

**THE UNIVERSITY OF SOUTHERN CALIFORNIA**  
**RETIREMENT SAVINGS PROGRAM**

**SUMMARY PLAN DESCRIPTION**

**March 2021**

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## **INTRODUCTION**

The University of Southern California offers eligible faculty and staff a Retirement Savings Program that involves contributions from both you and the university.

This Summary Plan Description has been prepared to explain the major provisions of the USC Retirement Savings Program in effect as of March 1, 2021, and to try to answer some of the questions you might have. *Although all possible care has been taken in the preparation of this Summary Plan Description, it is not the official text of the university's retirement plans. In the event of any inconsistency between the information in this Summary and in the plans themselves, or to the extent the plans contain more complete or detailed information or rules, the provisions of the plans will prevail.*

Copies of the actual plan documents are available for inspection in the Office of Retirement Plan Administration during regular business hours. You may also contact the Office of Retirement Plan Administration if you have any questions about this Retirement Savings Program.

En este folleto se encuentra un resumen en inglés de los derechos y beneficios incluidos en el Plan de Jubilación y en el Plan de Impuestos-Diferidos del Personal de Apoyo de la Universidad del Sur de California. Si le es difícil comprender cualquier parte de este folleto, póngase en contacto con el Centro de Servicios de Recursos Humanos en CUB (213-821-8100).

### **IMPORTANT NOTE FOR THE 2021 PLAN YEAR**

The University has announced that employer non-elective contributions under the Retirement Savings Program will be suspended for 2021. Eligible employees will continue to receive the University's matching contributions but will not receive 5% non-elective contributions for 2021.

## **I. PROGRAM BACKGROUND**

### **1. What is the USC Retirement Savings Program?**

Under the Program, you will automatically receive a university non-elective contribution of 5% of your eligible pay for each pay period after you become eligible, even if you do not contribute to the Program. The Program also provides you with the opportunity to contribute up to 5% of your eligible pay each pay period and receive a matching university contribution of up to 5% of your eligible pay for the pay period. Further, in addition to your “Matched Employee Contributions,” which are your contributions up to 5% of your eligible pay, you may also contribute additional “Supplemental Employee Contributions” up to the applicable federal limit. In this Summary Plan Description, the term “USC Non-Elective Contribution” refers to the automatic 5% university contribution and the term “USC Match Contribution” refers to the matching contributions the university makes with respect to your Matched Employee Contributions (up to an additional 5% if you make a 5% Matched Employee Contribution).

The “Retirement Savings Program” is the nickname for two underlying plans: the University of Southern California Defined Contribution Retirement Plan (the 401(a) plan under which USC Non-Elective and USC Match Contributions are made) and the University of Southern California Tax-Deferred Annuity Plan (the 403(b) plan under which your Matched Employee Contributions and Supplemental Employee Contributions are made).

You are given a number of investment options for all amounts (that is, your Matched Employee Contributions, your Supplemental Employee Contributions, your USC Non-Elective Contribution, and your USC Match Contributions) contributed under the Retirement Savings Program on your behalf. You may select from these options the combination that best suits your needs and objectives. The Retirement Savings Program is intended to be responsive to your personal situation and competitive with the retirement programs offered by other institutions.

### **2. What was the university’s retirement program prior to July 1, 2007?**

Prior to July 1, 2007, the university offered two separate programs, one for non-exempt staff and one for faculty and exempt staff.

- As part of the Non-Exempt Staff Retirement Program, eligible non-exempt staff participated in a defined benefit plan called the Support Staff Retirement Plan (the “Staff Plan”). Effective June 30, 2007, for non-union participants and participants covered by the university’s collective bargaining agreement with OPEIU Local 30, the Staff Plan was amended to freeze benefits as of June 30, 2007 and to fully vest each participant who was an employee on June 30, 2007. Effective December 23, 2009, for participants covered by the university’s collective bargaining agreement with Unite Here Local 11, the Staff Plan was amended to freeze benefits as of December 23, 2009 and to fully vest each participant who was an employee on December 23, 2009. Vested benefits under the Staff Plan will be paid in accordance with the terms of that plan. Please see the summary plan description for the Staff Plan (available at <https://employees.usc.edu/files/2020/04/SSRP-SPD.pdf>) for more

information. Nonexempt staff were also permitted to make voluntary pre-tax contributions up to the applicable federal limit. If you made voluntary contributions under the prior programs, your accounts and/or contracts under the new Program include your voluntary contributions, which are subject to the same rules as Supplemental Employee Contributions under the new Program.

- Eligible faculty and exempt staff participated in a defined contribution program that provided for mandatory 5% employee contributions and 10% university contributions. In addition, faculty and exempt staff were permitted to make voluntary pre-tax contributions up to the applicable federal limit. If you were a participant in this program prior to July 1, 2007, your accounts and/or contracts under the new Program include your prior mandatory contributions, voluntary contributions and university contributions. Your prior mandatory contributions are subject to the same rules as Matched Employee Contributions, and your prior voluntary contributions are subject to the same rules as Supplemental Employee Contributions under the new Program. Likewise, university contributions under the prior program are subject to the same rules as USC Match Contributions under the new Program.

You may contact the HR Service Center if you have questions about your retirement benefits under one or both of the prior retirement programs.

### **3. How are plan accounts from merged physician practice group retirement plans treated?**

The following plans were merged into the Program on July 1, 2009:

- USC Head and Neck Associates Medical Group, Inc. Profit Sharing Plan
- Doheny Eye Medial Group, Inc. Defined Contribution Retirement Plan
- USC Neurologists, Inc. Retirement Plan
- USC Family Medicine, Inc. Retirement Plan
- USC Internal Medicine, Inc. Faculty Retirement Plan

The following plans were merged into the Program on June 30, 2011:

- USC Imaging Associates, Inc. 403(b) Plan
- USC Radiology Associates, Inc. 403(b) Plan

The following plan was merged into the Program on December 31, 2013:

- Health Research Association 403(b) Retirement Plan

Your account balance(s) under the prior physician practice group plan were transferred to the Program and can be viewed in your quarterly statements or online with your provider.

## II. ELIGIBILITY AND PARTICIPATION

### 4. Who may participate in the USC Retirement Savings Program?

Generally, if you are employed by the university, you are eligible to become a Participant in the USC Retirement Savings Program. However, you are not eligible to participate in the Program for purposes of Matched Employee Contributions, USC Non-Elective Contributions, and USC Match Contributions if:

- you are enrolled as a student at the university and your employment is incidental to your enrollment;
- for periods prior to January 1, 2012, you were paid on a per diem basis;
- you are characterized as a “post-doctoral fellow” by the University or you are hired in the classification of “post-doctoral research associate” or “post-doctoral teaching associate” with an initial appointment effective on or after July 1, 2012;
- you are eligible to participate in the Keck Medicine of USC 401(k) Retirement Plan (for example, if you are employed at USC Verdugo Hills Hospital or are a USC Physician Associates or Las Vegas Culinary Healthcare Center employee) or any other 403(b) or 401(k) plan sponsored by USC;
- you are employed by another employer and your services have been leased to the university;
- your employment is governed by a collective bargaining agreement the terms of which do not provide for your participation in the Program;
- you are a non-resident alien with no U.S. source income;
- you are not paid through the university’s regular payroll; or
- you are a resource employee.

Furthermore, you are not eligible to make Supplemental Employee Contributions if either:

- you are enrolled as a student at the university and your employment is incidental to your enrollment;
- you are eligible to participate in the Keck Medicine of USC 401(k) Retirement Plan (for example, if you are employed at USC Verdugo Hills Hospital or are a USC Physician Associates or Las Vegas Culinary Healthcare Center employee) or to make salary deferral contributions to any other 403(b) or 401(k) plan sponsored by USC;
- you are a non-resident alien with no U.S. source income; or
- you are an employee of another employer and your services have been leased to the university.

If you are employed not by the university itself, but instead by a related employer, you will be notified if that employer is a Participating Employer in the Program. You may also obtain a list of Participating Employers from the HR Service Center. For purposes of this Summary, the term “university” will be used to include both the university and any other Participating Employers, except with reference to the university’s right to administer the Program and the university’s right to modify or terminate the Defined Contribution Retirement Plan, the Tax-Deferred Annuity Plan, or both, as described in Question 36 of this Summary.

