The University of Chicago

Pension Plan for Staff Employees (“SEPP”)

Summary Plan Description effective November 1, 2018

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About This Summary Plan Description

This document summarizes the main provisions of the Pension Plan for Staff Employees (SEPP), effective July 1, 2016, and serves as the ERISA-required Summary Plan Description (SPD) for this benefit. It describes the provisions solely as they pertain to current and former University employees and their beneficiaries on or after July 1, 2016. If you are an employee of Local No. 743, please see the Pension Plan for Staff Employees ("SEPP") Summary Plan Description effective January 1, 2009.

We encourage you to read this SPD carefully and share it with your family.

If you have questions about your benefits, call the Benefits Office at 773-702-9634 or send an e-mail to benefits@uchicago.edu.

About Your SEPP Benefits

The Pension Plan for Staff Employees ("SEPP") was established by The University of Chicago (the "University") to provide **Eligible Employees** with a portion of the income they will need during retirement. The University of Chicago Medical Center (the "Medical Center") also has adopted SEPP for the benefit of its eligible employees. Current and former Medical Center employees and their beneficiaries should refer to the Summary Plan Description separately maintained by the Medical Center for its SEPP participants. This Summary Plan Description describes the provisions of SEPP solely as they pertain to current and former University employees and their beneficiaries. If you are an employee of Local No. 743, please see the Pension Plan for Staff Employees ("SEPP") Summary Plan Description effective January 1, 2009.

SEPP is the successor plan to the Retirement Income Plan for Employees (Defined Benefit Plan) (the "ERIP Defined Benefit Plan"). The University was required to cease the accrual of benefits under the ERIP Defined Benefit Plan effective as of December 31, 2008 due to a change in the tax law. The University established SEPP effective as of January 1, 2009, and it covers benefits that would have otherwise accrued under the ERIP Defined Benefit Plan through June 30, 2016.

Participation in SEPP was frozen effective June 30, 2016. Employees are instead eligible to participate in enhanced benefits under the Retirement Income Plan for Employees (Defined Contribution Plan) (the "ERIP Defined Contribution Plan") starting July 1, 2016. Please refer to the SPD for that Plan for a description of that enhanced program of benefits effective July 1, 2016. Due to the **plan freeze**, you will not accrue any additional benefits under SEPP after June 30, 2016. This means that your benefit will be based on your **years of participation** and **compensation** earned through June 30, 2016. You will not lose the vested benefits you have earned in the SEPP as of June 30, 2016. If you are not yet vested, future service with the University will still count for vesting purposes under the SEPP.

Both SEPP and the ERIP Defined Benefit Plan are **defined benefit plans** that provide eligible employees with a lifetime pension beginning at retirement, the amount of which is determined by a preset formula. As with benefits provided under the ERIP Defined Benefit Plan, all SEPP benefits are tax-deferred. This means you pay no income taxes on your SEPP benefits until you receive them. The University pays the full cost of all SEPP benefits by making contributions that are actuarially determined to a trust established solely for the participants of SEPP.

For many, the two plans will work together to provide your pension benefit. For others, your pension benefit will be provided solely by SEPP or the ERIP Defined Benefit Plan, depending on the years during which you worked for the University. For all employees, the establishment of SEPP does not affect the amount of the pension benefit payable at retirement that, but for the change in tax law, would have been solely payable by the ERIP Defined Benefit Plan through June 30, 2016. See the chart below to see how the two plans pay benefits:

If you are an:	How your benefit is paid
ERIP Participant who terminated employment with the University prior to January 1, 2009	If you were a vested participant in the ERIP Defined Benefit Plan when you terminated your employment, your pension will be paid solely by the ERIP Defined Benefit Plan. SEPP does not affect you—SEPP does not increase or decrease the pension amount you have earned (accrued) under the ERIP Defined Benefit Plan.

If you are an:	How your benefit is paid
ERIP Participant who continued employment with the University on and after January 1, 2009	If you were an active participant in the ERIP Defined Benefit Plan on December 31, 2008 and you continued employment with the University after that date: • The portion of your pension that you earned (accrued) prior to January 1, 2009 will be paid by the ERIP Defined Benefit Plan if you terminate employment as a vested participant, and • The portion of your pension that you earned (accrued) between January 1, 2009 and June 30, 2016 will be paid by SEPP if you terminate employment as a vested participant. If you were not vested in the ERIP Defined Benefit Plan as of December 31, 2008, your employment with the University after January 1, 2009 will be taken into account to determine whether you are a vested participant in the ERIP Defined Benefit Plan. The establishment of SEPP does not affect the total amount of pension payable at retirement. SEPP is designed so that you continue to be eligible to receive the same amount of pension that you would have been eligible to receive under the ERIP Defined Benefit Plan had your active participation continued in the ERIP Defined Benefit Plan through June 30, 2016. SEPP and the ERIP Defined Benefit Plan have the same preset benefit formula.
Eligible Employee hired by the University after January 1, 2008	If you were hired by the University after January 1, 2008 and before July 1, 2015, you participated solely in SEPP once you satisfied SEPP's eligibility and **participation requirements** as described in this Summary Plan Description.
Eligible Employee hired by the University after July 1, 2015	If you were hired by the University after July 1, 2015, you are not eligible to participate in SEPP.

If you have questions about your benefits, please review the information that is available online at http://humanresources.uchicago.edu/. If have questions after visiting our website, please contact the Benefits Office at benefits@uchicago.edu or by telephone at 773-702-9634.

SEPP Highlights

Highlights	
Eligibility	You were eligible to participate in SEPP if you were a nonacademic employee of the University hired before July 1, 2015 who, at that time, was a United States-based payroll employee and who was not an **Excluded Employee**, as described below.
Participation	You became a Participant in SEPP on the first day of the month in which you satisfied the **participation requirements** on or before June 30, 2016 (the **plan freeze** date).
Funding	Your SEPP benefit is fully funded by the University.
Vesting	You become fully vested in your SEPP benefit after three years of service. If you did not complete three years of service by June 30, 2016, your service with the University continues to count for vesting purposes. You will be immediately vested upon your: • Attainment of age 65 while employed by the University or on the date you became a SEPP participant if you were hired by the University at or after age 65 • Death while employed by the University or while performing qualified military service
Benefit amount	SEPP is a tax-qualified **defined benefit** pension plan. SEPP provides eligible participants with a retirement benefit based on final average earnings and years of SEPP participation. When you begin SEPP benefit payments, if you choose one of the annuity options, the amount of your monthly benefit depends on the payment option you choose. Because SEPP is a tax-deferred pension plan, your benefit is subject to income taxes when you begin to receive payments.
Loans	Loans are not permitted.

