HARVARD
Human Resources

# HARVARD UNIVERSITY SUMMARY PLAN DESCRIPTIONS

Harvard University Tax-Deferred Annuity Plan

Harvard University 1995 Retirement Program

Harvard University 2001 Staff Retirement Program

Retirement Income Plan for Teaching Faculty of Harvard University

Effective January 1, 2016

# INTRODUCTION

Harvard University is pleased to provide qualifying faculty and staff members with retirement benefits that help you prepare for the retirement you envision. Our plans offer you tax-deferred retirement savings, valuable University contributions, and flexible investment options, and are just one part of a comprehensive benefits package.

To help you learn more about all aspects of your plan(s), we are providing your new Summary Plan Descriptions (SPDs). This SPD booklet explains the major provisions of the Harvard University Tax-Deferred Annuity Plan, the 1995 Retirement Program, the 2001 Staff Retirement Program, and the Retirement Income Plan for Teaching Faculty of Harvard University, as in effect on January 1, 2016. Inside this booklet, you'll find a comprehensive description of the features of your plan(s), including eligibility requirements, vesting schedules, contribution formulas, and more.

We encourage you to review the enclosed materials so that you can make informed decisions about your future.

## Plan Eligibility Grid

**See the "Who Is Eligible to Participate" section of each plan for detailed eligibility requirements.**

| If your job is: | You may be eligible to participate in this University-funded retirement program |
|---|---|
| Professor, Associate Professor, Assistant Professor | Faculty Plan |
| Instructor, Lecturer, Preceptor, Senior Tutors, and Academic Tutors | Faculty Plan (subject to hours requirements) |
| Administrative & Professional Staff | 2001 Staff Retirement Program |
| Support Staff (including HUCTW) | 2001 Staff Retirement Program |
| Temporary Staff | 2001 Staff Retirement Program (if hours requirements are met) |
| Service & Trades:<br>*SEIU Local 32BJ,<br>*HUSPMGU,<br>*HUPA, and<br>*UNITE HERE Local 26 | 1995 Staff Retirement Program (subject to the terms of collective bargaining agreements)* |

***The following Unions have a separate union pension plan that Harvard DOES NOT administer:**

1. International Brotherhood of Electrical Workers (Local 103)
2. International Union of Operating Engineers (Local 877)
3. Plumbers & (Local 12)
4. New England Regional Council of Carpenters (Carpenters District Council 51)

SECTION 1

# SUMMARY PLAN DESCRIPTION OF THE HARVARD UNIVERSITY TAX-DEFERRED ANNUITY PLAN

## Table of Contents

This document is the Summary Plan Description (SPD) explaining the major provisions of the Harvard University Tax-Deferred Annuity Plan (the "TDA Plan") in effect on January 1, 2016.

Although all possible care has been taken in the preparation of this SPD, it is not the official text of the TDA Plan. If the information in this SPD is inconsistent with the TDA Plan, or if the TDA Plan contains more complete or detailed information or rules, the provisions of the TDA Plan will prevail.

The TDA Plan is an important part of your benefits program, and we encourage you to take the time to review this Summary Plan Description (SPD).

## Plan Overview

The Tax-Deferred Annuity Plan (TDA Plan) is a 403(b) retirement plan that is designed to help you save for your future on a tax-deferred basis. When you enroll, the University allocates a portion of your pay to a tax-deferred annuity (TDA) account that is set up in your name. You pay no federal income tax (and in most cases, no state income tax) on your TDA Plan contributions or any associated earnings until you begin receiving TDA payments, typically at retirement.

## Who Is Eligible to Participate

Generally, if you are a University faculty or staff member, you are eligible to participate in the TDA Plan. However, FICA-exempt student employees and nonresident aliens with no United States-based source of earned income are not eligible to participate.

## How to Enroll in the TDA Plan

Depending upon your employment status, you may be automatically enrolled in the TDA Plan. If you are automatically enrolled, you may opt out of participation.

### Automatic Enrollment

Generally, you are covered by the TDA Plan's eligible automatic contribution arrangement (EACA) and will be automatically enrolled if you:

- Are classified as a member of the faculty or a member of the professional or administrative staff who is ineligible for overtime pay;
- Have never previously made contributions to the TDA Plan pursuant to a Salary Reduction Agreement; and
- Have never previously opted out of the EACA.

If you cancel your automatic enrollment after contributions have already been made, you have a limited amount of time to withdraw those funds, even if you are not yet age 59½, without incurring a tax penalty for early withdrawals. You must elect to do this no later than 60 days after the date of the first automatic contribution to your account.

All employees covered by the EACA and newly eligible employees will receive annual notices with information about auto-enrollment prior to each Plan year. For more information, please visit **hr.harvard.edu** or call the Harvard University Retirement Center (the “HURC”) at (800) 527-1398.

If you are not covered by the EACA and wish to enroll in the TDA Plan, or if you are covered by the EACA but wish to make contributions in an amount other than the default percentage (see *How to Contribute to the TDA Plan* below), you must complete a Salary Reduction Agreement with the University. You may complete a Salary Reduction Agreement at any time.

### Completing a Salary Reduction Agreement

You can complete a Salary Reduction Agreement for the TDA Plan via two methods:

- **Online**: Visit the HURC website, which may be accessed via **hr.harvard.edu**, and indicate the amount you want to contribute, as well as the investment vendor(s) to which you’d like to direct your contributions.
- **By phone**: Call the HURC at (800) 527-1398, any business day, 8 a.m.-5 p.m. ET.

Contributions made through a Salary Reduction Agreement will begin as soon as administratively possible after you make your enrollment election, but no earlier than the payroll period after you make your election.

### Investing Under the TDA Plan

Once you are enrolled, whether automatically or voluntarily, you must select your investment option(s) from one or more investment vendor(s). You can do this by calling the investment vendors’ telephone representatives, or online through the investment vendors’ websites (see *Where to get Help,* page 66).

The TDA Plan fiduciaries—including the investment vendors—are obligated, with certain limited exceptions, to comply with your investment instructions. As a result, such fiduciaries generally are not responsible for any losses that are the direct and necessary result of investment instructions you or your beneficiary gives. If you do not select investment options, your contributions will be invested in one or more “default” annuity and/or custodial accounts selected by the Plan Administrator (see *Investing Under the Harvard University Retirement Programs,* page 60).

## How to Contribute to the TDA Plan

**If you are covered by the EACA** and do not opt out or make a separate election through a Salary Reduction Agreement, your eligible Plan compensation will be reduced by 3% and contributed to your TDA Plan account on a pre-tax basis. As long as you are covered by the EACA, your contribution rate will increase by 1 percentage point each January, but not above 10% or another applicable limitation (see *Contribution Limits,* page 5).

**If you are not covered by the EACA** or if you are covered by the EACA but want to select a different contribution percentage, you must complete a Salary Reduction Agreement as explained above and specify your pre-tax contribution amount. If you complete a Salary Reduction Agreement, you will no longer be covered by the EACA and your contribution percentage will not automatically increase each January.

TDA Plan contributions are made on a pre-tax basis, which means they are not included as wages on your annual Form W-2, and you will not pay income taxes on your contributions or on any earnings until your TDA Plan benefits are paid. Your TDA Plan contributions will reduce your current take-home pay. For the TDA Plan, "compensation" includes regular base salary or wages, Summer School and Extension School salary, short-term disability and vacation pay (among other items), and excludes overtime pay and shift differential (among other items).

### Contribution Processes for Hourly Employees or Those Holding Multiple Jobs

If you have multiple jobs with the University or earn certain types of pay, these administrative processes may impact how your contributions are made:

- **If you have multiple jobs with the University** and defer a percentage of your pay, that percentage will be taken from all your eligible pay. If you elect to contribute a specific dollar amount, it will be deducted from the eligible pay on the paycheck associated with your primary University job.
- **If you defer a percentage of your pay and have eligible earnings other than regular pay** (such as Summer Salary, Continuing Ed, Acting Department Head, or Bonus in Lieu of Increase), your deferral percentage will be applied to all your eligible earnings.

### Changing Your Contribution Amount

You can stop your TDA Plan contributions at any time. If you do stop, you can generally start contributing again as soon as you make your re-enrollment election. (Special rules apply if you have taken a financial hardship withdrawal within the previous six months.) You can change the amount of your TDA Plan contributions as often as once a month, by contacting the HURC by phone or online via **hr.harvard.edu**. If you are covered by the EACA and you choose to stop making contributions or change the amount of your contributions, you will lose your EACA coverage and your contribution rate will not automatically increase each January.

### Rollover Contributions to Your TDA Plan Account

If you are currently employed by the University, you may make rollover contributions from Individual Retirement Accounts (IRAs) and certain other retirement plans to your TDA Plan account. Contact the HURC for more information.

## Contribution Limits

### Maximum Contribution Amounts

The Internal Revenue Code (Code) limits the amount of contributions you can make to the TDA Plan, in combination with any other retirement plans you may hold (such as other 403(b) plans and 401(k) plans). It's important for you to make sure that your pre-tax contributions do not exceed these limits, especially if you have had more than one employer during the calendar year. To understand contribution limits, we recommend that you consult IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans) For Employees of Public Schools, and Certain Tax-Exempt Organizations, available at http://www.irs.gov.

If you contribute more than the allowable amount in a calendar year, the deadline to obtain a refund is generally April 15. To allow for processing time, please contact the HURC as soon as possible for information on how to request a refund.

### General Contribution Limit

In 2016, the maximum dollar amount you generally can contribute is $18,000. This limit is set by the IRS and is indexed for cost-of-living increases in $500 increments.

### Catch-Up Contribution Limit for Those Age 50 or Older

If you are (or will turn) age 50 or older in 2016, then you are eligible to contribute an additional $6,000 in catch-up contributions. This means you can contribute a maximum of $24,000 in 2016 (the total of the $18,000 general limit plus the $6,000 catch-up contribution limit for 2016). This catch-up contribution limit is also set by the IRS and is indexed for cost-of-living increases.

## Vesting

You are immediately 100% vested in your TDA Plan account. This means that you are entitled to receive the full portion of your TDA Plan account when you become eligible for payments.

## Designating Beneficiaries

Your TDA Plan account can provide important financial protection to your family or another beneficiary in the event of your death. In order to ensure that your benefits go to the people you choose, it is very important to designate your beneficiaries—and keep this information up to date with each vendor when you have a family or personal change. To designate or update your beneficiaries, log in to your account on your vendors' websites or contact the vendors directly to obtain a beneficiary designation form. (Beneficiary designations may not be made by telephone.) See page 66 for contact information.

There are a few guidelines to keep in mind as you name your beneficiaries, including:

- If you are married, your beneficiary will be your surviving spouse unless your spouse previously consented in writing to another beneficiary.
- If you are under age 35, employed by the University, and married, your spouse must be named as beneficiary for at least 50% of your TDA Plan account balance.
- If you are age 35 or older, or no longer employed with the University, and wish to name someone other than your spouse as beneficiary, you may do so—but your spouse must consent in writing if he or she is named as beneficiary for less than 50% of your TDA Plan account balance.
- Your spouse's written consent must be witnessed by a notary public or an authorized Plan representative.

You should review your beneficiary designation periodically to ensure that it is still appropriate for your needs. You can change your beneficiary at any time by logging in to your vendor accounts online or by contacting the vendors to obtain a beneficiary designation form.

## Receiving Payments from the TDA Plan

The University offers the TDA Plan to help you to save for your retirement. Based on your employment status, payments from the Plan may be made as detailed below. Contact your investment vendor(s) directly to request payments from your TDA Plan account. See page 66 for contact information.

### While You Are Employed by the University

While you are still employed with the University, you may receive payments, in accordance with the terms of your TDA Plan investment options, once you reach age 59½.

If automatic contributions were made to your TDA Plan account under the EACA, there is a very limited period of time in which you may elect to cancel your automatic enrollment and withdraw those amounts, even if you are not yet age 59½, without incurring a tax penalty for early withdrawals. You must elect to do this no later than 60 days after the date of the first automatic contribution to your account.

### If You Are No Longer Employed by the University

You are entitled to receive payments from your TDA Plan account once you are no longer employed by the University. Your account will be paid as you choose, in accordance with the terms of your investment options. Your distribution will be subject to ordinary income taxes when you receive it, and in some cases, an early distribution penalty may apply. Contact your investment vendor for specific details.

In general, these guidelines apply to payments made after you are no longer employed by the University:

- If your total TDA Plan account balance is $1,000 or less and the terms of your investment options provide for it, you will automatically receive that balance in a single sum payment.
- If your TDA Plan account balance is greater than $1,000, you may choose to receive a distribution of that balance or leave your account invested in the TDA Plan and have it distributed at a later date, subject to IRS required minimum distribution rules.
- You may also elect to roll over your TDA Plan account balance into another employer's retirement plan (if it accepts rollovers from 403(b) plans) or into an Individual Retirement Account (IRA). For details on rollover distributions, contact your investment vendor.

### For All Distributions from the TDA Plan

If you are **not married** on the date distributions to you begin, you may choose to distribute your TDA Plan account according to the terms of your vendor's investment options. Most investment options allow distributions in a single-sum payment, installment payments, or through various annuity options.

If you are **married** on the date distributions to you are to begin, your TDA Plan account balance will be distributed through a qualified joint and survivor annuity (QJSA), unless you elect another option with your spouse's written consent. A QJSA pays a lifetime monthly benefit to you; after your death, it pays a periodic benefit to your surviving spouse during his or her remaining lifetime. The amount of the monthly benefit paid to you under a QJSA is smaller than the monthly amount of a single life annuity, so that payments continue to your surviving spouse after your death. The amount of the periodic benefit payable to your surviving spouse under a QJSA must be at least 50%, but not more than 100%, of the periodic benefit payable during your lifetime (as you elect). These payment amounts are fixed at the time your QJSA payments begin and do not adjust in the event of an untimely or early death of you or your spouse.

Based on your specific investment option, you may choose to receive your TDA Plan account balance in a form other than a QJSA, or to name a beneficiary other than your spouse. In this case, you must get your spouse's written consent, properly notarized or witnessed on a form provided by the investment vendors.

Looking for more information? You can get details on your distribution options, including spousal consent forms, by contacting your investment vendor. You can also contact the HURC for answers to general benefit distribution questions.

### Required Distributions After Age 70½

By law, you must receive or begin required minimum distributions from your TDA Plan account no later than the April 1 of the calendar year following either a) the calendar year in which you reach age 70½; or b) the calendar year in which you retire — whichever comes later.

