The University of Chicago
Pension Plan for Staff Employees ("SEPP")

Summary Plan Description
Table of Contents

Your SEPP Benefits .............................................................................................................. 1
Eligibility ............................................................................................................................... 2
  Eligible Employees .............................................................................................................. 2
  Excluded Employees .......................................................................................................... 2
  Employment Classification ............................................................................................... 2
Participation ............................................................................................................................ 2
  Participation Requirements ................................................................................................. 2
  Computation of Year of Service ......................................................................................... 3
  Participation Date ............................................................................................................... 3
  Participation Dates for Employees Transferring from the Medical Center to the University ........ 4
  Participation Upon Reclassification ................................................................................... 4
  Participation Upon Reemployment .................................................................................... 4
  Participation Beyond Normal Retirement Age .................................................................... 5
  When Participation Ends .................................................................................................... 5
Vesting in Your Pension Benefit ............................................................................................. 5
  Vesting Upon Normal Retirement Age or Death ................................................................. 5
  Vesting Schedule .............................................................................................................. 6
  Vesting for Employees Transferring from the Medical Center to the University .................. 6
  Vesting Years .................................................................................................................... 6
    General Rule .................................................................................................................... 6
    Days of Employment ........................................................................................................ 6
    Vesting Years Credited in Whole Periods ....................................................................... 7
  Forfeiture of Vesting Years ............................................................................................... 7
  Breaks in Service ............................................................................................................... 7
  Forfeiture of Pension Benefit ............................................................................................. 8
Calculating Your Pension Benefit .......................................................................................... 8
  Benefit Formula ................................................................................................................. 8
  Final Average Pay .............................................................................................................. 8
  Social Security Covered Compensation ............................................................................. 9
  Years of Participation ....................................................................................................... 10
  Your Normal Retirement Benefit ..................................................................................... 10
    Normal Retirement Benefit Examples ............................................................................. 10
  Limitations on Pension Benefits ....................................................................................... 11
Receiving Your Pension Benefit ............................................................................................. 12
  While You Are Employed by the University ..................................................................... 12
  After You Terminate Employment with the University ..................................................... 12
  Types of Pension Benefits ............................................................................................... 12
  Forms of Benefit Payment ............................................................................................... 13
    Single Lump Sum Form of Payment .............................................................................. 14
    Annuity (Lifetime) Form of Payment ............................................................................ 14
  Reemployment after Benefit Payments Commence ......................................................... 15
  Starting Benefit Payments ............................................................................................... 15
  Spousal Rights to SEPP Pension Benefits ...................................................................... 15
  Things You Need to Know Before Choosing a Form of Payment ...................................... 15
  Direct Rollovers ................................................................................................................ 16
  Qualified Domestic Relations Orders ................................................................................. 16
  Deferring Payment of Your Pension Benefit .................................................................... 17
  Paying Taxes .................................................................................................................... 17
  Lump Sum Distributions ................................................................................................... 17
Table of Contents

Annuity Payments.................................................................................................................. 17
Early Distribution Penalty.......................................................................................................... 17
If Your Benefit Application is Denied..................................................................................... 18

Death Benefits .......................................................................................................................... 18
If You Die After You Commence Payment of Your Pension Benefit ..................................... 19
If You Die Before You Commence Payment of Your Pension Benefit .................................. 19
Designating Your Beneficiary.................................................................................................. 20
  Spousal Rights to SEPP Death Benefits .............................................................................. 20
  Beneficiary Designation Form .............................................................................................. 20
  Failure to Properly Designate a Beneficiary ........................................................................ 20
  Periodic Review of Your Designated Beneficiary ................................................................. 20
  Designation of Non-Spouse Beneficiary ............................................................................. 20

Administrative Information ..................................................................................................... 21
Your ERISA Rights ................................................................................................................... 21
  Receive Information about SEPP and Benefits ................................................................... 21
  Prudent Actions by Plan Fiduciaries .................................................................................... 22
  Enforce Your Rights ............................................................................................................. 22
  Assistance with Your Questions .......................................................................................... 22
Plan Administrator .................................................................................................................. 22
Plan Amendment and Termination ......................................................................................... 23
Pension Benefit Guaranty Corporation .................................................................................... 23
Creditor Claims ....................................................................................................................... 23

Plan References ..................................................................................................................... 24
A Final Note............................................................................................................................... 25
Your SEPP Benefits

The Pension Plan for Staff Employees ("SEPP") was established by The University of Chicago (the "University") to provide eligible employees with a portion of the income they will need during retirement. The University of Chicago Medical Center (the "Medical Center") also has adopted SEPP for the benefit of its eligible employees. Current and former Medical Center employees and their beneficiaries should refer to the Summary Plan Description separately maintained by the Medical Center for their SEPP participants. This Summary Plan Description describes the provisions of SEPP solely as they pertain to current and former University employees and their beneficiaries.

SEPP is the successor plan to the Retirement Income Plan for Employees (Defined Benefit Program) (the "ERIP Defined Benefit Program"). The University was required to cease the accrual of benefits under the ERIP Defined Benefit Program effective as of December 31, 2008 due to a change in the tax law. The University established SEPP effective as of January 1, 2009 so that the accrual of benefits could continue without interruption for eligible employees. Both SEPP and the ERIP Defined Benefit Program are defined benefit plans that provide eligible employees with a lifetime pension beginning at retirement, the amount of which is determined by a preset formula. As with benefits provided under the ERIP Defined Benefit Program, all SEPP benefits are tax-deferred. This means you pay no income taxes on your SEPP benefits until you receive them. The University pays the full cost of all SEPP benefits by making contributions that are actuarially determined to a trust established for SEPP.

For many of you, the two plans will work together to provide your pension benefit. For others, your pension benefit will be provided solely by SEPP or the ERIP Defined Benefit Program. For all employees, the establishment of SEPP does not affect the amount of the pension benefit payable at retirement that, but for the change in tax law, would have been solely payable by the ERIP Defined Benefit Program.

- ERIP Participants who terminated employment with the University prior to January 1, 2009. If you terminated employment with the University prior to January 1, 2009 and you were a vested participant in the ERIP Defined Benefit Program, your pension will be paid solely by the ERIP Defined Benefit Program. The establishment of the SEPP does not affect you – SEPP does not increase or decrease the pension amount you have earned (accrued) under the ERIP Defined Benefit Program.

- ERIP Participants who continued employment with the University on and after January 1, 2009. If you were an active participant in the ERIP Defined Benefit Program on December 31, 2008 and you continued employment with the University after that date, the portion of your pension that you earned (accrued) prior to January 1, 2009 will be paid by the ERIP Defined Benefit Program and the portion of your pension that you earn (accrue) on and after January 1, 2009 will be paid by SEPP if you terminate employment as a vested participant. If you were not vested in the ERIP Defined Benefit Program as of December 31, 2008, your employment with the University after January 1, 2009 will be taken into account to determine whether you are a vested participant in the ERIP Defined Benefit Program. Again, the establishment of SEPP does not affect the total amount of pension payable at retirement. SEPP is designed so that you continue to be eligible to receive the same amount of pension that you would have been eligible to receive under the ERIP Defined Benefit Program had your active participation continued in the ERIP Defined Benefit Program. Currently, SEPP and the ERIP Defined Benefit Program have the same preset benefit formula. However, the University reserves the right (as it did under the ERIP Defined Benefit Program) to change the preset benefit formula at any time in the future.

- Eligible Employees hired by the University after January 1, 2008. If you were hired by the University after January 1, 2008, you will participate solely in SEPP once you satisfy
SEPP’s eligibility and participation requirements as described in this summary plan description.

If you have questions about your benefits, please review the information that is available online at hrservices.uchicago.edu. If have questions after visiting our website, please e-mail benefits@uchicago.edu. You also may contact the Human Resources Department by telephone at (773) 702-9634.

