

PR 3D

Office of the President
December 11, 2001

Members, Board of Trustees:

APPROVAL OF DEFERRED COMPENSATION PLAN DOCUMENT

Recommendation: that the Board adopt the following two documents to establish a new deferred compensation plan for the University of Kentucky. Attachment A is the Plan Document that Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF) have filed with the United States Department of Labor to create a 457(b) Deferred Compensation Plan for TIAA-CREF. Attachment B is an Adoption Agreement that completes the Plan Document for the University and makes specific provisions for a 457(b) deferred compensation plan as a part of the University's Retirement Plan.

Background: The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) provides 403(b) participants with additional opportunities for tax deferred retirement contributions. Beginning January 1, 2002, employees may make voluntary contributions to a 457(b) plan in addition to the amounts deferred under the 403(b) plan. Prior to January 1, 2002, University of Kentucky employees had to make a choice as to where to direct any supplemental retirement contributions. Mandatory retirement contributions (matched by UK) are directed into a 403(b) plan administered by the University's retirement carriers (American Century, Fidelity and TIAA-CREF). Voluntary supplemental contributions may be directed into either a 403(b) plan or into a 457(b) or 401(k) plan offered through the Public Employees Deferred Compensation Authority. For most employees, the limits under 403(b) provided the maximum amount of tax deferral.

Before the tax law changed the amounts deferred under Internal Revenue Code Sections 403(b), 401(k) and 457(b) had to be coordinated, meaning that an employee could not tax defer a greater amount by making contributions under more than one of the Code sections. Effective January 1, 2002, the coordination of contributions under sections 403(b) and 457(b) will be eliminated. For example, an employee may make the maximum deferral under section 403(b) plan (\$11,000, voluntary and \$40,000, overall) and may contribute an additional amount to a 457(b) plan (\$11,000, with two catch-up provisions). In addition to the increased tax deferral opportunity, 457(b) plans are not subject to the "age 59 ½" rule; thus, funds can be withdrawn upon separation of service without penalty for employees who have not attained age 59 ½.

This action will offer employees additional tax deferred contribution options available under IRS Section 457 with the University's retirement carriers. By offering its own 457(b) plan, the University will provide employees with access to the University's present retirement carriers and with seamless retirement contributions regardless of which code section [403(b) or 457(b)] employees choose for their tax deferred contributions. The University will continue to offer employees access to the Public Employees Deferred Compensation Authority 457(b) and 401(k) plans.

Action taken: ☐ Approved ☐ Disapproved ☐ Other _____

ATTACHMENT A

***457(b) DEFERRED
COMPENSATION PLAN
OF
UNIVERSITY OF KENTUCKY***

**Teachers Insurance and Annuity Association
College Retirement Equities Fund
730 Third Avenue
New York, New York 10017**

INTRODUCTION

The purpose of the Plan is to provide deferred compensation for employees covered under the Plan.

The Plan document and the Adoption Agreement are designated as constituting parts of a plan intended to constitute an eligible deferred compensation plan within the meaning of Section 457 of the Internal Revenue Code of 1986, as amended, regulations issued thereunder and other applicable law.

An employer shall be eligible to adopt this Plan provided the employer is a State or local government, or a political subdivision, agency or instrumentality thereof.

ARTICLE I - DEFINITIONS

- 1.1 **Adoption Agreement** means the separate agreement that is executed by the Employer which sets forth the elective provisions of the Plan. The Adoption Agreement and this Plan document collectively constitute the Plan.
- 1.2 **Beneficiary** means the individual, trustee, estate or legal entity entitled to receive benefits under this Plan which become payable in the event of the Participant's death.
- 1.3 **Code** means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code includes not only the section but any comparable section or sections of any future legislation that amends, supplements or supersedes the section.
- 1.4 **Compensation** means, unless otherwise set forth in the Adoption Agreement, the total amount of cash remuneration earned by an Employee for personal services rendered to the Employer for the calendar year. In all cases, Compensation shall include amounts deferred under this Plan and any reductions pursuant to a salary reduction agreement with the Employer with regard to any plan established under Code Section 457(b), 403(b), 401(k), 125 or 132(f).
- 1.5 **Effective Date** means the date set forth in the Adoption Agreement if this is a new plan.
- 1.6 **Elective Deferral** means the annual amount of Compensation that a Participant elects to defer pursuant to a properly executed Voluntary Salary Deferral Agreement.
- 1.7 **Eligible Deferred Compensation Plan or Eligible Plan** mean a plan that constitutes an eligible plan within the meaning of Section 457 of the Code.
- 1.8 **Eligible Employee** means any person who performs services for the Employer as an Employee and who, pursuant to the terms of the Adoption Agreement, is eligible to participate in this Plan. Eligible Employee shall not include (i) any individual who is deemed to be an independent contractor, as determined by the Plan Administrator in its sole and absolute discretion, other than a trustee of the Employer

who shall be deemed an Eligible Employee if so set forth in the Adoption Agreement, or (ii) any individual who is performing services for the Employer pursuant to an agreement that provides that such individual shall not be eligible to participate in this Plan or other benefit plans of the Employer. If any individual is not classified as an Eligible Employee by the Employer and is subsequently reclassified as an Eligible Employee by any overriding governmental or regulatory authority, such individual shall nevertheless be deemed to have become an Eligible Employee prospectively only, effective as of the date of such reclassification (and not retroactive to the date on which he or she was found to have first become eligible for any other purposes), and then only if he or she otherwise satisfies the requirements of this Plan.

