

**NORTH DAKOTA UNIVERSITY SYSTEM DEFINED CONTRIBUTION RETIREMENT PLAN  
SUMMARY OF PLAN PROVISIONS**

**TABLE OF CONTENTS**

**INTRODUCTION TO YOUR PLAN**

What kind of Plan is this?..... 1  
What information does this Summary provide?..... 1

**ARTICLE I  
PARTICIPATION IN THE PLAN**

How do I participate in the Plan? ..... 1  
What happens if I'm a participant, terminate employment and then I'm rehired? ..... 2

**ARTICLE II  
EMPLOYEE CONTRIBUTIONS**

What are mandatory employee contributions? ..... 2  
What are rollover contributions? ..... 2

**ARTICLE III  
EMPLOYER CONTRIBUTIONS**

What is the Employer nonelective contribution and how is it allocated?..... 2

**ARTICLE IV  
COMPENSATION AND ACCOUNT BALANCE**

What compensation is used to determine my Plan benefits? ..... 3  
Is there a limit on the amount of compensation which can be considered? ..... 3  
Is there a limit on how much can be contributed to my account each year? ..... 3  
How is the money in the Plan invested? ..... 3  
What investments are permitted? ..... 3  
Who is responsible for selecting the investments for my contributions under the Plan? ..... 4  
How frequently can I change my investment elections? ..... 4  
Will Plan expenses be deducted from my account balance? ..... 4

**ARTICLE V  
VESTING**

What is my vested interest in my account?..... 4

**ARTICLE VI  
DISTRIBUTIONS PRIOR TO TERMINATION**

Can I withdraw money from my account while working?..... 4

**ARTICLE VII  
BENEFITS AND DISTRIBUTIONS UPON TERMINATION OF EMPLOYMENT**

When can I get money out of the Plan?..... 5  
What happens if I terminate employment before death, disability or retirement?..... 5  
What happens if I terminate employment at Normal Retirement Date?..... 5  
What happens if I terminate employment due to disability? ..... 5  
How will my benefits be paid to me?..... 6

May I elect another form of benefit? ..... 6

**ARTICLE VIII  
BENEFITS AND DISTRIBUTIONS UPON DEATH**

What happens if I die while working for the Employer? ..... 7  
 Who is the beneficiary of my death benefit? ..... 7  
 How will the death benefit be paid to my beneficiary? ..... 7  
 When must the last payment be made to my beneficiary? ..... 8  
 What happens if I'm a participant, terminate employment and die before receiving all my benefits? ..... 8

**ARTICLE IX  
TAX TREATMENT OF DISTRIBUTIONS**

What are my tax consequences when I receive a distribution from the Plan? ..... 8  
 Can I elect a rollover to reduce or defer tax on my distribution? ..... 8

**ARTICLE X  
LOANS**

Is it possible to borrow money from the Plan? ..... 9

**ARTICLE XI  
CLAIMS PROCEDURES**

What happens if a domestic relations order is issued with respect to my benefits in the Plan? ..... 9  
 Can the Plan be amended? ..... 9  
 What happens if the Plan is discontinued or terminated? ..... 9  
 How do I submit a claim for Plan benefits? ..... 9  
 What if my benefits are denied? ..... 9

**ARTICLE XII  
GENERAL INFORMATION ABOUT THE PLAN**

Plan Name ..... 9  
 Plan Effective Dates ..... 10  
 Other Plan Information ..... 10  
 Plan Sponsor and Employer Information ..... 10  
 Administrator Information ..... 11

# NORTH DAKOTA UNIVERSITY SYSTEM DEFINED CONTRIBUTION RETIREMENT PLAN

## SUMMARY OF PLAN PROVISIONS

### INTRODUCTION TO YOUR PLAN

#### What kind of Plan is this?

The North Dakota University System Defined Contribution Retirement Plan ("Plan") has been adopted to provide you with the opportunity to save for retirement on a tax-advantaged basis. This Plan is a type of qualified retirement plan commonly referred to as a Money Purchase Plan. Generally, you are not taxed on the amounts we contribute to the Plan until you withdraw these amounts from the Plan.

#### What information does this Summary provide?

This Summary of Plan Provisions contains information regarding your Plan benefits, your distribution options, and many other features of the Plan. You should take the time to read this Summary to get a better understanding of your rights and obligations under the Plan.

If you have any questions about the Plan, please contact the NDUS Office at [NDUS.Inquiry@ndus.edu](mailto:NDUS.Inquiry@ndus.edu), the Administrator, or other Plan representative. The Administrator is responsible for responding to questions and making determinations related to the administration, interpretation, and application of the Plan. The name and address of the Administrator can be found at the end of this Summary in the Article entitled "General Information About the Plan."

This Summary describes the Plan's benefits and obligations as contained in the legal Plan document, which governs the operation of the Plan. The Plan document is written in much more technical and precise language and is designed to comply with applicable legal requirements. If the non-technical language in this Summary conflicts with the language of the Plan document, then the Plan document always governs.