Eligibility

Eligible Employees

You are eligible to participate in SEPP if you are a nonacademic employee of the University who is a United States-based payroll employee and who is not an Excluded Employee as described below.

Excluded Employees

You are an Excluded Employee and not eligible to participate in SEPP if you are (i) a student worker that, at any time during the calendar year, performs services to satisfy course and degree requirements or is compensated through financial aid or other similar assistance programs, (ii) a post-doctorate fellow, (iii) a patient actor employed by the Biological Sciences Division, (iv) a member of the University police who works concurrently for the Chicago Police Department and who is classified as non-benefits eligible, (v) a substitute teacher for the Laboratory Schools, (vi) a teacher or instructor without an academic appointment at the Graham School of General Studies, (vii) an individual whose employment is covered by a collective bargaining agreement that does not provide for coverage under the Plan, including but not limited to the collective bargaining agreements between the University and Service Employees International Union, Local No. 1, International Union of Operating Engineers of Chicago, Illinois and Vicinity, Local No. 399, and Local 829, United Scenic Artists, (viii) an individual employed by the Court Theatre for specific productions of the theater, (ix) an individual participating or eligible to participate in The University of Chicago Contributory Retirement Plan, or (x) an employee of a University affiliate.

Employment Classification

Your employment classification or job position is determined solely from the payroll or personnel records maintained by the University at the time services are performed, and such determination is binding and conclusive for all purposes of SEPP. For example, if you are classified as an independent contractor or an individual whose services are performed pursuant to a leasing agreement (i.e., you are not classified as a common law employee by the University at the time services are performed), you are not eligible to retroactively participate in SEPP regardless of any judicial or administrative reclassification or subsequent reclassification by the University.

Participation

Participation Requirements

If you were an active participant in the ERIP Defined Benefit Program on December 31, 2008 and you were employed by the University as an Eligible Employee on January 1, 2009, you automatically became a “Participant” in SEPP on January 1, 2009, the effective date of SEPP. If you are an Eligible Employee hired by the University after January 1, 2008, you must satisfy both of the following requirements before you can commence participation in SEPP:
• Attained age 21, and
• Completed one Year of Service.

If you transfer employment from the Medical Center to the University or are rehired by the University following a termination of employment with the Medical Center, the participation requirements may be different. See Participation Dates for Employees Transferring from the Medical Center to the University for further information.

**Computation of Year of Service**

All employment with the University (including employment with the Medical Center or any other University affiliate) is taken into account regardless of whether you were employed as an Eligible Employee. For example, assume you are employed by the University but you are not an Eligible Employee. If you are subsequently reclassified as an Eligible Employee, your employment as a non-Eligible Employee will be taken into account to determine whether you have completed a Year of Service.

Once you complete a Year of Service, you are immediately eligible to participate in SEPP. Assume you are hired by the University on July 1, 2015 and you are an Eligible Employee. Your first Eligibility Computation Period is July 1, 2015 to June 30, 2016. If you complete at least 1,000 Hours of Service during your first Eligibility Computation Period that ends on June 30, 2016, you will be credited with a Year of Service and are eligible to participate in SEPP on July 1, 2016 if you are at least 21 years of age.

If you do not complete 1,000 Hours of Service during your first Eligibility Computation Period, you can become eligible to participate in SEPP by completing at least 1,000 Hours of Service during any subsequent Eligibility Computation Period.

You will also be credited with Hours of Service for periods during which you are not performing services as follows:

- For each period during which you are absent from work on account of holiday, sick, vacation time, or jury duty.
- For each period during which you are on an authorized leave of absence or performing qualified military service; provided, you timely return to work following the end of such leave of absence or qualified military service. If you are absent from work on account of qualified military service, the number of Hours of Service credited to you for such absence will be no less than the number required under the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”).

**Participation Date**

You will become a Participant in SEPP on the first day of the month in which you satisfy the participation requirements.
Participation Dates for Employees Transferring from the Medical Center to the University

If you transfer employment directly from the Medical Center to the University and you are employed by the University as an Eligible Employee, your participation in SEPP will continue or commence as follows:

- **SEPP Participant.** If you are a Participant in SEPP on the day prior to your transfer date, your participation in SEPP will continue on and after your transfer date so long as you are employed by the University as an Eligible Employee.

- **Non-SEPP Participant with One Year of Service.** If you were not a Participant in SEPP on the day prior to your transfer date but you completed at least one Year of Service with the Medical Center, you will become a Participant in SEPP on the first day of the month that includes the first payroll processed after your transfer date or, if later, as of your Participation Date (described above) upon attainment of age 21.

If you transfer employment from the Medical Center to the University prior to completing one Year of Service, you will become a Participant in SEPP on your Participation Date once you satisfy the participation requirements as each are described above. In other words, you will be treated like any other Eligible Employee of the University except that your Hours of Service with the Medical Center will be taken into account for purposes of determining when you complete one Year of Service.

Participation Upon Reclassification

If you were not hired as an Eligible Employee (or you cease to be an Eligible Employee and you are subsequently reclassified as an Eligible Employee), you will become a Participant in the Plan (or will resume active participation in SEPP) as follows:

- If you completed at least one Year of Service during your first or any subsequent Eligibility Computation Period as described above prior to your reclassification, you will become a Participant or resume active participation in SEPP on the first day of the month in which you are reclassified (or, if later, on the first day of the month in which you attain age 21).

- If you have not completed at least one Year of Service during your first or any subsequent Eligibility Computation Period prior to your reclassification, you will become a Participant in SEPP on your Participation Date once you satisfy the participation requirements as each are described above.

Participation Upon Reemployment

If you terminate employment with the University or the Medical Center and you are rehired by the University as an Eligible Employee, your participation in SEPP will commence or recommence as follows:

- **SEPP Participant.** If you were a Participant in SEPP on your termination date, your participation in SEPP will recommence on the first day of the month that includes the first payroll processed after your rehire date.

- **Former Medical Center Employee.** If you were not a Participant in SEPP when you terminated employment with the Medical Center but you completed at least one Year of Service with the Medical Center, you will become a Participant in SEPP on the first day of the month that includes the first payroll processed after your hire date with the University or, if later, as of your Participation Date (described above) upon attainment of age 21.
If you terminate employment with the University or the Medical Center prior to completing one Year of Service, you will become a Participant in SEPP on your Participation Date once you satisfy the participation requirements as each are described above. In other words, you will be treated like any other Eligible Employee hired by the University except that your prior Hours of Service with the University and, if applicable, the Medical Center will be taken into account for purposes of determining when you complete one Year of Service.

**Participation Beyond Normal Retirement Age**

If you work beyond age 65 and continue employment as an Eligible Employee, you will continue to participate in SEPP in the same manner as any other active participant.

**When Participation Ends**

Generally, you will continue to actively participate (i.e., earn or accrue benefits under SEPP) so long as you are an Eligible Employee. Your active participation in SEPP will terminate upon any of the following events:

- You retire or otherwise stop working for the University.
- Your position changes to a non-Eligible Employee position.
- You begin active participation in another basic retirement plan maintained by the University or the Medical Center. For example, if you are a staff employee who is enrolled in SEPP and later must transfer to the University’s Contributory Retirement Plan (“CRP”) because you become compensated at or above a certain annual salary level, your active participation in SEPP will cease.
- SEPP is amended to exclude from participation a classification of employees of which you are a member.
- SEPP is terminated by the University.

If your active participation ends because you no longer are an Eligible Employee, you will no longer be credited with Years of Participation and your pay will no longer be taken into account in calculating your Final Average Pay. See Calculation of Your Pension Benefit for further information regarding Years of Participation and Final Average Pay. However, you will continue to accrue Vesting Years under SEPP as long as you remain employed by the University, the Medical Center, or a University affiliate. See Vesting in Your Pension Benefit below for further information regarding SEPP’s vesting schedule.

