

PACIFIC UNIVERSITY

SECTION 403(b) PLAN

AMENDED AND RESTATED
Effective: *October 1, 2017*

PACIFIC UNIVERSITY SECTION 403(b) PLAN

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Pacific University Section 403(b) Plan

ARTICLE I - Introduction

Section 1.1 - Purpose

Pacific University has established this Section 403(b) Plan for its Employees pursuant to Section 403(b) and limited by Section 415 of the Internal Revenue Code of 1986, as amended.

Section 1.2 - Effective Date

The Effective Date of this restated Plan is October 1, 2017. The Plan was originally adopted January 1, 1947.

ARTICLE II - Definitions and Construction

Section 2.1 - Definitions

The following words and terms as used in this Plan shall have the meanings set forth below, unless a different meaning is clearly indicated by the context:

- (a) **Added Retirement Account:** The account maintained by the Investment Company derived from Employer Added Retirement Contributions under Section 4.4 made on an Employee's behalf plus income earned with respect to such contributions.
- (b) **Added Retirement Contributions:** The contributions made by the Employer under the Plan as set forth in Section 4.4.
- (c) **Agreement for Participation and Reduction in Compensation (or Salary Reduction Agreement):** The contract to be entered into between each participating Employee and the Employer setting out the terms of the Employee's participation in the Plan.
- (d) **Alternate Payee:** A spouse, former spouse, child or other dependent of a Participant who is recognized by a Domestic Relations Order as having a right to receive all, or a portion of, the benefits payable to the Participant.
- (e) **Annuity Starting Date:** The Annuity Starting Date for a Participant is the first day of the first period for which an amount is paid as an annuity or any other form.
- (f) **Beneficiary:** Any person designated by the Participant to receive benefits which may be payable upon or after a Participant's death. Benefits payable to Beneficiaries shall be bound by any limitations on the rights of a Participant.
- (g) **Code:** The Internal Revenue Code of 1986, as amended.
- (h) **Committee:** The Board of Trustees, or the persons appointed by the Board of Trustees for the purpose of administering this Plan.
- (i) **Compensation:** Compensation means all cash compensation for services to the Employer, including salary, wages, bonuses, and overtime pay, that is includible in the Employee's gross income for the calendar year, plus amounts that would be cash compensation for services to the Employer includible in the Employee's gross income for the calendar year but for a compensation reduction election under Code Sections 125, 132(f), 401(k), 403(b), or 457(b) (including an election under Section 4.2 made to reduce compensation in order to have Elective Deferrals under the Plan), but excluding fringe-type benefits, such as housing or automobile allowances and gift cards, and excluding payments under the Voluntary Termination of Service Program. Additionally, Compensation also shall include differential wage payments made by an Employer after December 31, 2008 to reservists during active military duty, to the extent such amounts are required to be treated as W-2 wages subject to income tax withholding.

- (j) **Direct Rollover:** A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.
- (k) **Distributee:** A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the Alternate Payee under a Qualified Domestic Relations Order, as defined in Section 414(p) of the Code, are Distributees with regard to the interest of the spouse or former spouse.
- (l) **Domestic Relations Order:** Any judgment, decree, or order, including approval of a property settlement agreement, which relates to the provision of child support, alimony payments, or marital property rights to a spouse or former spouse, child, or other dependent of a Participant, and is made pursuant to a state domestic relations law, including a community property law.
- (m) **Elective Deferrals:** The sum, for an Employee for any calendar year, of Employer contributions under a salary reduction agreement (within the meaning of Section 3121(a)(5)(D) of the Code).
- (n) **Eligible Employee:** All Employees of the Employer are Eligible Employees unless the Employee is a student.
- (o) **Eligible Retirement Plan:** An Eligible Retirement Plan means an annuity contract or custodial account described in Section 403(b) of the Code, an individual retirement plan or individual retirement annuity described in Section 408 of the Code, a trust described in Section 401(a) of the Code, and an eligible plan under Section 457(b) of the Code, which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in Section 414(p) of the Code.
- (p) **Eligible Rollover Distribution:** An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include:
 - (1) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten years or more;
 - (2) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code;
 - (3) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities);
and
 - (4) any amount that is distributed on account of hardship.