- 1.9 **Employee** means any person who performs services for the Employer to whom compensation is paid on a regular basis. Employee shall also include any leased employee as defined in Section 414(n) of the Code. The term Employee shall not include any self employed individual or any individual classified by the Employer as an independent contractor, other than a trustee of the Employer, in accordance with its general administrative policies.
- 1.10 **Employer** means the entity that has adopted this Plan and is named in the Adoption Agreement.
- 1.11 **Includible Compensation** means compensation for services performed for the Employer which is currently includible in the Employee's gross income for the taxable year for Federal income tax purposes (W-2 earnings). Such term does not include any amount excludible from gross income under this Plan or any other plan described in Section 457(b) of the Code, or any amount excludible from gross income under Section 403(b) of the Code, Section 401(k) of the Code, Section 125 of the Code or Section 132(f) of the Code.
- 1.12 **Investment Options** means the accounts offered by TIAA-CREF under the TIAA Group Supplemental Retirement Annuity ("TIAA GSRA") and the CREF Group Supplemental Retirement Annuity ("CREF GSRA") and any other investment alternatives made available by any other Investment Sponsor and designated pursuant to the terms of this Plan document and the Adoption Agreement as being available for the purpose of allocating contributions, rollovers and/or transfers under this Plan. Unless the Employer otherwise elects pursuant to the terms of the Adoption Agreement, all such accounts offered by TIAA and CREF and any such accounts offered

by TIAA and CREF in the future will automatically be made available to all Participants in the future.

- 1.13 **Investment Sponsors** means TIAA-CREF and any other insurance company, regulated investment company, or other entity providing Investment Options under the Plan.
- 1.14 **Normal Retirement Age** means age 65 unless otherwise provided in the Adoption Agreement, provided that in no event shall Normal Retirement Age be earlier than the earliest date on which a Participant may retire under the Employer's basic retirement plan, if any, without the Employer's consent and receive immediate retirement benefits without incurring an actuarial or similar reduction in benefits.
- 1.15 **Participant** means an Eligible Employee or former Eligible Employee who shall have become a Participant in the Plan in accordance with Article II hereof. An Employee shall cease to become a Participant at such time as he or she no longer has any interest in contracts or accounts under the Plan. An "Active Participant" means a Participant who is an Employee other than one who is no longer an Eligible Employee.
- 1.16 **Plan** means the 457(b) Deferred Compensation Plan set forth herein and in the Adoption Agreement, as amended from time to time.
- 1.17 **Plan Administrator** means the individuals or committee appointed by the Employer to administer the Plan. If the Employer fails to make such appointment, the Employer shall be the Plan Administrator.
- 1.18 **Plan Year** means the twelve consecutive month period designated by the Employer in the Adoption Agreement.
- 1.19 **Restated Effective Date** means the date set forth in the Adoption Agreement if this is a restated plan.
- 1.20 **TIAA-CREF** means Teachers Insurance and Annuity Association and College Retirement Equities Fund.
- 1.21 **Voluntary Salary Deferral Agreement** means the agreement between a Participant and the Employer to defer receipt by the Participant of Compensation not yet paid or otherwise made available. Such agreement shall state the Elective Deferral amount to be withheld from a Participant's Compensation and shall become

effective no earlier than the first day of the month following execution of such agreement. Once executed, the Voluntary Salary Deferral Agreement shall be legally binding and irrevocable with regard to amounts paid or otherwise made available while the agreement is in effect.

ARTICLE II – PARTICIPATION IN THE PLAN

2.1 *Eligibility.*

- (a) If this is a new plan, any Employee who is classified as an Eligible Employee as of the Effective Date shall be eligible to participate in the Plan on the Effective Date. If this is a restated plan, each present Participant shall continue to be a Participant in the Plan. Any other Employee who is classified as an Eligible Employee as of the Restated Effective Date shall be eligible to participate in the Plan on the Restated Effective Date.
- (b) If this is a new plan, any Employee who is not eligible to participate in the Plan as of the Effective Date pursuant to paragraph (a) above, shall be eligible to participate in the Plan upon classification as an Eligible Employee. If this is a restated plan, any Employee who is not eligible to participate in the Plan as of the Restated Effective Date pursuant to paragraph (a) above, shall be eligible to participate in the Plan upon classification as an Eligible Employee.

