

Highlights of the Rice University 457(b) Deferred Compensation Plan

Rice University is pleased to offer the **457(b) Deferred Compensation Plan of William Marsh Rice University** (the "457(b) Plan") that permits eligible employees to accumulate additional tax-deferred savings beyond the limits of the University's 401(a) Defined Contribution Retirement Plan and 403(b) Supplemental Retirement Plan by making voluntary deferrals to the 457(b) Plan. Your deferrals and any earnings thereon are not taxed until distributed.

These Highlights are in question-and-answer format which you should carefully review before deciding to enroll in the 457(b) Plan.

ELIGIBILITY

Q1: Who is eligible to enroll?

A: The 457(b) Plan is a "top hat" plan under ERISA and eligibility must be limited to a select group of management and highly compensated employees. Effective July 1, 2013, employees whose rate of compensation for a calendar year is equal to or in excess of 140% of the calendar year's Social Security Wage Base rounded up to the next highest multiple of \$1,000 (the "SSWB Threshold") are eligible to enroll in the 457(b) Plan. For example, if the Social Security Wage Base for a calendar year is \$118,500, the SSWB Threshold is \$166,000 (\$165,900 rounded up to the next highest multiple of \$1,000).

Prior to July 1, 2013, employees whose rate of compensation for a calendar year was equal to or in excess of the compensation limit set forth in Section 401(a)(17) of the Internal Revenue Code (the "401(a)(17) Compensation Limit") were eligible to enroll in the 457(b) Plan for the following calendar year. Employees whose compensation did not meet the 401(a)(17) Compensation Limit in the prior calendar year could still enroll in the 457(b) Plan for the current calendar year if they were scheduled to receive compensation equal to or in excess of the 401(a)(17) Compensation Limit as determined each year.

Q2: If my compensation falls below the SSWB Threshold during a calendar year, do I remain an eligible employee?

A: It depends. If you are currently enrolled in the 457(b) Plan, *i.e.*, making deferrals at the time your compensation falls below the SSWB Threshold, you may continue your deferrals for the remainder of the calendar year. You may increase or decrease your deferrals at any time during the remainder of the calendar year. However, if you terminate your deferrals in entirety, you are not permitted to resume your deferrals. For subsequent calendar years, your eligibility to enroll in the 457(b) Plan will be determined under Q/A-1.

If you were not making deferrals at the time your compensation falls below the SSWB Threshold, your eligibility to enroll in the 457(b) Plan will cease. For subsequent calendar years, your eligibility to enroll in the 457(b) Plan will be determined under Q/A-1.

FUNDING

Q3: *Are my deferrals to the 457(b) Plan placed in a trust or otherwise funded?*

A: No, your deferrals are not placed in a trust or funded. Unlike the 403(b) Supplemental Retirement Plan, the IRS requires that your 457(b) deferrals and any earnings thereon remain part of the University's general assets. This means that your 457(b) deferrals and any earnings are subject to the claims of the University's general creditors until they are distributed to you. In the unlikely event that the University becomes insolvent, your 457(b) deferrals and any earnings will be subject to the claims of the University's general creditors and you might lose all or a part your 457(b) Plan benefits. You should consider this risk when deciding whether to enroll in the 457(b) Plan.

Q4: *If the 457(b) Plan is unfunded, am I better off taking my money in cash and investing it elsewhere?*

A: This is your decision. While the 457(b) Plan is unfunded, the University is committed to pay the benefits that you accrue under the 457(b) Plan. The 457(b) Plan also provides significant tax advantages to you because deferrals and investment earnings grow tax-deferred until distributed. You should consult with your own tax or financial advisor to evaluate the benefits under the 457(b) Plan compared to the rewards and risks of alternative investment strategies. However, because the 457(b) Plan is unfunded, your tax or financial advisor will likely recommend that you maximize your contributions to the 403(b) Supplemental Retirement Plan prior to making deferrals to the 457(b) Plan.

ENROLLMENT

Q5: *How do I enroll in the 457(b) Plan?*

A: You must submit a completed 457(b) Salary Deferral Agreement to Human Resources. Your 457(b) Salary Deferral Agreement will be processed promptly but cannot be made effective earlier than the first day of the month following the month in which your 457(b) Salary Deferral Agreement was received.

Q6: *How much can I defer each calendar year?*

Deferrals are limited to a maximum deferral amount set by the IRS for each calendar year. The maximum deferral amount is increased from time to time to reflect cost of living increases. The maximum deferral amount in effect for a calendar year is posted on the Human Resources website.

