The University of Chicago Supplemental Retirement Program Enrollment Guide 2015

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Overview

The University of Chicago offers you an opportunity to participate in the following retirement plans:

- The Contributory Retirement Plan (CRP) or the Retirement Income Plan for Employees (ERIP), and
- The Supplemental Retirement Program (SRP).

Your benefit earned under these plans, together with your personal savings and Social Security, will help to provide a secure retirement. While participation in the CRP or ERIP is mandatory for all employees who meet the plan’s eligibility requirements, the SRP is a voluntary program that provides an opportunity to save additional money for retirement through tax-deferred savings.

This brochure is designed to help you better understand the SRP and how it works. We encourage you to review it carefully so that you may take full advantage of the benefits of this program. If you have any questions after reviewing this brochure, you may contact:

- TIAA-CREF: tiaa-cref.org
- Vanguard: vanguard.com
- Benefits Office: benefits@uchicago.edu

Plan Highlights

- **Flexible participation rules.** You can begin saving for retirement immediately by taking advantage of the SRP. There is no deadline by which you must enroll—you can enroll at any time by logging into Workday using your CNetID and password. You also must establish a TIAA-CREF and/or Vanguard account for investment of your SRP contributions. You may also change your contribution rate and stop your participation at anytime in Workday. Visit workday@uchicago.edu for a quick reference guide on Electing or Changing Supplementary Retirement Program Elections.

- **Enroll only once.** Your contribution rate and percentage allocation between your TIAA-CREF and Vanguard accounts will continue year after year unless you actively make a change.

- **Convenient payroll deductions.** You specify the amount you want to contribute to the plan and the percentage you would like to invest with TIAA-CREF and Vanguard; all contributions are deducted automatically from each paycheck. The University does not contribute to your SRP account.

- **Tax-deferred contributions.** Contributions to the SRP are deducted from your pay before federal income taxes are withheld and will not be included as income on your W-2 form at the end of the year. This reduces the amount you owe in current income taxes. (Your SRP contributions are subject to FICA.) Your contributions are invested in the TIAA-CREF and Vanguard funds of your choice, and any earnings on your contributions are not taxed until you take a distribution from the plan.

- **Distribution options.** You have a choice in how you receive your distribution from the plan following your termination of employment. You may:
  - Roll all or part of your distribution into an Individual Retirement Account (IRA) or another employer’s retirement plan on a tax-deferred basis
  - Receive all or part of your distribution in a single lump-sum payment or in installments
  - Receive your distribution as an annuity (monthly payments to you for your lifetime).

How you receive your distribution affects how much you will owe in taxes and when those taxes will be due. You should consult with a tax professional before taking any distribution from the plan.

2015 Contribution Limits

The maximum amount that you may contribute to the SRP will be as follows:

- **All employees** (including part-time employees) may contribute **$18,000** (or, if less, 100% of their University compensation).

- **All employees age 50 or older** (including those who will attain age 50 by December 31, 2015) may contribute an additional **$6,000**. In other words, all employees age 50 or older may contribute **$24,000** (or, if less, 100% of their University compensation).
## Retirement Plans Comparison: Faculty, Other Academic Appointees, and Highly Compensated Staff