Highlights	
Payment options	If you are vested, you can receive payment of your pension benefit at any time following your termination of employment with the University (including the Medical Center and any other University affiliate). You have several options for receiving your benefit: • Annuity • Lump sum payment • Direct rollover If you choose to begin receiving your benefit before age 65, your benefit amount will be reduced.

Eligibility

Eligible Employees

You were eligible to participate in SEPP if you were a nonacademic employee of the University hired before July 1, 2015 who, at that time, was a United States-based payroll employee and who was not an Excluded Employee, as described below.

Excluded Employees

You are an Excluded Employee and not eligible to participate in SEPP if you are a / an:

- Student worker who, at any time during the calendar year, performs services to satisfy course and degree requirements or is compensated through financial aid or other similar assistance programs
- Post-doctorate fellow
- Patient actor employed by the Biological Sciences Division
- Member of the University police who works concurrently for the Chicago Police Department and who is classified as non-benefits eligible
- Substitute teacher for the Laboratory Schools
- Teacher or instructor without an academic appointment at the Graham School of General Studies
- Individual whose employment is covered by a collective bargaining agreement that does not provide for coverage under the Plan, including but not limited to the collective bargaining agreements between the University and Service Employees International Union, Local No. 1, International Union of Operating Engineers of Chicago, Illinois and Vicinity, Local No. 399, and Local 829, United Scenic Artists
- Individual employed by the Court Theatre for specific productions of the theater
- Individual participating or eligible to participate in The University of Chicago Contributory Retirement Plan (CRP)
- Employee of an Affiliated Employer who has not adopted the Plan

Employment Classification

Your employment classification or job position is determined solely from the payroll or personnel records maintained by the University at the time services are performed, and such determination is binding and conclusive for all purposes of SEPP participation.

For example, if you are classified as an independent contractor or an individual whose services are performed pursuant to a leasing agreement (i.e., you are not classified as a common law employee by the University at the time services are performed), you are not eligible to retroactively participate in SEPP regardless of any judicial or administrative reclassification or subsequent reclassification by the University.

Participating in SEPP

Participation Requirements

If you were an active participant in the ERIP Defined Benefit Plan on December 31, 2008 and you were employed by the University as an **Eligible Employee** on January 1, 2009, you automatically became a "Participant" in SEPP on January 1, 2009, the effective date of SEPP.

If you are an Eligible Employee hired by the University between January 1, 2008 and June 30, 2015, it was necessary you meet **both** of the following requirements before commencing your participation in SEPP:

- Attained age 21, and
- Completed one **Year of Service**.

If you did not meet these requirements by June 30, 2016 (the **plan freeze** date), you are unable to participate in SEPP.

If you transferred employment from the Medical Center to the University or were rehired by the University following a termination of employment with the Medical Center, the participation requirements may be different. See **For Employees Transferring from the Medical Center to the University** for more information.

Computation of Year of Service

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

Once you completed a Year of Service, you were immediately eligible to participate in SEPP assuming you met all other requirements for participation (see **Participation Requirements** for more information). Assume you were hired by the University on January 1, 2015 and you are an Eligible Employee. Your first **Eligibility Computation Period** would be January 1, 2015 to December 31, 2015. If you completed at least 1,000 **Hours of Service** during your first Eligibility Computation Period that ends on December 31, 2015, you would be credited with a Year of Service and would be eligible to participate in SEPP on January 1, 2016 if you are at least 21 years of age.

If you did not complete 1,000 Hours of Service during your first Eligibility Computation Period, you may have become eligible to participate in SEPP by completing at least 1,000 Hours of Service during any subsequent Eligibility Computation Period ending before June 30, 2016 (the plan freeze date).

You were credited with Hours of Service for periods during which you were not performing services as follows:

- For each period during which you were absent from work on account of holiday, sick, vacation time or jury duty.
- For each period during which you were on an authorized leave of absence or performing qualified military service, provided your timely return to work following the end of such leave of absence or qualified military service. If you were absent from work on account of qualified

military service, the number of Hours of Service credited to you for such absence was no less than the number required under the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA").

When Participation Begins

You became a Participant in SEPP on the first day of the month in which you satisfied the **Participation Requirements** on or before June 30, 2016 (the **plan freeze** date).

For Employees Transferring from the Medical Center to the University

If you transferred employment directly from the Medical Center to the University prior to July 1, 2016, and you were employed by the University as an **Eligible Employee**, your participation in SEPP will continue through June 30, 2016 as follows:

- **SEPP Participant.** If you were a Participant in SEPP on the day prior to your transfer date, your participation in SEPP continued on and after your transfer date so long as you were employed by the University as an Eligible Employee.
- **Non-SEPP Participant with One Year of Service.** If you were not a Participant in SEPP on the day prior to your transfer date but you had completed at least one **Year of Service** with the Medical Center, you became a Participant in SEPP on the first day of the month that included the first payroll processed after your transfer date or, if later, as of your Participation Date (described above) upon attainment of age 21.
- **Non-SEPP Participant with less than One Year of Service.** If you transferred employment from the Medical Center to the University prior to completing one Year of Service, you became a Participant in SEPP on your Participation Date if you satisfied the **Participation Requirements**, described above, by June 30, 2016 (the plan freeze date). In other words, you were treated like any other Eligible Employee of the University except that your **Hours of Service** with the Medical Center were taken into account for purposes of determining when you completed one Year of Service.
- **Transfer on July 1, 2016 or later.** Whether or not you were a participant in SEPP while employed by the Medical Center, if you transferred from the Medical Center to the University on or after July 1, 2016, you did not earn any benefits under SEPP after your transfer date.

