

**UNIVERSITY OF ARKANSAS
RETIREMENT PLAN**

This Summary Plan Description
provides each Participant
with a description of the
**University of Arkansas
Retirement Plan**

March 1, 2018

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PART 1: INFORMATION ABOUT THE PLAN: ENROLLMENT, CONTRIBUTIONS, VESTING

1. What Is The University of Arkansas Retirement Plan?

The University of Arkansas Retirement Plan (the “Plan”) is a Defined Contribution Plan under 403(b) Plan and 457(b) of the Internal Revenue Code of 1986 (“Code”). It was originally established by the Board of Trustees effective July 1, 1923. This is a summary of the plan as in existence March 1, 2018.

Pursuant to University Board policies, the President of the University of Arkansas System has appointed a Retirement Committee, which is charged with the selection of recordkeepers and investment alternatives. All amounts must be invested in annuities and mutual funds.

You will be provided information concerning the Vendor/Recordkeepers at each campus, including contact information, upon enrollment. You can also obtain this information from Human Resources at any time. You can also receive information about the plan, and in particular about the investments, loans and distributions under the plan, by contacting your Vendor/Recordkeeper.

The Plan operates under Section 403(b) and 457(b) of the Code. The Administrator of the Plan is the University of Arkansas. The Plan Year begins January 1 and ends December 31.

Section 403(b) of the Code permits tax deferred and Roth 403(b) contributions to an annuity contract or mutual fund held under custodian agreement. Under Section 457(b) of the Code, tax deferred contributions may also be made to a governmental account with similar tax consequences. Differences between the 457(b) account and 403(b) account are described in this summary.

2. What Campuses are Covered under the Plan?

This is a summary for the University of Arkansas Retirement Plan, which includes the University of Arkansas System and all of its campuses, divisions and instrumentalities. The provisions of the plan are the same for employees at all campuses, except as described herein, such differences being investment alternatives, required employee contributions and employer contributions.

3. Who Is Eligible To Make Voluntary Elective Employee Contributions under the Plan?

All employees are eligible to make voluntary elective employee contributions under the plan. You may begin making employee contributions immediately upon hire, provided you complete appropriate enrollment forms to participate in the Plan. You are eligible to make employee contributions even if you are not eligible for employer contributions, and

even if you have previously elected to participate in a plan other than this plan for employer contributions (see Q & A 4).

4. Who is required to make Required Employee contributions and eligible to Participate In Employer Contributions under the Plan?

You must make required employee contributions, and are eligible to participate in employer contributions under the plan if you are a full time employee of one of the campuses above. A full time employee is any employee who is employed half-time or greater and is on at least a nine month appointment period. It does not include seasonal, extra help, or temporary employees or employees whose employment is incidental to their educational program (including, but not limited to student workers, graduate assistants, and residents). All such eligible employees hired on or after July 1, 2016 will participate under the Retirement Plan. Pursuant to University Board policy, eligible employees hired prior to July 1, 2016, had the opportunity at employment to participate in alternative plans. Such election, once made, is irrevocable. Eligible employees not electing to participate in an alternative plan participate in the Retirement Plan. Eligible Employees who did elect to participate in an alternative plan do not participate in required employee contributions or employer contributions under this plan, but are eligible to make elective contributions to the Retirement Plan.

If you are eligible for Employer contributions, Required Employee contributions (see Q & A 5) will begin immediately upon hire. Required employee contributions and employer contributions will be transferred to the recordkeeper/vendor once you have selected a vendor and completed any enrollment forms required. Any University contributions will be retroactive to date of employment.

When you begin participation in the Plan, all contributions on your behalf will be made automatically to the funding vehicle that you've chosen.

5. What Required Employee Contributions must I make to the Plan?

Effective July 1, 2016, an eligible employee participating in employer contributions under the Retirement Plan is required as a condition of employment to make required employee contributions. Required employee contributions are a percentage of the Employee's Plan Compensation, as shown for each campus on the attached exhibit 1.

Required contributions are not subject to federal or state income tax, but are subject to FICA and Medicare tax, as applicable.

6. How are Voluntary Elective Contributions made to the Plan, and How Often can I make Changes to my Salary Deferral Election?

In addition to the required contributions described above, you may also elect to make voluntary elective contributions. Voluntary elective contributions may be before-tax

403(b) contributions, Roth 403(b) contribution, after-tax (salary deduction) 403(b) contributions or 457(b) plan contributions.

Your contributions will be made to the 403(b) plan to the extent of the annual 402(g) limit (\$18,500 for 2018). These contributions may be designated by you as either before-tax contributions or Roth 403(b) contributions. Once 403(b) contributions equal the annual 402(g) limit, contributions may be continued either as after-tax contributions to the 403(b) plan (subject to the overall limitation on 403(b) contributions described in Q & A 13) or pre-tax contributions to the 457(b) plan. Only pre-tax contributions may be made to the 457(b) plan.