### To Borrow from Your TDA Plan Account

Generally, you may borrow against your TDA Plan account while you're still employed by the University. Certain rules apply to TDA Plan loans, including:

- Only amounts invested in TIAA-CREF are available for loans. If you wish to borrow from your TDA Plan, TDA Plan accumulations must be invested in or transferred to TIAA-CREF in order to take the loan.
- The minimum you can borrow from your TDA Plan account is $1,000, and the maximum amount is $50,000 (or 45% of your TDA Plan account balance with TIAA-CREF, if less). If you've taken a TDA loan within the previous year, then the $50,000 limit is reduced even further.
- The actual amount you can borrow depends on how much of your TDA Plan account is invested with TIAA-CREF.
- You may not have more than two loans outstanding at a time, and loans will not be approved if you have a loan that is in default.
- While there are no loan application or processing fees, each TDA Plan loan requires a promissory note, which you must sign, indicating that the loan is secured by your TDA Plan account.
- If you are married when you take out a loan, your spouse must consent to the loan in writing, properly notarized or witnessed by an authorized Plan representative.

Other rules also apply. For more information, including a copy of the TDA Plan's loan policy, contact the HURC at (800) 527-1398.

### To Make a Financial Hardship Withdrawal

You may withdraw a limited amount of funds from your TDA Plan account if you experience a financial hardship while you are still employed by the University. According to the TDA Plan and IRS rules, a financial hardship is an immediate and heavy financial need resulting from:

- Medical care expenses that would be deductible under Code section 213(d) (determined without regard to whether the expenses exceed 7.5% of adjusted gross income) for you, your spouse, dependent (as defined in Code section 152, without regard to Code section 152(b)(1), (b)(2), and (d)(1)(B)), or primary beneficiary under the TDA Plan;
- Costs directly related to the purchase of your principal residence (excluding mortgage payments);
- Payment of tuition, related educational fees, and room and board expenses for up to the next 12 months of post-secondary education for you, your spouse, child, dependent (as defined in Code section 152, without regard to Code section 152(b)(1), (b)(2), and (d)(1)(B)), or primary beneficiary under the TDA Plan;
- Payments necessary to prevent eviction from your principal residence or foreclosure of the mortgage on your principal residence;
- Payments for burial or funeral expenses for your deceased parent, spouse, child, dependent (as defined in Code section 152, without regard to Code section 152(d)(1)(B)), or primary beneficiary under the TDA Plan; or
- Expenses for the repair of damage to your principal residence that would qualify for the casualty deduction under Code section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income).

Your "primary beneficiary under the TDA Plan" is an individual who is named as your beneficiary under the TDA Plan and has an unconditional right to some or all of your annuity contract or custodial account under the TDA Plan upon your death.

Certain rules apply to financial hardship withdrawals, including:

- The amount you withdraw is limited to the amount of your TDA Plan contributions (not including any investment return on those contributions), and by the terms of your specific TDA Plan investment options.
- Before taking a hardship withdrawal, you must first take other distributions and nontaxable loans currently available under the TDA Plan and all other University plans.
- The nature and amount of your financial need must be submitted and documented in writing. If you are married at the time when you request the hardship withdrawal, your spouse must provide written consent to the withdrawal, properly notarized or witnessed by an authorized Plan representative.
- The amount you withdraw is subject to federal income tax withholding and any applicable penalties. Tax liabilities can be included in determining your total financial need, but you may not withdraw an amount that exceeds your total need.
- You may not roll over financial hardship withdrawals.
- If you make a hardship withdrawal, your TDA Plan contributions (whether related to a Salary Reduction Agreement or to the EACA) will be suspended for six months, beginning with the payroll period after you receive the hardship withdrawal.

For more information regarding hardship withdrawals, contact the HURC at (800) 527-1398.

### If You Die Before Payments Begin

If you die before your TDA Plan distributions begin, your spouse or other designated beneficiary will be entitled to receive a death benefit in accordance with the terms of your specific investment options. Detailed information is available by contacting the investment vendors.

A few guidelines apply to death benefits, including:

- If you are married when you die, your surviving spouse will automatically be deemed your beneficiary, unless your spouse consented in writing, before your death, to the selection of a non-spouse beneficiary. As your beneficiary, your spouse would be entitled during his or her lifetime to receive an annuity equal to no less than 50% and no more than 100% of the present value of your TDA Plan account.
- If you are married and you designate a non-spouse beneficiary, your spouse's consent is required for each of your investment vendors. Each spousal consent must be in writing on a form provided by the investment vendor, and must be properly notarized or witnessed. Certain limited exceptions and special rules may apply in the event of a court order confirming a marital separation or if your spouse is unable to give consent. Special rules may also limit when you can designate a beneficiary other than your spouse (see *Designating Beneficiaries,* page 6).
- If you die before your distributions begin and either have not designated a beneficiary, or have no surviving designated beneficiary, your Plan benefits will be paid in this order:
  - If you are married, benefits will be paid to your surviving spouse.
  - If you do not have a surviving spouse, benefits will be paid to your surviving children, by right of representation.
  - If you do not have surviving children, benefits will be paid to your surviving parents.
  - If you do not have surviving parents, benefits will be paid to your surviving siblings.
  - If you do not have surviving siblings, benefits will be paid to your estate.

### If You Die After Payments Begin

If you die after your TDA Plan distributions begin but before you receive complete payment of your TDA Plan benefits, your benefits will be paid to your surviving spouse or beneficiary, in accordance with (and to the extent provided by) the form of payment you chose (e.g., lump sum, QJSA).

## TDA Plan Termination or Changes

Although the University expects to continue the TDA Plan, the TDA Plan can be modified or terminated at any time, for any reason, at the University's sole discretion. You will be notified regarding any significant changes made to the TDA Plan. In general, changes must be forward-looking, not retroactive, so they do not impact participants or beneficiaries until the date they are made.

If the TDA Plan is terminated, all of its benefits will remain fully vested and will be distributed to participants in keeping with the provisions of the TDA Plan and applicable law.

### Loss of TDA Plan Rights or Benefit Values

There are circumstances where you could lose your rights to benefit payments, or where your TDA Plan benefits could decrease in value, including:

- Amounts invested under the TDA Plan may increase or decrease in value based on the performance of the investment options you choose.
- If you stop contributing to the TDA Plan, your benefits will increase only if your existing investment options produce income or increase in value.
- If your TDA Plan contributions exceed certain IRS limits, part of your contributions will be returned to you.
- Payments from the TDA Plan may be based on a valuation date that is not the date benefit payments are made; in this case, the payment amount may not be equal to the fair market value of assets as of the date of the payments.
- Some annuity contracts may impose surrender charges on certain dispositions of the contracts; these charges are disclosed in the investment materials you receive from the investment vendors.
- Because the TDA Plan is a defined contribution plan established under Code section 403(b), if the Plan were terminated, your benefits would not be insured under Title IV of ERISA.
- All or a portion of your TDA Plan account may be assigned under a qualified domestic relations order (QDRO), as described on page 65.
- If you do not keep your current address on file with each of your TDA Plan investment vendors, your payments could be delayed.

## Key Facts About the TDA Plan

*Plan Name*
Harvard University Tax-Deferred Annuity Plan

*Type of Plan*
The TDA Plan is a defined contribution Code section 403(b) plan, which is intended to comply with ERISA section 404(c).

*Plan Year*
The plan year for the TDA Plan is the calendar year.

*Plan Sponsor*
Harvard University
Cambridge, MA 02138-3846

*Employer Identification Number of Plan Sponsor*
04-2103580

*Plan Number*
006

*Plan Administrator*
The TDA Plan is administered by the University:

Harvard University
c/o Harvard Human Resources, Benefits
114 Mt. Auburn Street, 4th Floor
Cambridge, MA 02138
Phone: (617) 496-4001

As Plan Administrator, the University has the discretionary authority to interpret and administer the TDA Plan. Subject to a request for review of denied claims, its decisions are final and binding.

*Agent for Legal Process*
The agent for service of legal process is the University, at:

Office of the General Counsel
Harvard University
Richard A. and Susan F. Smith Campus Center, Ninth Floor
1350 Massachusetts Avenue
Cambridge, MA 02138-3846

*Plan Benefits*
Under the TDA Plan, annuity contracts and custodial accounts described in Code section 403(b) hold your TDA Plan accumulations.

*Plan Funding*
TDA Plan benefits are funded from your payroll deductions.

*Plan Termination Insurance/Pension Benefit Guaranty Corporation (PBGC)*
As a defined contribution plan, the TDA Plan is not subject to, nor covered by, federal plan termination insurance from the PBGC.

SECTION 2

# SUMMARY PLAN DESCRIPTION OF THE HARVARD UNIVERSITY 1995 RETIREMENT PROGRAM

## Table of Contents

This document is the official Summary Plan Description (SPD) of the two Plans within the 1995 Retirement Program: the *Harvard University Retirement Plan* and the *Harvard University Defined Contribution Retirement Plan*. This SPD explains the major provisions of these Plans for staff and hourly employees who are represented by a collective bargaining unit (until the University and the applicable collective bargaining unit agree otherwise) in effect on January 1, 2016. Legally, the two Plans within the program are separate, but this SPD describes the two Plans as a single program and refers to the combination of the two Plans as the 1995 Retirement Program.

The 1995 Retirement Program provides retirement income benefits through University contributions. This program became effective on July 1, 1996, for staff and hourly employees represented by a collective bargaining unit, and on July 1, 1995, for staff and hourly employees **not** represented by a collective bargaining unit.

On July 1, 2001, for participants who were **not** represented by a collective bargaining unit, the University put in place the 2001 Staff Retirement Program, which increased the rate of contributions to Individual Investment Accounts and stopped making compensation-based contributions to the Basic Retirement Accounts, although the Basic Retirement Accounts continue to receive interest credits. Participants who are represented by a collective bargaining unit will continue to earn benefits under the 1995 Retirement Program until the University and the collective bargaining unit agree otherwise. For the Harvard Union of Clerical and Technical Workers (HUCTW), the 2001 Staff Retirement Program took effect July 1, 2002.

Although all possible care has been taken in the preparation of this SPD, it is not the official text of the Harvard University Retirement Plan or the Harvard University Defined Contribution Retirement Plan. If the information in this SPD is inconsistent with these Plans, or if the Plans contain more complete or detailed information or rules, the provisions of the Plans will prevail.

The 1995 Retirement Program is an important part of your benefits program, and we encourage you to take the time to read this SPD.

## Program Overview

Through the Plans in the 1995 Retirement Program, the University makes contributions on your behalf to two accounts: a Basic Retirement Account and an Individual Investment Account. The Basic Retirement Account is a bookkeeping account maintained at the University, while the Individual Investment Account is an actual account invested with one or more of the investment vendors available under this program (see *Investing Under the Harvard University Retirement Programs*, page 60).

The University credits your Basic Retirement Account each month with an amount calculated based on your age and months of credited service (see *Contribution Rates*, page 18). The balance in your Basic Retirement Account earns at least 5% but no more than 10% annually, based on the average rate of return on 1-year Treasury constant maturities.

In addition to crediting amounts to your Basic Retirement Account, the University makes a monthly contribution of 3.5% of your pay to your Individual Investment Account. You choose where these contributions are invested from a list of selected investment options offered by the investment vendors.

When you retire or leave the University after becoming vested, the amount in your Basic Retirement Account can be paid to you in a lump sum or as a lifetime income through a variety of annuity options, while your Individual Investment Account can be paid as a lump sum or in other forms of payment provided by the investment vendors.

## Who Is Eligible to Participate

You are eligible to participate in the 1995 Retirement Program if:

- You are a regular staff or hourly employee, meaning you are paid on a regular payroll, and scheduled to work at least 17½ hours per week (excluding overtime), or are credited with at least 1,000 hours of service in a year;
- You are a member of the Service Employees' International Union (SEIU) Local 32BJ; District 615; or the Harvard University Security, Parking, and Museum Guards Union (HUSPMGU), and work a schedule of more than 20 hours per week; or
- You are a member of **UNITE HERE** Local 26, and work a schedule of at least 20 hours per week.

In this SPD, "University" includes these Harvard-affiliated employers:

- Trustees for Harvard University (Dumbarton Oaks Research Library and Collection and the Center for Hellenic Studies);
- Harvard Business School Publishing Company;
- American Repertory Theatre Company, Inc.; and
- Harvard Global Research and Support Services, Inc. (effective July 1, 2013).

However, even if you meet the above employment requirements, you are not eligible to participate in the 1995 Retirement Program if:

- You participate in the 2001 Staff Retirement Program;
- You are covered by a collective bargaining agreement that does not provide for your participation in the 1995 Retirement Program;
- You participate in (or are in the waiting period for) a University-funded Retirement Plan other than the plans that make up the 1995 Retirement Program (the Harvard University Retirement Plan and the Harvard University Defined Contribution Retirement Plan);
- You hold an appointment as a post-doctoral fellow that began after June 30, 1994;
- You are a Harvard College degree candidate;
- You are a full-time Harvard graduate degree candidate and have not completed your degree requirements, or your primary affiliation with the University is as a student rather than as an employee;
- You are a leased employee;

- You are a student at an institution other than the University who is employed by the University as an intern or as part of a cooperative study program;
- You are a teaching assistant, coaching assistant, or coach (including assistant coaches) of a club sport who was hired on or after August 1, 1999 (or you were hired before that date but had not become a participant in the 1995 Retirement Program before July 31, 2000);
- You are an instructor, teaching assistant, or grader for the Arnold Arboretum or the Division of Continuing Education;
- You hold a temporary academic appointment or the title of temporary academic; or
- You are a nonresident alien working primarily outside the United States or you are paid only on a non-U.S. payroll. (In these cases, if you were already participating in the 1995 Retirement Program on June 30, 2013, you may continue to participate after that date.)

### Service Required for Eligibility and Credit Hours

If you are a regular staff or hourly employee, you will begin participating in the 1995 Retirement Program after you complete 12 months of eligibility service and reach age 21. If you are not a regular staff or hourly employee, you will begin participating in the 1995 Retirement Program after you complete one year of eligibility service (1,000 hours of service) and reach age 21.

Eligibility service includes:

- Each month of employment as a regular staff or hourly employee or as a member of the teaching faculty, when you are paid on a regular payroll and scheduled to work at least 17½ hours a week, excluding overtime (more than 20 hours for Service Employees' International Union (SEIU) Local 32BJ; District 615; or Harvard University Security, Parking, and Museum Guards Union (HUSPMGU) employees, and at least 20 hours for UNITE HERE Local 26 employees);
- Periods of military service or total disability that immediately follow your employment as a regular staff or hourly employee, or as a member of the teaching faculty, as long as you return to work directly in the case of total disability and within the timeframe specified by federal re-employment law in the case of military service; and
- The 12-month period starting with your date of hire or any later calendar year during which you are credited with at least 1,000 hours of service.

You are credited with an "hour of service" for each hour you work for the University for pay, and for certain periods during which you are absent from the University, for:

- Military duty;
- Certain family and medical leaves;
- Paid vacation and holidays;
- Illness and disability;

- Layoff;
- Leaves of absence; and
- Jury duty.

In general, hours credited for an absence from work will be based on your regularly scheduled work hours.

