

Benefits

RETIREMENT PLAN AND NEW FACULTY PLAN

Summary Plan Description

This brochure is not a contract. In the interest of simplicity, coverage is described in rather general terms. The extent of your coverage at all times is governed by the complete terms of the Plan documents for the Vanderbilt University Retirement Plan and Vanderbilt University New Faculty Plan, the contracts between Vanderbilt University and the Teachers Insurance Annuity Association (TIAA), the College Retirement Equities Fund (CREF), Vanguard (Vanguard), AIG Retirement (AIG), Fidelity Investments (Fidelity) and the contracts between you and TIAA-CREF, Vanguard, AIG Retirement, Fidelity and such other regulated investment companies as the Chancellor may designate from time to time pursuant to his authority under the Plans (collectively, the "Contracts").



HUMAN
RESOURCES

ESTABLISHMENT AND PURPOSE OF THE PLANS

This Summary Plan Description summarizes the provisions of the Vanderbilt University Retirement Plan and Vanderbilt University New Faculty Plan (each a "Plan", collectively, the "Plans") as of January 1, 2009. Only newly hired faculty, general officers, executive administration and senior exempt staff (referred to as "newly hired faculty") are eligible to participate in the Vanderbilt University New Faculty Plan, and once a newly hired faculty member is eligible to participate in the Vanderbilt University Retirement Plan, the faculty member ceases to be eligible to participate in the Vanderbilt University New Faculty Plan and immediately continues as a participant in only the Vanderbilt University Retirement Plan.

The purpose of the Plans is to provide retirement benefits for the faculty and staff of the University. The Plans are intended to meet the requirements of Section 403(b) and other relevant sections of the Internal Revenue Code (IRC), so that the contributions to the Plans will, to the extent allowed by law and elected by the participant, be excluded from the gross income of members of the faculty and staff for the taxable year.

Any conflict between the statements made in this Summary Plan Description and the Plans and/or Contracts shall be subject to and controlled by the provisions more fully set forth in the Plan documents and the Contracts which are available to you upon request at the Plan Administrator's office as more fully explained in the statement of ERISA rights at the end of this document.

This Summary Plan Description contains a general description of the Plans and a discussion of how the Plans work. This Summary Plan Description is not a contract, nor a guarantee of employment. Nothing contained in this Summary Plan Description gives a Plan participant any rights to employment. Plan participants employed by the University are subject to its policies on discharge, discipline or layoff. If you terminate your employment, your benefit will be based on the provisions of the applicable Plan in effect when you terminate. Because of laws, government regulations and a wide variety of possible exceptions to the situations described in this Summary Plan Description, the information provided here is merely a general summary of the most important provisions and most common situations associated with your participation in the applicable Plan.

While no major revisions to the Plans are planned at this time, you should be aware that changes might occur at some point during your employment and that the University retains the right to amend or terminate the Plans at any time. You should know that the Board of Trust of Vanderbilt University (and its delegates) have full power, authority and discretion to interpret the provisions of the Plans, and its determinations, reached in good faith, of any issue of fact or law under the Plans are final and binding.

ELIGIBILITY

Vanderbilt University Retirement Plan

All employees of the University are eligible to participate in the Plan starting on the first day of the first full month after the date the employee commences employment with the University, except the following individuals:

- a. employees who normally work less than 20 hours per week;
- b. students, post-doctoral fellows, and trainees performing services and who are exempt from social security taxes;
- c. newly hired faculty who are not highly compensated and who are eligible to participate in the Vanderbilt University New Faculty Plan; and
- d. any person who is not classified by the University as an employee (but, for example, is classified as an "independent contractor") even if such person is later determined to be an employee.

The following categories of University employees are eligible to participate in the Plan by making voluntary elective deferrals starting on the first day of the first full month after the employee commences employment with the University, but they are not eligible to receive University Matching Contributions.

- a. employees who have not attained age 21;
- b. part-time faculty members (except those designated as "full-status, partial load"); and
- c. faculty members whose positions include the term "adjunct," "adjoint," "visiting," "emeritus," or "in-residence";
- d. employees who participate in a union retirement plan, or are part of the union section 403(b) plan; and
- e. employees hired by Vanderbilt Temporary Services (VTS) or the temporary Nurse Registry Staff for on-going temporary assignments.

