

Yale University

457(b) Deferred Compensation Plan

Summary Plan Description

(Amended and restated July 1, 2011)

The 457(b) Plan is a nonqualified deferred compensation plan that permits eligible Faculty and Managerial & Professional Staff to accumulate additional tax-deferred retirement savings.

Yale's 457(b) Plan at a Glance

<i>FEATURES</i>	<i>457(b) PLAN PROVISION</i>
Type of Plan	457(b) non-governmental deferred compensation plan
Eligibility	Tenured Professor, <i>or</i> Professor on continuing appointment in the School of Medicine, <i>or</i> Faculty or staff with base salary at or above 1.5 x Social Security Wage Base (\$165,150 in 2012); <i>and</i> Making maximum deferrals to YURAP, a 403(b), or 401(k) Plan (\$17,000 or, if age 50 \$22,500 in 2012).
Enrollment	Voluntary
Effective Dates	The 1 st of the month following any enrollment, cancellation, or change.
Duration of Contributions	Participation continues until you make a change or are no longer eligible.
Maximum Annual Deferral	IRS maximum limit, subject to change each year (\$17,000 in 2012).
University Contributions	None
Asset Transfer	Transfers in not allowed, transfers out allowed to qualified non-governmental 457(b) plans.
Loans	Not available
In-service withdrawals of Participant Contributions	Available only in extremely limited circumstances to satisfy "unforeseeable emergency" (does not include purchase of primary residence and tuition payments).
Benefit Start Date	Your account balance will be paid in a lump sum on April 1 of the year following your retirement or termination unless you elect an alternate payment schedule before March 1 of the year following your retirement or termination. Alternate payment forms typically include installment payments and annuities that can start as late as April 1 after the year you attain age 70½.
Survivor Benefits	Benefits will be paid to your named beneficiary, spouse, survivor(s), or estate. If you die before your first payment, your beneficiary will be paid in a lump sum on April 1 of the year following your death unless they elect an alternate payment schedule before March 1 of the year following your death. If you die after your first payment, your beneficiary will be paid according to the terms of any annuity you elected or in a lump sum.
Plan Administrator	Yale University
Investment Sponsors	TIAA-CREF The Vanguard Group

PLAN OVERVIEW

The remainder of this summary plan description is presented in question-and-answer format to help you better understand the 457(b) Plan and how it works. Please refer to the Plan document for full details.

Eligibility

Q: *Who is eligible to participate in the 457(b) Plan?*

A: Eligible participants must satisfy the following requirements:

- Tenured Professor, *or*
- Professor on continuing appointment in the School of Medicine *or*
- Faculty or staff with base salary of 1.5 times the Social Security Wage Base or greater (\$165,150 in 2012), *and*
- Making maximum deferrals to YURAP or 403(b) Voluntary Savings Plan(\$17,000 or, if age 50 or over, \$22,500, in 2012)

Q: *When am I eligible?*

A: Your eligibility is determined on a monthly basis. If you no longer meet the requirements for participation, your contributions will end the month following the date you no longer meet the requirements for the Plan.

Q: *What if I can't make the maximum 403(b) deferral at Yale because I participate in another employer's Plan such as the VA or a prior employer?*

A: You may be eligible to participate in the 457(b) plan, even if you contribute(d) to another employer's 403(b) or 401(k) and can't save the maximum at Yale, however, you must contact the Employee Service Center with the details so that arrangements can be made in the payroll system.

Enrollment

Q: *How do I enroll in the 457(b) Plan?*

A: Visit www.yale.edu/portal and after signing in choose "My Benefits" to go to the enrollment screens.

Q: *What selections must I make when I enroll?*

A: You need to make two decisions:

- an Investment Sponsor, either TIAA-CREF or The Vanguard Group
- and*
- a deferral percentage (1 – 75% or you may choose the maximum election option)

Q: *When will my enrollment become effective?*

A: The month following your election. For instance, if you enroll in September, your contributions will start in October.

Q: *Do I have to re-enroll each year?*

A: No, your enrollment continues until you change or cancel your election or you are no longer eligible.

Contributions

Q: *How much can I contribute?*

A: Up to 75% of your monthly pay not to exceed the federal annual maximum (\$17,000 in 2012).

