

Southwest Research Institute

# Retirement Plan

Summary Plan  
Description



SOUTHWEST RESEARCH INSTITUTE

# SOUTHWEST RESEARCH INSTITUTE®

SUMMARY PLAN DESCRIPTION  
EFFECTIVE DATE 01/01/2022

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# Southwest Research Institute Retirement Plan

## SUMMARY PLAN DESCRIPTION INTRODUCTION TO THE PLAN

The Southwest Research Institute Retirement Plan (“Plan”) has been adopted to provide you with the opportunity to save for retirement on a tax advantaged basis. This Plan is a type of retirement plan known as a 403(b) plan, which is similar to a 401(k) plan but is for employees of nonprofit organizations. This Summary Plan Description (“SPD”) contains information regarding when you may become eligible to participate in the Plan, your Plan benefits, your distribution options, and many other features of the Plan. You should take the time to read this SPD to understand the features of the Plan.

This SPD addresses the most common questions you might have regarding the Plan. If this SPD does not answer all of your questions, please contact the Plan Administrator. The Plan Administrator is generally responsible for responding to questions and making determinations related to the administration, interpretation, and application of the Plan, unless those responsibilities have been delegated to other parties. The name of the Plan Administrator can be found at the end of this SPD in Article XII, “General Information about the Plan.”

This SPD describes the Plan’s benefits and obligations as contained in the legal Plan document, which governs the operation of the Plan. The Plan document is written in much more technical and precise language and is designed to comply with applicable legal requirements. If the non-technical language in this SPD and the technical, legal language of the Plan document conflict, the Plan document always governs. If you wish to receive a copy of the legal Plan document, please contact the Plan Administrator.

This SPD describes the current provisions of the Plan. The Plan is subject to federal laws, such as ERISA (the Employee Retirement Income Security Act), the Internal Revenue Code (IRC) and other federal and state laws which might affect your rights. The provisions of the Plan are subject to revision due to a change in laws or due to pronouncements by the Internal Revenue Service (IRS) or Department of Labor. Your Employer may also amend or terminate this Plan. The Plan Administrator will notify you if the provisions of the Plan described in this SPD change.

**Investment Arrangements.** The investment products you select (known as investment arrangements) may also affect the provisions of the Plan. In some cases the investment arrangements may limit your options under the Plan. This SPD does not address the provisions of the various investment arrangements. You should contact the Plan Administrator or the investment provider if you have questions about the provisions of your specific investment arrangements.

**Types of Contributions.** The following types of contributions are allowed under this Plan:

- Employee elective deferrals including Roth Deferrals
- Employer nonelective contributions
- Employee rollover contributions

Amendments and revisions to the Plan are as follows:

- Effective January 1, 2009, SwRI amended and restated the Retirement Plan to combine the three 403(b) Retirement Plans – IRC 403(b) Tax Deferred Annuity Plan (Plan No. 001), IRC 403(b) Supplemental Tax-Deferred Annuity Plan (Plan No. 002), and IRC 403(b) Defined Contribution Retirement Plan (Plan No. 003) – into one 403(b) Plan to be known as the “Southwest Research Institute Retirement Plan (Plan No. 003).”
- Effective January 1, 2009, SwRI amended the Plan to include a provision for the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA).
- Effective July 1, 2009, SwRI amended the Plan to include a provision allowing the option to make 403(b) Roth (After-Tax) Elective Deferrals to the Plan.
- Effective January 1, 2010, SwRI amended the Plan to include a provision for enrolling new employees in an automatic 3% pre-tax contribution.
- Effective January 1, 2010, SwRI amended the Plan to include a provision for the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART).
- Effective April 1, 2013, SwRI revised the SPD, refining the terms and restrictions associated with Plan loans.
- Effective July 1, 2014, SwRI amended the Plan and revised the SwRI Contributions for an employee who becomes totally and permanently disabled after July 1, 2014.
- Effective January 1, 2018, SwRI amended the Plan to include a provision allowing Rollover contributions from other plans and certain IRAs.
- Effective January 1, 2018, SwRI amended the Plan to include a provision allowing mandatory small sum distribution after severance.
- Effective April 1, 2018, SwRI revised the Plan Loan Policy, refining the terms and restrictions associated with Plan loans.

- Effective January 1, 2019, SwRI amended the Plan to include a provision for enrolling new employees in an automatic 5% pre-tax contribution.
- Effective January 1, 2019, SwRI updated the provisions regarding hardship distributions per changes in the law.
- Effective December 3, 2021, Collateralized Loans are no longer issued and loans issued after this date will be Retirement Plan Loans (RPL).
- Effective January 1, 2022, SwRI amended the Plan to change the Qualified Joint and Survivor Annuity (QJSA) to 50%

- Nonresident aliens who have no earned income from sources within the United States
- Employees who are eligible to participate in a 401(k) plan that your Employer sponsors
- Temporary Employees who work less than 1,000 hours during the Plan Year, Technical Advisors, Student Employees and Leased Employees

## **ARTICLE I PARTICIPATION IN THE PLAN**

### **How do I participate in the Plan?**

Provided you are not an Excluded Employee, you can begin participating under the Plan once you have satisfied the eligibility requirements and reached your Entry Date, except as indicated below for reclassified employees. The following describes Excluded Employees, the eligibility requirements and Entry Dates that apply. You should contact the Plan Administrator if you have questions about the timing of your Plan participation.

### **Elective Deferrals (Employee Contributions)**

**Excluded Employees.** If you are a member of a class of employees identified below, you are an Excluded Employee and you are not entitled to participate in the Plan for purposes of elective deferrals. The employees who are excluded are:

- Nonresident aliens who have no earned income from sources within the United States
- Employees who are eligible to participate in a 401(k) plan that your Employer sponsors

**Eligibility Conditions.** You will be eligible to participate in elective deferrals on your entry date.

**Entry Date.** For purposes of elective deferrals, your Entry Date will be your date of hire and Regular Employees will be automatically enrolled to defer a portion of their pay on a pre-tax deferral basis.

### **Nonelective Contributions (Employer Contributions)**

**Excluded Employees.** If you are a member of a class of employees identified below, you are an Excluded Employee and you are not entitled to participate in the Plan for purposes of nonelective contributions. The employees who are excluded are:

- Attainment of age 18
- Regular Employee

**Eligibility Conditions.** You will be eligible to participate in the Plan for purposes of nonelective contributions when you have satisfied the following eligibility condition(s). However, you will actually participate in nonelective contributions once you reach the Entry Date as described below.

**Entry Date.** For purposes of nonelective contributions, your Entry Date will be the date of hire or the date on which you satisfy the eligibility requirements.

### **Reclassified Employees**

Regardless of the above, if it is determined that your Employer erroneously classified you as an independent contractor and you should have been treated as an Employee, you are not entitled to participate in the Plan while you were an independent contractor.

### **What happens if I'm a Participant, terminate employment and then I'm rehired?**

If you are no longer a Participant because of a termination of employment, and you are rehired, then you will be able to participate in the Plan on the date on which you are rehired if you are otherwise eligible to participate in the Plan.

## **ARTICLE II EMPLOYEE CONTRIBUTIONS**

### **What are elective deferrals (employee contributions) and how do I contribute them to the Plan?**

**Elective Deferrals.** As a Participant under the Plan, you may elect to reduce your compensation by a specific percentage or fixed dollar election and have that amount contributed to the Plan as an elective deferral. There are two types of elective deferrals: Pre-Tax Deferrals and Roth Deferrals. For purposes of this SPD, "elective deferrals" generally means both Pre-Tax Deferrals and Roth Deferrals. Regardless of the type of elective deferral you make, the amount you defer is counted as compensation for purposes of Social Security taxes.

- **Pre-Tax Deferrals.** If you elect to make Pre-Tax Deferrals, then your taxable income is reduced by the deferral contributions so you pay less in federal income taxes. Later, when the Plan distributes the deferrals and earnings, you will pay the taxes on those deferrals and the earnings. Therefore, with a Pre-Tax Deferral, federal income taxes on the elective deferral contributions and on the earnings are only postponed. Eventually, you will have to pay taxes on these amounts.
- **Roth Deferrals.** If you elect to make Roth Deferrals, the elective deferrals are subject to federal income taxes in the year of elective deferral. However, the elective deferrals and, in certain cases, the earnings on the elective deferrals are not subject to federal income taxes when distributed to you. In order for the earnings to be tax-free, you must meet certain conditions. See the question “What are my tax consequences when I receive a distribution from the Plan?” in Article IX.