- 2.2 *Enrollment In Plan.*** To participate in the Plan, each Eligible Employee shall complete and return the applicable forms, including a Voluntary Salary Deferral Agreement, and submit them to the Employer or its designee. Enrollment shall be effective on or after the first day of the month following the date the enrollment forms are properly completed by the Employee and accepted by the Employer or its designee.

ARTICLE III – DEFERRAL OF COMPENSATION

- 3.1 *Elective Deferrals.*** If elected pursuant of the terms of the Adoption Agreement, an Eligible Employee may elect to make Elective Deferrals to the Plan pursuant to a Voluntary Salary Deferral Agreement with the Employer. Any such Elective Deferrals may be

made up to the amount set forth in the Adoption Agreement. Subject to the rules of the applicable Investment Sponsor, each Eligible Employee who elects to contribute to the Plan pursuant to a Voluntary Salary Deferral Agreement must agree to voluntarily defer a minimum of twenty-five (\$25) per pay period.

- 3.2 ***Modifications to Amount Deferred.*** A Participant may elect to change his or her Elective Deferral rate with respect to future Compensation by submitting a new properly executed Voluntary Salary Deferral Agreement to the Employer or its designee. Such change shall take effect as soon as administratively practicable but not earlier than the first pay period commencing with or during the first month following receipt by the Employer or its designee of such Voluntary Salary Deferral Agreement.
- 3.3 ***Termination of Deferral.*** A Participant may terminate his or her election to have Compensation deferred by so notifying the Employer or its designee in writing. Such termination shall take effect as soon as administratively practicable, but not earlier than the first pay period commencing with or during the first month following receipt by the Employer or its designee of satisfactory written notice of such revocation.
- 3.4 ***Employer Non-Elective Contributions.*** If elected pursuant to the terms of the Adoption Agreement, the Employer shall make non-elective contributions (other than Employer matching contributions, if any, made pursuant to Section 3.5 below) to the Plan on behalf of each Active Participant. No Participant shall have the right to elect to receive any amount to be contributed pursuant to this Section 3.4 as cash in lieu of a contribution. All such non-elective contributions shall be made at the rate set forth in the Adoption Agreement.
- 3.5 ***Employer Matching Contributions.*** If elected pursuant to the terms of the Adoption Agreement, the Employer shall make matching contributions (other than Employer non-elective contributions, if any, made pursuant to Section 3.4 above) to the Plan on behalf of each Active Participant who makes Elective Deferrals to the Plan pursuant to a Voluntary Salary Deferral Agreement. No Participant shall have the right to elect to receive any amount to be contributed pursuant to this Section 3.5 as cash in lieu of a contribution. All such matching contributions shall be made at the rate set forth in the Adoption Agreement and shall be based on the amount of Elective Deferrals properly made by an Active Participant to the Plan during the year.
- 3.6 ***Maximum Deferral.***
- (a) Primary Limitation. The maximum amount that may be contributed to the Plan pursuant to Sections 3.1, 3.4 and 3.5 hereof on behalf of any Participant, other than by means of a rollover or transfer, shall be X or Y, as applicable. X shall apply to any taxable year beginning on or after January 1,

2002 and shall not exceed the lesser of: (1) the applicable dollar amount, as set forth in Code Section 457 (e)(15) (\$11,000 in 2002), or (2) 100% of the Participant's Includible Compensation for the taxable year. Y shall apply to any taxable year beginning on or before December 31, 2001 and shall not exceed the lesser of \$7,500, as adjusted, or 33-1/3% of the Participant's Includible Compensation for the taxable year.

- (b) General Catch-Up Limitation. For one or more of the last three taxable years ending before a Participant's attainment of Normal Retirement Age, the maximum amount that may be contributed to the Plan pursuant to Sections 3.1, 3.4 and 3.5 hereof on behalf of a Participant, other than by means of a rollover or transfer, shall be the lesser of X or Y. X shall be, for any taxable year beginning on or after January 1, 2002, twice the applicable dollar amount in effect under Code Section 457(b)(2)(A) or, for any taxable year beginning on or before December 31, 2001, X shall be \$15,000. Y shall be the sum of (i) the primary limitation amount determined under Section 3.6(a) above for the year, and (ii) that portion of the primary limitation amount determined under Section 3.6(a) above not utilized by the Participant in prior taxable years (beginning after 1978) in which the Participant was eligible to participate in the Plan. The general catch-up limitation is available to a Participant during one three-year period only. If the Participant uses the general catch-up limitation and then postpones retirement or returns to work after retirement, the general catch-up limitation shall not be available again.
- (c) Catch-Up Limitation For Individuals Age 50 or Over. Effective January 1, 2002, to the extent permitted by law, in the case of any individual who has attained the age of 50 before the close of a taxable year, the maximum Elective Deferral amount that may be contributed pursuant to Section 3.1 hereof for such taxable year shall be increased by the applicable amount set forth in Section 414(v) of the Code. Notwithstanding the immediately preceding sentence, contributions shall not be made in accordance with this Section 3.6(c) during any year in which Section 3.6(b) hereof applies.
- (d) Coordination With Other Plans. If a Participant participates in more than one Code Section 457(b) plan, the maximum deferral under all such plans shall not exceed the applicable limit described in Section 3.6(a) above (subject to modification