Q: *What's the easiest way to contribute the maximum annual amount?*

A: In "My Benefits" you may choose the maximum election option which will automatically adjust your contributions to equal the maximum allowable contribution amount. See the YURAP/457(b) Quick Guide for comprehensive enrollment instructions.

Q: *Is the maximum annual amount pro-rated if I elect the maximum election option in mid-year?*

A: No, the maximum election option will always adjust your contributions to the annual amount (\$17,000 in 2012) by the end of the calendar year. If you don't want to save the maximum in a particular year, you should not elect the maximum election option. *Important Note: The maximum election option will spread the maximum annual amount over the remaining months of the calendar year.* For example, if you make the maximum election option in September of any given calendar year, then the maximum annual amount will be spread evenly over October, November and December of said year.

Q: *Are all of my earnings subject to deferral?*

A: Generally all of your taxable income is subject to 457(b) deferrals.

Q: *How often may I change the amount I choose to contribute?*

A: You can change your elections monthly but they are always effective the following month.

Q: *Can I stop my contributions?*

A: You can terminate your election at any time effective the following month.

Q: *What happens if I take a leave of absence?*

A: If you are on a paid leave of absence, your salary deferrals will continue. If you are on an approved, unpaid leave of absence, your deferrals will resume upon your return. Please be aware that if you elected maximum contributions, the system will automatically increase your contributions so that you contribute the maximum by the end of the calendar year.

Q: *Does the 457(b) Plan provide catch-up contributions?*

A: The only catch-up contributions in the plan are for qualified military service.

Q: *Does the University contribute to the 457(b) Plan?*

A: No, all contributions are employee salary deferrals.

Q: *Can I transfer funds from another 457(b) Plan?*

A: No.

Your Account

Q: *How are my contributions invested?*

A: When you enroll in the 457(b) Plan you will select an investment sponsor, TIAA-CREF or Vanguard and your account is automatically set up with your contributions being credited to the age appropriate Target Date investment. You may change your investment options at any time by logging on to the TIAA-CREF or Vanguard website.

Q: *Can my investment selection from YURAP be used for the 457(b)?*

A: You have the same investment options, but each program requires a separate investment enrollment.

Q: *Are my salary deferrals placed in trust or otherwise funded?*

A: Your salary deferrals are not placed in a trust nor are your benefits funded. Rather, your salary deferrals are held as general assets of the University and are subject to the claims of creditors. The federal pension and tax laws require that the 457(b) Plan be “unfunded.” Even though the 457(b) Plan is unfunded, your salary deferrals are credited with investment earnings based on the performance of the investment option you selected and your salary deferrals and credited investment earnings are always fully vested.

Q: *If the 457(b) Plan is unfunded, am I better off taking my salary in cash and investing it elsewhere?*

A: While the 457(b) Plan is not funded, Yale is committed to paying amounts credited to your deferral account. The 457(b) Plan provides significant tax advantages to you because your salary deferrals and investment earnings grow tax-deferred until distributed. You should consult with your own tax or financial advisor to evaluate the benefits of the 457(b) Plan compared to the rewards and risks of alternative investment strategies.

Receiving Payments from the 457(b) Plan

Q: *What happens when I leave Yale?*

A: Unless you elect otherwise, your entire account balance will be paid to you in a taxable lump sum on April 1 of the year following the year in which you retire or terminate employment. See following answers about your payment options.

Q: *May I defer my payment date?*

A: As long as you make an election prior to March 1 of the year following the year in which you retire or terminate employment, you may defer the payment of your account balance to a future date. You may also make a second election to defer payment of your account balance if you do so more than 30 days prior to your payment date. In no event, however, may you defer your payment beyond April 1 of the year following the year in which you reach age 70½ or, if later, April 1 of the year following the year in which your employment with the University terminates. You will receive payment deferral forms directly from TIAA-CREF or Vanguard after you retire or terminate employment.

Q: *Do the Required Minimum Distribution rules apply to the 457(b) Plan?*

A: Yes, you must begin receiving distributions by April 1 of the year following the year of your retirement or termination, or by April 1 of the year following the year in which you reach age 70½, whichever is later. Your account balance will be paid in a lump sum unless you elect another payment option that provides for payments that equals or exceeds your required minimum distribution amount more than 30 days prior to your payment date.