You will always be 100% vested in your elective deferrals (see Article V, “Vesting”).

**Elective Deferral Procedure.** The amount you elect to defer is executed by an online salary agreement through the Employee Self Service (ESS) Update Retirement Contribution application and will be deducted from your pay in accordance with a procedure established by the Plan Administrator. You may elect to defer a portion of your compensation payable on or after your Entry Date. Such election will become effective as soon as administratively feasible after it is received by the Plan Administrator. Your election will generally remain in effect until you modify or terminate it.

**Elective Deferral Modifications.** You may revoke or make modifications to your salary deferral election during any bi-weekly pay period. See the Plan Administrator for further information.

**Elective Deferral Limit.** As a Participant, you may elect to defer a percentage of your compensation each year instead of receiving that amount in cash. Your total elective deferrals in any taxable year cannot exceed a dollar limit which is set by law. The limit for 2022 is \$20,500. After 2022, the dollar limit may increase for cost-of-living adjustments. See the paragraph below on Annual Dollar Limit.

**Age 50 Catch-Up Deferrals.** If you are at least age 50 or will attain age 50 before the end of a calendar year, then you may elect to defer additional amounts (called Age 50 Catch-Up Deferrals) to the Plan as of January 1st of that year. You can defer the additional amounts regardless of any other limitations on the amount you can defer to the Plan. The maximum Age 50 Catch-Up Deferrals that you can make in 2022 is \$6,500. After 2022, the maximum might increase for cost-of-living adjustments.

**Automatic Deferrals.** The Plan includes an automatic deferral feature. Accordingly, the Employer will automatically withhold

a portion of your compensation from your pay each payroll period and contribute that amount to the Plan as a Pre-Tax Deferral unless you make a contrary election.

- **Application to New Participants.** The automatic deferral provisions apply to Regular Employees whose entry date is on or following the automatic deferral effective date.
- **Participants Affected.** The automatic deferral provision only applies to those new Regular Employees who were hired on or after January 1, 2010.
- **Automatic Deferral Provisions.** The following provisions apply to automatic deferrals:
  - You may complete a Salary Reduction Agreement at any time to select an alternative salary deferral amount or to elect not to defer under the Plan in accordance with the deferral procedures of the Plan by executing an online salary agreement through the Employee Self Service (ESS) Update Retirement Contribution application. If the Employer automatically enrolled you and you did not want to participate in the Plan, then the Employer can refund your salary deferrals to you within 90 days of the first payroll in which money was deferred, provided you notify the Employer within a reasonable period of time prior to the end of the 90-day period.
  - Effective 01/01/19, the amount to be automatically withheld from your pay each payroll period will be equal to 5% of your compensation, and that amount will continue to be automatically withheld from your pay in succeeding Plan Years unless the Employer amends the Plan or you enter a Salary Reduction Agreement. Prior to 01/01/19 the automatic deferral was 3%.

Contact the Plan Administrator if you have any questions concerning the application of the automatic deferral provisions.

**Annual Dollar Limit.** You should also be aware that each separately stated annual dollar limit on the amount you may defer (the annual deferral limit and the “catch-up contribution” limit) is a separate aggregate limit that applies to all such similar salary deferral amounts and “catch-up contributions” you may make under this Plan and any other cash or deferred arrangements (including tax-sheltered 403(b) annuity contracts, simplified employee pensions or other 401(k) plans) in which you may be participating. Generally, if an annual dollar limit is exceeded, then the excess must be returned to you in order to avoid adverse tax consequences for you. For this reason, it is desirable to request in writing that any such excess salary deferral amounts and “catch-up contributions” be returned to you.

If you are in more than one plan, you must decide which plan or arrangement you would like to return the excess. If you decide that the excess should be distributed from this Plan, you must communicate this in writing to the Plan Administrator no later than March 1st following the close of the calendar year in which such excess deferrals were made. However, if the entire dollar limit is exceeded in this Plan or any other plan the Employer maintains, then you will be deemed to have notified the Plan Administrator of the excess. The Plan Administrator will then return the excess deferral and any earnings to you by April 15th.

### What are rollover contributions?

**Rollover Contributions.** Subject to the provisions of your investment arrangements and at the discretion of the Plan Administrator, if you are a Participant in the Plan and you are also an employee, you might be permitted to deposit into the Plan distributions you have received from other plans and certain IRAs. Such a deposit is called a “rollover” contribution and might result in tax savings to you. You may ask the Plan Administrator of the other plan or the trustee or custodian of the IRA to directly transfer (make a “direct rollover”) to this Plan all or a portion of any amount that you are entitled to receive as a distribution from such plan. Alternatively, you may elect to deposit any amount eligible to be rolled over within 60 days of your receipt of the distribution. You should consult qualified counsel to determine if a rollover is in your best interest.

**Rollover Accounts.** Your rollover contribution will be accounted for in a “rollover account.” You will always be 100% vested in your “rollover account” (see Article V, “Vesting”). Rollover contributions will be affected by any investment gains or losses. In addition, any Roth deferrals that are accepted as rollovers in this Plan will be accounted for separately.

**Withdrawal of Rollover Contributions.** You may withdraw amounts from your “rollover account” at any time.

## ARTICLE III EMPLOYER CONTRIBUTIONS

This Article describes Employer contributions that will be made to the Plan and how your share of the contributions is determined.

### What is the Employer nonelective contribution and how is it allocated?

**Nonelective Contribution.** An amount equal to the sum of 9% of each Participant’s Compensation for the Plan Year up to the integration level; plus 11% of such Participant’s Compensation in excess of the integration level. The integration level will be the Social Security Taxable Wage Base.

**Allocation Conditions.** You will always share in the nonelective contribution regardless of the amount of service you complete during the Plan Year.

**Your Share of the Contribution.** The nonelective contribution will be “allocated” or divided among Participants eligible to share in the contribution for the Plan Year.

Your share of the nonelective contribution will be determined by the formula for making that contribution.

### What are forfeitures and how are they used?

**Definition of Forfeitures.** In order to reward employees who remain employed with your Employer for a long period of time, the law permits a “vesting schedule” to be applied to certain contributions that your Employer makes to the Plan. This means that you will not be entitled to (“vested in”) all of the contributions until you have been employed with your Employer for a specified period of time (see Article V, “Vesting”). If a Participant terminates employment before being fully vested, then the non-vested portion of the terminated Participant’s account balance remains in the Plan and is called a forfeiture. Forfeitures might be used by the Plan for several purposes.

**Use of Forfeitures.** Forfeitures will be allocated as follows:

- Forfeitures might first be used to pay Plan expenses, and then used to reduce any nonelective contribution.

## ARTICLE IV COMPENSATION AND ACCOUNT BALANCE

### What compensation is used to determine my Plan benefits?

**Definition of Compensation.** Compensation is defined as Base pay for Nonelective Contributions and Base pay plus accrued personal leave payout for Elective Deferrals. The following describes the adjustments to compensation that apply for the contributions noted above.

### All Contributions

**Adjustments to Compensation.** The following adjustments to compensation will be made:

- Elective deferrals to this Plan and to any other plan or arrangement (such as a cafeteria plan) will be included.
- Compensation paid while not a Participant in the component of the Plan for which compensation is being used will be excluded.



## Employee Elective Deferrals

**Adjustments to Compensation.** In addition to adjustments to compensation under “All Contributions” above, the following adjustments to compensation will be made for purposes of elective deferrals:

- Compensation paid after you terminate is generally excluded for Plan purposes. However, the following amounts will be included in compensation even though they are paid after you terminate employment, provided these amounts would otherwise have been considered compensation as described above and provided they are paid within 2 1/2 months after you terminate employment, or if later, the last day of the Plan Year in which you terminate employment:
  - Base pay for services performed that would have been made to you had you continued employment.
  - Compensation paid for unused accrued personal leave, if such amount would have been included in compensation if paid prior to your termination of employment and you would have been able to use the leave if employment had continued.

