



## Northern California Institute for Research and Education Defined Contribution [401(a)] and 403(b) Savings Plans

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### PLAN HIGHLIGHTS

The NCIRE Defined Contribution and 403(b) Savings Plans are designed both to provide Company-funded retirement benefits and to help you save for your future retirement on a tax-deferred basis. The following are some of the highlights of the Plans:

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#### ELIGIBILITY REQUIREMENTS AND PLAN ENTRY DATES

##### ***Eligibility Requirements for 403(b) Savings Plan:***

All employees (except leased employees, employees under a JPA contract and independent contractors) are eligible to participate in the 403(b) Savings Plan and eligible to receive the 403b Employer match.

##### ***Eligibility Requirements for the Defined Contribution Plan***

All employees (except leased employees, employees under a JPA contract, and independent contractors) are eligible to participate in the Defined Contribution Plan [401(a)]. The eligibility rules state you must complete two years of service and work 1000 hours in each of those two years of service in order to complete eligibility. Once you meet the eligibility requirement, you would enter the plan on the next plan entry date.

##### ***Plan Entry Dates***

- ***Defined Contribution Plan*** – If you are at least age 18 and are an eligible employee, you enter the Defined Contribution Plan on the 1st day of the quarter (January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, October 1<sup>st</sup>) that coincides with or follows the date when you are credited with 2 years of service and 1000 hours worked in each of those two years. You are credited with one year of service for each 12-month period (beginning with your hire date) in which you have at least 1000 hours of service.
- ***403(b) Savings Plan*** - You may enroll in the 403(b) Savings Plan on your date of hire or anytime thereafter, regardless of your age. New Hires will be auto-enrolled at a pre-tax 5% deferral rate 60 days after their hire date and they will also receive an automatic annual increase of 1% up to 10% on April 1 each year.

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#### CONTRIBUTIONS

Contributions to the Plans fall into several categories:

***403(b) Salary Deferrals.*** An eligible employee may elect to defer up to 100% of his or her annual compensation to the Plan – up to the dollar limit set by the IRS. You can choose a *403b regular deferral*, which is a pre-tax option, or a *403b Roth deferral*, which is an after-tax option. The maximum amount you can contribute to this Plan and any other employer plan(s) you may have participated in during the plan year dollar is adjusted annually by the IRS for changes in the cost of living. You cannot defer amounts from severance pay or special cash award contributions. Please note that you are responsible for reviewing your pay records to ensure that your 403(b) salary reduction election is properly implemented and informing the Human Resources Department if you discover any discrepancies.

**403(b) Catch-Up Contributions.** If you are a Plan participant who is eligible to make salary deferrals and if you will have attained at least age 50 by December 31 of a given year, you may make “catch-up” 403(b) regular or roth salary deferrals in addition to your regular 403(b) salary deferrals for that year. The IRS will adjust the annual limit for inflation. Like 403(b) salary deferrals, 403(b) catch-up contributions are made by automatic payroll deductions and accumulate on a tax-deferred basis.

**Matching Company Contributions Under the 403b Plans.** NCIRE agrees to contribute a pre-tax matching contribution up to 5% for employees who contribute to the 403b Regular, Roth and Catch-up Plans.

**Company Contributions Under the Defined Contribution Plan.** NCIRE may make a Company contribution to your account. The contribution amount is technically discretionary and is subject to change by NCIRE. If you are an eligible participant, you will share in this contribution in the ratio that your base compensation bears to the aggregate base compensation of all eligible Plan participants. Severance pay or special cash award contributions are not counted as compensation for this purpose.

**Rollover Contributions.** If you are a participant in the Northern California Institute For Research and Education 403(b) Savings Plan, you may be able to roll over a distribution made to you from another 401(a), 403(b), or 401(k) plan into the 403(b) Savings Plan.

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#### **CREDITING OF COMPANY CONTRIBUTIONS**

The Company contribution is credited to a participant’s accounts each pay period. If you are a participant, you are generally eligible to receive an allocation of the Company contribution once you have met eligibility requirements and have entered the Defined Contribution Plan, regardless of how many hours you work after your date of participation.

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#### **VESTING**

Vesting refers to the percentage of your account that you are entitled to receive after your employment with the Company ends. You are always 100% vested in all accounts under both of the Plans, including your 403(b) salary deferrals, 403(b) catch-up contributions, rollover contributions, and Company contributions.

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#### **HARDSHIP WITHDRAWALS**

While the Plans are for retirement purposes, withdrawals may be permitted while you are still employed on account of your immediate financial hardship. Hardship withdrawals may be made only from your 403(b) salary deferral account. All hardship withdrawals must be reviewed and approved by the Administrative Committee and must meet IRS guidelines.