To contribute to the University of Arkansas Retirement Plan by salary reduction, you must enter into a salary reduction agreement with the University. Under a salary reduction agreement, you agree to a reduction in salary and the University of Arkansas agrees to make a contribution equal to the amount of the reduction to your Retirement Account(s).

You may enter into a salary reduction agreement at any time during the year, but only to the extent that the amount of the reduction is allowed under the Code or the amount payable to you for the remainder of the year. You may make changes to your salary deferral election under the 403(b) plan at any time before the payroll processing date, subject to reasonable notice. Any change to the 457(b) reduction amounts is effective for the first payroll period of the following calendar month. The total amount of contributions must not exceed the limitation established by the IRS.

7. What Is The Maximum Voluntary Elective Contribution I Can Make To The Plan?

The maximum voluntary elective contribution which can be made under a salary reduction agreement to the Section 403(b) Plan is the limit provided by the IRS. The limit for 2018 is \$18,500. The maximum voluntary elective contribution which can be made to the 457(b) Plan is also limited by the IRS. The maximum is \$18,500 for 2018. These amounts may be adjusted for inflation. You can make the maximum contribution to both plans. Required employee contributions do not count towards the voluntary elective contribution limit.

If your adjusted gross income is below certain levels, you may be eligible for a nonrefundable income tax credit of up to \$1,000 (the "Saver's Credit"). The Saver's Credit is equal to a specified percentage of your contributions to certain employer-sponsored plans and to certain IRAs. You are eligible for the credit only if you are age 18 or over, are not a full-time student, and are not claimed as a dependent on another person's tax return. The Saver's Credit is subject to other restrictions. Please consult your tax advisor for more information.

8. What Is The Special Catch-Up Elective Contribution Amount For Over-50 Employees?

Employees who will have attained at least age 50 by the end of the year may make additional voluntary elective contributions to the 403(b) Plan and the 457(b) Plan in an amount determined by the IRS. The additional amount for each plan is \$6,000 for 2018.

The additional contribution may be a part of the employee contributions matched by the University.

You may make the over-50 contribution to both the 403(b) Plan and 457(b) Plan.

There are other catch-up rules which may be available in an employee's last years of employment in the 457(b) Plan in lieu of the over 50 catch-up.

9. How do I make Roth 403(b) contributions and what are the tax consequences of Roth 403(b) contributions?

An employee may designate all or a portion of the employee's voluntary elective 403(b) contributions (up to the 402(g) annual limit) as Roth 403(b) contributions. The election is made to designate contributions as Roth 403(b) contributions on the salary reduction election form. Roth 403(b) contributions, unlike regular before-tax 403(b) contributions, are subject to federal and Arkansas income taxes when made. However, provided that distribution is made after age 59 ½, and provided that Roth 403(b) contributions were first made at least five years before distribution, distributions from the Roth 403(b) account, including earnings thereon, are not subject to federal or Arkansas income tax. Roth 403(b) contributions are allocated to a separate recordkeeping account. Designation of a contribution as a Roth 403(b) is irrevocable once the contribution is made to the account.

10. May I Make After-Tax Contributions?

Yes, only to the 403(b) Plan. After tax contributions are subject to income taxes when made. After-tax contributions are allocated to a separate recordkeeping account. Earnings on after-tax contributions are taxable when distributed.

11. What Contributions will my Employer make to the Plan?

For employees eligible for an employer contribution to the Retirement Plan, the University will make a contribution as shown on the attached exhibit for employees of each campus.

If you participate in the Plan for only a part of a year, or if employer contributions are dependent on the level of employee contributions you make, and you change the level of your voluntary elective contributions during the year, the employer contribution for any period will be based on the total employee contributions for that period. For example, assume that an eligible employee at UAMS makes total required and voluntary elective contributions of 5% for the first nine months of the year and 10% for the next three months of the year. The employer contribution is 5% for the first nine months and 10% for the next three months.

All University contributions are made to the 403(b) Plan. All employer contributions are made on a before-tax basis.

12. What is the Definition of Plan Compensation for purposes of the Plan?

Employee and employer contributions are made on Plan Compensation. Plan Compensation means a Participant's remuneration for services for Employer which are subject to federal income tax withholding, but not including the following:

- Overtime
- Terminal Vacation, Sick, Holiday, Compensatory and Severance Pay
- Expense reimbursements and allowances, student loan repayments, fringe benefits (cash and non-cash), moving expenses and welfare benefits
- Deferred Compensation
- Recruiting, Sign-On, Referral, Service and Achievement Awards (not including merit bonuses or career service awards, which are included compensation)
- Compensation funded by a supporting Foundation other than base salary

Plan Compensation includes amounts which would be includible in the Employee's gross income for the calendar year but for a compensation reduction election under section 125, 132(f), 401(k), 403(b), 414(h) or 457(b) of the Code.