by the catch-up limitation described in Section 3.6(b) or (c) above). For years beginning on or before December 31, 2001, if a Participant participates in a plan described in Section 403(b) of the Code and, effective January 1, 1989, and for all years after such date and beginning on or before December 31, 2001, a plan described in Sections 401(k), 408(k) or 501(c)(18) of the Code, amounts deferred by the Participant to any such plan or plans and excluded from his or her gross income in any such taxable year under such plan or plans shall reduce the primary limitation amount described in Section 3.6(a) hereof and the catch-up limitation described in Section 3.6(b) hereof.

- (e) To the extent that any amount deferred hereunder for any taxable year exceeds the limitations of this Section 3.6, such excess shall be deemed to be a contribution under a plan described in Code Section 457(f). Such excess shall first be deemed to be attributable to contributions made pursuant to Section 3.5 hereof, and then to the extent required, attributable to contributions made pursuant to Section 3.4 hereof, and then, to the extent required, attributable to contributions made pursuant to a Voluntary Salary Deferral Agreement under Section 3.1 hereof.

3.7 **Vesting.** A Participant shall be fully vested at all times in his or her accrued benefits under this Plan. Such accrued benefits shall be non-forfeitable at all times.

3.8 **Transfers of Funds from Another Plan.** If so provided in the Adoption Agreement and subject to any limitations set forth in the Adoption Agreement, a Participant may elect to make, and each Investment Sponsor shall accept, subject to the rules of such Investment Sponsor, contributions which are transferred directly from any other eligible deferred compensation plan. Notwithstanding the foregoing, transfers shall be permitted only to the extent permitted by law. Such funds and the accumulation generated from them shall be fully vested and nonforfeitable at all times.

3.9 **Acceptance of Rollover Contributions.** On or after January 1, 2002, if so provided in the Adoption Agreement and if a Participant is entitled to receive, and elects to receive, a distribution from another eligible deferred compensation plan maintained by a State, political subdivision of a State or any agency or instrumentality of a State or political subdivision of a State, or from a plan qualified under Section 401(a) or 403(a) of the Code, or a plan described in Section 403(b)

of the Code, that is in each case an eligible rollover distribution under the Code, each Investment Sponsor shall, subject to the rules of such Investment Sponsor, accept such amount under this Plan, provided that the rollover to this Plan is made either directly from another such plan or by the Participant within sixty days of the receipt of the distribution. Any such amounts rolled over from any such plan shall be accounted for separately upon acceptance as a rollover under this Plan. Such funds and the accumulation generated from them shall be fully vested and nonforfeitable at all times.

ARTICLE IV – DISTRIBUTIONS

4.1 ***Eligibility for Payment.*** Distribution of benefits from the Plan shall be made no earlier than: (i) for distributions on or after January 1, 2002, Severance from Employment, or for distributions on or before December 31, 2001, Separation from Service, (ii) the calendar year in which the Participant attains age 70-1/2 or (iii) in the event of an approved financial hardship due to an Unforeseeable Emergency, as defined below.

- (a) “Severance from Employment” and “Separation from Service” mean the termination of a Participant’s employment with the Employer for any reason including the Participant’s death, disability or retirement. Effective for distributions on or after January 1, 2002, a Participant will be deemed to have incurred a Severance from Employment without regard to whether such Participant continues in the same job for a different employer following a liquidation, merger, consolidation or other similar transaction.
- (b) “Unforeseeable Emergency” means a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent of the Participant, loss of the Participant’s property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved:

- (1) Through reimbursement or compensation by insurance or

otherwise;

- (2) By liquidation of the Participant's assets, to the extent that liquidation of such assets would not itself cause severe financial hardship; or
- (3) By cessation of deferrals under the Plan.

The need to send a Participant's child to college or the desire to purchase a home shall not be considered to be an Unforeseeable Emergency.

4.2 ***Distribution Due to Unforeseeable Emergency.*** A Participant may request a distribution due to an Unforeseeable Emergency by submitting a written request to the Employer or its designee, accompanied by evidence to demonstrate that the circumstances being experienced qualify as an Unforeseeable Emergency. The Employer or its designee shall have the authority to require such evidence, as it deems necessary to determine if a distribution shall be warranted. If an application for a distribution due to an Unforeseeable Emergency is approved, the distribution shall be limited to an amount sufficient to meet the Unforeseeable Emergency.