Vanderbilt University New Faculty Plan

Newly hired faculty who are not highly compensated as defined by the Internal Revenue Code are eligible to participate in the New Faculty Plan until they either cease to be not highly compensated or are eligible to participate in the Vanderbilt University Retirement Plan. No faculty member may participate in both the Vanderbilt University Retirement Plan and the Vanderbilt University New Faculty Plan at the same time.

Most newly hired faculty will be considered not highly compensated and, therefore, will be eligible on the date of their employment to participate in the Vanderbilt University New Faculty Plan. Some newly hired faculty will cease to be not highly

compensated during the second calendar year of their employment and will become ineligible to participate in the Vanderbilt University New Faculty Plan.

SOURCE OF CONTRIBUTIONS TO THE PLANS

Mandatory Enrollment in the Plans and University Mandatory Matching Contributions

Vanderbilt University Retirement Plan

Participation in the Vanderbilt University Retirement Plan is mandatory for eligible employees after they have completed one year of service. The Plan provides that eligible members of the faculty or staff are automatically enrolled in the mandatory portion of the Plan after they have completed one year of service with a 3% contribution from salary [except Vanderbilt Medical Group (VMG) faculty who as of January 1, 2004, have a mandatory contribution of 6.47% of their salary]. This mandatory contribution is referred to as the "Mandatory Contribution." The University matches 100% of the Mandatory Contribution ("University Mandatory Matching Contribution"), except in the case of VMG faculty in which case only the first 3% of the Mandatory Contribution is matched.

Vanderbilt University New Faculty Plan

Participation in the Vanderbilt University New Faculty Plan is mandatory for eligible new faculty members who are not highly compensated. The Plan provides that eligible members of the faculty are automatically enrolled in the mandatory portion of the Plan with a 3% (6.47% for VMG) contribution from salary. This mandatory contribution is referred to as the "Mandatory Contribution." The University matches the Mandatory contribution ("University Mandatory Matching Contribution") at 3%.

University Basic Matching Contributions

The Plans also provide that members of the faculty or staff who contribute an extra 2% voluntary elective contribution from salary (the "Basic Contribution") in addition to their Mandatory Contribution are eligible to receive a further University matching contribution of 2% (the "University Basic Matching Contribution") after they have completed one year of service under the Vanderbilt University Retirement Plan. Enrollment in this aspect of the Plans is voluntary and requires completion of the most current salary reduction agreement in the amount of 2% of the participant's salary.

Eligible employees in a collective bargaining unit who have elected not to participate in the University's plan for union employees and instead to participate in the Plan are eligible for a Matching Contribution equal to the 5% of their salary contributed as elective deferrals; provided, however, that they make elective deferrals of at least 5% of their salary.

Maximum Matching Contribution by the University

The maximum University matching contribution is 5% of the participant's compensation (subject to the Internal Revenue Code limitation on maximum includable compensation which is \$245,000 in 2009). Thus, this match is applied to your Mandatory and Basic contribution to the applicable Plan.

Supplemental Contributions

The Plans provide that beginning with the first day of the first full month after commencing employment, eligible employees may make Supplemental voluntary contributions to the applicable Plan ("Supplemental Contributions"). Supplemental Contributions may not exceed the elective deferral limit set by the Internal Revenue Code. Participation in this aspect of the Plans is entirely voluntary and there are no matching funds for these contributions.

Vanderbilt University provides universal availability to eligible employees to make voluntary elective deferrals to the Vanderbilt University Retirement Plan. Employees excluded from universal availability (ineligible employees) are those that:

- worked less than 1,000 hours the previous calendar year or new employees who are expected to work less than 1,000 in the current calendar year
- are nonresident aliens with no U.S. source of income
- are students performing services under a work-study program.

There is no requirement that an employee participate in any other benefit or coverage arrangement offered by Vanderbilt University to make voluntary contributions to the 403(b) retirement plan.

Reemployment

A member of the faculty or staff who has previously completed one year of service with the University and is reemployed by the University shall be required to participate in the Vanderbilt University Retirement Plan provided he or she is not in one of the classes of employees excluded from the Plan or from receiving Matching Contributions (See "Eligibility", above). These employees

shall be eligible to receive matching contributions with the first of the month immediately following reemployment. It is the employee's responsibility to notify, in writing, the Office of Benefits Administration of prior employment with the University.