In no event will the compensation taken into account under the Plan exceed a federally mandated limit. The federally mandated limit is \$275,000 for 2018. This may be indexed for inflation.

13. Is There A Limitation On Total Contributions?

Yes. The total amount of contributions made by employee (required and voluntary elective) and employer to the 403(b) plan (not including over 50 catch-up contribution) cannot exceed 100% of your compensation (minus required and elected deductions, plus employee retirement contributions), not to exceed an annually adjusted limit. The total cannot exceed \$555,000 for 2018. Over-50 catchup contributions to the 403(b) plan do not count towards this limit. The total amount of contributions made by an employee to the 457(b) plan (not including over 50 catch-up contributions) cannot exceed the dollar limitation set forth above.

14. Is There a Limit on Total Contributions When I Am a Participant In a Plan of Another Employer?

Yes, a limit could arise in two situations. First, if you are a participant in another 403(b) or 401(k) plan of another employer, or in the Federal Thrift Savings Plan, the total

employee voluntary elective contributions to both plans for a calendar year may not exceed the limit described for the 403(b) Plan described in Q & A 7 above. If deferrals exceed that limit, you have until March 1 after the year in question to request a refund of excess deferrals. If distribution is made by April 15 after the year in question, such amount is taxable in the year the deferral was made, but the distribution is not taxable in the year distributed. Income attributable to any excess deferral is taxable in the year distributed. If distribution is not timely made, you will owe taxes on the excess both in the year of the deferral and the year in which it is distributed.

Second, if you are a participant in a plan sponsored by a business in which you have more than a 50% ownership interest, contributions to such a plan are aggregated with contributions to the 403(b) plan for purposes of the total contributions limit described in Q & A 14. You should advise your Human Resources office if this situation exists so that appropriate adjustments may be made.

15. When Do My Benefits Become Vested?

When contributions become vested, they cannot be forfeited for any reason.

All of an employee's contributions are immediately vested. Employees hired on or after July 1, 2016 shall be fully vested in employer contributions upon completion of 2 years of service. If such an employee terminates before completion of two years of service, the accumulations attributable to Employer contributions in the Plan shall be forfeited. Employees hired before July 1, 2016, are fully vested based on the vesting schedule in effect prior to that date. If you have questions concerning the pre-July 1, 2016 vesting schedule, contact your Human Resources office.

In any event, an employee shall be 100% vested in his account in the event of death while employed or while on military leave, Disability (as determined by the Social Security Administration or the University's Long-Term Disability carrier) or attainment of age 65 while employed with the University.

For this purpose, a year of service is the 12 month period beginning on date of hire, or any anniversary thereof, during which a participant is continuously employed by the employer. Only service while a Participant is eligible for Employer contributions shall be counted for vesting purposes.

If a participant terminates employment for over 30 days and is rehired: (a) if the participant has not previously become vested in the participant's employer contributions, the Employee must satisfy the vesting requirements as if the employee had not previously been employed; and (b) if the participant has previously become vested in the participant's Employer contributions, the employee will be 100% vested upon rehire.

16. What Happens When I Return To Work After Military Leave Of Absence?

Employer non-matching contributions shall be made on behalf of a participant who is in qualified military service, as defined in Code §414(u)(5) and who is re-employed within

the time required by law after the expiration of the participant's qualified military service. Also, such participant may make-up employee contributions for the period of the participant's qualified military service as defined in Code §414(u). Such make-up employee contributions may be made in either a single payment or in installments and must be made during the period beginning with the date of the participant's reemployment after his military leave equal to the lesser of (i) three times the period of his military leave and (ii) five years. As soon as reasonably practicable after any such participant make-up contributions are made, the Employer shall make the matching Employer Contributions to the 403(b) Plan that would have been made during the participant's military leave on such make-up contributions.

17. What is a Roth in-plan rollover and may I make one?

If you have money in a fully vested non-Roth Account, you may transfer the Account balance to a Roth (after-tax) Account under the Retirement Plan, even if you are not otherwise entitled to a distribution from the Plan. If you elect to transfer to a designated Roth account in the Plan, the amount rolled over (reduced by any after-tax amounts directly rolled over) will be currently taxed. However, the 10% additional tax on early distributions will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover). Completing a Roth in-plan rollover does not permit a distribution from the Retirement Plan if a distribution would not otherwise be available. Moreover, no taxes are withheld when you complete an in-Plan Roth rollover. Thus, you must make arrangements to pay the taxes on the in-plan Roth rollover. But provided that you do not receive distribution from the designated account until after age 59 ½ and such 5-year period, the earnings on such account after the rollover are not taxed upon distribution. Please note that once made, an in-plan Roth rollover is irrevocable. To complete a Roth in-plan rollover, contact your recordkeeper/vendor.