**Vesting in Your Pension Benefit**

**Vesting Upon Normal Retirement Age or Death**

Vesting means your entitlement to receive a pension benefit from SEPP at a future date. Although you are a Participant in SEPP, you are not entitled to a pension benefit until you are vested or become a “Vested Participant.” You will immediately become a Vested Participant upon:

- Attainment of age 65 while employed by the University or on the date you become a Participant if you are hired by the University at or after age 65, or
- Death while employed by the University or while performing qualified military service.

Qualified military service is military service that, had you lived and returned to employment with the University, would have entitled you to full reemployment rights as prescribed by the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”).
Vesting Schedule

If you terminate your employment with the University for any reason other than reaching age 65 or death as described above, whether you are a Vested Participant will depend on the number of years of Vesting Service credited to you on the date you terminate employment with University as set forth below:

<table>
<thead>
<tr>
<th>Years of Vesting Service</th>
<th>Vested Percentage</th>
<th>Forfeited Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>3 or more</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Vesting for Employees Transferring from the Medical Center to the University

If you transfer employment directly from the Medical Center to the University or you are rehired by the University following a termination of employment with the Medical Center:

- **Vested Participant.** If you are a Vested Participant on the day prior to your transfer date or you were a Vested Participant on your termination date, you will remain a Vested Participant after your transfer date or rehire date.

- **Non-Vested Participant.** If you are or were not a Vested Participant on the day prior to your transfer date or on your termination date, you will become a Vested Participant in accordance with the vesting requirements described above. In other words, you will be treated like any other Participant except that your periods of employment with the Medical Center will be taken into account for purposes of determining Vesting Years and Breaks in Service.

Vesting Years

**General Rule**

The number of your Vesting Years at any given time is equal to \( \frac{1}{365} \) of the aggregate the number of days you are employed by the University (including days employed by the Medical Center or any other University affiliate), rounded down to the nearest whole year. You will be credited with days of employment regardless of whether you were employed as an Eligible Employee. For example, assume you are employed by the University but you are not an Eligible Employee. If you are subsequently reclassified as an Eligible Employee and become a Participant in SEPP, the number of days you are employed by the University as a non-Eligible Employee will be taken into account in determining your Vesting Years. Similarly, if you are no longer an Eligible Employee because you are participating in the University’s Contributory Retirement Plan (“CRP”), the number of days you are employed by the University after your transfer to CRP will be taken into account in determining your Vesting Years.

**Days of Employment**

For purposes of computing your days of employment, the following rules apply:

- **Bridging Rule.** If you terminate employment but you are rehired by the University (including rehire by the Medical Center or any other University affiliate) within 12 months of your termination date, the number of days included in your period of separation is treated as days
of employment. For example, if you are hired by the University on March 1, 2016 and terminate employment on July 31, 2016, days of employment included in your first period of employment (March 1, 2016 through July 31, 2016) will be aggregated with the number of days included in your period of separation (August 1, 2016 through October 31, 2016) and, if you work through February 28, 2017, you will be credited with a Vesting Year on March 1, 2017. If you are not rehired within 12 months of your termination date, the number of days included in your period of separation is not treated as days of employment.

- **Leave of Absence.** The number of days included in an authorized leave of absence or a qualified military service period is treated as days of employment; provided, you timely return to work with the University (the Medical Center or any other University affiliate) following the end of such leave of absence or qualified military service. If you are absent from work on the account of qualified military service (i.e., following military service you can return to work with the University with full reemployment rights as prescribed by the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”)), the number of days treated as days of employment during such absence will be no less than the number required under USERRA.

- **Disability.** The number of days you are permanently and totally disabled is treated as days of employment so long as you remain eligible to receive benefit payments from the long-term disability program maintained by the University or the Medical Center.

**Vesting Years Credited in Whole Periods**

Keep in mind that Vesting Years are credited in whole periods only. For example, assume you terminate your employment with the University after working for two years and 11 months (1065 days), the number of your Vesting Years is two because 1065 days divided by 365 is equal to 2.91. When rounded down to the nearest whole year, that is equal to two Vesting Years. Because you have not completed at least three Vesting Years, you are not a Vested Participant on your termination date.

**Forfeiture of Vesting Years**

Unless you were a participant in the ERIP Defined Benefit Program, if you are not a Vested Participant when you terminate employment, you will forfeit previously earned Vesting Years if you incur five (5) consecutive “1-Year Breaks in Service” as defined below. For example, if you terminate employment after completing two (2) Vesting Years, your two (2) Vesting Years will not count towards the three (3) Vesting Year requirement if you incur five (5) consecutive 1-Year Breaks in Service. If you are rehired by the University before you incur five (5) consecutive 1-Year Breaks in Service, your pre-break Vesting Years will be restored upon your rehire date and combined with your post-break Vesting Years.

**Breaks in Service**

You will incur a “1-Year Break in Service” for each 365-day period that begins on your termination date and on each anniversary thereof during which you do not complete an Hour of Service (see Participation above for the definition of Hour of Service). For purposes of determining whether you have incurred a 1-Year Break in Service, a special rule applies to a maternity or paternity leave. Under the special rule, if you terminate employment for maternity or paternity reasons, you cannot incur a 1-Year Break in Service for the 365-day period that begins on your termination date and for the following 365-day period that begins on the first anniversary of your termination date. A maternity or paternity leave is a period during which you are initially absent from work on account of (i) your pregnancy, (ii) birth of your child, (iii) placement of a child in connection with your adoption of such child, or (iv) care of a child described in (ii) or (iii) immediately after such birth or placement. You
must timely provide the University with sufficient information prior to your maternity or paternity leave to establish that your termination from work is on account of maternity or paternity reasons.

**Forfeiture of Pension Benefit**

If you leave the University before you become a Vested Participant, your pension benefit will be forfeited following your termination date. If you are rehired by the University before you incur five (5) consecutive 1-Year Breaks in Service as defined above, the pension forfeited will be restored upon your rehire date.

**Calculating Your Pension Benefit**

**Benefit Formula**

Your pension benefit is calculated using the following formula that takes into account your Final Average Pay and Years of Participation:

\[
1\% \text{ of your Final Average Pay} \\
+ 0.5\% \text{ of your Final Average Pay in excess of Social Security Covered Compensation} \\
\text{the sum multiplied by Years of Participation (up to 35 years)}
\]

If you participated in the ERIP Defined Benefit Program, the pension benefit calculated above will be reduced by your vested pension benefit earned under the ERIP Defined Benefit Program through December 31, 2008. That portion of your pension benefit will be paid by the ERIP Defined Benefit Program and not SEPP. If you were hired by the University prior to July 1, 1992 and you have periods of employment with the University prior to January 1, 1989, your pension benefit may be greater (but not less) than your pension benefit calculated under the above benefit formula as reduced by your pension benefit earned under the ERIP Defined Benefit Program through December 31, 2008. If you were employed by the University prior to January 1, 1989, contact the Human Resources Department for more details.

**Final Average Pay**

Final Average Pay means your annual Compensation averaged over the five consecutive calendar years (for which you are credited with a Year of Participation or a fraction thereof) out of the final ten calendar years (during which you are credited with a Year of Participation or a fraction thereof) that produces the highest five-year average. Compensation means your total gross wages paid by the University excluding amounts paid on account of termination such as final accrued vacation and sick pay but including periodic salary continuation payments. For purposes of computing your Final Average Pay, the following rules apply:

- **Commencement or Termination of Participation.** Your Compensation for the calendar year in which (i) you commence or recommence participation in SEPP (or, if applicable, the ERIP Defined Benefit Program) will be your Compensation paid for the entire calendar year determined without regard to when your participation date in either plan occurred and (ii) you terminate employment or cease to be an Eligible Employee (or, if applicable, cease to be an eligible employee under the ERIP Defined Benefit Program, as defined therein) will be an annualized amount based on your base annual salary or rate of pay in effect at the time of termination or reclassification if the use of such annualized amount results in greater Compensation for that year.
• **Leave of Absence or Disability.** Your Compensation for a calendar year in which you are on an authorized leave of absence will be your Compensation paid during the calendar year. Your Compensation for a calendar year in which you are permanently and totally disabled will be an annualized amount based on your base annual salary or rate of pay in effect at the time your permanent and total disability begins. Your Compensation for a calendar year in which you are partially disabled will be your Compensation paid during the calendar year.