All amounts in the Plan will be invested either in annuity contracts or in mutual funds. The agreements constituting or governing the annuity contracts (the "Individual Agreements") explain your rights under the contracts and the unique rules that apply to each Plan investment which may, in some cases, limit your options under the Plan. You should review the Individual Agreements along with this Summary to gain a full understanding of your rights and obligations under the Plan. Contact the Administrator or the investment vendor to obtain copies of the Individual Agreements or to receive more information regarding the investment arrangements available under the Plan.

The Plan and your rights under the Plan are subject to various laws, including the Internal Revenue Code. The provisions of the Plan are subject to revision due to a change in laws. The North Dakota State Board of Higher Education ("SBHE") may also amend or terminate this Plan.

The SBHE is the Administrator of the Plan and maintains the Plan for the benefit of eligible employees of participating institutions. Whenever the term "Employer" is used in this Summary, it refers to your employer.

**Types of Contributions.** The Plan includes provisions for the following types of contributions:

- Mandatory employee contributions
- Employee rollover contributions
- Employer nonelective contributions

## ARTICLE I PARTICIPATION IN THE PLAN

#### How do I participate in the Plan?

You may begin participating under the Plan once you have satisfied the eligibility requirements and reached your "Entry Date." The following describes the eligibility requirements and Entry Dates that apply. You should contact the NDUS Office ([NDUS.Inquiry@ndus.edu](mailto:NDUS.Inquiry@ndus.edu)) if you have questions about the timing of your Plan participation.

**Eligible Employees.** If you are a member of a class of employees identified below, you are an eligible employee and are entitled to participate in the Plan.

- You must be a "permanent employee." A permanent employee means an employee who is given a single appointment to a half-time or greater position for five months or more per year; and
- You must be a member of one of the following classes of permanent employees:
  - Class I: Teaching and research faculty with ranks of professor or associate professor, research personnel with equivalent rank, and executive and administrative staff.

- Class II: Teaching and research faculty with ranks of assistant professor or instructor, research personnel and lecturers with equivalent rank, and professional staff.
- Class III: A closed group of administrative assistants who elected participation in this retirement plan prior to January 1, 1965.
- Class IV: A closed group of employees as established on June 30, 1980, otherwise eligible for participation in this retirement plan as Class I or Class II employees, who have elected to continue participation in the Teacher's Fund for Retirement (TFFR) as provided by the 1979 North Dakota Legislature.

In lieu of participation in this Plan, eligible employees, having accrued retirement benefits under the North Dakota Public Employees' Retirement System (PERS), may elect to continue participation in PERS. A PERS participant, transferred or reclassified to a position that qualifies for participation in this Plan may elect to become a participant by making such election within 60 days of being transferred or reclassified. In the absence of such election, the right of participation in this Plan is irrevocably waived.

**Entry Date.** You will be eligible to participate in the Plan on your date of hire. However, you will actually become a Participant in the Plan once you reach the Entry Date, which is the first administratively practicable date after your date of hire.

#### **What happens if I'm a participant, terminate employment and then I'm rehired?**

If you are no longer a participant because you terminated employment, and you are rehired, then you will be able to participate in the Plan on your date of rehire provided you are otherwise eligible to participate in the Plan.

### **ARTICLE II EMPLOYEE CONTRIBUTIONS**

#### **What are mandatory employee contributions?**

**Mandatory contributions.** As a condition of employment, prior to your first becoming eligible to participate, you must agree to contribute the following to the Plan each Plan Year:

- Class I and III Employees: 4.5% of Compensation for Class I and Class III Employees with 0 through 10 Years of Service and 5% of Compensation for those respective Employees with more than 10 Years of Service;
- Class II Employees: 3.5 % of Compensation for Class II Employees with 0 through 2 Years of Service, 4.5 % of Compensation for those respective Employees with 3 through 10 Years of Service; 5% of Compensation for those respective Employees with more than 10 Years of Service;
- Class IV Employees: 4% of Compensation for Class IV Employees.

**Treatment as Employer contributions.** The mandatory contribution you make is considered, for purposes of federal taxes, to be an Employer contribution (many people refer to these as pick-up contributions because the Employer is picking up the contribution as though it were making the contribution). This means that the mandatory contribution is not subject to federal income taxes, and in most cases, will not be subject to Social Security and Medicare taxes. This summary still refers to these contributions as mandatory employee contributions in order to avoid confusion with respect to other Employer contributions that may be made under the Plan.

#### **What are rollover contributions?**

**Rollover contributions.** Subject to the provisions of your investment arrangements and at the discretion of the Administrator, if you are a Participant who is currently employed, you may be permitted to deposit into the Plan distributions you have received from other retirement plans and certain IRAs. Such a deposit is called a "rollover" and may result in tax savings to you. You may ask the Administrator or Trustee of the other plan or IRA to directly transfer (a "direct rollover") to this Plan all or a portion of any amount that you are entitled to receive as a distribution from such plan. Alternatively, you may elect to deposit any amount eligible to be rolled over within 60 days of your receipt of the distribution. You should consult qualified counsel to determine if a rollover is in your best interest.