18. Can I rollover amounts into the Plan from another employer's plan or IRA?

Yes, the plan permits a participant to rollover from another employer's qualified plan, 403(b) plan, governmental 457(b) plan or from the participant's Individual Retirement plan. You may also rollover from a Roth elective account under another employer's plan. To implement a rollover or ask questions about rollovers, contact your recordkeeper/vendor.

PART 2: INVESTMENT ALLOCATIONS AND TRANSFERS BETWEEN INVESTMENT OPTIONS

19. How do the investment options work in the Retirement Plan?

The Retirement Plan is a defined contribution plan. Upon your retirement, the retirement income you receive is dependent on the accumulated amounts in your retirement account. Upon becoming eligible for the Retirement Plan, you select one or more

recordkeeper/vendors, and you select from the investment options available at such recordkeeper/vendors. Any income, gains or losses from the choices a participant makes will be allocated to such participant's account. Each of the recordkeeper/vendors have investment education tools to assist you in making these choices. There is also a default investment option in the event that you do not make an investment decision. Because you select the investment options for your contributions, neither the Retirement Committee, the plan administrator nor the employer is responsible for the allocations made by a participant among the investment options.

20. How Do I Allocate My Contributions Among Recordkeeper/Vendors?

You may allocate your contributions to one or more of the recordkeeper/vendors available at your campus. Separate subaccounts are maintained for 403(b) before-tax contributions, 403(b) Roth contributions, 403(b) after-tax contributions, 457(b) before-tax contributions and employer contributions. Generally, you may allocate contributions at each recordkeeper/vendor among the investment options available at such recordkeeper/vendor in any whole number percentages. You specify the percentage contributions on forms or such other manner as are permitted by such recordkeeper/vendor. Contact your recordkeeper/vendor for questions or to change your allocation for future contributions. See the Recordkeeper/Vendor Addendum for recordkeeper/vendor contact information.

You may change your allocation of future contributions at any time after participation begins by contacting your recordkeeper/vendor.

21. May I Transfer My Accumulations?

You may transfer accumulations among investment options within a recordkeeper/vendor at any time, subject to limitations and restrictions of such recordkeeper/vendor and as limited by the specific investment option. Contact your recordkeeper/vendor for such limitations and restrictions, or to complete such a transfer.

You may also transfer accumulations between approved recordkeeper/vendors, subject to limitations and restrictions of the transferor-recordkeeper/vendor and as limited by the specific investment options. Contact the transferor recordkeeper/vendor for any limitations and restrictions; contact the transferee-recordkeeper/vendor to complete such a transfer.

There is generally no limitation on how often you may transfer amounts.

You may not transfer accumulations from an approved recordkeeper/vendor to a recordkeeper/vendor which is not approved to receive current contributions.

PART 3: BENEFITS

22. Do I Participate During An Approved Leave of Absence?

During a paid leave of absence, the University will continue its Plan Contributions on your behalf. The Plan Contributions will be based on your salary being paid by the University during your leave of absence.

23. Can I Withdraw Any Money Prior To Termination Of Employment?

Generally, withdrawals may not be made prior to termination of employment. However, if an employee is over age 59½ and enters into an early retirement agreement, distribution may begin from 403(b) Employee and Employer accumulations even though the employee is still employed, and even though contributions are being made to the Plan on the employee's behalf. Further, if an employee is over age 59½, the employee may receive a distribution of the employee portion only of his or her 403(b) retirement accumulation even though the employee has not separated from service with the University. Withdrawals may not be made from the 457(b) plan under any circumstances prior to termination of employment, except that a participant may withdraw from the participant's 457(b) account in the calendar year in which the participant attains age 70 ½ or later. Neither the 403(b) plan nor the 457(b) plan provides for hardship distributions.

A participant who is called to active military duty for a period in excess of 179 days or for an indefinite period may receive a Qualified Reservist Distribution of such participant's Elective contributions and earnings. Such distribution may be made at any time during the period beginning on the date of such order or call and ending at the close of the active duty period.

24. May I Take A Loan From The Plan?

Yes, a participant may borrow from 403(b) amounts contributed by the participant and accumulated earnings, subject to any limitations or requirements of the recordkeeper/vendors. Loans are not available from employer contributions, and earnings on employer contributions, or from 457(b) accumulations. Loans are obtained by completing an application which may be obtained from a recordkeeper/vendor. The application will be reviewed by the applicable recordkeeper/vendor to insure that loan limits are not exceeded. The loan will be administered by the applicable recordkeeper/vendor. You can obtain information concerning loans from the recordkeeper/vendors.

The minimum loan is \$1,000. The maximum aggregate loan can never exceed the lesser of (1) 50% of your vested Account; (2) your employee contributions and earnings or (3) \$50,000. The maximum loan currently available is offset by the highest loan balance outstanding during the preceding 12 months. If you have funds at each recordkeeper/vendor, the loan limits must be coordinated between plan sponsors.

