RETIREMENT PLAN
Regardless of your age, the time for thinking about retirement is now. With careful planning, you can help make your retirement years a more comfortable and secure time of life for you and your family.

Once you have completed the necessary service requirement, the Boston University Retirement Plan provides you with an opportunity to set aside money for your retirement. If you make the required participant contributions to the Retirement Plan, the University more than matches that contribution. Both your contributions and the University’s may be invested in any of the following investment vehicles: Vanguard Target Retirement Funds, Core Mutual Funds, and Core Annuities. In addition, a brokerage account is available (see “Investment Choices” for details). Contributions are made through Fidelity Investments and the Teachers Insurance and Annuity Association (TIAA).

You have the choice to pay no income tax on the money you contribute to the Retirement Plan until withdrawal. The University's contributions are not taxable to you when made. In addition, investment earnings accumulate tax-free until withdrawal.

Alternatively, your contributions to the Retirement Plan may be made as Roth contributions on an after-tax basis through Fidelity Investments only. If you make Roth contributions your investment earnings will accumulate tax-free and will be considered tax-free at the time of withdrawal as long as your withdrawal is qualified. The University contributions will be considered taxable income to you at the time of withdrawal regardless of whether you make before-tax or Roth contributions.

Your Retirement Plan income, together with your Social Security benefits and personal assets, are intended to give you the financial security you will need during your retirement years. You may also increase your retirement savings by making contributions to the Supplemental Retirement and Savings Plan, which is described in the next section of this handbook.
About the Retirement Plan

Once you have satisfied the service requirement, the Boston University Retirement Plan provides you with an opportunity to put aside money for your retirement. At that time, you have a choice of contributing to the Retirement Plan in one of the following ways:

**Before-Tax Contributions**—You pay no federal or state income tax on the before-tax money you put into the Retirement Plan or the accumulated investment earnings until you receive it.

**Roth Contributions**—You pay federal and state income tax on the after-tax money you put into the Retirement Plan. The investment earnings accumulate tax-free and are paid to you tax-free at the time you receive it as long as the withdrawal is qualified.

**University Contributions**—You pay no federal or state income tax on the contributions the University puts into the Retirement Plan on your behalf or the accumulated investment earnings until you receive it.

The tax deferral advantage can, in effect, increase the amount you can afford to save now.

To find out more about the Retirement Plan, read this section carefully. Then, begin saving for your future.

Eligibility

If you are an employee of the University, other than a student, have a normal work schedule of at least 50% of a full-time schedule, and have an appointment of nine months’ or more duration, you may participate in the Boston University Retirement Plan.

As an eligible employee, you can participate in the Retirement Plan beginning on the first day of the month in which you complete two years of service with the University. A year of service is a 12-month period in which you complete at least 1,000 hours of service.

Any prior eligible service with Boston University will be applied toward your two-year waiting period. These provisions apply only to the eligibility waiting period.

Enrollment

If you would like to enroll in the Retirement Plan, please log on to www.bu.edu/buworkscentral and go to the Employee Self-Service section. Under Benefits and Pay click on “Retirement Plan Enrollment” and follow the instructions provided therein.

When you log on, you will be able to:

- Enroll for the first time
- Open an account with an investment vendor if you do not yet have an account with that vendor and you want to move some of your plan money to it
- Change your contribution amounts

Alternatively, if you wish to enroll in writing, you may obtain the forms by logging on to www.bu.edu/hr/forms-documents. Upon request, forms will be mailed directly to you by Human Resources. Completed forms must be returned to Human Resources at 25 Buick Street. You need use only one method of enrollment—online or paper—not both. Paper enrollments will be processed as soon as possible after receipt.

If you previously participated in another 403(b) or other type of tax-deferred plan (such as a 401(k) plan) with a previous employer, you may be able to roll over your account balances from that plan to the Boston University Supplemental Retirement and Savings Plan, provided you meet the plan’s rules and the rules of the investment vendors. Human Resources can provide you with further information on rollovers.

Changing or Stopping Your Elections

You can make changes in your elections at any time online or by filling out a form available from Human Resources. Your change will be reflected in the next paycheck you receive following the date of your online change or the date Human Resources receives your election.

You may stop or resume contributions, or you may change from making before-tax contributions to making Roth after-tax contributions, or vice versa. You cannot take back any contributions or change their tax status once they are made.

Your ability to change your investment choices, or to transfer investments from one investment option to another, depends on your choice of investments. Some funds (such as TIAA traditional annuities) have limitations on transfers out; other funds may restrict investments in and out within a short time to prevent market timing or other manip-
ulative practices. You should review the restrictions in each investment option carefully before making your investment decision.

