



## ***403(b) RETIREMENT PLAN***

## ***SUMMARY PLAN DESCRIPTION***

***January 1, 2010***



## GONZAGA UNIVERSITY 403(b) RETIREMENT PLAN

I.	INTRODUCTION .....	1
II.	PLAN DATA .....	1
III.	DEFINITIONS.....	2
	Compensation.....	2
	Disability .....	2
	Early Retirement Age .....	2
	Entry Date.....	2
	Hour of Service .....	2
	Normal Retirement Age.....	2
	Participant.....	2
	Phased Retirement.....	2
	Salary Reduction Contribution.....	2
	Mandatory .....	2
	Voluntary .....	2
	Spouse.....	2
	Year of Service .....	3
IV.	ELIGIBILITY REQUIREMENTS AND PARTICIPATION .....	3
V.	EMPLOYEE CONTRIBUTIONS .....	3
	Salary Reduction Contributions.....	3
	Mandatory .....	3
	Voluntary.....	3
	Catch-Up .....	4
	Amendment of Salary Reduction Agreement.....	4
	Voluntary After-Tax Roth Contributions.....	4
	Rollover and Transfer Contributions.....	4
	Overall Contribution Limit.....	4
VI.	EMPLOYER CONTRIBUTIONS .....	5
VII.	PARTICIPANT ACCOUNTS.....	5
VIII.	VESTING.....	5
	Determining Vested Benefit.....	5
	Payment of Vested Benefit.....	5
	Loss of Benefits .....	6
	Reemployment.....	6
IX.	RETIREMENT BENEFITS AND DISTRIBUTIONS .....	6
	Retirement/Termination of Employment Benefits .....	6
	Distributions During Employment .....	6
	Qualified Domestic Relations Order.....	7
	Beneficiary .....	8
	Death Benefits .....	8
	Form of Payment .....	8

X.	INVESTMENTS .....	8
	Alternative Investments .....	8
	Employee Investment Direction.....	9
	Participant Loans .....	9
XI.	ADMINISTRATION.....	9
	Plan Administrator.....	9
	Custodian.....	10
XII.	AMENDMENT AND TERMINATION.....	10
XIII.	LEGAL PROVISIONS.....	10
	Rights of Participants .....	10
	Fiduciary Responsibility .....	11
	Employment Rights .....	11
	Benefit Insurance .....	11
	Claims Procedure .....	11
	Assignment .....	11
	Questions.....	12
	Conflicts With Plan .....	12

**I. INTRODUCTION**

**A 403(b) defined contribution tax-sheltered retirement program** has been set up to help supplement your income during your retirement years. Under the program, Gonzaga University may make contributions to a Custodial Account which will pay you a benefit at retirement. The following is a summary of the important provisions of the University's retirement Plan. If you terminate employment before reaching retirement, you will be entitled to receive a benefit. Further details about how the Plan works are contained in this summary. While this summary describes most of the principal provisions of the Plan, it does not include every limitation or detail. Every attempt has been made to provide concise and accurate information. If, however, there is a discrepancy between this booklet and the official Plan document, the Plan document shall govern. If you want to read the entire Plan, you may obtain a copy from the Plan Administrator. The Plan Administrator may charge a reasonable fee for providing you with the copy.

**II. PLAN DATA**

- A. Agent for Service of Legal Process:** Gonzaga University
- B. Custodian:** The Plan has two separate custodians based on the investment choices made by eligible Employees.
- I. Custodian: Fidelity Investments Tax Exempt Services  
Address: P.O. Box 31401  
Salt Lake City, UT 84131-9921  
Telephone No.: 1-800-343-0860  
Web Site: www.fidelity.com
  - II. Custodian: TIAA-CREF  
Address: 730 Third Avenue  
New York, NY 10017  
Telephone No.: 1-800-842-2776  
Web Site: www.tiaa-cref.org
- C. Effective Date:** The Effective Date of the original Plan was January 1, 1979; the Effective Date of the latest Plan amendment January 1, 2010.
- D. Employer** Gonzaga University  
Address: 502 East Boone Avenue  
Spokane, WA 99258  
Telephone No.: (509) 313-5996  
Tax I.D. No.: 91-0236600
- E. Plan Administrator:** The Employer is designated to serve as the Plan Administrator. The Employer acts as Plan Administrator through its duly appointed officers.
- F. Plan Year:** The 12-month period beginning on January 1 and ending on December 31.

