

**ANNUAL SAFE HARBOR PLAN NOTICE  
FOR THE  
NORTHWESTERN UNIVERSITY RETIREMENT PLAN AND  
NORTHWESTERN UNIVERSITY VOLUNTARY SAVINGS PLAN**

You are receiving this Notice because you are an eligible employee of the Northwestern University Retirement Plan (the “Retirement Plan”) and the Northwestern University Voluntary Savings Plan (“Voluntary Savings Plan”), together, the “Plans.” Northwestern University (the “University”) has elected to make “safe harbor matching contributions” to eligible Participants in accordance with statutory requirements. This notice describes the safe harbor matching contribution and how you could become eligible to receive this contribution. Safe harbor matching contributions will be made for the Plan Year beginning September 1, 2017 unless the Plan is amended or terminated or except as described below. Capitalized and certain other terms not defined within this notice may be defined or described in the Plan’s Summary Plan Description (SPD).

Please read this Notice because it contains important information regarding the Plans including:

- The amount contributed to the Retirement Plan by the University;
- The amount you need to contribute to the Retirement Plan in order to receive the maximum University contribution under the Retirement Plan;
- How to make or change the amount of your employee contributions to the Retirement Plan and/or Voluntary Savings Plan;
- When your University contributions and employee contributions are vested (that is, cannot be forfeited for any reason);
- How your University contributions and employee contributions are invested and how you can change your investment elections; and
- When you can take distributions from the Plans.

More information about the Plans’ provisions can be found in the SPDs, which can be found at [www.northwestern.edu/hr/benefits](http://www.northwestern.edu/hr/benefits).

### **UNIVERSITY CONTRIBUTIONS**

The University makes Northwestern Automatic Retirement Contributions and Northwestern Match Retirement Contributions to the Retirement Plan. The University does not make any contributions to the Voluntary Savings Plan. The Voluntary Savings Plan is funded solely by Employee Supplemental Retirement Contributions as described below in the *Employee Contributions* Section.

### **Frequently Asked Questions:**

**Q-1:** When am I eligible to receive Northwestern Automatic Retirement Contributions and Northwestern Match Retirement Contributions under the Retirement Plan?

If you are an “Eligible Employee” and at least 24 years old, you are eligible to receive Northwestern Automatic Retirement Contributions and Northwestern Match Retirement Contributions once you

complete a year of continuous service or, upon hire, if you have been granted a *Service Waiver* by the Benefits Division Office.

**Q-2: Who are Eligible Employees under the Retirement Plan?**

Generally, you are an Eligible Employee if you are (1) a faculty member who holds a full-time appointment at the University for at least half of the full academic year or an appointment of at least half-time for the entire academic year, (2) a regular status staff member who is paid by the University on a monthly basis and scheduled to work at .5 FTE (Full-Time Equivalent) or greater, (3) a regular status staff member who is paid by the University on a bi-weekly basis and normally scheduled to work at least 18.75 hours per week, or (4) your terms of employment with the University are subject to a collective bargaining agreement that expressly provides that you are eligible to participate in the Retirement Plan.

**Q-3: How much is the Northwestern Automatic Retirement Contributions?**

Once you satisfy the eligibility requirements for the Retirement Plan (See Q-1 above), you will automatically start to receive Northwestern Automatic Retirement Contributions equal to five percent (5%) of your “Eligible Earnings” for each pay period during which you are an Eligible Employee. You are always fully vested in Northwestern Automatic Retirement Contributions and any earnings thereon.

**Q-4: What are Eligible Earnings?**

Generally, Eligible Earnings means your base salary. Accordingly, Eligible Earnings does not include, among other things, (1) reimbursements or other expense allowances, (2) fringe benefits (cash and noncash), or (3) welfare benefits (including short-term disability payments or severance pay). Eligible Earnings are measured for the portion of the year during which you are a Participant in the Plan. The IRS limits the amount of Eligible Earnings that can be taken into account under the Retirement Plan. For 2018, the compensation limit is \$275,000.

**Q-5: Do I automatically receive Northwestern Match Retirement Contributions once I satisfy the eligibility requirements for the Retirement Plan?**

No. In order to receive Northwestern Match Retirement Contributions under the Retirement Plan, you must elect to make Employee Matched Retirement Contributions in the manner described below in the *Employee Contributions* Section.