## Employer Nonelective Contributions

**Adjustments to Compensation.** In addition to adjustments to compensation under “All Contributions” above, the following adjustments to compensation will be made for purposes of nonelective contributions:

- Compensation paid after you terminate is generally excluded for Plan purposes. However, the following amount will be included in compensation even though it is paid after you terminate employment, provided this amount would otherwise have been considered compensation as described above and provided it is paid within 2 1/2 months after you terminate employment, or if later, the last day of the Plan Year in which you terminate employment:
  - Base pay for services performed that would have been made to you had you continued employment.

### Is there a limit on the amount of compensation which can be considered?

The Plan, by law, cannot recognize annual compensation in excess of a certain dollar limit. The limit for the Plan Year beginning in 2022 is \$305,000. After 2022, the dollar limit might increase for cost-of-living adjustments.

### Is there a limit on how much can be contributed to my account each year?

The law imposes a limit on the amount of contributions (both employer contributions and elective deferrals, but excluding

Age 50 Catch-Up Deferrals) that may be made to your accounts during a year. For 2022, this total cannot exceed the lesser of \$61,000 or 100% of your includible compensation (generally your compensation for the prior 12-month period, as limited under the previous question). After 2022, the dollar limit might increase for cost-of-living adjustments.

The above limit may also need to be applied by taking into account contributions made to other retirement plans in which you are a participant. If you have more than 50% control of a corporation, partnership, and/or sole proprietorship, then the above limit is based on contributions made in this Plan as well as contributions made to any 403(b) or qualified plans maintained by the businesses you control. If you control another business that maintains a plan in which you participate, then you are responsible for providing the Plan Administrator with information necessary to apply the annual contribution limits. If you fail to provide necessary and correct information to the Plan Administrator, it could result in adverse tax consequences for you, including the inability to exclude contributions to the Plan from your gross income for tax purposes.

### How is the money in the Plan invested?

The Plan assets may be invested in mutual funds and annuity contracts. See the Plan Administrator for further details regarding permissible investments.

You will be able to direct the investment of your Plan account, including your elective deferrals. The Plan Administrator will provide you with information on the investment choices available to you, the frequency with which you can change your investment choices and other information. If you do not direct the investment of your Plan account, then your account will be invested in accordance with the default investment alternatives your Employer establishes under the Plan. These default investments will be made in accordance with specific rules under which the fiduciaries of the Plan, including your Employer and the Plan Administrator, will be relieved of any legal liability for any losses resulting from the default investments. The Plan Administrator has provided or will provide you with a separate notice which details these default investments and your right to elect an alternative investment.

The Plan is intended to comply with Section 404(c) of ERISA (the Employee Retirement Income Security Act). If the Plan complies with this Section, then the fiduciaries of the Plan, including your Employer and the Plan Administrator, will be relieved of any legal liability for any losses which are the direct and necessary result of the investment directions that you give. You must follow procedures in giving investment directions. If you fail to do so, then your investment directions need not be followed.

When you direct investments, your account is segregated for purposes of determining the earnings or losses on these investments. Your account does not share in the investment

performance for other Participants who have directed their own investments.

You should remember that the amount of your benefits under the Plan will depend in part upon your choice of investments. Gains as well as losses can occur and your Employer and the Plan Administrator will not provide investment advice or guarantee the performance of any investment you choose.

Periodically, you will receive a benefit statement that provides information on your account balance and your investment returns. It is your responsibility to notify the Plan Administrator of any errors you see on any statements within 30 days after the statement is provided or made available to you.

### **Will Plan expenses be deducted from my account balance?**

**Expenses Allocated to All Accounts.** Subject to the terms of the investment arrangements funding the Plan, the Plan might pay some or all Plan-related expenses except for a limited category of expenses which the law requires your Employer to pay. The category of expenses which your Employer must pay is known as “settlor expenses.” Generally, settlor expenses relate to the design, establishment or termination of the Plan. The expenses charged to the Plan might be charged pro rata to each Participant in relation to the size of each Participant’s account balance or might be charged equally to each Participant. In addition, some types of expenses might be charged only to some Participants based upon their use of a Plan feature or receipt of a Plan distribution. Finally, the Plan might charge expenses in a different manner for Participants who have terminated employment with your Employer versus those Participants who remain employed with your Employer.

**Terminated Employees.** After you terminate employment, subject to the terms of the investment arrangements funding the Plan, your Employer reserves the right to charge your account for your pro rata share of the Plan’s administration expenses, regardless of whether your Employer pays some of these expenses on behalf of current employees.

**Expenses Allocated to Individual Accounts.** There are certain other expenses that might be paid just from your account subject to the terms of the investment arrangements funding the Plan. These are expenses that are specifically incurred by you or attributable to you. For example, if you are married and get divorced, the Plan might incur additional expenses if a court mandates that a portion of your account be paid to your ex-spouse. These additional expenses might be paid directly from your account (and not the accounts of other Participants) because they are directly attributable to you under the Plan. The Plan Administrator will inform you when there will be a charge (or charges) directly to your account.

Your Employer might, from time to time, change the manner in which expenses are allocated.

## **ARTICLE V VESTING**

### **What is my vested interest in my account?**

In order to reward employees who remain employed with your Employer for a long period of time, the law permits a “vesting schedule” to be applied to certain contributions that your Employer makes to the Plan. This means that you will not be entitled to (“vested in”) all of the contributions until you have been employed with your Employer for a specified period of time.

**100% Vested Contributions.** You are always 100% vested (which means that you are entitled to all of the amounts) in your accounts attributable to the following contributions:

- Elective deferrals (employee contributions) including Roth deferrals and catch-up contributions
- Rollover contributions

**Vesting Schedule.** Your “vested percentage” for certain Employer contributions is based on vesting Periods of Service. This means at the time you stop working, your account balance attributable to contributions subject to a vesting schedule is multiplied by your vested percentage. The result, when added to the amounts that are always 100% vested, is your vested interest in the Plan, which is what you will actually receive from the Plan. You will always, however, be 100% vested in all of your contributions if you are employed on or after your Normal Retirement Age or if you terminate employment on account of your death or as a result of becoming disabled.

### **Nonelective Contributions**

Your “vested percentage” in your account attributable to nonelective contributions (employer contributions) is determined under the following schedule.

Vesting Schedule Nonelective Contributions	
<u>Periods of Service</u>	<u>Percentage</u>
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6	100%

### **How is my service determined for vesting purposes?**

**Period of Service.** You will be credited with a Period of Service for each twelve-month period from your date of hire until the date your employment terminates. The Plan Administrator will track your service and will credit you with a Period of Service in

accordance with the terms of the Plan. If you have any questions regarding your vesting service, you should contact the Plan Administrator.

### **What service is counted for vesting purposes?**

**Service with Your Employer.** In calculating your vested percentage, all service you perform for your Employer will generally be counted.

**Military Service.** If you are a veteran and are reemployed under the Uniformed Services Employment and Reemployment Rights Act of 1994, your qualified military service might be considered service with your Employer. If you might be affected by this law, ask the Plan Administrator for further details.

### **What happens to my non-vested account balance if I'm rehired?**

If you have no vested interest in the Plan when you leave, your account balance will be forfeited. However, if you are rehired before incurring five consecutive Breaks in Service, your account balance as of the date of your termination of employment will be restored, unadjusted for any gains or losses.

If you are partially vested in your account balance when you leave, the non-vested portion of your account balance will be forfeited on the earlier of the date:

- (a) of the distribution of your vested account balance, or
- (b) when you incur five consecutive Breaks in Service.

If you received a distribution of your vested account balance and are rehired, you may have the right to repay this distribution. If you repay the entire amount of the distribution, your Employer will restore your account balance with your forfeited amount. You must repay this distribution within five years from your date of rehire, or, if earlier, before you incur five consecutive Breaks in Service. If you were 100% vested when you left, you do not have the opportunity to repay your distribution.

## **ARTICLE VI DISTRIBUTIONS PRIOR TO TERMINATION OF EMPLOYMENT**

The Individual Agreements governing the investment options that you selected for your Plan contributions might contain additional limits on when you can take a distribution and the form of distribution that is available, as well as your right to transfer among approved investment options. Please review both the following information in this Summary Plan Description and the terms of your annuity contracts or custodial agreements before requesting a distribution. Contact your Employer or the investment vendor if you have questions regarding your distribution options.