<table>
<thead>
<tr>
<th>Features</th>
<th>Contributory Retirement Plan (CRP)</th>
<th>Supplemental Retirement Plan (SRP)</th>
<th>457(b) Deferred Compensation Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility</td>
<td>Mandatory upon appointment for full-time, benefits-eligible academic employees and upon completion of one year of service for part-time, benefits-eligible academic employees; mandatory for highly compensated staff employees having a benefit base salary equal to or greater than $120,000</td>
<td>All employees</td>
<td>All benefits-eligible employees having a benefit base salary equal to or greater than $207,375 who are contributing the maximum permitted to SRP</td>
</tr>
<tr>
<td>Enrollment</td>
<td>Automatic enrollment as soon as eligibility requirements are satisfied</td>
<td>New enrollments may be made during Open Enrollment or workday anytime throughout the year</td>
<td>Must be renewed annually either during Open Enrollment (January 1) or on paper (July 1)</td>
</tr>
<tr>
<td>Ongoing Participation</td>
<td>Your participation will automatically continue from one year to the next</td>
<td>Your participation will automatically continue from one year to the next unless you discontinue participation</td>
<td>Must be renewed annually either during Open Enrollment (January 1) or on paper (July 1)</td>
</tr>
<tr>
<td>University Contributions</td>
<td>8% of compensation (excludes certain extra service pay)</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Employee Contributions</td>
<td>5% of compensation (by payroll deduction)</td>
<td>Participation is voluntary; contributions cannot exceed IRS limits for the calendar year</td>
<td>Participation is voluntary. Contributions cannot exceed IRS limits for the calendar year.</td>
</tr>
<tr>
<td>Vesting Requirement</td>
<td>You are always 100% vested in your payroll deduction contributions; you are 100% vested in the University’s contributions upon completing 3 years of service</td>
<td>You are always 100% vested in your SRP account</td>
<td>You are always 100% vested in your Section 457(b) deferral account</td>
</tr>
<tr>
<td>Account Ownership</td>
<td>Participant</td>
<td>Participant</td>
<td>University</td>
</tr>
<tr>
<td>Loans</td>
<td>Available through TIAA-CREF</td>
<td>Available through TIAA-CREF</td>
<td>Not available</td>
</tr>
<tr>
<td>Hardship Withdrawals</td>
<td>Not available</td>
<td>Available to satisfy “immediate and heavy financial need”: includes tuition and purchase of primary residence; only available through TIAA-CREF</td>
<td>“Unforeseeable emergency” requirement difficult to satisfy; does not include tuition and purchase of a home</td>
</tr>
<tr>
<td>In-Service Withdrawals</td>
<td>Not available</td>
<td>Available for hardship and disability, and for any reason after age 59.5; hardship withdrawals only available through TIAA-CREF</td>
<td>Available for any reason after age 70.5</td>
</tr>
<tr>
<td>Payments Following Employment Termination</td>
<td>Benefits must commence when participant attains age 70.5 unless earlier payment is requested</td>
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<td>Entire benefit must be paid in immediate lump sum unless participant affirmatively elects to defer payment within 60 days following employment termination</td>
</tr>
</tbody>
</table>
# Retirement Plans Comparison: Staff Employees

<table>
<thead>
<tr>
<th>Features</th>
<th>Supplemental Retirement Plan (SRP)</th>
<th>Retirement Plan for Staff Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility</strong></td>
<td>All employees</td>
<td>Mandatory for all non-highly compensated staff employees who have attained age 21 and completed one year of service (i.e., 1,000 hours of service during the 12 consecutive month period beginning on the employee’s hire date and each anniversary thereafter)</td>
</tr>
<tr>
<td><strong>Enrollment</strong></td>
<td>New enrollments may be made either during Open Enrollment or in Workday anytime throughout the year</td>
<td>Automatic enrollment as soon as eligibility requirements are satisfied</td>
</tr>
<tr>
<td><strong>Ongoing Participation</strong></td>
<td>Your participation will automatically continue from one year to the next unless you discontinue participation</td>
<td>Your participation will automatically continue from one year to the next</td>
</tr>
<tr>
<td><strong>University Contributions</strong></td>
<td>None</td>
<td>2.5% of compensation (including salary, extra service pay and overtime pay)</td>
</tr>
<tr>
<td><strong>Employee Contributions</strong></td>
<td>Participation is voluntary; contributions cannot exceed IRS limits for the calendar year</td>
<td>3% of compensation (by payroll deduction)</td>
</tr>
<tr>
<td><strong>Vesting Requirement</strong></td>
<td>You are always 100% vested in your SRP account</td>
<td>You are always 100% vested in your payroll deduction contributions; you are 100% vested in the University's contributions upon completing 3 years of service</td>
</tr>
<tr>
<td><strong>Account Ownership</strong></td>
<td>Participant</td>
<td>Participant</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>Available through TIAA-CREF</td>
<td>Available through TIAA-CREF</td>
</tr>
<tr>
<td><strong>Hardship Withdrawals</strong></td>
<td>Available to satisfy “immediate and heavy financial need”; includes tuition and purchase of primary residence; only available through TIAA-CREF</td>
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</tr>
</tbody>
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How the Plan Works

Under Section 403(b) of the Internal Revenue Code, certain nonprofit organizations may offer a special type of retirement program, such as the SRP, to eligible employees.

Under the SRP, you may voluntarily elect to contribute a specific dollar amount (subject to your maximum permissible limit) from each paycheck to a retirement annuity or custodial account. The amount that you contribute to the plan is not considered a part of your taxable income at the time you make your contribution. In addition, any earnings on your contributions are tax-deferred, so you do not have to pay any taxes until you actually begin to receive benefits.

Eligibility
You are eligible to participate in the plan if you are a University employee. (The foregoing notwithstanding, certain nonresident aliens are excluded from plan participation. Please contact the Benefits Office for more information.)

How to Enroll
- You may enroll by logging into Workday with your CNetID and password.
- You may also enroll during the University's annual Open Enrollment. All salary deductions made during the annual Open Enrollment period will become effective January 1, 2016.
- You may change your contribution rate or stop your contributions entirely anytime during 2015. If you stop your contributions entirely, you may reinstate your participation anytime during the year by logging into Workday with your CNetID and password.
- You also may change your contribution rate or percentage allocation between your TIAA-CREF and Vanguard accounts anytime by logging into Workday with your CNetID and password.