**How Much You and the University Contribute**

Under the formula effective January 1, 1987, you contribute 3% of your base salary each payroll period. The University contributes an amount each payroll period equal to a percentage of your base salary; the percentage varies according to your age, as follows:

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<tr>
<th>When Your Age Is</th>
<th>The University Contributes</th>
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<tbody>
<tr>
<td>Under 45</td>
<td>5% of your base salary up to the Integration Level PLUS 10% of your base salary above the Integration Level</td>
</tr>
<tr>
<td>45 through 49</td>
<td>7% of your base salary up to the Integration Level PLUS 12% of your base salary above the Integration Level</td>
</tr>
<tr>
<td>50 and above</td>
<td>9% of your base salary up to the Integration Level PLUS 14% of your base salary above the Integration Level</td>
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For Retirement Plan purposes, you should be familiar with the following terms:

**Base Salary** This amount is your base pay from the University including, if applicable, any stipend or other payments coded for payroll purposes as benefits-based overbase payments, excluding overtime, one-time payments, other overbase payments, commissions and bonuses, or the value of any employee benefits. Base salary amounts contributed under a salary reduction agreement to a 403(b) plan or to the Flexible Benefits Program or for pre-tax transportation benefits will be included in base salary for Retirement Plan purposes.

The tax laws have a maximum limit on the annual amount of compensation that a retirement plan may take into account for contribution purposes. This limit for 2016 is $265,000. Each year thereafter, this limit is subject to indexing in $5,000 increments. That cost of living increment is adjusted up with the cost of living increase, but rounded down to the next lower $5,000 increment.

**Integration Level** This amount is $36,800 for 2016. It is adjusted each calendar year based on the Wage Base Increase calculated for purposes of the Social Security law, or the increase in the Consumer Price Index (Wages), whichever is smaller.

An adjustment in the University’s contribution percentage based on a change in your age is made at the beginning of the month in which you attain the new age.

**The Boston University Retirement Plan 1965**

You may file an election to switch to the new contribution formula effective with the beginning of any calendar year. Once you do so, you may not go back to the old (1965) contribution formula again.

Whether you are better off remaining under the 1965 formula or switching to the new formula will depend on your personal circumstances. You should assess your situation each year prior to January 1, when you can switch to the new plan formula. To help you with your decision, Human Resources can provide you with the Integration Level for the coming calendar year and can inform you what the contribution rates would be for the year under the 1965 formula or the new formula based on your current base salary.

If you participated in the Boston University Retirement Plan 1965 and did not choose the new plan formula, which was effective on January 1, 1987, you will continue to contribute each payroll period at the rate of 3% of the first $7,800 of your base salary each year and 5% of your base salary above $7,800. The University will contribute as follows:

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<td>7% of the first $7,800 of base salary PLUS 10% of your base salary above $7,800</td>
</tr>
<tr>
<td>50 and above</td>
<td>9% of the first $7,800 of base salary PLUS 13% of your base salary above $7,800</td>
</tr>
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**Before-Tax Contributions and After-Tax Roth 403(b) Contributions**

The Retirement Plan gives you a choice as to whether you want to make your contributions on a before-tax or after-tax basis or a combination of tax-deferred and Roth after-tax.

- **Before-Tax Contributions**—You will not have to pay any taxes (except Social Security) on the portion of pay you put into the Retirement Plan. According to federal law, such before-tax contributions are treated as University contributions. Therefore, your contributions are not considered taxable income, and you are not required to pay income taxes on that money, or investment earnings, until...
you receive payment of your accounts. This will normally be after your retirement, when your taxable income and your tax rate may be lower.

Your before-tax contributions, as well as after-tax Roth contributions, are subject to applicable Social Security tax withholdings.

- **After-Tax Roth 403(b) Contributions**—*(Available Only through Fidelity Investments)*—Your contributions will be made on an after-tax basis. Earnings on your Roth 403(b) account are tax-free when withdrawn as long as the withdrawal is qualified. A qualified withdrawal is one that is taken (i) no earlier than the fifth calendar year after the year of your first Roth contribution and (ii) after you have attained age 59\(\frac{1}{2}\), become disabled, or die.

- **After-Tax Contributions**—*(Other than Roth)*—Members, including Members in non-U.S. locations, may make after-tax (non-Roth) contributions. The earnings on this type of contribution are taxable when withdrawn.

**Investment Choices**

You choose how contributions to your accounts from you and the University will be invested from among the following investment vendors. Boston University assumes no responsibility for your choice of investments. Since you choose the investment options for your account, you have the responsibility for the financial results. The Retirement Plan is intended to be a participant-directed plan as described in Section 404(c) of the Employee Retirement Income Security Act of 1974 as amended (ERISA) and Department of Labor regulations governing section 404(c) plans. This means that fiduciaries of the Retirement Plan are relieved of liability for any losses that are the result of investment instructions given by a participant or beneficiary under the participant-directed investment feature of the Retirement Plan.

