ERIP account for up to seven years or until you retire from or leave the University. You must be actively employed on June 30, 2016, and continue to remain actively employed with the University, to receive the transition contribution.

<table>
<thead>
<tr>
<th>Mandatory Employee Contribution</th>
<th>3% of your pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Contribution</td>
<td>4% of your pay</td>
</tr>
<tr>
<td>University Match on Voluntary Employee Contributions</td>
<td>200% match on additional, voluntary employee contribution up to 2% (e.g., 4% maximum University matching contribution)</td>
</tr>
<tr>
<td>Total Possible Contribution</td>
<td>5% of your pay (3% mandatory and up to 2% voluntary contribution)</td>
</tr>
<tr>
<td>Employee</td>
<td>8% of your pay (4% mandatory and up to 4% voluntary match)</td>
</tr>
<tr>
<td>University</td>
<td></td>
</tr>
</tbody>
</table>
Who is affected and not affected by the changes to the retirement program?

All University of Chicago Staff employees enrolled in the Pension Plan for Staff Employees (SEPP) are affected by the changes. On July 1, 2016, the SEPP will close to new hires and current participants will no longer earn additional benefits. Current and new eligible staff employees will participate in the enhanced Retirement Income Plan for Employees (ERIP) starting on July 1, 2016. NOTE: Certain union employees governed by a collective bargaining agreement may not be affected by the changes. To find out if this applies to you, please contact your union representatives.

The changes do not affect employees who participate in the Contributory Retirement Plan (CRP) and staff employees who currently do not participate in the SEPP.

When will these changes take place?

After June 30, 2016, no additional benefits will be earned under the SEPP. The benefits you have earned in the SEPP as of June 30, 2016, will remain in the plan until you terminate or retire.

On July 1, 2016, the ERIP will be enhanced for all current staff employees and benefits will no longer be earned under the SEPP.

Are other universities making similar changes?

Yes. The trend with public and private universities in pension plan design is moving toward 403(b) defined contribution plans and freezing defined benefit (pension) plans which means ceasing to allow additional benefits to be earned in the future. We are one of the last private universities to make this change, and we are confident that our benefits program remains competitive.

Why is the University communicating this change now?

We are sensitive to the employee impact. We are announcing this change now so staff employees understand the changes ahead of time and have time to prepare. We want to ensure you feel fully aware of the process and experience a smooth transition to the new retirement program. Over the coming months, we will provide more information about the retirement program redesign, and you will have many opportunities to ask questions and get answers.

Will there be more changes to our retirement benefits in the future?

The University does not have any future plans to make changes to our retirement benefits. However, we always reserve the right to make changes to our benefit plans. We will continue to monitor our retirement benefits to ensure we provide competitive benefits for our staff employees.

Is there anything I need to do right now?

No, there is no immediate action you need to take at this time. However, you should review the materials you receive in the mail. You should consider reviewing your voluntary contributions to ensure you receive the full University match. You must contribute to your ERIP to receive the University match. To make this adjustment, please visit Workday. Changes will go into effect after June 30, 2016.
SEPP Questions

Is SEPP being terminated?

No, the SEPP is not being terminated. On July 1, 2016, your SEPP will no longer earn any future benefits. A termination would mean either an insurance company or the Pension Benefit Guarantee Corporation (PBGC) would assume responsibility for the administration for a plan unless benefits were paid out to employees. In this case, the benefits you have earned through June 30, 2016, will remain in the plan until you retire or terminate employment with the University of Chicago.

How is this change different than a termination of the Plan?

A termination is very different. Under this change, the University is responsible for paying all benefits you have earned out of the SEPP and its trust as of June 30, 2016, to you when you leave the University or retire.

What happens to my SEPP benefit that I have earned?

This change does not affect your SEPP benefits earned through June 30, 2016. All benefits earned are yours and will be available to you when you leave the University or retire. Your benefits are held in a trust that can only be used to pay benefits to participants and related plan expenses.

How secure is my SEPP benefit?

Your SEPP benefits earned through June 30, 2016, are protected and will continue to be protected. Funding of your SEPP benefit is an obligation of the University. Your benefits are held in a trust that can only be used to pay benefits to participants and related plan expenses. The University intends to continue to fulfill its obligation to fund the SEPP in accordance with Federal rules for such plans so that the plan can pay your benefits in the future.

When will I get information on how much my SEPP benefit is?

In mid-late April you will receive an estimate of the benefit you already have earned under SEPP through December 31, 2015, as well as your vesting status.

When will I get a final statement of my SEPP benefit through June 30, 2016?

You will receive a final certified accrued benefit statement no later than September 30, 2016.

Does this change affect when I become vested in the ERIP?

No. This change does not affect your vesting schedule. You become fully vested in your benefit upon completing three years of service. Under the ERIP you are always fully vested in any contributions you make to those accounts.

Does this change affect when I become vested in the SEPP?

No. You become fully vested in your SEPP Benefit upon completing three years of service. If you leave the University before you are vested, you will forfeit your entire SEPP benefit.