### **Can I withdraw money from my account while working?**

You are generally not entitled to any distribution from the Plan while you are still working for your Employer from employer nonelective contributions.

**In-service Distributions.** You may be entitled to receive an in-service distribution. However, this distribution is not in addition to your other benefits and will therefore reduce the value of the benefits you will receive at retirement. This distribution is made at your election subject to possible administrative limitations on the frequency and actual timing of such distributions. You may withdraw amounts from accounts for rollover contributions at any time.

**In-service Conditions.** Generally you may receive a distribution from certain accounts prior to termination of employment provided you satisfy any of the following conditions:

- You have attained age 59 1/2. Satisfying this condition allows you to receive distributions from elective deferrals.
- You have incurred a financial hardship as described below.
- You incur a disability (as defined in the Plan). Satisfying this condition allows you to receive distributions from elective deferrals.

**Distributions for Deemed Severance of Employment.** If you are on active military duty for more than 30 days, then the Plan generally treats you as having severed employment for purposes of receiving a distribution from the Plan from elective deferrals. If you request a distribution due to this deemed severance of employment, then you are not permitted to make any contributions to the Plan for six months after the date of the distribution.

**Annuity Waiver.** If you wish to receive any in-service distribution from the Plan in a single payment from your account, you (and your spouse, if married) must first waive the annuity form of payment. If you are married, you must get written consent from your spouse to take a distribution from the Plan in any form other than a qualified joint and survivor annuity. Your spouse's consent is also needed if you want to name someone other than your spouse as your beneficiary. The annuity would need to be structured to provide a benefit while you are both alive and then to provide a survivor benefit that is equal to 50% of the amount you received while you were both living. You can designate a different survivor percentage subject to certain limits under the qualified optional survivor annuity regulations. Your Employer will provide you with more information regarding your annuity options when it comes time for you to make a decision. Follow the procedures established by your Employer to document your spouse's consent to waive the annuity and take the payment in some other form permitted by the Plan. Your spouse must also consent to any Plan loans that you request.

## Can I withdraw money from my account in the event of financial hardship?

**Hardship distributions.** You may withdraw money on account of financial hardship if you satisfy certain conditions, subject to any rules and conditions set forth in the investment arrangements. This hardship distribution is not in addition to your other benefits and will therefore reduce the value of the benefits you will receive upon termination of employment or other event entitling you to distribution of your account balance.

**Qualifying expenses.** A hardship distribution may be made to satisfy certain immediate and heavy financial needs that you have. A hardship distribution may only be made for payment of the following:

- Expenses for medical care (described in Section 213(d) of the Internal Revenue Code) for you, your spouse, your dependents or your beneficiary.
- Costs directly related to the purchase of your principal residence (excluding mortgage payments).
- Tuition, related educational fees, and room and board expenses for the next twelve (12) months of post-secondary education for you, your spouse, your children, your dependents or your beneficiary.
- Amounts necessary to prevent your eviction from your principal residence or foreclosure on the mortgage of your principal residence.
- Payments for burial or funeral expenses for your deceased parent, spouse, children, your dependents or your beneficiary.
- Expenses for the repair of damage to your principal residence (that would qualify for the casualty loss deduction under Internal Revenue Code) without regard to the limit on casualty losses that are deductible for income tax purposes under IRC 165(h).
- Expenses for disasters arising from federally declared disasters, such as your expenses and losses (including loss of income) attributable to that disaster, provided your principal residence or place of employment was in an area FEMA designates as qualifying for individual assistance. The definition of residential casualty loss has been broadened to include residential casualties even if they are not part of a federally declared disaster.

**Beneficiary Hardship.** A beneficiary is someone you designate under the Plan to receive your death benefit who is not otherwise your spouse or dependent.

**Conditions.** If you have any of the above expenses, a hardship distribution can only be made if you certify and agree that all of the following conditions are satisfied:

(a) The distribution is not in excess of the amount of your immediate and heavy financial need. The amount of your immediate and heavy financial need may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution; and

(b) You have obtained all distributions, other than hardship distributions, currently available under all plans that your Employer maintains. However, you are not required to obtain all nontaxable loans currently available under all plans that your Employer maintains; and

(c) You certify (via a form for that purpose) that you have insufficient cash or other liquid assets reasonably available to satisfy the need.

(d) You are not required to suspend any contributions you are making to the Plan.

**Account restrictions.** You may request a hardship distribution only from elective deferrals (i.e. employee contributions).

**Restricted Amounts.** You can take hardship distributions from elective deferrals but not from earnings on elective deferrals. You cannot take hardship distributions from employer contributions. Ask the Plan Administrator if you need further details.

**Annuity waiver.** If you wish to receive a hardship distribution from the Plan in a single payment from your account, you (and your spouse, if you are married) must first waive the annuity form of payment. (See the Article entitled "Benefits and Distributions Upon Termination of Employment" for a further explanation of how benefits are paid from the Plan.)

## ARTICLE VII DISTRIBUTIONS UPON TERMINATION OF EMPLOYMENT

To the extent permitted in the investment arrangements, the provisions in this Article apply to distributions from the Plan following termination of employment.

### When can I get money out of the Plan?

You might be able to receive a distribution of the vested portion of some or all of your accounts in the Plan when you terminate employment with your Employer. The rules regarding the payment of death benefits to your beneficiary are described in Article VIII, "Distributions upon Death."

If you terminate employment and your vested benefit exceeds \$5,000, you will be entitled to a distribution within a reasonable time after your termination. You must consent to this distribution. (See the question "How will my benefits be paid

to me?" below for a further explanation of how benefits are paid from the Plan.)

If you terminate employment, and the value of your vested benefit does not exceed \$5,000, then a distribution will automatically be paid to you even if you do not consent. Such distribution will be paid to you within a reasonable period of time after your termination of employment. See the question "How will my benefits be paid to me?" below for an explanation of how these benefits will be paid.

**Treatment of "Rollover" Contributions for Consent to Distribution.** In determining if the value of your vested account balance exceeds the \$5,000 threshold described above used to determine whether you must consent to a distribution, your "rollover account" will be considered as part of your benefit.

**Military Service.** If you are a veteran and are reemployed under the Uniformed Services Employment and Reemployment Rights Act of 1994, your qualified military service may be considered service with your Employer. There might also be benefits for employees who die or become disabled while on active duty. Employees who receive wage continuation payments while in the military may benefit from various changes in the law. If you think you may be affected by these rules, ask the Plan Administrator for further details.

### **What is Normal Retirement Age and what is the significance of reaching Normal Retirement Age?**

**Normal Retirement Age.** Your Normal Retirement Age is the date you reach age 65.

**Payment of Benefits.** You will become 100% vested in all of your accounts under the Plan (assuming you are not already fully vested) if you are employed on or after your Normal Retirement Age. However, the actual payment of benefits generally will not begin until you have terminated employment. In such event, a distribution will be made, at your election, as soon as administratively feasible. If you remain employed past your Normal Retirement Age, you may generally defer the receipt of benefits until you actually terminate employment. In such event, benefit payments will begin as soon as feasible at your request, but generally not later than age 72. (See the question "How will my benefits be paid to me?" below for an explanation of how these benefits will be paid.)

### **When am I considered to be disabled under the Plan?**

**Definition of Disability.** Under the Plan, disability is defined as the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months. The permanence and degree of such impairment must be supported by medical evidence. The

Plan Administrator may require that your disability be determined by a licensed physician.

If you become disabled while an employee, you will become 100% vested in all of your accounts under the Plan.

### **How will my benefits be paid to me?**

The following provisions apply to the extent permitted under the investment arrangements in which the Plan assets are invested.

**Lump-sum Distribution.** If you terminate employment and your vested account balance does not exceed \$5,000, then your vested account balance might only be distributed to you in a single lump-sum payment.

**Distribution Methods.** If you terminate employment and your vested account balance exceeds \$5,000 (or another amount as provided in your investment arrangement), then your vested account balance might be distributed to you under the following methods provided they are permitted under your investment arrangements:

- A single lump-sum payment
- Installments over a period of not more than your assumed life expectancy (or the assumed life expectancies of you and your beneficiary)
- An annuity contract that the investment vendor provides or purchases with your vested account balance
- Ad-hoc distributions. You may request a distribution of some or all of your Plan accounts, at any time following your termination of employment, subject to any reasonable limits regarding timing and amounts as the Plan Administrator or your investment arrangements may impose.