**Rollover account.** Your rollover will be accounted for in a "rollover account." You will always be 100% vested in your "rollover account" (see the Article in this Summary entitled "Vesting"). This means that you will always be entitled to all amounts in your rollover account. Rollover contributions will be affected by any investment gains or losses.

**Withdrawal of rollover contributions.** You may withdraw the amounts in your "rollover account" only when you are otherwise entitled to a distribution under the Plan. See "When can I get money out of the Plan?"

### **ARTICLE III EMPLOYER CONTRIBUTIONS**

This Article describes Employer contributions that may be made to the Plan.

#### **What is the Employer nonelective contribution and how is it allocated?**

**Nonelective contribution.** Effective as of January 1, 2014, your Employer will contribute:

- For Class I and Class III Employees with 0 to 10 Years of Service, the Employer will contribute 12.5% of Compensation.

- For Class I and Class III Employees with more than 10 Years of Service, the Employer will contribute 13% of Compensation.
- For Class II Employees with 0 to 2 Years of Service, the Employer will contribute 7.5% of Compensation.
- For Class II Employees with 3 to 10 years of Service, the Employer will contribute 12.5% of Compensation.
- For Class II Employees with over 10 Years of Service, the Employer will contribute 13% of Compensation.
- For Class IV Employees, the Employer will contribute 12% of Compensation.

For purposes of these contributions, you will receive credit for the years of service during which you accrued retirement benefits under the North Dakota Public Employees' Retirement System, North Dakota Teachers' Fund for Retirement and/or TIAA. Credit for TIAA years of service shall also include credit earned at other institutions, including out-of-state institutions, provided that you have a current TIAA contract (i.e. your contract was not repurchased).

**Allocation conditions.** You will always share in the nonelective contribution regardless of the amount of service you complete during the Plan Year.

## **ARTICLE IV COMPENSATION AND ACCOUNT BALANCE**

### **What compensation is used to determine my Plan benefits?**

**Definition of compensation.** For the purposes of the Plan, compensation has a special meaning. Compensation is generally defined as your total compensation that is subject to income tax and paid to you by your Employer during the Plan Year.

**Adjustments to compensation.** The following adjustments to compensation will be made:

- Compensation will be adjusted by excluding bonuses, awards, overtime, overload, stipends, reimbursements or other expense allowances (except for housing and automobile allowance payments that are specified in an employment contract or agreement as part of the employee's compensation package), fringe benefits (cash or noncash), moving expenses, deferred compensation (other than pre-tax deferrals), welfare benefits, payroll adjustments, special projects (unless designated in payroll records as eligible compensation for retirement plan purposes), early retirement incentive pay, severance, and leave payments made pursuant to an employment contract or agreement
- compensation paid after you terminate is generally excluded for Plan purposes. However, the following amounts will be included in compensation even though they are paid after you terminate employment, provided these amounts would otherwise have been considered compensation as described above and provided they are paid within 2 1/2 months after you terminate employment, or if later, the last day of the Plan Year in which you terminate employment:
- compensation for services performed during your regular working hours, or for services outside your regular working hours (such as overtime or shift differential) or other similar payments that would have been made to you had you continued employment

### **Is there a limit on the amount of compensation which can be considered?**

The Plan, by law, cannot recognize annual compensation in excess of a certain dollar limit. The limit for the Plan Year beginning in 2026 is \$360,000. After 2026, the dollar limit may increase for cost-of-living adjustments.

### **Is there a limit on how much can be contributed to my account each year?**

Generally, the law imposes a maximum limit on the amount of contributions that may be made to your account and any other amounts allocated to any of your accounts during the Plan Year, excluding earnings. Beginning in 2026, this total cannot exceed the lesser of \$72,000 or 100% of your annual compensation. After 2026, the dollar limit may increase for cost-of-living adjustments.

### **How is the money in the Plan invested?**

The assets of the Plan are held in annuity contracts or mutual funds for the benefit of Plan participants and their beneficiaries in accordance with the terms of this Plan. These contracts and mutual funds will be the funding medium used for the accumulation of assets from which Plan benefits will be distributed.

### **What investments are permitted?**

The SBHE (or someone appointed by the SBHE) will select the investment vendors and investment options that will be available under the Plan. The investment options will be limited to annuity contracts and/or mutual funds. The list of approved investment options and vendors may change from time to time as the SBHE considers appropriate. The SBHE may restrict the list of vendors who may accept new contributions to the Plan and it may be different from the list of vendors and investment options available once the contributions have been made to the Plan. You should carefully review the Individual Agreements governing the annuity contracts, the prospectus, or other available information before making investment decisions.

### **Who is responsible for selecting the investments for my contributions under the Plan?**

You have the right to decide how your Plan balance will be invested. The SBHE will establish administrative procedures that you must follow to select your investments. The SBHE will designate a list of vendors and investment options that you may select for new contributions to the Plan. You will have the ability to transfer your Plan balance among these vendors and investment options to the extent permitted by the Individual Agreements. Contact the Administrator if you are not certain whether a particular vendor or investment option is permitted under the Plan. If you do not select investments for your Plan account, the SBHE will determine how your account will be invested.

### **How frequently can I change my investment elections?**

You may change your initial investment selections on a daily basis (unless otherwise provided for in the Individual Agreements).