• **Transfer to CRP.** If you transfer directly from SEPP to the University’s Contributory Retirement Plan (“CRP”) or The University of Chicago Medical Center Contributory Retirement Plan, your Compensation for calendar years during which you are participating in the University’s Contributory Retirement Plan (“CRP”) or The University of Chicago Medical Center Contributory Retirement Plan through September 15, 2015 will be taken into account for purposes of calculating your Final Average Pay so long as you remain employed by the University or the Medical Center. If you terminate employment and you are rehired and are again eligible to participate in the University’s Contributory Retirement Plan or The University of Chicago Medical Center Contributory Retirement Plan, Compensation paid to you after your rehire date will not be taken into account for purposes of calculating your Final Average Pay.

• **Less than Five Years of Compensation.** If you have fewer than five consecutive calendar years during which you are credited with a Year of Participation or a fraction thereof (taking into account calendar years for which you were credited with a year of participation or a fraction thereof under the terms of ERIP Defined Benefit Program), your Final Average Pay shall be 12 times the monthly average of your Compensation paid during that period.

### Social Security Covered Compensation

During your working career, you and your employers (including the University) pay Social Security (“FICA”) taxes on your wages, up to a maximum wage each year called the Taxable Wage Base. Social Security Covered Compensation is the average of those Taxable Wage Bases over the 35-year period ending with the last day of the calendar year in which you reach your Social Security Retirement Age. Once you reach that age or you terminate your employment with the University (whichever occurs first), your Social Security Covered Compensation is fixed and will not be adjusted for future years. You do not have to calculate Social Security Covered Compensation—it is provided in special Covered Compensation tables. Keep in mind, if your Final Average Pay is less than your Social Security Covered Compensation, this portion of the benefit formula will equal zero.

Your Social Security Retirement Age depends on your date of birth and generally is as follows:

<table>
<thead>
<tr>
<th>Social Security Retirement Age (“SSRA”)</th>
<th>Year of Birth</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>1937 or before</td>
</tr>
<tr>
<td>66</td>
<td>1938 through 1954</td>
</tr>
<tr>
<td>67</td>
<td>1955 and after</td>
</tr>
</tbody>
</table>

Examples of Social Security Covered Compensation at selected ages are as follows:

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Year You Reach SSRA</th>
<th>2015 Social Security Covered Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937</td>
<td>2002</td>
<td>$39,444</td>
</tr>
<tr>
<td>1947</td>
<td>2013</td>
<td>$67,008</td>
</tr>
<tr>
<td>1957</td>
<td>2024</td>
<td>$93,000</td>
</tr>
<tr>
<td>1967</td>
<td>2034</td>
<td>$109,464</td>
</tr>
<tr>
<td>1977</td>
<td>2044</td>
<td>$117,408</td>
</tr>
<tr>
<td>1987</td>
<td>2054</td>
<td>$118,500</td>
</tr>
</tbody>
</table>
Years of Participation

Your Years of Participation is the sum of (i) the number of years and fractions of years (measured in months) during which you actively participate in SEPP, i.e., you are a Participant and an Eligible Employee of the University or a SEPP-eligible employee of the Medical Center, and (ii) years of participation (as defined under the ERIP Defined Benefit Program), if any, credited to you under the ERIP Defined Benefit Program as of December 31, 2008. Years of Participation in excess of 35 are not taken into account. For purposes of determining your Years of Participation under SEPP, the following rules apply:

- **Bridging Rule.** If you terminate employment with the University and you are rehired by the University or the Medical Center as an Eligible Employee within 12 months of your termination date, your period of separation will count toward your Years of Participation.

- **Leave of Absence.** If you take an authorized leave of absence, including a qualified military leave, your leave counts toward your Years of Participation if you timely return from such leave and you return as an Eligible Employee.

- **Disability.** If you become (i) permanently and totally disabled or (ii) partially disabled while you are actively participating in SEPP (i.e., you are a Participant and an Eligible Employee of the University or a SEPP-eligible employee of the Medical Center), and you are eligible for benefit payments under the long-term disability program maintained by the University or the Medical Center, your period of disability counts toward your Years of Participation. Your period of disability will cease when you are no longer disabled or, if earlier, when you are no longer eligible to receive benefit payments from the long-term disability program maintained by the University or the Medical Center.

- **Transfer to CRP.** If you transfer from SEPP to the University’s Contributory Retirement Plan (“CRP”) or The University of Chicago Medical Center Contributory Retirement Plan, you will no longer be credited with Years of Participation.

Your Normal Retirement Benefit

The formula and factors described above are used to calculate your “Normal Retirement Benefit” which is the annual pension benefit payable to you beginning on the first day of the month coincident with or next following the date you attain age 65 and continuing for your lifetime. This form of payment is called a “single life annuity.” You may choose to begin receiving your pension benefit before age 65 and you may choose a different payment option (see Forms of Benefit Payment). If you choose to receive or commence your pension benefit before age 65, the amount of your payment will be reduced because you are receiving your pension benefit earlier or will receive monthly benefit payments for a longer period of time. If you choose a payment option that provides a survivor annuity to your spouse or other beneficiary, the amount of your payment will be reduced because payments to your spouse or other beneficiary continue after your death if your spouse or other beneficiary survives you.

Normal Retirement Benefit Examples

Let’s assume you decide to retire at age 65 and choose to receive monthly benefit payments for your lifetime only. You have participated in SEPP and the ERIP Defined Benefit Program on a combined basis for 30 years and under the Social Security Covered Compensation table your Covered Compensation for your year of birth is $75,180.

Your five highest consecutive calendar years of pay during your last 10 calendar years of employment are:
The three factors used to calculate your Normal Retirement Benefit are:

- Final Average Pay: $63,303 (your five highest calendar years of pay added together and then divided by five)
- Social Security Covered Compensation: $75,180
- Years of Participation: 30

Your annual Normal Retirement Benefit is calculated as follows:

\[
\text{1\% x } \frac{\$63,303}{5} = \frac{\$633.03}{\text{Years of Participation}} \times 30 = \$18,990.90
\]

Because your Final Average Pay did not exceed your Social Security Covered Compensation, that portion of the formula is not included in the calculation.

If instead your Final Average Pay was $80,271 and the other two factors—Social Security Covered Compensation and Years of Participation—stayed the same, here’s how your annual Normal Retirement Benefit would be calculated:

\[
\frac{1\% x \$80,271}{5} = \frac{\$802.71}{\text{Years of Participation}} \times 30 = \$24,845.10
\]

Note that in either case, the benefit shown above is the total payable from both SEPP and the ERIP Defined Benefit Program. If you have a benefit payable from the ERIP Defined Benefit Program, the pension benefit calculated above will be reduced by your vested pension benefit earned under the ERIP Defined Benefit Program through December 31, 2008 because that portion of your pension benefit will be paid by the ERIP Defined Benefit Program and not SEPP.

**Limitations on Pension Benefits**

Federal tax laws place a dollar limit on the amount of pension benefits that SEPP can pay to you and the amount of Compensation that can be taken into account in calculating your pension benefit. These limits are very high and are increased periodically. You will be notified by the Human Resources Department if your pension benefit will be reduced by either limit.
Receiving Your Pension Benefit

While You Are Employed by the University

You cannot commence the payment of your pension benefit from SEPP (or the ERIP Defined Benefit Program) while employed by the University, the Medical Center or any other University affiliate. In-service hardship withdrawals and participant loans are also not permitted.