Q7: *How do I elect my deferral amount?*

You can elect (1) a monthly flat dollar amount or (2) the maximum deferral amount. If you elect a monthly flat dollar amount, your deferrals will be automatically suspended once your deferrals reach the maximum deferral amount for the calendar year. If you elect the maximum deferral amount, deferrals will be taken proportionately from your paychecks for the calendar year or the remaining portion of the calendar year.

Q8: How often can I change the amount I choose to defer?

A: You can change or terminate your deferral amount prospectively at any time by submitting a new 457(b) Salary Deferral Agreement to Human Resources. Your new 457(b) Salary Deferral Agreement will be processed promptly but cannot be made effective earlier than the first day of the month following the month in which your new 457(b) Salary Deferral Agreement was received.

Q9: Must I complete and submit a 457(b) Salary Deferral Agreement for each calendar year?

A: No. If you elected a monthly flat dollar amount and your deferrals were automatically suspended upon reaching the maximum deferral amount for a calendar year, the monthly flat dollar amount you previously elected will resume automatically for the following calendar year beginning with your first paycheck in January unless you changed or terminated your 457(b) Salary Deferral Agreement prior to the beginning of the calendar year. If you elected the maximum deferral amount, your 457(b) Salary Deferral Agreement will continue in effect for the following calendar year and your deferrals will be taken proportionately from your paychecks unless you changed or terminated your 457(b) Salary Deferral Agreement prior to the beginning of the calendar year. To change or terminate your deferral election, you must submit a new 457(b) Salary Deferral Agreement to Human Resources.

Q10: What happens during an unpaid leave of absence?

A: You remain in the 457(b) Plan. However, since deferrals must be made from compensation payable, your deferrals will be suspended during an unpaid leave of absence until you return to paid active service. Upon your return to paid active service, your deferrals will resume automatically at the monthly amount in effect immediately prior to your unpaid leave of absence (regardless of whether you elected the maximum deferral amount) unless you changed or terminated your 457(b) Salary Deferral Agreement prior to the end of your unpaid leave of absence. You may still contribute the maximum deferral amount for the calendar year but you will need to submit a new 457(b) Salary Deferral Agreement to Human Resources to increase the amount of your monthly flat dollar amount or to again elect the maximum deferral amount. If you elect the maximum deferral amount, deferrals will be taken proportionately from your paychecks for the remaining portion of the calendar year.

Q11: Are my deferrals subject to forfeiture?

No, your deferrals and any credited investment earnings are vested at all times.

INVESTMENT OF DEFERRALS

Q12 How are my deferrals invested?

A: You decide how your deferrals are invested by choosing one or more investment options offered under the 457(b) Plan. For information regarding the available investment options, refer to the TIAA 457(b) Enrollment Form. If you do not select your investment option(s) by submitting a completed TIAA 457(b) Enrollment Form to Human Resources upon enrollment, your deferrals will be invested in the 457(b) Plan's default investment option -- an age appropriate target date investment fund. You may change previously selected investment options (or the default investment option) for future deferrals or you may change the investment of your existing account balance at any time. Should you wish to make changes, you need to contact TIAA directly. You are encouraged to submit

your investment option changes through the Rice/TIAA website at www.tiaa.org/rice. If you need assistance changing your investment options through the Rice/TIAA website, contact TIAA at 1-800-842-2776.

Q13: Are my 457(b) Plan investment elections different from my investment elections under the 401(a) Defined Contribution Retirement Plan or the 403(b) Supplemental Retirement Plan?

A: Yes, investment elections for the 457(b) Plan are independent of your investment elections made under the 401(a) Defined Contribution Retirement Plan or the 403(b) Supplemental Retirement Plan. Changes made to one plan do not change your investment elections under the other plans. Please note that TIAA is the only available recordkeeper for the 457(b) Plan.

CATCH-UP CONTRIBUTIONS

Q14: Can I make age 50+ catch-up contributions to the 457(b) Plan?

A: No, the IRS does not permit employees to make age 50+ catch up contributions to the 457(b) Plan.

Q15: Does the Plan provide for any other type of catch-up contributions?

Yes, the IRS does permit employees to make catch-up contributions of up to twice the maximum deferral amount during a catch-up period of up to three (3) years prior to a normal retirement age selected by you. To make catch-up contributions, you must file a Special Normal Retirement Age Catch-Up election with Human Resources. It is important to note that you can make a Special Normal Retirement Age Catch-Up election only if you contributed less than the maximum deferral amount for prior calendar years during which you were eligible to enroll in the 457(b) Plan. Thus, if you contributed the maximum deferral amount for each calendar year during which you were eligible to enroll, you cannot make a Special Normal Retirement Age Catch-Up election. This is because the catch-up provision is designed to allow employees who did not defer the maximum deferral amount in prior years to make up for their underutilization as they approach retirement.