**Q-6: How much is the Northwestern Match Retirement Contributions?**

If you make an Employee Matched Retirement Contribution for a pay period, the University will match one dollar for each dollar you contribute, up to 5% of your Eligible Earnings. So, to maximize your Northwestern Match Retirement Contributions for a pay period, you must make an Employee Matched Retirement Contribution equal to 5% of your Eligible Earnings for that pay period. You are always fully vested in Northwestern Match Retirement Contributions and any earnings thereon.

Northwestern Match Retirement Contributions are intended to be “safe harbor matching contributions” as described in Section 401(m)(11) of the Internal Revenue Code.

The University *may* amend the Plan, at any time during the Plan Year, to reduce or eliminate the safe harbor matching contribution. If the University amends the Plan to reduce or eliminate the safe harbor matching contributions during the Plan Year, then the Plan Administrator will provide a supplemental notice to participants and the suspension or reduction will not apply until at least 30 days after that notice is provided.

**Q-7:** If I do not make an Employee Matched Retirement Contribution for one or more pay periods, do I lose out on the Northwestern Match Retirement Contributions for those pay periods?

Not necessarily. The University will “true up” your Northwestern Match Retirement Contributions at the end of each Plan year to make sure you receive the maximum Northwestern Match Retirement Contributions under the Plan. Under the true-up feature, you will receive additional Northwestern Match Retirement Contributions if the total amount of Northwestern Match Retirement Contributions you received over the Plan year is less than the amount of Northwestern Match Retirement Contributions you would have received had the match contribution formula been determined on an annual basis. For example, if your Employee Matched Retirement Contributions are equal to 5% of your Eligible Earnings for the Plan year, you will receive additional Northwestern Match Retirement Contributions if, at the end of the Plan year, the Northwestern Match Retirement Contributions you received the Plan year are less than 5% of your Eligible Earnings.

Northwestern Match Retirement Contributions made under the true-up feature are deposited as soon as administratively feasible following the end of each Plan year but in no event later than March 31st.

## **EMPLOYEE CONTRIBUTIONS**

Employees can make Employee Matched Retirement Contributions to the Retirement Plan and Employee Supplemental Retirement Contributions to the Voluntary Savings Plan (together, “Employee Retirement Contributions”). You are always fully vested in your Employee Retirement Contributions and any earnings thereon.

### **Frequently Asked Questions:**

**Q-1:** When am I eligible to make Employee Matched Retirement Contributions to the Retirement Plan?

Once you are eligible to receive Northwestern Match Retirement Contributions as described above in Q-1 in the *University Contributions* Section above, you are eligible to make Employee Matched Retirement Contributions. An Employee Matched Retirement Contribution must be at least one percent (1%) of your Eligible Earnings and cannot exceed five percent (5%) of your Eligible Earnings for a pay period and they can only be made for pay periods while you are an Eligible Employee.

**Q-2:** When am I eligible to make Employee Supplemental Retirement Contributions to the Voluntary Savings Plan?

You are eligible to make Employee Supplemental Retirement Contributions at any time on or after your date of hire. Once you are eligible to make Employee Matched Retirement Contributions, any employee contributions in excess of 5% of Eligible Earnings are treated as Employee Supplemental Retirement Contributions that are made under the Voluntary Savings Plan. Employee Supplemental Retirement Contributions are not matched by the University.

**Q-3:** How do I make employee contributions?

You must complete a Salary Reduction Agreement online through the University's FASIS Self Service at <https://nupa.northwestern.edu>. If you cannot complete your Salary Reduction Agreement online, visit the Benefits Division Office to obtain assistance.

If you elect to make Employee Matched Retirement Contributions, you must elect the amount you want to contribute on a pay period basis by entering a whole percentage between 1% and 5% of your Eligible Earnings in your Salary Reduction Agreement. If you elect to make Employee Matched Retirement Contributions of at least 5% of your Eligible Earnings, you may also elect the amount, if any, you want to contribute as Employee Supplemental Retirement Contributions to the Voluntary Savings Plan by entering a whole percentage of your Eligible Earnings or a flat dollar amount.