4.3 ***Commencement of Distributions.***

- (a) For distributions on or after January 1, 2002, a Participant may commence distribution of benefits at any time following Severance from Employment.
- (b) For distributions on or before December 31, 2001, a Participant shall commence distribution of benefits on the date selected by the Participant during the sixty day period following Separation from Service, unless the Participant subsequently makes a one time irrevocable written election in accordance with Code Section 457(e)(9)(B) to defer commencement of benefits to a specified later date. In the event a Participant fails to make an election during the sixty day period following Separation from Service, the Participant shall receive a lump sum distribution within ninety days following Separation from Service.
- (c) Notwithstanding the provisions of Sections 4.3(a) and 4.3(b) above, in no event shall distribution of benefits commence with respect to any Participant later than the April 1st of the

calendar year following the calendar year in which the Participant attains age 70-½ or if later, the April 1st of the calendar year following the calendar year in which the Participant separates from service.

Notwithstanding anything in this Section 4.3 to the contrary, for years beginning on or before December 31, 2001, if the total amounts held under this Plan for a Participant total \$5,000 or less, the Participant has experienced a Separation from Service and the Participant may not defer additional amounts under the Plan, the Participant may at any time elect a lump sum distribution of his or her benefits, and such distribution shall occur as soon as practicable after the Participant files a written request for such a distribution with the Employer or its designee.

4.4 ***Distribution Requirements.***

- (a) General Rule. This Section 4.4 is intended to comply with Code Section 457(d) and the regulations issued thereunder. To the extent that there is any conflict between the provisions of Code Section 457(d) and the regulations issued thereunder and any other provision in this Plan, the provisions of Code Section 457(d) and the regulations issued thereunder will control.
- (b) Limits on Income Options. Distributions, if not made in a single lump sum shall be made over a period that does not exceed:
 - (1) the life of the Participant;
 - (2) the lives of the Participant and his or her designated Beneficiary;
 - (3) a period certain not extending beyond the life expectancy of the Participant; or
 - (4) a period certain not extending beyond the life expectancies of the Participant and his or her designated Beneficiary.

Any distribution on or before December 31, 2001 payable over a period of more than one year shall be made only in substantially non-increasing amounts paid not less frequently than annually.

- (c) Minimum Amounts to be Distributed. If a Participant's retirement payments are to be distributed in a form other than a single lump sum, the amount to be distributed each year, and the times those amounts are paid, shall satisfy the requirements specified in Section 401(a)(9) of the Code and the regulations issued thereunder.
- (d) Death Distribution Provisions.
 - (1) Death After Distributions Begin. If the Participant dies after distribution of his or her interest has commenced, the remaining portion of such interest shall continue to be distributed at least as rapidly as the method of distribution being used prior to the Participant's death.
 - (2) Death Before Distributions Begin. If the Participant dies before distribution of his or her interest has commenced, distribution of the Participant's entire interest shall be completed by the December 31 of the calendar year containing the fifth anniversary of the Participant's death, except to the extent that the recipient of such benefits elects to receive distributions in accordance with (i) or (ii) below:
 - (i) If any portion of the Participant's interest is payable to a designated Beneficiary, distributions may be made in substantially equal annual payments over the life of the designated Beneficiary, or over a period certain not extending beyond the life expectancy of the designated Beneficiary, and commencing no later than the December 31 of the calendar year immediately following the calendar year in which the Participant died;
 - (ii) If the designated Beneficiary is the Participant's surviving spouse, the date distributions are required to begin in accordance with (i) above shall be the December 31 immediately following the calendar year in which the Participant died or, if later, the December 31 of the calendar year in which the Participant would have attained age 70½

If the Participant has not made an election pursuant to this Section 4.4 by the time of his or her death, the Participant's designated Beneficiary must elect the method of distribution no later than the earlier of (1) the December 31 of the calendar year in which distributions would be required to begin under this Section 4.4, or (2) the December 31 of the calendar year which contains the fifth anniversary of the date of death of the Participant. If the Participant has no designated Beneficiary, or if the designated Beneficiary does not elect a method of distribution, distribution of the Participant's entire interest must be completed by the December 31 of the calendar year containing the fifth anniversary of the Participant's death.

- (3) For purposes of Section 4.4(d), if the surviving spouse dies after the Participant, but before payments to such spouse begin, the provisions of Section 4.4(d) with the exception of paragraph (ii) shall be applied as if the surviving spouse were the Participant.
- (4) For purposes of this Section 4.4, any amount paid to a child of the Participant will be treated as if it had been paid to the surviving spouse if the amount becomes payable to the surviving spouse when the child reaches the age of majority.
- (5) For the purposes of this Section 4.4, distribution of a Participant's interest is considered to begin on the Participant's required beginning date (or, if applicable, the date distribution is required to begin to the surviving spouse). If distribution in the form of an annuity irrevocably commences to the Participant before the required beginning date, the date distribution is considered to begin is the date distribution actually commences.