- (q) **Employee:** An individual for whom the Employer pays or is required to pay FICA taxes by reason of his or her performance of services for the Employer. A person classified by the Employer as an independent contractor is not an Employee.
- (r) **Employee Anniversary Date:** An Employee's date of hire and the same day of each year thereafter.
- (s) **Employer:** Pacific University, a tax exempt entity under Section 501(c)(3) of the Code.
- (t) **Employment Year:** A twelve-month period commencing on an Employee's Anniversary Date and ending on the day immediately preceding the Employee's next Anniversary Date.
- (u) **Hardship Distribution:** A distribution to an Employee on account of immediate and heavy financial need of the Employee that is necessary to satisfy the need, as described in Section 5.4(a)(2). Hardship Distributions are only available to the extent funds are held by TIAA.
- (v) **Includible Compensation:** Includible Compensation means an Employee's actual wages in box 1 of Form W-2 for a year for services to the Employer, but subject to a maximum of \$270,000 (or such higher maximum as may apply under section 401(a)(17) of the Code) and increased (up to the dollar maximum) by any compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including any Elective Deferral under the Plan). The amount of Includible Compensation is determined without regard to any community property laws. To the extent permitted by the Code, payments made after Severance from Employment shall be considered Includible Compensation.
- (w) **Investment Company:** The Investment Company is the insurance company and/or trust company or registered investment company providing Tax Sheltered Products, as determined by the Board from time to time.
- (x) **Maximum Annual Additions:** The Maximum Annual Addition means the annual addition that may be contributed or allocated to a Participant's account under the Plan for any year, which is the lesser of:
 - (1) \$49,000, for 2009 as adjusted for increases in the cost-of-living under Section 415(d) of the Code, or
 - (2) 100 percent of the Participant's Includible Compensation, within the meaning of Section 415(c)(3) of the Code, for the limitation year. The compensation limit referred to in (2) shall not apply to any contribution for medical benefits after separation from service (within the meaning of Section 401(h) or Section 419A(f)(2) of the Code) which is otherwise treated as an annual addition. Compensation also shall include differential wage payments made by an Employer after December 31, 2008 to reservists during active military duty.

Annual Additions as used in this Section means the sum for any year of the Employer contributions and Employee contributions (if any).

- (y) **Maximum Elective Deferral:** The Maximum Elective Deferral for any calendar year means the indexed amount contained in Code Section 402(g)(1), in effect for the taxable year (\$18,000 in 2017); provided, however, that a Qualified Employee shall be entitled to make a special election under Code Section 402(g)(7) in any Plan Year that the Employer constitutes a Qualified

organization and provided further an eligible Participant shall be entitled to make a catch-up contribution to the extent permitted under Section 4.5 and Section 414(v) of the Code.

- (z) **Participant:** An Employee of the Employer who has fulfilled the eligibility requirements for this Plan and for whom the Employer is making or has made contributions to the Plan on the Employee's behalf, whether under a salary reduction agreement, or otherwise.
- (aa) **Participant Accounts:** The Participant's Voluntary Deferral Accounts, the Participant's Rollover Accounts, and the Participant's Added Retirement Account (if any).
- (bb) **Plan:** Pacific University Section 403(b) Plan as set forth herein, or as it may be hereafter amended and revised.
- (cc) **Plan Administrator:** The Plan Administrator is the Employer. The Employer may designate an individual or Committee to carry out any of its administrative functions under the Plan.
- (dd) **Plan Anniversary Date:** The Plan Anniversary Date is January 1 of each year.
- (ee) **Plan Fiduciary:** The Plan Fiduciary is the Plan Administrator.
- (ff) **Plan Year:** The period commencing on a Plan Anniversary Date and ending on the day immediately preceding the next Plan Anniversary Date.
- (gg) **Qualified Domestic Relations Order:** A Domestic Relations Order which creates or recognizes the existence of an Alternate Payee's right to receive all or a portion of the benefits payable to a Participant, and which meets all of the requirements of Section 414(p) of the Code.
- (hh) **Qualified Employee:** Any Employee who has completed 15 or more Years of Service (as defined in Section 403(b)(4) of the Code) with the Employer.
- (ii) **Qualified Organization:** Any organization described in Section 402(g)(7)(B) of the Code, which includes any educational organization, hospital, home health service agency, health and welfare service agency, church, or convention or association of churches.
- (jj) **Required Beginning Date:** The date on which distributions from the Plan must commence to be paid to a Participant. A Participant's Required Beginning Date is April 1 following the later of:
 - (1) the year the Participant attains age 70½, or
 - (2) the year the Participant separates from service of the Employer.
- (kk) **Rollover Account:** The account of a Participant to which one or more Rollover Contributions have been made, plus income earned with respect to such contributions.
- (ll) **Rollover Contribution:** One or more contributions to a Participant's Rollover Account, consisting of an Eligible Rollover Distribution from an Eligible Retirement Plan.
- (mm) **Severance from Employment:** Severance from Employment with the Employer and any related entity.
- (nn) **Tax Sheltered Product:** An annuity contract purchased under Section 403(b) of the Code for an employee by an employer described in Section 501(c)(3) or for an employee of an educational

organization described in Section 170(b)(1)(A)(ii) of the Code. Such term shall also include custodial accounts as permitted under Section 403(b)(7) of the Code.

- (oo) **Vendor.** The selected provider of an annuity contract or custodial account.
- (pp) **Voluntary Deferral Accounts:** The accounts maintained by the Investment Company derived from Employer contributions made pursuant to salary reduction agreements plus income earned with respect to such contributions.
- (qq) **Year of Service:** Year of Service means a 12-month period (computation period) during which the Eligible Employee completes 1,000 or more Hours of Service. For purposes of eligibility for participation in Employer contributions, an Eligible Employee will receive a Year of Service if the individual worked at least half-time for an educational institution during the entire twelve-month period preceding employment with the Employer.

Section 2.2 - Construction

Unless some other meaning or intent is apparent from the context, the plurals shall include the singular and vice versa, and masculine, feminine and neuter words may be used interchangeably.

ARTICLE III - Eligibility for Participation

Section 3.1 - Conditions of Eligibility

All Eligible Employees may participate on a voluntary, salary reduction basis, and make Elective Deferrals under the Plan effective with the Employee's date of employment. Such Elective Deferrals shall be subject to a minimum of \$200.00 per year.