Q: *What payment options are available?*

A: You may elect any payment option offered by the investment sponsor. TIAA-CREF offers lifetime annuity options (single or joint life), fixed period annuity, lump sum and required minimum distributions. Vanguard offers fixed annual payments (2-30 years), lump sum and required minimum distributions. Contact your investment sponsor, TIAA-CREF or Vanguard, for further information.

Q: *Does the 457(b) Plan provide for withdrawals?*

A: The standard for withdrawals in the 457(b) plan is more difficult to satisfy than YURAP. If you suffer an “unforeseeable emergency,” you may make a written request for payment of all or a portion of your account balance in an amount sufficient to satisfy that emergency. An unforeseeable emergency is a severe financial hardship resulting from your illness or accident (or that of your beneficiary), the loss of property due to casualty, or other similar extraordinary and unforeseeable circumstances arising from events beyond your control.

Q: *Can I take a loan against my 457(b) account?*

A: Loans are not available under the 457(b) Plan.

Beneficiary Designation & Death Benefits

Q: *How do I designate my beneficiary?*

A: You may designate any individual, trust, estate or other legal entity as your beneficiary, or change your beneficiary, by filing a beneficiary designation with your investment sponsor, TIAA-CREF or Vanguard any time prior to the commencement of benefits. You can access your TIAA CREF or Vanguard 457(b) account online to designate your beneficiaries. Your beneficiary designation will not be effective until you file the designation with your investment sponsor.

Q: *Are my beneficiaries the same as my YURAP beneficiary designations?*

A: You must make separate beneficiary designations for your 457(b) account. It is important to keep your beneficiary designations up-to-date for each of the retirement plans that you participate in. If you have questions regarding a beneficiary designation, contact your investment sponsor.

Q: *What happens if I do not designate a beneficiary?*

A: If you do not designate a beneficiary or your beneficiary predeceases you, then the total balance of your deferral account will be distributed to your estate or heirs-at-law according to the state laws governing each Investment Sponsor.

Q: *What happens to my account balance if I die?*

A: If you die before commencing payments from your account, your account balance will be paid in a lump sum to your beneficiary on April 1 of the year following the year in which you die, unless your beneficiary makes an election to defer the payment date or changes the payment option prior to March 1.

Claims and Appeals Procedures

Q: *Can I submit a claim under the 457(b) Plan?*

A: Yes, you must file a claim with your investment sponsor. If your claim is denied, you will be provided with notice of the denial within 90 days after your claim is received, unless this deadline is extended in order to fully process your claim. This notice will include the reason for the denial, the provisions of the 457(b) Plan on which the denial is based, a description of any additional information or materials necessary to perfect the claim (and an explanation of why such information or material is necessary), a description of the 457(b) Plan’s appeals procedures, and a statement of your right to bring a civil action under Section 502(a) of ERISA.

Q: *How do I file an appeal?*

A: If the determination to deny your claim is not acceptable to you, you may file an appeal with the plan administrator. The appeal must be in writing and filed within 60 days after the date your claim for benefits is denied by the investment sponsor. See Section VIII of the 457(b) Plan for Claims and Appeals Procedures.

Additional Information

Q: *Who is the Plan Administrator?*

A: Yale University is the plan administrator for the 457(b) Plan. Formal communications should be directed to Compensation and Benefits Planning, Yale University, 221 Whitney Avenue, New Haven, CT 06511.

Q: *Who should I contact if I have questions about the 457(b) Plan?*

A: For more information regarding the 457(b) Plan, please contact:

- Employee Service Center (203) 432-5552 employee.services@yale.edu
- TIAA-CREF (800) 842-2776 www.tiaa-cref.org
- Vanguard (800) 523-1188 www.vanguard.com
- 457(b) Plan Document <http://www.yale.edu/hronline/benefits/documents/Yale-University-Deferred-Compensation-Plan-457b.pdf>
- My Benefits website www.yale.edu/portal

This Summary Plan Description summarizes the major features of the Plan as in effect on July 1, 2011 but it is not intended as a substitute for the legal plan documents. If a provision in the legal plan documents and this Summary Plan Description conflict, the provisions of the legal plan documents will control.