Q16: When should I make a Special Normal Retirement Age Catch-Up Election?

The 457(b) Plan permits you to start making catch-up contribution as early as three (3) years prior to the calendar year in which you attain age 59-1/2. If you intend to retire by a specific date and you wish to make Catch-Up contributions, you will want to make a Special Normal Retirement Age Catch-Up election that provides you with the maximum 3-year catch up period. It is also important to note, that you cannot make catch-up contribution during or after the calendar year in which you attain age 70-1/2. For example, if you attain age 70-1/2 in 2018 and make the Special Normal Retirement Age Catch-Up election effective as of 2016, your catch-up period is limited to two (2) calendar years, 2016 and 2017, because you will attain age 70-1/2 in 2018. It is your decision when to start making catch-up contributions, if at all, but keep in mind that if you wait too long you will lose all or a portion of your ability to make catch-up contributions.

Q17: How do I make a Special Normal Retirement Age Catch-Up Election?

A: You must complete and submit a new 457(b) Salary Deferral Agreement in which you will make the Special Normal Retirement Age Catch-Up election. You will need to designate a Normal

Retirement Age (NRA) that is between ages 59-1/2 and 70-1/2 to establish the catch-up period. For example, if you wish to make catch-up contribution during the 3-year period prior to the calendar year in which you attain age 65, then you must designate a NRA of 65. The designation of a NRA is used solely to establish the catch-up period and does not obligate you to retire and terminate employment from the University by your designated NRA.

Q18: Is there a dollar limit on the amount I can defer/contribute for the calendar years in my catch-up period?

A: Yes, the maximum dollar amount for a calendar year is the lesser of:

- (1) Twice the maximum deferral amount in effect for the calendar year; or
- (2) The maximum deferral amount in effect for the calendar year plus the total amount of your underutilization from prior years.

Q19: How is my underutilization amount calculated?

A: To calculate your underutilization amount, you need three pieces of information: (1) the calendar years for which you were eligible to enroll in the 457(b) Plan, (2) the maximum deferral amount in effect for each of those calendar years (see Q&A below), and (3) the amount you deferred for each of those calendar years. The calculation is best explained by example.

Jane was hired by the University in 2010. She was not eligible to enroll in the 457(b) Plan until the 2012 year. Jane has remained eligible to enroll in the 457(b) Plan since the 2012 year. Jane intends to retire in 2019, the year in which she will attain age 65. To maximize the length of her catch-up period, Jane must make a Special Normal Retirement Age Catch-Up election that is effective no later than the 2016 year. Jane makes the Special Normal Retirement Age Catch-Up election effective as of the 2016 year. For each calendar year for which she was eligible to enroll, the maximum deferral amount and the amount she deferred are set forth below:

Calendar Year	Maximum Deferral Amount	Jane's Deferrals	Underutilization Amount	Cumulative Underutilization Amount
2010	\$16,000	\$0	None, not eligible	\$0
2011	\$16,000	\$0	None, not eligible	\$0
2012	\$17,000	\$5,000	\$12,000	\$12,000
2013	\$17,500	\$10,500	\$7,000	\$19,000
2014	\$17,500	\$10,500	\$7,000	\$26,000
2015	\$18,000	\$12,000	\$6,000	\$32,000
2016	\$18,000			

Jane's cumulative underutilization amount for 2016 is \$32,000. For 2016, Jane can contribute the 2016 maximum deferral amount of \$18,000 plus make catch-up contributions of up to \$18,000. Her catch-up contributions for 2016 are limited due to overall limitation that annual deferrals plus catch-up contributions cannot exceed twice the 2016 maximum deferral amount. However, she can continue to make catch-up

contributions in 2017 and 2018 subject to the overall limitation of twice the maximum deferral amount or until her underutilization amount is exhausted.

Q20: What were the maximum deferral amounts for prior calendar years?

A: Until the tax laws were changed in 2002, the University was not permitted to adopt a 457(b) plan until that year. For this reason, the chart below reflects the maximum deferral amounts beginning with the 2002 year. The 457(b) Plan’s eligibility was expanded effective July 1, 2013. If you were not eligible to enroll in the 457(b) Plan prior to 2013, then you only need look back at maximum deferral amounts back to 2013.

