

University System of New Hampshire

403(B) RETIREMENT PLAN

SUMMARY OF PLAN PROVISIONS

January 1, 2018

TABLE OF CONTENTS

INTRODUCTION TO YOUR PLAN

ARTICLE I

PARTICIPATION IN THE PLAN

| | |
|--|---|
| Am I eligible to participate in the Plan?..... | 2 |
| When am I eligible to participate in the Plan? | 2 |
| When is my entry date?..... | 2 |

ARTICLE II

CONTRIBUTIONS

| | |
|--|----|
| What kind of contributions may I make to the Plan and how do my contributions affect my taxes? | 3 |
| How much may I contribute to the Plan?..... | 3 |
| How do I make an election to defer? | 4 |
| Am I vested in my elective deferrals and earnings?..... | 4 |
| Will the Employer contribute to the Plan?..... | 4 |
| What is the Employer matching contribution?..... | 4 |
| Are there special employer contributions available if I was hired prior to certain dates?..... | 10 |
| Are there special provisions for sabbatical leaves?..... | 10 |
| What is the Employer nonelective contribution? | 10 |
| What compensation is used to determine my Plan benefits? | 11 |
| Is there a limit on the amount of compensation that can be considered? | 11 |
| Is there a limit on how much can be contributed to my account each year? | 11 |
| May I make "rollover" contributions to the Plan?..... | 12 |
| How is the money in the Plan invested? | 12 |
| What circumstances can result in loss or denial of benefits? | 12 |

ARTICLE III
DISTRIBUTIONS

Will I receive a distribution of my account if I terminate employment with the Employer? 13

What is the Plan's "normal retirement age"? 13

What is my vested interest in my account? 13

How does the Plan determine my Years of Service for vesting purposes? 14

Does all my service count for vesting purposes? 14

Is there a special vesting rule if I am hired at Age 60 or older? 14

Is there a special vesting rule if my regular ongoing budgeted position is involuntarily terminated for a programmatic or financial reason? 14

As a veteran, will my military service count as service with the Employer? 14

How will my benefits be paid? 15

May I elect to roll over my account to another plan or IRA? 15

May I receive a loan from the Plan? 15

ARTICLE IV
DEATH BENEFITS

What happens if I die while working for the Employer? 15

How will the death benefit be paid to my beneficiary? 15

When must the last payment be made to my beneficiary? 16

What happens if I am a participant, terminate employment, and die before receiving all my benefits? 16

ARTICLE V
IN-SERVICE DISTRIBUTIONS

Can I withdraw money from my account while working for the Employer? 16

What is a hardship distribution? 17

ARTICLE VI
TAX TREATMENT OF DISTRIBUTIONS

What are my tax consequences when I receive a distribution from the Plan? 18

Can I reduce or defer tax on my distribution? 18

ARTICLE VII
PLAN AMENDMENTS AND CLAIMS

Can the Plan be amended? 19
What happens if the Plan is discontinued or terminated? 19
How do I submit a claim for Plan benefits? 19
What if my benefits are denied? 19

ARTICLE VIII
GENERAL INFORMATION ABOUT THE PLAN

General Plan Information 19
Employer Information 20
Administrator Information 20
Vendor Information 20

USNH 403(B) RETIREMENT PLAN

SUMMARY OF PLAN PROVISIONS INTRODUCTION TO YOUR PLAN

The University System of New Hampshire (USNH) 403(b) Retirement Plan ("Plan") has been adopted to provide you with the opportunity to save for retirement on a tax-advantaged basis and to provide additional income for retirement. This Plan is a type of retirement plan commonly referred to as a 403(b) plan or TSA (Tax Sheltered Annuity). This Summary of Plan Provisions contains valuable information regarding when you may become eligible to participate in the Plan, your Plan benefits, your distribution options, and many other features of the Plan. You should take the time to read this Summary document to get a better understanding of your rights and obligations under the Plan.

We have attempted to answer most of the questions you may have regarding your benefits in the Plan. If this Summary does not answer all of your questions, please contact the Administrator. The name and address of the Administrator can be found in the Article of this Summary 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. If the non-technical language under this Summary and the technical, legal language of the Plan document conflict, the Plan document always governs. If you wish to receive a copy of the legal Plan document, please contact the Administrator.

This Summary describes the current provisions of the Plan. The Plan is subject to federal laws, such as the Internal Revenue Code and other federal and state laws, which may affect your rights. The provisions of the Plan are subject to revision due to a change in laws or due to pronouncement(s) by the Internal Revenue Service (IRS). The Employer may also amend or terminate this Plan. The Administrator will notify you if the provisions of the Plan that are described in this Summary change. Terms of investment products you select may also affect the Plan. This Summary does not address the provisions of specific investment products.

The Plan provides benefits to the following categories of University System of New Hampshire (the "Employer") employees ("Participants"): 1) employees of USNH with status appointments including the University of New Hampshire (UNH) School of Law employees, who are eligible to participate as of January 1, 2016 ("Status USNH Participants"), 2) adjunct faculty and staff ("Adjunct Participants"), 3) participants covered by the collective bargaining agreement between the USNH Board of Trustees for Keene State College and the Keene State College Education Association ("KSCEA Participants"), 4) participants covered by the collective bargaining agreement between the USNH Board of Trustees and the New Hampshire Chapter of the American Association of University Professors ("AAUP Participants"), 5) participants covered by the collective bargaining agreement between the University of New Hampshire Board of Trustees and Chauffers, Teamsters and Helpers Local Union 633 ("UNH Police Participants") 6) participants covered by the collective bargaining agreement between the USNH Board of Trustees and the University of New Hampshire Lecturers United ("UNH Lecturers United Participants"), and 7) participants covered by the collective bargaining agreement between USNH Board of Trustees, University of New Hampshire and University of New Hampshire Law Faculty Union ("UNH School of Law Faculty Participants"), who are eligible to participate as of January 1, 2018.