**Required Beginning Date.** There are rules that require that certain minimum distributions be made from the Plan. Distributions are required to begin not later than April 1st following the end of the year in which you reach age 72 or terminate employment, whichever is later. You should consult the Plan Administrator if you think you might be affected by these rules.

### **Mandatory Annuity Distribution (subject to waiver).**

Subject to the provisions of your investment arrangements, if you are married on the date your benefits are to begin, you will automatically receive a joint and 50% survivor annuity, unless you and your spouse waive the annuity and elect an alternative form of payment. This means that you will receive payments for your life, and after your death, your surviving spouse will receive a monthly benefit for the remainder of his or her life equal to 50% of the benefit you were receiving at the time of your death. You may elect a joint and survivor annuity at a

reduced survivor percentage instead of the standard joint and 50% survivor annuity. You should consult a qualified advisor before making such election.

If you are not married on the date your benefits are to begin, you will automatically receive a life annuity, unless you waive the qualified annuity and elect an alternative form of payment. This means you will receive payments for as long as you live.

However, regardless of your marital status, if your vested account balance does not exceed \$5,000, then, depending on the terms of your investment arrangement, your vested account balance might be distributed to you in a single lump-sum payment and you might not receive the qualified annuity.

### **May I elect another distribution method?**

**Waiver of Annuity.** If your vested benefit in the Plan exceeds \$5,000, then when you are about to receive any distribution, the Plan Administrator will explain the joint and survivor annuity or the life annuity to you in greater detail. You will be given the option of waiving the joint and survivor annuity or the life annuity form of payment during the 180-day period before the annuity is to begin. IF YOU ARE MARRIED, YOUR SPOUSE MUST IRREVOCABLY CONSENT IN WRITING TO THE WAIVER IN THE PRESENCE OF A NOTARY OR A PLAN REPRESENTATIVE. You may revoke any waiver. The Plan Administrator has designated TIAA with the responsibility of providing the forms to make these elections. Since your spouse participates in these elections, you must immediately inform TIAA of any change in your marital status.

**Distribution Methods.** If your vested account balance exceeds \$5,000 and if you and your spouse elect not to take a joint and survivor annuity, or if you are not married when your benefits are scheduled to begin and have elected not to take a life annuity, you may elect to receive distribution of your account balance under any alternative distribution method as described above.

## **ARTICLE VIII DISTRIBUTIONS UPON DEATH**

### **What happens if I die while working for the Employer?**

If you die while still employed by the Employer, then your vested account balance will be used to provide your beneficiary with a death benefit.

### **Who is the beneficiary of my death benefit?**

**Married Participant.** If you are married at the time of your death, your spouse will be the beneficiary of 50% of the death benefit distributed as a qualified annuity. Any remaining amount of your death benefit which is not payable to your

spouse as a qualified annuity will be paid to your beneficiary (which may be your spouse). You may designate a non-spouse beneficiary for the portion of your account not payable as a qualified annuity without your spouse's consent.

IF YOU WISH TO WAIVE THE QUALIFIED ANNUITY BENEFIT, YOUR SPOUSE MUST IRREVOCABLY CONSENT TO WAIVE THE ANNUITY AND TO YOUR DESIGNATION OF ANY NON-SPOUSE BENEFICIARY. YOUR SPOUSE'S CONSENT MUST BE IN WRITING, BE WITNESSED BY A NOTARY OR A PLAN REPRESENTATIVE AND ACKNOWLEDGE THE SPECIFIC NON-SPOUSE BENEFICIARY.

If you are married and you change your designation, then your spouse must again consent to the change. In addition, you may elect a beneficiary other than your spouse without your spouse's consent if your spouse cannot be located.

**Unmarried Participant.** If you are not married, you may designate a beneficiary of your choosing.

**Divorce.** If you have designated your spouse as your beneficiary for all or a part of your death benefit, then upon your divorce, the designation is no longer valid. This means that if you do not select a new beneficiary after your divorce, then you are treated as not having a beneficiary for that portion of the death benefit (unless you have remarried, in which case the prior provisions of this section apply to your new spouse).

**No Beneficiary Designation.** Subject to the terms of the investment arrangements, at the time of your death, if you have not designated a beneficiary or your beneficiary is not alive, then 50% of your death benefit will be paid to your surviving spouse and 50% will be paid to your estate. If you are unmarried or have no surviving spouse, your entire death benefit will be paid to your estate.

### **How will the death benefit be paid to my beneficiary?**

**Mandatory Annuity Distribution (subject to waiver).** If the death benefit does not exceed \$5,000, then the benefit may only be paid as a lump sum. If you are married at the time of your death and the death benefit exceeds \$5,000, then the death benefit will be paid to your spouse in the form of a qualified annuity as described above under the question "Who is the beneficiary of my death benefit?"; unless you and your spouse waive the qualified annuity. If the qualified annuity applies, the Plan will purchase, using 50% of your account, an annuity contract providing for payments over the life of your spouse. The size of the monthly payments will depend on the value of your vested account at the time of your death.

**Waiver of Annuity.** You and your spouse may waive the qualified annuity form of distribution. Generally, the period during which you and your spouse may waive the annuity begins as of the first day of the Plan Year in which you reach age 35 and ends when you die. The Plan Administrator has delegated TIAA with the responsibility of providing a detailed explanation of the annuity. This explanation must generally be given to you during the period of time beginning on the first day of the

Plan Year in which you reach age 32 and ending on the first day of the Plan Year in which you reach age 35. It is important that you inform TIAA when you reach age 32 so that you may receive this information.

Under a special rule, you and your spouse may waive the survivor annuity form of payment any time before you turn age 35. However, any waiver will become invalid at the beginning of the Plan Year in which you turn age 35, and you and your spouse will be required to make another waiver.

**Distribution Method/Annuity Waived.** If you and your spouse waive the qualified annuity, and the death benefit exceeds \$5,000, the benefit may be paid to your spouse in the methods described under the question "How will my benefits be paid to me?" in Article VII, provided the methods are permitted under your investment arrangements.

#### **When must payments be made to my beneficiary (required minimum distributions)?**

If your designated beneficiary is a person (other than your estate or most trusts) then minimum distributions of your death benefit must generally begin within one year of your death and must be paid over a period not extending beyond your beneficiary's life expectancy. If your spouse is the beneficiary, the start of payments may be delayed until the year in which you would have attained age 72. Generally, if you die before you are required to begin minimum distributions (which for most people is shortly after the later of age 72 or retirement) and your beneficiary is not a person, then your entire death benefit must be paid within five years after your death. Some investment products may allow a person to use this five-year rule. Consult the Plan Administrator for further details.

Since a spouse has certain rights in the death benefit, you should immediately report any change in your marital status to the Plan Administrator.

#### **What happens if I terminate employment, commence required minimum distribution payments and then die before receiving all of my benefits?**

If you are married at the time of death, the form of payment will be a life annuity to your surviving spouse as described above under "Mandatory Annuity Distribution (subject to waiver)," unless you and your spouse had waived the qualified annuity. In the event you had waived the qualified annuity, your beneficiary will be entitled to your remaining vested interest in the Plan at the time of your death. Consult the Plan Administrator for more information regarding the timing and method of payments that apply to your beneficiary. The provision in the Plan providing for full vesting of your benefit upon death does not apply if you die after terminating employment.

## **ARTICLE IX TAX TREATMENT OF DISTRIBUTIONS**

#### **What are my tax consequences when I receive a distribution from the Plan?**

Generally, you must include any Plan distribution in your taxable income in the year in which you receive the distribution. The tax treatment may also depend on your age when you receive the distribution. Certain distributions made to you when you are under age 59 1/2 could be subject to an additional federal 10% penalty tax.

You will not be taxed on distributions of your Roth deferrals. In addition, a distribution of the earnings on the Roth deferrals will not be subject to tax if the distribution is a "qualified distribution." A qualified distribution is one that is made after you have attained age 59 1/2 or is made on account of your death or disability. In addition, in order to be a qualified distribution, the distribution cannot be made prior to the expiration of a five-year participation period. The five-year participation period is the five-year period beginning the calendar year in which you first make a Roth deferral to your Plan (or to another 401(k) plan or 403(b) plan if such amount was rolled over into this Plan) and ending on the last day of the calendar year that is five years later.