**Earnings or losses.** When you direct investments, your accounts are segregated for purposes of determining the earnings or losses on these investments. Your account does not share in the investment performance of other participants who have directed their own investments. You should remember that the amount of your benefits under the Plan will depend in part upon your choice of investments. Gains as well as losses can occur and your Employer, the Administrator, and the Insurer will not provide investment advice or guarantee the performance of any investment you choose.

### **Will Plan expenses be deducted from my account balance?**

**Expenses allocated to all accounts.** The Plan permits the payment of Plan expenses to be made from the Plan's assets, to the extent permitted under the contracts in which the Plan assets are invested. The method of allocating the expenses depends on the nature of the expense itself. For example, certain administrative (or recordkeeping) expenses would typically be allocated proportionately to each participant. If the Plan pays \$1,000 in expenses and there are 100 participants, your account balance would be charged \$10 (\$1,000/100) of the expense.

**Terminated employee.** After you terminate employment, the SBHE reserves the right to charge your account for your pro rata share of the Plan's administration expenses, regardless of whether your Employer pays some of these expenses on behalf of current employees, to the extent permitted under the contracts in which the Plan assets are invested.

**Expenses allocated to individual accounts.** There are certain other expenses that may be paid just from your account, to the extent permitted under the contracts in which the Plan assets are invested. These are expenses that are specifically incurred by, or attributable to, you. For example, if you are married and get divorced, the Plan may incur additional expenses if a court mandates that a portion of your account be paid to your ex-spouse. These additional expenses may be paid directly from your account (and not the accounts of other participants) because they are directly attributable to you under the Plan. The Administrator can inform you when there will be a charge (or charges) directly to your account.

The SBHE may, from time to time, change the manner in which expenses are allocated.

## **ARTICLE V VESTING**

### **What is my vested interest in my account?**

In order to reward employees who remain employed with the Employer for a long period of time, the law permits a "vesting schedule" to be applied to certain contributions that your Employer makes to the Plan. This means that you will not be entitled ("vested") in all of the contributions until you have been employed with the Employer for a specified period of time.

**100% vested contributions.** You are always 100% vested (which means that you are entitled to all of the amounts) in all of your accounts.

## **ARTICLE VI DISTRIBUTIONS PRIOR TO TERMINATION**

### **Can I withdraw money from my account while working?**

**In-service distributions.** You may be entitled to receive an in-service distribution. However, this distribution is not in addition to your other benefits and will therefore reduce the value of the benefits you will receive at retirement. This distribution is made at your election and will be made in accordance with the forms of distributions available under the Plan and under the contracts in which the Plan assets are invested.

**Conditions and Limitations.** Generally, you may receive a distribution from the Plan from certain accounts prior to your termination of employment provided you satisfy one of the conditions described below:

- you are disabled within the meaning of Code Section 72(m)(7), which means you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. You are not considered to be disabled unless you furnish proof of the existence thereof in such form and manner as the Administrator may require; or

- you are an approved phased/early retirement participant, provided you have reached Normal Retirement Age and signed a binding phased/early retirement agreement.

## **ARTICLE VII BENEFITS AND DISTRIBUTIONS UPON TERMINATION OF EMPLOYMENT**

### **When can I get money out of the Plan?**

You may receive a distribution of the vested portion of some or all of your accounts in the Plan for the following reasons, provided the distribution is also permitted under the term of the contracts in which the Plan assets are invested:

- termination of employment for reasons other than death or retirement
- normal retirement
- disability
- death

This Plan is designed to provide you with retirement benefits. However, distributions are permitted if you die or become disabled. In addition, certain payments are permitted when you terminate employment for any other reason. The rules under which you can receive a distribution are described in this Article. The rules regarding the payment of death benefits to your beneficiary are described in "Benefits and Distributions Upon Death."

You may also receive distributions while you are still employed with the Employer. (See the Article entitled "Distributions Prior to Termination" for a further explanation.)

**Military Service.** If you are a veteran and are reemployed under the Uniformed Services Employment and Reemployment Rights Act of 1994, your qualified military service may be considered service with the Employer. There may also be benefits for employees who die or become disabled while on active duty. Employees who receive wage continuation payments while in the military may benefit from various changes in the law. If you think you may be affected by these rules, ask the Administrator for further details.

### **What happens if I terminate employment before death, disability or retirement?**

You may elect to have your vested account balance distributed to you as soon as administratively feasible following your termination of employment. (See the question entitled "How will my benefits be paid to me?" for additional information.) Regardless of the preceding, the distribution provisions described above only apply if they are permitted by the contracts in which the Plan assets are invested.

### **What happens if I terminate employment at Normal Retirement Date?**

**Normal Retirement Date.** You will attain your Normal Retirement Age when you reach age 65. Your Normal Retirement Date is the date on which you attain your Normal Retirement Age.

**Payment of benefits.** Payment of benefits generally will not begin until you have terminated employment and reached your Normal Retirement Date. In such event, a distribution will be made, at your election, as soon as administratively feasible. If you remain employed past your Normal Retirement Date, you may generally defer the receipt of benefits until you actually terminate employment. (See the question entitled "How will my benefits be paid to me?" for an explanation of how these benefits will be paid.)