You should consult a professional financial advisor for investment advice and financial planning assistance before choosing an investment option. Further information may be obtained directly from the investment vendors. You should read the prospectus or other information describing an investment fund carefully before investing.

**Selected Investments**

The investment funds offered under the Retirement Plan (that is, the Vanguard Target Retirement Funds, Core Mutual Funds, and Core Annuity Accounts) have been specifically chosen by the University as a result of a careful review, and provide participants with the option of managing their own asset allocations or allowing professional investment managers to balance the investments. The investment funds offered are professionally managed and monitored on a quarterly basis.

**The Vanguard Target Retirement Funds** offer “one-stop shopping.” They are low-cost “Target Retirement Funds” that correspond to a range of target retirement years or the year in which you will turn 65, and automatically rebalance between stocks and bonds to become more conservative as you approach retirement. The Target Retirement Funds are the Plan’s Designated Default Investment. These investments are available through Fidelity. If you would like to elect these funds, you will have to establish an account with Fidelity.

**Core Mutual Funds** offer the flexibility to “create your own mix,” that is, to design a diverse portfolio without having to sort through many fund choices. Participants looking for a specific asset allocation or to complement their total portfolio of investments may be best suited to choose from among the Core Mutual Funds. These investments are available through Fidelity. If you would like to elect these funds you will have to establish an account with Fidelity.

**Core Annuity Accounts** offer the opportunity to “build annuity income into your mix,” that is, to receive the assurance of a lifetime income in retirement. Choose either a guaranteed annuity that’s principal protected or a variable annuity that takes on risk for greater potential rewards. These annuity investments are available through TIAA. If you would like to elect these annuities, you will have to establish an account with TIAA.

**Other Investments**

**BrokerageLink®** is designed for willing investors who prefer to exercise more control over their investments. Opening a brokerage account will allow you to continue to invest your retirement savings in mutual funds that are not included in Boston University’s core investment lineup. While a brokerage account offers expanded flexibility, it also comes with additional personal responsibility and risk. The University does not select or screen these investments. That task falls to you. These investments are available through Fidelity. If you would like to elect
these funds you will have to establish an account with Fidelity.

To obtain a detailed description of the investment options offered through Fidelity and TIAA, you should contact Human Resources.

**Designated Default Investment**

Under the Boston University Retirement Plan and the Supplemental Retirement and Savings Plan (the “Plans”), any contributions for which you do not provide investment direction will be invested in the Plans’ designated default investment (the “Plans’ Designated Fund”). The Plans have selected the Vanguard Target Retirement Funds as the Plans’ Designated Fund, effective December 31, 2013.

The Vanguard Target Retirement Funds are the Plans’ Designated Fund. The Designated Fund is based on the assumption that a participant will retire at age 65. If you do not provide investment direction, your contributions will be directed to the Vanguard Target Retirement Fund closest to the year in which you turn age 65, as determined by the University, based on your date of birth.

You have the right under the Plans to direct the investment of your existing balances and future University contributions to any of the Plans’ available investment options, including the right to transfer out of the Plans’ Designated Fund to another investment option. Unless you provide alternative direction, the University contributions and/or the portion of your account that is currently invested in the Plans’ Designated Fund will continue to be invested in this option.

**Investment Restrictions**

Each investment vendor places certain restrictions on your investments. For complete, current details on restrictions, you should refer to the printed materials available from each of the investment vendors. Following are explanations of some of the important restrictions.

The following rules apply to how future contributions to the Retirement Plan are invested:

1. You may choose to invest your own future before-tax contributions in the TIAA funds or funds available through Fidelity in this plan, but you cannot split your contributions between the two. Similarly, University contributions cannot be split. This means that you could invest all of your own contributions through TIAA and all the University’s contributions through Fidelity, or vice versa, but you cannot otherwise split the contributions between TIAA and Fidelity.

2. If you choose to invest your before-tax contributions and University contributions through TIAA funds, you can split contributions between TIAA and CREF in any combination you choose.

3. If you choose to invest through Fidelity (investments through Fidelity are available for both pre-tax and Roth after-tax contributions), you can split contributions among the available plan options in any combination you choose.

4. Subject to the restrictions on Roth after-tax contributions, you can change your choice of where to invest future contributions as often as once a month.

The following rules apply for moving account balances from one investment vendor to another:

1. For a TIAA Group Retirement Annuity Account issued after June 1, 2005:

   While you are employed at the University transfers can be made out of the TIAA Traditional Annuity Account into CREF or Fidelity by use of a transfer payout annuity but only by spreading the amount transferred out over a nine-year period. At termination of service, transfers may be made from the TIAA Traditional Annuity Account to CREF or Fidelity over a five-year period, or, within the first 120 days following separation from service, in a lump sum, which is subject to a 2.5% surrender fee.