#### **Can I elect a rollover to reduce or defer tax on my distribution?**

**Rollover or Direct Transfer.** You may reduce, or defer entirely, the tax due on your distribution through use of one of the following methods:

- (a) **60-day Rollover.** You may roll over all or a portion of the distribution to an Individual Retirement Account or Annuity (IRA) or another employer retirement plan willing to accept the rollover. This will result in no tax being due until you begin withdrawing funds from the IRA or other qualified employer plan. The rollover of the distribution, however, **MUST** be made within strict time frames (normally, within 60 days after you receive your distribution). Under certain circumstances, all or a portion of a distribution (such as a hardship distribution) may not qualify for this rollover treatment. In addition, most distributions will be subject to mandatory federal income tax withholding at a rate of 20%. This will reduce the amount you actually receive. For this reason, if you wish to roll over all or a portion of your distribution amount, then the direct rollover option described in paragraph (b) below would be the better choice.
- (b) **Direct Rollover.** For most distributions, you may request that a direct transfer (sometimes referred to as a direct rollover) of all or a portion of a distribution be made to either an Individual Retirement Account or Annuity (IRA) or another employer retirement plan

willing to accept the transfer. A direct transfer will result in no tax being due until you withdraw funds from the IRA or other employer plan. Like the 60-day rollover, under certain circumstances all or a portion of the amount to be distributed may not qualify for this direct transfer. If you elect to actually receive the distribution rather than request a direct transfer, then in most cases 20% of the distribution amount will be withheld for federal income tax purposes. If you decide to directly transfer all or a portion of a distribution, you (and your spouse, if you are married) must first waive the qualified annuity form of payment. (See the question "How will my benefits be paid to me?" in Article VII for a further explanation of this waiver requirement.)

#### **Automatic IRA Rollover of Certain Account Balances**

If a mandatory distribution is being made to you before the later of age 62 or Normal Retirement Age and your vested account balance does not exceed \$5,000 (including any rollover contribution), the Plan might distribute your vested portion in a single lump-sum payment. However, you may elect whether to receive the distribution or to roll over the distribution to another retirement plan such as an Individual Retirement Account (IRA). At the time of your termination of employment, the Plan Administrator will provide you with further information regarding your distribution rights. If the amount of the distribution exceeds \$1,000 (including any rollover contribution) and you do not elect either to receive or to roll over the distribution, the Plan automatically will roll over the distribution to an IRA. The IRA provider will invest the rollover funds in a type of investment designed to preserve principal and to provide a reasonable rate of return and liquidity (e.g., an interest-bearing account, a certificate of deposit or a money market fund). The IRA provider will charge your account for any expenses associated with the establishment and maintenance of the IRA and with the IRA investments. In addition, your beneficiary designation under the Plan, if any, will not apply to the rollover IRA. The IRA's terms will control in establishing a designated beneficiary under the IRA. You may transfer the IRA funds to any other IRA you choose. Contact the Plan Administrator at the address and telephone number indicated in this SPD for further information regarding the Plan's automatic rollover provisions, the IRA provider and the fees and charges associated with the IRA.

**Tax Notice.** WHENEVER YOU RECEIVE A DISTRIBUTION THAT IS AN ELIGIBLE ROLLOVER DISTRIBUTION, THE PLAN ADMINISTRATOR WILL DELIVER TO YOU A MORE DETAILED EXPLANATION OF THESE OPTIONS. HOWEVER, THE RULES WHICH DETERMINE WHETHER YOU QUALIFY FOR FAVORABLE TAX TREATMENT ARE VERY COMPLEX. YOU SHOULD CONSULT WITH QUALIFIED TAX COUNSEL BEFORE MAKING A CHOICE.

## **ARTICLE X LOANS**

### **Is it possible to borrow money from the Plan?**

Yes, it is possible to borrow money from the Plan. Loans are permitted in accordance with the Plan Loan Policy appendix attached to this SPD and subject to the limitations of your investment arrangements.

## **ARTICLE XI PROTECTED BENEFITS AND CLAIMS PROCEDURES**

### **Are my benefits protected?**

As a general rule, your interest in your account, including your "vested interest," may not be alienated. This means that your interest may not be sold, used as collateral for a loan (other than for a Plan loan), given away or otherwise transferred (except at death to your beneficiary). In addition, your creditors (other than the IRS) may not attach, garnish or otherwise interfere with your benefits under the Plan.

### **Are there any exceptions to the general rule?**

There are three exceptions to this general rule:

- (a) The Plan Administrator has designated TIAA with the responsibility of determining the validity of any domestic relations orders. TIAA must honor a qualified domestic relations order (QDRO). A QDRO is defined as a decree or order issued by a court that obligates you to pay child support or alimony, or otherwise allocates a portion of your assets in the Plan to your spouse, former spouse, children or other dependents (referred to as alternate payees). If a QDRO is received by TIAA, all or a portion of your benefits may be used to satisfy that obligation. You and your beneficiaries can obtain from TIAA, without charge, a copy of the procedure used by TIAA to determine whether a qualified domestic relations order is valid.
- (b) The second exception applies if you are involved with the Plan's operation. If you are found liable for any action that adversely affects the Plan, the Plan Administrator can offset your benefits by the amount that you are ordered or required by a court to pay the Plan. All or a portion of your benefits may be used to satisfy any such obligation to the Plan.
- (c) The last exception applies to federal tax levies and judgments. The federal government is able to use your interest in the Plan to enforce a federal tax levy



and to collect a judgment resulting from an unpaid tax assessment.

### **Can the Employer amend the Plan?**

Your Employer has the right to amend the Plan at any time. In no event, however, will any amendment authorize or permit any part of the Plan assets to be used for purposes other than the exclusive benefit of Participants or their beneficiaries. Additionally, no amendment will cause any reduction in the amount credited to your account.

### **What happens if the Plan is discontinued or terminated?**

Although your Employer intends to maintain the Plan indefinitely, your Employer reserves the right to terminate the Plan at any time. Upon termination, no further contributions will be made to the Plan and all amounts credited to your accounts will become 100% vested. Your Employer will direct the distribution of your accounts in a manner permitted by the Plan as soon as practicable. You will be notified if the Plan is terminated.

### **How do I submit a claim for Plan benefits?**

Benefits will generally be paid to you and your beneficiaries without the necessity for formal claims. Contact the Plan Administrator or investment provider if you are entitled to benefits or if you think an error has been made in determining your benefits. Any such request should be in writing.

If the Plan Administrator determines the claim is valid, then you will receive a statement describing the amount of benefit, the method or methods of payment, the timing of distributions and other information relevant to the payment of the benefit.

### **What if my benefits are denied?**

Your request for Plan benefits will be considered a claim for Plan benefits, and it will be subject to a full and fair review. If your claim is wholly or partially denied, the Plan Administrator will provide you with a written or electronic notification of the Plan's adverse determination. This written or electronic notification must be provided to you within a reasonable period of time, but not later than 90 days after the receipt of your claim by the Plan Administrator, unless the Plan Administrator determines that special circumstances require an extension of time for processing your claim. If the Plan Administrator determines that an extension of time for processing is required, written notice of the extension will be furnished to you prior to the termination of the initial 90-day period. In no event will such extension exceed a period of 90 days from the end of such initial period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination.

In the case of a claim for disability benefits, if disability is determined by a physician (rather than relying upon a determination of disability for Social Security purposes), then instead of

the above, the Plan Administrator will provide you with written or electronic notification of the Plan's adverse benefit determination within a reasonable period of time, but not later than 45 days after receipt of the claim by the Plan. This period may be extended by the Plan for up to 30 days, provided that the Plan Administrator both determines that such an extension is necessary due to matters beyond the control of the Plan and notifies you, prior to the expiration of the initial 45-day period, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision. If, prior to the end of the first 30-day extension period, the Plan Administrator determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for up to an additional 30 days, provided that the Plan Administrator notifies you, prior to the expiration of the first 30-day extension period, of the circumstances requiring the extension and the date when the Plan Administrator expects to render a decision. In the case of any such extension, the notice of extension will specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and you will be afforded at least 45 days within which to provide the specified information.