You do not need to re-enroll if you want your SRP contribution rate and percentage allocation between your TIAA-CREF and Vanguard accounts as of the first pay period in October 2015 to continue automatically for 2016. However, if your October contribution rate is more than the per pay period maximum contribution for calendar year 2016, your 2016 contribution rate will automatically adjust to ensure that you do not contribute more than the maximum allowed by law.

Only this contribution rate and percentage allocation will carry over from one year to the next. Therefore, you must actively make a change during Open Enrollment if any of the following applies:
- You wish to increase or decrease your contribution rate or change your percentage allocation between your TIAA-CREF and Vanguard accounts for 2016 (compared to October 2015).
- You do not contribute to the SRP in October but do contribute at other times of the year.
- You are contributing to the SRP as of the first pay period in October but you do not want your enrollment to carry over to 2016.
- You would like your 2015 contributions to stop before December 2015 (i.e., you would like to elect an early ending date).
- You are not able to continue your October 2015 contribution rate throughout 2016 because doing so would cause you to contribute more than the maximum allowed by law.

Your enrollment authorizes the University to deduct a specified part of your salary before taxes are withheld from each paycheck and defer that amount to your account with TIAA-CREF or Vanguard.

If this is the first time you are enrolling in the plan, you also must establish an account with TIAA-CREF or Vanguard (or both, depending on your investment selection) to hold your contributions.

Investing Your SRP Contributions
You are responsible for directing the investment of your tax-deferred contributions among the investment options offered by TIAA-CREF and Vanguard. You must indicate on your TIAA-CREF and Vanguard applications the funds in which you want your contributions invested. You may choose to invest your contributions in one fund or spread them among several funds.

For more information regarding your choice of investment funds, please contact TIAA-CREF at 800.842.2776 and Vanguard at 800.523.1188. Once you have established your TIAA-CREF annuity and/or Vanguard custodial account, you may change your investment allocation within each company or transfer balances between the two companies by contacting them directly.

TIAA-CREF:
- If you wish to invest at least some of your SRP contributions with TIAA-CREF and you have not previously established a Group Supplemental Retirement Annuity (“GSRA”) to hold those contributions, you must complete the online TIAA-CREF GSRA application. The GSRA application is available at tiaa-cref.org/uchicago.
If your GSRA application is not received before the first SRP contribution is deducted from your pay, a GSRA certificate will be issued to you under the plan’s default procedures. If your GSRA is issued by default, your contributions will be invested 100% in the age-appropriate Lifecycle fund and your beneficiary will be your spouse (if you are married) or your estate (if you are not married) until you affirmatively make a change by contacting TIAA-CREF.

Whether your GSRA is issued by application or by default, TIAA-CREF will notify you in writing when it is established.

Vanguard:

If you wish to invest at least some of your SRP contributions with Vanguard and you have not previously established a Section 403(b)(7) custodial account to hold those contributions, you must complete the Vanguard Enrollment/Change form and return it directly to Vanguard. The Enrollment/Change form is available online at uchicagovanguard-education.com. While TIAA-CREF requires that SRP participants establish a separate account to hold their SRP contributions, Vanguard does not impose a similar requirement. If you already invest at least some of your CRP or ERIP contributions with Vanguard, you do not need to complete another Vanguard Enrollment/Change form. Your SRP contributions will be automatically invested in the same manner as you elected for your CRP or ERIP contributions.

If your Enrollment/Change form is not received before the first SRP contribution is deducted from your pay, a Section 403(b)(7) custodial account will be established for you under the plan’s default procedures. If your custodial account is established by default, your contributions will be invested 100% in the age-appropriate Target Retirement fund and your beneficiary will be your spouse (if you are married) or your estate (if you are not married) until you affirmatively make a change by contacting Vanguard.

Whether your custodial account is established by application or by default, Vanguard will notify you in writing when it is opened.
Your Contributions

The Internal Revenue Code limits the amount you may contribute to the SRP. For calendar year 2015, all employees may contribute $18,000 (or, if less, 100% of their University compensation). The maximum contribution amount for future calendar years will be indexed in $500 increments. This means that, while the maximum contribution amount will not always increase from one year to the next, if it does increase, it will increase in increments of $500.

Special “Catch-Up” Provision for Employees Age 50 or Older

All employees age 50 or older (including those who will attain age 50 by December 31, 2015) may contribute an additional $6,000. In other words, all employees age 50 or older may contribute $24,000 (or, if less, 100% of their University compensation) in 2015. The catch-up contribution amount for future calendar years will be indexed in $500 increments. This means that, while the catch-up contribution amount will not always increase from one year to the next, if it does increase, it will increase in increments of $500.