## II. DEFINITIONS

- A. Compensation.** Your total salary, pay, or earned income reflected on Form W-2 paid to Employees working in the United States, and working outside the United States who are paid in US currency. Compensation includes contributions made to the Plan as Salary Reduction Contributions and any deferrals made under Internal Revenue Code Section 457 (b). The maximum amount of Compensation that will be taken into account under the Plan is \$245,000 (for 2010). This amount increases as the cost of living rises. (Section 401 (a) (17) (B) of the Internal Revenue Code.)
- B. Disability.** A potentially permanent illness or injury, as determined by the University's Long Term Disability insurance carrier. If you are not covered by the University's Insurance Carrier, disability that meets the requirements for receiving Social Security benefits will qualify.
- C. Early Retirement Age.** There is no Early Retirement Age designated under the Plan.
- D. Entry Date.** The date on which you enter the Plan after having met the Plan's eligibility requirements. The Entry Date for this Plan is the first day of the month coinciding with or immediately following the date you satisfy the eligibility requirements.
- E. Hour of Service.** You will receive credit for each hour you are (1) paid for being on your job, (2) paid even if you are not at work (vacation, sickness, leave of absence, or disability), or (3) paid for back pay if hours were not already counted. Hours of Service will be calculated based on actual hours.
- F. Normal Retirement Age.** The attainment of age 65.
- G. Participant.** An employee who has satisfied the requirements for participation under section IV below.
- H. Phased Retirement:** Faculty Employees are eligible for withdrawal of benefits from any source while remaining employed upon attaining age 60 with at least 15 years of service with the Employer and a scheduled workload of less than 75% contract (part-time).
- I. Salary Reduction Contribution:**
- i. Mandatory:** Your mandatory pre-tax Salary Reduction is 5% of your taxable pay and occurs when you become eligible for the University's Matching Contribution.
  - ii. Voluntary:** You can elect to tax defer an additional amount of your salary or make an after-tax Roth deduction (over and above the 5% mandatory contribution, or during your first year of employment), instead of receiving it in cash, and the University will contribute it to the Plan on your behalf.
- J. Spouse.** The person to whom you are legally married. A former Spouse may be treated as a "Spouse" under this definition if recognized as such under a qualified domestic relations order as explained at section XIII(F) of this Summary Plan Description.

- K. Year of Service.** For purposes of becoming eligible to participate in the Employer Contribution portion of the Plan, a Year of Service is a 12-consecutive month period beginning on your date of hire during which you are credited with at least 1000 Hours of Service. For purposes of determining whether or not you are entitled to have an Employer contribution allocated to your account after you have met the 1000 Hour per year requirement initially, a Year of Service is a 12-consecutive month period, which is the same as the Plan Year, during which you are credited with at least one Hour of Service.

#### **IV. ELIGIBILITY REQUIREMENTS AND PARTICIPATION**

- A.** If you are, or will be, an otherwise eligible participant, and you have completed one Hour of Service, you are eligible to make Voluntary Salary Reduction Contributions described under Employee Contributions below. The Entry Date for such contributions is the first of the month coinciding with or immediately following your completion of one Hour of Service. The Plan does not permit voluntary contributions from students performing services described in the Internal Revenue Code Section 3121(b)(10).
- B.** If you have completed one Year of Service, you are eligible to receive contributions made by the University and are required to make Mandatory employee contributions described in Section VI below. You are considered to have completed one Year of Service for purposes of eligibility for the University's Matching Contributions on the anniversary of **your first day of employment, provided that you worked at least 1,000 hours during that 12-month period.**

The Mandatory and employer contribution portion of the Plan will also exclude the following nondiscriminatory classification of Employees: Adjunct Faculty, students performing services described in the Internal Revenue Code Section 3121(b)(10), employees who are members of the Society of Jesus (Jesuits), and Temporary Employees whose employment is expected to be less than one year. Notwithstanding the exclusion of Temporary Employees, any Temporary Employee who is reclassified as a non-excluded Employee, or who works more than 1,000 hours in any twelve consecutive month period will be considered as non-excluded from their original date of hire.