The maximum pay back period is five (5) years, unless the loan is used to acquire a principal residence, in which case a longer pay back period is allowed. Payments must

be made at least quarterly in equal payments and are made by bank draft or check as required by the recordkeeper/vendor. Loans are not made by payroll deduction.

The maximum number of total loans which may be outstanding at any time is two (2). Any participant who had a greater number of loans prior to July 1, 2016 is not required to accelerate payments on any loan, but no new loan is available until the number of loans outstanding is reduced to one (1). Loans may not be refinanced.

Additional information concerning loans can be obtained from the loan policies for the plan, which are attached to this Summary.

If you are interested in a loan from the Plan, please contact the appropriate recordkeeper/vendor.

25. When Does My Retirement Income Begin?

You may begin to receive income at any time after termination of employment, or you may defer distribution until a later time. However, retirement benefits must normally begin no later than April 1 of the calendar year following the later of (1) the year in which you attain age 70½ or (2) the year you retire. Failure to begin annuity by the required beginning date may subject you to a substantial federal tax penalty.

If you die before the distribution of benefits has begun, your entire interest must normally be distributed within five years after your death. Under a special rule, death benefits may be payable over the life or life expectancy of a designated beneficiary if the distribution of benefits begins not later than one year from the date of your death. If the sole designated beneficiary is your spouse, the commencement of benefits may be deferred until you would have attained age 70½ had you continued to live.

The payment of benefits according to the above rules is extremely important. Federal tax law imposes a 50 percent excise tax on the difference between the amount of benefits required by law to be distributed and the amount actually distributed if it is less than the required minimum amount.

You should notify the recordkeeper/vendor several months in advance of the date you plan to begin receiving income.

26. What Options Are Available For Receiving Retirement Income?

You may choose from among several types of distribution options when you retire. Available distribution options vary depending on the investment options with each recordkeeper/vendor. You may begin receiving a portion of retirement accumulations at a different time than another portion of your retirement accumulation, or you may receive a portion of your retirement accumulation in a different form than another portion of your retirement accumulation. Contact the recordkeeper/vendor for the available forms of distribution.

27. What Happens If I Terminate Employment Before Retirement?

If you are “vested” you may leave your money in your retirement contracts or begin receiving distributions under any of the available distribution options with the recordkeeper/vendor, or roll your vested account to another employer’s plan or to a rollover IRA. You don’t forfeit any of the vested benefits that have already been set aside for you. If you are not vested, your accumulation attributable to the employer’s contributions are returned to the employer.

28. May I Rollover My Accumulations?

If you are entitled to receive a distribution which is an “eligible rollover distribution,” you may rollover all or a portion of it either directly or within 60 days after receipt into another 403(b) plan, 401(a) Plan, governmental 457(b) Plan or an IRA. A distribution of your Roth elective deferrals may be rolled to another employer’s plan which accepts Roth amounts, or to a Roth IRA. An eligible rollover distribution, in general, is any cash distribution other than an annuity payment, a minimum distribution payment or a payment which is part of a fixed period payment over ten or more years. The distribution will be subject to a 20 percent federal withholding tax *unless* it is rolled over directly into another eligible retirement plan -- this process is called a “direct” rollover. State withholding may also apply.

If you have the distribution paid to you, then the plan must withhold 20 percent even if you intend to roll over the money into another eligible retirement plan within 60 days. State income tax withholding may also be required. To avoid withholding, instruct the recordkeeper/vendor to directly roll over the money for you.

To determine if you qualify for an “eligible rollover distribution”, please contact the appropriate recordkeeper/vendor for additional information.

29. What If I Die Before Starting To Receive Benefits?

If you die while employed before beginning retirement benefits, the full current value of your accumulation is payable as a death benefit. You should review your beneficiary designation periodically to make sure that the person you want to receive the benefits is properly designated. You may change your beneficiary by completing the “Designation of Beneficiary” form available from each recordkeeper/vendor. If you die without having named a beneficiary, your estate will receive your accumulation.

Separate beneficiary designations must be made for the 403(b) Plan and the 457(b) Plan.

If distributions had not begun before your death, and if the beneficiary is your spouse, the latest time at which your beneficiary can start taking distributions is the date on which you would have attained age 70½. The period over which your beneficiary takes distributions cannot be more than his or her life expectancy.

If distributions had not yet begun before your death, and if your beneficiary is not your spouse, the account balance must be paid out to your beneficiary or begin to be paid

within one year after your death. If your beneficiary chooses to have payments made over his or her lifetime, or a period which is not longer than his or her life expectancy, distributions must begin by December 31 of the year after the year of your death.