Participation Upon Reclassification

If you were not hired as an **Eligible Employee** (or you ceased to be an Eligible Employee and you were subsequently reclassified as an Eligible Employee), you became a Participant in the Plan (or resumed participation in SEPP) as follows:

- If you completed at least one **Year of Service** during your first or any subsequent **Eligibility Computation Period** ***prior to your reclassification***, you became a Participant or resumed participation in SEPP on the first day of the month in which you were reclassified (or, if later, on the first day of the month in which you attain age 21), if your reclassification date was prior to June 30, 2016 (the **plan freeze** date).
- If you did not complete at least one Year of Service during your first or any subsequent Eligibility Computation Period prior to your reclassification, you became a Participant in SEPP on your Participation Date once you satisfied the **Participation Requirements** as each are described above, if you satisfied the requirements prior to June 30, 2016 (the plan freeze date).

If your reclassification date is on or after July 1, 2016, you will not participate in SEPP after your reclassification date.

Participation Upon Reemployment

If you terminated employment with the University or the Medical Center and you were rehired by the University as an **Eligible Employee** before July 1, 2016, your participation in SEPP commenced or recommenced as follows:

- **SEPP Participant.** If you were a Participant in SEPP on your termination date, your participation in SEPP recommenced on the first day of the month that included the first payroll processed after your rehire date as long as it was before July 1, 2016.
- **Former Medical Center Employee.** If you were not a Participant in SEPP when you terminated employment with the Medical Center but you completed at least one **Year of Service** with the Medical Center, you became a Participant in SEPP on the first day of the month that included the first payroll processed after your rehire date with the University or, if later, as of your Participation Date (described above in **When Participation Begins**) upon attainment of age 21. You will not participate in SEPP if your rehire date was on or after July 1, 2016.

If you terminated employment with the University or the Medical Center **prior** to completing one Year of Service, you became a Participant in SEPP on your Participation Date once you satisfied the **Participation Requirements** as each are described above. In other words, you were treated like any other Eligible Employee hired by the University except that your prior **Hours of Service** with the University and, if applicable, the Medical Center, were taken into account for purposes of determining when you completed one Year of Service. In this case, you cannot become a participant in SEPP if you were rehired on or after July 1, 2016.

Participation Beyond Normal Retirement Age

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

When Participation Ends

Generally, you continued to earn (accrue) benefits under SEPP through June 30, 2016, as long as you were an **Eligible Employee**. Your active participation in SEPP terminated on June 30, 2016 or, if earlier, the date:

- You retired or otherwise stopped working for the University.
- Your position changed to a non-Eligible Employee position.
- You began active participation in another basic retirement plan maintained by the University or the Medical Center. For example, if you were a staff employee who was enrolled in SEPP and later transferred to the University's Contributory Retirement Plan ("CRP") because you became compensated at or above a certain annual salary level, your active participation in SEPP ceased.
- SEPP was amended to exclude from participation a classification of employees of which you were a member.

Before July 1, 2016, if your active participation ended because you no longer were an Eligible Employee, you no longer were credited with **Years of Participation** and, generally, your pay was no longer taken into account in calculating your **Final Average Pay**. See **Calculating Your Pension Benefit** for further information regarding Years of Participation and Final Average Pay.

However, you continue to accrue **Vesting Years** under SEPP after June 30, 2016 as long as you remain employed by the University, the Medical Center, or a University affiliate after that date. See **Vesting in SEPP** below for further information regarding SEPP's **vesting schedule**.

Vesting in SEPP

Vesting Upon Normal Retirement Age or Death

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

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

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

Vesting Schedule

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

Years of Vesting Service	Vested Percentage	Forfeited Percentage
1	0%	100%
2	0%	100%
3 or more	100%	0%

Vesting for Employees Transferring from the Medical Center to the University

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

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

Vesting Years

General Rule

The number of your **Vesting Years** at any given time is equal to 1/365th of the aggregate the number of days you are employed by the University (including days employed by the Medical Center or any other University affiliate), rounded down to the nearest whole year. You will be credited with days of employment regardless of whether you were employed as an **Eligible Employee**.

For example, assume you are employed by the University but you were not an Eligible Employee. If you were subsequently reclassified as an Eligible Employee and became a Participant in SEPP, the number of days you were employed by the University as a non-Eligible Employee will be taken into account in determining your Vesting Years.

Similarly, if you are no longer an Eligible Employee because you are participating in the University's Contributory Retirement Plan ("CRP"), the number of days you are employed by the University after your transfer to CRP will be taken into account in determining your Vesting Years.

Your Vesting Years continue to be counted after July 1, 2016.

Days of Employment

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

- **Bridging Rule.** If you terminate employment but you are rehired by the University (including rehire by the Medical Center or any other University affiliate) within 12 months of your termination date, the number of days included in your period of separation is treated as days of employment.

  For example, if you were hired by the University on March 1, 2015 and terminate employment on July 31, 2015, but are rehired on November 1, 2015, days of employment included in your first period of employment (March 1, 2015 through July 31, 2015) will be aggregated with the number of days included in your period of separation (August 1, 2015 through October 31, 2015) and, if you worked through February 28, 2016, you would be credited with a Vesting Year on March 1, 2016. If you are not rehired within 12 months of your termination date, the number of days included in your period of separation is not treated as days of employment.

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

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

Vesting Years Credited in Whole Periods

Keep in mind that **Vesting Years** are credited in whole periods only. For example, assume you terminate your employment with the University after working for two years and 11 months (1,065 days), the number of your Vesting Years is two because 1,065 days divided by 365 is equal to 2.91. When **rounded down to the nearest whole year**, that is equal to two Vesting Years. Because you have not completed at least three Vesting Years, you are not a Vested Participant on your termination date.

Breaks in Service

You will incur a 1-Year Break in Service for each 365-day period that begins on your termination date and on each anniversary thereof during which you do not complete an **Hour of Service**.

For purposes of determining whether you have incurred a 1-Year Break in Service, a special rule applies to a maternity or paternity leave. Under the special rule, if you terminate employment for maternity or paternity reasons, you cannot incur a 1-Year Break in Service for the 365-day period that begins on your termination date and for the following 365-day period that begins on the first anniversary of your termination date. A maternity or paternity leave is a period during which you are initially absent from work on account of:

- Your pregnancy
- Birth of your child
- Placement of a child in connection with your adoption of such child
- Care of a child described above immediately after such birth or placement

You must timely provide the University with sufficient information prior to your maternity or paternity leave to establish that your termination from work is on account of maternity or paternity reasons.