Your participation in the Plan will begin on the Entry Date specified at Section III(D).

#### **V. EMPLOYEE CONTRIBUTIONS**

##### **A. Salary Reduction Contributions**

- i. Mandatory:** If you are an eligible Participant and have completed a Year of Service, 5% of your pay will be a required pre-tax deduction for contribution to the Plan.
- ii. Voluntary:** If you are otherwise an eligible Participant, you may authorize the University to withhold additional amounts of your Compensation to a maximum of \$16,500 (for 2010) and includes contributions you make to other deferral plans (e.g., other 401(k) plans, salary deferral SEP plans, and 403(b) tax-sheltered annuity plans). This amount will increase as the cost of living increases and is adjusted under Code Section 415(d). Employees may elect pre-tax contributions or after-tax Roth contributions for their voluntary contributions.

If you participate in a similar plan of an unrelated employer and your Salary Reduction Contribution under this Plan and the other Plan exceeds annual IRS limit for a given year, you must designate one of the Plans as receiving an excess amount. If you choose this Plan as the one receiving the excess, you must notify the Plan Administrator by March 1 of the following year so that the excess and any income thereon may be returned to you by April 15.

- iii. Catch-Up: There are two “catch-up” provisions available. If you are age 50 or over during any part of a Plan Year, you may contribute an additional \$5,500 (for 2010) to the otherwise applicable limit as a Salary Reduction Contribution for any Plan Year. There is also a special catch up provision for Employees with more than 15 years of service that allows you to exceed the general limit. Please contact the Human Resources Office or the Custodian investing your account for more information.

#### **B. Amendment of Salary Reduction Agreement**

You may elect to amend your Salary Reduction Agreement to change the Voluntary Salary Reduction Contribution percentage or to change the percentage from a pre-tax contribution to an after-tax Roth contribution. The election may be made at any time by completing a new Agreement and giving it to the Human Resources Office prior to the period to which it applies.

The University may also reduce or terminate your withholding if required to maintain the Plan’s qualified status.

#### **C. Voluntary After-tax Roth Contributions**

With the Roth contribution, your contribution is taken out of your paycheck after your income is taxed. Therefore contributions and earnings are tax-free upon withdrawal as long as the participant is at least age 59½ (or disabled) and it is at least 5 years after the first Roth contribution.

#### **D. Rollover and Transfer Contributions**

Rollover and Transfer Contributions are permitted. You must be an eligible Participant to make Rollover or Transfer Contributions into the Plan. Paperwork is available from the Custodian or the Human Resources Office.

The Plan will accept amounts rolled over from a prior plan to this Plan if the prior plan was a:

- qualified retirement plan (e.g. 401(k) plan, profit sharing plan, money purchase pension plan, target benefit plan)
- 403(b) tax-sheltered annuity plan
- governmental 457(b) plan
- Traditional IRA

#### **E. Overall Contribution Limit**

The maximum amount that may be contributed or allocated to a Participant’s account shall

not exceed the lesser of (a) \$49,000 (for 2010 and is adjusted for cost of living increases) under Code Section 415 (d), or (b) 100% of the Participant's compensation for the Plan Year.

## **VI. EMPLOYER CONTRIBUTIONS**

The University will make a Matching Contribution to eligible Participants in the amount of 8.5% of compensation.

## **VII. PARTICIPANT ACCOUNTS**

The University has arranged with the selected Custodians and/or Insurance Companies (Fidelity Investments and TIAA-CREF) to set up record keeping accounts in your name to show the value of your retirement benefit. The following additions may be made to your account:

- A. your Salary Reduction Contributions,
- B. your allocated share of the University's Contribution,
- C. the amount of your personal Transfer Contributions and Rollover Contributions, if any,
- D. and your share of investment earnings and appreciation in the value of investments.

The following subtractions may be made from your account:

- E. any withdrawals or distributions made to you, and
- F. your share of investment losses and depreciation in the value of investments.

The Custodian and/or Insurance Company will provide you a statement showing the additions to and subtractions from your account at least quarterly.

## **VIII. VESTING**

### **A. Determining Vested Benefit**

Vesting refers to your earning or acquiring a non-forfeitable right to the full amount of your accounts (including the University's Contribution). Any Contribution, plus or minus any earnings or losses, is always 100% vested and cannot be forfeited for any reason.