Additional Limitations on Contributions

For calendar year 2015, the sum of the following cannot exceed the lesser of 100% of your annual compensation or $53,000:

- The University’s contributions to your CRP or ERIP account,
- Your contributions to your CRP or ERIP account, and
- Your contributions to the SRP. (This does not include the additional $6,000 that you may be eligible to contribute under the special catch-up provision for employees age 50 or older)

Federal tax laws also limit your tax-deferred contributions to employer plans outside the University. If you participate in the SRP and also participate in a tax-deferred retirement plan sponsored by another employer, your contributions are combined for purposes of the $18,000 limit and the age 50+ catch-up. If you also set aside earnings from your self-employment into an account balance tax-deferred retirement plan, the amount contributed under that plan is counted towards the $53,000 limit and may reduce the amount you can contribute to the SRP. Therefore, you must notify the Benefits Office if a company controlled by you makes contributions on your behalf to a retirement plan. You also should consult your tax or financial advisor to ensure that your retirement contributions based on employment outside of your University employment are properly coordinated with the University retirement plans for tax purposes.

Put Time on Your Side—Start Saving Now

The sooner you start contributing to the SRP, the more you can watch your savings grow over time. As your contributions each year are invested, so are your prior contributions and investment returns, leading to even greater savings. Beginning your contributions as early as you can helps you grow your SRP account by putting time on your side. And, if you’re further along in your career, remember that it’s never too late to start saving!

Consider the following hypothetical examples, which demonstrate how an SRP account can grow based on when the employee begins contributing. Let’s assume each employee saves $100 each month on a pre-tax basis and anticipates retiring at age 65.

Kelly begins her SRP contributions at AGE 45. By the time she reaches age 65, she will have saved $44,143 through her SRP account, assuming a 6% annual return. Her savings are based upon $24,000 in SRP contributions over 20 years.

$44,143

Steve begins his SRP contributions at AGE 35. By the time he reaches age 65, he will have saved $94,870 through his SRP account, assuming a 6% annual return. His savings are based upon $36,000 in SRP contributions over 30 years.

$94,870

Anne begins her SRP contributions at AGE 25. By the time she reaches age 65, she will have saved $185,714 through her SRP account, assuming a 6% annual return. Her savings are based upon $48,000 in SRP contributions over 40 years.

$185,714

These hypothetical examples demonstrate only how compound interest impacts savings, assuming a 6% annual return. They do not represent the impact investment choices may have on savings. Actual experience may differ from these examples.
Receiving Your Benefits

You are always 100% vested in your SRP account, meaning you have a right to receive your contributions, adjusted for investment gains and losses, when you terminate employment with the University. If you die before receiving the entire value of your SRP account, your beneficiary will be entitled to receive the remainder.

You may elect to receive a payment from your SRP account while continuing your University employment if:

- You are age 59 1/2 or older,
- You are on long-term disability,
- You elect to borrow a portion of your SRP account, or
- You qualify for a “hardship” withdrawal under IRS regulations.

Loans and hardship withdrawals are available from your SRP assets, provided those assets are invested with TIAA-CREF. If your SRP assets are invested with Vanguard and you decide that you would like to borrow a portion of your account or take a hardship withdrawal, you must first transfer your Vanguard assets to TIAA-CREF and then apply for a loan or hardship withdrawal from TIAA-CREF. You must take all loans available to you under the SRP, CRP, and ERIP before you will qualify for a hardship withdrawal.

When you are ready to begin receiving payments under the SRP, you should contact TIAA-CREF and Vanguard directly to obtain the requisite paperwork. TIAA-CREF and Vanguard representatives will provide you with detailed information regarding the alternative forms of payment available to you and the tax consequences of each form.

You also should know that the Internal Revenue Code imposes a 10% penalty tax (in addition to your regular income tax) on early payments from the plan that are not rolled over to an IRA or another employer’s retirement plan. There are certain exceptions to this penalty tax; for example, it does not apply to payments to participants who are age 59 1/2 or older, who become disabled, or who terminate University employment at or after age 55. Please consult your professional tax advisor for more information.
This brochure provides an overview of the University of Chicago SRP. It is for informational purposes only. It is not intended to be an agreement for continued employment, nor is it a legal plan document. If there is a discrepancy between this brochure and the plan documents, the plan documents will govern. In addition, the plan described in this brochure is subject to change without notice. Continuation of benefits is at the University’s discretion.

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Benefits Office
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Chicago, Illinois 60637

How to Contact the Benefits Office
Phone: 773.702.9634
Fax: 773.834.0996
Email: benefits@uchicago.edu
Web: humanresources.uchicago.edu

Office hours: 8:30 a.m.–4:30 p.m., weekdays