**5. When will I become a Participant for purposes of Matched Employee Contributions, USC Non-Elective Contributions and USC Match Contributions?**

If you are eligible to participate (see Question 4), you must first complete a “Year of Eligibility Service” and attain age 21 to begin participation in the Program for purposes of Matched Employee Contributions, USC Non-Elective Contributions and USC Match Contributions. Generally, you will complete a Year of Eligibility Service after a 12-month period of employment beginning on your date of employment or reemployment (if you have not previously completed a Year of Eligibility Service). You will also receive credit toward this 12-month period for any period of severance of less than 12 consecutive months.

If you were a student employee of the university and subsequently become a non-student employee, you will have to complete a Year of Eligibility Service beginning on the date upon which you become a non-student employee unless you were credited with at least 1,000 “hours of service” in your first year of student employment or in any Plan Year beginning after your first hour of service as a student employee. In general, you are credited with “hours of service” for hours you work and for certain other hours for which you are entitled to be paid (such as paid vacation and holidays).

Prior to January 1, 2019, an eligible employee was required to complete an Eligibility Period, in which he or she completed at least 500 hours of service for the university during a 6-month period. The 6-month period for this purpose began on the employee’s first day of work and, if necessary, each January 1 and July 1 after that day until the employee completed 500 hours of service in a period. As of January 1, 2012, an employee who was not paid on an hourly basis (as determined on the university’s records) was credited with 190 hours for each calendar month in which he or she was credited with one hour of service. (Prior to January 1, 2012, an employee who regularly worked half time or more throughout a 6-month period was treated as completing 500 hours of service during that period.) If an employee did not complete a six-month with 500 hours of service in his or her first year of employment, the employee still may have become a Participant if he or she was credited with at least 1,000 hours of service during that year.

You are also credited with service for periods during which you are absent due to a military leave, provided that you return to work for the university while you have a right to reemployment under federal law.

In certain circumstances, you may receive credit for service with a prior employer if that employer has been acquired by the University. For questions about your service under the Program, please contact the HR Service Center.

Once you have satisfied the Program's age and service requirements for participation, you will automatically be enrolled at the highest level of pre-tax Matched Employee Contributions, USC Non-Elective Contributions and USC Match Contributions (5% Matched Employee Contributions, 5% USC Non-Elective Contributions and 5% USC Match Contributions), effective as of the first pay period following the date on which you become eligible to participate unless you make a different election by completing an online enrollment election through Workday at least 30 days in advance of the date on which you will otherwise be automatically enrolled.

**Please note: Even if you do not complete the enrollment process through Workday, your Matched Employee Contributions will begin automatically.**

That is, your pay will be reduced on a pre-tax basis and contributions will begin as described in Questions 8 and 9 below. You should complete the enrollment process through Workday and your vendor(s) in a timely manner to ensure that contributions made to the Program on your behalf are consistent with your needs and are invested according to your preferences. Section III of this Summary describes the investment options available and how to allocate contributions made on your behalf between the options.

**6. When will I become a Participant for purposes of Supplemental Employee Contributions?**

If you are eligible to make Supplemental Employee Contributions (see Question 4), there are no age or service requirements to make Supplemental Employee Contributions. You will become a Participant once you elect to participate by completing the enrollment process through Workday. See Questions 8 and 9. Also, please see Question 10 for important information about calculating your Supplemental Employee Contributions prior to completing your Eligibility Period.

**7. What if I have a change in status or am reemployed after I have become a Participant?**

If your job status changes from an eligible position to an ineligible position, contributions will no longer be made on your behalf under the Program (except to the extent that you remain eligible for Supplemental Employee Contributions). If you become eligible for the Keck Medicine of USC 401(k) Retirement Plan, you must affirmatively enroll in the 401(k) Plan to make salary deferral contributions and receive matching contributions under the 401(k) Plan.

If your employment with the university terminates after you become a Participant and you are subsequently reemployed by the university as an eligible employee, you will automatically become a Participant again as of the first day of the pay period that coincides with or follows the date on which you again become an eligible employee (see Question 4).

If you are immediately eligible to participate upon rehire or a status change, you will be automatically enrolled to make Matched Employee Contributions of 5% of your eligible pay effective as soon as administratively practicable (generally as of the first pay period following the 30<sup>th</sup> day after your rehire or status change) unless you make a different election within that 30-day period. Please notify the HR Service Center upon rehire if you previously participated in the Program.

### III. CONTRIBUTIONS

#### 8. What contributions are made on my behalf under the Program?

The university will contribute a dollar-for-dollar matching contribution up to 5% of your Matched Employee Contributions, plus an additional automatic 5% USC Non-Elective Contribution, as shown below:

<u>Your Matched Employee Contribution</u>	<u>USC Match Contribution</u>	<u>USC Non-Elective Contribution</u>
5%	5%	5%
4%	4%	5%
3%	3%	5%
2%	2%	5%
1%	1%	5%
0%	0%	5%

The USC Match Contributions (with respect to your Matched Employee Contributions) are considered “safe harbor” contributions and allow the Program to automatically satisfy some of the IRS’ nondiscrimination rules.

In addition, if your Matched Employee Contributions (if any) do not exceed applicable IRS limits (described in Question 10), you may contribute additional Supplemental Employee Contributions up to the IRS limit.

Your Matched Employee Contributions and your Supplemental Employee Contributions are funded by you pursuant to a “Salary Reduction Election,” and USC Match and USC Non-Elective Contributions are funded by the university.

#### 9. What is a Salary Reduction Election?

Under a Salary Reduction Election, you elect to have part of your earnings contributed to the Program each pay period on your behalf. A Salary Reduction Election applies only to pay that you receive after the pay period in which you execute the Election. Salary Reduction Elections are made online through Workday. If you need assistance with your online Salary Reduction Election, you may request assistance from the HR Service Center.

**Please note: If you do not complete the online enrollment process through Workday to specify a Matched Employee Contribution election (which may be zero) before you first become eligible for Matched Employee Contributions under the Program, you will be deemed to have elected to make 5% pre-tax Matched Employee Contributions (see Question 5).**

Your Matched Employee Contributions and Supplemental Employee Contributions are made on a “pre-tax” basis or as “Roth” contributions (or a combination of the two). “Pre-tax” means that the contribution will not be included in your taxable earnings on your federal Form W-2 for the year, and you will not pay federal income taxes on the contribution until the contribution is paid to you from the Program. “Roth” contributions are made on an after-tax basis and are irrevocably designated as Roth contributions. See Question 33 for more information. Both of these contributions will reduce your current take-home pay.

**10. How Much Can I Contribute through Matched Employee Contributions and Supplemental Employee Contributions?**

Under federal law, as a general matter the sum of your pre-tax and Roth Matched Employee Contributions and Supplemental Employee Contributions cannot exceed the lesser of a specific dollar amount or 100% of your eligible earnings (less amounts necessary to satisfy withholding requirements and any other salary reductions or deductions you have elected) in any calendar year. The dollar amount is \$19,500 for 2021. If you are or will be at least age 50 during 2021, you may contribute an additional \$6,500 in 2021. (These federal limits are adjusted by the IRS from time to time.) Further, you may be eligible to contribute an additional amount if you have completed fifteen or more years of service with the university (or with your participating employer). Other rules restrict the maximum amount of these contributions as well. Please contact the HR Service Center with any questions.

**Please note: If you want to make Supplemental Employee Contributions before you are eligible to make Matched Employee Contributions, you should be sure that you will still have enough limit “left over” to make the maximum 5% Matched Employee Contributions each pay period throughout the remainder of the calendar year (so that you can receive the maximum USC Match Contribution) after you become eligible. If you “front load” your Supplemental Employee Contributions, you may not be able to make the 5% Matched Employee Contributions each pay period necessary to receive the maximum USC Match Contribution for the year. If you would like assistance with your contribution calculations, please contact the HR Service Center.**

**11. Is there an overlap between my Matched Employee Contributions and my Supplemental Employee Contributions?**

Yes, although these two types of contributions are record-kept as separate sources under the Program and are subject to different in-service distribution and loan rules (see Questions 23 and 25). Your Matched Employee Contributions and your Supplemental Employee Contributions are subject to the same IRS annual limit (see Question 10), which applies to the

total of your pre-tax and Roth Matched Employee Contributions and your pre-tax and Roth Supplemental Employee Contributions.

