

## Important Notice about the USC Retirement Savings Program

Updated as of March 1, 2021

All faculty and staff employees, except those eligible to participate in the Keck Medicine of USC 401(k) Retirement Plan, are eligible to make pre-tax and/or Roth contributions to the supplemental component of the USC Retirement Savings Program beginning with the first pay period following approval of your Workday online transaction. Supplemental contributions are not matched by the University.

If you are a match-eligible employee, you may participate in the matching and non-elective components of the USC Retirement Savings Program upon completion of a one year eligibility period. Your enrollment is effective the first pay period following completion of the eligibility period. Please see the Program's Summary Plan Description for information about who is a match-eligible employee and the eligibility period rules.

The Program is intended to satisfy the rules of Internal Revenue Code section 401(m), and to do so, the Program must satisfy certain nondiscrimination requirements. These requirements are imposed to prevent the Program from discriminating in favor of highly compensated employees. The Internal Revenue Code provides plan sponsors with a "safe harbor" method for satisfying these nondiscrimination requirements, and the Program is intended to satisfy this safe harbor.

### 2021 University Contributions

One method for satisfying the safe harbor is to make fully vested (non-forfeitable) matching contributions. Currently, the Program satisfies the safe harbor by providing for matching contributions each year that equal 100% of your pre-tax and/or Roth matched employee contributions that do not exceed the lesser of 5% of your eligible earnings or the applicable IRS limit for the year.

For calendar year 2021, the USC 5% non-elective contributions will be paused for all employees. Although the USC 5% non-elective contribution will not be made in 2021, you will continue to earn vesting credit toward this source of USC contributions. The non-elective employer contribution is subject to a four year graded vesting schedule (25% per credited year of service) for eligible employees hired on or after January 1, 2012.

<b>Your Matched Contribution</b>	<b>2021 USC Match</b>	<b>2021 USC Non- Elective</b>
5%	5%	0%
4%	4%	0%
3%	3%	0%
2%	2%	0%
1%	1%	0%
0%	0%	0%

## **2021 Employee Contributions**

Your total contributions to the Program are subject to an annual IRS limit that applies to your pre-tax and Roth employee contributions, both matched and supplemental. For calendar year 2021, this limit is \$19,500 (\$26,000 if you are age 50 or older.) Please see your Summary Plan Description for more information about the Program, including the definition of eligible earnings and more detailed information about contributions and the underlying plans in the Program. Please note that any contributions you make to any other 401(k) or 403(b) plans in 2021 are also counted toward the annual IRS limit on employee contributions.

Remember that you must make a matched employee contribution of 5% of your eligible earnings *each pay period* to receive the maximum matching contributions for the year, so please make your elections regarding matched and supplemental employee contributions with this requirement in mind.

### **Automatic Enrollment**

If you satisfy an eligibility period but do not complete the enrollment process by submitting an online salary reduction agreement on Workday by your enrollment deadline, you automatically will be enrolled in the Program to make matched employee contributions. If you have already been automatically enrolled in the Program, your contribution rate was set up as 5% of your eligible earnings made on a pre-tax basis.

If you do not want to contribute to the Program, or if you want to contribute less than 5%, or if you want to make Roth contributions, you must complete the online salary reduction agreement in a timely manner. In the future, you may change your contribution percentage, stop your contributions altogether, or change between pre-tax and Roth contributions at any time by completing a new salary reduction agreement using Workday. Changes will be effective with the pay period following the approval of your online transaction. Changes cannot be made retroactively.

### **Plan Investments—Default Investment Fund Information for the Program**

You have the right to direct your contributions to your choice of the three investment providers offered under the Program: Fidelity Investments, TIAA, and Vanguard. If you do not submit the required online salary reduction agreement by your enrollment deadline, both your contribution and the university contribution will be sent to Fidelity Investments and invested in the Vanguard Institutional Target Retirement Fund most appropriate for your estimated retirement year (assuming a retirement age of 65).

If you met an eligibility period prior to March 2016 and did not complete paperwork by your enrollment deadline, your contributions along with USC's contributions were sent to Vanguard and invested in the Vanguard Target Retirement Fund most appropriate for your estimated retirement year (assuming a retirement age of 65).

You may also have funds automatically invested in the Vanguard Institutional Target Retirement Funds if you selected an investment provider but did not choose investment funds or if you

account balances were mapped into the Vanguard Institutional Target Retirement Funds as a result of the April 2016 investment menu changes.