The Plan Administrator's written or electronic notification of any adverse benefit determination must contain the following information:

- (a) The specific reason or reasons for the adverse determination.
- (b) Reference to the specific Plan provisions on which the determination is based.
- (c) A description of any additional material or information necessary for you to perfect the claim and an explanation of why such material or information is necessary.
- (d) Appropriate information as to the steps to be taken if you or your beneficiary wants to submit your claim for review.
- (e) In the case of disability benefits where disability is determined by a physician:
  - (i) If an internal rule, guideline, protocol, or other similar criterion (collectively "rule") was relied upon in making the adverse determination, either the specific rule or a statement that such rule was relied upon in making the adverse determination and that a copy of that rule will be provided to you free of charge upon request.
  - (ii) If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation

of the scientific or clinical judgment for the determination, applying the terms of the Plan to your medical circumstances, or a statement that such explanation will be provided to you free of charge upon request.

If your claim has been denied, and you want to submit your claim for review, you must follow the claims review procedure in the next question.

### **What is the claims review procedure?**

Upon the denial of your claim for benefits, you may file your claim for review, in writing, with the Plan Administrator.

- (a) YOU MUST FILE THE CLAIM FOR REVIEW NO LATER THAN 60 DAYS AFTER YOU HAVE RECEIVED WRITTEN NOTIFICATION OF THE DENIAL OF YOUR CLAIM FOR BENEFITS.

HOWEVER, IF YOUR CLAIM IS FOR DISABILITY BENEFITS AND DISABILITY IS DETERMINED BY A PHYSICIAN, THEN INSTEAD OF THE ABOVE, YOU MUST FILE THE CLAIM FOR REVIEW NO LATER THAN 180 DAYS FOLLOWING RECEIPT OF NOTIFICATION OF AN ADVERSE BENEFIT DETERMINATION.

- (b) You may submit written comments, documents, records, and other information relating to your claim for benefits.
- (c) You may review all pertinent documents relating to the denial of your claim and submit any issues and comments, in writing, to the Plan Administrator.
- (d) You will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits.
- (e) Your claim for review must be given a full and fair review. This review will take into account all comments, documents, records, and other information submitted by you relating to your claim, without regard to whether such information was submitted or considered in the initial benefit determination.

In addition to the claims review procedure above, if your claim is for disability benefits and disability is determined by a physician, then:

- (a) Your claim will be reviewed without deference to the initial adverse benefit determination and the review will be conducted by an appropriate named fiduciary of the Plan who is neither the individual who made the adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual.

- (b) In deciding an appeal of any adverse benefit determination that is based in whole or part on medical judgment, the appropriate named fiduciary will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment.
- (c) Any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with your adverse benefit determination will be identified, without regard to whether the advice was relied upon in making the benefit determination.
- (d) The health care professional engaged for purposes of a consultation under (b) above will be an individual who is neither an individual who was consulted in connection with the adverse benefit determination that is the subject of the appeal, nor the subordinate of any such individual.

The Plan Administrator will provide you with written or electronic notification of the Plan's benefit determination on review. The Plan Administrator must provide you with notification of this denial within 60 days after the Plan Administrator's receipt of your written claim for review, unless the Plan Administrator determines that special circumstances require an extension of time for processing your claim. If the Plan Administrator determines that an extension of time for processing is required, written notice of the extension will be furnished to you prior to the termination of the initial 60-day period. In no event will such extension exceed a period of 60 days from the end of the initial period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the determination on review. However, if the claim relates to disability benefits and disability is determined by a physician, then 45 days will apply instead of 60 days in the preceding sentences. In the case of an adverse benefit determination, the notification will set forth:

- (a) The specific reason or reasons for the adverse determination.
- (b) Reference to the specific Plan provisions on which the benefit determination is based.
- (c) 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 relevant to your claim for benefits.
- (d) In the case of disability benefits where disability is determined by a physician:
  - (i) If an internal rule, guideline, protocol, or other similar criterion (collectively "rule") was relied upon in making the adverse determination, either the specific rule or a statement that such rule was relied upon in making the adverse

determination and that a copy of that rule will be provided to you free of charge upon request.

- (ii) If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to your medical circumstances, or a statement that such explanation will be provided to you free of charge upon request.

If you have a claim for benefits which is denied, then you may file suit in a state or federal court. However, in order to do so, you must file the suit no later than 180 days after the date of the Plan Administrator's final determination denying your claim.

### **What are my rights as a Plan Participant?**

As a Participant in the Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan Participants are entitled to:

- (a) Examine, without charge, at the Plan Administrator's office and at other specified locations, all documents governing the Plan, including collective bargaining agreements and insurance contracts, if any, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- (b) Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including collective bargaining agreements and insurance contracts, if any, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Plan Administrator may make a reasonable charge for the copies.
- (c) Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your Employer 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.

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 schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits which 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 Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in federal court. You and your beneficiaries can obtain, without charge, a copy of the Plan's QDRO procedures from TIAA.

If it should happen that the Plan's fiduciaries misuse the Plan'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.

### **What can I do if I have questions or my rights are violated?**

If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in the 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 may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

## **ARTICLE XII GENERAL INFORMATION ABOUT THE PLAN**

There is certain general information which you may need to know about the Plan. This information has been summarized for you in this Article.

### **Plan Name**

The full name of the Plan is Southwest Research Institute Retirement Plan.

## Plan Number

The Employer has assigned Plan Number 003 to your Plan.

## Plan Effective Dates

This Plan was originally effective on June 1, 1959. The amended and restated provisions of the Plan became effective on January 1, 2018.

## Other Plan Information

**Plan Year.** The Plan's records are maintained on a 12-month time period known as the Plan Year. The Plan Year ends on December 31st.

The Plan will be governed by the laws of the state of the Employer's principal place of business to the extent not governed by federal law.

Benefits provided by the Plan are NOT insured by the Pension Benefit Guaranty Corporation (PBGC) under Title IV of the Employee Retirement Income Security Act of 1974 because the insurance provisions under ERISA are not applicable to this type of Plan.

Service of legal process may be made upon the Employer. Service of legal process may also be made upon the Employer's Chief Executive Officer or Plan Administrator.

## Employer Information

The Employer's name, address, business telephone number and identification number are:

Southwest Research Institute  
6220 Culebra Rd.  
San Antonio, TX 78238-5166  
210-522-2299  
74-1070544

## Plan Administrator Information

The Plan Administrator is responsible for the day-to-day administration and operation of the Plan. For example, the Plan Administrator maintains the Plan records, including your account information, provides you with the forms you need to complete for Plan participation, and directs the payment of your account at the appropriate time. The Plan Administrator will also allow you to review the formal Plan document and certain other materials related to the Plan. If you have any questions about the Plan or your participation, you should contact the Plan Administrator. The Plan Administrator may designate other parties to perform some duties of the Plan Administrator, and some duties are the responsibility of the investment provider(s) to the Plan.

The Plan Administrator has the power to determine all questions arising in connection with the administration, interpretation, and application of the Plan (and any related documents and underlying policies). Any such determination by the Plan Administrator is conclusive and binding upon all persons.

The Plan Administrator, Southwest Research Institute, has delegated certain administrative responsibilities to TIAA.

The name, address and business telephone number of the Plan Administrator are:

Southwest Research Institute  
Attn: Retirement Plan Office  
6220 Culebra Rd.  
San Antonio, TX 78238-5166  
210-522-2299

## APPENDIX PLAN LOAN POLICY Revised Effective 12/03/21

To the extent permitted by the Investment Arrangements in which the Plan assets are invested, the Southwest Research Institute Retirement Plan permits loans to be made to Participants pursuant to a written loan policy. All references to Participants in this loan policy include Participants and their Beneficiaries or any alternate payee with respect to the Plan, provided that the borrower must qualify as a "party in interest" as defined by ERISA Section 3(14). All current employees of the Employer and certain former Employees qualify as parties in interest. Please review your annuity contracts or custodial agreements before requesting a loan. The Individual Agreements governing the investment options that you selected for your Plan contributions may contain additional limits on when you can take a loan. Please review both the following information in this Loan Policy and your annuity contracts or custodial agreements before requesting a loan. Contact your Employer or the investment vendor if you have questions regarding your loan options.