After You Terminate Employment with the University

If you are a Vested Participant (see Vesting in Your Pension Benefit to determine whether you are a Vested Participant), you can receive or commence payment of your pension benefit from SEPP at any time following your termination of employment with the University (including the Medical Center and any other University affiliate). The following pages contain a more detailed explanation of the types of benefits and forms of benefit payment available under SEPP.

Types of Pension Benefits

If you are a Vested Participant, the following types of pension benefits are available from SEPP once you terminate employment:

- **Normal Retirement Benefit.** If you elect to have your pension benefit paid on the first day of the month coincident with or next following the date you attain age 65 (your "Normal Retirement Date"), you are entitled to an annual Normal Retirement Benefit (i.e., an unreduced benefit) that is calculated using your Final Average Pay and Years of Participation determined as of your termination date. (See Calculating Your Pension Benefit for an explanation of the Normal Retirement Benefit calculation.)

- **Early Retirement Benefit.** If you elect to have your pension benefit paid as early as the first day of the month coincident with or next following the date you attain age 55 (your "Early Retirement Date") but not later than your Normal Retirement Date, you are entitled to an "Early Retirement Benefit." Your annual Early Retirement Benefit is calculated in the same way as your annual Normal Retirement Benefit, using your Final Average Pay and Years of Participation determined as of your termination date, but is reduced for early payment. The amount of the reduction is 5% for each year (or fraction thereof) that you receive or begin receiving payments prior to your Normal Retirement Date. If you elect to postpone payment of your pension benefit until your Normal Retirement Date, you will receive an unreduced Normal Retirement Benefit as described above.

Examples

Let's assume you terminate employment at age 57 with 9.17 Years of Participation, your Final Average Pay is $76,336, and your Covered Compensation is $96,780.

Your annual Normal Retirement Benefit is calculated as shown below. If you wait until your Normal Retirement Date to begin your annuity payments, you will receive $7,000.01 per year for your lifetime (assuming you choose the single life annuity form of payment).

\[
1 \% \times 96,780 = 967.80 \\
\text{Years of Participation} \times 9.17 \\
\text{Annual Normal Retirement Benefit} = 9,000.01 \\
\]

\[
1 \% \times 76,336 = 763.36 \\
\text{Years of Participation} \times 9.17 \\
\text{Annual Normal Retirement Benefit} = 7,000.01 \\
\]
Because your Final Average Pay did not exceed your Social Security Covered Compensation, that portion of the formula is not included in the calculation.

Alternatively, you may elect to receive an annual Early Retirement Benefit when your employment ends at age 57. In that case, your annual Normal Retirement Benefit of $7,000.01 will be reduced to reflect the fact that your pension benefit will be paid or commence to be paid eight years prior to your Normal Retirement Age.

The amount of the reduction will be 40% (eight years times 5% per year), so you will receive 60% of your Normal Retirement Benefit or $4,200.01 per year starting at age 57.

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<td>Annual Early Retirement Benefit</td>
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Again note that in either case, the benefit shown above is the total payable from both SEPP and the ERIP Defined Benefit Program. If you have a benefit payable from the ERIP Defined Benefit Program, the pension benefit calculated above will be reduced by your vested pension benefit earned under the ERIP Defined Benefit Program through December 31, 2008 because that portion of your pension benefit will be paid by the ERIP Defined Benefit Program and not SEPP. The same reduction for early commencement applies in both plans.

- **Pre-Retirement Benefit.** If you elect to have your pension benefit paid prior to your Early Retirement Date, you are entitled to receive a “Pre-Retirement Benefit.” Your annual Pre-Retirement Benefit is calculated in the same way as your annual Normal Retirement Benefit, using your Final Average Pay and Years of Participation determined as of your termination date, but is reduced for early payment. The amount of the reduction is actuarially determined (and the more favorable 5% reduction used in calculating the Early Retirement Benefit does not apply) for each year (or fraction thereof) that you receive or begin receiving payments prior to your Normal Retirement Date. If you elect to postpone payment of your pension benefit until your Normal Retirement Date or Early Retirement Date, you will receive the unreduced Normal Retirement Benefit or the Early Retirement Benefit, respectively.

- **Late Retirement Benefit.** If you continue to work beyond your Normal Retirement Date, you are eligible to receive a “Late Retirement Benefit” calculated in the same way as your Normal Retirement Benefit, using your Final Average Pay and Years of Participation determined as of your termination date. Your Late Retirement Benefit is then compared to the actuarial equivalent of your Normal Retirement Benefit. You will receive the greater of your Late Retirement Benefit or the actuarial equivalent of your Normal Retirement Benefit, reduced in each case for any benefit payments you previously received.

- **Small Pension Benefits of $5,000 or Less.** If the lump sum actuarial equivalent of your pension benefit is $5,000 or less determined as of your termination date, your pension benefit will automatically be paid to you in the form of a lump sum distribution as soon as administratively practicable following your termination date. The lump sum actuarial equivalent of your pension benefit is the lump sum actuarial equivalent of your Normal Retirement Benefit calculated using actuarial assumptions required by the Internal Revenue Service (“IRS”).

**Forms of Benefit Payment**

SEPP is designed to provide Vested Participants with income during their retirement. Pension benefits under SEPP are paid in the form of an annuity—that is, regular monthly payments for your
lifetime (or your lifetime and your spouse’s lifetime or, with the consent of your spouse, a non-spouse beneficiary’s lifetime).

**Single Lump Sum Form of Payment**

Although SEPP is designed to provide you with lifetime income, your pension benefit will be paid in the form of a single lump sum as follows:

- **Pension Benefit Does Not Exceed $5,000.** As stated above, if the lump sum actuarial equivalent of your pension benefit does not exceed $5,000, your pension benefit will be paid in the form of a single lump sum, and you may not elect an annuity form of payment.

- **Pension Benefit is Greater than $5,000.** If the lump sum actuarial equivalent of your pension benefit is greater than $5,000, you do have the option of electing a single lump sum if you (or, if you are married, you and your spouse) waive the required form of annuity payment as each is described below.

Under the single lump sum option, the entire value of your pension benefit is cashed out. You, your spouse or other beneficiaries will receive no other benefit payments from SEPP. You may elect to roll over all or part of a lump sum distribution to another tax-deferred retirement vehicle such as an Individual Retirement Account (“IRA”) or another employer’s retirement plan. See Direct Rollovers for further information.

**Annuity (Lifetime) Form of Payment**

If your pension benefit is not paid in the form of a single lump sum, your pension benefit is paid in the form of an annuity. You have a number of annuity options from which you can choose, as described below.

- **Single Life Annuity Option.** Under this option, you will receive retirement income for as long as you live. This option provides the largest monthly payment (or quarterly, semi-annual, or annual payment in the case of small payments) to you compared to the annuity options described below. The Single Life Annuity Option is the required form of payment if you are not married when benefit payments begin. If you elect the Single Life Annuity Option, your spouse or other beneficiaries will receive no other benefit payments from SEPP after you die.

- **Survivor Annuity Option.** Under this option, you will receive retirement income for as long as you live and, if your co-annuitant survives you, he or she will continue to receive retirement income for as long as he or she lives. You may not elect a co-annuitant other than your spouse without your spouse’s consent and you may not change your co-annuitant after your benefit payments begin. Under the Survivor Annuity Option, the retirement income that would have been payable to you had you elected the Single Life Annuity Option will be reduced to reflect the fact that your benefit will be paid over two lifetimes instead of one. The amount continuing to your co-annuitant if he or she survives you depends on which of the following options you choose:
  - **Half Benefit to Co-Annuitant.** At your death, your co-annuitant will receive annuity payments for his or her lifetime equal to one-half of the amount you were receiving before your death.
  - **Two-Thirds Benefit to Co-Annuitant.** At your death, your co-annuitant will receive annuity payments for his or her lifetime equal to two-thirds of the amount you were receiving before your death.
  - **Full Benefit to Co-Annuitant.** At your death, your co-annuitant will receive annuity payments for his or her lifetime equal to the amount you were receiving before your
death. The Full Benefit to Co-Annuitant Survivor Annuity Option with your spouse designated as your co-annuitant is the required form of payment if you are married when benefit payments begin.