**Example:** After Mark satisfies the Program's age and service requirements, he is automatically enrolled in the Program at the highest level of contributions, effective January 1, 2021. Mark has eligible earnings of \$1,923 each pay period. For his Matched Employee Contributions, his pay is reduced each pay period by 5% (or \$96.15). For 2021, his total Matched Employee Contributions will be \$2,499.90 (or \$96.15 x 26 pay periods). If Mark wants to make Supplemental Employee Contributions up to the IRS limit for 2021, his maximum amount of Supplemental Employee Contributions is determined by subtracting \$2,499.90 from the 2021 IRS limit applicable to Mark.

**12. Can I contribute to the Program on both a pre-tax and Roth basis?**

Yes. Your Matched Employee Contributions and Supplemental Employee Contributions may consist of all pre-tax contributions, all Roth contributions, or a combination of the two types - the decision is yours. Ultimately, making a sound decision hinges on your estimation of the taxes you think you will pay in retirement. If you expect your tax rate to be the same or higher in retirement than it is now, you might be better off with Roth contributions. However, if you are in your peak earning years now, and you figure your tax bracket will be lower in retirement, you may benefit more from continuing with your pre-tax contributions. In reality, though, no one can predict with certainty what tax rates will be in the future and it is for the reason that Roth contributions will be more appealing to those Participants who decide that it is better to pay taxes at the current rates than to take a tax deferral now and pay the taxes at the then current tax rates in the future. You should also take into account the special distribution rules described in Question 23. You should discuss your personal situation with your tax advisor.

**13. May I change the amount of my Matched Employee Contributions and Supplemental Employee Contributions?**

You may change the amount and type (pre-tax or Roth) of your Matched Employee Contributions and Supplemental Employee Contributions at any time by filing a new Salary Reduction Election through Workday. In addition, you are free to revoke your Salary Reduction Election in its entirety as to pay you have not yet earned. Changes and revocations must be made through Workday and will generally be effective as soon as administratively practicable, usually as of the first day of the pay period following the date on which the change or revocation is processed.

**14. What are my Eligible Earnings for purposes of the Program?**

“Eligible earnings” means earnings paid to you by the university for services rendered to the university, including your regular base salary or wages plus any summer supplements, at-risk compensation, disability plan payments or workers compensation paid by the university under a disability plan or workers compensation plan sponsored by the university, bonuses, overtime pay, administrative stipends, merit awards, overload payments, shift differential, tips, sick leave

buy-back and other similar compensation you may receive. Eligible earnings are determined before any reduction for your Matched Employee Contributions or your Supplemental Employee Contributions or any reduction under the university's Code section 125, 132(f)(4), or 457 plans or programs. However, "eligible earnings" do not include housing, automobile, mobile phone, and other allowances, imputed compensation, debt forgiveness, cash advances for expenses, restoration payments, contributions to and payments from a deferred compensation plan, any tuition or other benefits paid by the university not described above, severance pay or pay in lieu of notice paid after severance from employment or any amounts paid by the university as agent for an entity other than a Participating Employer (*e.g.*, paymaster or sponsorship payments) or certain otherwise eligible earnings that are not paid within the later of 2 ½ months after severance from employment or the last day of the year in which your employment terminates. The Internal Revenue Code limits the earnings which may be taken into account under the Defined Contribution Retirement Plan for any year. The limit for 2021 is \$290,000. This limit is adjusted by the Internal Revenue Service from time to time for cost-of-living increases.

**15. When will I become vested in my accumulations under the Program?**

"Vesting" refers to the portion of your accumulations under the Program that you are entitled to receive when you become eligible for payments. You are at all times fully vested in your own contributions, your USC Match Contributions and any rollover contributions (see Question 16 below) under the Program.

If you were an eligible employee on December 31, 2011, you are also fully vested in your USC Non-Elective Contributions.

If you were not an eligible employee on December 31, 2011, you will earn a vested interest in your USC Non-Elective Contributions under the vesting schedule set forth below:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
Less than 1	0%
1	25%
2	50%
3	75%
4 or More	100%

You will also become fully vested if you attain age 65 or die while an employee or if you become disabled (as described in Question 27).

You earn a year of vesting service for each calendar year in which you are credited with at least 1,000 hours of service.

If your employment with the university terminates before you are fully vested in your USC Non-Elective Contributions, the unvested portion will be forfeited upon the earlier of a full

distribution of your vested account balance in the Defined Contribution Retirement Plan or the last day of the year in which you have had a 5 year break-in-service (that is, a period of 5 consecutive years in which you are credited with fewer than 501 hours of service). If you are rehired before you have a 5 year break-in-service, the forfeited amount will be restored (without earnings) as long as you repay the prior distribution by the 5<sup>th</sup> anniversary of your reemployment.

**16. May I make contributions to the Retirement Savings Program from another retirement plan?**

You may make “rollover contributions” to the Tax-Deferred Annuity Plan, and your rollover contributions will be subject to the same rules as Supplemental Employee Contributions. In order to make such a contribution, you must demonstrate to the Plan Administrator that the contribution is eligible as a “rollover contribution” under the provisions of the Internal Revenue Code and satisfies the plan’s requirements for rollover contributions. It is possible that not all annuity contracts and mutual fund accounts (see Question 17 below) will accept such contributions. More information about rollover contributions is available from the HR Service Center. Note: Prior to August 1, 2002, the Defined Contribution Retirement Plan accepted rollover contributions from certain other retirement plans. Such rollover contributions will remain in the Defined Contribution Retirement Plan and are subject to the terms of that plan.

**IV. INVESTMENT OF RETIREMENT SAVINGS PROGRAM ASSETS**

**17. How are contributions to the Retirement Savings Program invested?**

In general, contributions to the Retirement Savings Program made on your behalf, including USC Match Contributions, USC Non-Elective Contributions, your Matched Employee Contributions and your Supplemental Employee Contributions, will be invested according to your directions from among a number of investment options offered by a variety of investment providers. Currently, the investment providers include Fidelity Investments (“Fidelity”) TIAA, and The Vanguard Group (“Vanguard”).

Prior to July 1, 2007, the investment options also included a variable rate group annuity contract issued by SunAmerica, the returns on which are based on the performance of the underlying SunAmerica funds you selected. This investment option was frozen to new participants effective April 1, 2007 and to new contributions from all participants effective July 1, 2007. In addition, previously, a fixed-rate group annuity contract issued by Mutual Benefit Life Assurance Company also held contributions under the Program. However, these amounts were transferred to SunAmerica in 1999 and may remain invested with SunAmerica or be transferred to another available investment option at your direction. Please contact SunAmerica or the HR Service Center with any questions you may have.

Prior to April 29, 2016, the investment options included options through Prudential Insurance Company of America (“Prudential”). To the extent possible under applicable annuity contract terms, Prudential assets were transferred to Fidelity, but you may have assets remaining with Prudential which may remain invested with Prudential or be transferred to another available

investment option at your direction. Please contact Prudential or the HR Service Center with any questions you may have.

Certain TIAA options were frozen to new contributions and transfers, effective April 29, 2016. You may transfer amounts from those frozen funds to active TIAA funds or another available investment option, but you may not transfer assets into those funds. Please contact TIAA or the HR Service Center with any questions you may have.

Please note: the university does not have the contractual right to move the amounts invested with the frozen providers (SunAmerica and Prudential) or invested in the frozen TIAA funds to currently available investment options. You are encouraged to review the fee disclosure and other information available about these frozen investments to ensure that they continue to meet your financial needs. Please contact the providers if you wish to move your assets or have questions about these frozen options.

Information concerning the investment options currently offered under the Program by each investment provider (Fidelity, TIAA and Vanguard) is available to you online through each provider's website and on the benefits page on the USC website. The information includes descriptions of the investment objectives, risk and return characteristics and information relating to the type and diversification of assets making up the portfolio of each mutual fund or annuity contract. You will also receive information about the fees and expenses associated with the available investment options. Please contact either the HR Service Center or the providers for more information.