The Plan Administrator is authorized to administer the Participant loan policy. All applications for loans will be made by a Participant to the Plan Administrator (or the Plan Administrator's delegate) on forms which the Plan Administrator will make available for such purpose.

### 1. LOAN APPLICATION/BORROWER QUALIFICATION

- Loans are available to Participants on a reasonably equivalent basis. You will be able to obtain a loan even if you have terminated employment. A Participant must apply for each loan with an application which specifies the amount of the loan desired and the requested duration of the loan. The Plan

Administrator may request additional information before approving a loan.

- Your spouse must also consent to any plan loans that you request.
- All loan applications will be considered by TIAA within a reasonable time after the Participant makes formal application.
- The loan will be treated as a directed investment of the borrower's Account.

2. **LOAN LIMITATIONS.** With regard to any loan made pursuant to this loan policy, the following rule(s) and limitation(s) will apply, in addition to such other requirements set forth in the Plan:

- Loans to a Participant will not be approved in an amount which exceeds 50% of the nonforfeitable account balance. The maximum aggregate dollar amount of loans outstanding to any Participant may not exceed \$50,000, reduced by the excess of the Participant's highest outstanding Participant loan balance during the 12-month period ending on the date of the loan over the Participant's current outstanding Participant loan balance on the date of the loan.
- Loans from a TIAA Annuity other than a Retirement Plan Loan (RPL loan) are classified as Collateralized Loans and are further limited to:
  - (a) 45% of the combined accumulations attributable to the funding vehicle(s) under your retirement Plan; or
  - (b) 90% of the CREF and TIAA Real Estate accumulation attributable to participation under this Plan for Retirement Loan (RL) loans, or
  - (c) 90% of your TIAA Annuity accumulation attributable to participation under this Plan for a Group Supplemental Retirement Annuity (GSRA) loan.
- No loan in an amount less than \$1,000 will be granted to any Participant for any single loan.
- A Participant can have up to three loans currently outstanding from the Plan. However, if this loan limitation exceeds three, and your loan is an RPL loan, you may not have more than three loans at any one time from all plans of the employers.
- Loan refinancing is not permitted.

3. **ACCOUNT RESTRICTIONS.** With regard to loans made pursuant to this loan policy (subject to the investment arrangements), the following rules apply:

- Loans may only be made from accounts attributable to:
  - Pre-tax Elective Deferrals (i.e. employee contributions)
  - Rollovers from other plans

4. **EVIDENCE AND TERMS OF LOAN.** The Plan Administrator will document every loan in the form of a promissory note signed by the Participant for the face amount of the loan, according to the following:

- Any loan granted or renewed under this policy will bear a reasonable rate of interest. The interest rate will be fixed for the duration of the loan. However, with respect to amounts invested with TIAA, the interest rate for your loan will vary, as described below under Collateralized Loans, depending upon how your retirement balance is invested.
- The loan must provide at least quarterly payments under a level amortization schedule. If you are currently employed by the Employer, the Plan Administrator will require you to enter into a repayment method agreed to by the investment arrangement to repay the loan.
- The Plan Administrator will fix the term for repayment of any loan; however, in no instance may the term of repayment be greater than five years, unless the loan qualifies as a "home loan". A home loan is a loan used to acquire a dwelling unit which, within a reasonable time, you will use as a principal residence. The term for a home loan will be no more than 10 years.
- Subject to the terms of the investment arrangements, a loan, if not otherwise due and payable, is generally due and payable on your date of termination of employment with the Employer unless directly rolled over (if otherwise permitted) to another employer's plan. This does not apply if you are a "party in interest" as described above.
- You should note that the law treats the amount of any loan (other than a "home loan") not repaid five years after the date of the loan as a taxable distribution on the last day of the five-year period or, if sooner, at the time the loan is in default.

**COLLATERALIZED LOANS (loans issued prior to 12/03/2021)** are secured by collateral which equals 110% of the outstanding loan balance and is held in the TIAA Traditional Annuity. Payments of principal and interest are paid to TIAA. As the payments are made that portion of the collateral is credited to your account(s).

- Group Supplemental Retirement Annuity (GSRA) contract – The interest rate is variable and can increase or decrease every three months. The interest rate you pay initially will be the higher of (1) the Moody's Corporate Bond Yield Average for the calendar month ending two months before your loan is issued; or (2) the interest rate credited before your annuity starting date, as stated in the applicable rate schedule, plus 1%. Thereafter, the rate may change quarterly, but only if the new rate differs from your current rate by at least 1/2%.
- Retirement Loan (RL) contract (collateralized assets transferred from RA or GRA contracts) – For all Employers except those located in Arkansas, Hawaii, or New Jersey, the interest rate you pay initially will be the higher of (1) the Moody's Corporate Bond Yield Average for the calendar month ending two months before your loan is issued; or (2) the interest credited before your annuity starting date, as stated in the applicable rate schedule, plus 1%. Thereafter the rate will change annually, but only if the Moody's Corporate Bond Yield Average for the calendar month ending two months before the anniversary of your loan differs from your current rate by at least 1/2%. If the latest average differs by less, your interest rate will remain the same for the next year. For Employers located in Arkansas, Hawaii, or New Jersey, the interest rate will be a fixed rate of 8%.
- The Plan generally or the Employer will bear the cost directly related to the loan setup, annual maintenance, administrative charges, and collection of the note for Collateralized loans.

**RETIREMENT PLAN LOANS (loans issued 12/03/2021 or later)** are directed investments from your account(s). As such, your payments of principal and interest will be credited to your account(s).

- Retirement Plan Loans (RPL loans) from mutual funds or annuity contract – The interest rate will be fixed for the term of the loan and will be equal to the Federal Reserve Board Bank prime loan rate plus 1% at the time of the loan origination.
  - The Plan will charge your account with expenses directly related to the loan setup, annual maintenance, administrative charges, and collection of the note for RPL loans.
5. **SECURITY FOR LOAN.** The Plan will require that you provide security before a loan is granted. For this purpose, the Plan will consider your interest under the Plan (account balances) to be adequate security. However, in no event will more than 50% of your vested interest in the Plan (determined immediately after origination of the loan) be used as security for the loan. Generally, it will be the

policy of the Plan not to make loans which require security other than your vested interest in the Plan. However, if additional security is necessary to secure the loan, then the Plan Administrator will require that such security be provided before the loan will be granted.

6. **FORM OF PLEDGE.** The pledge and assignment of your account balances will be in the form prescribed by the Plan Administrator.
7. **LEAVE OF ABSENCE/SUSPENSION OF PAYMENT.** The Plan Administrator will suspend loan repayments for a period not exceeding one year which occurs during a military leave of absence. The Plan Administrator will provide you with an explanation of the effect of a military leave of absence upon your loan.
8. **PAYMENTS AFTER LEAVE OF ABSENCE.** When payments resume following a payment suspension in connection with a military leave of absence authorized above, you must select one of the following methods to repay the loan, to the extent permitted by the investment provider, plus accumulated interest:
- You will increase the amount of the required installments to an amount sufficient to amortize the remaining balance of the loan, plus accrued interest, over the remaining term of the loan.
  - You will pay a balloon payment of the remaining unpaid principal and interest, at the conclusion of the term of the loan as determined in the promissory note.
  - You may extend the maturity of the loan and re-amortize the payments over the remaining term of the loan. In no event will the amount of the adjusted installment payment be less than the amount of the installment payment provided under the promissory note. The revised term of the loan will not exceed the maximum term permitted above, augmented by the time you were in United States military service.
9. **DEFAULT.** The Plan Administrator will treat a loan as in default if:
- Any scheduled payment remains unpaid beyond the last day of the calendar quarter following the calendar quarter in which the Participant misses the scheduled payment. The Loan Default Amount will be considered a distribution to you for income tax purposes and will be reported as such to the extent required by law.
  - You make or furnish any false representation or statement to the Plan Administrator.

Upon default on RL or RPL loans, future loans are not available until the defaulted amount can be foreclosed (when the Participant reaches a triggering event).

- After default you can repay the missed payments plus interest and then resume the installment payment through the term of the loan. If the loan remains in default, the Plan Administrator will offset your vested account balances by the outstanding balance of the loan at the time you have satisfied a distributable event under the terms of the Plan.

For more information contact:  
**Retirement Office Plan**  
retirementplan@swri.org  
210.522.2299



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