**ARTICLE I
PARTICIPATION IN THE PLAN**

Am I eligible to participate in the Plan?

Provided you are not an Excluded Employee, you are eligible to participate in the Plan on or after the time described in the next question.

If you are a member of a class of employees identified below, you are an Excluded Employee for all Plan purposes. The Excluded Employees are:

- Certain nonresident aliens who have no earned income from sources within the United States
- Employees who are enrolled as students and regularly attending classes offered by the Employer

In addition to those excluded for all purposes, any individual who is classified as a "leased employee," "temporary worker," "intern," "co-op," "independent contractor," "consultant," or similar classification by the Employer (which status may be evidenced by the payroll practices or records of the Employer, or by a written agreement, oral agreement, or arrangement with the individual or with another organization that provides the services of the individual to the Employer, under which the individual is treated as an independent contractor or is otherwise treated as an employee of an entity other than the Employer (such as a leasing organization), during the period so classified, irrespective of (i) whether the individual is treated as an employee of the Employer under common law employment principles; (ii) whether such characterization is subsequently challenged, changed or upheld by the Employer or any court or governmental authority, including, without limitation, an individual classified by the Employer as a "leased employee" (as described in Section 414(n) of the Internal Revenue Code); and (iii) how such individual may be treated by the Employer for other purposes (such as employment tax purposes), shall not be considered an "employee" for purposes of this Plan and is ineligible to participate and receive benefits for any period prior to completion of enrollment documentation, whether or not such person is deemed to be a common-law employee of the Employer by any governmental agency or court for employment or tax law purposes (which such designation by such agency or court shall be effective on a prospective basis only).

When am I eligible to participate in the Plan?

Provided you are an eligible employee, you will be able to make elective deferrals on the entry date following your date of hire.

When is my entry date?

Provided you are an eligible employee, you will be able to make elective deferrals beginning on the first day of the month following your date of hire, and after approval of your completed salary reduction agreement and vendor enrollment materials.

ARTICLE II CONTRIBUTIONS

What kind of contributions may I make to the Plan and how do my contributions affect my taxes?

As a participant in the Plan, you may elect to reduce your compensation by a specific percentage amount and have that amount contributed to the Plan on a pre-tax basis or as a Roth contribution. Roth contributions first became available for Status USNH Participants and Adjunct Participants as of December 1, 2011, UNH Police participants as of September 1, 2012, and all other participants as of February 1, 2013. The Plan generally refers to pre-tax and Roth contributions as "elective deferrals." Your taxable income is reduced by your pre-tax elective deferrals so you pay less federal income tax. However, all of your elective deferrals are subject to Social Security taxes at the time of deferral. Later, when the Plan distributes your pre-tax deferrals and the earnings on them to you, you will pay income tax on those amounts (see **What are my tax consequences when I receive a distribution from the Plan?**).

In addition, certain grandfathered participants are eligible to make after-tax contributions. Both Roth contributions and after-tax contributions are subject to current taxation even though they are contributed to the Plan.

If you elect to make a deferral as a Roth contribution or an after-tax contribution, the deferrals will be subject to federal income taxes in the year of deferral. However, the deferrals are not subject to federal income taxes when distributed out of the Plan to you. Earnings on after-tax contributions are not taxed until they are distributed to you; and earnings on Roth contributions are in most cases not subject to any federal income tax. In order for the earnings on Roth contributions to be tax free, you must meet certain conditions (see **What are my tax consequences when I receive a distribution from the Plan?**)

Whether you choose to make pre-tax, Roth or after-tax contributions to the Plan, you may choose among elective deferral contribution levels or ranges based on the participant group. Plan participants can make additional elective contributions (referred to as "Supplemental Contributions" or "Supplemental Retirement Contributions"), but only if the Participant is contributing at a 6% elective contribution level. The additional elective Supplemental Contribution must be a percentage and receives no employer match.

How much may I contribute to the Plan?

Your total elective deferrals in any calendar year may not exceed a certain dollar limit which is set by law ("elective deferral limit"). The elective deferral limit for 2018 is \$18,500. The elective deferral limit increases for cost-of-living adjustments. You may also defer more than the elective deferral limit if you are eligible to make "catch-up deferrals" as described below.

If you are age 50 or will attain age 50 before the end of a calendar year, you may make additional deferrals (called "age 50 catch-up deferrals") for that year and following years. If you meet the age 50 requirement and exceed the elective deferral limit described above, then any excess will be an age 50 catch-up deferral. The maximum catch-up deferral that you can make in 2018 is \$6,000. After 2018, the maximum age 50 catch-up deferral limit will increase for cost-of-living adjustments. Any age 50 catch-up deferrals that you make will not be taken into account in determining any Employer matching contribution made to the Plan.

You should also be aware that the annual elective deferral limit is an aggregate limit which applies to all deferrals you may make under this Plan and any other 403(b) plans, simplified employee pensions, SIMPLE IRAs, or 401(k) plans in which you may be participating, including those of another employer. Generally, if your total deferrals under all of these arrangements for a calendar year exceed the annual elective deferral limit, then you must include the excess deferrals in your income for the year. If you make excess deferrals, you should request in writing that the excess deferrals be returned to you. If you fail to request such a return, you may be taxed a second time when the excess deferral is ultimately distributed from the Plan.