Salary Deferral Agreements

Mandatory (Non-elective) Deferrals

Mandatory Participation: Participation in the applicable Plan is mandatory for all eligible members of the faculty and staff. Eligible persons will be automatically enrolled in the applicable Plan on a tax-deferred basis after they have completed one year of employment (other than participants in the New Faculty Plan) and will contribute the requisite amount of his or her compensation in accordance with the percentage stated above.

Elective Deferrals

Voluntary Participation: Participation in the elective deferrals of the applicable Plan is voluntary for all eligible members of the faculty and staff. Eligible persons may elect to participate on a tax-deferred basis by entering into a salary reduction agreement with the University. An eligible person may also allocate part or all of the voluntary elective deferrals to a Roth 403(b) on the same salary reduction agreement form.

Salary Reduction Agreement: A salary reduction agreement does not become effective until the first day of the month after it is executed and received in the Office of Benefits Administration. The most current salary reduction agreement (Retirement Plan Election Form) must be used and it must be completed in its entirety to be accepted. No more than one salary reduction agreement, or amendment thereof, may be entered into per calendar quarter.

Roth 403(b) Contributions: No participant shall be permitted to make any after-tax contributions to the Plans other than Roth 403(b) options, when such an option is made available. The University will accept no liability for the tax consequences to employees who make excess contributions to a Plan beyond the annual limitations prescribed by the Internal Revenue Code. Faculty and staff must take personal responsibility for tax planning when executing the salary reduction agreements.

Time of Payment of Contributions: Elective deferrals by payroll deduction will be paid into the accounts of the applicable retirement account vendor designated by participants as soon as administratively feasible.

Contributions During a Leave of Absence

The continuation of Plan contributions by the University during a leave of absence is subject to the agreement and approval of the University. Any such Plan contributions will be made on the basis of salary currently being paid by the University during the leave of absence and will be subject to the participant's continued Plan contributions as well as to the general qualifications for participation in the Plan.

Contributions While on Long-term Disability

If a participant, at the time of his or her approved disability, by the University's Long-term Disability insurance carrier, is covered by the disability waiver of premium benefit, contributions to the applicable Plan on behalf of the participant shall continue after termination of employment under the terms of the Long-term Disability Insurance contract in place at the time.

Distribution of Excess Matching Contributions

For any Plan year, the total matching contributions made by the University for all participants must satisfy one of two tests prescribed by law. If neither of these tests is satisfied, a portion of the matching contributions for participants who are highly compensated shall be distributed to those participants as taxable compensation, unless the University elects to make a supplemental contribution to non-highly compensated employees who were eligible to receive matching contributions. Matching contributions which exceed the allowable limit, and the applicable earnings or losses, shall be distributed no later than the last day of the next following Plan year and must be reported by the University as taxable income.

Those participants who wish to do so may contribute this amount to the applicable Plan on a tax-deferred basis in a subsequent year by adjusting their salary reduction agreement to account for this amount of income. Some highly compensated employees who have already reached the annual limitation prescribed by law will not be able to defer the tax on this income by contributing it to the applicable Plan. Employees should consult the Office of Benefits Administration and their personal tax advisors for additional information.

LIMITS ON CONTRIBUTIONS

The Plans and the Internal Revenue Code limit the maximum contributions you may make to the Plans. The limits set by law are subject to change on an annual basis. For 2009, the contribution limits are as follows:

- a. The elective salary deferral limit in 2009 is \$16,500.
- b. If you qualify for the "403(b) Lifetime Catch-up Contribution," as described below, you may contribute up to an additional \$3,000 to the applicable Plan.
- c. If you are age 50 or older by the end of the Plan year, as described below, you may defer up to an additional \$5,500 in 2009 (the Age 50 Catch-up Contribution).
- d. The total 2009 contribution limit on combined employee/employer contributions (excluding any Age 50 Catch-up Contribution) is 100% of your includible compensation or \$49,000, whichever is less.