   For a TIAA Retirement Annuity Account issued prior to June 1, 2005:

   Transfers can be made out of the TIAA Traditional Annuity Account into CREF or Fidelity by use of a transfer payout annuity but only by spreading the amount transferred out over a nine-year period.

2. Transfers out of CREF into TIAA or Fidelity may be made in any amount at any time.

3. Transfers out of Fidelity into TIAA or CREF may be made in any amount at any time, except that TIAA and CREF cannot accept Roth after-tax contributions.

4. Transfers among the fund options available through Fidelity may be made at any time, but a fee may be charged if more than four transfers are made in a calendar year.

Other restrictions or requirements may apply. See the disclosure materials for any investment option you are considering.
Statements of Your Accounts

You will receive quarterly statements by mail directly from TIAA. Fidelity’s quarterly statements are available online at Fidelity NetBenefits at https://nb.fidelity.com/public/nb/bu/home.

Contribution Limitations

The tax laws limit the amount of before-tax, after-tax Roth, and after-tax non-Roth contributions that you can make each calendar year.

Under the current rules, these limits will not affect your ability to make the required employee 3% of base salary contributions (or contributions under the grandfathered 1965 plan if you are still under that formula).

Internal Revenue Code Section 415 also places a limit on the total amount which may be contributed by the University and by you (before-tax, after-tax Roth, and any other after-tax non-Roth contributions) in a calendar year. If the sum of your contributions and the University’s contributions exceed any of the limits, certain IRS-mandated reductions apply.

Lastly, matching contributions by the University are subject to the requirements of Internal Revenue Code Section 401(m). If these requirements are not satisfied, matching contributions for certain participants may have to be reduced. If the 401(m) limitation should affect you, any amounts that would be reduced or returned on your behalf will be returned to you and will be mailed to you in the form of a check by your investment vendor. This amount will be treated as taxable income, and you will receive a Form 1099 for the tax year in which you receive the returned contributions from your investment vendor for tax filing purposes.

Refer to “How Much You and the University Contribute” for further contribution limitations.

Note: Special rules and limits apply if, during a calendar year, you also participate in another plan maintained by a business you own or control. For example, if you have consulting or other self-employment income and participate in a self-employed plan to which you make contributions, the special rules may affect you. If this situation applies to you, consult a qualified tax professional for advice.

Human Resources will assist you in calculating the limits that apply to you.

In-Plan Roth Conversion

You may elect to convert all or a portion of your BU Retirement Plan Account (other than your Roth Contribution Account) to a Roth Contribution Account as an In-Plan Roth Conversion. This Conversion actually occurs within the Retirement Plan. You do not receive a check and then contribute it to the Retirement Plan. A key benefit of a Roth is the potential for federally tax-free earnings and withdrawals. Converting to a Roth 403(b) can be beneficial if you expect your tax rate to increase in the future, because you pay taxes on the money you convert now.

You are advised to consult a tax advisor to better understand these requirements. The full amount of any conversions to a Roth 403(b) processed in a calendar year will be considered taxable income in that calendar year.

You may take a distribution from your Roth 403(b) funds only if you are eligible, otherwise your funds are subject to the rules of the Retirement Plan. An eligible distribution is (i) a distribution to an active Member on or after attaining age 65; (ii) a distribution made upon termination of employment, becoming disabled, or retirement; (iii) a distribution upon the Member’s death; or (iv) any distribution that would otherwise qualify as an eligible rollover distribution.

Forms of Payment

Your Retirement Plan benefits will normally start when you retire or you may also start your benefits once you reach age 65 regardless of whether you are retired or still employed. However, if you wish, you may postpone the start of your benefits while you are still working for the University.

You have some choices as to the form of payment of your retirement benefits. However, if you are married and you elect an annuity form of payment, federal law provides that you must receive your benefits in the form of a 50% Joint and Survivor Annuity, with your spouse as beneficiary, unless your spouse agrees in writing to your choice of another annuity form of payment. Your spouse’s signature must be witnessed by a plan representative or notarized by a notary public.

Particularly if you have large plan account balances (or other retirement plan accumulations, including other 403(b) arrangements, employer-qualified plans, or IRAs), your choice of a form of payment may affect your tax and estate planning. Consult a qualified advisor if you have any questions.

Descriptions of the forms of payment provided by each of the investment vendors follow.
Fidelity

Lump Sum  You may elect to receive a lump sum distribution from Fidelity for the full value of your accounts at the time of the payment.