4.5 *Plan-to-Plan Transfers/Direct Rollovers.*

- (a) Notwithstanding any provision of the Plan to the contrary, to the extent permitted by law, all or any part of the account balance of a Participant in the Plan shall be transferred to another eligible deferred compensation plan in which the former Participant has become a participant, if: (i) the plan receiving such amounts provides for

acceptance of such transfers and (ii) the Participant gives written direction to the Employer or its designee in a satisfactory form to make such transfer.

- (b) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section 4.5(b), a distributee may elect, to the extent permitted by law, at the time and in the manner prescribed by the Employer or its designee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee as direct rollover in accordance with Section 457(e)(16) of the Code.

ARTICLE V – FORMS OF PAYMENTS

- 5.1 **Election.** Subject to the rules of the Investment Sponsor, a Participant or Beneficiary may elect the form of distribution of his or her benefits and may revoke that election, with or without a new election, at any time at least thirty days before his or her benefits begin, or such other time as permitted by the Employer or its designee, by notifying the Employer or its designee in writing of his or her election.

- 5.2 **Forms of Payments.** The forms of benefit payments shall include:

- (a) Lump Sum. A single lump sum payment of the entire balance credited to a Participant's account.
- (b) Single Life Annuity. An annuity payable in equal installments for the life of the Participant that terminates upon the Participant's death.
- (c) Joint Life Annuity. An annuity payable in equal installments for the joint lives of the Participant and his or her Beneficiary.
- (d) Fixed Period Payments. Payments for a fixed period of not less than five years and not more than thirty years.

All forms of payments shall be subject to the limitations of the applicable Investment Sponsor.

- 5.3 **Failure to Make Election.** If a Participant or Beneficiary fails to elect a form of payment in a timely manner, benefits shall be paid in a

lump sum.

ARTICLE VI – BENEFICIARY INFORMATION

- 6.1 **Designation.** A Participant shall have the right to designate a Beneficiary, and amend or revoke such designation at any time prior to commencement of benefits, in writing, in a form approved by the Employer or its designee. Such designation, amendment or revocation shall be effective upon satisfactory receipt by the Employer or its designee.
- 6.2 **Failure to Designate a Beneficiary.** Benefits shall be paid to the Participant's estate if, prior to the date a Participant commences to receive payment of benefits under the Plan, the Participant has not designated a Beneficiary or no designated Beneficiary survives the Participant and benefits are payable following the Participant's death.

ARTICLE VII – PLAN ADMINISTRATION

- 7.1 **Plan Administration.** The Employer shall be responsible for appointing a Plan Administrator to administer the Plan. The Plan Administrator may authorize a committee comprised (to the extent possible) of not less than three persons, to act collectively with regard to administration of the Plan. The Plan Administrator shall have sole discretionary responsibility for the interpretation of the Plan, enrolling Participants in the Plan, sending contributions on behalf of each Participant to the applicable Investment Sponsor, and for performing other duties required for the operation of the Plan. Any action taken on any matter within the discretion of the Plan Administrator shall be made in its sole and absolute discretion based on this Plan document and the Adoption Agreement, and shall be final, conclusive, and binding on all parties. In order to discharge its duties hereunder, the Plan Administrator shall have the power and authority to delegate ministerial duties and to employ such outside professionals as may be required for prudent administration of the Plan. The Plan Administrator shall also have authority to enter into agreements on behalf of the Employer necessary to implement this Plan.
- 7.2 **Accounts and Expenses.** The Employer shall establish and maintain contracts and/or accounts on behalf of each Participant. Such Participant's contracts and/or accounts shall be valued at fair market

value as of the last day of the Plan Year and such other dates as are necessary or desired for the proper administration of the Plan. Each Participant shall receive a written notice of his or her contract value or account balance following such valuation or valuations, provided that such notice shall not be required to be given more than one time per calendar quarter. Each Participant's contract value and account balance shall reflect the aggregate of his or her aggregate Elective Deferrals, Employer non-elective contributions, Employer matching contributions, transfers and rollovers, if any, and shall also reflect investment experience credited to such contracts and/or accounts and shall reflect expense charges applied to, and distributions made from, such contract and/or account.

- 7.3 ***Investments.*** A Participant may request that amounts contributed to the Plan on his or her behalf be allocated among the available Investment Options established under the Plan. The Investment Options shall include the Investment Options made available by TIAA-CREF and may, in addition, include Investment Options made available by additional approved Investment Sponsors. The initial allocation request may be made at the time of enrollment. Once made, an investment allocation request shall remain in effect for all subsequent contributions until changed by the Participant. A Participant may change his or her investment allocation by submitting a written request to the Employer or its designee on such form as may be required by the Employer or its designee. Such changes shall become effective as soon as administratively feasible after the Employer or its designee receives a satisfactory written request. Although the Employer intends to invest contributions according to the Participant's requests, it reserves the right to invest without regard to such requests.