Forfeiture of SEPP Benefits

Unless you were a participant in the ERIP Defined Benefit Plan before December 31, 2008, if you are not a Vested Participant when you terminate employment, you will forfeit previously earned **Vesting Years** if you incur five (5) consecutive **1-Year Breaks in Service** as defined below.

For example, if you terminate employment after completing two (2) Vesting Years, your two (2) Vesting Years will not count towards the three (3) Vesting Year requirement if you incur five (5) consecutive 1-Year Breaks in Service. If you are rehired by the University before you incur five (5) consecutive 1-Year Breaks in Service, your pre-break Vesting Years will be restored upon your rehire date and combined with your post-break Vesting Years.

In other words, if you leave before you are vested and are **rehired**:

- **Within five (5) years,** the **Years of Service** you had earned before you left will be restored.
- **After five (5) or more years away from the University and its affiliates,** you will be treated as a new employee and will not be credited with any years of service.
- **After June 30, 2016,** you will no longer be eligible to participate in SEPP.

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

Calculating Your Pension Benefit

Benefit Formula

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

(**1%** of your *Final Average Pay* + **0.5%** of your *Final Average Pay* that exceeds your *Social Security Covered Compensation*) x *Years of Participation* (up to 35) = **Annual Accrued Benefit**

If you participated in the ERIP Defined Benefit Plan, the pension benefit calculated above will be reduced by your vested pension benefit earned under the ERIP Defined Benefit Plan through December 31, 2008. That portion of your pension benefit will be paid by the ERIP Defined Benefit Plan and not SEPP.

If you were hired by the University prior to July 1, 1992 and you have periods of employment with the University prior to January 1, 1989, your pension benefit may be greater (but not less) than your pension benefit calculated under the above benefit formula as reduced by your pension benefit earned under the ERIP Defined Benefit Plan through December 31, 2008.

If you were employed by the University prior to January 1, 1989, contact the Benefits Office at 773-702-9634 or benefits@uchicago.edu for more details.

Final Average Pay

Final Average Pay means your annual Compensation averaged over the five consecutive calendar years (for which you are credited with a Year of Participation or a fraction thereof) out of the final ten calendar years (during which you are credited with a Year of Participation or a fraction thereof) before July 1, 2016 that produced the highest five-year average. Compensation means your total gross wages paid by the University *excluding* amounts paid on account of termination, such as final accrued vacation and sick pay, but *including* periodic salary continuation payments. For purposes of computing your Final Average Pay, the following rules apply:

- **Commencement or Termination of Participation.** Your Compensation for the calendar year in which you commenced or recommenced participation in SEPP (or, if applicable, the ERIP Defined Benefit Plan) will be your Compensation paid for the entire calendar year determined without regard to when your participation date in either plan occurred. Your Compensation for the calendar year in which you terminate employment or cease to be an **Eligible Employee** (or, if applicable, cease to be an eligible employee under the ERIP Defined Benefit Plan, as defined therein) will be your Compensation paid during that year unless the use of an annualized amount based on your base annual salary or rate of pay in effect at the time of termination or reclassification would result in greater Compensation for that year. **For those participating through June 30, 2016, your SEPP benefit will be calculated assuming you terminated employment on June 30, 2016.**
- **Leave of Absence or Disability.** Your Compensation for a calendar year in which you are on an authorized leave of absence will be your Compensation paid during the calendar year. Your Compensation for a calendar year in which you are permanently and totally disabled will be the better of an annualized amount based on your base annual salary or rate of pay in effect at the time your permanent and total disability begins.

- **Transfer to CRP.** If you transfer directly from SEPP to the University's Contributory Retirement Plan ("CRP") or The University of Chicago Medical Center Contributory Retirement Plan, your Compensation for calendar years during which you are participating in the University's CRP or The University of Chicago Medical Center Contributory Retirement Plan through September 15, 2015 (or your date of transfer if later but before June 30, 2016) will be taken into account for purposes of calculating your Final Average Pay so long as you remain employed by the University or the Medical Center. If you terminate employment and you are rehired and are again eligible to participate in the University's CRP or The University of Chicago Medical Center Contributory Retirement Plan, Compensation paid to you after your rehire date will not be taken into account for purposes of calculating your Final Average Pay.
- **Less than Five Years of Compensation.** If you have fewer than five consecutive calendar years during which you are credited with a **Year of Participation** or a fraction thereof (taking into account calendar years for which you were credited with a year of participation or a fraction thereof under the terms of ERIP Defined Benefit Plan), your Final Average Pay shall be 12 times the monthly average of your actual Compensation paid during that period. Compensation on or after July 1, 2016 will not be taken into account in the calculation of your Final Average Pay.

Social Security Covered Compensation

During your working career, you and your employers (including the University) pay Social Security ("FICA") taxes on your wages, up to a maximum wage each year called the Taxable Wage Base. **Social Security Covered Compensation** is the average of those Taxable Wage Bases over the 35-year period ending with the last day of the calendar year in which you reach your Social Security Retirement Age. Your Social Security Covered Compensation is fixed and will not be adjusted for future years once:

- You reach your Social Security Retirement Age,
- You terminate your employment with the University, or
- On June 30, 2016, whichever occurs first.

You do not have to calculate Social Security Covered Compensation — it is provided in special Covered Compensation tables. Keep in mind, if your **Final Average Pay** is less than your Social Security Covered Compensation, a portion of the benefit formula will equal zero.

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

Social Security Retirement Age ("SSRA")	Year of Birth
65	1937 or before
66	1938 through 1954
67	1955 and after

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

Year of Birth	Year You Reach SSRA	2016 Social Security Covered Compensation
1937	2002	$39,444
1947	2013	$67,008
1957	2024	$93,000
1967	2034	$109,464
1977	2044	$117,408
1987	2054	$118,500

Years of Participation

Your **Years of Participation** is the sum of:

- The number of years and fractions of years (measured in months) during which you actively participate in SEPP through June 30, 2016, (i.e., you are a Participant and an **Eligible Employee** of the University or a SEPP-eligible employee of the Medical Center), and
- Years of participation (as defined under the ERIP Defined Benefit Plan), if any, credited to you under the ERIP Defined Benefit Plan as of December 31, 2008.