For purposes of determining a non-regular employee's eligibility for contributions, if you are not paid on a regular payroll but are eligible to participate in the program, you earn credited service for employment as a staff or hourly employee when you are credited with at least 1,000 hours of service during the 12-month period from January 1 through December 31. You do not receive credited service for months that you are credited with contributions under the Retirement Income Plan for Teaching Faculty or the Retirement Plan for Officers of Instruction and Administration (1950), or the portion of the Harvard University Retirement Plan that succeeded the latter plan. (See *Contribution Rates*, page 18).

### Change in Employment Status

If your employment status with the University changes to less than half-time (and below 1,000 hours of service per year), or you become a participant in another University retirement plan, your participation in the 1995 Retirement Program will end (the University will no longer contribute), but you will not lose vested benefits that have already been earned (see *Vesting*, page 19). Your Individual Investment Account will continue to be adjusted each month to reflect investment gains or losses, and your Basic Retirement Account will also continue to be adjusted each month to reflect credited interest. You may continue to earn vesting service even though you work less than half time.

If you again become eligible to participate in the 1995 Retirement Program, you will be re-enrolled in the program the month in which your employment status changes. If you return to the University as an eligible employee after a break in service, and you had been a participant in the 1995 Retirement Program before the break, you will participate again immediately when you return.

### If You Become Disabled

If you become totally disabled and eligible for University disability benefits while participating in the 1995 Retirement Program, the University will continue to make contributions to the program as long as you receive University disability payments. Contributions on your behalf are based on your compensation immediately before the onset of your disability. For more information on disability income, please see the Flexible Benefits and Other University Programs Summary Plan Description.

## How Benefits Are Earned

Your program benefits are based on the University's contributions to your Individual Investment Account and Basic Retirement Account. Each account shows the value of your benefit as a lump-sum amount, but when you retire you can take your vested account balances in a lump sum, as a monthly annuity, or for your Individual Investment Account, in some other form of payment provided by the investment vendors (see *Receiving Benefits from the 1995 Retirement Program*, page 22).

### Pre-July 1, 1996 Employees

If you have been continuously employed at the University since before July 1, 1996 (a "Pre-July 1, 1996 Employee"), your benefit when you retire or leave the University will be no less than the benefit that would have been paid under the terms of the Pre-July 1, 1996 Staff or Hourly Plan. If your combined benefit from your Individual Investment Account and your Basic Retirement Account is less valuable than what your benefit would have been under the Pre-July 1, 1996 Staff or Hourly Plan, your benefit under the 1995 Retirement Program will be increased to the level of the Pre-July 1, 1996 Staff or Hourly Plan.

In addition, if you were a University employee on June 30, 1996 and retire under the program with at least 10 years of service, your designated beneficiary will receive a lump-sum payment of $2,000 when you die. This payment is in addition to any continuing income your beneficiary may receive under a joint and survivor annuity or guarantee period (see *Receiving Benefits from the 1995 Retirement Program*, page 22).

### University Contributions

The University contributes to your accounts based on your age, compensation, and credited service with the University. For this purpose, "compensation" includes regular base salary or wages, Summer School and Extension School salary, short-term disability and vacation pay (among other items), and excludes overtime pay and shift differential (among other items).

The Internal Revenue Code (Code) limits the amount of compensation that can be used to calculate retirement benefits to $265,000 in 2016. (This amount is periodically adjusted by the Internal Revenue Service (IRS) to reflect cost-of-living increases.) Any compensation that exceeds this limit will not be included in calculating the program's contribution amount or any benefits under the prior Staff and Hourly Retirement Plans.

### Contribution Rates

The University contributes an amount equal to 3.5% of your compensation each month to your Individual Investment Account, and provides monthly contribution credits to your Basic Retirement Account, as long as you are a) a regular staff or hourly employee for the month; or b) credited with at least 1,000 hours of service during the calendar year and (for contributions to the Individual Investment Account) employed as a staff or hourly employee on December 31 of that year. See *Service Required for Eligibility and Credit Hours*, page 16, for details on what qualifies as credited service as a regular staff or hourly employee.

The monthly contribution credits to your Basic Retirement Account are calculated as shown here:

| Age Plus Credited Service (in Months) | Credit as a Percent of Compensation |
|---|---|
| Less than 480 | 3.0% |
| 480–599 | 4.0% |
| 600–719 | 5.0% |
| 720 or more | 6.5% |

The balance in your Basic Retirement Account earns at least 5% but no more than 10% annually, based on the average rate of return on one-year Treasury constant maturities.

### Benefits Example

In the example below, you will see how retirement benefits can accumulate through the two accounts for an employee who is age 35 with five years of credited service and a current salary of $35,000. The average one-year Treasury constant maturity rate is assumed to be 3% in this example.

| | |
|---|---|
| *Basic Retirement Account* | |
| Basic Retirement Account balance as of December 31, 2014 | $11,000 |
| Total of monthly contributions, equal to 4% of monthly pay, from January 1, 2015 to December 31, 2015 | $ 1,400 |
| Total of monthly interest (the minimum 5% per year rate applies in this example) on the January 1, 2015 balance and contributions throughout the year | $ 588 |
| Total account balance as of January 1, 2016 | $12,988 |
| *Individual Investment Account* | |
| Individual Investment Account balance as of December 31, 2014 | $ 2,500 |
| Total of monthly contributions, equal to 3.5% of monthly pay, from January 1, 2015 to December 31, 2015 | $ 1,225 |
| Investment return of 6% (actual returns vary based on investment performance) from employee-directed investment of these contributions | $ 189 |
| Total Individual Investment Account as of January 1, 2016 | $ 3,914 |
| Total retirement cash value from both accounts as of January 1, 2016 | $16,902 |

### Investing Under the 1995 Retirement Program

Once you are enrolled, you must select your investment option(s) for your Individual Investment Account from one or more investment vendor(s). You can do this by calling the investment vendors' telephone representatives, or online through the investment vendors' websites (see *Where to Get Help,* page 66).

The Plan fiduciaries—including the investment vendors—are obligated, with certain limited exceptions, to comply with your investment instructions. As a result, such fiduciaries generally are not responsible for any losses that are the direct and necessary result of investment instructions you or your beneficiary gives. If you do not select investment options, your contributions will be invested in one or more "default" annuity and/or custodial accounts selected by the Plan Administrator (see *Investing Under the Harvard University Retirement Programs,* page 60).

## Vesting

If you have satisfied the program's vesting requirements, you are entitled to receive benefits when you retire or leave University employment.

### Employees Hired Before July 1, 1996

If you were a regular staff or hourly employee of the University on June 30, 1996, you were immediately vested when you enrolled in the 1995 Retirement Program.

### Employees Hired on or After July 1, 1996

If you became a regular staff or hourly employee of the University on or after July 1, 1996, you are vested when one of these events occurs:

- You complete three years (36 months) of vesting service (for pre-January 1, 2008 terminations of service by participants covered by a collective bargaining agreement other than the agreement for the HUCTW, five years (60 months) of service are required);
- You reach age 65 while an employee of the University;
- Death or total disability while you are an employee of the University; or
- Termination (or to the extent required by law, partial termination) of the plan.

In general, vesting service is credited for each month in which you are employed (but not on an unpaid appointment) by the University in any position, regardless of the number of hours you complete.

### If You Leave the University Before Retirement

If you leave the University before you retire, the impact on your benefits varies; below are some general guidelines.

- If you are vested when you leave the University, you are entitled to benefits from the 1995 Retirement Program. If you return to the University as a regular staff or hourly employee, or as a member of the teaching faculty, you remain vested. In these cases, your Individual Investment Account continues to be adjusted to reflect investment gains or losses, and your Basic Retirement Account continues to receive interest credits, until you receive (or begin receiving) your benefit.
- If you are not vested when you leave the University, your accounts will be forfeited.
- If you are not vested when you leave the University but you return within five years, your previous service will count toward the vesting requirement, and the amount forfeited will be restored to your accounts.
- If your break in service (each Plan year in which you complete no hours of service) is more than five years, the original amount forfeited will not be restored, but you will receive vesting service credit for your earlier University employment.

## Designating Beneficiaries

Since the 1995 Retirement Program provides pre- and post-retirement death benefits, it is important that you name a beneficiary for these payments and keep this information up-to-date with each vendor to ensure that these benefits go to the people you choose. To designate or update the beneficiary for your Basic Retirement Account, please complete the Beneficiary Designation Form for the Harvard University Retirement Plan, which you can obtain from the Benefits Office or on **hr.harvard.edu**, and submit it to the Benefits Office. You may update your beneficiaries for your Basic Retirement Account at any time by submitting a new form to the

Benefits Office. To designate or update the beneficiaries for your Individual Investment Account(s), log in to your account on your vendors' websites or contact the vendors directly to obtain a beneficiary designation form. (Beneficiary designations may not be made by telephone.) See page 66 for contact information.

Below are some general guidelines for designating beneficiaries.

- If you are **married**, your surviving spouse will be entitled to any death benefits, unless you designate someone else and your spouse consents in writing. Your spouse's consent must be witnessed by a notary public or an authorized Plan representative. Please note that your spouse's right to waive entitlement does not begin until the first day of the Plan year (January 1) in which you reach age 35. If you were to die before age 35, the benefit would be payable to your spouse.
- If you are **not married**, you will need to designate a beneficiary. If you do not designate a beneficiary, or if no designated beneficiary survives you, the death benefit would be paid in this order:
  - To your surviving children by right of representation.
  - If you have no surviving children, it would be paid to your surviving parents.
  - If you have no surviving parents, it would be paid to your surviving siblings.
  - If you have no surviving siblings, it would be paid to your estate.
- You can change your beneficiary designation at any time, subject to the spousal consent requirements if you are married.
- You can name different beneficiaries for your Basic Retirement Account and your Individual Investment Account.

## Retirement Age and Distributions

### Early Retirement

Under the Retirement Program, you are eligible for an early retirement benefit if you leave the University after you have become vested. If you start your retirement payment before age 65, the annuity benefit is reduced because it is expected to be paid over a longer period of time.

### Normal Retirement Date

Your normal retirement date is the day on which you reach age 65. If you retire on or after that date, you will be fully vested in your benefit, even if you have fewer than three years of vesting service (or five years of vesting service if you had a termination of service before January 1, 2008 and were covered by a collective bargaining agreement other than the agreement for the HUCTW).

### Continued Employment After Your Normal Retirement Date

If you work past your normal retirement date, you continue to be fully vested in your accounts and the University will make contributions on your behalf as long as you remain eligible. If you work on no more than a half-time basis after your normal retirement date, you can start to receive your benefit in monthly or annual payments.

### Required Distributions After Age 70 ½

By law, you must receive or begin receiving required minimum distributions from your account(s) no later than the April 1 of the calendar year following either a) the calendar year in which you reach age 70½; or b) the calendar year in which you retire — whichever comes later.

If you continue working past age 70½, you will continue to earn service and salary credit toward that Plan's benefit.

## Receiving Benefits from the 1995 Retirement Program

You will have several options (explained in further detail in the sections that follow) for taking your retirement income benefits when you leave the University. You can:

- Take payments immediately or defer them to a later date;
- Take your benefits in a lump sum or as a lifetime annuity with or without survivor benefits;
- Choose different starting dates for your Basic Retirement Account benefits and your Individual Investment Account;
- Choose a payment form for your Basic Retirement Account that is different from the form(s) you choose for your Individual Investment Account; or
- Elect the Consolidated Harvard Annuity Option described below.

If the total value of either your vested Basic Retirement Account (including any supplemental benefits for Pre-July 1, 1996 Employees, but excluding your Individual Investment Account) or your vested Individual Investment Account does not exceed $1,000 immediately before your annuity starting date, it will automatically be paid as a single lump sum.

If you are married, federal law specifies the form in which retirement income benefits must be paid to your surviving spouse as beneficiary in the event of your death. If you do not want a joint and survivor form of payment, or you wish to designate a beneficiary (or joint annuitant) other than your spouse, or you want to choose a lump-sum form of payment, you must obtain your spouse's written consent to your election, witnessed by a notary public or an authorized Plan representative.

### Lump-Sum Payment

When you leave the University, you can choose to receive the full cash value of your vested accounts in a single sum. If you are married, your spouse must consent in writing to a lump-sum form of payment, as explained above.

Before you choose a lump-sum payment, you are encouraged to consider its tax consequences (see *Taxes and Distributions From the Plans*, page 65). The full amount of your lump-sum benefit payment will be subject to federal and state income taxes (and possibly penalties) unless you roll over part or all of it to an individual retirement account (IRA) or another eligible plan, or you request a direct rollover to an IRA or other eligible plan within 60 days.

As noted above, you can take a lump-sum payment of your Basic Retirement Account only, your Individual Investment Account only, or both.

### Monthly Lifetime Pension Payments

You can use the balance in your vested accounts to provide a lifetime pension (an annuity). With a pension, you can choose monthly pension payments through a single life annuity (paying benefits for your lifetime only), or choose a joint and survivor annuity (paying benefits for the joint lives of you and your designated survivor). Each of these options is available with different guarantee periods (see *Annuity Guarantee Periods*, page 24).

In general, if you take your Basic Retirement Account as a lifetime pension, the University (as the Plan trustee) will make the payments. A lifetime pension based on your Individual Investment Account balance would be purchased from an annuity or insurance company, such as TIAA-CREF. Alternatively, you can choose to consolidate these annuity payments by transferring your Individual Investment Account balance to the University (as the Plan trustee) within 60 days after the end of the month in which you end employment with the University. This is called the Consolidated Harvard Annuity Option (or CHAO) and requires that you make a special election on a timely basis.

Certain conditions apply to these options; more information is available by contacting the HURC.

### Single Life Annuity

The single life annuity, which is the normal form of benefit for unmarried participants, provides a monthly income to you for life with a guarantee of 60 monthly payments. Because it is paid for your lifetime only, it provides a higher monthly income than any of the joint annuities. As explained above, if you are married, your spouse must consent in writing to this form of payment.

### Joint and Survivor Annuity

A joint and survivor annuity provides a lifetime income to you and, upon your death, continuing lifetime payments to your beneficiary (the joint annuitant). With this annuity, your monthly payment is reduced to pay for the continuing income to your joint annuitant after your death.

You can choose to have 50%, 75%, or 100% of your monthly benefit continued to your joint annuitant. A 50% joint and survivor annuity with a 60-month guarantee is the normal form of benefit for a married participant. The reduction in your monthly benefit (compared to a single life annuity) to provide this continuing income depends on the percentage you choose, your age, and the age of your joint annuitant when payments begin. If your joint annuitant dies before you and after payments have begun, the amount of your monthly benefit will not change.