### **What happens if I terminate employment due to disability?**

**Definition of disability.** Under the Plan, disability is defined as a physical or mental condition resulting from bodily injury, disease, or mental disorder which renders you incapable of continuing any gainful occupation and which has lasted or can be expected to last for a continuous period of at least twelve (12) months. Your disability must be determined by a licensed physician. However, if your condition constitutes total disability under the federal Social Security Act, then the Administrator may deem that you are disabled for purposes of the Plan.

**Payment of benefits.** If you become disabled while an employee, you will be entitled to your vested account balance under the Plan. Payment of your disability benefits will be made to you as if you had retired. (See the question entitled "How will my benefits be paid to me?" for an explanation of how these benefits will be paid.)

## How will my benefits be paid to me?

The following provisions apply to the extent permitted under the investment arrangements in which the Plan assets are invested.

**Forms of distribution.** If your vested account balance does not exceed \$5,000, then your vested account balance may only be distributed to you in a single lump-sum payment. In determining whether your vested account balance exceeds the \$5,000 threshold, "rollovers" (and any earnings allocable to "rollover" contributions) will be taken into account.

In addition, you must consent to receive any distribution of your vested account balance before it may be made. In determining whether your vested account balance exceeds this dollar threshold, "rollover" contributions (and any earnings allocable to "rollover" contributions) will be taken into account. You may elect to receive a distribution of your vested account balance in:

- a single lump-sum payment
- installments over a period of not more than your assumed life expectancy (or the assumed life expectancies of you and your beneficiary)
- partial withdrawals
- annuities

**Delaying distributions.** You may delay the distribution of your vested account balance. However, if you elect to delay the distribution of your vested account balance, there are rules that require that certain minimum distributions be made from the Plan. Distributions are required to begin not later than the April 1st following the later of the end of the year in which you reach age 70 1/2 (if you were born before July 1, 1949), or age 72 (if you were born after June 30, 1949 but before January 1, 1951), or age 73 (if you were born on or after January 1, 1951), or retire.

**Annuity Distribution.** If you are married on the date your benefits are to begin, you will automatically receive a joint and 50% survivor annuity, unless you elect an alternative form of payment. This means that you will receive payments for your life, and after your death, your surviving spouse will receive a monthly benefit for the remainder of his or her life equal to 50% of the benefit you were receiving at the time of your death. You may elect a joint and 75%, 66 2/3% or 100% survivor annuity instead of the standard joint and 50% survivor annuity. You should consult an advisor before making such election.

If you are not married on the date your benefits are to begin, you will automatically receive a life annuity, unless you elect an alternative form of payment. This means you will receive payments for as long as you live.

**Consent requirements.** You must consent to receive any distribution of your vested account balance before it may be made. In addition, if your vested account balance exceeds \$5,000 and you want the distribution to be in a form other than an annuity, you (and your spouse, if you are married) must first waive the annuity form of payment. In determining whether your vested account balance exceeds these dollar threshold(s), "rollover" contributions (and any earnings allocable to "rollover" contributions) will be taken into account.

## May I elect another form of benefit?

**Waiver of annuity.** If your vested benefit in the Plan exceeds \$5,000, then when you are about to receive any distribution, the Administrator will explain the joint and survivor annuity or the life annuity to you in greater detail. You will be given the option of waiving the joint and survivor annuity or the life annuity form of payment during the 180-day period before the annuity is to begin. **IF YOU ARE MARRIED, YOUR SPOUSE MUST IRREVOCABLY CONSENT IN WRITING TO THE WAIVER IN THE PRESENCE OF A NOTARY OR A PLAN REPRESENTATIVE.** You may revoke any waiver. The Administrator will provide you with forms to make these elections. Since your spouse participates in these elections, you must immediately inform the Administrator of any change in your marital status.

**Other form of distribution.** If your vested account balance exceeds \$5,000 and you and your spouse elect not to take a joint and survivor annuity, or if you are not married when your benefits are scheduled to begin and have elected not to take a life annuity, you may elect to receive a distribution of your vested account balance in an alternative form of payment. This payment may be made in one of the following methods:

- a single lump-sum payment
- installments over a period of not more than your assumed life expectancy (or the assumed life expectancies of you and your beneficiary)
- partial withdrawals
- the purchase of a different form of annuity

**ARTICLE VIII  
BENEFITS AND DISTRIBUTIONS UPON DEATH**

**What happens if I die while working for the Employer?**

If you die while still employed by the Employer, then your vested account balance will be used to provide your beneficiary with a death benefit.

**Who is the beneficiary of my death benefit?**

**Married Participant.** If you are married at the time of your death, your spouse will be the beneficiary of 50% of the death benefit unless an election is made to change the beneficiary. IF YOU WISH TO DESIGNATE A BENEFICIARY OTHER THAN YOUR SPOUSE, YOUR SPOUSE (IF YOU ARE MARRIED) MUST IRREVOCABLY CONSENT TO WAIVE ANY RIGHT TO THE PORTION OF THE DEATH BENEFIT PAYABLE TO YOUR SPOUSE. YOUR SPOUSE'S CONSENT MUST BE IN WRITING, BE WITNESSED BY A NOTARY OR A PLAN REPRESENTATIVE AND ACKNOWLEDGE THE SPECIFIC NONSPOUSE BENEFICIARY.