In no case are Years of Participation after June 30, 2016 or in excess of 35 taken into account.

For purposes of determining your Years of Participation under SEPP, the following rules apply:

- **Bridging Rule.** If you terminate employment with the University and you are rehired by the University or the Medical Center as an Eligible Employee within 12 months of your termination date, your period of separation will count toward your Years of Participation.
- **Leave of Absence.** If you take an authorized leave of absence, including a qualified military leave, your leave counts toward your Years of Participation if you timely return from such leave and you return as an Eligible Employee.
- **Disability.** If you become permanently and totally disabled while you are actively participating in SEPP (i.e., you are a Participant and an Eligible Employee of the University or a SEPP-eligible employee of the Medical Center) **and** you are eligible for benefit payments under the long term disability program maintained by the University or the Medical Center, your period of disability counts toward your Years of Participation. Your period of disability will cease when you are no longer disabled or, if earlier, when you are no longer eligible to receive benefit payments from the long term disability program maintained by the University or the Medical Center.
- **Transfer to CRP.** If you transfer from SEPP to the University's Contributory Retirement Plan ("CRP") or The University of Chicago Medical Center Contributory Retirement Plan, you will no longer be credited with Years of Participation.

Normal Retirement Benefit Examples

Let's assume you decide to retire at age 65 and choose to receive monthly benefit payments for your lifetime only. You have participated in SEPP and the ERIP Defined Benefit Plan on a combined basis for 30 years through June 30, 2016, and under the **Social Security Covered Compensation** table your Covered Compensation for your year of birth is $75,180.

Your five highest consecutive calendar years of pay during your last 10 calendar years of employment are $67,799, $64,875, $63,100, $61,262 and $59,478.

Your **Final Average Pay** is calculated by adding these five highest years and dividing by five to get the average. Based on the amounts above, the sum equals $316,514, and the average is $63,303 ($316,514 ÷ 5).

The three factors used to calculate your Normal Retirement Benefit are:

- **Final Average Pay:** $63,303
- **Social Security Covered Compensation:** $75,180
- **Years of Participation:** 30

Your annual Normal Retirement Benefit is calculated as follows:

(**1%** of your *Final Average Pay* + **0.5%** of your *Final Average Pay* that exceeds your *Social Security Covered Compensation*) x *Years of Participation* (up to 35) = **Annual Normal Retirement Benefit**

1% x $63,303 =	$633.03
Years of Participation	x 30
Annual Normal Retirement Benefit	**$18,990.90**

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

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

1% x $80,271 =	$802.71
0.5% x $5,091 ($80,271 - $75,180) =	+ $25.46
	$828.17
Years of Participation	x 30
Annual Normal Retirement Benefit	**$24,845.10**

Note that in either case, the benefit shown above is the total payable from both SEPP and the ERIP Defined Benefit Plan. If you have a benefit payable from the ERIP Defined Benefit Plan, the pension benefit calculated above will be reduced by your vested pension benefit earned under the

ERIP Defined Benefit Plan through December 31, 2008 because that portion of your pension benefit will be paid by the ERIP Defined Benefit Plan and not SEPP.

Limitations on Pension Benefits

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

Receiving Your Pension Benefit

While You Are Employed by the University

You cannot commence the payment of your pension benefit from SEPP (or the ERIP Defined Benefit Plan) while employed by the University, the Medical Center or any other University affiliate.

In-service hardship withdrawals and participant loans are also not permitted.

After You Leave the University

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

Types of Pension Benefits

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

- **Normal Retirement Benefit.** If you elect to have your pension benefit paid on the first day of the month coincident with or next following the date you attain age 65 (your **"Normal Retirement Date"**), you are entitled to an annual Normal Retirement Benefit (i.e., an unreduced benefit) that is calculated using your **Final Average Pay** and **Years of Participation** determined as of the earlier of June 30, 2016 or your termination date. (See **Calculating Your Pension Benefit** for an explanation of the Normal Retirement Benefit calculation.)
- **Early Retirement Benefit.** If you elect to have your pension benefit paid as early as the first day of the month coincident with or next following the date you attain age 55 (your **"Early Retirement Date"**) but not later than your Normal Retirement Date, you are entitled to an **"Early Retirement Benefit."** Your annual Early Retirement Benefit is calculated in the same way as your annual Normal Retirement Benefit, using your Final Average Pay and Years of Participation determined as of the earlier of June 30, 2016 or your termination date, but is reduced for early payment.

  The amount of the reduction is 5% for each year (or fraction thereof) that you receive or begin receiving payments prior to your Normal Retirement Date. If you terminate employment before age 65 but elect to postpone payment of your pension benefit until your Normal Retirement Date, you will receive an unreduced Normal Retirement Benefit as described above.
- **Pre-Retirement Benefit.** If you elect to have your pension benefit paid prior to your Early Retirement Date, you are entitled to receive a **"Pre-Retirement Benefit."** Your annual Pre-Retirement Benefit is calculated in the same way as your annual Normal Retirement Benefit, using your Final Average Pay and Years of Participation determined as of the earlier of June 30, 2016 or your termination date, but is reduced for early payment.

  The amount of the reduction is actuarially determined (and the more favorable 5% reduction used in calculating the Early Retirement Benefit does not apply) for each year (or fraction thereof) that you receive or begin receiving payments prior to your Normal Retirement Date. If you terminate employment before age 55 but elect to postpone payment of your pension benefit until your Normal Retirement Date or your Early Retirement Date, you will receive the unreduced Normal Retirement Benefit or the Early Retirement Benefit, respectively.