Alternatively, a spouse beneficiary may receive a lump sum distribution of your account, subject to any restrictions by the recordkeeper/vendors, and roll to a spousal IRA. A non-spouse beneficiary may roll to an inherited IRA, subject to any restrictions by the recordkeeper/vendors.

You may choose one or more of the available distribution options offered by each recordkeeper/vendor for payment of the death benefit, or you may leave the choice to your beneficiary.

Federal tax law puts limitations on when and how beneficiaries receive their death benefits. Your vendor will notify your beneficiary of the applicable requirements at the time he or she applies for benefits.

30. How Are My Benefits Taxed?

Under current federal tax law, you are not taxed on the portion of your retirement income that represents a return of salary deduction (after-tax) contributions from the 403(b) Plan.

Also, to the extent that you make Roth 403(b) contributions and the distribution constitutes a “qualified distribution,” (generally, if distributions are made after age 59 ½ and if Roth 403(b) contributions were first made to the plan at least five years before distribution), distributions from the Roth 403(b) account, including earnings thereon, are not subject to federal or Arkansas income tax.

The rest of your retirement income (the portion that represents all investment earnings and previously untaxed contributions, including employer and any of your own contributions by salary reduction) is taxed as ordinary income when you receive it.

Additional Federal Taxation of “Early Distributions”

If you receive benefits from your 403(b) accumulation before reaching age 59½, generally you must pay an additional 10% tax on the taxable amounts, unless you meet one of the following conditions:

- You begin a lifetime annuity income option.
- You leave employment at age 55 or older and begin receiving benefits then.
- You are disabled.
- The payment is made to a spouse under a Qualified Domestic Relations Order (e.g., a divorce settlement).

Note: The early distribution penalty (additional 10% tax) does not apply to distributions from your 457(b) accumulation.

Depending on your personal situation (for example, your age, work status, your spouse's work) taxation could seriously diminish the value of your benefits.

More information about taxes and federal withholdings is in the retirement benefits package you receive before your scheduled retirement date.

PART 4: GENERAL INFORMATION

31. How Is The Plan Administered?

The Retirement Plan is available through the University of Arkansas System. The benefits are provided by retirement annuity contracts and custodial accounts issued to Participants by the recordkeeper/vendors. The Human Resources Department of each campus is responsible for enrolling Participants, forwarding Plan Contributions for each Participant to the recordkeeper/vendors selected, and performing other duties required for operating the Plan. The President of the University or the President's delegate is given authority to issue additional rules and regulations concerning plan administration. Pursuant to Board policy, the Retirement Committee appointed by the President advises the President regarding the selection of recordkeeper/vendors and investment options within such recordkeeper vendors, and makes recommendations with respect to plan design.

32. May The Terms Of The Retirement Plan Be Changed?

While it is expected that the Plan will continue indefinitely, the Board of Trustees of the University or the President reserves the right to modify or discontinue the Plan at any time.

33. How May I Get More Information About My Accumulations in The Plan?

Requests for information concerning the Plan should be directed to the recordkeeper/vendors.

34. Assignment/Divorce.

No Participant in the Plan may assign, pledge or encumber his or her interest other than as collateral for a loan from the Plan. The Participant's benefits are not subject to legal process, levy or garnishment for the payment of any claim. However, payment can be made to a former spouse or other "alternate payee" under a qualified domestic relations order, subject to certain rules.

If you divorce from your spouse and if you want your account balance to go to anyone else upon your death, you must change your beneficiary designation. The plan will pay your vested account based only upon your beneficiary designation.

35. What Information Do I Regularly Receive About My Accumulations?

You will receive quarterly statements of your account from the recordkeeper/vendor, and confirmation of investment option changes, in the format as you have elected with such recordkeeper/vendor. You will also receive an annual report from the recordkeeper/vendor regarding the fees charged by the various investment options and fees applicable to the plan. A recordkeeper/vendor may periodically provide additional information.