*You are strongly encouraged to read carefully all of the descriptions and disclosure materials relating to the investment options available before making investment selections.*

Contributions to the Retirement Savings Program made on your behalf are allocated in a two-step process. First, you must direct the university how to allocate contributions made on your behalf among the available investment providers (Fidelity, TIAA and Vanguard) by completing a Salary Reduction Election online through Workday. You may change the provider(s) with which the contributions made on your behalf are invested at any time by making a new Salary Reduction Election through Workday. Your USC Match Contributions and USC Non-Elective Contributions will be allocated to the provider(s) in the same manner as you elect in your Salary Reduction Election. **If you do not select a provider for your contributions, the university will direct any contributions made on your behalf to Fidelity to be invested in the age-appropriate Vanguard Target Retirement Fund (based on when you will turn age 65).** (If you became a Participant prior to April 29, 2016, and failed to select a provider, your contributions have been and continue to be directed to Vanguard to be invested in the age-appropriate Vanguard Target Retirement Fund.)

Second, you must direct each investment provider how to allocate the contributions among the investment options available from that provider directly through that provider's website. Each provider will send you confirmation of your investment elections. If you select a provider but fail to give investment directions to a provider, that provider is directed to invest

your contributions in the age-appropriate Vanguard Target Retirement Fund on your selected provider's recordkeeping platform, as applicable.

**Example:** Mary completed into a Salary Reduction Election, electing to reduce her pay each pay period by 5%. On her Salary Reduction Election, Mary directed the university to allocate 3% each pay period to her Fidelity mutual fund account and 2% to the annuity contract issued by TIAA. In order to direct the investment of the amounts allocated to the Fidelity mutual fund account and the TIAA annuity contract among the various funds available, Mary directed the investment allocation of her account with each provider through each provider's website. Mary's investment elections apply to both her contributions and the contributions that the university makes on her behalf.

### **18. How do I direct my investments?**

As described above, separate materials from the investment providers (Fidelity, TIAA and Vanguard) provide details on the mechanics of directing your investments among investment vehicles offered by the providers as well as transferring amounts between investment providers. In general, you may transfer amounts accumulated under the Program for your benefit among and between the various investment providers and the investment options offered by the providers on a daily basis. *However, the individual providers do have some restrictions on transfers (some have minimums for allocations and transfers, others restrict the transfer of funds out of their contracts). It is important that you read the investment provider material carefully before you make any allocation decisions.*

The rules governing investment under the Retirement Savings Program apply not only to you, but also to your beneficiaries (should you die) or alternate payees (if a portion of your annuity contracts or mutual fund account is transferred under a divorce or separation order; see Question 32 below).

In general, each investment provider will send quarterly account statements directly to you or electronically (depending on the provider's policy). You may change the way you receive your statements by contacting your investment provider(s).

### **19. Who is responsible for investment gains and losses?**

Both the Tax-Deferred Annuity Plan and the Defined Contribution Retirement Plan, the underlying plans which comprise the Retirement Savings Program, are intended to constitute plans described in section 404(c) of the Employee Retirement Income Security Act ("ERISA"), and Title 29 of the Code of Federal Regulations section 2550.404c-1. Both plans provide you and your beneficiaries with the opportunity (and the responsibility) to exercise control over the assets contributed and accumulated on your behalf under the plans by allowing you to choose from a broad range of investment alternatives the manner in which these assets will be invested, and by providing you with information necessary to make informed decisions with respect to the investment options under the plans and the incidents of ownership that arise from those investments. The fiduciaries of the plans are obligated (with certain limited exceptions) to

comply with these instructions. As a result, fiduciaries of the plans are generally relieved of liability for any losses which are the direct and necessary result of investment instructions given by you or your beneficiary.

**20. Are there any investment fees or expenses?**

There may be commissions, sales charges, redemption or exchange fees, or other transaction fees or expenses which directly affect your annuity contracts and mutual fund accounts under the Retirement Savings Program. Additionally, the funds underlying many of the annuities and the mutual fund accounts may themselves pay certain fees to their investment advisors or other service providers. Any such fees or expenses, whether deducted directly from your contracts or accounts or paid indirectly by the investment providers or the underlying funds, effectively reduce the return on your contracts and accounts. For more and specific information, please consult the investment information (including prospectuses) provided to you by each investment provider or contact the investment providers directly.

**21. Who will vote fund shares allocated to my custodial accounts or annuity contracts?**

If any voting rights, tender rights, or other similar rights are incidental to your interest in any annuity contract or mutual fund accounts under the Retirement Savings Program, such rights may be passed through to you.

**22. What additional information about investments is available?**

Each year, you will receive participant fee disclosure intended to satisfy certain requirements under applicable Department of Labor regulations. You may obtain a written copy of this disclosure concerning the investment options available under the Retirement Savings Program by contacting the HR Service Center. You may request a prospectus directly from the applicable investment provider.

## **V. DISTRIBUTIONS**

**23. When will I receive payments under the Retirement Savings Program?**

The Retirement Savings Program is intended to help you to save for your future, including retirement. However, you will become entitled to receive your accumulations under the Program when your employment with the university ends. Also, if you remain employed by the university, you will be entitled to make withdrawals from your annuity contracts and accounts under the Program under limited circumstances:

- After you reach age 59½, to the extent such amounts are vested and as provided under each contract and account.
- You may also be entitled to make withdrawals of certain vested amounts under the Program while you are employed by the university if you become entitled to a Social

Security disability benefit (see Question 27) or if you incur a financial hardship under IRS rules (see Question 26).

- You may borrow from your vested contracts or accounts (see Question 25) to the extent provided under each contract and account and the terms of the Program.
- Your annuity contract and mutual fund account balances will be paid to your beneficiaries when you die, as explained in Question 30.

Please note: Generally, any withdrawals of your Roth contributions (including earnings) after you reach 59½, die or become disabled will not be subject to federal income tax, provided that you have held the Roth contribution account for at least five years. Any other withdrawal of your Roth contributions will be subject to federal income tax with respect to any earnings and may be subject to a 10% penalty if you are under age 59½.

#### **24. How are benefits paid?**

Your vested accumulations under the Retirement Savings Program will be paid out as you select according to the terms of the annuity contracts and mutual fund accounts in which your accumulations are invested. However, the following, general rules apply to all benefit payments from the Retirement Savings Program:

- If you are **not married** on the date payments are to begin, unless you elect otherwise your benefit will be paid in a single life annuity, payable in monthly payments during your lifetime. No amounts will be paid to your beneficiary.
- If you are **married** on the date payments are to begin, benefits will be paid in the form of a “qualified joint and survivor annuity” unless you elect otherwise as described below. A “qualified joint and survivor annuity” is an annuity that pays a lifetime periodic benefit to you, generally monthly, and after your death pays a periodic benefit to your surviving spouse during his or her remaining lifetime. The amount of the monthly benefit paid to you is smaller than the monthly benefit of a single life annuity. The amount of the periodic benefit payable to your surviving spouse is at least 50%, but may not be more than 100%, of the periodic benefit payable during your lifetime.

If you are married when payments are to begin, you may choose to receive benefits in a form other than a qualified joint and survivor annuity or to name a survivor payee other than your spouse, subject to the terms of each annuity contract and mutual fund account. Such a waiver or naming of a substitute beneficiary requires the written consent of your spouse, properly notarized or witnessed on a form provided by the investment providers. (For purposes of the Program, your spouse is the person to whom you are legally married.)

Information is available from each investment provider through the provider’s website (accessible through links provided at [www.usc.edu/benefits](http://www.usc.edu/benefits)) describing the optional forms of benefit payments available under specific annuity contracts and mutual fund accounts. Most contracts and accounts allow payments in single-sum distributions, installment payments, and

various annuity options. You should contact each provider with which your Retirement Savings Program accumulations are invested to obtain the proper forms for payments, including spousal consent forms. In addition, the HR Service Center is able to provide you with information and answer general benefit payment questions.