The following chart shows the reduction in your benefit under the 50% and 100% joint and survivor options, based on various ages of you and your beneficiary. It assumes your annual single life benefit at age 65 is $10,000 and is guaranteed for a minimum of five years (see *Annuity Guarantee Periods*, page 24).

| | | 50% Annuity | | 100% Annuity | |
|---|---|---|---|---|---|
| Your Age | Your Beneficiary's Age | To You | To Your Beneficiary | To You | To Your Beneficiary |
| 60 | 55 | $9,180 | $4,590 | $8,490 | $8,490 |
| 60 | 60 | $9,360 | $4,680 | $8,790 | $8,790 |
| 60 | 65 | $9,530 | $4,765 | $9,010 | $9,010 |
| 65 | 60 | $9,000 | $4,500 | $8,180 | $8,180 |
| 65 | 65 | $9,240 | $4,620 | $8,580 | $8,580 |
| 65 | 70 | $9,460 | $4,730 | $8,980 | $8,980 |

### Annuity Guarantee Periods

Each annuity under the Basic Retirement Account (single life and joint and survivor) has a guarantee period. If you were to die during the guarantee period, payments for the rest of the period would continue to your designated beneficiary. Under the normal form of payment, you are entitled to an automatic five-year guarantee under any monthly income option paid from your Basic Retirement Account (but not from your Individual Investment Account). If you prefer a longer guarantee period, your benefit would be adjusted to pay for that longer period.

Depending on the investment vendor that you select, you may be able to choose a guarantee period for an annuity under your Individual Investment Account, with a reduction in your benefit to pay for the guarantee. For example, if you retire at age 65 and are entitled to a $10,000 single life annuity, if you elect a 10-year guarantee period, your annuity would be reduced by about 5%.

### If You Contributed to the Plans

The program does not require or allow employee contributions. If you were in the Staff or Hourly Plan before July 1, 1962, however, you were required to contribute. In this case, when you leave the University, you can either a) request a refund of your contributions, plus interest; or b) leave them in the Plan and receive an additional income of $20 a year for each year you contributed, up to a maximum of $500 a year.

If you take the refund, you will be taxed on the credited interest portion of the payment. You can defer taxes by rolling over all or a portion of your refund to an IRA or other eligible plan.

### Applying for Your Benefits

At least three months before you leave the University, you should contact Harvard Human Resources, Benefits for information about your benefit options and assistance with the application process. (See page 66 for contact information.)

Please note that the payment of your benefits cannot begin until your account(s) are valued. This valuation cannot be made until after the 15th day of the month that follows your termination of employment.

### If You Die Before Payments Begin

If you die before retirement payments begin, your spouse or designated beneficiary is entitled to the full value of the vested balance in your account(s).

This benefit would be paid in a form (e.g., annuity or lump sum) chosen by your beneficiary. If you have been continuously employed at the University since before July 1, 1996, the death benefit will not be less than the value of the benefit that would have been due under the Pre-July 1, 1996, Staff or Hourly Plan.

### If You Die After Payments Begin

If you die after you have started to receive benefit payments, the death benefit depends on the income option you elected.

If you elected a joint and survivor annuity, your joint annuitant would be entitled to continuing lifetime payments following your death. Under a single life option with a guarantee period, your beneficiary would be entitled to continuing payments until the guarantee period ends; with this option, your beneficiary could also choose to receive the remaining payments from a Basic Retirement Account as a lump-sum payment.

## Other Retirement Income

### Social Security

In addition to your 1995 Retirement Program benefits, you may qualify for Social Security benefits. Here are some guidelines to keep in mind when it comes to your Social Security benefits:

- If you were born before 1938, your full Social Security benefits are payable to you at age 65; if you were born after 1937, your full Social Security benefits will be payable between ages 65 and 67, depending on your year of birth. For example, if you were born after 1959, your full Social Security benefits are payable to you at age 67.
- You may choose to receive Social Security benefits as early as age 62, but the monthly amount will be reduced from the full retirement age amount because it is presumed you will be receiving payments over a longer period of time.
- At age 62 and after you can be paid Social Security benefits regardless of whether you are still employed. However, if you are younger than full retirement age your Social Security benefits will be reduced based on your earnings from employment.
- Your Social Security benefits are calculated using your earnings that were subject to Social Security taxes. These taxes are paid equally by you and the University. For a personal earning statement and benefits estimate, call the Social Security Administration at (800) 772-1213, or visit their website at **http://www.ssa.gov**.
- Social Security benefits are not paid automatically. You should contact your local Social Security office approximately three months before you want benefits to begin. You will need your Social Security card or other record of your Social Security number, your birth certificate or other evidence of age, and your W-2 federal income tax statement for the previous year. You can also apply for Social Security benefits online at **http://www.ssa.gov/onlineservices/**.

## Plan Termination or Changes

There are circumstances where you could lose your rights to payments or where your 1995 Retirement Program benefits could decrease in value, including:

- If you leave the University before you are vested, no benefits will be paid.
- If you, your surviving spouse, or your beneficiary does not apply for benefits, no payments will be made.
- If you are receiving a reduced pension under a joint and survivor annuity and your joint annuitant dies before you, the amount of your pension will not be increased.
- All or a portion of your retirement benefits may be assigned under a QDRO (as described on page 65).
- You may not receive benefits from the 1995 Retirement Program if you work at the University after your normal retirement date, unless you work no more than half time.
- Any benefit you may receive from your Basic Retirement Account will be reduced by Workers Compensation payments. Your benefit will not be reduced below the vested benefit, if any, you would have received if your employment had terminated on December 31, 1978.
- The Internal Revenue Code limits the amount of any participant's pension benefits payable under the Plan. If necessary, your benefits (other than those paid from your Individual Investment Account) will be reduced to comply with these limits.
- Amounts invested under your Individual Investment Account may increase or decrease in value based on the performance of the investment options you choose.
- Because your Individual Investment Account is a defined contribution plan established under Code section 401(a), if the Plan were terminated, your benefits would not be insured under Title IV of ERISA.
- If you do not keep your current address on file with each investment vendor that holds benefits on your behalf, benefit payment could be delayed.

## Key Facts About the 1995 Retirement Program

*Plan Names and Types*

The 1995 Retirement Program consists of two plans: the *Harvard University Retirement Plan* and the *Harvard University Defined Contribution Retirement Plan*.

A. The **Harvard University Retirement Plan** is a defined benefit plan with a cash balance feature, providing retirement and survivor benefits, and is governed by Code section 401(a).

*Employer Identification Number of Plan Sponsor*

04-2103580

*Plan Number*

003

B. The **Harvard University Defined Contribution Retirement Plan** is a defined contribution plan providing retirement and survivor benefits, and is governed by Code section 401(a).

*Employer Identification Number of Plan Sponsor*

04-2103580

*Plan Number*

007

These Plans are governed by the terms and conditions described in the official Plan documents, which may be reviewed in Harvard Human Resources, Benefits.

*Plan Year*

The Plan year of the *Harvard University Retirement Plan* and the *Harvard University Defined Contribution Retirement Plan* is the calendar year.

*Plan Sponsor*

Harvard University
Cambridge, MA 02138-3846

*Plan Administrator*

The Harvard University Retirement Plan and the Harvard University Defined Contribution Retirement Plan are administered by the University:

Harvard University
c/o Harvard Human Resources, Benefits
114 Mt. Auburn Street, 4th Floor
Cambridge, MA 02138
Phone: (617) 496-4001

As Plan Administrator, the University has the discretionary authority to interpret and administer the Plans. Subject to a request for review of denied claims, its decisions are final and binding.

*Agent for Legal Process*

The agent for service of legal process is the University at:

Office of the General Counsel
Harvard University
Richard A. and Susan F. Smith Campus Center, Ninth Floor
1350 Massachusetts Avenue
Cambridge, MA 02138-3846

*Trust and Trustee*

The assets of each Plan are held in trust. The University serves as trustee of each Plan.

*Plan Funding*

Benefits under each Plan are funded from University contributions.

*Plan Termination Insurance/Pension Benefit Guaranty Corporation (PBGC)*

A. The *Harvard University Retirement Plan*

Your pension benefits under the *Harvard University Retirement Plan* (i.e., benefits other than those paid from your Individual Investment Account) are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the Plan 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: (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the Plan terminates; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates; (2) some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates; (3) benefits that are not vested because you have not worked long enough for the University; (4) benefits for which you have not met all of the requirements at the time the Plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's normal retirement age; and (6) 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 your Plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, contact your Plan Administrator or the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call (202) 326-4000. 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 pension insurance program is available through the PBGC website on the Internet at **http://www.pbgc.gov**.

B. The *Harvard University Defined Contribution Retirement Plan*

Benefits under the Harvard University Defined Contribution Retirement Plan (i.e., benefits from your Individual Investment Account) are not insured by federal plan termination insurance because the Plan is a defined contribution plan and as such is not subject to, nor covered by, federal plan termination insurance.

SECTION 3

# SUMMARY PLAN DESCRIPTION OF THE HARVARD UNIVERSITY 2001 STAFF RETIREMENT PROGRAM

## Table of Contents

This document is the official Summary Plan Description (SPD) of the two plans within the 2001 Staff Retirement Program: the *Harvard University Retirement Plan* and the *Harvard University Defined Contribution Retirement Plan*. This SPD explains the major provisions of these Plans for staff and hourly employees in effect on January 1, 2016. Legally, the two Plans in the program are separate, but this SPD describes the two Plans as a single program and refers to the combination of the two Plans as the 2001 Staff Retirement Program.

The 2001 Staff Retirement Program provides retirement income benefits through University contributions. Prior to July 1, 2001, the University made contributions to two accounts: a Basic Retirement Account and an Individual Investment Account. The Basic Retirement Account was a bookkeeping account maintained at the University; the Individual Investment Account was an actual account invested with one or more of the investment vendors available under the program (see *Where to Get Help/For Information on Your Investment Options*, page 66). Prior to July 1, 2001, the Plans were known as the 1995 Retirement Program.

On July 1, 2001, for employees not represented by a collective bargaining unit, the University launched the 2001 Staff Retirement Program, which increased the rate of contributions to Individual Investment Accounts and stopped making compensation-based contributions to Basic Retirement Accounts, although the Basic Retirement Accounts continue to receive interest credits. At that time, for administrative reasons, the Individual Investment Accounts of non-bargained employees who were hired on or before June 30, 1995 ("Pre-July 1, 1995 Employees" as described below) were moved from the Harvard University Defined Contribution Retirement Plan to the Harvard University Retirement Plan. From that point forward, University contributions were then made for Pre-July 1, 1995 Employees to an account under the Harvard University Retirement Plan at the 2001 Staff Retirement Program contribution rates described in this SPD. For the Harvard Union of Clerical and Technical Workers (HUCTW) members, these changes took effect on July 1, 2002.

Participants who are represented by a collective bargaining unit will continue to earn benefits under the 1995 Retirement Program until the University and the collective bargaining unit agree otherwise.

Although all possible care has been taken in the preparation of this SPD, it is not the official text of the Harvard University Retirement Plan or the Harvard University Defined Contribution Retirement Plan. If the information in this SPD is inconsistent with the Plans, or if the Plans contain more complete or detailed information or rules, the provisions of the Plans will prevail.

The 2001 Staff Retirement Program is an important part of your benefits program, and we encourage you to take the time to read this SPD.

## Program Overview

Through the 2001 Staff Retirement Program, the University contributes on your behalf to an Individual Investment Account. These contributions to your Individual Investment Account are based on your age and compensation, in keeping with IRS and Social Security Administration rules and limits (see *Contribution Rates*, page 34).

You direct how your Individual Investment Account is invested by choosing from the investment options available through the 2001 Staff Retirement Program investment vendors (see *Where to Get Help/For Information on Your Investment Options*, page 66).

When you retire or leave the University after becoming vested, the amount in your Individual Investment Account can be paid to you in a lump sum in other forms of payment provided by the investment vendors. If you also have a Basic Retirement Account, it can be paid to you as a lump sum or as a lifetime income through a variety of annuity options.

If you participated in the 1995 Retirement Program in effect before July 1, 2001, or if you have been an employee of the University since June 30, 1995, certain special transitional rules apply to you. These can be found in the detailed sections of this SPD.

## Who Is Eligible to Participate

You are eligible to participate in the 2001 Staff Retirement Program if:

- You are a regular staff or hourly employee, meaning you are paid on a regular payroll and scheduled to work at least 17½ hours a week (excluding overtime); or
- You are credited with at least 1,000 hours of service in a year (see *Service Required for Eligibility and Credit Hours*, page 32).

In this SPD, "University" includes these Harvard-affiliated employers:

- Trustees for Harvard University (Dumbarton Oaks Research Library and Collection and the Center for Hellenic Studies);
- Harvard Business School Publishing Company;
- American Repertory Theatre Company, Inc.; and
- Harvard Global Research and Support Services, Inc. (effective July 1, 2013).

However, even if you meet the above employment requirements, you are **not** eligible to participate in the 2001 Staff Retirement Program if:

- You participate in the 1995 Retirement Program;
- You are covered by a collective bargaining agreement that does not provide for your participation in the 2001 Staff Retirement Program;
- You participate in (or are in the waiting period for) a University-funded retirement plan other than the plans that make up the 2001 Staff Retirement Program (the Harvard University Retirement Plan and the Harvard University Defined Contribution Retirement Plan);
- You hold an appointment as a post-doctoral fellow that began after June 30, 1994;
- You are a Harvard College degree candidate;

- You are a full-time Harvard graduate degree candidate and have not completed your degree requirements, or your primary affiliation with the University is as a student rather than as an employee;
- You are a leased employee;
- You are a student at an institution other than the University who is employed by the University as an intern or as part of a cooperative study program;
- You are a teaching assistant, coaching assistant, or coach (including assistant coaches) of a club sport who was hired on or after August 1, 1999 (or you were hired before that date but had not become a participant in the 1995 Retirement Program before July 31, 2000);
- You are an instructor, teaching assistant, or grader employed at the Arnold Arboretum or the Division of Continuing Education;
- You hold a temporary academic appointment or the title of temporary academic;
- You are a dance, ceramic, music, or art instructor (including teaching support staff) employed in the Office for the Arts, whose primary affiliation with the University is in that position;
- You are a music instructor, choral assistant, or debate coach employed in the Office of College Life and Student Services, whose primary affiliation with the University is in that position; or
- You are a nonresident alien working primarily outside the United States or you are paid only on a non-U.S. payroll. (In these cases, if you were already participating in the 2001 Staff Retirement Program on June 30, 2013, you may continue to participate after that date.)

### Service Required for Eligibility and Credit Hours

If you are a regular staff or hourly employee, you will begin participating in the 2001 Staff Retirement Program after you complete six months of eligibility service and reach age 21. Once you become a participant, you will receive retroactive University contributions for the six-month waiting period, as long as you were not receiving contributions under another University retirement plan during the waiting period. If you are **not** a regular staff or hourly employee, you will begin participating in the 2001 Staff Retirement Program after you complete one year of eligibility service (1,000 hours of service) and reach age 21, but you will not receive retroactive contributions.