Installment Withdrawal Program  As an alternative, you may elect to maintain your account balances with Fidelity and receive periodic withdrawals from your account until you have exhausted your account balances. You may designate the amount and the frequency of these withdrawals (subject to certain minimums required by the tax law).

Rollover  You may also elect to roll over all or a portion of the account balances in your Fidelity account into an individual retirement account (IRA) or another plan you participate in that accepts rollovers, provided you meet certain tax law requirements. If you wish, you may use the proceeds of your account to purchase an annuity through TIAA or another insurance company. You may wish to consult with your financial advisor before selecting this option.

TIAA Traditional Annuity

A lifetime annuity may be received from your TIAA Traditional Annuity Account. Lifetime annuity income is the only payment method that ensures you will never outlive your retirement income. It is also a permanent arrangement. Once you begin receiving payments, you may not stop them. The actual amount of income you receive at retirement depends primarily on the amount in your TIAA account, your age when payments begin, and the form of payment you choose (see “Annuity Forms of Payment”).

For Group Retirement Annuity (GRA) contracts issued after June 1, 2005, you may also receive a fixed period annuity of five to thirty years (subject to IRS restrictions). At the end of the fixed period chosen, all payments cease.

TIAA cash withdrawals can be taken in ten substantially equal payments over a period of nine years.

Once the amount of your TIAA annuity payment is determined, it can be increased or decreased by changes in dividends, but cannot fall below the contractually guaranteed level.

CREF Forms of Payment

The following CREF forms of payment are also available from any TIAA Real Estate Account with respect to amounts attributable to contributions made before January 1, 2014.

Lump Sum  You may receive a lump sum distribution from CREF for all or part of the full value of your accounts at the time of payment.

Fixed Period Payments  CREF accumulations may be taken over any period between two and thirty years, subject to IRS restrictions. At the end of the selected period, payments will end.

CREF Annuity  A lifetime annuity may be received from your CREF Account. Lifetime annuity income is the only payment method that ensures you will never outlive your retirement income. It is also a permanent arrangement. Once you begin receiving payments, you may not stop them. The actual amount of income you receive at retirement depends primarily on the amount in your account, your age when payments begin, and the form of payment you choose (see “Annuity Forms of Payment”).

Annuity Forms of Payment (Applies to TIAA Payments Only)  The following is a description of the types of lifetime annuities TIAA provides for moneys invested with them. These annuity options would also be available if you transferred balances invested through Fidelity to TIAA at retirement. Just before you are scheduled to start receiving your income, you will be provided detailed information by TIAA to help you choose the option that best meets your needs.

Subject to certain minimum distribution requirements, you also can choose to receive part of your TIAA or CREF accumulation under one option and the balance under another option. Of course, instead of an annuity option, you may also choose to take all or part of your accounts in cash (subject to TIAA’s rules); however, this will reduce the amount of annuity income you receive. You should note when reviewing the different annuity options that the size of the monthly payments depends not only on your age and account balances, but also on the age of your spouse or other beneficiary.

Single Life Annuity  Pays you an income for as long as you live. This option provides a larger monthly income for you than the other options. However, all payments will stop at your death.

Life Annuity with 10-, 15-, or 20-Year Guaranteed Period  Pays you an income for as long as you live, with installments guaranteed to continue during the first 10, 15, or 20 years, as you select, whether you live or die. If you live beyond the guaranteed period, payments continue for your lifetime. If you die during the guaranteed period, payments will continue to your beneficiary for the balance of the guaranteed period.
Survivor Annuity Pays you an income for life. If your spouse or another second annuitant you designated lives longer than you, he or she continues to receive an income for life. The amount of the income continuing to the survivor depends on which option you choose from the four options listed below. The amount of the annuity payable to you at the onset of each of these options is different; the more you choose to have paid to your survivor, the smaller the income to you during your lifetime.

Each of these survivor options is available with a 10-, 15-, or 20-year guaranteed period. This provides that if both you and your spouse (or another designated second annuitant) die during the first 10, 15, or 20 years (whichever you select), payments continue to another named beneficiary for the balance of the guaranteed period you selected.

1. Full Benefit to Survivor The full amount of the annuity continues for as long as you both live. If your spouse (or other second annuitant) lives longer than you, he or she receives, for his or her remaining lifetime, the full amount of the income you were receiving.

2. Two-Thirds Benefit to Survivor The full amount of the annuity continues for as long as you both live. If your spouse (or other second annuitant) lives longer than you, he or she receives, for his or her remaining lifetime, two-thirds of the income you were receiving. If you live longer than your spouse (or other second annuitant), there is no reduction in your lifetime income.