You must decide from which plan you would like to have returned the amount of any excess deferral. If you decide that this Plan should distribute the excess, you should communicate this in writing to the Administrator no later than March 1st following the close of the calendar year in which you made the excess deferrals. However, if you contribute excess deferrals to this Plan or any other plan maintained by the Employer, then you will be deemed to have notified the Administrator of the excess. The Administrator will then return the excess deferrals and any earnings thereon to you by April 15 of the year following the calendar year in which you made the excess deferrals.

How do I make an election to defer?

You must enter into a salary reduction agreement, which the Administrator will provide to you. The salary reduction agreement will explain the various rules, including any minimum or maximum amount which you may defer. The salary reduction agreement will explain the conditions for changing your deferral election or stopping deferrals altogether.

Am I vested in my elective deferrals and earnings?

You will always be 100% vested in your elective deferrals and in the earnings on your deferrals. The Administrator will account for these amounts separately from any other amounts in your Plan account. When you become entitled to a distribution from the Plan, you will always be entitled to all amounts held in your elective deferral account. This account will be affected by the Plan investments (See **How is the money in the Plan invested?**). The same is true of your after-tax employee contributions.

Will the Employer contribute to the Plan?

Each year, in addition to depositing your elective deferrals, the Employer will contribute matching contributions and may contribute nonelective contributions, for which you may be eligible.

What is the Employer matching contribution?

A matching contribution is a contribution the Employer makes based on your elective deferrals (whether pre-tax, Roth or after-tax). If you do not make any elective deferrals, you will not receive any matching contributions. Elective deferral contributions at the initial (6%), standard (6%), mid-level (4% for certain participant groups) or alternate (2.5%) receive matching contributions as indicated in the charts below. Ranges for the mid-level (4% to 5.9%) and alternate (2.5% to 3.9%) contribution levels were effective December 1, 2017 for certain participant groups as described in the following charts. Pre-tax, Roth and after-tax elective deferrals receive the same matching contributions.

As shown below, before certain Participants will be eligible to participate at the Standard contribution level, the Participant must contribute for a year at the 6% Initial, Mid-level, or alternate contribution level. Effective the first pay period of the month following one year of active participation at the Initial level, such Participants will be eligible to make the Standard (6%) contribution and receive the employer matching contribution for the Standard level as shown in the charts below. Elective deferrals from base salary under a Separation Incentive Program will not be eligible for any Employer matching contribution.

Adjunct Participants can make only employee elective deferral contributions and receive no Employer match.

***Status USNH Participants
Employee (EE) Elective Deferrals and Employer (ER) Matching Contributions
if enrolled on or before July 1, 2011***

UNSH will make matching contributions to the Plan on behalf of Status USNH Participants as shown in the charts below.

| Employee Category | Contribution Levels On and After December 1, 2012 | Contribution Levels On and After December 1, 2017 |
|--------------------------|---|--|
| Status USNH Participants | Initial EE – 6% ER – 5% plus 1% ARC or MCP Standard EE – 6% ER – 10% plus 1% ARC or MCP Mid-Level - Effective 12/01/2011 EE – 4% ER – 6% plus 1% ARC or MCP Alternate EE – 2.5% ER – 4% plus 1% ARC or MCP | Initial EE – 6% ER – 5% plus 1% ARC or MCP Standard EE – 6% ER – 10% plus 1% ARC or MCP Mid-Level EE – 4% to 5.9% ER – 6% plus 1% ARC or MCP Alternate EE – 2.5% to 3.9% ER – 4% plus 1% ARC or MCP |

***Status USNH Participants
Employee (EE) Elective Deferrals and Employer (ER) Matching Contributions
if enrolled after July 1, 2011***

| Employee Category | Contribution Levels On and After December 1, 2012 | Contribution Levels On and After December 1, 2017 |
|--------------------------|--|--|
| Status USNH Participants | Initial EE – 6% ER – 6% | Initial EE – 6% ER – 6% |

Status USNH Participants
Employee (EE) Elective Deferrals and Employer (ER) Matching Contributions
if enrolled after July 1, 2011 (continued)

| Employee Category | Contribution Levels On and After December 1, 2012 | Contribution Levels On and After December 1, 2017 |
|--------------------------|--|---|
| Status USNH Participants | Standard EE – 6% ER – 10% | Standard EE – 6% ER – 10% |
| | Mid-Level - Effective 12/01/2011 EE – 4% ER – 6% | Mid-Level EE – 4% to 5.9% ER – 6% |
| | Alternate EE – 2.5% ER – 4% | Alternate EE – 2.5% to 3.9% ER – 4% |

For purposes of clarification, the Standard employer contribution level for all enrolled Status USNH Participants was reduced to 9% effective July 1, 2011. In addition, the Standard employer contribution level increased to 10% effective December 1, 2012.

Additional Retirement Contributions (“ARCs”) are provided for Status USNH Participants who elected ARC (and not the Medicare Complementary Plan, “MCP”) in 1994, and for Status USNH Participants hired after 1994 and before July 1, 2011 who were enrolled on or before July 1, 2011, provided the Participant makes contributions to the Plan.