EXHIBIT A
REQUIRED CONTRIBUTIONS AND EMPLOYER CONTRIBUTIONS

<u>Campus</u>	<u>Required Employee Contribution as % of Plan Compensation</u>	<u>Employer Contribution as % of Plan Compensation</u>
University of Arkansas-Fayetteville (including System Administration, Division of Agricultural, Criminal Justice Institute, Arkansas Archaeological Survey and Clinton School of Public Service) University of Arkansas at Pine Bluff University of Arkansas for Medical Sciences University of Arkansas at Little Rock University of Arkansas at Monticello Arkansas School for Math, Sciences and the Arts Phillips Community College of the University of Arkansas	Effective July 1, 2016 through June 30, 2017—1% Effective July 1, 2017 through June 30, 2018—2% Effective July 1, 2018 through June 30, 2019—3% Effective July 1, 2019 through June 30, 2020—4% Effective July 1, 2020 and ongoing—5%	For those employees who pursuant to Board policy have elected for Employer contributions to be made to this Plan, the Employer will make a basic Plan Contribution of five percent of Plan Compensation for all such eligible Employees. Employees who make Employee contributions in excess of five percent of Plan Compensation will be eligible for a matching Employer contribution equal to the amount of Employee contributions in excess of five percent up to a total Employer contribution, both basic and matching, of ten percent of Plan Compensation
University of Arkansas at Fort Smith	Effective July 1, 2016 through June 30, 2017—1% Effective July 1, 2017 through June 30, 2018—2% Effective July 1, 2018 through June 30, 2019—3% Effective July 1, 2019 through June 30, 2020—4% Effective July 1, 2020 and ongoing—5%	See Exhibit A-1 below
University of Arkansas Community College at Batesville	6%	11%
University of Arkansas Community College at Morrilton	6%	14%
University of Arkansas Community College at Hope	6%	Employees hired before 7-1-92=12% Employees hired after 6-30-92=10%
Cossatot Community College of the University of Arkansas	6%	13%
University of Arkansas-Pulaski Technical College	6%	Employee hired before 7-1-91=12% Employee hired after 6-30-91=10%
University of Arkansas Community College at Rich Mountain	6%	14%
Grandfathered Great Rivers Vocational and Technical and Forest Echoes Technical Employees as of 6-30-2013 at UAM	6%	14%

EXHIBIT A-1
UAFS EMPLOYER CONTRIBUTION

July 2016		July 2017		July 2018		July 2019		July 2020	
Total Employee	UAFS	Total Employee	UAFS	Total Employee	UAFS	Total Employee	UAFS	Total Employee	UAFS
1	5								
2	6	2	5						
3	7	3	6	3	5				
4	8	4	7	4	6	4	5		
5	9	5	8	5	7	5	6	5	5
6 or more	10	6	9	6	8	6	7	6	6
		7 or more	10	7	9	7	8	7	7
				8 or more	10	8	9	8	8
						9 or more	10	9	9
								10 or more	10

UNIVERSITY OF ARKANSAS
RETIREMENT PLAN
PARTICIPANT LOAN POLICIES

The following outline the policies of the University of Arkansas Retirement Plan regarding Participant loans. It is the intent of these loan policies to include certain restrictions imposed by the Recordkeeper/Vendors for the Plan; however, in the event that a restriction imposed by a Recordkeeper/Vendor is not consistent with the provisions below, to the extent such provision is a contractual or systemic restriction, the restriction of the Recordkeeper/Vendor shall control. The procedures for applying for a loan from each Recordkeeper/Vendor may be obtained by contacting such Recordkeeper/Vendor. By submitting a request for a Plan loan, the Participant is agreeing to the terms and conditions as set forth in these policies and the Recordkeeper/Vendor's restrictions.

1. Availability/Maximum Loan. Loans are available only from the participant's employee 403(b) account (including the required employee contribution account and Roth 403(b) account). Loans are not available from the participant's employer account or from the 457(b) account. The maximum of all aggregated loans under the Plan is the least of:
 - (a) \$50,000, reduced by the greater of (i) the outstanding balance on any loan from the Plan to the Participant on the date the loan is made or (ii) the highest outstanding balance on loans from the Plan to the Participant during the one-year period ending on the day before the date the loan is approved by the Plan Administrator (not taking into account any payments made during such one-year period); or
 - (b) one half of the value of the Participant's vested Account Balance (as of the valuation date immediately preceding the date on which such loan is approved by the Administrator); or
 - (c) the Participant's Employee contribution accounts (Required Employee Contributions, Before-tax Elective Contributions, Roth 403(b) Contributions, After-tax (non-Roth) Contributions and Rollover Contributions) and earnings thereon.

A Recordkeeper/Vendor might not permit loans from the Participant's Roth 403(b) account. Contact your Recordkeeper/Vendor to see if you can borrow from your Roth 403(b) Account.

2. Aggregation of Recordkeeper/Vendors. For purposes of the above limitation, and for all purposes of these loan policies, (number of loans, loans after a default, etc.) all loans from all Recordkeeper/Vendors under the Plan are aggregated.
3. Spousal Consent. Spousal consent is not required for participant loans.
4. Active participants. At this time, loans are not limited to active participants only. Therefore a terminated participant or a beneficiary may obtain a participant loan, subject to the policies for the plan.