Eligibility service includes:

- Each month of employment as a regular staff or hourly employee or as a member of the teaching faculty, when you are paid on a regular payroll and scheduled to work at least 17½ hours a week, excluding overtime;
- Periods of military service or total disability that immediately follow your employment as a regular staff or hourly employee, or as a member of the teaching faculty, as long as you return to work directly in the case of total disability and within the timeframe specified by federal re-employment law in the case of military service; and
- The 12-month period starting with your date of hire or any later calendar year during which you are credited with at least 1,000 hours of service.

You are credited with an "hour of service" for each hour you work for the University for pay, and for certain periods during which you are absent from the University, for:

- Military duty;
- Certain family and medical leaves;
- Paid vacation and holidays;
- Illness and disability;
- Layoff;
- Leaves of absence; and
- Jury duty.

In general, hours credited for an absence from work will be based on your regularly scheduled work hours.

For purposes of determining a non-regular employee's eligibility for contributions, if you are not paid on a regular payroll but are eligible to participate in the program, you earn credited service for employment as a staff or hourly employee when you are credited with at least 1,000 hours of service during the 12-month period from January 1 through December 31. You do not receive credited service for months that you are credited with contributions under the Retirement Income Plan for Teaching Faculty or the Retirement Plan for Officers of Instruction and Administration (1950), or the portion of the Harvard University Retirement Plan that succeeded the latter plan.

### Change in Employment Status

If your employment status with the University changes to less than half time (and below 1,000 hours of service per year), or you become a participant in another University retirement plan, your participation in the 2001 Staff Retirement Program will end (the University will no longer contribute to your Individual Investment Account), but you will not lose vested benefits that have already been earned (see *Vesting*, page 36). Your Individual Investment Account will continue to be adjusted each month to reflect investment gains or losses, and if you participated in the 1995 Retirement Program, your Basic Retirement Account balance will also be adjusted each month to reflect credited interest.

If you again become eligible to participate in the 2001 Staff Retirement Program, you will be re-enrolled in the program the month in which your employment status changes. If you return to the University as an eligible employee after a break in service, and you had been a participant in the program before the break, you will participate again immediately when you return.

### If You Become Disabled

If you become totally disabled and eligible for University disability benefits while participating in the 2001 Staff Retirement Program, the University will continue to make contributions to the program as long as you receive University disability payments. Contributions on your behalf are based on your compensation immediately before the onset of your disability. For more information on disability income, please see the Flexible Benefits and Other University Programs Summary Plan Description.

## How Benefits Are Earned

Your benefits are based on the University's contributions to your Individual Investment Account. You direct how your account is invested by choosing from the options available through the investment vendors (see *Where to Get Help/For Information on Your Investment Options*, page 66). If you participated in the 1995 Retirement Program, your benefit under the 2001 Staff Retirement Program will also include your Basic Retirement Account balance. Each account shows the value of your benefit as a lump-sum amount, but when you retire you can take your vested account balance(s) in a lump sum, as a monthly annuity, or, for your Individual Investment Account, in some other form of payment provided by the investment vendors (see *Receiving Benefits from the 2001 Staff Retirement Program*, page 38).

### Pre-July 1, 1995 Employees

If you have been continuously employed by the University since before June 30, 1995 (a "Pre-July 1, 1995 Employee"; in the case of HUCTW members, this date is before July 1, 1996), your benefit when you retire or leave the University will be no less than the benefit that would have been paid under the terms of the Pre-July 1, 1995 Staff or Hourly Plan. If your combined benefit from your Individual Investment Account and your Basic Retirement Account is less valuable than what your benefit would have been under the Pre-July 1, 1995 Staff or Hourly Plan, your benefit under the program will be increased to the level of the Pre-July 1, 1995 Staff or Hourly Plan.

### Pre-July 1, 2001 Employees

If you participated in the 1995 Retirement Program, in effect before July 1, 2001, you have earned a Basic Retirement Account, to which the University no longer makes contributions. However, the balance in your Basic Retirement Account continues to earn interest of at least 5% but no more than 10% annually, based on the average rate of return on one-year Treasury constant maturities.

### University Contributions

The University contributes to your Individual Investment Account based on your age and your compensation. For this purpose, "compensation" includes regular base salary or wages, Summer School and Extension School salary, short-term disability and vacation pay (among other items), and excludes over-time pay and shift differential (among other items).

The Internal Revenue Code (Code) limits the amount of compensation that can be used to calculate retirement benefits to $265,000 in 2016 (this amount is periodically adjusted by the Internal Revenue Service (IRS) to reflect cost-of-living increases). Any compensation that exceeds this limit will not be included in calculating the program's contribution amounts or any benefits under the prior Staff and Hourly Retirement Plans.

In addition to the compensation limit, the Code imposes an annual limit of $53,000 for 2016 on retirement contributions made on your behalf (this annual limit is adjusted for cost-of-living increases).

### Contribution Rates

If you meet the 2001 Staff Retirement Program eligibility and service credit guidelines described above, the University will make contributions to your Individual Investment Account based on your age and compensation as follows:

- For Participants **under age 40**: 5% of your compensation up to the Social Security tax base ($118,500 in 2016), plus 10% of your annual compensation over that tax base.
- For Participants **age 40 and over**: 10% of your compensation up to the Social Security tax base, plus 15% of your annual compensation over that tax base.

If you reach age 40 during a month, the University's contribution rates will increase to 10% and 15% at the start of the following month. If you are not subject to Social Security taxes, you will receive University contributions of 10% of your compensation if you are under age 40 before the first day of the month, or 15% if you are age 40 or over before the first day of the month.

## Benefits Examples

In the examples below, you will see how the University makes contributions on a calendar year basis, using the 2016 Social Security tax base of $118,500:

**Example 1.** *If you are under age 40, with a $40,000 University salary:*

5% x $40,000 = $2,000

Total 2016 Harvard contribution = **$2,000**

**Example 2.** *If you are under age 40, with a $120,000 University salary:*

5% x $118,500 = $5,925

10% x $1,500 = $ 150

Total 2016 Harvard contribution = **$6,075**

**Example 3.** *If you are age 40 or over, with a $40,000 University salary:*

10% x $40,000 = $4,000

Total 2016 Harvard contribution = **$4,000**

**Example 4.** *If you are age 40 or over, with a $120,000 University salary:*

10% x $118,500 = $11,850

15% x $ 1,500 = **$ 225**

Total 2016 Harvard contribution = **$12,075**

## Investing Under the 2001 Staff Retirement Program

Once you are enrolled in the Program, you must select your investment option(s) for your Individual Investment Account from one or more investment vendor(s). You can do this by calling the investment vendors' telephone representatives, or online through the investment vendors' websites (see *Where to Get Help,* page 66).

The Plan fiduciaries—including the investment vendors—are obligated, with certain limited exceptions, to comply with your investment instructions. As a result, such fiduciaries generally are not responsible for any losses that are the direct and necessary result of investment instructions you or your beneficiary gives.

If you do not select investment options, your contributions will be invested in one or more "default" annuity and/or custodial accounts selected by the Plan Administrator (see *Investing Under the Harvard University Retirement Programs,* page 60).

## Vesting

If you have satisfied the program's vesting requirements, you are entitled to receive benefits when you retire or leave University employment.

### Employees Hired Before July 1, 1995

If you were a regular staff or hourly employee of the University on June 30, 1995, you were immediately vested upon enrollment in the 2001 Staff Retirement Program.

### Employees Hired on or After July 1, 1995

If you became a regular staff or hourly employee of the University on or after July 1, 1995, you are vested when one of these events occurs:

- You complete three years (36 months) of vesting service (for pre-January 1, 2008 terminations of service by participants covered by a collective bargaining agreement other than the agreement for the HUCTW, five years (60 months) are required;
- You reach age 65 while an employee of the University;
- Death or total disability while you are an employee of the University; or
- Termination (or to the extent required by law, partial termination) of the Plan.

In general, vesting service is credited for each month in which you are employed (but not on an unpaid appointment) by the University in any position, regardless of the number of hours you complete.

### If You Leave the University Before Retirement

If you leave the University before you retire, the impact on your benefits varies; below are some general guidelines.

- If you are vested when you leave the University, you are entitled to Program benefits. If you return to the University as a regular staff or hourly employee, or as a member of the teaching faculty, you remain vested. In these cases, your Individual Investment Account continues to be adjusted to reflect investment gains or losses, and if you participated in the 1995 Retirement Program, your Basic Retirement Account continues to receive interest credits, until you receive (or begin receiving) your benefit.
- If you are not vested when you leave the University, your accounts will be forfeited.
- If you are not vested when you leave the University but you return to the University within five years, your previous service will count toward the vesting requirement, and the amount forfeited will be recredited to your accounts.

- If your break in service (each Plan year in which you complete no hours of service) is more than five years, the amount forfeited will not be reinstated, but you will receive vesting service credit for your earlier University employment.

## Designating Beneficiaries

Since the retirement program provides pre- and post-retirement death benefits, it is important that you name a beneficiary for these payments and keep this information up-to-date with each vendor to ensure that these benefits go to the people you choose. To designate or update the beneficiary for your Basic Retirement Account (if any), please complete the Beneficiary Designation Form for the Harvard University Retirement Plan, which you can obtain from the Benefits Office or on **hr.harvard.edu**, and submit it to the Benefits Office. You may update your beneficiaries for your Basic Retirement Account (if any) at any time by submitting a new form to the Benefits Office. To designate or update the beneficiaries for your Individual Investment Account(s), log in to your account on your vendors' websites or contact the vendors directly to obtain a beneficiary designation form. (Beneficiary designations may not be made by telephone.) See page 66 for contact information.

Below are some general guidelines for designating beneficiaries.

- If you are **married**, your surviving spouse will be entitled to any death benefits, unless you designate someone else and your spouse consents in writing. Your spouse's consent must be witnessed by a notary public or an authorized Plan representative. Please note that your spouse's right to waive entitlement does not begin until the first day of the Plan year (January 1) in which you reach age 35. If you were to die before age 35, the benefit would be payable to your spouse.
- If you are **not married**, you will need to designate a beneficiary. If you do not designate a beneficiary, or if no designated beneficiary survives you, the death benefit would be paid in this order:
  - To your surviving children by right of representation.
  - If you have no surviving children, it would be paid to your surviving parents.
  - If you have no surviving parents, it would be paid to your surviving siblings.
  - If you have no surviving siblings, it would be paid to your estate.
- You can change your beneficiary designation at any time, subject to the spousal consent requirements if you are married.
- If you participated in the 1995 Retirement Program, you can name different beneficiaries for your Basic Retirement Account and your Individual Investment Account.

## Retirement Age and Distributions

### Early Retirement

If you leave the University after becoming vested, you are eligible for an early retirement benefit. If you start your retirement payments before age 65, the annuity benefit is reduced because it is expected to be paid over a longer period of time.

### Normal Retirement Date

Your normal retirement date is the day on which you reach age 65. If you retire on or after that date, you will be fully vested in your benefit, even if you have fewer than three years of vesting service (or five years of vesting service if you had a termination of service before January 1, 2008 and were covered by a collective bargaining agreement other than the agreement for the HUCTW).

### Continued Employment After Your Normal Retirement Date

If you work past your normal retirement date, you continue to be fully vested in your accounts and the University will make contributions on your behalf as long as you remain eligible. If you work on no more than a half-time basis after your normal retirement date, you can start to receive your benefit in monthly or annual payments.

### Required Distributions After Age 70½

By law, you must receive or begin receiving required minimum distributions from your account(s) no later than the April 1 of the calendar year following either a) the calendar year in which you reach age 70½; or b) the calendar year in which you retire — whichever comes later.

If you continue working past age 70½, you will continue to earn service and salary credit toward that Plan's benefit.

## Receiving Benefits from the 2001 Staff Retirement Program

You will have several options (explained in further detail in the sections that follow) for taking your retirement income benefits when you leave the University. You can:

- Take payments immediately or defer them to a later date; or
- Take your benefits in a lump sum or as a lifetime annuity, with or without guarantee periods or survivor benefits.

**If you participated in the 1995 Retirement Program**, you can:

- Choose different starting dates for your Basic Retirement Account benefits and your Individual Investment Account;
- Choose a payment form for your Basic Retirement Account that is different from the form(s) you choose for your Individual Investment Account; or
- Elect the Consolidated Harvard Annuity Option described below.

**If you are a Pre-July 1, 1995 employee** and the total value of your vested Basic Retirement Account (including any supplemental benefits) and your vested Individual Investment Account does not exceed $1,000 immediately before your annuity starting date, it will automatically paid as a single lump sum.

**If you were hired on or after July 1, 1995** and the total value of your vested Basic Retirement Account **or** your vested Individual Investment Account does not exceed $1,000 immediately before your annuity starting date, it will be automatically paid as a single lump sum.

**If you are married**, federal law specifies the form in which retirement income benefits must be paid to your surviving spouse as beneficiary for any survivor benefits in the event of your death. If you do not want a joint and survivor form of payment, or you wish to designate a beneficiary (or joint annuitant) other than your spouse, or you want to choose a lump-sum form of payment, you must obtain your spouse's written consent to your election, witnessed by a notary public or an authorized Plan representative.

### Lump-Sum Payment

When you leave the University, you can choose to receive the full cash value of your vested account(s) in a single sum. If you are married, your spouse must consent in writing to a lump-sum form of payment, as explained above.

Before you choose a lump-sum payment, you are encouraged to consider its tax consequences (see *Taxes and Distributions From the Plans,* page 65). The full amount of your lump-sum benefit payment will be subject to federal and state income taxes (and possibly penalties) unless you roll over part or all of it to an individual retirement account (IRA) or another eligible plan, or you request a direct rollover to an IRA or other eligible plan, within 60 days.

### Monthly Lifetime Pension Payments

You can use the balance in your vested account(s) to provide a lifetime pension (an annuity). With a pension, you can choose monthly pension payments through a single life annuity form (paying benefits for your lifetime only), or choose a joint and survivor annuity (paying benefits for the joint lives of you and your designated survivor). Each of these options may also be available with different guarantee periods (see *Annuity Guarantee Periods,* page 40).

In general, if you participated in the 1995 Retirement Program and you take your Basic Retirement Account as a lifetime pension, the University (as the Plan trustee) will make the payments. A lifetime pension based on your Individual Investment Account balance would be purchased from an annuity or insurance company, such as TIAA-CREF. Alternatively, you can choose to consolidate these annuity payments by transferring your Individual Investment Account balance to the University (as the Plan trustee) within 60 days after the end of the month in which you end employment with the University. This is called the Consolidated Harvard Annuity Option (or CHAO) and requires that you make a special election on a timely basis.

Certain conditions apply to these options; more information is available through Harvard Human Resources, Benefits.

### Single Life Annuity

The single life annuity, which is the normal form of benefit for unmarried participants, provides a monthly income to you for life with a guarantee of 60 monthly payments. Because it is paid for your lifetime only, it provides a higher monthly income than any of the joint annuities. As explained above, if you are married, your spouse must consent in writing to this form of payment.