**25. May I borrow from my accumulations under the Retirement Program?**

To the extent permitted by the annuity contracts and accounts in which your Retirement Savings Program accumulations are held and subject to applicable rules, you may borrow from your vested accumulations invested with Fidelity, TIAA, and Vanguard under the Program if you are a current employee of the university. However, you are not allowed to borrow amounts attributable to Matched Employee Contributions. Loans must be in an amount of at least \$1,000, but not more than \$50,000 reduced by your highest outstanding loan balance from all contracts and accounts under all of USC's plans in the preceding 12 months. No more than one loan may be outstanding under the Retirement Savings Program at any time, and there is a seven-day waiting period between the crediting of the final payment of an outstanding loan and approval of the next loan. For purposes of the one-loan rule, outstanding loans include any loan that is deemed to have been distributed or defaulted on or after January 1, 2013 and any loan from a Prudential or SunAmerica account initiated prior to March 1, 2016. If you are married at the time you borrow from your accounts or contracts, your spouse must provide notarized consent to the loan as well. Your loan will be repaid through regular payroll deduction, which will remain in effect as long as you are employed by the university, or, in the case of a loan through TIAA, by direct payment to TIAA. Other rules also apply. More information is available from the HR Service Center and the specific providers.

**26. What if I incur a financial hardship?**

While you are still employed by the university, you may withdraw a limited amount of Retirement Savings Program accumulations attributable to your Matched Employee Contributions and your Supplemental Employee Contributions invested with Fidelity, TIAA or Vanguard upon the demonstration of a "financial hardship." You must take any distribution available to you under the Retirement Savings Program or the Keck Medicine of USC 401(k) Retirement Plan prior to receiving a hardship distribution. USC Match Contributions and USC Non-Elective Contributions are not eligible for withdrawal on account of financial hardship and neither are investment earnings attributable to your Matched Employee Contributions or your Supplemental Employee Contributions made after 1988. In addition, the amount which you may withdraw may be further limited by the specific annuity contracts and accounts in which your Retirement Savings Program accumulations are invested.

A financial hardship is defined under the Program as an immediate and heavy financial need arising from:

1. Tax-deductible medical expenses, not covered by medical insurance, incurred by you, your spouse, or any of your dependents;

2. Costs directly related to the purchase of your principal residence (excluding mortgage payments);
3. Payment of tuition, related educational fees and room and board expenses for the next 12 months of post-secondary education for you, your spouse or dependents;
4. Payments necessary to prevent eviction from your principal residence or foreclosure of the mortgage on your principal residence;
5. Payments for repairs for damage to your principal residence that would be eligible for the casualty deduction on your federal income tax return (without regard to whether the payment exceeds 10% of your adjusted gross income);
6. Burial or funeral expenses for your deceased spouse, parent, children or dependents;  
or
7. Expenses and losses (including loss of income) incurred by you on account of a disaster declared by the Federal Emergency Management Agency (FEMA), provided that your principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster.

You will be required to submit written evidence of both the nature and amount of financial need to the HR Service Center. The financial need must be outstanding to be immediate and heavy; you may not take a hardship distribution to reimburse yourself or another person or to pay off a credit card balance. If you are married at the time you request a financial hardship distribution, your spouse must provide notarized consent to the distribution. Hardship withdrawal forms are available from the providers.

Federal income tax will be withheld from the amount withdrawn (see Question 33) and penalties will apply if you are under age 59½. You may not withdraw an amount that exceeds your current financial need, although amounts withdrawn to satisfy your tax liability on a hardship withdrawal are included in the determination of your financial need.

**27. What if I become disabled?**

If you become disabled as defined under IRS rules and entitled to receive Social Security disability benefits (as determined by the Social Security Administration), you may elect to receive all or a portion of benefits under the Program. Subject to the terms of the annuity contracts and custodial accounts in which your account is invested.

**28. What if I get divorced?**

If you get divorced prior to a complete distribution of your Program accounts, a court may issue a “qualified domestic relations order” to divide your Program accounts between you and your former spouse. For more information, see Question 32. Please provide the HR Service

Center with a copy of any qualified domestic relations order issued in connection with your divorce.

Please note that your beneficiary designations will remain in effect until you take action to change your beneficiary or unless otherwise provided in a qualified domestic relations order or you remarry. Upon divorce, please review your beneficiary designations and update them as appropriate.

**29. Are there circumstances when a withdrawal must be made?**

Federal law requires the Program to begin your benefit payments no later than April 1 of the year following the later of the year in which you attain age 72 or the year of your retirement from the university. These requirements must be satisfied with respect to the amounts you have invested with each investment provider under each of the plans. Your provider(s) will contact you to inform you of the minimum amount(s) which must be distributed to you, and you must complete the necessary paperwork to ensure that you receive your minimum required distribution(s) in a timely manner. If you do not begin payments on time, you will generally be liable for additional taxes equal to 50% of the amount that should have been paid.

In addition, certain court orders, most frequently associated with divorce or marital separation, may require the Retirement Savings Program to make distributions from your annuity contracts or mutual fund accounts (or both) directly to your spouse, former spouse, or dependents, regardless of whether you have separated from service or are otherwise entitled to payments from the Program. See Question 32 for more details about such court orders.

Please see Question 23 for the permissible distribution events under the Program.

**30. What happens if I die before receiving all of my benefits?**

If you die before your retirement benefits begin, your spouse or other beneficiary designated to receive your benefits in the event of your death is entitled to receive a death benefit from your Retirement Savings Program annuity contracts and mutual fund accounts as provided in the contracts or account agreements. Payments will normally be made to your beneficiary as soon as practicable following your death and completion of the necessary forms and must comply with applicable IRS deadlines for payment. Additional information about the timing rules applicable to beneficiaries is available from the providers.

Please Note: Under the Defined Contribution Retirement Plan, if you are married at the time of your death, your surviving spouse will automatically be deemed to be your beneficiary of 100% of each annuity contract and mutual fund account unless prior to your death your spouse had consented to the designation of another beneficiary. Under the Tax-Deferred Annuity Plan, if you are married at the time of your death, your surviving spouse will automatically be deemed to be your beneficiary of at least 50% of each annuity contract and mutual fund account unless prior to your death, your spouse had consented to the designation of another beneficiary. This spousal consent is required for each annuity contract or mutual fund account for which you designate a non-spouse beneficiary. Each consent must be in writing on a form provided by the relevant investment provider, must be properly notarized or witnessed by an authorized

university representative, and may only be made at certain times. Certain limited exceptions and special rules may apply in the event of legal marital separation or where your spouse is unable to give consent. Contact the HR Service Center for more information.

If you die after your retirement benefits begin but before complete payment of your annuity contract and mutual fund account balances, your benefits will be payable to your surviving spouse or beneficiary if and to the extent provided in the form of payment already in effect.

## **VI. ADMINISTRATIVE AND OTHER IMPORTANT INFORMATION**

### **31. Could I lose my right to benefits under the Retirement Savings Program or could the value of my benefits decrease?**

There are circumstances which could cause you to lose your rights to benefit payments or decrease the value of your benefits under the Retirement Savings Program:

- Amounts invested under the Retirement Savings Program are subject to increases or decreases in value depending upon the investment options you choose and the investment performance of those options.
- If you stop contributing to the Tax-Deferred Annuity Plan, your benefits under that Plan will increase only if your annuity contracts and mutual fund accounts produce investment income. (You will continue to receive the 5% USC Non-Elective Contribution even if you stop making pre-tax and Roth Matched Employee Contributions.)
- If your contributions to the Retirement Savings Program exceed certain IRS limits (such as the limits described in Questions 10 and 32), part of your contributions may be returned to you.
- Because payments from the Retirement Savings Program may be based on a valuation date which is not the date benefit payments are made, the amount of any payments may not be equal to the fair market value of assets in the annuity contract or mutual fund account as of the date of the payments.
- Some annuity contracts may impose surrender charges on certain dispositions of the contracts. Any such charges are disclosed in the investment materials provided to you.
- All or a portion of your accumulations under the Retirement Savings Program may be assigned under a “qualified domestic relations order.” See Question 32 for more details on these orders.
- Because the Retirement Savings Program consists of two defined contribution plans, in the event the Retirement Savings Program or either plan were terminated, your benefits would not be insured under by the Pension Benefit Guaranty Corporation.