Year	Maximum Deferral Amount						
2002	\$11,000	2007	\$15,500	2012	\$17,000		
2003	\$12,000	2008	\$15,500	2013	\$17,500		
2004	\$13,000	2009	\$16,000	2014	\$17,500		
2005	\$14,000	2010	\$16,000	2015	\$18,000		
2006	\$15,000	2011	\$16,000	2016	\$18,000		

Q21: I don’t know how much I deferred in prior years or when I became eligible to enroll in the 457(b) Plan, who should I contact?

A: You can obtain the calendar years in which you were eligible to enroll in the 457(b) Plan from Human Resources. You can obtain deferral information through the Rice/TIAA website at www.tiaa.org/rice or by calling TIAA at 1-800-842-2252

Q22: Can I extend my catch-up period?

A: No, once you make catch-up contributions during your catch-up period, it cannot be changed or extended if you choose not to make catch-up contributions for a calendar year or if you contribute less than your maximum catch-up contribution limit for a calendar year.

DISTRIBUTIONS TO EMPLOYEES

Q23: When do I receive my account balance?

A: Your account balance will be distributed to you 120 days following the date you terminate employment from the University or as soon as administratively practicable thereafter (the “120-Day Default Distribution Date”) in the form of a lump sum, unless you make an election to defer the 120-Day Default Distribution Date to a later date and/or form of payment as described in Q/A-25.

Q24: Why can’t I take distributions in such amounts and at such times as I elect following my termination of employment?

A: Unlike the distribution rights permitted under the 403(b) Supplemental Retirement Plan, your distribution date and form of payment under the 457(b) Plan must be fixed and determinable. If you do not want the 120-Day Default Distribution Date and/or a lump sum form of payment to apply, you must make an “initial” election to change your distribution date/form of payment within **90 days** following your termination date as described in Q/A-25. You may also make a “one-time additional

election" to further defer your distribution date designated in your initial election as described in Q/A-26.

Q25: How and when do I make an initial election to defer my distribution date beyond the 120-Day Default Distribution Date?

A: Following your termination date, TIAA will send you an initial election form that must be completed and received by TIAA within **90 days** following your termination date. In the initial election form, you must elect a distribution date and a form of payment. Your elections must comply with the required minimum distributions (RMD) rules, that is, distributions must commence no later than April 1 of the year following your attainment of age 70-1/2. For example, you could elect a RMD form of payment under which annual distributions commence by April 1 of the year following your attainment of age 70-1/2, the amount of which is based on your life expectancy. However, it is important to note that any distribution date you elect cannot be later accelerated to an earlier date. If you do not submit an initial election form to TIAA within 90 days following your termination date, the 120-Day Default Distribution Date will apply to your account balance.

Q26: How and when do I make a one-time additional election to further defer my distribution date beyond the distribution date I elected in my initial election?

A: If you timely made an initial election to defer your distribution date, you can make a one-time additional election to further defer your distribution date if you submit such election not less than **30 days** prior to the date the distribution of your account balance would otherwise commence. In the one-time additional election form, you must elect a distribution date and a form of payment. You cannot elect to accelerate your distribution date and, again, your elections must comply with the required minimum distribution (RMD) rules, that is, distributions must commence no later than April 1 of the year following your attainment of age 70-1/2. If you do not timely submit a one-time additional election initial election form, the distribution date and form of payment chosen in your initial election will apply to your account balance.

You can obtain a one-time additional election by contacting TIAA at 1-800-842-2776.

Q27: What forms of payment are available?

A: The 457(b) Plan offers a wide range of payment forms including (1) a single lump sum payment, (2) installment payments, (3) single and joint lifetime annuities as well as (4) a required minimum distribution (RMD) option that enables you to comply automatically with the RMD rules. You can obtain further information regarding the available payment forms by contacting TIAA at 1-800-842-2252

Q28: Can I change my form of payment?

A: Yes, you can change your payment form from a lump sum to any other form of payment if you submit your new election at least **30 days** prior to the date distributions are scheduled to commence. Your other form of payment must comply with the required minimum distributions rules. You can change your payment form to a lump sum at any time prior to the date the distribution of your account balance will commence. You can obtain a payment form election by contacting TIAA at 1-800-842-2776 and a form will be mailed to you.

Q29: Can I roll over my account balance to another eligible retirement plan?