403(b) Lifetime Catch-up Contribution

Under the provisions of Section 402(g)(8) of the Internal Revenue Code, employees who have completed at least 15 years of service (see definition) may "catch up" funding of their retirement benefit by increasing their elective deferrals over the 402(g) limits. This "Lifetime Catch-up Contribution" may allow employees to exceed the Section 402(g) limit (which is \$16,500 in 2009) if they have at least 15 years of service with a qualified employer [i.e., an educational organization, hospital, home health service agency, health and welfare service agency, church, or convention or association of churches (or associated organization)]. However, Lifetime Catch-up Contributions are permitted after an employee's salary reduction amount reaches \$16,500 or more (the current limit) under the Plan limits. Additional contributions made under the Lifetime Catch-up cannot exceed \$3,000 per year, up to a \$15,000 lifetime cap. For example, assume an employee contributes \$19,500 a year, exceeding the current \$16,500 Section 402(g) limit by \$3,000. The employee can contribute the additional \$3,000 amount for only five years, since \$3,000 multiplied by five years equals \$15,000, the cumulative maximum allowed by the Lifetime Catch-up Contribution. Thereafter, the employee would not be eligible to contribute more than the annual maximum allowed by the Section 402(g) limit. The employee may, however, be eligible for the Age 50 Catch-up Contribution.

Age 50 Catch-up Contribution

Federal tax law provides an "Age 50 Catch-up Contribution" option available to Vanderbilt University Retirement Plan participants. The Age 50 Catch-up Contribution is an additional elective deferral amount that employees who will be age 50 by the end of the Plan year may contribute to the Plan. In 2009, the maximum amount is an extra \$5,500 for all qualified, Section 403(b), SEP, and SIMPLE plans. Participants are eligible to make Age 50 Catch-up Contributions if they have otherwise deferred the maximum amount allowed under the Plan due to Internal Revenue Code and Plan limits and/or restrictions.

Coordination of Contributions with Other Defined Contribution Plans

The contribution limits under Section 402(g) apply to all the elective deferrals a participant makes. An employee participating in two salary reduction plans with separate employers must count all the elective deferrals made under both plans in applying the limit. This includes contributions to another Section 403(b) plan, a Section 401(k), or a simple retirement account under Section 408(p). However, contributions to a Section 457(b) are not combined with Section 403(b) or Section 401(k) contributions when applying the limits.

Under the provisions of Section 415(c) of the IRC, employees who hold 50% or greater ownership of another company and participate in the other company's qualified retirement plan, must report contributions made to that plan on an annual basis to the Office of Benefits Administration for purposes of aggregating total deferrals. Forms to report these contributions are available at HR Express and on the HR Website.

Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA)

Individuals reemployed under the provision of USERRA shall be treated as not having incurred a break in service with the employer by reason of such person's period or periods of service in the uniformed services (see Definition of Terms). Individuals shall be entitled to accrued benefits that are contingent on employee contributions or elective deferrals only to the extent that the individual makes payment to the Plan with respect to such contributions or deferrals. No such payment may exceed the amount the person would have been permitted or required to contribute had the person remained continuously employed by the employer throughout the period of service in the uniformed services.

Payments to the Plan shall be made beginning with the date of reemployment. Such payments will be made over a period of time that is three times the period of the person's service in the uniformed services; such payment period will not exceed five years.

For the purposes of computing an employer's liability or the employee's contributions, the employee's compensation during the period of service shall be computed:

- a. as the rate the employee would have received but for the period of uniformed service, or
- e. on the basis of the employee's average rate of compensation during the 12-month period immediately preceding such period.

Contributions under the provisions of USERRA and Section 414(u) of the Internal Revenue Code are not treated as contributions in the year the contributions are made, but in the year to which they relate for the purposes of Section 402(g) limits and Section 415 limits.

INVESTMENT OF CONTRIBUTIONS

Funding Medium/Retirement Account Vendors

The Plans offer a choice of funding through TIAA-CREF (Teachers Insurance and Annuity Association of America and the companion company, College Retirement Equities Fund), Vanguard, AIG Retirement (AIG), and Fidelity Investments (Fidelity). TIAA provides fixed-dollar retirement annuities, whereas CREF provides variable retirement annuities. AIG Retirement offers both fixed-dollar and variable retirement annuities. Vanguard and Fidelity offer a wide range of mutual funds invested in stocks, bonds, and/or money markets. Additional information may be found in the literature provided to participants free of charge by each company. This information is also available in the HR Express Office, second floor, 2525 West End Avenue.