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#### **NON-HARDSHIP WITHDRAWALS**

Once you have attained age 59½, you may be able to make a withdrawal from your 403(b) salary deferral, rollover and defined contribution accounts while you are still employed.

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#### **LOANS**

Loans are permitted from your 403(b) account for any reason. You may borrow up to 50% of the total balance of your 403(b) accounts (not to exceed \$50,000). The minimum loan amount is \$1,000. The loan will have a fixed rate of interest set at the time the loan is made equal to the prime rate as published in the Wall Street Journal, plus 1%. Loans are repaid each pay period via payroll deduction. Loans must be repaid over 5 years, unless the proceeds are used to purchase a home, in which case the term may be extended to up to 15 years. The interest you pay is credited to your account in accordance with your current investment fund election on file for new contributions. If you were to terminate employment prior to the repayment of the loan, the entire principal and interest due must be repaid prior to or at termination.

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## DISTRIBUTIONS

The full value of your account is available to you (or your beneficiary), as allowed under the Plans, due to retirement, termination of employment, death or disability. When you are entitled to receive a distribution, you will have the right to elect either a taxable cash distribution (subject to income tax) or a direct rollover to an IRA or to another employer's retirement plan (which is a tax-deferred distribution), as described below. After your termination of employment with NCIRE, you will receive a distribution package from our Plan's administrator asking that you make an election on how you want your account distributed to you. Distributions from the Defined Contribution Plan and 403(b) Plans must be taken at the same time and as lump sum payments. The form of your distribution can be as follows:

- **Rollover to a Qualified Plan or IRA** - You may elect to rollover your entire vested account balance in both plans (regardless of amount) to another qualified retirement plan, 403(b) annuity, governmental 457(b) plan, or Individual Retirement Account that accepts rollovers.
- **Taxable Cash Distribution** – You may elect to have your entire vested account balance in both plans distributed to you as a taxable cash distribution. When distributed, it will be subject to current federal and state income tax. In addition to federal and state personal income taxes, you may also be subject to premature distribution penalty taxes, depending upon your age (and other criteria) at the time of distribution. Please note, there is a mandatory federal withholding of 20% at the time of distribution. At the time of distribution you may waive any possible state withholding, but it will be reported to the applicable agencies as taxable income.

**If you do not return your signed election forms within 45 days, you are subject to one of the below based on your balance:**

- **Account Balance (Combined) Under the Plans is \$1,000 or Less** – You must take a distribution from the Plans as soon as administratively feasible and typically within 45 days of the receipt of your distribution paperwork. If you do not return your forms making an affirmative distribution election, your account will be distributed to you as a taxable cash distribution less mandatory federal and state income tax withholding
- **Account Balance (Combined) Under the Plans is Between \$1,001 and \$5,000** – You must take a distribution from the Plans as soon as administratively feasible and typically within 60 days of the receipt of your distribution paperwork. If you do not return your forms making an affirmative distribution election, your account will be rolled over automatically to an IRA held at Principal Financial Group in your name. Funds that are rolled over to Principal will be deposited initially in an investment that is designed to preserve principal and provide a reasonable rate of return and liquidity. Principal will charge your account for expenses associated with the establishment and maintenance of the IRA and with the costs of investing within the IRA. You may transfer the IRA funds at any time to another IRA.
- **Account Balance (Combined) Under the Plans is Greater Than \$5,000** - You may elect to defer taking a distribution from the Plans until you attain age 65. Not returning your distribution election forms is considered an election to defer distribution. If you are age 65 or older at the time of your termination, then you must take an immediate distribution of your account; deferring distribution is not an option.

## Account Access

The value of all of your accounts will be updated on a daily basis. With this feature you can obtain your account balances at any time. You may make investment transfers of your Defined Contribution, 403(b) and rollover accounts by calling Principal Financial Group (toll-free number **1-800-547-7754**) or by

accessing the Principal Financial Group website (<https://www.principal.com/>). NCIRE's account number is: 458099.

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#### **STATEMENT SCHEDULE**

You will receive a quarterly statement summarizing the activity in all of your accounts in the Plans.

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#### **CONTRIBUTION CHANGES**

You may increase or decrease, stop or resume your 403(b) salary deferral contributions at any time. All 403(b) deferral changes must be made on the Principal website, within your own 403(b) account. You may call Principal Financial Group for assistance.

*Please note: This Plan Highlights attempts to describe the Plans in simple terms and is not a Summary Plan Description. The Plans and the Trust Agreement are complex legal documents, and all of their terms cannot be described in detail. If there appears to be any inconsistency between statements made in this Plan Highlights and the Plans and/or the Trust document, the Plans and Trust documents will be the controlling legal documents. This document does not represent a contract between NCIRE employees and the Company.*