**Q-4:** If I am making Employee Supplemental Retirement Contributions to the Voluntary Savings Plan at the time I first become eligible to make Employee Matched Retirement Contributions, do I have to file a new Salary Reduction Agreement?

No. The Benefits Division will automatically recharacterize your Employee Supplemental Retirement Contributions that do not exceed 5% of your Eligible Earnings as Employee Matched Retirement Contributions at the time you become eligible to make Employee Matched Retirement Contributions. However, if you are contributing less than 5% of your Eligible Earnings as Employee Supplemental Retirement Contributions at that time, you must make a new Salary Reduction Agreement to increase your Employee Matched Retirement Contributions up to 5% or to make additional Employee Supplemental Retirement Contributions under the Voluntary Savings Plan. See Q-5 below.

**Q-5:** Can I change or terminate my Salary Reduction Agreement during the Plan year?

Yes. You can change or terminate your Salary Reduction Agreement at any time during the Plan year by completing a new Salary Reduction Agreement online through the University's FASIS Self Service at <https://nupa.www.northwestern.edu>. If you cannot complete a new Salary Reduction Agreement online, visit the Benefits Division Office for assistance. A change to your Salary Reduction Agreement will become effective as of the next pay date following the date you submit an online Salary Reduction Agreement or as soon as administratively feasible thereafter. Keep in mind that if you decrease your Employee Matched Retirement Contributions below 5%, your Northwestern Match Retirement Contributions will also decrease. For example, if you change your Employee Matched Retirement Contribution percentage from 5% to 2%, then the University will decrease the Northwestern Match Retirement Contribution percentage from 5% to 2%.

**Q-6:** Does the IRS set dollar limits on Employee Retirement Contributions?

Yes. Your Employee Supplemental Retirement Contributions when added to your Employee Matched Retirement Contributions cannot exceed \$18,500 for 2018. If you will attain age 50 by the end of 2018, the dollar limit is increased to \$24,500. Also, if you make elective before-tax or Roth contributions to a retirement plan not maintained by the University, those amounts count toward the annual dollar limit.

**Q-7:** Does the IRS set a dollar limit on all plan contributions made to University retirement plans?

Yes. All University contributions and all employee contributions made to any University retirement plans may not in aggregate exceed \$55,000 for 2018. Age 50+ catch-up amounts described above do not count toward this overall plan limit.

**Q-8:** Can I roll over an eligible rollover distribution from another qualified plan into the Retirement Plan?

Yes, to the extent permitted by the Investment Company and in accordance with the Investment Company's procedures.

## **DISTRIBUTION RULES**

There are restrictions on when you may withdraw your Plan contributions from the Plans. These restrictions may be important to you in deciding how much, if any, to contribute to Plans. You may only withdraw your employee contributions after you terminate University employment, attain age 59½, or incur a hardship or total and permanent disability. Generally, you may only withdraw your Northwestern Automatic Retirement Contributions and Northwestern Match Retirement Contributions from the Retirement Plan after you terminate University employment or upon entry into "phased retirement" (pursuant to a written agreement with the University under which you agree to retire or terminate employment as of a definite date and the written agreement provides for withdrawals while you are an Employee). Note that, if you are under age 59½ at the time of withdrawal, a 10% penalty may apply. Distributions are taxable in the year received unless you are eligible to elect a direct rollover.

You can learn more about the Plans' distribution rules by contacting your Investment Companies. To learn more about taxation and the additional 10% penalty tax, you can refer to IRS Publication 575, Pension and Annuity Income.

## **PLAN AMENDMENT AND TERMINATION**

Pursuant to the terms of the Plan, the University has the right, at any time, to terminate the Plan. Termination of the Plan will result in the discontinuance of all contributions to the Plan (including the safe harbor contribution) with respect to any compensation you receive after the effective date of termination. Termination of the Plan will not affect your right to receive any contributions you have accrued as of the effective date of the termination.

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If you have any questions about the Plans or this Notice, please contact the Benefits Division, Office of Human Resources at (847) 491-7513 or [benefits@northwestern.edu](mailto:benefits@northwestern.edu).