Adjunct Participants
Employee (EE) Elective Deferrals

| Employee Category | Contribution Levels On and After December 1, 2017 |
|--|---|
| Non-Status Participants (Adjunct Faculty/Staff) | Initial/Standard EE - 6% |
| | Mid-Level – Effective 12/01/2011 EE – 4% to 5.9% |
| | Alternate EE - 2.5% to 3.9% |
| | No Employer match |

***KSCEA Participants
Employee (EE) Elective Deferrals and Employer (ER) Matching Contributions
if enrolled on or before July 1, 2012***

UNSH will make matching contributions to the Plan on behalf of KSCEA Participants as shown in the following charts.

| Employee Category | Contribution Levels From July 1, 2012 to January 31, 2013 | Contribution Levels On and After February 1, 2013 | Contribution Levels Originals After December 1, 2017 |
|---------------------------------|--|---|--|
| Status KSCEA Participants | Standard EE – 6% ER – 9% plus 1% ARC or MCP Alternate EE – 2.5% ER – 3% plus 1% ARC or MCP | Standard EE – 6% ER – 10% plus 1% ARC or MCP Mid-Level – Effective 1/1/2016 EE – 4% ER – 6% plus 1% ARC or MCP Alternate EE – 2.5% ER – 4% plus 1% ARC or MCP | Standard EE – 6% ER – 10% plus 1% ARC or MCP Mid-Level EE – 4% to 5.9% ER – 6% plus 1% ARC or MCP Alternate EE – 2.5% to 3.9% ER – 4% plus 1% ARC or MCP |

***KSCEA Participants
Employee (EE) Elective Deferrals and Employer (ER) Matching Contributions
if enrolled after July 1, 2012***

| Employee Category | Contribution Levels February 1, 2013 If enrolled after July 1, 2012 through October 1, 2012 | Contribution Levels On and after February 1, 2013 If enrolled after October 1, 2012 | Contribution Levels On and after December 1, 2017 |
|---------------------------------|--|--|---|
| Status KSCEA Participants | Standard EE – 6% ER – 11% Alternate EE – 2.5% ER – 5% | Standard EE – 6% ER – 10% Mid-Level – Effective 1/1/2016 EE – 4% ER – 6% Alternate EE – 2.5% ER – 4% | Standard EE – 6% ER – 10% Mid-Level EE – 4% to 5.9% ER – 6% Alternate EE – 2.5% to 3.9% ER – 4% |

ARCs are provided to KSCEA Participants who elected ARC (in lieu of the MCP) before April 1, 1995 and to KSCEA Participants hired on or after April 1, 1995 and before July 1, 2012.

AAUP Participants

Employee (EE) Elective Deferral and Employer (ER) Matching Contributions

USNH will make matching contributions to the Plan on behalf of AAUP Participants as shown on the following chart.

| Employee Category | Contribution Levels If enrolled on or before October 1, 2012 | Contribution Levels If enrolled after October 1, 2012 |
|-----------------------------|---|--|
| Status AAUP Participants | Initial EE – 6% ER – 6% plus 1% ARC or MCP | Initial EE – 6% ER – 6% |
| | Standard EE – 6% ER – 10% plus 1% ARC or MCP | Standard EE – 6% ER – 10% |
| | Alternate EE – 2.5% ER – 6% plus 1% ARC or MCP | Alternate EE – 2.5% ER – 6% |

ARCs are provided for AAUP Participants who elected ARC (and not the MCP) in 1995. ARCs are also available to AAUP Participants who enrolled after 1995 and before October 1, 2012.

UNH Police Participants

Employee (EE) Elective Deferral and Employer (ER) Matching Contributions

USNH will make matching contributions to the Plan on behalf of UNH Police Participants as shown on the following chart.

| Employee Category | Contribution Levels On and after July 1, 2017 If enrolled on or before July 1, 2011 | Contribution Levels On and after July 1, 2017 If enrolled after July 1, 2011 |
|-------------------------------|--|---|
| UNH Police Participants | Initial EE – 6% ER – 5% plus 1% ARC or MCP | Initial EE – 6% ER – 6% |
| | Standard EE – 6% ER – 10% plus 1% ARC or MCP | Standard EE – 6% ER – 10% |
| | Mid-Level EE – 4% to 5.9% ER – 6% plus 1% ARC or MCP | Mid-Level EE – 4% to 5.9% ER – 6% |
| | Alternate EE – 2.5% to 3.9% ER – 4% plus 1% ARC or MCP | Alternate EE – 2.5% to 3.9% ER – 4% |

UNH Lecturers United
Employee (EE) Elective Deferral and Employer (ER) Matching Contributions

USNH will make matching contributions to the Plan on behalf of UNH Lecturers United Participants as shown in the following chart.

| Employee Category | Contribution Levels On and after December 1, 2017 If enrolled on or before July 1, 2011 | Contribution Levels On and after December 1, 2017 If enrolled after July 1, 2011 |
|----------------------------|---|--|
| UNH Police Participants | Initial EE – 6% ER – 6% plus 1% ARC or MCP Standard EE – 6% ER – 10% plus 1% ARC or MCP Mid-Level - Effective 12/01/2011 EE – 4% ER – 6% plus 1% ARC or MCP Alternate EE – 2.5% ER – 4% plus 1% ARC or MCP | Initial EE – 6% ER – 6% Standard EE – 6% ER – 10% Mid-Level EE – 4% ER – 6% Alternate EE – 2.5% ER – 4% |

UNH School of Law Faculty
Employee (EE) Elective Deferral and Employer (ER) Matching Contributions

USNH will make matching contributions to the Plan on behalf of UNH School of Law Faculty as shown in the following chart.

| Employee Category | Contribution Levels On and after January 1, 2018 |
|---|---|
| UNH School of Law Faculty Participants | Initial EE – 6% ER – 6% Standard EE – 6% ER – 9% Mid-Level EE – 4% to 5.9% ER – 6% Alternate EE – 2.5% to 3.9% ER – 4% |

Are there special employer contributions available if I was hired prior to certain dates?