All Eligible Employees, except adjunct faculty, [IKT2]are eligible to receive Employer contributions as described in Section 4.4 after the Employee has completed one (1) Year of Service with the Employer.

Individuals deemed by the Employer to be independent contractors are not eligible to receive Employer contributions. If an individual is classified as an Independent Contractor by the Employer, the individual will be deemed ineligible to receive Employer contributions, even if the individual is determined to be a common law employee pursuant to government audit or litigation.

Section 3.2 - Agreement to Participate

- (a) Each Employee having met the conditions of eligibility set forth in Section 3.1, and desiring to participate in the Plan, shall enter into an Agreement for Participation and Reduction in Compensation with the Employer. The Plan Administrator may approve modifications to the form of the Agreement provided the basic intent and purpose are preserved and it continues to meet the requirements of Section 403(b) of the Code.
- (b) The Agreement shall in all cases be executed by the Employee and the Employer in advance of the effective date for any agreed reduction in compensation, and shall be continuous until modified or terminated by mutual consent of the Employee and the Employer.
- (c) If an Employee does not elect to participate in the Plan as of the date on which the Employee first meets the conditions for eligibility, such Employee may nevertheless apply for participation and agree to enter into the Agreement effective as of any succeeding pay period.
- (d) An Employee shall be entitled to modify his or her Agreement for Participation and Reduction in Compensation as of any monthly pay period.

Section 3.3 - Effective Dates for Participation

- (a) ***Enrollment for Elective Deferrals:*** An Eligible Employee may commence participation in the Plan effective with the first or any subsequent pay period coinciding with, or following the Employee's date of employment.

- (b) ***Enrollment for Employer Contributions:*** An Eligible Employee will be enrolled in the Plan for purposes of receiving Added Retirement Contributions described in Article 4.4 as of the first pay period on or after the Employee satisfies the conditions of eligibility in Section 3.1.

ARTICLE IV - Funding

Section 4.1 - Method of Funding

The benefits provided by this Plan shall be funded exclusively through the purchase of Tax Sheltered Products issued by the Investment Company. Each custodial account shall provide for it to be impossible, prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, for any part of the assets and income of the custodial account to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries

- (a) Each Participant or Beneficiary shall direct the investment of his or her account among the investment options available under the annuity contract or custodial account in accordance with the terms of the Tax Sheltered Product. Transfers among annuity contracts and custodial accounts may be made to the extent provided in the Individual Agreements and permitted under the Code.
- (b) The terms and conditions of the Tax Sheltered Product shall be considered part of, and shall be construed as having been incorporated into, this Plan.
- (c) Each Tax Sheltered Product shall be fully vested in the Employee, and shall not be subject to forfeiture on any condition of employment or termination for cause or otherwise, and shall comply in every respect with the requirements of Section 403(b) of the Code.
- (d) The Plan Administrator shall maintain a list of all Vendors under the Plan. Such list is hereby incorporated as part of the Plan. Each Vendor and the Plan Administrator shall exchange such information as may be necessary to satisfy the Code or other requirements of applicable law. In the case of a Vendor which is not eligible to receive Elective Deferrals under the Plan (including a Vendor which has ceased to be a Vendor eligible to receive Elective Deferrals under the Plan), the Employer shall keep the Vendor informed of the name and contact information of the Plan Administrator in order to coordinate information necessary to satisfy the Code or other requirements of applicable law.

The Employer will make contributions (including deferrals) to the following Vendor:

TIAA

The Employer will no longer make contributions to the following Vendor, but existing participants may continue to hold funds in an account with this Vendor.

AIG Retirement (also known as VALIC)

Section 4.2 - Elective Deferrals

Each Eligible Employee who desires to make Elective Deferrals under the Plan shall enter into an Agreement for Participation and Reduction in Compensation with the Employer. Under such an Agreement, the participating Employee shall specify a reduction in compensation equal to a percentage of the Employee's Compensation, or a specific dollar amount.

- (a) The reduced amounts of the Employee's compensation shall be used by the Employer to purchase Tax Sheltered Products for the benefit of the Employee.

- (b) All amounts paid to the Investment Company for the purchase of Tax Sheltered Products under this Section, shall be credited by the company to the Employee's Voluntary Deferral Account.
- (c) Elective Deferrals under the Plan shall be transferred to the applicable Funding Vehicle within 15 business days following the end of the month in which the amount would otherwise have been paid to the Participant, unless an earlier date is required by applicable law or the terms of employment.

Section 4.3 - Rollover Contributions

- (a) Each Participant who receives an Eligible Rollover Distribution from an Eligible Retirement Plan may make a Rollover Contribution to this Plan.
- (b) Any Rollover Contribution made to this Plan shall be invested, as designated by the Participant, in any of the Tax Sheltered Products permitted under the Plan.
- (c) All Rollover Contributions paid to the Investment Company shall be credited by the company to the Participant's Rollover Account.
- (d) Rollover Contributions are not Elective Deferrals and are disregarded for purposes of the limitations under Section 4.5.