3. Three-Quarters Benefit to Annuity Partner The full amount of the annuity continues for as long as you both live. If your spouse (or other second annuitant) lives longer than you, he or she receives, for his or her remaining lifetime, three-quarters of the income you were receiving. If you live longer than your spouse (or other second annuitant), there is no reduction in your lifetime income.

4. Half Benefit to Annuity Partner The full amount of the annuity continues for as long as you both live. If your spouse (or other second annuitant) lives longer than you, he or she receives, for his or her remaining lifetime, one-half of the income you were receiving. If you live longer, benefits continue to you at the full amount.

Installment Refund (For TIAA Only) Pays you an income for as long as you live. If you die before the full value of your TIAA account (calculated as of the date your benefit payments began) has been paid out, your beneficiary will receive the same monthly income you were receiving before your death until the remaining value of your account has been paid out. When the Retirement Plan has paid out the value of your entire TIAA accumulation, all payments stop. This option is not available for CREF funds, and is only available for your TIAA funds if your contract was in effect before February 1, 1985.

The Interest Payment Retirement Option This option, which applies to your TIAA Traditional Annuity accumulation only, provides monthly payments that consist only of current interest and dividends credited to your TIAA Traditional Annuity Account balance each month. Because only the interest is paid, your principal remains untouched. This option is available to those age 55 or older and does not satisfy the federal minimum distribution requirements.

Required Minimum Distribution Option This option is available to those age 70½ or older who have terminated their employment with the University. Under this option, you receive periodic payments that satisfy the federal minimum distribution requirements.

Your Spouse’s Rights Under federal pension legislation (Retirement Equity Act of 1984), if you are married and choose any annuity method of payment other than a Survivor Annuity with your spouse as the survivor, your spouse must give written consent which acknowledges that his or her rights to survivor benefits are being waived. Your spouse’s signature must be witnessed by a Retirement Plan representative or notarized by a notary public.

Federal pension law (ERISA) provides that if you are married at the time of your death, your spouse is entitled to receive, as primary beneficiary, your qualified preretirement survivor death benefits under a retirement or tax-deferred annuity plan covered by ERISA. If you name someone other than your spouse as primary beneficiary, your spouse...
must consent to this primary beneficiary designation by completing a Spousal Waiver. Then the qualified preretirement survivor death benefits will be payable to such primary beneficiary. If you elected only a portion to be paid to the designated beneficiary, then the remainder will be payable to your spouse.

If you designate your spouse as beneficiary and the individual later ceases to be your spouse, such designation will be deemed void and your ex-spouse will have no rights as a beneficiary unless redesignated as a beneficiary by you subsequent to becoming your ex-spouse or as otherwise provided under a qualified domestic relations order under Internal Revenue Code Section 414(p).

If You Die Before You Begin to Receive Benefits

If you die before your retirement income begins, the current full value of your account balances in all investment options will be payable to your beneficiary under any of the payment options elected by the beneficiary and allowed by the investment vendor (subject to IRS minimum payment rules).

You choose a beneficiary at the time you enroll in the Retirement Plan, and you may change your beneficiary at any time by filing a new form with Human Resources. However, if you are married, federal law requires that your spouse be your beneficiary unless your spouse consents in writing to your naming another beneficiary and this consent is witnessed by a Retirement Plan representative or notarized by a notary public.

If your marital status changes after you become a participant in the Retirement Plan (you marry, divorce, or separate, or your spouse dies), be sure to contact Human Resources immediately to make any appropriate changes in your designated beneficiary. If you are divorced and then re-marry, your prior beneficiary designation(s) will become invalid and you current spouse will automatically become your beneficiary unless you designate another beneficiary with your current spouse’s written consent (witnessed by a Plan representative or notary public).

Under current federal income tax laws, your beneficiary must receive the entire value of your accounts within five years of your death. As an exception to this rule, payments may be made in the form of an annuity or installments to your designated beneficiary (including your spouse). If an annuity is paid, it must be an annuity with a guaranteed period or a fixed period no longer than your designated beneficiary’s life expectancy.

Generally, annuity or installment payments must begin by the end of the year after the year of your death. However, if your spouse is your designated beneficiary, he or she may postpone the start of benefits until a later date, but not later than the date on which you would have reached age 70½.

Fidelity allows your beneficiary to receive a lump sum distribution of the account balances, to roll over your account balances into an IRA or other plan with payments under IRS minimum distribution rules. TIAA allows you to choose one of the following options, which are explained in detail in your annuity contract(s), for payment of the death benefit, or you may leave the choice to your beneficiary.