- If you do not keep your current address on file with each investment provider that holds accumulations under the Retirement Savings Program on your behalf, the payment of your benefits could be delayed.

**32. Are there any other limits or restrictions on Retirement Savings Program contributions?**

Federal law limits the maximum amount which can be contributed on your behalf under the Retirement Savings Program. Some limits apply to the dollar amount that may be contributed, while others seek to ensure that higher paid employees are not benefiting in disproportion to lower paid employees. Generally, the Program is designed such that these limits should not affect you except in unusual circumstances. However, in some cases your contributions may be returned to you, for which you will be subject to current income taxation.

*You are responsible for ensuring that none of the Internal Revenue Code contribution limitations are violated with respect to your annuity contracts and accounts under the Retirement Savings Program.* However, the university historically has estimated the annual limits as they apply to your contributions to the Program and expects to continue this practice (although it may stop performing this analysis at any time). If the university estimates your limits for a year, you will not be able to contribute more than the university's estimate to the Program during that year. You are also responsible for ensuring that your contributions to the Retirement Saving Program do not violate applicable limits taking into account any contributions you may make to another retirement plan.

Your benefits under the Retirement Savings Program may not be assigned or pledged to others and are not subject to the claims of creditors, except in the case of a qualified court order for payments such as alimony, child support and the like, and as may otherwise be required or permitted by law. To the extent required by such a court order, the Plan Administrator may be required to direct Fidelity, Prudential, SunAmerica, TIAA, Vanguard, or the Trustee of the Defined Contribution Retirement Plan to make payments from your annuity contracts or mutual fund accounts maintained under the Retirement Savings Program to alternate payees named in the order. Please contact the HR Service Center for a copy of the Program's procedures for qualified domestic relations orders.

**33. Are there income tax implications for Participants in the Retirement Savings Program?**

The rules concerning federal and state income taxation of payments from the Retirement Savings Program are complicated and you are strongly encouraged to seek professional tax advice before receiving any payments or selecting any payment option. For example, if your benefit or any portion thereof is paid in a lump sum or in installments over less than ten years, the amount paid will generally be subject to immediate 20% federal income tax withholding. In addition, you may be subject to a 10% federal penalty (and 2.5% California state penalty if applicable) if you have not yet attained age 59½. However, these payments may be eligible for a tax-free rollover to an individual retirement account ("IRA") or another eligible retirement plan. You (or your spouse or beneficiary) may elect to transfer such a distribution directly to an IRA

or other eligible retirement plan that accepts rollovers. Ask the HR Service Center or the investment providers directly for more information on these transfers. (Hardship distributions (see Question 26) are not eligible for rollover and are generally subject to 10% federal withholding.)

Generally, any withdrawals of your Roth contributions (including earnings) after you reach 59½, die or become disabled will not be subject to federal income tax, provided that you have held the Roth contribution account for at least five years. Any withdrawal prior to satisfaction of these requirements will result in taxable income with respect to any earnings (and may result in penalties if you have not yet attained age 59½). Roth contributions are eligible for rollover to a Roth IRA or an eligible retirement plan.

In certain instances, the state income taxation rules are different from the federal income taxation rules with respect to contributions to and payments from the Retirement Savings Program, and you are encouraged to seek professional tax advice with respect to state income taxes that may apply at any given time.

### **34. What are the procedures for filing a claim under the Retirement Savings Program?**

If you believe you are being denied any rights or benefits under the Program, you (or your duly authorized representative) may file a claim in writing with the Plan Administrator through the HR Service Center. If the claim is denied, in whole or in part, the Plan Administrator will notify you in writing (or electronically if permissible under applicable law), giving the specific reasons for the decision, including specific reference to the pertinent plan provisions and a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary. The notice will also include a description of the plans' review procedures, including a statement of your right to initiate arbitration proceedings with respect to the denial of your claim if your claim is denied upon review. The Plan Administrator will notify you of its decision within 90 days after it receives the claim (or within 180 days, if special circumstances exist requiring additional time, and if you have been given a written explanation for the extension within the initial 90-day period). At this time, you may request a review of the denial of the claim.

A request for review must be made in writing by you or your duly authorized representative to the Plan Administrator within 60 days after you receive the notice of denial. As part of the request, you (or your duly authorized representative) may submit written issues, comments, and information to the Plan Administrator and review or request (free of charge) copies of pertinent documents, records and other information relevant to your claim. The Plan Administrator will notify you of its decision in writing (or electronically if permissible under applicable law) within 60 days (or 120 days if special circumstances exist requiring more than 60 days and written notice of the extension is provided to you within the initial 60 day period) after the request has been received. If your claim is again denied on review, the decision will inform you of the specific reasons for the denial and will include references to pertinent plan provisions. The decision will also advise you of your rights to review or request (free of charge) copies of

relevant documents, records and other information and your right to initiate arbitration proceedings with respect to the denial of your claim.

Attached at Appendix A is a copy of the plans' full claims and appeals procedures.

**35. How are disputes about the Retirement Savings Program resolved?**

Any claim, controversy, dispute or breach arising out of or in any way related to the Retirement Savings Program will be settled by binding arbitration conducted in Los Angeles, California (or such other major city that is nearest to the Participant's workplace) before a neutral JAMS arbitrator pursuant to the JAMS Employment Arbitration Rules & Procedures (and no other rules) in effect at the time of the dispute. The neutral arbitrator shall have the authority to provide for all types of relief that would otherwise be available in a state or federal court of competent jurisdiction, and shall issue a written award. The arbitration proceedings, together with all discoveries made thereto and statements or documents exchanged by the parties in connection therewith, shall be kept confidential. Before commencing any arbitration, a Participant or beneficiary first must exhaust his or her administrative remedies under the claims and appeals procedures described in Question 34 above. Any arbitration will be conducted on an individual basis only, and not on a class, collective or representative basis. By participating in the Retirement Savings Program (including with respect to receiving any USC Non-Elective Contributions, regardless of whether the Participant elects to contribute to the Program), each Participant, on behalf of himself or herself and any beneficiary, expressly waives the right to be a part of any class action related to the Defined Contribution Retirement Plan or the Tax-Deferred Annuity Plan.

**36. May the Retirement Savings Program change or be terminated in the future?**

Although the university expects to continue the Retirement Savings Program indefinitely, it reserves the right to amend, modify or terminate the Program, the Defined Contribution Retirement Plan, or the Tax-Deferred Annuity Plan at any time. 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 prior to the amendment. In the event that either of the plans is terminated, all benefits in the terminated plan will be fully vested and will be paid in accordance with the provisions of the terminated plan. If any material modifications are made to the plans, you will be notified.

Because the Defined Contribution Retirement Plan and the Tax-Deferred Annuity Plan are defined contribution plans, the plans, and thus Retirement Savings Program benefits, are not subject to the termination insurance program under Title IV of ERISA.

**37. What are my rights under ERISA?**

As a Participant in the Retirement Savings Program, you are entitled to certain rights and protections under ERISA. ERISA provides that all plan Participants shall be entitled to:

- (a) examine, without charge, at the Office of Retirement Plan Administration and other specified locations (including worksites and union halls), all documents governing the

plans, including insurance contracts, and copies of the latest annual reports (Form 5500 series) filed by the university as the Plan Administrator with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration;

(b) obtain copies of the documents governing the operation of the plans, including insurance contracts, and copies of the latest annual report (Form 5500 series) and updated summary plan descriptions, upon written request to the Office of Retirement Plan Administration. The Office of Retirement Plan Administration may make a reasonable charge for the copies;

(c) 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 financial report;

(d) obtain a statement telling a Participant (1) the amounts credited to his or her account or contracts under the plans and (2) the total amount he or she would receive if the Participant's employment terminated now. This statement must be requested in writing and is not required to be given more than once a year. The statement must be provided free of charge.