Section 4.4 - Contributions by Employer

- (a) ***Added Retirement Contributions***

The Employer shall make Added Retirement Contributions to each Eligible Employee that has satisfied the participation requirements for Employer contribution in the amount of 8.5% of Compensation per pay period from January 1, 2009 through June 30, 2009, and 9% of Compensation per pay period effective July 1, 2009, subject to the applicable limit of Section 4.5 in effect at the time.

- (b) ***Post-Retirement Contributions***

The Employer, in its discretion, may make post-retirement contributions in an amount determined by the Employer to a Participant who was eligible to receive Employer contributions under Section 3.1. at the time that the Participant terminated employment. For the purposes of the limitations on any post-retirement contribution, "compensation" means compensation which is includible in gross income (including elective deferrals) for the most recent one Year of Service, and which precedes the former employee's taxable year by no more than five years.

- (c) ***Investment of Employer Contributions***

All amounts paid to the Investment Company for the purchase of Tax Sheltered Products under this Section shall be credited by the company to the Participant's Added Retirement Account.

Section 4.5 - Limitations on Contributions

(a) ***Limitation on Total Contributions:***

The Employer shall not enter into any Agreement for Participation and Reduction in Compensation that will result in contributions by the Employer that will exceed the Maximum Annual Additions as described in Section 415(a)(2) and 415(c) of the Code. For purposes of Section 403(b)(2)(A)(ii) of the Code, any amounts deferred under Section 457(a) of the Code shall be treated as an amount described in Section 403(b)(2)(A)(ii) of the Code. For purposes of these limitations, Rollover Contributions are disregarded.

(b) ***Limitation on Elective Deferrals:***

(1) Notwithstanding the limitations determined under paragraph (a), above, Elective Deferrals under the Plan for any year shall in no event exceed the Maximum Elective Deferrals as defined in Section 402(g) of the Code.

(2) Any Participant who makes Elective Deferrals under this Plan and under a plan described in Section 457(a) of the Code in the same taxable year shall have a combined Elective Deferral limit applied which is the lesser of the limit under Section 402(g) of the Code or the applicable limit under Section 457(b)(2)(A), as indexed, or Section 457(b)(3) of the Code.

(c) If the total contributions under Section 4.5(a) would exceed the Maximum Annual Additions as described in Sections 415(a)(2) and 415(c) of the Code, or if Elective Deferrals under Section 4.5(b) would exceed the Maximum Elective Deferrals as described in Section 402(g) of the Code or combined deferrals under this Plan and under a plan described in Section 457(a) of the Code would exceed the combined limit under Section 4.5 (b)(2), above, for any year, a lesser contribution shall be made for that year. Such lesser contribution, shall be equal to the maximum allowed under (a) or (b) above, whichever is applicable.

Notwithstanding the limitations of this section 4.5, all Employees who are eligible to make contributions under Section 4.2 and who have attained age 50 before the close of the Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, Section 414(v) of the Code. Such catch-up contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing any other requirements of the Code by reason of the making of such catch-up contributions. The maximum dollar amount of the age 50 catch-up Elective Deferrals for a year is \$5,500 for 2009, and is adjusted for cost-of-living after 2009 under the Code.

(d) If contributions on behalf of a Participant actually exceed the limitations of Section 4.5(a) or (b) above, for any year, the amount that exceeds such limitations for that year will be immediately distributed to the Participant as income subject to Federal Income Tax in the calendar year deferred.

- (1) Contributions on behalf of a Participant that exceed the limitations of Section 4.5(a), or Elective Deferrals that exceed the limitations of Section 4.5(b) shall be distributed from the Participant's Voluntary Deferral Account.
 - (2) Earnings for the year attributable to Elective Deferrals that exceed the limits under Section 402(g) of the Code shall be distributed from the Plan no later than April 15 of the year following the calendar year such excess occurred.
- (e) An Employee whose employment is interrupted by qualified military service shall be have made or be allowed to make such contributions that are permitted or required under Code Section 414(u).

ARTICLE V - Benefits

Section 5.1 - Retirement Benefits

(a) Normal Retirement Benefit

A Participant may elect to receive benefits on any date elected after separation from service, but no later than the Participant's Required Beginning Date. The benefit will be paid in the form of a single lump sum of all or a portion of the Participant's entire account balance, unless an optional form of benefit is selected prior to the Participant's Annuity Starting Date:

(b) Optional Form of Benefits

In lieu of the benefit provided in Section 5.1(a), a Participant may elect to receive such Participant's Accounts under any of the optional forms of benefits available under the Tax Sheltered Products.

Such optional forms include, but are not limited to:

- (1) payments over a fixed period;
- (2) a life annuity with or without a period certain; or
- (3) a joint and survivor annuity.

Any optional form of benefit payment shall not provide benefits to the Participant or the Participant and the Participant's Beneficiary which will extend for a period beyond the life expectancy of such Participant or the joint life expectancies of the Participant and the Participant's Beneficiary. If the Participant's Beneficiary is not the Participant's spouse, then the life expectancy of the Participant's Beneficiary shall not be more than 10 years more than the life expectancy of the Participant.

(c) Required Distributions

Notwithstanding any other provision of this Section, minimum distributions attributable to benefits accrued after December 31, 1986, shall commence to be paid to a Participant no later than such Participant's Required Beginning Date. All minimum distributions will be made in compliance with Code Section 401(a)(9) and regulations thereunder.