1. Income for the lifetime of the beneficiary with payments stopping at the time of his or her death
2. Income for the lifetime of the beneficiary, with a minimum number of payments guaranteed in any event. The period of guaranteed payments must be 10, 15, or 20 years (subject to IRS rules).
3. Income for a fixed period of years (subject to IRS rules)
4. Subject to IRS rules, the accumulation may be left on deposit with TIAA for future payment under any of the above options
5. A lump sum distribution of the account balances or rollover into an IRA or other plan with payments under IRS minimum distribution rules

Federal pension legislation requires that if you die leaving a surviving spouse and have not named a beneficiary, all of your death benefit will be paid to your spouse.

The selection of a beneficiary and the form of payment to the beneficiary should you die can have important income and estate tax consequences. See a qualified advisor if you have questions about these subjects.

Required Minimum Payment Rules

Payments must start by April 1 following the year you reach age 70½ or terminate employment with Boston University, if later. If you do not receive or start your payments on time or if the payments are less than the required minimum amount, you will have to pay a federal tax penalty of 50% of the amount that was required to be distributed but was not distributed (unless you show reasonable cause to the
Internal Revenue Service). See the “Forms of Payment” section for your choices.

If You Become Disabled (Contribution Waiver)

If you should become totally disabled, you will be eligible for a waiver of your required contributions to the Retirement Plan. Your disability insurance, in effect, “pays” your required contributions and the University’s contributions. This benefit will continue until you recover or die, or until your disability benefits end (see the “Long-Term Disability” section of this handbook for additional information concerning the waiver benefit).

The University pays the entire cost of this protection for you.

If You Leave the University

Prior to age 65, you may not withdraw any of the funds in your Retirement Plan accounts under any circumstances as long as you are employed at the University.

If your employment with Boston University ends at any time before you attain age 65, you are fully “vested” in all your Retirement Plan funds. You will receive payment of your accounts as follows:

Fidelity

1. You may elect to receive a lump sum distribution of your moneys invested in these accounts.

2. You may leave funds on deposit for distribution at a later date. Under current tax laws, payments must start by the April 1 following the calendar year when you reach age 70½. You may not make contributions directly to your Fidelity accounts.

3. You may roll over your account to an IRA or other plan that accepts rollovers, provided that you meet federal tax law requirements.

TIAA

1. For Retirement Annuity (RA) contracts issued prior to June 1, 2005:
   (a) If your TIAA contract is less than $2,000 in value, you may apply for a lump sum distribution of the full value of your account. You may then roll over your lump sum payment into an IRA or other plan that accepts rollovers, provided you meet federal tax law requirements.

   (b) If your TIAA contract is at least $2,000 in value, you may begin receiving lifetime annuity payments or elect TIAA’s Transfer Payout Annuity. Under current tax laws, payments must start by the April 1 following the year in which you reach age 70½ or upon retirement, whichever is later.

2. For Group Retirement Annuity (GRA) contracts issued after June 1, 2005:
   (a) You may apply for a lump sum distribution of the full value of your account within a 120-day period following your termination of employment. A withdrawal charge of 2.5% applies to such lump sum withdrawals. You may then roll over your lump sum payment into an IRA or other plan that accepts rollovers, provided you meet federal tax law requirements.

   (b) You may receive a fixed-period annuity of five to thirty years (subject to IRS restrictions).

   3. You may elect to receive a lump sum distribution of moneys invested in CREF. This may be rolled over into an IRA or other plan that accepts rollovers, provided you meet federal tax law requirements.

The rights of your spouse, which were described earlier (see “Your Spouse’s Rights”), also apply to the choice of a form of payment for benefits due when you terminate your employment with the University.

Tax Considerations When You Receive Benefits

Federal income tax must be withheld from the taxable portion of all Retirement Plan benefits you or your beneficiary receive, unless you or your beneficiary elect otherwise (but see the last paragraph of this section for an exception).

Under current federal law, ordinary income tax applies to payments to you from your accounts (not including qualified payments from an after-tax Roth account and not including payments considered to be a return of after-tax non-Roth contributions you have made—these are recovered without additional income tax under specific rules for determining the after-tax portion of each payment).

In addition, a 10% penalty tax applies to all payments you receive before you reach age 59½, except certain payments in the form of an annuity. The 10% penalty tax does not apply if payments are received because of your death, disability, or early retirement at age 55 or older; or in connection with a Qualified Domestic Relations Order; or in amounts which do not exceed your tax-deductible medical expenses or certain amounts spent for health insurance in the event of your extended unemployment.
You may be able to postpone payment of taxes if you are able to roll over your Retirement Plan distribution to an IRA or other plan that accepts rollovers.

Any contributions in the Retirement Plan may be rolled over to an IRA or another 403(b) arrangement or qualified plan that accepts such contributions in order to continue earning tax-deferred interest or investment gains.