The Plan has different provisions that apply to certain participants who were hired prior to June 30, 1994 (“1994 Participants”). 1994 Participants had a choice of selecting either the ARC Program or the Medicare Complementary Plan (“MCP”). Participants who chose the MCP must meet that plan’s eligibility requirements to receive that benefit (see USNH USY V.A.7.4.3). The participant groups these provisions are available to Status USNH Participants, KSCEA Participants, and UNH Police Participants.

For 1994 Participants who selected ARC (“1994 ARC Participants”), the 1% contribution will be made by USNH regardless of enrollment in the Plan. 1994 ARC Participants will be eligible for a minimum guarantee of \$10,000 in USNH contributions to the Plan upon attainment of age 62 with 20 years of service. In order to be eligible for the minimum guarantee, the 1994 ARC Participant must be retiring from USNH. The minimum guarantee will be increased by \$1,000 for each full year of service in excess of 20 years. USNH will contribute the difference, if any, between the contributions to the date of retirement and the guaranteed amount, if any. 1994 ARC Participants will have a guarantee that the 1994 ARC participant’s spouse will receive \$10,000, or the fund accumulation, whichever is greater, in case of the death of the 1994 ARC Participant before retirement.

For the purpose of calculating years of service towards the minimum guarantee, the policy at USY V.C.11.2 on employment breaks will apply. ARC eligibility for the 1994 ARC Participant or spouse guarantee requires “continuous” benefits eligible service with USNH and/or NHPB from the time of first ARC eligibility in 1994 up through retirement, and will not be available to, but will be forfeited by, a Participant with any break in service after the time of first ARC eligibility.

In the case of AAUP Participants, ARC is provided for AAUP Participants who elected ARC contributions (and not the Medicare Complementary Plan or the \$15,000 lump sum payment) in 1995. AAUP Participants who elected the \$15,000 lump sum payment will not receive 1% ARC as shown in the chart but will receive a \$15,000 lump sum contribution to the Plan from USNH, provided that such Participant retires on or after age 62, with both 10 years of service and 10 years of participation in the Plan under USNH rules. An AAUP Participant who leaves USNH before such eligibility will forfeit the right to the lump sum contribution.

Are there special provisions for sabbatical leaves?

In the event that a faculty member eligible to take a sabbatical leave in accordance with USNH policies, takes such a leave at half pay, the Employee elective deferral and Employer matching contributions will be made based on the faculty member’s full pay not the half pay earned during the sabbatical leave.

What is the Employer nonelective contribution?

A non-elective contribution is a contribution the Employer makes to the Plan which is unrelated to whether you make any elective deferrals or employee after-tax contributions in that year. In any or all Plan years, the Employer may make a discretionary nonelective contribution. Your share of that contribution will be determined by the Employer at the time it determines to make a discretionary nonelective contribution.

What compensation is used to determine my Plan benefits?

For the purposes of determining your allocation of all contributions to the Plan, compensation has a special and highly technical meaning.

For Participants whose employment is considered a status appointment, compensation is defined as the sum of base salary paid as regular budgeted earnings and includes performance incentive pay, performance bonuses, and position range maximum bonuses. Compensation does not include fringe benefits, bonuses (other than performance incentive pay, performance bonuses, and position range maximum bonuses), disability compensation, or any other compensation which would be considered as additional pay over and above regular base salary paid as regular budgeted earnings. Participants in an authorized or collectively bargained Separation Incentive Program are eligible to make contributions to their Supplemental Retirement Account based on the value of a separation payment which is paid no later than 2 1/2 months after separation. For purposes of the Plan, all compensation under a Separation Incentive Program shall be deemed to be base salary, but elective deferrals from compensation under a Separation Incentive Program will not be eligible for any Employer matching contribution.

As of July 1, 2016, the Employer has added performance bonuses and position range maximum bonuses pay to the calculation of retirement contributions. Performance incentive pay, performance bonus, and position range maximum bonus is additional pay available to employees who have been designated as eligible for this type of pay. Performance incentive pay is also called a performance goal merit award, a performance merit bonus or similar term. It does not apply to all non-base pay awards of compensation. In order to qualify as performance incentive pay, the employee's right to obtain the additional pay must be specified in advance in an employment contract or written performance plan that sets forth performance goals or criteria to be met by the employee determined by the Employer in advance of the period for which the performance incentive pay is paid.

For Participants who are employed as adjunct faculty/staff (formerly referred to as non-status appointments), compensation is defined as remuneration for services performed during a specific appointment period and includes performance bonuses and position range maximum bonuses. Compensation does not include fringe benefits, bonuses, (other than performance bonuses, and position range maximum bonuses), disability compensation, overtime pay or any other compensation which would be considered as additional pay over and above remuneration for services performed during a specific appointment period.

Is there a limit on the amount of compensation that can be considered?

For Plan years beginning on and after January 1, 2018 pursuant to IRS regulations, the amount of annual compensation that may be taken into consideration for Plan purposes is \$275,000. This amount may be adjusted after 2018 for cost-of-living increases.