ARTICLE VIII – AMENDMENT OR TERMINATION OF PLAN

- 8.1 ***Amendment and Termination.*** While it is expected that this Plan will continue indefinitely, the Employer reserves the right at any time to amend, otherwise modify, or terminate the Plan without any liability for such action. No amendment shall increase the duties or responsibilities of any Investment Sponsor without its prior consent thereto in writing. In the event of a termination of the Plan, the Employer shall notify Participants of the termination.

ARTICLE IX – MISCELLANEOUS

- 9.1 **Plan Non-Contractual.** Nothing contained in this Plan will be construed as a commitment or agreement on the part of any person to continue his or her employment with the Employer, and nothing contained in this Plan will be construed as a commitment on the part of the Employer to continue the employment or the rate of compensation of any person for any period, and all Employees of the Employer will remain subject to discharge to the same extent as if the Plan had never been put into effect.
- 9.2 **Claims of Other Persons.** The provisions of the Plan will in no event be construed as giving any Participant or any other person, firm, corporation or other legal entity, any legal or equitable right against the Employer, its officers, employees, directors or trustees, except the rights as are specifically provided for in this Plan or created in accordance with the terms and provisions of this Plan.
- 9.3 **Assignments.** No benefit or interest available hereunder will be subject to assignment or alienation, either voluntarily or involuntarily, other than as provided under Section 401(a)(13) of the Code. The preceding sentence shall also apply to the creation, assignment, or recognition of a right to any benefit payable with respect to a Participant pursuant to a domestic relations order, unless, effective with respect to distributions made on or after January 1, 2002, such order is determined to be a qualified domestic relations order, as defined in Section 414(p) of the Code.
- 9.4 **Contracts.** The terms of each arrangement pursuant to which an Investment Option is offered hereunder, the terms of a trust in which an Investment Option may be held, and any contract issued on behalf of a Participant or certificate issued to a Participant, are a part of the Plan as if fully set forth in the Plan document and the provisions of which are hereby incorporated by reference into the Plan. In the case where there is any inconsistency or ambiguity between the terms of the Plan and those of any contract, certificate or trust, if any, funding the Plan, the terms of the Plan control.
- 9.5. **Pronouns.** Whenever used herein, the masculine pronoun is deemed to include the feminine. The singular form, whenever used herein, shall mean or include the plural form where applicable, and vice versa.
- 9.6. **Representations.** The Employer does not represent or guarantee that any particular Federal or State income, payroll, personal property

or other tax consequence will result from participation in this Plan. A Participant should consult with professional tax advisors to determine the tax consequences of his or her participation. Furthermore, the Employer does not represent or guarantee investment returns with respect to any Investment Options and shall not be required to restore any loss which may result from such investment or lack of investment.

- 9.7. **Severability.** If a court of competent jurisdiction holds any provision of this Plan to be invalid or unenforceable, the remaining provisions of the Plan shall continue to be fully effective.
- 9.8. **Applicable Law.** This Plan shall be construed in accordance with applicable Federal law and, to the extent otherwise applicable, the laws of the State in which the Employer is located.

ADOPTION AGREEMENT

FOR THE

457(b) DEFERRED COMPENSATION PLAN

The provisions you select in completing this Adoption Agreement will apply to your plan as if they were set forth in the Plan document. In completing this Adoption Agreement, you are urged to consult with your attorney or other tax advisor. TIAA-CREF does not and cannot provide legal or tax advice. Failure to properly fill out the Adoption Agreement may result in the failure of your plan to satisfy the requirements of an eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code of 1986, as amended.

1. **General Information**

- (A) Name of Employer: **University of Kentucky**
- (B) Address of Employer: **University of Kentucky
Lexington, Kentucky 40506**
- (C) Name of Plan: **University of Kentucky 457 (b) Plan**
- (D) Federal Tax ID
Number of Employer: **61-600-1218**
- (E) Plan Administrator's
Name and Address: **University of Kentucky
Scovell Hall
Lexington, Kentucky 40506**

2. **Compensation** (Section 1.4)

- ☐ Select this Box 2 and complete this Item only if it is desired that Compensation is to be defined as other than total cash remuneration. Instead, Compensation will be defined as follows:
-
-
-

3. **Effective Date / Restated Effective Date**
(Sections 1.5 and 1.19)

- (A) ☒ The Plan is a new plan. The Effective Date is January 1, 2002.
- (B) ☐ The Plan is a restated plan. The Restated Effective Date is _____. The Plan's initial Effective Date was _____.

4. **Eligible Employee** (Section 1.8)

- (A) ☐ All Employees of the Employer.
- (B) ☒ All Employees of the Employer, other than the following excluded Employees:
- (1) ☒ Leased Employees
- (2) ☐ Salaried Employees

(3) ☐ Hourly Employees

(4) ☐ Employees whose employment is governed by the terms of a collective bargaining agreement between Employee representatives (within the meaning of Code Section 7701(a)(46)) and the Employer, under which retirement benefits were the subject of good faith bargaining.