5. Reason for loans. There is no limitation on the purpose for obtaining a participant loan.
6. Number of loans. Effective July 1, 2016, a participant may have only two (2) outstanding loans from the Plan. This includes all loans from all Recordkeeper/Vendors. A Participant with more than 2 outstanding loans at July 1, 2016 may not obtain another loan until the number of outstanding loans drops below 2.
7. New loans while there is a loan in default. A participant may not obtain a new loan from any Recordkeeper/Vendor under the Plan if the Participant has a previous loan which is in default from any Recordkeeper/Vendor under the Plan. If a Participant had defaulted on a previous loan from any Recordkeeper/Vendor, this would prevent the Participant from obtaining another loan from any Recordkeeper/Vendor. The Recordkeeper/Vendors will coordinate with each other to insure compliance with respect to this provision.
8. Minimum Loan. There is a minimum loan of \$1,000.
9. Term of loans. The minimum term is one year. The maximum term is 5 years, except that a loan which is used, based on documentation provided to the Recordkeeper/Vendor, for the downpayment on the Participant's primary residence may not exceed 15 years.
10. Repayment of Loans. Loans are not paid by payroll deduction. Loans are repaid from the participant directly to the applicable Recordkeeper/Vendor in such manner as proscribed by such Recordkeeper/Vendor. Loans must provide for equal periodic payments over the life of the loan, payable at least quarterly. A Participant may repay the balance of the loan at any time. Partial prepayments are accepted.
11. Interest Rate. The interest rate on loans varies with each Recordkeeper/Vendor. The interest rate will not change for the life of the loan. The interest rate will be set at the time of the loan, so it is possible that it may be different than the one used for modeling of the loan.
12. Leaves of absence. If a Participant with an outstanding loan has an unpaid military leave of absence, payments will not be required during the military leave of absence. Participants are required to advise the Recordkeeper/Vendor whether they are on leave for active military duty. Upon returning from the military leave of absence, payments will recommence. The unpaid principal and accrued interest will be reamortized and payments will recommence; in no event may the payments be less than the original note payments, and in no event may the last payment be extended beyond five years from the date of the original loan, plus the period of military leave.

Example: On July 1, 2016, a participant \$25,000 to be repaid in level monthly installments of \$466.08 over five years. On July 1, 2019, the participant commences a military leave of absence which lasts for 12 months. The participant then resumes active employment and resumes making repayments on the loan of \$487.48 per month for the duration of the loan; which may now extend to July 1, 2022.

For non-military leaves of absence, there is no extension of the time for making loan payments. The reason for this is that campuses do not advise the Recordkeeper/Vendors concerning leaves of absence, and therefore the Recordkeeper/Vendor does not know when a participant goes on non-military leave of absence.

13. Repayment upon Termination of Employment. If, at the time benefits are to be distributed (or to commence being distributed) to a Participant with respect to a severance from employment, there remains any unpaid balance of a loan hereunder, the Participant shall have the option of (1) paying such loan in full or (2) postponing distribution and continuing loan payments until all payments have been made; however, with TIAA loans, as long as there are sufficient amount in TIAA to collateralize the loan, distribution can begin without the loan being repaid. No loan shall be made or remain outstanding with respect to an participant or beneficiary after the time distributions to such person have been commenced.
14. Default. A loan will be in default if any scheduled repayment remains unpaid at the end of the calendar quarter following the calendar quarter in which the scheduled repayment was due (unless payment is not made due to a waiver of the amortization schedule for an Employee who is on a leave of absence). Upon default, a deemed distribution will occur, and a Form 1099-R will report the entire outstanding balance, including accrued interest to the date of default, as taxable. If the participant has had a distributable event under the Plan (attained age 59½, terminated, or hardship), such amount will reduce the participant's account. If no distributable event has occurred, no offset will occur until a distributable event occurs under the Plan. Even if no offset occurs, the unpaid balance must be reported as taxable. If a distributable event occurs, interest ceases to accrue. If no distributable event occurs, interest continues to accrue until a distributable event does occur. With a Fidelity loan, since all loan payments are credited to the participant's account, this has no effect on the participant. With a TIAA loan, since the loan interest rate is 2 percentage points more than the crediting rate on the loan amount, the participant will continue to incur a net interest cost even after default, until the loan is repaid or a distributable event occurs. A participant may repay a defaulted loan, even after a deemed distribution has occurred, in which case the participant will receive basis for the amount paid.
15. Loan fees. The Recordkeeper/Vendors may charge loan fees for loans, which will be charged to the Participant. These fees will be disclosed to participants both prior to taking a loan and in annual fee disclosure notices distributed to the Participants.
16. Funds from which loan is taken. Loans from Fidelity will be deducted prorata from each of the participant's investment accounts. Loans from TIAA will be deducted prorata from CREF accounts or from TIAA and are transferred to TIAA traditional for collateral for the loan.
17. Funds into which Payments deposited. Repayments on Fidelity loans will be credited to the Participant's account, and will be reinvested according to the investment options for new contributions in effect at the time the loan payment is received.

Repayments on TIAA loans do not go to the Participant's account; instead, such interest inures to TIAA; however, the Participant will continue to receive the credited interest rate on TIAA traditional.

18. Security for Loan. The loan will be secured with a pledge of that portion of the participant's account equal to the outstanding principal and interest on any loan, but not to exceed 50% of the participant's vested account, determined at the time the loan is made.