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

If your claim for a 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 a copy of plan documents or the latest annual report from the Plan Administrator and do not receive them within 30 days, you may initiate arbitration proceedings under the terms of the Program. In such a case, the arbitrator 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 of benefits which is denied or ignored, in whole or in part, you may initiate arbitration proceedings under the terms of the Program. If it should happen that plan fiduciaries misuse the plans' money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or may initiate arbitration proceedings under the terms of the Program. In addition, if you disagree with the Plan Administrator's decision, or lack thereof, concerning the qualified status of a domestic relations order, you may initiate arbitration proceedings under the terms of the Program.

The arbitrator will decide who should pay arbitration costs and legal fees. If you are successful, the arbitrator may order the person you have sued to pay these costs and fees. If you

lose, the arbitrator may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about the Retirement Savings Program, you should contact the Plan Administrator through the HR Service Center. 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, 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.

**38. What other information do I need to be aware of?**

<u>Summary Plan Description</u>	This document is the official Summary Plan Description of both the Defined Contribution Retirement Plan and the Tax-Deferred Annuity Plan.
<u>Plan Names</u>	The official names of the plans are: the University of Southern California Defined Contribution Retirement Plan (which provides for USC Non-Elective Contributions and USC Match Contributions); and the University of Southern California Tax-Deferred Annuity Plan (which provides for your Matched Employee Contributions and Supplemental Employee Contributions).
<u>Plan Years</u>	The Plan Year for both plans is the calendar year.
<u>Plan Sponsor</u>	University of Southern California University Park Los Angeles, CA 90089-0704
<u>Employer Identification Number of Plan Sponsor</u>	95-1642394
<u>Plan Numbers</u>	002 -- Defined Contribution Retirement Plan (USC Non-Elective Contributions and USC Match Contributions)  001 -- Tax-Deferred Annuity Plan (Matched Employee Contributions and Supplemental Employee Contributions)
<u>Plan Administrator</u>	The plans are administered by a committee appointed by the university:

University of Southern California  
Retirement Plan Oversight Committee  
Office of Retirement Plan Administration  
CUB 200

Los Angeles, CA 90089-0704  
(213) 831-8131

The Administrator has the discretionary authority to interpret and administer the plans, and its decisions are final and binding.

Agent for Legal Process

The agent for service of legal process is the university's General Counsel, at the following address:

General Counsel  
University of Southern California  
University Park  
Los Angeles, CA 90089-5013  
(213) 740-7922

Plan Trustees/Custodians

Under the Defined Contribution Retirement Plan, amounts invested in Fidelity, TIAA or Vanguard mutual funds are held in trust by the following trustees:

Fidelity Management Trust Company  
82 Devonshire Street  
Boston, Massachusetts 02109

TIAA-CREF Trust Company, FSB  
730 Third Avenue  
New York, NY 10017-3206

The Vanguard Fiduciary Trust Company  
P.O. Box 2900  
Valley Forge, PA 19482-2900

Under the Tax-Deferred Annuity Plan, amounts invested in Fidelity, TIAA and Vanguard mutual funds are held in a group mutual fund accounts with the following custodians:

Fidelity Management Trust Company  
82 Devonshire Street  
Boston, MA 02109

TIAA-CREF Trust Company, FSB  
730 Third Avenue  
New York, NY 10017-3206

The Vanguard Fiduciary Trust Company  
P.O. Box 2900  
Valley Forge, PA 19482-2900

Other amounts under the Defined Contribution Retirement Plan and Tax-Deferred Annuity Plan are held in annuity contracts issued by:

TIAA  
730 Third Avenue  
New York, NY 10017-3206

Prudential Insurance Company of America  
c/o Prudential Defined Contribution Services  
30 Scranton Office Park  
Moosic, PA 18507-1789

SunAmerica  
One SunAmerica Center  
Los Angeles, CA 90067-6022

Plan Benefits

USC Non-Elective Contributions and USC Match Contributions are made under a defined contribution plan intended to qualify under section 401(a) of the Internal Revenue Code. Your Matched Employee Contributions and your Supplemental Employee Contributions are made to annuity contracts and mutual fund accounts described in section 403(b) of the Internal Revenue Code.

Plan Funding

Contributions under the Defined Contribution Retirement Plan are funded from university contributions and contributions under the Tax-Deferred Annuity Plan are funded from employees' voluntary contributions.

Employment Rights

Neither the plans nor this summary creates an employment contract or any right to continued employment at the university.

## **APPENDIX A**

### **UNIVERSITY OF SOUTHERN CALIFORNIA DEFINED CONTRIBUTION RETIREMENT PLAN**

### **UNIVERSITY OF SOUTHERN CALIFORNIA TAX-DEFERRED ANNUITY PLAN**

### **UNIVERSITY OF SOUTHERN CALIFORNIA SUPPORT STAFF RETIREMENT PLAN**

### **KECK MEDICINE OF USC 401(k) RETIREMENT PLAN**

### **ERISA Section 503 Procedures**

These Procedures have been established under the above-named plans (the “Plans”) to govern the administration of claims for benefits under the Plans (other than routine applications for benefits or plan elections). These Procedures are intended to comply with Section 503 of ERISA and with the regulations thereunder (the “Regulations”).

1. *Definitions.* The following terms, when used in these Procedures, shall have the meanings set forth below:

- “Appeal”: An appeal duly undertaken by a Claimant or Representative from a Claim Denial.
- “Appeal Administrator”: The Associate Vice President, Strategy and Programs, Human Resources.
- “Benefit”: A benefit under the Plan (including the right to participate in the Plan), as determined in accordance with the terms of the Plan.
- “Claim”: A request, demand or other claim for a Benefit brought by a Claimant or a Claimant’s Representative. An application for a Benefit in the ordinary course, including any associated consents, elections or similar documentation, shall not constitute a Claim subject to these Procedures.
- “Claim Administrator”: The Director, Retirement Plan Administration.
- “Claim Denial”: Any adverse determination by the Director, Retirement Plan Administration with respect to a Claim.
- “Claimant”: A Plan participant or beneficiary who brings a Claim.
- “Claims Processor”: The University’s Office of Retirement Plan Administration.

- “ERISA”: The Employee Retirement Income Security Act of 1974, as amended.
- “Procedures”: The procedures set forth herein, as the same may from time to time be amended and in effect.
- “Representative”: In the case of any Claimant, either of the following: (i) an attorney at law who is in good standing and admitted to practice in the jurisdiction in which the Claimant resides or in California, and who has been duly authorized by the Claimant to represent the Claimant with respect to a Claim, or (ii) any other person who is determined by the Claim Administrator to be a “duly authorized representative” (as that term is used in the Regulations) of the Claimant. A person shall not be treated as a Representative if the Claim Administrator determines that his or her representation of the Claimant with respect to the Claim would constitute the unauthorized practice of law by such person or would violate any other law or regulation. Any person purporting to be a Claimant’s Representative with respect to a Claim shall furnish to the Claim Administrator a valid and effective power of attorney, or similar written authorization, that establishes to the satisfaction of the Claim Administrator such person’s authority to represent the Claimant with respect to the Claim. Where a Claimant seeks to be represented with respect to a Claim by a person who is not described in clause (i), the Claim Administrator may require the Claimant to acknowledge that he or she has been advised of his or her right to be represented by an attorney described in clause (i) and has chosen not to do so.
- “University:” The University of Southern California.

2. Applicability of Procedures. These Procedures shall apply to Claims brought on or after January 1, 2002.

3. Filing of Claims. Each Claim must be in writing and shall be deemed received upon the earlier of (a) actual receipt by the Claims Processor, or (b) the third business day following the date on which the Claim was mailed to the Claims Processor by U.S. mail, postage pre-paid, first class (including registered or certified) mail, at the following address:

Director, Retirement Plan Administration  
 University of Southern California  
 CUB 200  
 Los Angeles, CA 90089-0704

No Claim that is not in writing shall be taken into account under these Procedures.

4. Processing of Claims. The Claim Administrator shall have a reasonable period of time in which to process any Claim; *provided*, that such period shall not exceed 90 days from the date on which the Claim is deemed received by the Claim Administrator (as determined under Section 3 above) unless the Claim Administrator determines that it needs additional time to process the Claim and so notifies the Claimant (or his or her Representative) within such initial 90-day period. If the Claim Administrator determines that it needs more time, it may extend the

initial 90-day period for up to an additional 90 days. Any notice to a Claimant or Representative extending the period for considering a Claim shall indicate the circumstances requiring the extension and the date by which the Claim Administrator expects to render a determination with respect to the Claim.