Reemployment after Benefit Payments Commence

If you commenced the payment of your pension benefit and elected to receive your pension benefit in the form of annuity payments, you will continue to receive those annuity payments even if you are rehired by the University. If your pension benefit was paid in the form of a lump sum distribution, you will not be required to repay the amount of the lump sum distribution. If you are rehired as an Eligible Employee and your participation in SEPP recommences, your pension benefit will be recalculated using your Final Average Pay and Years of Participation determined as of the date you again terminate employment, and will be reduced for any annuity payments or lump sum distribution you previously received.

Starting Benefit Payments

To commence the payment of your pension benefit upon your retirement or other termination of employment, you must complete the appropriate benefit application. The type of application depends on how your pension benefit will be paid (i.e., in a single lump sum, a direct rollover or rollover distribution, or in the form of an annuity). To obtain the application, please e-mail the Human Resources Department at benefits@uchicago.edu or telephone us at (773) 702-9634. You should submit a completed application at least three months prior to the date you want your pension benefit paid or prior to the date you wish to commence annuity payments.

Spousal Rights to SEPP Pension Benefits

Your spouse has special rights to your pension benefit. If you are married, your pension must be paid in the required form (i.e., the Full Benefit to Co-Annuitant Survivor Annuity Option with your spouse as your co-annuitant) unless the lump sum actuarial equivalent of your pension benefit does not exceed $5,000. In such case, your pension will be paid in a single lump sum.

- If you wish to elect a form of payment other than the required form of payment, federal law requires that you waive the required form of payment in writing and that your spouse consent to your waiver. Your spouse’s written consent must be notarized.
- If you wish to designate a co-annuitant or beneficiary other than your spouse (as applicable, depending on the form of payment you select), federal law requires that your spouse consent to that designation. Your spouse’s written consent must be notarized.

Your waiver of the required form of payment and/or designation of a co-annuitant or beneficiary other than your spouse must be made within the 180-day period before your benefit payments begin. The waiver, designation, and spousal consent forms are included with the benefit application that must be completed when you request a payment from SEPP.

Things You Need to Know Before Choosing a Form of Payment

As you consider the different forms of benefit payment offered under SEPP, you should keep the following things in mind:

- If your pension benefit is automatically paid or you elect that your pension benefit be paid in a single lump sum distribution, no future benefits will be payable to you, your spouse, or beneficiaries after that single payment has been made.
If you elect a single lump sum payment, your payment will be the lump sum actuarial equivalent of your Normal Retirement Benefit calculated using actuarial assumptions required by the IRS. If you elect a single lump sum payment on or after your Early Retirement Date but prior to your Normal Retirement Date, your payment will be the greater of (i) the actuarial equivalent of your Normal Retirement Benefit determined using a deferred to Normal Retirement Date lump sum factor and (ii) the actuarial equivalent of the Early Retirement Benefit determined using an immediate lump sum factor and taking into account the early retirement reduction factor.

The Single Life Annuity Option pays retirement income for your lifetime with no benefits continuing after your death. In contrast, the Survivor Annuity Option pays reduced retirement income during your lifetime but if your co-annuitant survives you, retirement income will continue for your co-annuitant’s lifetime. You receive reduced retirement income during your lifetime because retirement income is expected to be paid for a longer period of time (i.e., your lifetime plus your co-annuitant’s lifetime). Note, however, that all survivor annuities are calculated in a way that makes them equal in value to the single life annuity. Also, federal tax laws may limit the length of a guaranteed period or the amount of a survivor annuity if you name a co-annuitant who is not your spouse.

The different payment options will affect the amount of retirement income available to you during your lifetime and to your spouse or other beneficiaries after your death. The different payment options also have different tax consequences. Be sure to read Paying Taxes below and consult your professional financial and/or tax advisor before deciding when and how to take a payment from SEPP.

Direct Rollovers

If the payment of your pension benefit is an “eligible rollover distribution,” you may roll over all or a portion of it either directly or within 60 days after receipt into an Individual Retirement Account or Annuity (“IRA”) described in Section 408(a) or 408(b) of the Internal Revenue Code, including a Roth IRA described in Section 408A of the Internal Revenue Code, a qualified plan described in Section 401(a) or 403(a) Internal Revenue Code, a tax-deferred annuity contract described in Section 403(b) of the Internal Revenue Code, or an eligible plan described in Section 457(b) of the Internal Revenue Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that accepts your eligible rollover distribution and, to the extent required, separately accounts for your eligible rollover distribution. An eligible rollover distribution, in general, is any cash distribution other than an annuity payment, a minimum distribution payment, or a payment that is part of a fixed period payment over ten or more years.

Eligible rollover distributions are subject to a mandatory federal income tax withholding rate of 20% unless they are rolled over directly to an IRA or other eligible retirement plan; this process is called a “direct rollover.” If you have an eligible rollover distribution paid to you, 20% of the distribution must be withheld even if you intend to roll over the money to an IRA or other eligible retirement plan. This means that, in order to roll over the entire distribution in a 60-day rollover to an IRA or other eligible retirement plan, you must use other funds to make up for the 20% withheld. To avoid withholding, be sure to elect a direct rollover of your eligible rollover distribution.

Qualified Domestic Relations Orders

SEPP will comply with a decree or order issued by a court that establishes the rights of another person (referred to as an “Alternate Payee”) to all or a portion of your vested pension benefit to the extent that the decree or order is a “Qualified Domestic Relations Order” or “QDRO”. A decree or order is a QDRO if it is consistent with the terms and conditions of SEPP. A QDRO may preempt your current spouse’s right to pension benefits from SEPP.
The Plan Administrator or its delegate will determine if a decree or order meets the requirements of a QDRO. You or your spouse or, in each case, your attorney can obtain a description of SEPP’s procedures for QDRO determinations (“QDRO Procedures”) from the Human Resources Department.

An Alternate Payee may request a distribution (to the extent permitted under the QDRO) as soon as administratively practicable following the date the domestic relations order is determined to be a QDRO and prior to the Participant’s termination date.

**Deferring Payment of Your Pension Benefit**

If the lump sum actuarial equivalent of your pension benefit is more than $5,000 on your termination date, you may defer payment of your pension benefit until you reach your Normal Retirement Date i.e., the first day of the month coincident with or next following the date you attain age 65). Once you reach your Normal Retirement Date, you must elect that your pension benefit be paid in a single lump sum or as annuity payments.

**Paying Taxes**

Your pension benefit is subject to federal income taxation when received. This section describes some of the rules that affect the taxation of your pension benefit.

**Lump Sum Distributions**

A lump sum distribution is subject to a mandatory federal income tax withholding rate of 20% to the extent you do not elect a direct rollover to another tax-deferred retirement vehicle such as an IRA or other eligible retirement plan. If you timely roll over all or a part of your lump sum distribution, that portion will not be subject to federal income tax in the year of distribution and will continue to be tax-deferred. Portions you do not roll over are treated as taxable income in the year of distribution and you may be required to pay income taxes in addition to the 20% withheld when you file your tax return for that year. You also may be required to pay an additional 10% tax penalty if your distribution is an early withdrawal (see below).

**Annuity Payments**

The taxable portion of your annuity payments is not subject to mandatory federal income tax withholding. You may elect that withholding not apply to your annuity payments, but if you do nothing, a federal income tax withholding rate of 10% will apply. You cannot roll over annuity payments to an IRA or other eligible retirement plan. The election to waive withholding is included with the benefit application that must be completed when you elect your annuity option.