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, including elective deferrals (excluding age 50 catch-up contributions), that may be made to your accounts and any other amounts allocated to any of your accounts during the Plan year (such as forfeitures), excluding earnings. In 2018, this total cannot exceed the lesser of \$55,000 or 100% of your includible compensation. The dollar limit will be adjusted after 2018 for cost-of-living increases.

May I make "rollover" contributions to the Plan?

At the discretion of the Administrator, you may be permitted to deposit into the Plan distributions you have received from other plans and certain IRAs, provided such distributions are legally qualified to be rolled over into this Plan. Such a deposit is called a "rollover" and may result in tax savings to you. You may ask your prior plan administrator or trustee 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 a prior plan. Alternatively, if you received a distribution from a prior plan, you may elect to deposit any amount eligible for rollover within 60 days of your receipt of the distribution. You should consult a qualified tax advisor to determine if a rollover to this Plan is permitted and in your best interest.

Your rollover will be placed in a separate account called a "rollover account." You will always be 100% vested in your rollover account. This means that you will always be entitled to all of your rollover contributions. Rollover contributions will be affected by any investment gains or losses.

How is the money in the Plan invested?

The Plan assets may be invested only in custodial accounts holding mutual funds or in annuity contracts issued by an insurance company. The Employer has engaged investment Vendors to provide investment alternatives under the Plan. See ARTICLE VIII for Vendor information. You should contact the appropriate Vendor for further details regarding permissible investments.

You will be able to direct the investment of your Plan account, including your elective deferrals. The Administrator and/or the Plan Vendors will provide you with information on the investment choices available to you, the frequency with which you can change your investment choices and other information. Periodically, you will receive a benefit statement that provides information on your account balance and your investment returns. If you have any questions about the investment of your Plan accounts, please contact the Administrator and/or the Plan Vendor. If you do not direct the investment of your Plan account, then your account will be invested in accordance with the default investment alternatives the Employer establishes under the Plan.

When you direct investments, your account is segregated for purposes of determining the earnings or losses on these investments. Your account does not share in the investment performance for 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. If you choose investments that produce gains and other earnings, your benefits will tend to increase in value over the period your investments perform accordingly. Conversely, if you choose investments that have losses, your benefits will tend to decrease in value over the period your investments perform accordingly. **There are no guarantees of performance, and neither the Employer, nor the Administrator nor any of their representatives will provide investment advice or guarantee the performance of any investment you choose.**

What circumstances can result in loss or denial of benefits?

These circumstances might result in your disqualification or ineligibility for, or denial, loss, forfeiture, delay, suspension or reduction of benefits that you might expect the Plan to provide.

Among such circumstances are the following:

- Amendment or termination of the Plan may reduce future benefits.
- Denial of a claim for benefits.
- Investment loss to your account.

- Your account may be the subject of a “qualified domestic relations order.”
- Mistakes in reporting of Plan information.
- Application of governmental limits to contributions or benefits.
- Failure of the Plan to qualify under the Internal Revenue Code, and/or assessment of taxes against the funding vehicles.
- Payment of Plan expenses from the funding vehicles.
- Changes in your level of compensation.
- Your failure to furnish necessary information or make timely elections under the Plan.
- Other circumstances described in this summary (if any) but not specifically referenced in this section of the summary.

ARTICLE III DISTRIBUTIONS

Will I receive a distribution of my account if I terminate employment with the Employer?

If you terminate employment for any reason and at any age (including retirement), then you will be entitled to a distribution of your vested benefit in a reasonable time after you terminate employment. (See **How will my benefits be paid?** for a further explanation of how benefits are paid from the Plan.)

What is the Plan's "normal retirement age"?

You will attain your normal retirement age when you reach age 65. Normal retirement age does not control when you may receive distributions under the Plan.

If your employment terminates for reasons other than death or attainment of normal retirement age, you will be entitled to receive only your "vested percentage" of your account balance.

What is my vested interest in my account?

You are always 100% vested (which means that you are entitled to all of the amounts) in your account attributable to the following:

- elective deferrals including catch-up contributions
- employee after-tax contributions and Roth contributions
- rollover contributions

The vesting of accrued benefits attributable to contributions made on your behalf by your Employer does not begin until you first contribute at a level which entitles you to an employer match. In order to receive an employer match, you will be required to contribute at one of the elective deferral contribution levels: 6% or 2.5%. Certain participant groups can also contribute at the 4% level or within a range 2.5 % to 3.9% or 4% to 5.9%. Once you begin contributing at any level that will mark the beginning of years of service, which must be benefits eligible years of service, which will count for purposes of your vesting in employer contributions, and shall be in accordance with the following schedule:

| <u>Calendar Years of Benefits Eligible Service</u> | <u>Vested Percentage</u> | <u>Forfeitable Percentage</u> |
|--|--------------------------|-------------------------------|
| Less than 3 Years | 0% | 100% |
| 3 Years or More | 100% | 0% |

How does the Plan determine my Years of Service for vesting purposes?

You will earn a year of service for each year you are employed by the Employer in a status USNH position, beginning with the date you make an elective contribution entitling you to an employer match, without regard to the hours of service you complete during the year. The Administrator will track your service and will credit you with years of service in accordance with the terms of the Plan. If you have any questions regarding your vesting service, you should contact the Administrator.

Does all my service count for vesting purposes?