If you are married and you change your designation, then your spouse must again consent to the change. Also, since the death benefit payable to your spouse is not your entire vested account balance, you may, at any time, designate the beneficiary for amounts in excess of the portion of the death benefit payable to your spouse without your spouse's consent. In addition, you may elect a beneficiary other than your spouse without your spouse's consent if your spouse cannot be located.

**Unmarried Participant.** If you are not married, you may designate a beneficiary on a form to be supplied to you by the Administrator.

**Divorce.** If you have designated your spouse as your beneficiary for all or a part of your death benefit, then upon your divorce, the designation is no longer valid. This means that if you do not select a new beneficiary after your divorce, then you are treated as not having a beneficiary for that portion of the death benefit (unless you have remarried).

**No beneficiary designation.** At the time of your death, if you have not designated a beneficiary or the individual named as your beneficiary is not alive, then unless stated otherwise in the contracts in which the Plan assets are invested, the death benefit will be paid in the following order of priority to: Spouse 50% and 50% to estate.

**How will the death benefit be paid to my beneficiary?**

The following provisions apply to the extent permitted under the contracts in which the Plan assets are invested.

**Form of distribution.** If the death benefit payable to a beneficiary does not exceed \$5,000, then the benefit may only be paid as a lump-sum. If the death benefit exceeds \$5,000, your beneficiary may elect to have the death benefit paid in:

- a single lump-sum payment
- installments over a period of not more than the assumed life expectancy of your beneficiary
- partial withdrawals
- annuities

**Annuity distribution.** If the death benefit does not exceed \$5,000, then the benefit may only be paid as a lump-sum. If you are married at the time of your death and the death benefit exceeds \$5,000, the death benefit will be paid in the form of an annuity, that is, periodic payments over the life of your spouse. Your spouse may direct that payments begin within a reasonable period of time after your death. The size of the monthly payments will depend on the value of your vested account at the time of your death.

**Waiver of annuity.** You (and your spouse if you are married) may waive the annuity form of distribution. Generally, the period during which you and your spouse may waive the annuity begins as of the first day of the Plan Year in which you reach age 35 and ends when you die. The Administrator must provide you with a detailed explanation of the annuity. This explanation must generally be given to you during the period of time beginning on the first day of the Plan Year in which you will reach age 32 and ending on the first day of the Plan Year in which you reach age 35. It is important that you inform the Administrator when you reach age 32 so that you may receive this information.

Under a special rule, you and your spouse may waive the survivor annuity form of payment any time before you turn age 35. However, any waiver will become invalid at the beginning of the Plan Year in which you turn age 35, and you and your spouse will be required to make another waiver.

If you waive the annuity form of distribution, and you are not married, or for amounts in excess of the minimum spouse's death benefit, then your beneficiary may elect an alternative form of payment. This payment may be made in:

- a single lump-sum payment
- installments over a period of not more than the assumed life expectancy of your beneficiary
- partial withdrawals
- the purchase of a different form of annuity

## When must the last payment be made to my beneficiary?

The law generally restricts the ability of a retirement plan to be used as a method of retaining money for purposes of your death estate. Accordingly, there are rules that are designed to ensure that death benefits are distributable to beneficiaries within certain time periods. These rules are complicated and depend upon who is designated as your beneficiary and when your death occurs. A general description of these rules is set forth below. Contact TIAA for additional information.

Regardless of the method of distribution selected, if your designated beneficiary is a person (rather than your estate or some trusts) then minimum distributions of your death benefit will begin by the end of the year following the year of your death ("1-year rule") and must be paid over a period not extending beyond your beneficiary's life expectancy. If your spouse is the beneficiary, then under the "1-year rule," the start of payments will be delayed until the year in which you would have attained age 70 1/2 (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949 but before January 1, 1951) or age 73 (if you were born on or after January 1, 1951), unless your spouse elects to begin distributions over his or her life expectancy before then. However, instead of the "1-year rule" your beneficiary may elect to have the entire death benefit paid by the end of the fifth year following the year of your death (the "5-year rule"). Generally, if your beneficiary is not a person, your entire death benefit must be paid under the "5-year rule." Additionally, complete distributions to certain beneficiaries must occur by December 31<sup>st</sup> of the tenth year following your death.

**Required Minimum Distributions.** Distributions must generally begin by April 1 of the calendar year following the year you turn age 70 1/2 (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949 but before January 1, 1951) or age 73 (if you were born on or after January 1, 1951), or, in some cases, when you retire, if later. For more information, see IRS Publication 590-B. Effective after December 31, 2021, generally if your designated beneficiary is a person (other than your estate or certain trusts), then regardless of the method of distribution a beneficiary might otherwise be able to elect, minimum distributions of your death benefit must begin no later than the end of the calendar year which follows the year of your death and must be paid over a period not extending beyond your beneficiary's life expectancy. Generally, if your beneficiary is not a person, then your entire death benefit must be paid within five years after your death.