**Early Distribution Penalty**

If you receive a lump sum distribution prior to age 59½, the portion you do not roll over to another tax-deferred retirement vehicle is subject to an additional 10% tax penalty unless the distribution is made because:

- You retire or leave the University at age 55 or older.
- You die or become disabled.
- The distribution is received pursuant to a Qualified Domestic Relations Order.

This section entitled “Paying Taxes” is not intended to give specific tax advice to you or your beneficiaries. You may obtain a more detailed summary, “Special IRS Tax Notice Regarding Plan Payments,” from the Human Resources Department by e-mail to benefits@uchicago.edu and by
telephone at (773) 702-9634. Tax laws are complicated and change often. They also affect different individuals in different ways. A professional tax advisor is your best source of information about the tax laws applicable to your distributions from SEPP. You may request the application forms from the Human Resources Department.

If Your Benefit Application is Denied

If all or part of your benefit application is denied, you, your Alternate Payee or beneficiary (or your authorized representative) will receive a written or electronic explanation of the denial containing the following:

- Specific reasons for the denial.
- Specific references to SEPP’s provisions on which the denial is based.
- A description of any additional information that is required and why the information is needed.
- The steps you can take to ask for a review of the decision.
- A statement of your right to bring a civil action under Section 502(a) of ERISA if your claim is denied upon review.

The written or electronic explanation of the denial ordinarily will be provided within 90 days of the date you file your benefit application. However, in special situations, additional time may be needed (up to another 90 days) to process your application. If an extension is needed, you will be provided with a written or electronic notice of the reasons for the delay and the date you can expect to receive a decision on your benefit application.

If your benefit application is denied and you wish to request a review of the denied application, you must submit such request to the Human Resources Department in writing within 60 days after you receive the denial notice. Under SEPP’s review procedures:

- You may submit appropriate issues, comments and reasons why you think your application should not have been denied.
- You may review all pertinent documents and submit issues and comments in writing in connection with the review and request reasonable access to, and copies of, all documents, records and other information relating to your application free of charge.
- Your request for review will be given full and fair review taking into account all claim-related comments, documents, records and other information you have submitted without regard to whether such information was submitted or considered under the initial decision.

Normally, you will receive a written or electronic explanation of the University’s final decision within 60 days. If more time is needed (up to another 60 days), you will be notified, in writing or electronically, of the reasons for the delay and the date you can expect to receive a final decision about your application. If upon final review your application is denied, a written or electronic explanation of the denial will be provided by the University and will state: (i) the specific reasons for the denial, (ii) the specific references to SEPP’s provisions on which the denial is based, (iii) a statement that you are entitled to receive (upon request and free of charge) reasonable access to, and copies of, all documents, records and other information relating to your application, and (iv) a statement of your right to bring a civil action under Section 502(a) of ERISA.

Death Benefits
If You Die After You Commence Payment of Your Pension Benefit

If you die after you commence payment of your pension benefit, the benefit payable to your spouse or other beneficiary will depend on the form of payment you elected when your payments first began. For example, if you elected a single lump sum payment or the Single Life Annuity Option, no benefits will be paid to your spouse or other beneficiary following your death. If you elected a Survivor Annuity Option, the amount payable to your co-annuitant will depend on the kind of annuity you elected. For example, if you elected the Half Benefit to Co-Annuitant Option, your co-annuitant will receive half of your annuity benefit amount for the remainder of his or her life.

If You Die Before You Commence Payment of Your Pension Benefit

If you die before you commence payment of your pension benefit, the death benefit payable from SEPP depends on whether you are a Vested Participant at your date of death (see Vesting In Your Pension Benefit to determine whether you are a Vested Participant), your age, and whether or not you have a surviving spouse. If you are a:

- **Non-Vested Participant.** No death benefit is payable from SEPP if you are not a Vested Participant.

- **Vested Participant – Beneficiary is Surviving Spouse.** A death benefit in the form of a lifetime survivor annuity commencing as soon as administratively feasible following your death will be paid to your surviving spouse unless (i) you and your spouse elect to waive the survivor annuity during your lifetime or your surviving spouse waives the survivor annuity and elects a single lump sum payment instead or (ii) the value of the death benefit is $5,000 or less. If the value of the death benefit is $5,000 or less, the death benefit will be paid in a single lump sum. The lump sum value of the death benefit is the actuarial equivalent of the monthly payments that would have been paid to you had you terminated employment on the date of your death, survived to the earliest age you would have been eligible to commence an Early Retirement Benefit (if death occurs prior to such age), and then commenced benefit payments in the form of a single life annuity. The survivor annuity is the actuarial equivalent of that lump sum value of the death benefit taking into account the early retirement reduction factor. Your surviving spouse may elect that the death benefit be paid or commence as soon as administratively feasible following your death or he or she may defer payment, but in no event may payment be deferred beyond your Normal Retirement Date. If the death benefit is paid in a single lump sum, your surviving spouse may elect a direct rollover as described in Direct Rollovers.

- **Vested Participant – Non-Spouse Beneficiary.** A death benefit in the form of a single lump sum will be paid to a non-spouse beneficiary. The single lump sum is the actuarial equivalent of the monthly payments that would have been paid to you had you terminated employment on the date of your death, survived to the earliest age you would have been eligible to commence an Early Retirement Benefit (if death occurs prior to such age), and then commenced benefit payments in the form of a single life annuity. A non-spouse beneficiary may elect that the death benefit be paid as soon as administratively feasible following your death or he or she may defer payment, but in no event may payment be deferred beyond December 31st of the calendar year immediately following the calendar year in which you died. A non-spouse beneficiary may elect a direct rollover as described in Direct Rollovers but only to an Individual Retirement Account or an Individual Retirement Annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code, respectively, that will be treated as an inherited IRA pursuant to the provisions of Section 402(c)(11) of the Internal Revenue Code.
Designating Your Beneficiary

Spousal Rights to SEPP Death Benefits

Your spouse has special rights under SEPP. Your spouse is automatically your sole beneficiary unless you complete a valid beneficiary designation naming another or other beneficiaries. If you wish to designate a beneficiary other than your spouse, your spouse must consent to that designation in writing. Your spouse’s written consent must be notarized. You generally must be at least 35 years old or have terminated employment before you can waive spousal death benefits under SEPP.

Beneficiary Designation Form

It is important for you to designate one or more beneficiaries by completing a Beneficiary Designation Form. Your beneficiary is the person who will receive your death benefits, if any. Keep in mind:

- If you are not married, you can name anyone as your beneficiary.
- If you are married at the time of your death, your spouse is automatically entitled to your death benefit. If you wish to designate a beneficiary other than your spouse to receive your death benefit, your spouse must consent to your choice of beneficiary or beneficiaries. For additional information regarding the designation of a non-spouse beneficiary, see below.

You may request a Beneficiary Designation Form from the Human Resources Department.

Failure to Properly Designate a Beneficiary

If you fail to designate a beneficiary, improperly designate a beneficiary, or if no beneficiary survives you, any death benefit will be distributed as follows:

- If you are not married on the date of your death and a Beneficiary Designation Form is not on file with the Human Resources Department, or your designated beneficiary does not survive you, any death benefit will be paid to your estate.
- If you are married on the date of your death and a Beneficiary Designation Form is not on file with the Human Resources Department on the date of your death or your designated beneficiary does not survive you, any death benefit will be paid to your spouse.

Periodic Review of Your Designated Beneficiary

You should review your beneficiary designation periodically to make sure the person you want to receive your death benefit is properly designated. For example, if your marital status changes, you should review your beneficiary designation. If you marry, your new spouse is automatically the beneficiary of your death benefit as a matter of law. However, your divorce will not automatically revoke a beneficiary designation naming your former spouse as your beneficiary. You can change your beneficiary at any time (subject to the spousal consent requirement) by submitting a new Beneficiary Designation Form to the Human Resources Department.