5. *Claim Denials.* Any Claim Denial by the Claim Administrator with respect to a Claim shall be furnished to the Claimant or Representative in writing and shall contain: (i) the specific reason or reasons for the Claim Denial; (ii) reference to the specific Plan provisions on which the Claim Denial is based; (iii) a description of any additional material or information necessary for the Claimant or Representative to perfect the Claim and an explanation of why such material or information is necessary; and (iv) a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the Claimant's rights to initiate arbitration proceedings with respect to an adverse determination upon review. The Claim Administrator may satisfy the notice requirements of clause (iv) of this Section 5 by furnishing to the Claimant or to his or her Representative a copy of these Procedures.

6. *Appeal of Claim Denials.* A Claimant who has received (or whose Representative has received) a Claim Denial shall have 60 days from the date of such receipt to appeal the Claim Denial. An Appeal shall be timely only if (i) received by the Claim Processor not later than the last day of such 60-day period or (ii) mailed by U.S. mail, postage pre-paid, first class (including registered or certified) mail, with a post mark not later than the last day of such 60-day period, to:

Appeal Administrator, c/o Director, Retirement Plan Administration  
University of Southern California  
CUB 200  
Los Angeles, CA 90089-0704

No Appeal that is not in writing shall be taken into account under these Procedures.

7. *Determination of Appeals.* All timely Appeals shall be considered by the Appeal Administrator, which shall take into account in their deliberations all comments, documents, records and other information submitted by the Claimant or Representative, whether submitted in connection with the Appeal or in connection with the original Claim. The Appeal Administrator shall consider a timely Appeal (as determined under Section 6) within a reasonable period of time, but not later than 60 days after receipt of the Appeal, unless the Appeal Administrator determines that special circumstances (such as the need to hold a hearing, which is permitted under these Procedures) require an extension of time. If the Appeal Administrator determines that an extension of time is required, it will cause written notice of the extension, including a description of the circumstances requiring an extension and the date by which the Appeal Administrator expects to render the determination on review, to be furnished to the Claimant or to his or her Representative prior to the termination of the initial 60-day period. In no event shall an extension exceed a period of 60 days from the end of the initial period; *provided*, that in the case of any extension of time required by the failure of the Claimant or Representative to submit information necessary for the Appeal Administrator to consider the Appeal, the period of time in which the Appeal is required to be considered pursuant to this Section 7 shall be tolled from the

date on which notification of the extension is sent to the Claimant or Representative until the date on which the Claimant or Representative responds to the Appeal Administrator's request for additional information. Notice of the Appeal Administrator's determination with respect to the Appeal shall be communicated to the Claimant or Representative in writing and, if adverse, shall include (i) the specific reason or reasons for the adverse determination; (ii) reference to the specific plan provisions on which the adverse determination was based; (iii) a statement reciting the Claimant's or Representative's rights under Section 8 of these Procedures; and (iv) a statement of the Claimant's rights under the Plan and Section 502(a) of ERISA to initiate arbitration proceedings with respect to the adverse determination upon review. The Appeal Administrator may satisfy the notice requirements of clauses (iii) and (iv) of this Section 7 by furnishing to the Claimant or Representative a copy of these Procedures.

8. *Certain Information.* In connection with the determination of a Claim, or an Appeal, a Claimant or Representative may submit written comments, documents, records and other information relating to the Claim and may request copies of any documents, records and other information relevant to the Claim. An item shall be deemed "relevant" to a Claim if it (i) was relied upon in determining the Claim, or (ii) was submitted, considered or generated in the course of making such determination, or (iii) demonstrates that such determination was made in accordance with governing Plan documents (including, for this purpose, these Procedures) and that, where appropriate, Plan provisions have been applied consistently with similarly situated Claimants. The Claim Administrator shall furnish free of charge copies of all relevant documents, records and other information so requested; *provided*, that nothing in these Procedures shall obligate the Claim Administrator to disclose any document, record or information that is subject to a privilege (including, without limitation, the attorney-client privilege) or the disclosure of which would, in the judgment of the Claim Administrator, violate any law or regulation.

9. *Presumption Of Denial.* In any case where the Claim Administrator does not act upon a Claim within the period described in Section 4, or the Appeal Administrator does not act upon an Appeal within the period described in Section 7, the Claim or the Appeal, as the case may be, shall, subject to the Regulations, be deemed denied as of the last day of the applicable period.

10. *Rights of a Claimant Where Appeal is Denied.* Where a Claimant's Appeal is denied, the Claimant may be entitled to initiate arbitration proceedings under the terms of the Plan. The Claimant's actual entitlement, if any, to initiate arbitration proceedings and the scope of and other rules pertaining to any such proceedings shall be governed by, and subject to the limitations of, the terms of the Plan and applicable law, including ERISA. The U.S. Department of Labor has taken the position, as set forth in subsection (f) of the Regulations, that in the case of a failure of a plan to establish or follow claims procedures consistent with the requirements of the Regulations, a claimant shall be deemed to have exhausted the administrative remedies available under the Plan and shall be entitled to pursue any available remedies under the Plan and Section 502(a) of ERISA on the basis that the Plan has failed to provide a reasonable claims procedures that would yield a decision on the merits of the claim.

11. *Amendment of Procedures; Interpretation.* These Procedures may be modified at any time and from time to time by action of a duly authorized officer of the University and shall

be deemed automatically modified to incorporate any requirement attributable to a change in the Regulations after January 1, 2002. The Claim Administrator and the Appeal Administrator shall have complete discretion to interpret and apply these Procedures, including, for purposes of applying these Procedures, the Regulations.

**ADDENDUM TO ERISA SECTION 503 PROCEDURES  
(Appointment of Authorized Representative)**

Note to Claimant:

If you wish to have someone else represent you in submitting or pursuing a Claim under the attached Procedures, your representative *must* submit the attached statement (with your signature, if necessary) and any required accompanying documents.

**DECLARATION OF AUTHORIZED REPRESENTATIVE**

The undersigned representative (the "Representative") has been duly authorized to represent \_\_\_\_\_ (the "Claimant") with respect to a Claim or Appeal brought under the ERISA Section 503 Procedures (the "Procedures") established under the University of Southern California's Defined Contribution Retirement Plan, Tax-Deferred Annuity Plan, 401(k) Retirement Plan and Support Staff Retirement Plan (the "Plans"). The Representative acknowledges that he/she has been furnished a copy of the Procedures and has read and understood them. The Representative further states (check one):

\_\_\_\_\_ I am an attorney at law in good standing who is authorized to practice law in (check one) (attach a copy of the Power of Attorney authorizing representation):

- the State of California, or
- the jurisdiction in which the Claimant resides, if other than California (specify state: \_\_\_\_\_).

\_\_\_\_\_ I am not an attorney at law. By signing this Declaration below, the Claimant has authorized the Representative to act on his or her behalf.

The Representative further states that his or her representation of the Claimant with respect to the Claim or Appeal will not violate any law or regulation, including any rule prohibiting the unauthorized practice of law. The Representative acknowledges that any assignment of benefits by the Claimant to the Representative is unlawful and that the persons authorized to act on behalf of the Plans under the Procedures may refuse to deal with the Representative in connection with the Claim or Appeal if the Administrator of the Plans determines that any statement by the Representative in this Declaration is false or incomplete.

\_\_\_\_\_  
(Signature of Representative)

\_\_\_\_\_  
(Name of Representative)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City, State and ZIP)

\_\_\_\_\_  
(Telephone Number)

STATE OF \_\_\_\_\_

\_\_\_\_\_, ss. \_\_\_\_\_, 20\_\_

Then personally appeared the above named \_\_\_\_\_ and acknowledged the foregoing to be his/her free act and deed, before me,

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Claimant)

\_\_\_\_\_  
(Name of Claimant)

STATE OF \_\_\_\_\_

\_\_\_\_\_, ss. \_\_\_\_\_, 20\_\_

Then personally appeared the above named \_\_\_\_\_ and acknowledged the foregoing to be his/her free act and deed, before me,

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_