### **B. Payment of Vested Benefit**

If you separate from Service before your retirement, death or disability, you may request early payment of your vested benefit by completing the appropriate withdrawal forms. You may defer the payment of your benefit until April 1 of the calendar year during which you attain age 70 1/2.

**C. Loss of Benefits**

There is only one event which can cause loss of all or a portion of your account. It is a decrease in the value of your account from investment losses or administrative expenses and other costs of maintaining the Plan.

**D. Re-employment**

If you terminate service with the University and were a Participant in the Plan, then later become re-employed in an eligible class, you will become a Participant as of the next Entry Date [see Section III(D)] upon returning to employment. If you are not a member of an eligible class and later become a member of the eligible class, you shall participate immediately if you have satisfied the service requirements. Should you become ineligible to participate because you are no longer a member of an eligible class, you shall participate upon your return to an eligible class.

**IX. RETIREMENT BENEFITS AND DISTRIBUTIONS**

**A. Retirement/Termination of Employment Benefits**

At retirement, or any other termination of employment, you may withdraw any or all of your account balance as provided by the rules of your investment custodian. If you are married, you must get written consent from your spouse to take a distribution from the Plan in any form other than a qualified joint and survivor annuity.

Your account balance may remain in the plan until minimum distributions as determined by IRS rules are required beginning at age 70-1/2. You may direct that all or any part of your account balance be rolled over tax free to your Individual Retirement Account (IRA) or to your new Employer's 403 (b), 401(k) or 401(a) Plan if the Employer's Plan accepts such rollovers. If you elect a payout from the Plan before you reach age 59½, a 10 percent early distribution penalty will apply to the taxable portion of your payout. There are some exceptions to the 10 percent penalty. Your tax advisor can assist you in determining whether you qualify for an exception.

**B. Distributions During Employment**

The Employer Contributions and the Employee Mandatory Salary Reduction Contributions plus the earnings on those contributions may not be withdrawn until Retirement or termination of employment or eligibility for Phased Retirement. Other than a loan [see Section X(C)], there are three possible circumstances under which funds in your account could be withdrawn, depending on the rules of the individual Custodian.

First, if you have Voluntary Salary Reduction Contributions and have attained age 59 1/2, you may withdraw those Contributions plus the investment earnings thereon. You must have your Spouse's written consent for any distribution under this paragraph.

Second, Employee Voluntary Salary Reduction Contributions made before January 1, 1989

and income earned from them at all times may be withdrawn upon request, subject to investment and tax penalties.

Third, hardship withdrawals are allowed. You may file a written request for a hardship withdrawal of any Employee Voluntary Salary Reduction Contributions and the earnings thereon as of December 31, 1988. You must have your Spouse's written consent for a hardship withdrawal. Prior to receiving a hardship distribution, you must take any other nontaxable distribution and borrow the maximum nontaxable loan amount allowed under this plan. Hardship withdrawals may be authorized by the University for the following reasons:

- (1) to assist you in purchasing a personal residence which is your primary place of residence (not including mortgage payments),
- (2) to assist you in paying post-secondary tuition expenses for you or your dependents for the next academic period,
- (3) to assist in paying actual expenses incurred on behalf of you or your dependents for hospitalization, doctor or surgery expenses which are not covered by insurance, or
- (4) to prevent your eviction from or foreclosure on your principal residence.
- (5) payments for burial or funeral expenses for the Participant's deceased parent, Spouse, child or dependent [as defined in Code Section 152, and for taxable years beginning on or after January 1, 2005, without regard to Code Section 152 (d)(1)(B)].
- (6) expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code Section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income).

Any hardship distribution is limited to the amount needed to meet the financial need. Hardship withdrawals must be approved by the University and will be administered in a nondiscriminatory manner. Such withdrawals will not affect your eligibility to continue to participate in Employer Contributions to the Plan. Any withdrawals you receive under these rules may not be re-contributed to the Plan and may be subject to taxation, as well as an additional 10% penalty tax if the withdrawal is received before you reach age 59 1/2. If you receive a hardship withdrawal, there will be a six-month mandatory suspension of your right to make Voluntary Salary Reduction Contributions.