(5) ☒ Other: Students

(C) ☐ Notwithstanding the election(s) set forth in Box 4(A) and Box 4(B) above, if this Box 4(C) is selected Eligible Employee will include trustees of the Employer.

5. **Investment Options** (Section 1.12)

Investment Options shall include a TIAA Group Supplemental Retirement Annuity Contract ("TIAA GSRA") and a CREF Group Supplemental Retirement Annuity Contract ("CREF GSRA").

(A) ☒ The following additional Investment Options will also be available:
Fidelity Investments
American Century

(B) ☐ By selecting this Box 5(B), all accounts offered under the TIAA GSRA and the CREF GSRA as of the date this Adoption Agreement is executed, and such accounts to be offered thereunder in the future, will not be made available under this Plan. Instead, the following limitations will apply:

6. **Normal Retirement Age** (Section 1.14)

☐ If this Box 6 is selected, Normal Retirement Age will not be age 65. Instead, Normal Retirement Age will be age ____.

7. **Plan Year** (Section 1.18)

Plan Year means:

(A) ☒ The calendar year.

- (B) ☐ The Plan Year is a twelve (12) month period beginning on _____ and ending on the following _____.
- (C) ☐ The initial Plan Year is a short Plan Year beginning on _____ ending on _____. Thereafter, the Plan Year will be the twelve (12) month period selected in Box 7(A) or Box 7(B) above.

8. **Elective Deferrals** (Section 3.1)

- (A) ☒ Elective Deferrals may be made to the Plan up to the maximum amount permitted by law.
- (B) ☐ Elective Deferrals may be made to the Plan up to a maximum amount equal to _____, provided that in no event may such deferrals exceed the maximum amount permitted by law.
- (C) ☐ Elective Deferrals may not be made to the Plan.

9. **Employer Non-Elective Contributions** (Section 3.4)

- (A) ☐ The Employer will make non-elective contributions to the Plan on behalf of each Active Participant in an amount equal to _____% of the Participant's Compensation.
- (B) ☐ The Employer will make non-elective contributions to the Plan on behalf of each Active Participant in an amount equal to:

- (C) ☐ The Employer will make non-elective contributions to the Plan as follows:

- (D) ☒ The Employer will not make any non-elective contributions to the Plan.

10. **Employer Matching Contributions** (Section 3.5)

- (A) ☐ The Employer will make matching contributions to the Plan on behalf of each Active Participant who makes an Elective Deferral pursuant to a Voluntary Salary Deferral Agreement in an amount equal to _____% of the Participant's Compensation that is contributed to the Plan for the Plan Year.

- (B) ☐ The Employer will make matching contributions to the Plan on behalf of each Active Participant who makes an Elective Deferral pursuant to a Voluntary Salary Deferral Agreement in an amount equal to _____% of the first _____% of the Participant's Compensation that is contributed to the Plan for the Plan Year.
- (C) ☐ The Employer will make matching contributions to the Plan as follows:

- (D) ☒ The Employer will not make any matching contributions to the Plan.

11. **Transfers** (Section 3.8)

- (A) ☒ Transfers may be made to the Plan from any other eligible deferred compensation plan to the extent permitted by law.
- (B) ☐ Transfers may be made to the Plan from another eligible deferred compensation plan, subject to the following limitations:

- (C) ☐ Transfers may not be made to this Plan from any other eligible deferred compensation plan.

12. **Rollover Contributions** (Section 3.9)

- (A) ☒ Rollovers to the Plan are permitted to the extent permitted by law.
- (B) ☐ Rollovers to the Plan are permitted to the extent permitted by law, subject to the following limitations:
(i) ☐ The following amounts may not be rolled over to the Plan:

- (C) ☐ Rollovers to the Plan are not permitted.

By executing this Adoption Agreement, the Employer adopts the 457(b) Deferred Compensation Plan described herein and in the Plan document. The selections and specifications contained in this Adoption Agreement together with the terms, provisions and conditions provided in the Plan document constitute the Plan.

It is understood that TIAA-CREF is not a party to the Plan and shall not be responsible for any tax or legal aspects of the Plan. The Employer assumes responsibility for these matters.

The Employer acknowledges that it has counseled, to the extent necessary, with its attorney or other tax advisor. The obligations of the Investment Sponsors shall be governed solely by the provisions of its contracts and policies. TIAA-CREF shall not be required to inquire into any action taken by the Employer or the Plan Administrator and shall be fully protected in taking, permitting or omitting any action on the basis of the actions of the Employer or the Plan Administrator. TIAA-CREF shall incur no liability or responsibility for carrying out actions as directed by the Employer or the Plan Administrator.

IN WITNESS WHEREOF, this Adoption Agreement has been executed this ____day of _____, 20____.

Employer: **University of Kentucky**

By: _____

Title: _____