- **Late Retirement Benefit.** If you continue to work beyond age 65 and elect to have your pension benefit paid on the first day of the month coincident with or next following the date you terminate employment (your **"Late Retirement Date"**), you are eligible to receive a **"Late Retirement Benefit"**. It will be calculated in the same way as your Normal Retirement Benefit, using your Final Average Pay and Years of Participation determined as of the earlier of June 30, 2016 or your termination date. Your Late Retirement Benefit is then compared to the actuarial equivalent of your Normal Retirement Benefit. You will receive the greater of your Late Retirement Benefit or the actuarial equivalent of your Normal Retirement Benefit, reduced in each case for any benefit payments you previously received.
- **Small Pension Benefits of $5,000 or Less.** If the lump sum actuarial equivalent of your pension benefit is $5,000 or less determined as of your termination date, your pension benefit will automatically be paid to you in the form of a lump sum distribution as soon as administratively practicable following your termination date. The lump sum actuarial equivalent of your pension benefit is the lump sum actuarial equivalent of your Normal Retirement Benefit calculated using actuarial assumptions required by the Internal Revenue Service ("IRS").

Examples

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

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

1% x $76,336 =	$763.36
Years of Participation	x 9.17
Annual Normal Retirement Benefit	**$7,000.01**

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

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

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

Annual Normal Retirement Benefit	$7,000.01
Reduction Factor	x 60%
Annual Normal Retirement Benefit	**$4,200.01**

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

Required Minimum Distributions

Distributions from your accrued benefit must commence no later than your “Required Beginning Date,” *i.e*., April 1 of the calendar year following the year in which you attain age 70½, or, if later, April 1 following the calendar year in which you terminate employment from the University. The amount of your required minimum distribution depends on the value of your accrued benefit. <u>The payment of your required minimum distributions is extremely important because the IRS can impose a 50% excise tax on the difference between your required minimum distribution amount due for the calendar year and the amount that is actually distributed to you if it is less than the required minimum distribution amount</u>.

It is your responsibility to keep the Plan’s Recordkeeper informed of your current mailing address. The University is not responsible for any excise taxes that may be imposed if you cannot be located at the time a required minimum distribution is due.

Benefit Payments under SEPP

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

Single Lump Sum Form of Payment

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

- **Value of Pension Benefit Does Not Exceed $1,000.** If the lump sum actuarial equivalent of your pension benefit does not exceed $1,000, your pension benefit will be paid in the form of a single lump sum as soon as administratively practicable following your termination date.
- **Value of Pension Benefit Over $1000, but Does Not Exceed $5,000.** If the lump sum actuarial equivalent of your pension benefit is more the $1,000 but does not exceed $5,000, your pension benefit will be paid in the form of a single lump sum as soon as administratively practicable following your termination date. However, if you do not direct the University to pay your benefit to you directly, the lump sum payment will be rolled over to an IRA established on your behalf by the Plan Administrator.
- **Value of Pension Benefit is Greater than $5,000**. If the lump sum actuarial equivalent of your pension benefit is greater than $5,000, you have the option of electing a single lump sum if you (or, if you are married, you and your spouse) waive the required form of annuity payment as each is described in **Annuity (Lifetime) Form of Payment** below.

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

Annuity (Lifetime) Form of Payment

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

- **Single Life Annuity Option**. Under this option, you will receive retirement income for as long as you live. This option provides the largest monthly payment (or quarterly, semi annual, or annual payment in the case of small payments) to you compared to the annuity options described below. Absent an election of another form of payment, the Single Life Annuity Option is the required form of payment if you are not married when benefit payments begin. If you elect the Single Life Annuity Option, your spouse or other beneficiaries will receive no other benefit payments from SEPP after you die.
- **Survivor Annuity Option.** Under this option, you will receive retirement income for as long as you live and, if your co-annuitant survives you, he or she will continue to receive retirement income for as long as he or she lives. You may not elect a co-annuitant other than your spouse without your spouse's consent, and you may not change your co-annuitant after your benefit payments begin. Under the Survivor Annuity Option, the retirement income that would have been payable to you had you elected the Single Life Annuity Option will be reduced to reflect the fact that your benefit will be paid over two lifetimes instead of one. The amount

continuing to your co-annuitant if he or she survives you depends on which of the following options you choose:

- **Half Benefit to Co-Annuitant.** At your death, your co-annuitant will receive annuity payments for his or her lifetime equal to one half of the amount you were receiving before your death.
- **Two-Thirds Benefit to Co-Annuitant.** At your death, your co-annuitant will receive annuity payments for his or her lifetime equal to two-thirds of the amount you were receiving before your death.
- **Full Benefit to Co-Annuitant.** At your death, your co-annuitant will receive annuity payments for his or her lifetime equal to the amount you were receiving before your death. Absent an election of another form of payment, the Full Benefit to Co-Annuitant Survivor Annuity Option with your spouse designated as your co-annuitant is the required form of payment if you are married when benefit payments begin.

Direct Rollovers

An eligible rollover distribution, in general, is any cash distribution other than an annuity payment, a minimum distribution payment, or a payment that is part of a fixed period payment over ten or more years. If the payment of your pension benefit is an "eligible rollover distribution," you may roll over all or a portion of it either directly or within 60 days after receipt into:

- An Individual Retirement Account or Annuity ("IRA") described in Section 408(a) or 408(b) of the Internal Revenue Code, including a Roth IRA described in Section 408A of the Internal Revenue Code,
- A qualified plan described in Section 401(a) or 403(a) Internal Revenue Code,
- A tax-deferred annuity contract described in Section 403(b) of the Internal Revenue Code, or
- An eligible plan described in Section 457(b) of the Internal Revenue Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that accepts your eligible rollover distribution and, to the extent required, separately accounts for your eligible rollover distribution.

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

Reemployment after Benefit Payments Commence

If you commenced the payment of your pension benefit and elected to receive your pension benefit in the form of annuity payments, you will continue to receive those annuity payments even if you are rehired by the University. If your pension benefit was paid in the form of a lump sum distribution, you will not be required to repay the amount of the lump sum distribution. If you were rehired as an **Eligible Employee** before July 1, 2016 and your participation in SEPP recommenced, your pension benefit will be recalculated using your **Final Average Pay** and **Years of Participation** determined as of the date you again terminate employment (but not later than June 30, 2016), and will be reduced for any annuity payments or lump sum distribution you previously received.

Starting Benefit Payments

To commence the payment of your pension benefit upon your retirement or other termination of employment, you must complete the appropriate benefit application. The type of application depends on how your pension benefit will be paid (i.e., in a single lump sum, a direct rollover or rollover distribution, or in the form of an annuity).