Contributions are applied as premiums on individual annuities issued to each participant by TIAA-CREF and AIG Retirement and as deposits to mutual fund accounts by Vanguard and Fidelity, as directed by each participant. The participant must complete the appropriate application forms in order for the TIAA-CREF or AIG Retirement annuity contracts to be issued and/or the Vanguard and Fidelity custodial accounts to be established. If no application, or an incomplete application, is submitted prior to eligibility, the contributions will be placed in a default account as indicated in the Plan documents or as otherwise established by the Plan with one or more of the available retirement account vendors.

General Rules Regarding Allocation of Contributions

Plan contributions shall be forwarded to TIAA-CREF, Vanguard, AIG Retirement, and/or Fidelity in the proportion elected by the participant. Contributions shall be designated as the Mandatory, Basic, and/or Supplemental, or all three.

Any additional contributions beyond the three percent (3%) Mandatory and the first two percent (2%) Basic of the participant's elective deferrals will be treated as Supplemental contributions and additional applications and contracts may be required depending on the retirement account vendor.

The participant may change his or her allocations for future contributions as frequently as permitted by the Plan Administrator, but subject to the limitations imposed by the retirement account vendor.

Designation of Participant's Contributions

TIAA-CREF: Elective deferrals to a participant's TIAA or CREF annuity account shall be designated as made under a contract for a Basic Retirement Annuity (RA), Group Supplemental Retirement Annuity (GSRA), or both.

Participation with TIAA-CREF requires the completion of two distinct application forms. Failure to complete both forms will result in the contributions being returned to the University and placed in the default account. Vanderbilt is not responsible for any loss or gain on these returned contributions.

The GSRA contract differs from the basic retirement annuity contract. The main difference is that if the participant is under age 59½, he or she will have access to the entire GSRA account value if he or she:

- a. separates from service; or
- b. encounters "hardship" (as defined by the Internal Revenue Code).

Vanguard: Deferrals to a Vanguard account shall be designated as being to the Basic Vanguard Account, the Vanguard Supplemental Fund, or both. Contributions to the Vanguard account may be designated to any one of several of the portfolios offered by Vanguard to participants in all the Vanderbilt University Retirement Plans.

AIG Retirement: Deferrals to a participant's AIG Retirement annuity account shall be designated as made under a contract for a Basic Retirement Annuity, Supplemental Retirement Annuity, or both. Information regarding the contracts can be obtained from an AIG Retirement representative.

Fidelity: Deferrals to a Fidelity account shall be designated as being to the Basic Fidelity Account, the Fidelity Supplemental Fund, or both. Contributions to the Fidelity account may be designated to any one of several of the portfolios offered by Fidelity to participants in all the Vanderbilt University Retirement Plans.

Designation of Matching Contributions

University matching contributions on behalf of a participant are contributed to a participant's account on a before-tax basis and shall be invested in the same manner as the respective designations by such participant for the three percent (3%) Mandatory deferrals and the first two percent (2%) of his or her elective Basic deferrals.

Investment Statements

The retirement account vendors send each participant a quarterly report of premiums and benefits that summarizes the status of his or her account. These reports may be received via postal mail or electronically. Similar reports or benefits illustrations may be obtained by a participant upon termination of employment or at any other time by writing directly to the respective retirement account vendor.

The participant is responsible for reviewing these reports for accuracy and reporting necessary corrections before the issuance of the next report in order to obtain full and timely correction. Vanderbilt will not be responsible for correction of your account after six (6) months from the contribution date.

It is the responsibility of the participant to notify Vanderbilt and the applicable retirement account vendor of any change of address.

RETIREMENT AND OTHER PAYOUT OPTIONS

Vesting

All contributions are immediately vested and are under the investment control of the employee, subject to the investment rules or restrictions of the Plans or applicable retirement account vendor.

Minimum Distribution

Benefits must commence to each participant, no later than April 1 following the end of the calendar year in which he or she reaches age 70½ or retires, whichever occurs last. Minimum distributions are not eligible to be rolled-over to another qualified retirement plan.

Retirement Distribution

TIAA-CREF and AIG Retirement: Upon retirement, the participant shall be entitled, under the terms of his or her annuity contracts, to receive a monthly or other periodic income under one of the options set forth in such contracts. All options provide a lifetime income for the participant and all options except one also provide for income to a spouse or other beneficiary. If permitted by the account the funds are in, a lump sum distribution may also be elected.

Fidelity and Vanguard: Upon retirement, the participant shall be entitled, under the terms of his or her custodial accounts, to receive a lump sum distribution of the balance of all funds or periodic payments. Arrangements may be made to convert funds to an annuity providing lifetime income with various options including survivor benefits.