Since your spouse has certain rights to the death benefit, you should immediately report any change in your marital status to the Administrator.

The payment of benefits according to the above rules is extremely important. Federal tax law imposes a 50% excise tax on the difference between the amount of benefits required by law to be distributed and the amount actually distributed if it is less than the required minimum amount.

You should review your beneficiary designation periodically to make sure that the person you want to receive the benefits is properly designated. You may change your beneficiary by completing the "Designation of Beneficiary" form available online at [www.tiaa.org](http://www.tiaa.org).

## What happens if I'm a participant, terminate employment and die before receiving all my benefits?

If you terminate employment with the Employer and subsequently die, your beneficiary will be entitled to your remaining interest in the Plan at the time of your death.

## ARTICLE IX TAX TREATMENT OF DISTRIBUTIONS

### What are my tax consequences when I receive a distribution from the Plan?

Generally, you must include any Plan distribution in your taxable income in the year in which you receive the distribution. The tax treatment may also depend on your age when you receive the distribution. Certain distributions made to you when you are under age 59 1/2 could be subject to an additional 10% tax.

### Can I elect a rollover to reduce or defer tax on my distribution?

**Rollover or Direct Transfer.** You may reduce, or defer entirely, the tax due on your distribution through use of one of the following methods:

(a) **60-day rollover.** The rollover of all or a portion of the distribution to an Individual Retirement Account or Annuity (IRA) or another employer retirement plan willing to accept the rollover. This will result in no tax being due until you begin withdrawing funds from the IRA or other qualified employer plan. The rollover of the distribution, however, **MUST** be made within strict time frames (normally, within 60 days after you receive your distribution). Under certain circumstances, all or a portion of a distribution may not qualify for this rollover treatment. In addition, most distributions will be subject to mandatory federal income tax withholding at a rate of 20%. This will reduce the amount you actually receive. For this reason, if you wish to rollover all or a portion of your distribution amount, then the direct transfer option described in paragraph (b) below may be the better choice.

(b) **Direct rollover.** For most distributions, you may request that a direct transfer (sometimes referred to as a direct rollover) of all or a portion of a distribution be made to either an Individual Retirement Account or Annuity (IRA) or another employer retirement plan willing to accept the transfer. A direct transfer will result in no tax being due until you withdraw funds from the IRA or other employer plan. Like the rollover, under certain circumstances all or a portion of the amount to be distributed may not qualify for this direct transfer. If you elect to actually receive the distribution rather than request a direct transfer, then in most cases 20% of the distribution amount will be withheld for federal income tax purposes. If you decide to directly transfer all or a

portion of a distribution, you (and your spouse, if you are married) must first waive the annuity form of payment. (See the question entitled "How will my benefits be paid to me?" for a further explanation of this waiver requirement.)

**Tax Notice.** WHENEVER YOU RECEIVE A DISTRIBUTION THAT IS AN ELIGIBLE ROLLOVER DISTRIBUTION, THE ADMINISTRATOR WILL DELIVER TO YOU A MORE DETAILED EXPLANATION OF THESE OPTIONS. HOWEVER, THE RULES WHICH DETERMINE WHETHER YOU QUALIFY FOR FAVORABLE TAX TREATMENT ARE VERY COMPLEX. YOU SHOULD CONSULT WITH QUALIFIED TAX COUNSEL BEFORE MAKING A CHOICE.

## **ARTICLE X LOANS**

### **Is it possible to borrow money from the Plan?**

No, it is not possible to borrow money from the Plan. Plan loans are not permitted.

## **ARTICLE XI CLAIMS PROCEDURES**

### **What happens if a domestic relations order is issued with respect to my benefits in the Plan?**

The Plan Administrator must honor a domestic relations order (DRO). A DRO is defined as a decree or order issued by a court that obligates you to pay child support or alimony, or otherwise allocates a portion of your assets in the Plan to your spouse, former spouse, children or other dependents (referred to as alternate payees). If a DRO is received by the Plan Administrator, all or a portion of your benefits may be used to satisfy that obligation. The Plan Administrator will determine the validity of any domestic relations order received. You and your beneficiaries can obtain from the Plan Administrator, without charge, a copy of the procedure used by the Plan Administrator to determine whether a domestic relations order is valid.

### **Can the Plan be amended?**

The SBHE has the right to amend the Plan at any time. In no event, however, will any amendment authorize or permit any part of the Plan assets to be used for purposes other than the exclusive benefit of participants or their beneficiaries. Additionally, no amendment will cause any reduction in the amount credited to your account.

### **What happens if the Plan is discontinued or terminated?**

Although the SBHE intends to maintain the Plan indefinitely, it reserves the right to terminate the Plan at any time. Upon termination, no further contributions will be made to the Plan and all amounts credited to your accounts will continue to be 100% vested. The SBHE will direct the distribution of your accounts in a manner permitted by the Plan as soon as practicable. (See the question entitled "How will my benefits be paid to me?" for a further explanation.) You will be notified if the Plan is terminated.