Does this change affect when I become vested in the SRP?

No. This change does not affect your vesting schedule for SRP. Under SRP, you are always fully vested because only you make contributions to the account.
When can I take my SEPP benefit?

You can begin receiving your earned SEPP benefits when you leave the University or become retirement eligible. This is typically at age 65 if you have terminated employment with the University. If you elect to receive benefits prior to age 65 and have terminated employment, your annual benefit will be reduced to account for the longer payout period.

How does this impact my distribution options?

This change does not impact your options when you are eligible to take distribution from the Plan. You will have the same options as you do today. You can either take your benefit as a monthly annuity payment for life or as a single lump sum.

Can I still participate in the SRP?

Yes. You still have the option to participate in the SRP. You can use the SRP to save even more toward retirement. The University does not contribute to your SRP account. You can make pre-tax contributions to your SRP, and contributions and investments grow tax-free. You do not pay any taxes until you receive payments from the plan.

How much can I contribute to the SRP? Can I still contribute up to $18,000?

The IRS sets limits on how much you can contribute to a 403(b) savings plan like the ERIP and SRP. This includes all the plans you voluntarily contribute to on a pre-tax basis in a calendar year. This means your combined voluntary contributions to the ERIP and SRP cannot exceed $18,000 in 2016. (The mandatory contribution does not count toward the limit.) Staff employees who are age 50 or over at the end of the calendar year can also make catch-up contributions up to $6,000 in 2016.

If I contribute to the SRP today, do I need to do anything to receive the match in the ERIP?

In order to receive the additional 4% matching contribution from the University, your voluntary contribution must be made to the ERIP. If you voluntarily contribute only to the Supplemental Retirement Program (SRP), you will need to make an adjustment to your contributions to ensure you receive the additional 4% matching contribution — 2% of your voluntary contributions must go to your ERIP. To voluntarily contribute 1% or 2% to your ERIP, please visit Workday. Changes will go into effect after June 30, 2016.

Will I still transfer to the Contributory Retirement Plan (CRP) if my pay increases above the threshold or I change positions?

No. Even if you are a staff employee whose pay increases to the level of pay to be considered a “highly compensated employee” under IRS rules, you will remain in the ERIP.

What happens if I transfer to the Medical Center?

If you transfer to the Medical Center, you will begin participating in the retirement programs offered by the Medical Center on your date of transfer.

Are current retirees impacted?

No. Retirees who are already receiving benefit payments will continue to receive their payments as they do today. Nothing will change for retirees or participants who have left the University with a benefit due to them that has not yet commenced.
403(b) Questions

Will I have a new 403(b) Plan/account based on this change?

No, not at this time. The enhanced University and matching contributions will be made to your account in the existing Retirement Income Plan for Employees (ERIP). Your current contribution rate will remain the same unless you make a change.

What kind of University contributions will be offered in the 403(b)? ERIP vs. SRP?

On July 1, 2016, the ERIP will be enhanced for all current staff employees. Enhancements include up to three different types of contributions from the University:

- **Higher contribution from the University.** You will continue to make your mandatory 3% contribution to the ERIP, but the University will now contribute 4% — an increase from 2.5%.

- **Matching contribution from the University.** When you contribute up to an additional 2% to the ERIP, the University will match your contribution at 200%, up to 4%. That means that if you contribute an additional 1%, the University will contribute 2%; if you contribute an additional 2%, the University will contribute 4%.

- **Transition contribution from the University.** If you are currently participating in the SEPP and are at least age 40 with 10 or more years of participation, or age 45 regardless of participation, you also will receive a transition contribution to your ERIP account for up to seven years or until you retire from or leave the University. You must be actively employed with the University on June 30, 2016, and continue to remain actively employed, to receive the transition contribution.

The University does not contribute to your SRP. Only you can make contributions to your SRP.

How is the service used to determine my transition contribution percentage calculated?

The service for determining your transition contribution is “Years of Participation” earned as of June 30, 2016. It is calculated as the sum of years and fractions of years (measured in months) during which you are an employee and eligible to participate in the ERIP and the SEPP. This is the same service definition used to calculate your pension benefit under the ERIP and SEPP plans. Years in which you worked for the University but were not a participant in the ERIP or SEPP are not counted (including the 1-year waiting period before entering the plan and any periods during which you were in a non-benefits eligible position).

Are my employee contributions, University contributions and transition contributions automatically vested?

Under ERIP and SRP, you are always fully vested in your own contributions and any investment earnings. You will be fully vested in any of the contributions the University makes on your behalf after completing three years of service.

What if I want to contribute more than two percent?

If you would like to save more than 2% (on top of the mandatory 3%), you can contribute to the Supplemental Retirement Program (SRP). You can make pre-tax contributions, up to the limits set by the IRS, in combination between your 2% ERIP contribution and your additional SRP contributions. Contributions and investments grow tax-free. You do not pay any taxes until you receive payments from the plan.

What happens if my total employee and University contributions reach the IRS annual aggregate contribution limit?