All cash distributions from the Retirement Plan, except those payable as an annuity or in periodic installments for at least 10 years, those payable to non-spouse beneficiaries, and those mandated by minimum distribution rules, will be eligible for direct rollover to an IRA or another plan that will accept them. If these distributions are not directly rolled over to an IRA (or to another employer 403(b) plan that will accept them), they will be subject to mandatory 20% federal income tax withholding.

Leaves of Absence

If you are granted a leave of absence at full pay, the University’s and your normal contributions to the Retirement Plan will continue. If you are granted a leave of absence at partial pay, the University’s and your contributions will be based on your reduced base salary.

Your contributions will stop if you are granted an unpaid leave of absence. However, they will start again, automatically, with the first paycheck you receive when you return.

If you are granted a military leave of absence, upon your return while you are protected by the veterans’ reemployment laws, the University will contribute to the Retirement Plan an amount representing the contributions that would normally have been made during your military leave provided you make the required employee contributions.

Remember, if you leave work for any reason for a prolonged period of time, you should always contact Human Resources to ask what effect your absence may have on this and other University-sponsored benefits plans.

Administrative Fees

Fidelity

A Member with an account at Fidelity will be assessed a fixed quarterly fee of $16.25, which will be deducted directly from the Member’s account and reflected on his or her Fidelity participant account statements.

At distribution, certain Fidelity funds may charge a redemption fee. These fees are described in the fund prospectus. In addition, expenses related to mutual fund management are assessed before mutual fund earnings are credited to your account.

TIAA

Each investment offered within a plan charges a fee for managing and operating the investment which are paid only for those investments you actually use and in proportion to the amount of your investment. These fees are not deducted directly from your account; you pay them indirectly through what is known as an expense ratio. For more information about plan fees, visit www.tiaa.org/public/pdf/compliance/tiaa04027858.pdf.

For Group Retirement Annuity (GRA) contracts (in the Boston University Retirement Plan) and subject to the terms of the plan, lump-sum withdrawals are available from the TIAA Traditional Annuity only within 120 days after termination of employment and are subject to a 2.5% surrender charge. All other withdrawals and transfers from the account must be spread over ten annual installments (over five years for withdrawals after termination of employment).

Loss of Benefits

There may be circumstances which may result in a reduction in the value of your account(s), such as:

- The fees/redemption charges (described above) that relate directly to your investments will be deducted directly from your account.
- A payment from your account was required under the terms of a Qualified Domestic Relations Order.
- The value of the investments in your Retirement Plan account could decrease in response to market conditions.

How to Obtain Benefits

Fidelity

You should contact Fidelity for a distribution form. Fidelity has counselors who will provide you with information that may help you in deciding which distribution option best meets your needs.

TIAA

You should contact TIAA for an application for benefit payment. Before you choose a payment form, TIAA will supply you with a statement of your accounts and illustrations of your projected income under various payment options to help you decide which payment option is best for you. TIAA has consultants who will assist you in
deciding which distribution option or combination of options is best suited for your individual circumstances.

**Appealing a Denial**

If you or your beneficiary apply for benefits and your claim is denied, in whole or in part, you may consult Human Resources for information about how to appeal the denial.

Additional information about appealing a denial of benefits is included in the “Administrative Information” section of this handbook.

**Other Important Information**

Contributions to the Retirement Plan are subject to the provisions and limitations of the Internal Revenue Code and IRS regulations and rulings, including the contribution limits in Internal Revenue Code Sections 402(g), 401(m), and 415.

All University contributions to the Retirement Plan must be used for the benefit of Plan Members and beneficiaries. Once made, the contributions cannot be taken back by the University, except if made as a result of a mistake of fact.

A mistaken over-contribution to your account by the University will be returned to the University. A contribution by you that exceeds any of the limits or is otherwise a mistake will be returned to you, in accordance with IRS rules.

**Payments to Others**

Your rights under the Retirement Plan cannot be assigned or used as collateral, and your accounts are not generally subject to attachment or garnishment. However, under federal law, the Retirement Plan must honor a Qualified Domestic Relations Order from a court requiring payment to a divorced or separated spouse or for child support or a lien on your accounts for payment of overdue taxes and certain other specified types of liens and attachments. A copy of the Plan’s Qualified Domestic Relations Order Procedures is available at no cost upon request to Human Resources.

**Termination of Participation**

Your participation in the Retirement Plan ends when you retire or otherwise terminate your employment with Boston University. It will also end if your status as a regular employee ends, or if you stop contributing. From the date that your participation ends until your accounts are fully distributed to you, you will be considered a former Member, or, if you voluntarily stopped contributions, a suspended Member.

**This Plan Is Not Insured by the PBGC**

Retirement Plan benefits are not guaranteed by the Pension Benefit Guaranty Corporation (PBGC), which does not cover plans such as this one with individual accounts for each participant. Upon termination of the plan, you would be eligible to receive the total amount in your accounts.