### Joint and Survivor Annuity

A joint and survivor annuity provides a lifetime income to you and, upon your death, continuing lifetime payments to your beneficiary (the joint annuitant). With this annuity, your monthly payment is reduced to pay for the continuing income to your joint annuitant after your death.

You can choose to have 50%, 75%, or 100% of your monthly benefit continued to your joint annuitant. A 50% joint and survivor annuity with a 60-month guarantee is the normal form of benefit for a married participant. The reduction in your monthly benefit (compared to a single life annuity) to provide this continuing income depends on the percentage you choose, your age, and the age of your joint annuitant when payments begin. If your joint annuitant dies before you and after payments have begun, the amount of your monthly benefit will not change.

For an estimate of your retirement program benefits, you can contact the Harvard Retirement Center (the "HURC") at (800) 527-1398.

### Annuity Guarantee Periods

**If you participated in the 1995 Retirement Program**, each of the annuity payment options under the Basic Retirement Account (single life and joint and survivor) has a guarantee period. If you were to die during the guarantee period, payments for the rest of the period would continue to your designated beneficiary. You are entitled to an automatic five-year guarantee under any monthly income option paid from your Basic Retirement Account (but not from your Individual Investment Account). If you prefer a longer guarantee period, your benefit would be adjusted to pay for that longer period.

**If you participate in either the 1995 Retirement Program or the 2001 Staff Retirement Program**, you may be able to choose a guarantee period for an annuity under your Individual Investment Account, depending on the investment vendor that you choose. A reduction in your benefit pays for the guarantee. For example, if you retire at age 65 and are entitled to a $10,000 single life annuity, if you elect a 10-year guarantee period, your annuity would be reduced by about 5%.

### If You Contributed to the Plans

The 2001 Staff Retirement Program does not require or allow employee contributions. If you were in the Staff or Hourly Plan before July 1, 1962, however, you were required to contribute. In this case, when you leave the University, you can either a) request a refund of your contributions, plus interest; or b) leave them in the Plan and receive an additional income of $20 a year for each year you contributed, up to a maximum of $500 a year.

If you take the refund, you will be taxed on the credited interest portion of the payment. You can defer taxes by rolling over all or a portion of your refund to an IRA or other eligible plan.

### Applying for Your Benefits

At least three months before you leave the University, you should contact Harvard Human Resources, Benefits for information about your benefit options and assistance with the application process. See page 66 for contact information.

Please note that the payment of benefits cannot be made until your account(s) are valued. This valuation cannot be made until after the 15th day of the month that follows your termination of employment.

### If You Die Before Payments Begin

If you die before retirement payments begin, your spouse or designated beneficiary is entitled to the full value of the vested balance in your account(s).

This benefit would be paid in a form (e.g., annuity or lump sum) chosen by your beneficiary. If you have been continuously employed at the University since before July 1, 1995, the death benefit would not be less than the value of the benefit that would have been due under the Pre-July 1, 1995 Staff or Hourly Plan.

### If You Die After Payments Begin

If you die after you have started to receive benefit payments, the death benefit depends on the income option you elected.

If you elected a joint and survivor annuity, your joint annuitant would be entitled to continuing lifetime payments following your death. Under a single life option with a guarantee period, your beneficiary would be entitled to continuing payments until the guarantee period ends; with this option, your beneficiary could also choose to receive the remaining payments from a Basic Retirement Account as a lump-sum payment.

### Additional Death Benefit for Pre-July 1, 1995 Employees

If you were a University employee on June 30, 1995, and you retire under the 2001 Staff Retirement Program with at least 10 years of service, your designated beneficiary will receive a lump-sum payment of $2,000 when you die. This payment is in addition to any continuing income your beneficiary may receive under a joint and survivor annuity or guarantee period as described above.

## Other Retirement Income

### Social Security

In addition to your 2001 Staff Retirement Program benefits, you may qualify for Social Security benefits. Here are some guidelines to keep in mind when it comes to your Social Security benefits:

- If you were born before 1938, your full Social Security benefits are payable to you at age 65; if you were born after 1937, your full Social Security benefits will be payable between ages 65 and 67, depending on your year of birth. For example, if you were born after 1959, your full Social Security benefits are payable to you at age 67.
- You may choose to receive Social Security benefits as early as age 62, but the monthly amount will be reduced from the normal retirement age amount because it is presumed you will be receiving payments over a longer period of time.
- At age 62 and after, you can be paid Social Security benefits regardless of whether you are still employed. However, if you are younger than full retirement age, your Social Security benefits will be reduced based on your earnings from employment.

- Your Social Security benefits are calculated using your earnings that were subject to Social Security taxes. These taxes are paid equally by you and the University. For a personal earning statement and benefits estimate, call the Social Security Administration at (800) 772-1213, or visit their website at **http://www.ssa.gov**.
- Social Security benefits are not paid automatically. You should contact your local Social Security office approximately three months before you want benefits to begin. You will need your Social Security card or other record of your Social Security number, your birth certificate or other evidence of age, and your W-2 federal income tax statement for the previous year. You can also apply for Social Security benefits online at **http://www.ssa.gov/onlineservices/**.

## Plan Termination or Changes

There are circumstances where you could lose your rights to payments or where your retirement program benefits could decrease in value, including:

- If you leave the University before you are vested, no benefits will be paid.
- If you, your surviving spouse, or your beneficiary does not apply for benefits, no payments will be made.
- If you are receiving a reduced pension under a joint and survivor annuity and your joint annuitant dies before you, the amount of your pension will not be increased.
- All or a portion of your retirement benefits may be assigned under a QDRO (as described on page 65).
- You may not receive benefits from the program if you work at the University after your normal retirement date, unless you work no more than half time.
- Any benefit you may receive from your Basic Retirement Account (if you participated in the 1995 Retirement Program) will be reduced by Workers Compensation payments. Your benefit will not be reduced below the vested benefit, if any, you would have received if your employment had terminated on December 31, 1978.
- The Internal Revenue Code limits the amount of any participant's pension benefits payable under the Plan. If necessary, your benefits (other than those paid from your Individual Investment Account) will be reduced to comply with these limits.
- Amounts invested under your Individual Investment Account may increase or decrease in value based on the performance of the investment options you choose.
- Because your Individual Investment Account is a defined contribution plan established under Code section 401(a), if the Plan were terminated, your benefits would not be insured under Title IV of ERISA.
- If you do not keep your current address on file with each investment vendor that holds benefits on your behalf, benefit payment could be delayed.

# Key Facts About the 2001 Staff Retirement Program

## Plan Names and Types

The 2001 Staff Retirement Program consists of two plans: the *Harvard University Retirement Plan* and the *Harvard University Defined Contribution Retirement Plan*.

A. The **Harvard University Retirement Plan** is a defined benefit plan with a cash balance feature, providing retirement and survivor benefits, and is governed by Code section 401(a).

*Employer Identification Number of Plan Sponsor*

04-2103580

*Plan Number*

003

B. The *Harvard University Defined Contribution Retirement Plan* is a defined contribution plan providing retirement and survivor benefits, and is governed by Code section 401(a).

*Employer Identification Number of Plan Sponsor*

04-2103580

*Plan Number*

007

These Plans are governed by the terms and conditions described in the official Plan documents, which may be reviewed at Harvard Human Resources, Benefits.

*Plan Year*

The Plan year of the *Harvard University Retirement Plan* and the *Harvard University Defined Contribution Retirement Plan* is the calendar year.

*Plan Sponsor*

Harvard University
Cambridge, MA 02138-3846

*Plan Administrator*

The *Harvard University Retirement Plan* and the *Harvard University Defined Contribution Retirement Plan* are administered by the University:

Harvard University
c/o Harvard Human Resources, Benefits
114 Mt. Auburn Street, 4th Floor
Cambridge, MA 02138
Phone: (617) 496-4001

As Plan Administrator, the University has the discretionary authority to interpret and administer the Plans. Subject to a request for review of denied claims, its decisions are final and binding.

*Agent for Legal Process*

The agent for service of legal process is the University at:

Office of the General Counsel
Harvard University
Richard A. and Susan F. Smith Campus Center, Ninth Floor
1350 Massachusetts Avenue
Cambridge, MA 02138-3846

*Trust and Trustee*

The assets of each Plan are held in trust. The University serves as trustee of each Plan.

*Plan Funding*

Benefits under each Plan are funded from University contributions.

*Plan Termination Insurance/ Pension Benefit Guaranty Corporation*

A. *The Harvard University Retirement Plan*

Your pension benefits under the Harvard University Retirement Plan (that is, benefits other than those paid from your Individual Investment Account) are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the Plan 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 the Plan, but some people may lose certain benefits.

The PBGC guarantee generally covers: (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the Plan terminates; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates; (2) some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates; (3) benefits that are not vested because you have not worked long enough for the University; (4) benefits for which you have not met all of the requirements at the time the Plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's normal retirement age; and (6) 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 your Plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask your Plan Administrator or 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 pension insurance program is available through the PBGC website at **http://www.pbgc.gov**.

B. The Harvard University Defined Contribution Retirement Plan

Benefits under the *Harvard University Defined Contribution Retirement Plan* (that is, benefits from your Individual Investment Account) are not insured by federal plan termination insurance because the Plan is a defined contribution plan and as such is not subject to, nor covered by, federal plan termination insurance.

SECTION 4

# SUMMARY PLAN DESCRIPTION OF THE RETIREMENT INCOME PLAN FOR TEACHING FACULTY OF HARVARD UNIVERSITY

## Table of Contents

This document is the official Summary Plan Description (SPD) explaining the major provisions of the Retirement Income Plan for Teaching Faculty of Harvard University (the "Faculty Plan" or "Plan") in effect on January 1, 2016. Established July 1, 1973, the Faculty Plan provides retirement income benefits based on University contributions made to an individual account invested with one or more of the investment vendors available under the retirement program (see *Where to Get Help/For Information on Your Investment Options,* page 66).

Although all possible care has been taken in the preparation of this SPD, it is not the official text of the Faculty Plan. If the information in this SPD is inconsistent with the Faculty Plan, or if the Faculty Plan contains more complete or detailed information or rules, the provisions of the Faculty Plan will prevail.

The Faculty Plan is an important part of your benefits program, and we encourage you to take the time to read this SPD.

## Plan Overview

Through the Faculty Plan, the University funds your retirement benefit by making contributions to the investment options you designate from those approved under the Plan. These investment options are offered by the investment vendors listed under *Where to Get Help/For Information on Your Investment Options,* page 66.

Contributions made by the University through the Plan are based on your age and compensation, in keeping with IRS and Social Security Administration rules and limits (see *Contribution Rates,* page 50).

When you retire or leave the University after becoming vested, the amount accumulated through University contributions as adjusted by investment earnings and losses (if any) may be paid to you in a lump sum, as a lifetime income through a variety of annuity options, or through other payment arrangements available from the investment vendors.

## Who Is Eligible to Participate

You are eligible to participate in the Faculty Plan if:

- You are employed by the University; and
- You either hold a professorial appointment, or your primary appointment is as a member of the teaching faculty and your combined teaching faculty positions amount to at least half time; and
- You are at least age 21.

The above requirements **include** those who:

- Hold an appointment as a professor, associate professor or assistant professor, as President or Provost of the University, as Dean of the Radcliffe Institute for Advanced Studies, or as a Dean of Faculty;
- Hold as their primary appointment the title of instructor, lecturer, preceptor, critic, tutor or fellow, and whose combined appointments as instructor, lecturer, preceptor, critic, tutor, or fellow equal at least a half-time employment status;

- Were transferred to the Faculty Plan, effective July 1, 1989, from the Harvard University Retirement Plan for Officers of Instruction and Administration, 1950 (1950 Plan) and have continuously held officer appointments since June 30, 1989 (that transfer, prompted by Code changes, applied to TIAA-CREF participants whose total University compensation between July 1, 1988 and June 30, 1989 exceeded $75,000);
- Were transferred to the Faculty Plan effective January 1, 2000, from the Section 403(b) Plan for Trustees for Harvard University (Trustees' Plan) or who were participants in the Trustees for Harvard University Retirement Plan for Officers of Instruction and Administration (1946) (1946 Plan) on June 30, 1976 and have continuously held such an appointment as an officer;
- Have continuously held officer appointments with the University since June 30, 1973, who would have been enrolled in the 1950 Plan if it was not closed to new members on July 1, 1973;
- Were former participants in the Faculty Plan, the 1950 Plan, the 1946 Plan, or the Trustees' Plan, or who were Radcliffe College appointees participating in the Radcliffe College TIAA-CREF Retirement Plan, who returned to the University on at least a half-time basis after a break in service of less than a) 50 months; or b) the period of prior participation in one or more of the foregoing plans and any other University retirement plan; and
- Have held visiting professorships or other visitor appointments for at least a full term of instruction or research.

However, even if you meet the above requirements, you are **not** eligible to participate in the Faculty Plan if:

- You are subject to a temporary academic appointment or hold the title of temporary academic;
- You are a leased employee;
- You have an appointment without salary;
- You are a Harvard College degree candidate;
- You are a full-time Harvard graduate or extension school degree candidate and have not completed your degree requirements;
- You hold an in-training status and receive a stipend;
- You are a Division of Continuing Education academic who holds no other appointment;
- You are an instructor, teaching assistant, or grader at the Arnold Arboretum;
- You are a nonresident alien working primarily outside the United States or you are paid only on a non-United States payroll; or
- You are accruing a benefit under the Harvard University Retirement Plan.

### Service Required for Eligibility and Credit Hours

If you are an eligible faculty member in keeping with the above guidelines, you will be enrolled in the Faculty Plan after a six-month waiting period, on the first of the month after you complete the six months' eligibility service. "Eligibility service" is half time or greater service in an eligible status described above and service as a regular, benefits-eligible staff employee. Once you become a participant, you will receive retroactive University contributions for the six-month waiting period, as long as you were not receiving contributions under another University retirement plan during the waiting period.

You also would become eligible to participate in the Faculty Plan after completing a year of service during which you are credited with at least 1,000 hours of service. To determine whether you have been credited with 1,000 hours of service in a year, the University will first consider the 12-month period beginning with your date of hire, then each calendar year that begins after your date of hire.

You are credited with an "hour of service" for each hour you work for the University for pay, and for certain periods during which you are absent from the University for:

- Military duty;
- Certain family and medical leaves;
- Paid vacation and holidays;
- Illness and disability;
- Layoff;
- Leaves of absence; and
- Jury duty.

In general, hours credited for an absence from work will be based on your regularly scheduled work hours.

### Change in Employment Status

If you lose your teaching faculty or University administrator status, you will lose eligibility for the Faculty Plan, unless you are a non-teaching participant in the 1950 Plan or the 1946 Plan or Trustees' Plan, or you were a Radcliffe College appointee in the Radcliffe College TIAA-CREF Retirement Plan and qualify based on the provisions described above for non-faculty participants.