To obtain the application, please e-mail the Benefits Office at benefits@uchicago.edu or telephone us at 773-702-9634. You should submit a completed application at least three months prior to the date you want your pension benefit paid or prior to the date you wish to commence annuity payments. If your application is received too late, your payments cannot begin immediately after termination of employment. However, once payments are in place, you will get back payments from your actual retirement date.

Spousal Rights to SEPP Pension Benefits

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

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

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

Things You Need to Know Before Choosing a Form of Payment

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

- If your pension benefit is automatically paid or you elect that your pension benefit be paid in a single lump sum distribution, no future benefits will be payable to you, your spouse, or beneficiaries after that single payment has been made.
- If you elect a single lump sum payment, your payment will be the lump sum actuarial equivalent of your Normal Retirement Benefit calculated using actuarial assumptions required by the IRS. If you elect a single lump sum payment on or after your Early Retirement Date but prior to your Normal Retirement Date, your payment will be the greater of:
  - The actuarial equivalent of your Normal Retirement Benefit determined using a deferred-to-Normal-Retirement-Date lump sum factor, or
  - The actuarial equivalent of the Early Retirement Benefit determined using an immediate lump sum factor and taking into account the early retirement reduction factor.
- The Single Life Annuity Option pays retirement income for your lifetime with no benefits continuing after your death. In contrast, the Survivor Annuity Option pays reduced retirement

income during your lifetime but if your co-annuitant survives you, retirement income will continue for your co-annuitant's lifetime. You receive reduced retirement income during your lifetime because retirement income is expected to be paid for a longer period of time (i.e., your lifetime plus your co-annuitant's lifetime). Note, however, that all survivor annuities are calculated in a way that makes them equal in value to the single life annuity. Also, federal tax laws may limit the length of a guaranteed period or the amount of a survivor annuity if you name a co-annuitant who is not your spouse.

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

Qualified Domestic Relations Orders

SEPP will comply with a decree or order issued by a court that establishes the rights of another person (referred to as an “Alternate Payee”) to all or a portion of your vested pension benefit to the extent that the decree or order is a “Qualified Domestic Relations Order” or “QDRO.” A decree or order is a QDRO if it is consistent with the terms and conditions of SEPP. A QDRO may preempt your current spouse’s right to pension benefits from SEPP.

The Plan Administrator or its delegate will determine if a decree or order meets the requirements of a QDRO. You or your spouse or, in each case, your attorney can obtain a description of SEPP’s procedures for QDRO determinations (“QDRO Procedures”) from the Benefits Office.

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

Qualified domestic relations order review will be administered by the Willis Towers Watson QDRO Service Center, which can be contacted using the information below:

Willis Towers Watson QDRO Service Center
P.O. Box 712728
Los Angeles, CA 90071

Phone: 855-481-2661
Fax: 213-337-6017
E-mail: WTWQDRO@willistowerswatson.com

Deferring Payment of Your Pension Benefit

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

If you terminate employment after age 65, you may elect to have your benefit paid on the first day of the month coincident with or next following the date you terminate employment. If for any reason you do not elect to commence benefits upon termination, payments will be deferred, but not beyond April 1 of the calendar year following the year in which you attain age 70 ½, your Required Beginning Date as described under **Required Minimum Distributions**.

Paying Taxes

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

Lump Sum Distributions

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

Annuity Payments

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

Early Distribution Penalty

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

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

This section entitled "Paying Taxes" is not intended to give specific tax advice to you or your beneficiaries. You may obtain a more detailed summary, "*Special IRS Tax Notice Regarding Plan Payments*," from the Benefits Office by e-mail to benefits@uchicago.edu or by telephone at 773-702-9634.

Tax laws are complicated and change often. They also affect different individuals in different ways. A professional tax advisor is your best source of information about the tax laws applicable to your distributions from SEPP.

Death Benefits

If You Die *After* You Commence Payment of Your Pension Benefit

If you die after you commence payment of your pension benefit, the benefit payable to your spouse or other beneficiary will depend on the form of payment (see **Benefit Payments under SEPP**) you elected when your payments first began.

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

If You Die *Before* You Commence Payment of Your Pension Benefit

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

- **Non-Vested Participant.** No death benefit is payable from SEPP.
- **Vested Participant – Beneficiary is Surviving Spouse.** A death benefit in the form of a lifetime survivor annuity commencing as soon as administratively feasible following your death will be paid to your surviving spouse unless:
  - You and your spouse elect to waive the survivor annuity during your lifetime or your surviving spouse waives the survivor annuity and elects a single lump sum payment instead, or
  - The value of the death benefit is $5,000 or less.

  If the value of the death benefit is $5,000 or less, the death benefit will be paid in a single lump sum. The lump sum value of the death benefit is the actuarial equivalent of the monthly payments that would have been paid to you had you terminated employment on the date of your death, survived to the earliest age you would have been eligible to commence an Early Retirement Benefit (if death occurs prior to such age), and then commenced benefit payments in the form of a single life annuity. If your spouse does not provide direction for payment of the lump sum and its value is between $1,000 and $5,000, the payment will be rolled over to an IRA established on your spouse's behalf by the Plan Administrator.

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

A non-spouse beneficiary may elect that the death benefit be paid as soon as administratively feasible following your death or he or she may defer payment, but in no event may payment be deferred beyond December 31st of the calendar year immediately following the calendar year in which you died. However, if the value of the death benefit is $5,000 or less, it will be paid as soon as administratively feasible following your death. A non-spouse beneficiary may elect a direct rollover as described in **Direct Rollovers** but only to an Individual Retirement Account or an Individual Retirement Annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code, respectively, that will be treated as an inherited IRA pursuant to the provisions of Section 402(c)(11) of the Internal Revenue Code. As in the case of the surviving spouse above, if the value of the lump sum is between $1,000 and $5,000, and the beneficiary does not provide direction for payment of the lump sum, the payment will be rolled over to an IRA established on the beneficiary's behalf by the Plan Administrator.

Designating Your Beneficiary

Spousal Rights to SEPP Death Benefits

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

Beneficiary Designation Form

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

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

You may request a Beneficiary Designation Form from the Benefits Office at benefits@uchicago.edu or 773-702-9634.