The University is required to limit all contributions made on your behalf to the IRS annual aggregate contribution limit ($53,000 in 2016). If you reach the limit, contributions to the plan would stop. Any catch-up contributions, which you are eligible to make on a pre-tax basis if you are age 50 or older, are not counted in the annual aggregate contribution limit.
**Transition Benefit Questions**

**What are transition contributions?**

A transition contribution is an additional contribution to the ERIP from the University designed to help ease the transition to the new retirement program for those closest to retirement. You are eligible for a transition contribution if you are at least age 40 with 10 or more years of participation, or age 45 regardless of participation. If eligible, you will receive this contribution to your ERIP account for up to seven years or until you retire from or leave the University. The amount of the contribution will be a percentage, based on your age and years of participation.

**Does everyone receive transition contributions?**

No, not everyone is eligible to receive a transition contribution. You must be at least age 40 with 10 or more years of participation, or age 45, regardless of your years of participation to receive this additional contribution. You must be actively at work at the University at the time of the Retirement Program change to receive the transition contribution.

**How does the transition contribution work?**

The transition contribution is simply an additional University contribution to your ERIP account. It will be automatically included in the University's contributions to your 403(b) account each pay period.

**Will I always receive transition contributions?**

If you are eligible, you will receive transition contributions to your ERIP account beginning July 1, 2016, each pay period for seven years or until you retire from or leave the University.

**What information and assumptions are used to calculate my transition contribution percentage?**

Your transition contribution percentage is based on your age and your years of participation, as shown in the chart below:

<table>
<thead>
<tr>
<th>Age at Transition</th>
<th>Years of Participation at Transition - June 30, 2016</th>
<th>0-10 Years</th>
<th>10+ Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>40-44</td>
<td></td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>45-49</td>
<td></td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>50+</td>
<td></td>
<td>5%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Years of participation is defined as the sum of years and fractions of years (measured in months) during which you participate in the SEPP. The transition contribution percentage you may be eligible to receive is fixed as of June 30, 2016.

**Will my transition contribution percentage change if I cross over the age or years of participation ranges as illustrated in the chart above?**

No, your transition contribution will remain the same for seven years and will be based on your age and years of participation as of June 30, 2016.

**What if I am close to the cut off age and years of participation for the transition contribution?**

Even if you only are one month away from the eligible age and years of participation, you will not be eligible for the transition credit. The transition credit is calculated based on your age and years of participation as of June 30, 2016. If you do not meet the age and years of participation eligibility as of June 30, 2016, you will not receive the transition contribution.
Leaving The University Questions

What happens if I leave (retire) from the University before the effective date?

If you leave the University or retire before the effective date, your SEPP benefit will be calculated as of the date your employment ends.

What happens if I leave the University and return?

If you voluntarily leave the University prior to June 30, 2016 and return after this date, your SEPP benefit will be based on your last day of employment. You will continue to have the opportunity to participate in the enhanced ERIP upon your return to the University, but you will not be eligible for the transition contributions.

What happens if I move from the University to the Medical Center?

If you transfer to the Medical Center, you will participate in the retirement programs offered by the Medical Center as of the date you transfer.

What happens if I am on disability or a leave of absence?

If you take a leave of absence for disability or other reasons, you are entitled to the same retirement benefits that you would be if you were actively at work, however you will not be eligible for any transition contributions during this time.
Resource and Planning Questions

What if I think my data is not correct on my personalized statement?

If you notice any errors on your statement, you should contact the Benefits Office at 773-702-9634 or benefits@uchicago.edu.

Where can I go for help with my retirement planning?

You have a number of resources available to you to help with your retirement planning. If you work with a financial advisor or counselor, he or she can provide guidance on your personal financial situation. In addition, you have several resources through the University:

- **Read your Personalized Statement you will receive in mid-late April.** It includes how your benefit is calculated and the monthly benefit you have accrued as of December 31, 2015.

- **Meet with a financial counselor.** Starting in March, you will have access to individual financial support. This is an opportunity to discuss your personal financial situation and ask questions one-on-one with TIAA and Vanguard.

- **Attend a weekly Retirement Program Change Presentation.** Beginning March 10, every Thursday from 10:30 a.m. to 11:30 a.m. the Benefits Team will provide an overview of the changes. TIAA and Vanguard representatives will also be available to answer questions. All sessions will be held at 6054 S. Drexel, in room 144.

- **Contact TIAA or Vanguard if you would like to change your investment options.** You can select from a variety of investment options to help grow your retirement savings.
  
  **TIAA**
  800-842-2252

  **Vanguard**
  800-523-1188

- **Visit the benefits website** at [http://humanresources.uchicago.edu/benefits/redesign](http://humanresources.uchicago.edu/benefits/redesign) for more information about your retirement program.

- **Watch the informational video that will be posted on the benefits website in March.** You’ll learn more about the ERIP and how to make the most of your savings.

- **Contact the Benefits Office** to speak to a Benefit Specialist at 773-702-9634 or benefits@uchicago.edu.