No. Service you perform will not be counted until you make an elective contribution entitling you to an employer match. After that, all benefits eligible service you perform for USNH will generally be counted. However, if you have a break in service prior to achieving 100% vesting, and if that break in service is more than three (3) years before you are reemployed by the Employer, then you will not be entitled to the forfeited benefits, and your past service will not be counted toward the vesting of benefits attributable to service after reemployment. If your break in service is less than three (3) years and you are reemployed, you will be credited with your past service and any accrued benefits derived from employer contributions will be restored, subject to you satisfying the vesting requirements.

Is there a special vesting rule if I am hired at Age 60 or older?

Yes. If you are hired at age 60 or older then your accrued benefit derived from employer contributions will be fully vested.

Is there a special vesting rule if my regular ongoing budgeted position is involuntarily terminated for a programmatic or financial reason?

If you are employed in a regular ongoing budgeted position, and you are involuntarily terminated for a programmatic or financial reason, and not for a performance reason, then your accrued benefit derived from employer contributions will be fully vested.

As a veteran, will my military service count as service with the Employer?

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. If you are absent from employment by reason of service in the uniformed services of the United States, once you return to actual employment, you may elect to make elective deferral contributions equal to the amount of elective deferral contributions you could have made during the period of your military service. Additionally, you may be entitled to special treatment during your period of active duty and if you die while on active duty. Your Administrator will provide further details if these provisions become applicable.

How will my benefits be paid?

You may elect to receive your distribution under one of the methods described below:

- . Any distribution option offered by the vendor to the Plan.
- . Your investment product may provide you with additional distribution options.

May I elect to roll over my account to another plan or IRA?

If you are entitled to a distribution, then you may elect whether to receive the distribution or to roll over the distribution to another retirement plan such as an Individual Retirement Account ("IRA").

May I receive a loan from the Plan?

You may be able to borrow from your Plan Supplemental Retirement Account unless your investment product provides otherwise. There are many complex rules affecting Plan loans and the Administrator and/or investment Vendor can provide more information about Plan loans, if any are available.

ARTICLE IV DEATH BENEFITS

What happens if I die while working for the Employer?

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

Your beneficiary is the person or persons whom you designate on a form the Vendor provides for this purpose.

If no valid designation of beneficiary exists, or if the beneficiary is not alive when you die, then the death benefit will be paid in the following order, unless the investment Vendor's documentation says otherwise:

- (a) Your surviving spouse;
- (b) Your children, including adopted children, and if a child dies before you, to their children, if any;
- (c) Your surviving parents, in equal shares; or
- (d) Your estate.

How will the death benefit be paid to my beneficiary?

Your beneficiary may choose among the available distribution options unless you elected the death benefit distribution method prior to your death.

When must the last payment be made to my beneficiary?

If your designated beneficiary is a person (other than your estate or most trusts), then minimum distributions of your death benefit must generally begin within one year of your death and must be paid over a period not extending beyond your beneficiary's life expectancy. If your spouse is the beneficiary, the start of payments may be delayed until the year in which you would have attained age 70 1/2. Generally, if you die before you are required to begin minimum distributions (which for most people is shortly after the later of age 70 1/2 or retirement) and your beneficiary is not a person (i.e., trust), then your entire death benefit must be paid within five years after your death. Some investment products may allow a person to use this five-year rule. See the Plan Administrator for further details.

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

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

If you terminate employment with us and subsequently die, your beneficiary will be entitled to the vested percentage of your remaining account balance at the time of your death.

ARTICLE V IN-SERVICE DISTRIBUTIONS

Can I withdraw money from my account while working for the Employer?

You may receive a distribution from the Plan prior to your termination of employment if you satisfy certain conditions. These conditions are described below. However, this distribution will reduce the value of the benefits you will receive when you retire. Any in-service distribution is made at your election and will be made in accordance with the forms of distribution available under the investment product you have selected or under the Plan.

In-service distributions are available only from your supplemental retirement account, and not from any other account in which you may have an accrued benefit. Your supplemental retirement account generally contains your elective deferrals and your age 50 catch-up deferrals, if any. In-service distributions are not allowed from your other accounts. You may request an in-service distribution from your supplemental retirement account once you reach age 59 1/2. A Participant who is transitioning to retirement and meets the requirements of USNH policy USY U.V.C 6.3.17.4 is eligible for in-service distribution.

You may request one in-service distribution during a plan year unless an individual investment option permits more frequent in-service distributions.

You may also request a hardship distribution from your supplemental retirement account as described below. However, individual investment products may have their own rules relating to hardship distributions which would govern your situation. If you have questions, ask your Administrator and/or the Vendor for more details.

You may withdraw your rollover contributions in your supplemental retirement account, if any, at any time prior to severance.

What is a hardship distribution?

A hardship distribution may be made to satisfy certain immediate and heavy financial needs that you have. You can receive a hardship distribution from your supplemental retirement account only. A hardship distribution may only be made for payment of the following:

- Expenses for medical care (described in Section 213(d) of the Internal Revenue Code) previously incurred by you, your spouse or your dependent or necessary for you, your spouse or your dependent to obtain medical care;
- Costs directly related to the purchase of your principal residence (excluding mortgage payments);
- Tuition, related educational fees, and room and board expenses for the next twelve (12) months of post-secondary education for yourself, your spouse or dependent;
- Amounts necessary to prevent your eviction from your principal residence or foreclosure on the mortgage of your principal residence;
- Payments for burial or funeral expenses for your deceased parent, spouse, children or other dependents;
- Expenses for the repair of damage to your principal residence that would qualify for the casualty deduction under the Internal Revenue Code;
- Federal, state, or local income taxes or penalties reasonably anticipated to result from a hardship distribution.