(d) Small Account Balances

The terms of the Tax Sheltered Product may permit distributions to be made in the form of a lump-sum payment, without the consent of the Participant or Beneficiary, but no such payment may be made without the consent of the Participant or Beneficiary unless the account balance does not exceed \$5,000 (determined without regard to any separate account that holds rollover contributions) and any such distribution shall comply with the requirements of Code Section 401(a)(31)(B) (relating to automatic distribution as a direct rollover to an individual retirement plan for distributions in excess of \$1,000).

Section 5.2 - Death and Disability Benefits

- (a) **Death or Disability.** If a Participant dies or becomes disabled before distributions to the Participant begin, distribution of benefits under Section 5.1 may be elected at any time, commencing no later than the month in which the Participant would have attained age 70½.

- (b) **Death After Benefit Commencement**

If distributions from the Plan commence before the death of the Participant, any amount not distributed during the Participant's life must be distributed at least as rapidly as under the method of distribution to the Participant.

- (c) **Death Benefits Under USERRA-Qualified Active Military Service**

Effective for deaths occurring on or after January 1, 2007, in the case of a Participant who dies while performing qualified military service under Code section 414(u), the Participant's survivors are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan had the Participant resumed and terminated employment on account of death, in accordance with the requirements of Code section 401(a)(37).

Section 5.3 - Benefits at Severance from Employment

- (a) If a Participant has a Severance from Employment on a basis other than that described in Section 5.1 or 5.2, above, the Participant shall be entitled to commence receiving immediate (as soon as administratively feasible) distributions from the Plan.
- (b) The Participant may defer receipt of benefits until such date elected after Severance from Employment, but no later than the Participant's Required Beginning Date.
- (c) Benefits payable after Severance from Employment shall be paid in the form specified in Section 5.1(a), unless a different form of benefit is elected by the Participant. A Participant may elect to have all or any portion of an Eligible Rollover Distribution paid as a Direct Rollover to an Eligible Retirement Plan.

Section 5.4 - In-service Distributions

- (a) **Voluntary Deferral Account:**

- (1) Except to the extent required under Section 4.5(d) or Section 5.6(b) of this Plan, distributions from the value of contributions and earnings accruing in a Participant's Voluntary Deferral Account funded with annuity contracts after December 31, 1988 and all vested contributions and earnings held in a Custodial Account under Section 403(b)(7) may not be made prior to the earliest of the following events: the Participant's attainment of age 59½, the Participant's separation from service, the Participant's death, the Participant becomes disabled (as defined under Section 72(m)(7) of the Code), or, in the case of hardship to the Participant.
 - (2) **Hardship Distributions:** If a distribution is made due to hardship, contributions may be distributed to the extent of the hardship need, but no earnings may be distributed for hardship purposes, and all Elective Deferrals must cease for at least six months following

such a distribution. Any distribution for hardship *must* be on account of the Employee's immediate and heavy financial need *and* may not exceed the amount necessary to satisfy the need.

- (i) Immediate and heavy financial need means any of the following:
 - (I) Uninsured medical expenses as defined in Code section 213 that have already been incurred by the Employee, the Employee's spouse, child (whether or not custodial) or a dependent of the Employee, or such expenses that have not already been incurred, provided prepayment of the expenses is necessary to allow such persons to obtain medical services;
 - (II) The purchase (excluding mortgage payments) of a principal residence for the Employee;
 - (III) Payment of tuition, related educational fees, or room and board expenses for the next twelve months of post-secondary education of the Employee, the Employee's spouse, child or dependent, including graduate school and any approved trade or technical school;
 - (IV) Payment to prevent eviction of the Employee from his principal residence or foreclosure of a mortgage or other financing lien on the Employee's principal residence;
 - (V) Payment of burial or funeral expense for the Employee's deceased parent, spouse, child or dependent;
 - (VI) Expenses for the repair of damage to the Employee's principal residence that would qualify for the casualty deduction under Code Section 165 (determined without regard to whether such loss exceeds 10% of adjusted gross income); or
 - (vi) any other expense designated by the Internal Revenue Service as an immediate and heavy financial need.
- (ii) Amount Necessary to Meet the Need: A distribution is an amount necessary to satisfy an immediate and heavy financial need if all of the following requirements are met:
 - (I) the distribution does not exceed the need;
 - (II) the Employee has obtained all distributions (other than Hardship Distributions) and nontaxable loans currently available under all plans maintained by the Employer;
 - (III) The Employee is prohibited from making Elective Deferrals and Employee contributions under this Plan and all other plans of the Employer for at least six months after receipt of the Hardship Distribution. All other plans of the Employer means all qualified and non-qualified plans of deferred compensation maintained by the Employer. It does not include a health or welfare benefit plan;

The amount of an immediate and heavy financial need may include any amounts necessary to pay any federal, state, or local income taxes, or excise taxes reasonably anticipated, to result from the distribution.

Hardship distributions are not permitted from accounts held with VALIC.

- (b) **Rollover Account:** Distributions from a Participant's Rollover Account are permitted at any time.
- (c) **Employer Added Retirement Contribution Account:** Except to the extent required under Section 4.5(d) or Section 5.6(b) of this Plan, distributions from a Participant's Added Retirement Contribution Account shall be permitted as described under Section 5.4(a)(1).