### **C. Qualified Domestic Relations Order (QDRO)**

A qualified domestic relations order (QDRO) is a court order issued under state domestic relations law relating to divorce, legal separation, custody or support proceedings. The QDRO recognizes the right of someone other than you to receive your Plan benefits. The plan's QDRO procedure is available to you from the Human Resources Office. You will be notified if a QDRO on your Plan benefits is received. Finally, receipt of a qualified domestic relations order will allow for an earlier than normal distribution to the person(s) other than the Participant listed in the order.

**D. Beneficiary**

You may designate a person or persons who are to receive benefits under the Plan in the event of your death. The designation may be made on a form provided by and returned to the Human Resources Office either directly or through the Custodian. You may change your designation at any time. If you are married, your spouse is designated by law to be the beneficiary of 50% of your Fund, however you can name anyone else (including your spouse) to receive the other 50%. Your spouse can waive in writing his or her statutory death benefit entirely, in which case you can name another beneficiary to receive 100% of your Fund.

**E. Death Benefits**

In the event of your death, the value of your fund may be paid to your beneficiary in a lump sum or installments payable over a period which does not exceed the life expectancy of your beneficiary. The policies of the Custodian holding your fund will determine the number and type of options available to you.

**F. Form of Payment**

When benefits become due, you or your representative should contact the Custodian requesting payment of your account and specifying the manner of payment. You may request to receive your benefit in any of the optional forms indicated:

- (1) lump sum,
- (2) installment payments (includes interest only),
- (3) a life annuity,
- (4) a life annuity with various terms certain,
- (5) a joint and survivor annuity with various percentages continuing to the survivor.

Please note that all the above options may not be available from all the Custodians and that funds may need to be moved from one Custodian to another to provide the annuity under the Plan.

Selection of an optional form of payment will require the written consent of your Spouse if your fund at any time has exceeded \$5,000. Payments may not be made over any period which exceeds the life expectancy of you and your beneficiary. The life expectancy of you and/or your Spouse may be recalculated annually, as you may determine.

**X. INVESTMENTS**

**A. Alternative Investments**

The available investments under this Plan are a combination of Mutual Funds and Annuity Contracts as determined by the University.

**B. Employee Investment Direction**

Employee investment direction is required. You have the right to decide how your Plan balance will be invested. The University will designate a list of vendors and investment options that you may select for new contributions. You will have the ability to transfer your Plan balance among these selected custodians and investment options. The procedures for making an election are shown in a separate enrollment packet which can be obtained from the Human Resources Office. You may change your investment election and move monies from one fund to another by contacting the Custodian holding your account.

**C. Participant Loans**

Participant Loans are permitted under this Plan. This is not a withdrawal or distribution, therefore no income tax is payable on the loan. As a loan, the amount borrowed must be paid back to your account. The rules for the terms of the loan and the repayment are determined by the Internal Revenue Code and are strictly enforced.

Repayment is over a five year or less period unless the purpose of the loan is to purchase your primary residence. You may choose a 10 year or a 15 year payment period if the purpose is to purchase your home. A loan set up fee and interest will be assessed and disclosed in the loan application by the Custodian. You may borrow up to 50% (45% from TIAA/CREF GSRA contract) of your total account (minimum \$1,000 and maximum \$50,000.). Your spouse must consent to the loan. Further details are set forth in the Plan's Loan Policy Statement which is available in the Human Resources Office. Necessary loan forms may be obtained directly from the Custodian.

**XI. ADMINISTRATION**

The Plan will be administered by the following parties:

**A. Plan Administrator**

The University is the party who has established the Plan and who has overall control and authority over administration. The University's duties as Plan Administrator include:

- (1) appointing the Plan's professional advisors needed to administer the Plan including, but not limited to, an accountant, attorney, actuary, or administrator,
- (2) directing the Custodian with respect to payments from the Fund.
- (3) communicating with Employees regarding their participation and benefits under the Plan, including the administration of all claims procedures,
- (4) filing any returns and reports with the Internal Revenue Service, Department of Labor, or any other governmental agency,
- (5) reviewing and approving any financial reports, investment reviews, or other reports prepared by any party appointed by the University,

- (6) establishing a funding policy and investment objectives consistent with the purposes of the Plan and the Employee Retirement Income Security Act of 1974, and
- (7) construing and resolving any question of Plan interpretation. The Plan Administrator's interpretation and application thereof is final.