Designation of Non-Spouse Beneficiary

If you are married and you wish to designate a beneficiary other than your spouse for any death benefit, the following rules apply:

- **Designation Prior to Age 35.** You may designate a non-spouse Beneficiary with spousal consent at any time, but if you designate a non-spouse Beneficiary prior to the calendar year in
which you attain age 35, such designation will not be treated as effective designation beginning on the first day of the calendar year in which you attain age 35. If you wish a non-spouse Beneficiary to continue to receive your death benefits, you must again designate a non-spouse Beneficiary on or after the first day of the calendar year in which you attain age 35. Otherwise, the designation shall only be effective with respect to amounts that are not required to be paid to your spouse. If you terminate employment with the University prior to the first day of the calendar year in which you will attain age 35, a designation of non-spouse Beneficiary with spousal consent on or after your termination date will remain effective unless you change your Beneficiary. Also, consent by a former spouse is not effective with respect to a subsequent spouse.

- **Spousal Consent.** Your spouse must waive the lifetime survivor annuity described above and consent to your beneficiary or beneficiaries. Your spouse’s waiver and consent must be in writing and witnessed by a notary public and must contain your spouse’s acknowledgment as to the effect of the waiver and consent and that it is irrevocable. Your spouse may provide a general consent that expressly permits you to designate a beneficiary without any further consent by your spouse. If a designated beneficiary dies, a new consent is necessary unless your spouse gave his or her express consent of your right to designate a new one without further spousal consent. Unless a Qualified Domestic Relations Order, see [Qualified Domestic Relations Order](#), requires otherwise, your spouse’s consent is not required if you are legally separated or if you have been abandoned (within the meaning of local law) and you have a court order to such effect. Spousal consent is also not required if you can establish to the Human Resources Department’s satisfaction that you have no spouse or that he or she cannot be located.

## Administrative Information

### Your ERISA Rights

As a participant in SEPP, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (“ERISA”). ERISA provides that all plan participants shall be entitled to:

- **Receive Information about SEPP and Benefits**
  - Examine, without charge, at the offices of the Human Resources Department, all documents governing SEPP, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by SEPP with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
  - Obtain, upon written request to the Human Resources Department, copies of documents governing the operation of SEPP, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Human Resources Department may make a reasonable charge for the copies.
  - Receive a summary of SEPP's annual financial report. The Human Resources Department is required by law to furnish each participant with a copy of this summary annual report.
  - Obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age (age 65), and if so, what your benefits would be at Normal Retirement Age if you stop working under SEPP now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This
statement must be requested in writing and is not required to be given more than once every 12 months. The Human Resources Department must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of SEPP. The people who operate SEPP, called “fiduciaries,” have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including the University, your union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time limits.

Under ERISA, there are steps you can take to enforce your rights. For instance, if you request a copy of the plan document or the latest annual report from SEPP and do not receive it within 30 days, you may file suit in a federal court. In such a case, the court may require the University to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent due to reasons beyond the University’s control.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the University’s decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in a federal court. If it should happen that plan fiduciaries misuse SEPP's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about SEPP, you should contact the Human Resources Department. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the University, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You also can obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Plan Administrator

The University has all discretionary power and authority necessary to administer SEPP including, but not limited to, the power and authority to interpret the provisions of SEPP, to compute the amount and kind of benefits payable to participants and beneficiaries, to direct the payment of plan expenses from SEPP, and to resolve any questions relating to eligibility to participate in SEPP. Any action taken in good faith by the University in the exercise of the discretionary power and authority conferred upon it, including a final decision made under the review and appeal process described herein, shall be conclusive and binding upon participants and their beneficiaries.
Plan Amendment and Termination

While it is expected that SEPP will continue indefinitely, the Board of Trustees of the University reserves the right to amend, modify or terminate SEPP and to discontinue SEPP contributions at any time under any circumstance it deems advisable (including, but not limited to, the need to address legal changes or cost or plan design considerations). Any termination or modification of SEPP shall not adversely affect the benefits accrued by participants prior to the date of termination or modification except to such extent as the University may decide in accordance with applicable law. Upon termination of SEPP, all participants who are employed by the University shall be 100% vested in any SEPP benefits accrued prior to the termination date.

Pension Benefit Guaranty Corporation

Your pension benefits under SEPP are insured by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. If SEPP terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits.

The PBGC guarantee generally covers: (i) normal and early retirement benefits; (ii) disability benefits if you become disabled before the plan terminates; and (iii) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (i) benefits greater than the maximum guaranteed amount set by law for the year in which SEPP terminates; (ii) some or all benefit increases and new benefits based on plan provisions that have been in place for fewer than 5 years at the time SEPP terminates; (iii) benefits that are not vested because you have not worked long enough for the University; (iv) benefits for which you have not met all of the requirements at the time SEPP terminates; (v) certain early retirement payments; and (vi) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money SEPP has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, you may contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at http://www.pbgc.gov.

Creditor Claims

As a general rule, your interest in your SEPP pension benefit may not be alienated. This means that your interest may not be sold, used as collateral for a loan, given away, or otherwise transferred. In addition, your creditors may not attach, garnish, or otherwise interfere with your SEPP benefit. SEPP will comply with a Qualified Domestic Relations Order (“QDRO”) that directs the Plan to pay a specified portion of your SEPP pension benefit to a spouse, former spouse, and/or for child support. See Qualified Domestic Relations Order for further information.
## Plan References

Please keep this information for future reference:

<table>
<thead>
<tr>
<th><strong>Plan Name</strong></th>
<th>The University of Chicago Pension Plan for Staff Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plan Number</strong></td>
<td>003</td>
</tr>
<tr>
<td>When requesting additional information about SEPP from the U.S. Department of Labor, refer to the above plan number.</td>
<td></td>
</tr>
<tr>
<td><strong>Plan Effective Date</strong></td>
<td>January 1, 2009</td>
</tr>
<tr>
<td><strong>Plan Sponsor &amp; Administrator</strong></td>
<td>The University of Chicago c/o Human Resources Department 6054 S. Drexel Avenue Chicago, IL 60637 Phone: (773) 702-9634 Fax: (773) 834-0996 E-mail: <a href="mailto:benefits@uchicago.edu">benefits@uchicago.edu</a></td>
</tr>
<tr>
<td>A complete list of the employers participating in SEPP is available upon written request to the plan administrator.</td>
<td></td>
</tr>
<tr>
<td><strong>Employer Identification Number</strong></td>
<td>36-2177139</td>
</tr>
<tr>
<td><strong>Agent for Service of Legal Process</strong></td>
<td>The University of Chicago Human Resources Department 6054 S. Drexel Avenue Chicago, IL 60637 Phone: (773) 702-9634 Fax: (773) 834-0996 E-mail: <a href="mailto:benefits@uchicago.edu">benefits@uchicago.edu</a></td>
</tr>
<tr>
<td>Legal process also may be served on the plan trustee if applicable.</td>
<td></td>
</tr>
<tr>
<td><strong>Plan Trustee</strong></td>
<td>Wells Fargo Bank N.A. Institutional Trust Services 230 W. Monroe Street, Suite 2900 Chicago, IL 60606 Trust #23337900 Phone: (312) 845-4459 Fax: (312) 236-2909</td>
</tr>
<tr>
<td><strong>Plan Year</strong></td>
<td>January 1 to December 31</td>
</tr>
<tr>
<td><strong>Type of Plan</strong></td>
<td>Defined benefit plan qualified under Section 401(a) of the Internal Revenue Code</td>
</tr>
</tbody>
</table>
A Final Note

This summary is written in everyday language. We have tried to make it as complete and accurate as possible. If there are any discrepancies between this summary and the legal plan document, the legal plan document will determine how SEPP works and the benefits that are paid. Participating in SEPP does not guarantee employment.