### **How do I submit a claim for Plan benefits?**

Benefits will generally be paid to you and your beneficiaries without the necessity for formal claims. If you believe an error has been made in determining your benefits, you must file a written claim for benefits within 45 days of accruing the benefit, or else you waive the benefit right. Upon receipt of such claim, the Administrator will either grant or deny the claim within 120 days; provided, however, any delay on the part of the Administrator will not adversely affect benefits payable under a granted claim. The Administrator may, however, implement claims procedures in addition to those provided in the Plan.

If the Administrator determines the claim is valid, then you will receive a statement describing the amount of benefit, the method or methods of payment, the timing of distributions and other information relevant to the payment of the benefit. The Administrator and all persons determining or reviewing your claim have the full discretion to determine benefit claims under the Plan. Any interpretation, determination or other action will only be subject to review if it is arbitrary or capricious or otherwise an abuse of discretion. Any review of a final decision or action of the persons reviewing the claim will be based solely on the evidence presented or considered by such persons at the time they made the decision that is the subject of review.

### **What if my benefits are denied?**

Your written request for Plan benefits will be considered a claim for Plan benefits, and it will be subject to a full and fair review. If your claim is wholly or partially denied, the Administrator will provide you with notification of the Plan's adverse determination. This written or electronic notification will be provided to you within a reasonable period of time.

## **ARTICLE XII GENERAL INFORMATION ABOUT THE PLAN**

There is certain general information which you may need to know about the Plan. This information has been summarized for you in this Article.

### **Plan Name**

The full name of the Plan is North Dakota University System Defined Contribution Retirement Plan.

## **Plan Effective Dates**

This Plan was originally effective on January 1, 1964. The amended and restated provisions of the Plan become effective on July 1, 2024.

## **Other Plan Information**

Valuations of the Plan assets are generally made every business day. Certain distributions are based on the Anniversary Date of the Plan. This date is the last day of the Plan Year.

The Plan's records are maintained on a twelve-month period of time. This is known as the Plan Year. The Plan Year ends on June 30.

## **Plan Sponsor and Employer Information**

### **The North Dakota University System is the Plan sponsor:**

North Dakota University System  
State Capitol, 600 E Boulevard Ave., Dept. 215  
Bismarck, North Dakota 58505  
43-1974004

The Plan is administered by the North Dakota State Board of Higher Education for eligible employees of the following institutions (each a participating "Employer" in the Plan):

Bismarck State College  
1500 Edwards Ave.  
Bismarck North Dakota 58501  
45-0343495

Dickinson State University  
291 Campus Dr.  
Dickinson, North Dakota 58601  
45-6002480

Lake Region State College  
1801 College Dr.  
Devils Lake, North Dakota 58301  
45-0281889

Mayville State University  
330 3rd St. N.E.  
Mayville, North Dakota 58257  
45-6002485

Minot State University  
500 University Ave. W  
Minot, North Dakota, 58707  
45-6002481

NDUS System Information Technology Services  
264 Centennial Dr.  
Grand Forks, North Dakota 58202  
46-1100936

North Dakota State College of Science  
800 6th St. North  
Whapeton, North Dakota 58076  
45-6002451

North Dakota State University  
1340 Administration Ave.  
Fargo North Dakota 58102  
45-6002439

University of North Dakota  
PO Box 7127, University Station  
Grand Forks, North Dakota 58202  
45-6002491

Valley City State University  
101 College St. SW  
Valley City, North Dakota 58072  
45-6002482

Williston State College  
1410 University Ave.  
Williston, North Dakota 58802  
45-0324813

Dakota College at Bottineau  
105 Simrall Boulevard  
Bottineau, North Dakota 58318  
(701) 228-2277  
45-6002481

### **Administrator Information**

The Administrator is responsible for the day-to-day administration and operation of the Plan. For example, the Administrator, or its designee, maintains the Plan records, including your account information, provides you with the forms you need to complete for Plan participation, and directs the payment of your account at the appropriate time. The Administrator will also allow you to review the formal Plan document and certain other materials related to the Plan. If you have any questions about the Plan or your participation, you should contact the Administrator. The Administrator may designate other parties to perform some duties of the Administrator.

The Administrator has the complete power, in its sole discretion, to determine all questions arising in connection with the administration, interpretation, and application of the Plan (and any related documents and underlying policies). Any such determination by the Administrator is conclusive and binding upon all persons.

Your Administrator's name and contact information are:

North Dakota State Board of Higher Education  
State Capitol, 600 E Boulevard Ave., Dept. 215  
Bismarck, North Dakota 58505

### **Plan Contact**

A copy of the Plan is on file in the main offices of NDUS and is available during regular business hours. Your questions regarding the Plan should be addressed to the NDUS Office at [NDUS.Inquiry@ndus.edu](mailto:NDUS.Inquiry@ndus.edu).

For more information regarding the plan, please contact TIAA through TIAA's website at [www.tiaa.org](http://www.tiaa.org). You may also contact TIAA at:

TIAA  
8500 Andrew Carnegie Blvd  
Charlotte, North Carolina 28262-8500  
Telephone: 888-842-7782