Failure to Properly Designate a Beneficiary

A Beneficiary Designation Form is not effective until it is properly completed and received by the Benefits Office. If you fail to designate a beneficiary, improperly designate a beneficiary, or if no beneficiary survives you, any death benefit will be distributed as follows:

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

Designation of Non-Spouse Beneficiary

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

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

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

Administrative Information

Your ERISA Rights

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

Receive Information about SEPP and Benefits

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

Prudent Actions by Plan Fiduciaries

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

If Your Benefit Application is Denied

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

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

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

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

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

Normally, you will receive a written or electronic explanation of the University's final decision within 60 days. If more time is needed (up to another 60 days), you will be notified, in writing or electronically, of the reasons for the delay and the date you can expect to receive a final decision about your application. If upon final review your application is denied, a written or electronic explanation of the denial will be provided by the University and will state:

- The specific reasons for the denial.
- The specific references to SEPP's provisions on which the denial is based.
- A statement that you are entitled to receive (upon request and free of charge) reasonable access to, and copies of, all documents, records and other information relating to your application.
- A statement of your right to bring a civil action under Section 502(a) of ERISA.

Enforce Your Rights

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

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

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the University's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in a federal court.

If it should happen that Plan fiduciaries misuse SEPP's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about SEPP, you should contact the Benefits Office at 773-702-9634 or benefits@uchicago.edu. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the University, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210.

You also can obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Plan Administrator

The University has all discretionary power and authority necessary to administer SEPP including, but not limited to, the power and authority to:

- Interpret the provisions of SEPP.
- Compute the amount and kind of benefits payable to participants and beneficiaries.
- Direct the payment of Plan expenses from SEPP.
- Resolve any questions relating to eligibility to participate in SEPP.

Any action taken in good faith by the University in the exercise of the discretionary power and authority conferred upon it, including a final decision made under the review and appeal process described herein, shall be conclusive and binding upon participants and their beneficiaries.

Plan Amendment and Termination

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

Pension Benefit Guaranty Corporation

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

The PBGC guarantee generally covers:

- Normal and early retirement benefits.
- Disability benefits if you become disabled before the plan terminates.
- Certain benefits for your survivors.

The PBGC guarantee generally does **not** cover:

- Benefits greater than the maximum guaranteed amount set by law for the year in which SEPP terminates.
- Some or all benefit increases and new benefits based on plan provisions that have been in place for fewer than five years at the time SEPP terminates.
- Benefits that are not vested because you have not worked long enough for the University.
- Benefits for which you have not met all of the requirements at the time SEPP terminates.
- Certain early retirement payments.
- Non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

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

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

Creditor Claims

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

Glossary

Term	Definition
Compensation	Also known as pensionable compensation, this is your total gross wages paid by the University of Chicago. It does not include amounts paid on account of termination of employment, such as your final accrued vacation and sick pay. Compensation is limited to the IRS Qualified Plan Limit.
Defined Benefit Plan	The plan that is funded by the University of Chicago. Benefits payable are based on a formula that takes into consideration your final average pay, Social Security Covered Compensation and years of participation.
Eligibility Computation Period	The 12-consecutive month period that begins on your hire date and each anniversary of that date.
Final Average Pay	The average of your five highest consecutive years of pay during your final 10 years of participation, or as of June 30, 2016 if you were still an Eligible Employee.
Hours of Service	Generally, you will be credited with an "Hour of Service" for each hour that you are directly or indirectly paid or entitled to pay or granted back pay for the performance of services for the University, the Medical Center or any affiliate of both.
Plan freeze	Effective July 1, 2016, SEPP was frozen and benefits are no longer earned under the Plan after June 30, 2016. Vested benefits remain in the Plan and are yours until you retire from or leave the University. Future service with the University will count for vesting purposes.
Social Security Covered Compensation	An average of the Social Security taxable wage bases, changing annually. The plans provide an additional benefit if your final average pay exceeds your Social Security Covered Compensation to ensure that your total retirement income (including Social Security) is comparable at all pay levels.
Vested	An ownership right to your benefit that cannot be forfeited. You are 100% vested in your SEPP benefit when you complete three vesting years, reach age 65, or die while employed by the University of Chicago (whichever occurs first).
Vesting Years	A 365-day period that generally begins on your hire date. Vesting years include all employment with the University of Chicago, including time worked in a position that is not SEPP-eligible.
Years of Participation	Also referred to as "participation service," the sum of years and fraction of years (measured in months) during which you are an employee and eligible to participate in SEPP, plus the Years of Participation (as defined under the ERIP Defined Benefit Plan), if any, credited to you under the ERIP Defined Benefit Plan as of December 31, 2008. Years in which you worked for the University but

Term	Definition
	were not a participant in SEPP are not counted (including the 1-year waiting period before entering the Plan and any periods during which you were in a non-benefits eligible position). Certain other rules may apply, but in no case are years (or portions thereof) after June 30, 2016 or in excess of 35 taken into account.
Year of Service	You will be credited with a “Year of Service” if you complete at least 1,000 Hours of Service during an Eligibility Computation Period.

Plan References

Please keep this information for future reference:

Plan Name	The University of Chicago Pension Plan for Staff Employees
Plan Number	003 When requesting additional information about SEPP from the U.S. Department of Labor, refer to the above Plan number and the Employer Identification Number below.
Plan Effective Date	January 1, 2009
Plan Sponsor & Administrator	The University of Chicago c/o Benefits Office 6054 S. Drexel Avenue Chicago, IL 60637 Phone: 773-702-9634 Fax: 773-834-0996 E-mail: benefits@uchicago.edu A complete list of the employers participating in SEPP is available upon written request to the Plan Administrator.
Employer Identification Number	36-2177139
Agent for Service of Legal Process	The University of Chicago Benefits Office 6054 S. Drexel Avenue Chicago, IL 60637 Phone: 773-702-9634 Fax: 773-834-0996 E-mail: benefits@uchicago.edu Legal process also may be served on the Plan trustee if applicable.
Plan Trustee	Northern Trust Company Corporate & Institutional Services 50 S. La Salle Street Chicago, IL 60603
Plan Year	January 1 to December 31
Type of Plan	Defined benefit plan qualified under Section 401(a) of the Internal Revenue Code