Section 5.5 - Qualified Domestic Relations Order

- (a) **Requirements for Qualification:** A Domestic Relations Order must meet all of the following requirements to be a Qualified Domestic Relations Order:
 - (1) The order must specify:
 - (i) the name and the last known mailing address (if any) of the Participant and the name and mailing address of each Alternate Payee covered by the order,
 - (ii) the amount or percentage of the Participant's benefits to be paid by the Plan to each such Alternate Payee, or the manner in which such amount or percentage is to be determined,
 - (iii) the number of payments or period to which such order applies, *and*
 - (iv) each Plan to which such order applies.
 - (2) The order must not require:
 - (i) the Plan to provide any type or form of benefit, or any option, not otherwise provided for under the Plan,
 - (ii) the Plan to provide increased benefits, (determined on the basis of actuarial value), *and*
 - (iii) the payment of benefits to an Alternate Payee which are required to be paid to another Alternate Payee under another order previously determined to be a Qualified Domestic Relations Order.
- (b) **Qualification Requirements Exception:**
 - (1) In general, in the case of any payment before a Participant has terminated employment, a Domestic Relations Order shall not fail to meet the qualification requirements solely because such order requires that payment of benefits be made to an Alternate Payee:

- (i) on or after the date on which the Participant attains (or would have attained) the earliest retirement age,
 - (ii) as if the Participant had retired on the date on which such payment is to begin under such order (but taking into account only the present value of the benefits actually accrued and not taking into account the present value of any Employer subsidy for early retirement), *and*
 - (iii) in any form in which such benefits may be paid under the Plan to the Participant (other than in the form of a joint and survivor annuity with respect to the Alternate Payee and his or her subsequent spouse).
- (2) For purposes of this paragraph, the earliest retirement age shall be the date which is the earlier of:
 - (i) the date on which the Participant is entitled to a distribution under the Plan, *or*
 - (ii) the later of:
 - the date the Participant attains age 50, *or*
 - the earliest date on which the Participant could begin receiving benefits under the Plan if the Participant separated from service.
- (3) Notwithstanding distribution limitations under the Plan and Section 403(b) of the Code to the contrary, distributions shall be made to an Alternate Payee under a Qualified Domestic Relations Order and, if provided for in such order, such distribution may be made as soon as is administratively feasible as permitted under Section 414(p)(10) of the Code.
- (c) **Survivor Benefits:** If provided for in a Qualified Domestic Relations Order:
 - (1) The former spouse of a Participant shall be treated as a surviving spouse of such Participant for purposes of Section 417 of the Code, and
 - (2) If married for at least one (1) year, the surviving spouse shall be treated as meeting the requirements of Section 417(d) of the Code.

Section 5.6 - Qualified Domestic Relations Order Notice and Procedures

- (a) In the case of any Domestic Relations Order received by the Plan:
 - (1) the Plan Administrator shall promptly notify the Participant and any other Alternate Payee of the receipt of such order and the Plan's procedures for determining the qualified status of Domestic Relations Orders; and
 - (2) within a reasonable period after receipt of such order, the Plan Administrator shall determine whether such order is a Qualified Domestic Relations Order and notify the Participant and each Alternate Payee of such determination.

- (b) The Plan shall establish reasonable procedures to determine the qualified status of Domestic Relations Orders and to administer distributions under such qualified orders.

Section 5.7 - Optional Direct Rollover

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Article V, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator and permitted by the Income Tax Regulations, to have any portion of an Eligible Rollover Distribution paid in a Direct Rollover to an Eligible Retirement Plan specified by the Distributee. Each Vendor shall be separately responsible for providing, within a reasonable time period before making an initial eligible rollover distribution, an explanation to the Participant of his or her right to elect a direct rollover and the income tax withholding consequences of not electing a direct rollover.

Section 5.8 – Contract and Custodial Account Exchanges

- (1) A Participant or Beneficiary is permitted to change the investment of his or her account balance among the Vendors under the Plan, subject to the terms of the Tax Sheltered Product. However, an investment change that includes an investment with a Vendor that is not eligible to receive contributions (referred to below as an exchange) is not permitted unless the conditions in paragraphs (b) through (d) of this Section are satisfied.
- (b) The Participant or Beneficiary must have an account balance immediately after the exchange that is at least equal to the account balance of that Participant or Beneficiary immediately before the exchange (taking into account the account balance of that Participant or Beneficiary under both 403(b) contracts or custodial accounts immediately before the exchange).
- (c) The Tax Sheltered Product with the receiving Vendor has distribution restrictions with respect to the Participant that are not less stringent than those imposed on the investment being exchanged.
- (d) The Employer enters into an agreement with the receiving Vendor for the other contract or custodial account under which the Employer and the Vendor will from time to time in the future provide each other with the following information:
 - (1) Information necessary for the resulting contract or custodial account, or any other contract or custodial accounts to which contributions have been made by the Employer, to satisfy Code Section 403(b), including the following: (i) the Employer providing information as to whether the Participant's employment with the Employer is continuing, and notifying the Vendor when the Participant has had a Severance from Employment; (ii) the Vendor notifying the Employer of any hardship withdrawal; and (iii) the Vendor providing information to the Employer or other Vendors concerning the Participant's or Beneficiary's 403(b) contracts or custodial accounts or qualified employer plan benefits to enable a Vendor to determine the amount of any plan loans, rollover accounts and eligibility for a hardship withdrawal; and
 - (2) Information necessary in order for the resulting contract or custodial account and any other contract or custodial account to which contributions have been made for the Participant by the Employer to satisfy other tax requirements, including the following: (i) the amount of any plan loan that is outstanding to the Participant; and (ii) information concerning the

Participant's or Beneficiary's after-tax employee contributions in order for a Vendor to determine the extent to which a distribution is includible in gross income.