### If You Become Disabled

If you become totally disabled and eligible for University long-term disability benefits while participating in the Faculty Plan, the University will continue to make contributions to the Faculty Plan on your behalf as long as you receive University long-term disability benefits. Contributions are based on your base rate of pay immediately before the onset of your disability. For more information on disability income, please see the Flexible Benefits and Other University Programs Summary Plan Description.

## How Benefits Are Earned

Your Faculty Plan benefits are based on the University's contributions to your Plan account, as adjusted by investment earnings and losses (if any). Your benefits can be paid to you in a lump sum, as a lifetime income through various annuities, or through other payment arrangements available through the investment vendors when you retire or leave the University (see *Receiving Benefits from the Faculty Plan,* page 53).

### University Contributions

The University makes monthly contributions on your behalf, based on your age and your compensation, to the approved investment option(s) you have chosen. For this purpose, "compensation" includes regular base salary or wages, Summer School and Extension School salary, short-term disability and vacation pay (among other items), and excludes over-time pay and shift differential (among other items). If you became a participant after six months of eligibility service, you also receive retroactive contributions for your six-month waiting period.

The University makes no contributions to the Plan during an unpaid leave of absence. If you take a paid sabbatical leave, the University will contribute to the Faculty Plan on your behalf, based on the University compensation paid to you during your leave.

The Internal Revenue Code (Code), limits the amount of compensation that can be used to calculate retirement benefits to $265,000 in 2016 (this amount is periodically adjusted by the Internal Revenue Service (IRS) to reflect cost-of-living increases). Similarly, the Social Security Administration adjusts the Social Security tax base each year.

In addition to these limits, the Code imposes an overall limit of $53,000 for 2016 on these retirement contributions made for your benefit (this limit is periodically adjusted by the IRS to reflect cost-of-living increases):

- The University's contributions under the Faculty Plan;
- Your contributions under the Harvard University Tax-Deferred Annuity Plan, other than special age 50 "catch-up" contributions;
- Your contributions under any Keogh plan you maintain with respect to outside, self-employment income;
- Any other contributions under a 403(b) retirement plan maintained by another tax-exempt employer; and
- Any contributions (your own or your employer's) under a qualified retirement plan maintained by a corporation or a partnership in which you have more than a 50% interest.

The University monitors compliance with the annual overall limit based on available records of your contributions; please notify the University of any contributions made through non-University accounts. In keeping with IRS regulations, 403(b) contributions are reduced first to satisfy the annual overall limit; to meet that limit, the University will cut back your contributions to the Harvard University Tax-Deferred Annuity Plan first, then contributions made for you to the Faculty Plan.

### Contribution Rates

If you meet the Faculty Plan eligibility requirements described above, the University will make monthly contributions to your selected investment option(s) based on your age and compensation as follows:

- For Participants **under age 40**: 5% of your compensation up to the Social Security tax base ($118,500 in 2016), plus 10% of your compensation over that tax base.
- For Participants **age 40 and over**: 10% of your compensation up to the Social Security tax base, plus 15% of your compensation over that tax base.

If you reach age 40 during a month, the University's contribution rates will increase to 10% and 15% at the start of the following month. If you are not subject to Social Security taxes, you will receive University contributions of 10% of your compensation if you are under age 40 before the first day of the month, or 15% if you are age 40 or over before the first day of the month.

### Benefits Examples

In the examples below, you will see how the University makes contributions on a calendar year basis, using the 2016 Social Security tax base of $118,500:

**Example 1.** *If you are under age 40, with a $40,000 University salary:*

5% x $40,000 = $2,000

Total 2016 Harvard contribution = **$2,000**

**Example 2.** *If you are under age 40, with a $120,000 University salary:*

5% x $118,500 = $5,925

10% x $1,500 = $ 150

Total 2016 Harvard contribution = **$6,075**

**Example 3.** *If you are age 40 or over, with a $40,000 University salary:*

10% x $40,000 = $4,000

Total 2016 Harvard contribution = **$4,000**

**Example 4.** *If you are age 40 or over, with a $120,000 University salary:*

10% x $118,500 = $11,850

15% x $1,500 = $ 225

Total 2016 Harvard contribution = **$12,075**

### Investing Under the Faculty Plan

Once you are enrolled, you must select your investment option(s) from one or more investment vendor(s). You can do this by calling the investment vendors' telephone representatives, or online through the investment vendors' websites (see *Investing Under the Harvard University Retirement Programs,* page 60).

The Plan fiduciaries—including the investment vendors—are obligated, with certain limited exceptions, to comply with your investment instructions. As a result, such fiduciaries generally are not responsible for any losses that are the direct and necessary result of investment instructions you or your beneficiary gives.
If you do not select investment options, your contributions will be invested in one or more "default" annuity and/or custodial accounts selected by the Plan Administrator (see *Investing Under the Harvard University Retirement Programs,* page 60).

## Vesting

If you have satisfied the Plan's vesting requirements, you are entitled to receive benefits when you retire or leave University employment.

### Employees Hired Before July 1, 1995

If you were hired before July 1, 1995, you were immediately vested upon enrollment in the Faculty Plan.

### Employees Hired on or After July 1, 1995

If you were hired on or after July 1, 1995, you are fully vested when one of these events occurs:

- You complete three years of vesting service;
- You reach age 65 while an employee of the University or a joint appointee;
- Death or total disability while you are still employed by the University or a joint appointee; or
- Termination (or, to the extent required by law, partial termination) of the Faculty Plan.

In general, vesting service is credited for each month in which you are employed (but not on an unpaid appointment) by the University in any position, regardless of the number of hours you complete.

## Designating Beneficiaries

Since the Plan provides death benefits, it is important that you name a beneficiary for these payments, and keep this information up-to-date with each vendor to ensure that these benefits go to the people you choose. To designate or update the beneficiaries for your Faculty Plan benefits, log in to your account on your vendors' websites or contact the vendors directly to obtain a beneficiary designation form. (Beneficiary designations cannot be made by telephone.) See page 66 for contact information.

Below are some general guidelines for designating beneficiaries.

- If you are **married**, by law your surviving spouse is entitled to a death benefit of at least 50% of the value of your vested Plan account unless before your death you designate someone else and your spouse consents in writing (see *Receiving Benefits from the Faculty Plan*, page 53).
- If you are **not married**, you may name anyone you choose as the beneficiary of the death benefit. If you do not designate a beneficiary, or if no designated beneficiary survives you, your vested account under the Faculty Plan would be paid in this order:
  - To your surviving children by right of representation.
  - If you have no surviving children, it would be paid to your surviving parents.
  - If you have no surviving parents, it would be paid to your surviving siblings.
  - If you have no surviving siblings, it would be paid to your estate.

- You should review your beneficiary designation periodically to ensure that it is still appropriate for your needs. You can change your beneficiary at any time by logging in to your vendor accounts online or by contacting the vendors to obtain a beneficiary designation form. (Beneficiary designations may not be made by telephone.) See page 66 for contact information.

## Retirement Age and Distributions

Except as described below (or in the case of a qualified domestic relations order), you may not receive payments from the Faculty Plan before your retirement, death, total disability, or other severance from employment with the University.

### Continued Employment After Age 65

If you are age 65 or older and you are employed by the University at no more than half time, you may receive monthly or annual payments from the Faculty Plan.

### Required Distributions After Age 70½

By law, you must receive or begin required minimum distributions from your Faculty Plan account no later than the April 1 of the calendar year following either a) the calendar year in which you reach age 70½; or b) the calendar year in which you retire — whichever comes later.

## Receiving Benefits from the Faculty Plan

You will have several options (explained in further detail in the sections that follow) for taking your retirement benefits from the Faculty Plan when you leave the University. You can:

- Take annuity payments through a joint or single life annuity; or
- Take your benefits in a lump sum or through installment payments, if the terms of your specific investment option allows it.

**If you are married**, your spouse has certain rights to your retirement and death benefits under the Faculty Plan. If you choose to take your retirement benefit in a form that does not provide at least a 50% survivor income to your spouse, or you name someone other than your spouse as your beneficiary for death benefits, your spouse must consent in writing by filing a waiver with your investment vendor, witnessed by a notary public or an authorized Plan representative. For a joint and survivor annuity, this waiver can only be made during the 180 days before the start of your benefits; it cannot be revoked after benefits payments begin.

For death benefits, your spouse's right to waive entitlement does not begin until a) the first day of the Plan year in which you reach age 35; or b) the date you have a severance from employment with the University, whichever comes earlier. Unless waived, at least 50% of your vested account under the Faculty Plan will be payable automatically to your spouse, in a single sum or through one of the income options offered, if you should die before age 35 (and while an employee of the University).

### Annuity Payments

An annuity pays you a lifetime income based on your age, the form of payment, and the total accumulation in your Faculty Plan account when benefits begin. The younger you are when payments begin, the smaller the monthly benefit; monthly benefits that begin at an older age will generally be greater because your life expectancy will be shorter.

If you choose an annuity, please read the details of your annuity contract(s) carefully, since restrictions (in addition to those described in this SPD) may apply.

### Single Life Annuity

The single life annuity, generally chosen by unmarried participants, provides a monthly income to you for life. Because it is paid for your lifetime only, it provides a higher monthly income than any of the joint annuities. As explained above, if you are married, your spouse must consent in writing to this form of payment.

### Joint and Survivor Annuity

A joint and survivor annuity provides a lifetime income to you, and upon your death, continuing lifetime payments to your beneficiary (the joint annuitant). With this annuity, your monthly payment is reduced to pay for the continuing income to your joint annuitant after your death.

You can choose payments of 50%, 75%, or 100% of your monthly benefit paid to your joint annuitant. By law, if you are married, and if the value of your vested account under the Faculty Plan exceeds $1,000 on your annuity starting date, you must choose a survivor annuity of at least 50% for your spouse, unless your spouse consents in writing to another form.

### Annuity Guarantee Periods

Depending on the investment vendor that you select, guaranteed payment periods (e.g., five or ten years) may be available for the single life or joint annuities. In this case, if you die (and in the case of a joint annuity, if both you and your joint annuitant die) before the guarantee period has ended, continuing payments in the same amount would be made to your named beneficiary for the remaining period. The amount of your monthly payment would be reduced to pay for this guarantee.

### Installment Payments and Lump-Sum Payments

You may also be able to receive your benefits under the Faculty Plan in a lump sum or in installments, subject to the terms of the specific investment option(s) you've chosen. If you are married, your spouse must consent in writing to these types of payments.

Lump-sum payments may be eligible for a tax-free rollover or direct transfer into another employer's retirement plan (as long as it accepts rollovers from 403(b) plans) or into an Individual Retirement Annuity (IRA). For more information, please contact your investment vendors. See page 66 for contact information.

### Applying for Your Benefits

At least three months before you leave the University, you should contact Harvard Human Resources, Benefits for information about your benefit options and assistance with the application process. See page 66 for contact information.

### If You Die Before Payments Begin

If you were to die before retirement payments begin, your spouse or designated beneficiary would be entitled to the full value of your vested account under the Faculty Plan. By law, if you are married at the time of your death, your surviving spouse is entitled to a benefit of at least 50% of the value of your vested account unless your spouse had consented in writing to the designation of another beneficiary before your death. If you are not married, you may name anyone you choose as the beneficiary of the death benefit (see *Designating Beneficiaries*, page 52).

### If You Die After Payments Begin

If you die after you have started to receive benefits, the death benefit depends on the income option you elected.

If you chose a joint annuity, your joint annuitant would be entitled to continuing lifetime payments following your death; the amount would depend on the percentage option you elected. Under a single life annuity with a guaranteed payment period, your beneficiary would be entitled only to any payments that remained under the guarantee. If you took distribution of your benefit in a lump sum or as a single life annuity (with no guaranteed payment period), no death benefit would be paid.

## Other Retirement Income

### Social Security

In addition to your Faculty Plan benefits, you may qualify for Social Security benefits. Here are some guidelines to keep in mind when it comes to your Social Security benefits:

- If you were born before 1938, your full Social Security benefits are payable to you at age 65; if you were born after 1937, your full Social Security benefits will be payable between ages 65 and 67, depending on your year of birth. For example, if you were born after 1959, your full Social Security benefits are payable to you at age 67.
- You may choose to receive Social Security benefits as early as age 62, but the monthly amount will be reduced from the normal retirement age amount because it is presumed you will be receiving payments over a longer period of time.
- At age 65 and after, you can be paid Social Security benefits regardless of whether you are still employed. However, if you are younger than full retirement age, your Social Security benefits will be reduced based on your earnings from employment.
- Your Social Security benefits are calculated using your earnings that were subject to Social Security taxes. These taxes are paid equally by you and the University. For a personal earning statement and benefits estimate, call the Social Security Administration at (800) 772-1213, or visit their website at **http://www.ssa.gov**.

- Social Security benefits are not paid automatically. You should contact your local Social Security office approximately three months before you want benefits to begin. You will need your Social Security card or other record of your Social Security number, your birth certificate or other evidence of age, and your W-2 federal income tax statement for the previous year. You can also apply for Social Security benefits online at **http://www.ssa.gov/onlineservices/**.

## Plan Termination or Changes

Although the University expects to continue the Faculty Plan, the Plan can be modified or terminated at any time, for any reason, at the University's sole discretion. You will be notified in writing regarding any significant changes made to the Faculty Plan. In general, changes must be forward-looking, not retroactive, so they do not impact participants or beneficiaries until the date they are made.

If the Plan is terminated, all benefits not already fully vested will become fully vested and will be distributed for the benefit of the retirees and participants in keeping with the provisions of the Faculty Plan and applicable law.

### Loss of Plan Rights or Benefit Values

There are circumstances where you could lose your rights to payments or where your Faculty Plan benefits could decrease in value, including:

- Amounts invested under the Faculty Plan may increase or decrease in value based on the performance of the investment options you choose.
- The University's contributions to the Faculty Plan may be reduced if they exceed certain IRS limits (see *University Contributions,* page 50).
- Payments from the Faculty Plan may be based on a valuation date that is not the date benefit payments are made; in this case, the payment amount may not be equal to the fair market value of assets as of the date of the payments.
- Some annuity contracts may impose surrender charges on certain dispositions of the contracts; these charges are disclosed in the investment materials you receive from the investment vendors.
- Because the Faculty Plan is a defined contribution plan established under Code section 403(b), if the Plan were terminated, your benefits would not be insured under Title IV of ERISA.
- All or a portion of your Faculty Plan account may be assigned under a qualified domestic relations order (QDRO) as described on page 65.
- If you do not keep your current address on file with each investment vendor that holds benefits under the Faculty Plan on your behalf, benefit payment could be delayed.

## Key Facts About the Faculty Plan

*Plan Name*

Retirement Income Plan for Teaching Faculty of Harvard University

*Plan Year*

The Plan year for the Faculty Plan is the calendar year.