If you have one of the above expenses, a hardship distribution can be made only if all of the following conditions are satisfied:

- The distribution is not in excess of the amount of your immediate and heavy financial need. The amount of your immediate and heavy financial need may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution;
- You have obtained all distributions, other than hardship distributions, and all nontaxable (at the time of the loan) loans currently available under all plans maintained by your Employer;
- Your elective deferrals, and any applicable matching contributions, will be suspended for at least six (6) months after your receipt of the hardship distribution.

Any hardship distribution from elective deferrals will be limited, as of the date of distribution, to your total elective deferrals to date reduced by the amount of any previous distributions made to you from your elective deferral account. Ask the Administrator if you need further details.

**ARTICLE VI
TAX TREATMENT OF DISTRIBUTIONS**

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

Generally, you must include any Plan distribution from pre-tax elective deferrals 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.

You will not be taxed on distributions of your Roth deferrals. In addition, a distribution of the earnings on the Roth deferrals will not be subject to tax if the distribution is a "qualified" distribution. A "qualified" distribution is one that is made after you have attained age 59 1/2 or is made on account of your death or disability. In addition, in order to be a "qualified" distribution, the distribution cannot be made prior to the expiration of a 5-year participation period. The 5-year participation period is the 5-year period beginning on the calendar year in which you first make a Roth deferral to the Plan (or to another 403(b) plan or 401(k) Plan if such amount was rolled over into the Plan), and ending on the last day of the calendar year that is 5 years later. For example, if you make your first Roth deferral under the Plan on December 1, 2011, your participation period will end on December 31, 2015. It is not necessary that you make a Roth deferral in each of the 5 years.

Can I reduce or defer tax on my distribution?

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

(a) The rollover of all or a portion of the distribution you actually receive to a traditional Individual Retirement Account (IRA) or another eligible employer plan. This will result in no tax being due until you begin withdrawing funds from the traditional IRA or other eligible 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 (such as a hardship 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 roll over all or a portion of your distribution amount, the direct rollover option described in paragraph (b) below would be the better choice.

(b) For most distributions, you may request a "direct rollover" of all or a portion of the distribution to either a traditional Individual Retirement Account (IRA) or another qualified employer plan willing to accept the rollover. A direct rollover will result in no tax being due until you withdraw funds from the traditional IRA or other qualified employer plan. Like the 60-day rollover, under certain circumstances all or a portion of the amount to be distributed may not qualify for this direct rollover, e.g., a distribution of less than \$200 will not be eligible for a direct rollover. If you elect to actually receive the distribution rather than request a direct rollover, then in most cases 20% of the distribution amount will be withheld for federal income tax purposes.

Whenever you receive a distribution, the Vendor 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 a qualified tax advisor before making a choice.

ARTICLE VII PLAN AMENDMENTS AND CLAIMS

Can the Plan be amended?

Yes. The Employer may 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 properly credited to your account.

What happens if the Plan is discontinued or terminated?

The Employer may terminate the Plan at any time. Upon termination, no more contributions may be made to the Plan. The Administrator will notify you of any modification or termination of the Plan.

How do I submit a claim for Plan benefits?

You or your beneficiaries may make a request for any Plan benefits to which you believe you are entitled. Any such request should be in writing and should be made to the Administrator or investment provider. An investment provider may have specific forms for this purpose.

If the Administrator determines the claim is valid, then you will receive a statement describing the amount of the benefit, the method or methods of payment, the timing of distributions and other information relevant to the payment of the benefit.

What if my benefits are denied?

Your 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 a written or electronic notification of the Plan's adverse determination.

ARTICLE VIII GENERAL INFORMATION ABOUT THE PLAN

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

General Plan Information

The full name of the Plan is the University System of New Hampshire 403(b) Retirement Plan.

This Plan was originally effective on January 1, 1938. The amended and restated provisions of the Plan become effective on January 1, 2009.

The Plan's records are maintained on a twelve-month period of time. This is known as the "Plan year." The Plan year begins on January 1 and ends on December 31.

Valuations of the Plan are generally made daily.

The Plan will be governed by the laws of New Hampshire.

Benefits provided by the Plan are NOT insured by the Pension Benefit Guaranty Corporation.

Employer Information

Your Employer's name, address, and identification number are:

The University System of New Hampshire
5 Chenell Drive, Suite 301
Concord, New Hampshire 03301
02-6000937

The Plan allows other employers to adopt its provisions. You or your beneficiaries may examine or obtain a complete list of employers, if any, who have adopted the Plan by making a written request to the Administrator.

Administrator Information

The Plan's Administrator is responsible for the day-to-day administration and operation of the Plan. For example, the Administrator 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. If you have any questions about the Plan and your participation, you should contact the Administrator. The Administrator may designate other parties to perform some duties of the Administrator, and some duties are the responsibility of the investment provider(s) to the Plan.

The Employer, or the person or persons the Employer designates is the Plan Administrator.

Vendor Information

The Employer has engaged TIAA and Fidelity Investments as investment Vendors for the Plan. The Employer can add or eliminate an investment Vendor at any time. Contact information for each vendor is as follows:

TIAA Customer Service: 800-842-2776
www.tiaa.org

Fidelity Customer Service: 800-343-0860
www.fidelity.com