- (e) If any Vendor ceases to be eligible to receive Elective Deferrals under the Plan, the Employer will enter into an information sharing agreement to the extent the Employer's contract with the Vendor does not provide for the exchange of information described above.

Section 5.9 - Nonalienation of Benefits

The rights of Participants and their Beneficiaries to receive benefits hereunder, shall not be subject to assignment and, to the extent permitted by law, the Participant's Account values and any payments therefrom shall not be subject to claims of creditors nor to legal processes.

Notwithstanding the above, to the extent Federal law requires an exception to the nonalienation rule for a Qualified Domestic Relations Order under Section 414(p) of the Code, such express exception will be recognized, but no other exceptions shall be recognized for any purposes.

ARTICLE VI - Claims and Procedures for Appeals

Section 6.1 - Application for Benefits

Because Tax Sheltered Products purchased by the Employer are the sole source of benefits under this Plan, all applications for benefits must be made to the Plan Administrator in writing on forms furnished by the applicable Investment Company in accordance with the terms of the contract under which any such claim is made. The company shall respond to any such application within a reasonable period of time.

Section 6.2 - Claims Denial

If any application for benefits is denied in whole or in part, the Plan Administrator shall furnish the participating Employee (or the Employee's Beneficiaries) with written notice of the specific reasons for the denial and with a description of any additional information needed from, or further steps required of, the Employee (or the Employee's Beneficiaries).

- (a) Notice of the decision shall be furnished to the participating Employee or the Employee's Beneficiary within 90 days after receipt of the application by the Plan Administrator.
- (b) If special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 90-day period. Such extension will, in no event, exceed a period of 90 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the plan expects to render the final decision.
- (c) The notice shall include:
 - (1) The specific reason or reasons for the denial.
 - (2) Specific reference to pertinent plan provisions on which the denial is based.
 - (3) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and
 - (4) Appropriate information as to the steps to be taken if the Participant or Beneficiary wishes to submit his or her claim for review.

Section 6.3 - Appeal of Claims Denial

If the Employee Participant's claim for benefits is denied, the claimant or the claimant's duly authorized representative will have a reasonable opportunity to appeal the denial.

- (a) A request for review may be made upon written application to the Plan Administrator. The claimant or the claimant's representative shall have the right to review pertinent documents, and submit issues and comments in writing.

- (b) The claimant will have at least 60 days after the receipt of a written notification of claims denial to file a request for review with the Plan Administrator.
- (c) The Plan Administrator will make a decision not later than 60 days after its receipt of a request for review unless special circumstances require an extension of time for processing. If an extension is required, the decision will be made no later than 120 days after receipt of a request for review.
 - (1) If an extension of time is required, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension.
 - (2) The decision on review shall be in writing and shall include specific reasons for the decision, as well as specific references to the pertinent Plan provisions on which the decision is based.
 - (3) The decision on review shall be furnished to the claimant within 60 days after the Plan Administrator's receipt of the request for review unless special circumstances require an extension. If the decision on review is not furnished within such time, the claim shall be deemed denied on review.

ARTICLE VII - Administration of Plan

Section 7.1 – Plan Administrator

The Plan shall be administered by the Employer. The Employer may designate an individual or Committee to carry out its administrative functions under the Plan.

Section 7.2 - Duties of the Plan Administrator

The Plan Administrator shall have such duties and powers as shall be appropriate or reasonably necessary to carry out the administration of the Plan.

The Plan Administrator shall exercise such authority and responsibility as it deems appropriate in order to comply with the Employment Retirement Income Security Act of 1974, the Tax Reform Act of 1986, and governmental regulations issued thereunder, which may include, but not be limited to:

- (a) Prepare and distribute information explaining the Plan to Participants and Beneficiaries receiving benefits under the Plan;
- (b) File any reports or documents required by law with the IRS or Department of Labor, if any;
- (c) Maintain records of each Participant's service, accrued benefit and vested interest;
- (d) Make available to Participants and Beneficiaries receiving benefits any and all reports and documents relating to the Plan or its administration required by law to be supplied to them;
- (e) Furnish the Employer, upon request, such annual reports with respect to the administration of the Plan as are reasonable and appropriate;
- (f) Report any event indicating a need for termination of the Plan; and
- (g) Furnish each Participant a written explanation of the terms and conditions of the benefit option at the following times:
 - (1) At least 90 days after the Participant gives notice of the Participant's intent to elect retirement;
 - (2) Upon the Participant's request.