The following is a summary of the Vanguard Institutional Target Retirement Funds:

<b>Fund</b>	<b>Expenses<sup>1</sup></b>	<b>Overall Risk Level</b>
Institutional Target Retirement Income Fund	0.09%	Conservative–Moderate
Institutional Target Retirement 2015 Fund	0.09%	Moderate
Institutional Target Retirement 2020 Fund	0.09%	Moderate
Institutional Target Retirement 2025 Fund	0.09%	Moderate
Institutional Target Retirement 2030 Fund	0.09%	Moderate
Institutional Target Retirement 2035 Fund	0.09%	Moderate–Aggressive
Institutional Target Retirement 2040 Fund	0.09%	Moderate–Aggressive
Institutional Target Retirement 2045 Fund	0.09%	Moderate–Aggressive
Institutional Target Retirement 2050 Fund	0.09%	Moderate–Aggressive
Institutional Target Retirement 2055 Fund	0.09%	Moderate–Aggressive
Institutional Target Retirement 2060 Fund	0.09%	Moderate–Aggressive
Institutional Target Retirement 2065 Fund	0.09%	Moderate–Aggressive

<sup>1</sup>Expenses shown are those in effect January 2020. This figure represents a weighted average of the expense ratios and any fees charged by the underlying mutual funds in which the Target Retirement Funds invest. The Target Retirement Funds do not charge any expenses or fees of their own.

Vanguard Target Retirement Funds provide a professionally maintained, diversified mix of investments that shifts its emphasis to more conservative investments as the year of retirement nears. Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in a Target Retirement Fund is not guaranteed at any time, including on or after the target date. Keep in mind that diversification does not ensure a profit or protect against a loss.

You may change your investment provider at any time by logging on to Workday and completing a new salary reduction agreement. You may change investment elections within a particular provider at any time by contacting that provider. SunAmerica and Prudential are closed to receive payroll contributions and transfers/rollovers but account balances may be transferred to one of the other USC investment providers at any time.

<b>Investment Provider</b>	<b>Website</b>	<b>Phone Number</b>
<b>Fidelity Investments</b>	<a href="http://www.netbenefits.com/uscrsp">www.netbenefits.com/uscrsp</a>	800-343-0860
<b>Prudential</b>	<a href="http://www.retirement.prudential.com">www.retirement.prudential.com</a>	800-458-6333
<b>SunAmerica</b>	<a href="http://www.sunamerica.com">www.sunamerica.com</a>	800-445-7862
<b>TIAA</b>	<a href="http://www.tiaa.org/usc">www.tiaa.org/usc</a>	800-842-2252
<b>Vanguard</b>	<a href="http://www.vanguard.com/retirementplans">www.vanguard.com/retirementplans</a>	800-523-1188

Account accumulations can be moved from the Vanguard Institutional Target Retirement Funds to any of the other investment options available under USC's Retirement Savings Program at any time without fees or surrender charges.

### **Vesting and Withdrawals**

For eligible employees hired before January 1, 2012, all employee contributions and both the USC matching and USC non-elective contributions are fully vested at all times. The USC non-elective 5% contribution is subject to a four year graded schedule (25% per each credited year of service) for eligible employees hired on or after January 1, 2012.

Generally, you may withdraw from your total vested Program accumulations when your employment with the university ends, if you become entitled to a Social Security disability benefit, or upon attaining age 59½.

You may borrow up to 50% of your supplemental employee and vested university accumulations, subject to specific IRS rules and limits. You may withdraw from your matched and supplemental employee contributions in the event of certain financial hardships as defined by the IRS. Please see the Summary Plan Description for information about the restrictions, taxes and, in some cases, penalties that apply to both pre-tax and Roth withdrawals.

### **Additional Information**

Complete information about the USC Retirement Savings Program, including your investment provider choices and contact information as well as links to the online enrollment forms, can be found at the Benefits website at <https://employees.usc.edu/benefits/retirement/>.

You may obtain a copy of the Summary Plan Description and the Summary Annual Reports at the same web address. You may also obtain paper copies of this notice, the Summary Plan Description and the Summary Annual Reports at no charge by contacting Retirement Plan Administration at 213-821-8131 or [rpadmin@usc.edu](mailto:rpadmin@usc.edu).

Please contact the investment providers directly, or visit their websites, for information about the funds available in the USC Retirement Savings Program. If you have any questions regarding your enrollment in the USC Retirement Savings Program, please call the USC HR Service Center at (213) 821-8100 or send email to [uschr@usc.edu](mailto:uschr@usc.edu).

If there is any inconsistency between this Notice and the Program's official plan documents, the plan documents will control.