#### **B. Custodian**

The Custodian shall be responsible for the administration of investments held in the Fund. These duties shall include:

- (1) receiving contributions under the terms of the Plan,
- (2) investing Plan assets,
- (3) making distributions from the Fund in accordance with written instructions received from the Plan Administrator,
- (4) keeping accounts and records of the financial transactions of the Fund, and
- (5) rendering an annual report of the Fund showing the financial transactions for the Plan year.

### **XII. AMENDMENT AND TERMINATION**

The University may amend the Plan at any time, provided that no amendment will divert any part of the Plan's assets to any purpose other than for the exclusive benefit of you and the other Participants in the Plan or eliminate an optional form of distribution. The University may also terminate the Plan. In the event of a full or partial termination, all amounts credited to your account will be fully vested and will be paid to you as directed by the University.

### **XIII. LEGAL PROVISIONS**

#### **A. Rights of Participants**

As a Plan Participant, you have certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). The law says that you are entitled to:

- (1) Examine, without charge, all documents including insurance contracts relating to the operation of the Plan and any documents filed with the U.S. Department of Labor. These documents are available for review in the Employer's offices during regular business hours.
- (2) Obtain copies of all Plan documents and other Plan information upon written request to the Employer. The Employer may make a reasonable charge for producing the copies.
- (3) Obtain, at least once a year, a statement of the total benefits accrued to you, and your non-forfeitable (vested) benefits, if any. The Plan provides that you will receive this statement automatically.

- (4) File suit in federal court, if any materials requested are not received within 30 days of your request, unless the materials were not sent because of matters beyond the control of the Employer. If you are improperly denied access to information you are entitled to receive, the Employer may be required to pay up to \$100 for each day's delay until the information is provided to you.

**B. Fiduciary Responsibility**

ERISA also imposes obligations upon the persons who are responsible for the operation of the Plan. These persons are referred to as "fiduciaries". Fiduciaries must act solely in the interests of the Plan Participants and they must exercise prudence in the performance of their duties. Fiduciaries who violate ERISA may be removed and required to reimburse any losses they have caused you or your Plan.

**C. Employment Rights**

Participation in the Plan is not a guarantee of employment. However, the Employer may not fire you or discriminate against you to prevent you from becoming eligible for the Plan or from obtaining a benefit for exercising your rights under ERISA.

**D. Benefit Insurance**

Your benefits under this Plan are not insured by the Pension Benefit Guaranty Corporation since the law does not require termination insurance for this type of Plan.

**E. Claims Procedure**

If you feel you are entitled to a benefit under the Plan, mail or deliver your written claim to the Plan Administrator. The Plan Administrator will notify you, your beneficiary, or authorized representative of the action taken within 60 days of receipt of the claim. If you believe that you are being improperly denied a benefit in full or in part, the Employer must give you a written explanation of the reason for the denial. If the Employer denies your claim, you may, within 60 days after receiving the denial, submit a written request asking the Employer to review your claim for benefit. Any such request should be accompanied by documents or records in support of your appeal. You, your beneficiary, or your authorized representative may review pertinent documents and submit issues and comments in writing. If you get no satisfaction from the Employer, you have the right to request assistance from the U.S. Department of Labor or you can file suit in a state or federal court. Service of legal process may be made upon the Plan Trustee or the Plan Administrator. If you are successful in your lawsuit, the court may require the Employer to pay your legal costs, including your attorney's fees. If you lose, and the court finds that your claim is frivolous, you may be required to pay the Employer's legal fees.

**F. Assignment**

Your rights and benefits under this Plan cannot be assigned, sold, transferred or pledged by you or reached by your creditors (subject to state law) or anyone else except under a qualified domestic relations order [See Section IX(C)].

**G. Questions**

If you have any questions about this statement of your rights under ERISA, please contact the University's Human Resources Office or the nearest Area Office of the U.S. Labor-Management Service Administration, Department of Labor.

**H. Conflicts With Plan**

This booklet is not the Plan document, but only a Summary Plan Description of its principal provisions and not every limitation or detail of the Plan is included. Every attempt has been made to provide concise and accurate information. However, if there is a discrepancy between this booklet and the official Plan document, the Plan document shall prevail.