*Plan Sponsor*

Harvard University
Cambridge, MA 02138-3846

*Employer Identification Number of Plan Sponsor*

04-2103580

*Plan Number*

002

*Plan Administrator*

The Faculty Plan is administered by the University:

Harvard University
c/o Harvard Human Resources, Benefits
114 Mt. Auburn Street, 4th Floor
Cambridge, MA 02138
Phone: (617) 496-4001

As Plan Administrator, the University has the discretionary authority to interpret and administer the Faculty Plan. Subject to a request for review of denied claims, its decisions are final and binding.

*Agent for Legal Process*

The agent for service of legal process is the University, at:

Office of the General Counsel
Harvard University
Richard A. and Susan F. Smith Campus Center, Ninth Floor
1350 Massachusetts Avenue
Cambridge, MA 02138-3846

*Plan Benefits*

Under the Faculty Plan, annuity contracts and custodial accounts described in Code section 403(b) hold your Faculty Plan accumulations.

*Plan Funding*

Faculty Plan benefits are funded from University contributions.

*Plan Termination Insurance/Pension Benefit Guaranty Corporation (PBGC)*

The Faculty Plan is a defined contribution plan and as such, is not subject to, nor covered by, federal plan termination insurance.

*Type of Plan*

The Faculty Plan is a defined contribution Code section 403(b) plan and is intended to comply with ERISA section 404(c).

SECTION 5

## Table of Contents

## Investing Under the Harvard University Retirement Programs

The following investment information applies to Individual Investment Accounts under the 2001 Staff Retirement Program and the 1995 Retirement Program, and to accounts under the Retirement Income Plan for Teaching Faculty of Harvard University and the Harvard University Tax-Deferred Annuity Plan (collectively, these accounts are referred to in this section as the “Defined Contribution Plans”). The Basic Retirement Account benefit under the 1995 Retirement Program is invested by the University.

The Defined Contribution Plans are designed to allow participants to choose from a menu of carefully chosen investment options offered by Fidelity Investments, the Vanguard Group, and TIAA-CREF. It is important to choose investments that align with your objectives and work for your investing style.

Our Defined Contribution Plans are designed in keeping with section 404(c) of the Employee Retirement Income Security Act of 1974 (ERISA) and Title 29 of the Code of Federal Regulations Section 2550.404c-1. You and your beneficiaries can exercise control over the assets contributed to and accumulated under them, by:

- Accessing the information you need to make informed investment decisions and responsibly invest your account; and
- Choosing from a broad range of investment options for your assets based on this information.

Since the Plan fiduciaries—including the investment vendors—are obligated (with certain limited exceptions) to follow the investment instructions given by you or your beneficiary, they are generally not responsible for any losses that result from these investment decisions.

From time to time, the University reviews the investment options available under the Defined Contribution Plans, and adds or deletes options as needed. If you do not make an investment election, the University has the authority to choose one or more “default” investments that qualify as a qualified default investment alternative (QDIA) described in ERISA section 404(c)(5) and Title 29 of the Code of Federal Regulations Section 2550.404c-5.

If you fail to choose any investment, then all of your retirement program accounts will be automatically invested, by default, in one QDIA, specifically, the Vanguard Target Retirement Fund with a target date closest to the year in which you will reach age 65. If you choose an investment vendor but fail to choose any investment option(s) offered by that investment vendor, then that portion (or all) of your account will be automatically invested in the QDIA maintained by that vendor. For more information, please contact the Harvard University or your investment vendor(s). (See page 66 for contact information.)

### Investment Options

When you enroll in the Defined Contribution Plans, you need to decide how to invest your account(s). First, you are encouraged to read the descriptions and disclosures of the Defined Contribution Plans’ investment options. Then, you can allocate your contributions through this simple process:

- Visit the HURC website, which may be accessed via **hr.harvard.edu**, or call (800) 527-1398 (Monday to Friday, 8 a.m.–5 p.m. ET).

- Choose from the Defined Contribution Plans' investment vendors—Fidelity, TIAA-CREF, or Vanguard—for your allocations. You can invest 100% of your contributions with a single vendor or divide your total contributions across two or more vendors, in whatever proportions you choose (allocations must use whole percentages and must equal 100%).
- Once you choose a vendor or vendors, direct the vendor(s) on how to invest your contributions from their available options by calling them or visiting their website(s). You can find your vendor contact information in the *Where to Get Help* section on page 66 of this guide, or via the HURC.
- After you choose your investments, you will receive a confirmation of your investment elections directly from the investment vendor(s).

### Investment Fees and Expenses

Commissions, sales charges, redemption or exchange fees, or other transaction fees or expenses may directly affect your Defined Contribution Plan investments. In addition, the investment options themselves may pay certain fees to their investment advisors or other service providers. Whether these fees and expenses are deducted directly from your Defined Contribution Plan account or paid indirectly by the investment vendors or the underlying investment options, they reduce your investment return. For more information, please review your investment information (including prospectuses), consult the fee disclosure material provided annually, or contact your investment vendor(s). See page 66 for contact information.

### Voting Shares

If any voting rights, tender rights, or other similar rights relate to your interest in any investment option, these rights may be passed through to you. For information regarding specific investment options, please review your investment information or contact your investment vendor(s) directly. See page 66 for contact information.

## Changing Your Plan Vendors or Investment Options

### Future Contributions

*To change one or more investment **vendors**:* To change the investment vendor to which you direct contributions visit the HURC website, which may be accessed via **hr.harvard.edu** or call (800) 527-1398.

*To change one or more investment **options**:* To change your investment options while continuing to use your current investment vendor for contributions, contact your investment vendor directly. (See page 66 for contact information.)

### Past Contributions

You can transfer investment amounts among the Defined Contribution Plans' approved vendors and investment options. To transfer Defined Contribution Plan contributions already allocated to an investment option, simply contact the investment vendor to which you wish to transfer the funds.

Since investment vendors place some restrictions on transfers—such as minimums for allocations and transfers—be sure to read your investment vendor materials carefully before you make any decisions.

## Your ERISA Rights

As a participant in the following Harvard University Retirement Programs, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA): the Harvard University Tax-Deferred Annuity Plan, the 1995 Retirement Program, the 2001 Staff Retirement Program, and the Retirement Income Plan for Teaching Faculty of Harvard University. ERISA provides that all Plan participants shall be entitled to:

### Receive Information About Your Plan and Benefits

Examine, without charge, at the Plan Administrator's office and at such other specified locations, such as work sites and union halls, all documents governing the Plans, including insurance contracts, collective bargaining agreements, and copies of the latest annual reports (Form 5500 Series) filed by the Plans 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 Plan Administrator, copies of documents governing the operation of the Plans, including insurance contracts and collective bargaining agreements, and copies of the latest annual reports (Form 5500 Series) and updated Summary Plan Descriptions. The Plan Administrator may make a reasonable charge for the copies.

Receive a summary of each Plan's annual financial report. The Plan Administrator 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 stop working under the Plans now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to have a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve months. The Plans 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 the employee benefit plans. The people who operate your Plans, called "fiduciaries" of the Plans, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, 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.

### 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 schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request copies of Plan documents or the latest annual reports from the Plans and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits 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 Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

### Assistance with Your Questions

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

## How to File a Claim for Benefits

### Claims Procedure

If you believe you are being denied any rights or benefits under the following Harvard University Retirement Programs, you (or your duly authorized representative) may file a claim in writing with the Plan Administrator: the 2001 Staff Retirement Program, the 1995 Retirement Program, the Retirement Income Plan for Teaching Faculty of Harvard University, and the Harvard University Tax-Deferred Annuity Plan. If your claim is wholly or partially denied, the Plan Administrator will notify you of its decision in writing or electronically and the notice will give:

- The specific reasons for the denial;
- Specific reference to pertinent retirement program provisions;
- A description of any additional material or information necessary for you to perfect your claim and an explanation of why such material or information is necessary;
- Information as to the steps to be taken if you wish to submit a request for review; and
- A statement of your right to bring a civil action under ERISA section 502(a) following a denial on review.

The notice will be given within 90 days after the Plan Administrator receives your claim (or within 180 days, if special circumstances require an extension of time for processing your claim, and if written notice of such extension and circumstances is given to you within the initial 90-day period).

### Review Procedure

A request for review of a denied claim must be made in writing to the University's Benefits Administrative Committee within 60 days after you receive the Plan Administrator's notice of denial. You (or your authorized representative) may:

- File a request in writing with the Benefits Administrative Committee for a review of your denied claim and of pertinent documents;
- Submit written issues and comments to the Benefits Administrative Committee; and
- Review or request (free of charge) copies of all documents, records, and other information relevant to the claim for benefits.

The Benefits Administrative Committee will notify you of its decision within 60 days (or within 120 days if special circumstances warrant, and if written notice of such extension and circumstances is given to you within the initial 60-day period) after the Benefits Administrative Committee receives your request for review. The decision on review will:

- Be provided in writing or electronically;
- Include specific reasons, including specific references to pertinent retirement program provisions;
- Be written in a manner calculated to be understood by you;
- State that you are entitled to review or request (free of charge) copies of all documents, records, or other information relevant to your claim; and
- State that you are entitled to bring action under ERISA section 502(a).

## Other Important Information

### A Note on Terminology

Whenever used in the SPDs, the term "spouse" means the individual to whom you are legally married under applicable state law, and the term "written" or "in writing" includes the use of paperless media (e.g., email or web applications) approved by the Plan Administrator.

### Benefits Administrative Committee

The University has a Benefits Administrative Committee that is asked to settle questions or disputes relating to the administration of the following Harvard University Retirement Programs: the Harvard University Tax-Deferred Annuity Plan, the 1995 Retirement Program, the 2001 Staff Retirement Program, and the Retirement Income Plan for Teaching Faculty of Harvard University. A major responsibility of this Committee is to make sure that the provisions of various benefit plans are applied properly and equitably to you and to all other participants. If you feel that you have been treated unfairly or denied benefits improperly, you are encouraged to seek a Benefits Administrative Committee review by submitting a request to the Plan Administrator.

The University, as Plan Administrator, has full power and discretion to administer and interpret the Harvard University Retirement Programs, subject to applicable requirements of law. Any determination made by the University (including the Benefits Administrative Committee) shall be final and conclusive on all persons, in the absence of clear and convincing evidence that the University or Benefits Administrative Committee acted arbitrarily and capriciously.

### Employment Rights

Neither the 2001 Staff Retirement Program, the 1995 Retirement Program, the Retirement Income Plan for Teaching Faculty of Harvard University, and the Harvard University Tax-Deferred Annuity Plan, nor this SPD creates an employment contract or any right to continued employment at the University.

### Assignment of Benefits/Qualified Domestic Relations Order (QDRO)

Your benefits under the Harvard University Retirement Programs may not be assigned or pledged to others and are not subject to the claims of creditors, except in the case of a Qualified Domestic Relations Order (QDRO). With a QDRO, the Plan Administrator may be required to direct your investment vendors to make payments from your Defined Contribution Plan investments, or to assign benefits under your Basic Retirement Account (if any), to alternate payees named in the QDRO. In this case, some or all of your Harvard University Retirement Program benefits may be legally assigned to a spouse, former spouse, child, or other dependent ("alternate payee").

You will be notified if the Plan Administrator receives an order that applies to some or all of your Harvard University Retirement Program benefits. For a free copy of your Plan's QDRO procedures, please contact:

Willis Towers Watson QDRO Service Center
P.O. Box 712728
Los Angeles, CA 90071
Attn: Harvard QDRO Team
Toll free: (855) 481-2661
Fax: (310) 789-5984
Email: WTWQDRO@willistowerswatson.com

### Taxes and Distributions from the Plans

Since federal and state income taxation rules are complicated, it's best for you to seek professional tax advice before you choose a payment option. For example, you should be aware that if you choose payment in a lump sum, it will generally be subject to 20% federal income tax withholding, plus an additional 10% federal tax penalty, if you are not age 59½ or above when payments begin. For more information about the federal income tax treatment of retirement plan distributions, please contact your tax advisor or visit **www.irs.gov** for the IRS Publication 575, Pension and Annuity Income.

You may also be able to defer taxes on your benefits by rolling over or directly transferring your lump-sum payment into another employer's retirement plan (as long as it accepts rollover contributions) or an IRA. For more information on rollovers, you can contact Harvard Human Resources, Benefits, the HURC, or your investment vendors. See below for contact information.

### Future of the Plans

The University expects to continue the Plans, but reserves the right to amend, modify, change, or terminate any of them at any time, for any reason, in its sole discretion. Except under limited circumstances, the University may not amend the Plans retroactively to deprive any participant or beneficiary of any benefit to which he or she was entitled before the amendment. The University's decision to change or terminate the Plans may be due to changes in federal or state law governing retirement benefits, the requirements of the Code or the ERISA, or any other reason. If the Plans are terminated, you will have a non-forfeitable right to your account balances under the Plans.

## Where to Get Help

### For Information on Your Investment Options

The investment vendors that offer investment options under the Defined Contribution Plans (namely, the Harvard University Tax-Deferred Annuity Plan, the 1995 Retirement Program (Individual Investment Account only), the 2001 Staff Retirement Program, and the Retirement Income Plan for Teaching Faculty of Harvard University) as of January 1, 2016 are listed below. You may contact any of these vendors directly for more information about the investment options available under the Defined Contribution Plans, including these details:

- A description of the annual operating expenses of each investment option (e.g., investment management fees, administrative fees, and transaction costs) that reduce the rate of return, and the aggregate amount of these expenses, reported as a percentage of average net assets of the investment option;
- Copies of any prospectuses, financial statements, and reports, or other materials that are provided to the Plan related to its investment options;
- A list of assets comprising the portfolio of each investment option that constitutes Plan assets within the meaning of ERISA regulations;
- Information concerning the value of shares or units in each investment option, as well as past and current investment performance of such option (determined net of expenses, on a reasonable and consistent basis); and
- Instructions for obtaining the value of shares or units in an investment option held for your benefit.

**Fidelity Investments**
82 Devonshire Street
Boston, MA 02109-3605
(800) 343-0860
http://www.fidelity.com/atwork

**TIAA-CREF**
730 Third Avenue
New York, NY 10017-3206
(800) 527-1398
http://www.tiaa-cref.org/harvard

**The Vanguard Group**
Institutional Investor Group
P.O. Box 1101
Valley Forge, PA 19482-1101
(800) 523-1188
http://www.vanguard.com

## For Information on the Harvard University Retirement Programs

For additional information concerning the Tax-Deferred Annuity Plan, the 1995 Retirement Program, the 2001 Staff Retirement Program, or the Retirement Income Plan for Teaching Faculty of Harvard University, contact the HURC at (800) 527-1398.

Plan Administrator
Harvard University
c/o Harvard Human Resources Benefits
114 Mt. Auburn Street, 4th Floor
Cambridge, MA 02138
Phone: (617) 496-4001
Fax: (617) 496-3000
Email: benefits@harvard.edu