Section 7.3 - Powers of the Plan Administrator

The Plan Administrator shall have exclusive authority, in its completed and absolute discretion, to construe and interpret the Plan and to resolve all questions concerning eligibility and the amount, manner and time of making contributions pursuant to the Plan. The Plan Administrator's powers shall include, but not be limited to the following:

- (a) Enforce the Plan on behalf of any and all persons having or claiming any interest under the Plan;

- (b) Adopt such policies, rules and regulations as it may deem necessary or desirable to carry out the provisions of the Plan, which policies, rules and regulations may be changed from time to time in light of experience;
- (c) Decide all questions arising in the administration, interpretation and application of the Plan, including without limitation, questions of eligibility of Employees and of the status and rights of Participants, Beneficiaries and any other persons hereunder, and questions submitted by the Investment Company on matters necessary for such company properly to discharge their duties, powers and obligations;
- (d) Prescribe forms which it may consider necessary or desirable for use in connection with the operation of the Plan; and
- (e) Decide any dispute arising hereunder. The decisions and determinations of the Plan Administrator made in good faith upon any matter within the scope of its authority shall be conclusive and binding on all persons.
- (f) Delegate such of its duties as it shall determine appropriate to persons or entities who shall acknowledge in writing that they have accepted such delegation and are fiduciaries under the Plan with respect to such duties.

Section 7.4 - Indemnification of Fiduciaries

- (a) The Employer shall indemnify and defend any Plan fiduciary who is an officer, director, or Employee of the Employer from any claim or liability that arises from any action or inaction in connection with the Plan to the extent allowed by law:
 - (1) Coverage shall be limited to actions taken in good faith that the fiduciary reasonably believed were not opposed to the best interest of the Plan; and
 - (2) Coverage shall be reduced to the extent of any insurance coverage.
- (b) The Employer shall indemnify and defend any other fiduciary from any claim or liability arising from action or inaction based on direction from the Employer or its officers, directors, or Employees absent willful misconduct, gross negligence or bad faith.

Section 7.6 - Miscellaneous

- (a) ***Information:***

The Employer shall furnish the Plan Administrator with such information as may be reasonably necessary to enable the Plan Administrator to perform its duties hereunder and such information, to the extent taken from the records of the Employer, shall be controlling upon the Plan Administrator and all other persons and parties in interest unless the Employer shall otherwise agree.

(b) ***Compensation:***

Unless otherwise provided by the Employer, no individual or committee member appointed by the Employer to serve as the Plan Administrator shall receive any compensation for the member's services as such.

ARTICLE VIII - Loans

Section 8.1 - Loans

Unless otherwise provided in the terms of employment, loans shall be permitted under the Plan to the extent permitted by Code Section 72(p) and the Tax-Deferred Product from which the loan is made and by which the loan will be secured except that loans are not available from funds held in a VALIC account.

Section 8.2 – Information Coordination Concerning Loans

Each Vendor is responsible for all information reporting and tax withholding required by applicable federal and state law in connection with distributions and loans. To minimize the instances in which Participants have taxable income as a result of loans from the Plan, the Administrator shall take such steps as may be appropriate to coordinate the limitations on loans, including the collection of information from Vendors, and transmission of information requested by any Vendor, concerning the outstanding balance of any loans made to a Participant under the Plan or any other plan of the Employer. The Administrator shall also take such steps as may be appropriate to collect information from Vendors, and transmission of information to any Vendor, concerning any failure by a Participant to repay timely any loans made to a Participant under the Plan or any other plan of the Employer.

ARTICLE IX - Amendment and Termination

Section 9.1 - Right to Amend or Terminate Plan

The Employer expressly reserves the right to terminate the Plan at any time that the Board of Trustees of the Employer shall determine that for financial or other reasons it is necessary and desirable to do so, or to amend the Plan at any time and in any manner.

Section 9.2 - Availability of Benefits on Termination

If the Plan is terminated in whole or in part, all Tax Sheltered Products being held by the Investment Company for the Employees affected by such termination shall be delivered to, or be subject to withdrawal by, such Employees at any time (subject to the restrictions of Section 403(b)(7) and Section 403(b)(11) of the Code) upon written request therefore directed to such company or its representatives designated by the Plan Administrator.

Section 9.3 - Limitation of Employer's Obligation

While this Plan remains in effect, the Employer's obligation shall be limited to making the Tax Sheltered Product purchases provided for under the Plan. The Employer shall in no event be responsible for, or guarantor of, the payment of any benefit or other amount due under the Tax Sheltered Products purchased pursuant to this Plan.

Section 9.4 – Right to Cease Relationship with Investment Company

The Employer may elect to terminate its relationship with any Investment Company with respect to receiving future Employee and/or Employer Contributions, but may elect to keep existing amounts currently invested in the Investment Company's Tax Sheltered Product or, alternatively, the Employer may elect to transfer all amounts to be invested in a new Tax Sheltered Product. Upon election by the Employer to transfer all investments to a new Tax Sheltered Product, the Investment Company will value all accounts on the selected date of transfer and make such transfers as directed by the Employer.

ARTICLE X - Plan Acceptance

As evidence of its acceptance, Pacific University has caused its name to be signed to this Plan, this
_____ 2 _____ day of _____ October _____, 2017.

PACIFIC UNIVERSITY

By

Mike Malley

Title

Vice President for Finance & Administration