A: No, you cannot roll over any portion of your account balance to an eligible retirement plan such as a 403(b), 401(k), or individual retirement account (IRA). In certain circumstances, you may transfer your account balance to a 457(b) plan maintained by a tax-exempt institution (but not a 457(b) plan maintained by a governmental entity), provided that the recipient 457(b) plan is willing to accept the transfer of your account balance.

Q30: How are my distributions taxed?

A: Your deferrals and any earnings thereon are not taxable for federal income tax purposes until distributed at which time they are taxed as ordinary income. In addition, unlike early withdrawals from the 403(b) Supplemental Retirement Plan, there is no penalty for distributions made prior to age 59-1/2.

Q31: Can I take a loan while employed by the University?

A: Loans are not available under the 457(b) Plan. However, the 403(b) Supplemental Retirement Plan through TIAA does permit loans within prescribed limits.

Q32: Can I take a hardship withdrawal while employed by the University?

A: You can take a hardship withdrawal in the event of an "unforeseeable emergency" but the hardship withdrawal rules that apply under the 457(b) Plan are far more restrictive than the hardship withdrawal rules that apply under the 403(b) Supplemental Retirement Plan. For example, you can take a hardship withdrawal from the 403(b) Supplemental Retirement Plan to pay for your child's college tuition or to purchase your principal residence but these purposes are not considered unforeseeable emergencies under the 457(b) Plan's hardship withdrawal rules.

DISTRIBUTIONS TO BENEFICIARIES

Q33: How do I designate a beneficiary?

A: You may designate a beneficiary or change your beneficiary at any time online at www.tiaa.org/rice. Your beneficiary may be your spouse or another individual. Your beneficiary designation is not valid until filed with TIAA. If you die prior to completing and filing a beneficiary designation, your account balance will be paid to your estate.

Q34: How is my account balance paid to my beneficiary?

A: If you die before commencing payment of your account balance, your beneficiary will receive your account balance approximately 120 days following your date of death in the form of a lump sum payment unless your beneficiary elects to defer the payment and/or change the form of payment within **90 days** following your date of death (provided that any such deferral meets the required minimum distribution rules.) Your beneficiary may also make a one-time additional election to further defer his or her distribution date if he or she submits such election not less than **30 days** prior to the date the distribution would otherwise commence. He or she can also change the payment form at any time; provided, that a payment form other than a lump sum must be made at least 30 days prior to the date distributions are scheduled to commence and must otherwise comply with the required minimum distributions rules.

If you die after commencing payment of your account balance, *i.e.*, you elected a payment form other than a lump sum, your remaining account balance will be paid at such time and in such a manner that meets the required minimum distribution rules and the terms of the 457(b) Plan.

GENERAL INFORMATION

Q35: Can I assign my benefits?

A: No, you cannot sell, assign or transfer in advance of receipt, any of your rights under the 457(b) Plan except as otherwise provided by a Qualified Domestic Relations Order (QDRO).

Q36: Who administers the 457(b) Plan?

A: The University is the Plan Administrator and has the power and authority to establish reasonable rules and procedures for the 457(b) Plan's administration and to delegate day-to-day administration of the 457(b) Plan to others. The University also has the discretionary power and authority to determine all questions relating to the administration of the 457(b) Plan, including, but not limited to, questions relating to enrollment eligibility, reconciling any question or dispute arising under the 457(b) Plan, and interpreting the plan document. Any determinations made by the University shall be final and binding.

Q37: If my claim for benefits is denied or I am denied the opportunity to enroll in the 457(b) Plan, what is my recourse?

A: If all or part of your claim for benefits (or a claim by your beneficiary or alternate payee under a Qualified Domestic Relations Order) is denied or if you have been denied the opportunity to enroll in the 457(b) Plan, you may a request for review if you believe the denial was improper. The Plan Administrator has adopted review procedures that are available upon request from Human Resources.

Q38: Who can I contact if I have questions about the 457(b) Plan?

A: If you have any questions about the 457(b) Plan, please contact:

TIAA

- By visiting the Rice/TIAA website at www.tiaa.org/rice.

As noted in these Hightlights, in certain instances, you must contact:

Rice Human Resources

- By emailing Rice Human Resources at benefits@rice.edu.
- By calling Rice Human Resources at 713-348-2363, Monday through Friday, between 9:00 a.m. and 4:00 p.m.

NOTE: These Highlights for the University's 457(b) Plan summarize the terms and features of the 457(b) Plan as in effect on the revision date stated below. These Highlights are not intended as a substitute for the legal plan document and if there is any ambiguity or inconsistency between the terms of the legal plan document and these Highlights, the terms of the legal plan document will control and are final.