Descriptions of the income options are contained in the booklets available at the Office of Benefits Administration.

Distribution Upon Termination of Employment

If a participant in the Plans terminates employment for reasons other than retirement or disability and requests distribution of a portion or the balance of his or her account, the University must first verify termination of employment. Such distributions must also meet the conditions under which the insurance or investment company will make distributions.

Distribution will result in the payment to the participant of the portion of the account value attributable to his or her contributions and employer contributions, less any administrative charge. Amounts paid to the participant upon distribution shall be in full satisfaction of the participant's right to retirement and/or death benefits attributable to such amount distributed.

Additional information about these conditions and charges can be obtained from the Office of Benefits Administration.

Spousal Rights

Pre-Retirement Joint and Survivor Benefits for Spouse

In accordance with the law, the Plans provide that unless waived by the spouse, the surviving spouse of a participant who dies before the date on which the participant becomes entitled to receive benefits shall be entitled to a death benefit that is at least equal to one-half of the participant's TIAA-CREF, Vanguard, AIG Retirement, and Fidelity accounts. This benefit is payable in the form of a pre-retirement survivor annuity (unless another available form is elected by the spouse). The remaining one-half of the participant's accounts shall be payable as a benefit to his or her beneficiary.

Under the law, after reaching age 35 (or at any time after termination of employment with Vanderbilt, regardless of age), a married participant, with the written consent of his or her spouse, may elect in writing to waive this pre-retirement survivor annuity to the participant's spouse in favor of payment to another beneficiary.

Post-Termination and Post-Retirement Joint and Survivor Benefits for Spouse

Unless otherwise elected, any participant who is married when he or she becomes entitled to receive benefits shall have his or her benefits paid in the form of a joint and survivor annuity. That is, by periodic payments to the participant during his or her life and thereafter to the surviving spouse for life in the amount of fifty percent (50%) of the amount payable to the participant. This survivor benefit can be waived by the spouse on forms currently provided by TIAA-CREF, Vanguard, AIG Retirement and Fidelity.

The Plan Administrator shall be entitled to rely on a participant's indication of marital status if such indication was submitted to the University at least six months prior to the distribution date. Further information about spousal rights to the survivor annuity and the waiver may be obtained from the Office of Benefits Administration.

Qualified Domestic Relations Orders (QDRO)

The anti-assignment and alienation rules under ERISA and the IRC are intended to ensure that a participant's retirement benefits are available to provide financial support during the participant's retirement years. The law allows a limited exception to provide for the assignment of retirement benefits through a QDRO (see Definition of Terms). Under this exception a qualified domestic relations order may assign some or all of a participant's retirement benefits to an alternative payee (see Definition of Terms).

The Plan Administrator or trustees will provide the alternative payee with access to plan information and participant benefit information that is sufficient to prepare a QDRO. This information may include the summary plan description, relevant plan documents, and a statement of the employee's account information.

Under Federal law the Plan Administrator is initially responsible for determining whether a domestic relations order is qualified. This determination must be made within a reasonable time and the Plan Administrator must then promptly notify the participant and each alternative payee of the determination. It is the opinion of the Department of Labor that jurisdiction to challenge a plan administrator's decision about the qualified status of a domestic relations order lies exclusively with the Federal courts.

While the status of the domestic relations order is being determined, ERISA requires that the Plan Administrator or trustees separately account for the amounts that would be payable to an alternative payee if the order is determined to be qualified. The law does not require the Plan Administrator or trustees to preserve the segregated amounts for more than 18 months. The 18-month period begins on the first date that the order would require payment to the alternate payee after the Plan receives the order.

In-Service Hardship Withdrawals

Hardship withdrawals are subject to the terms of the applicable annuity contract or custodial agreement. Hardship withdrawals will be considered taxable income and may be subject to a 10% penalty if withdrawals occur prior to age 59½. Withdrawal of benefits before termination of employment may be made only on contributions made by the employee and only in cases of financial hardship, generally defined as:

- a. Expenses for medical care previously incurred by the employee, the employee's spouse, or any dependents of the employee or necessary for these persons to obtain medical care;
- b. Costs directly related to the purchase of a principal residence for the employee (excluding mortgage payments);
- c. Payment of tuition, related educational fees, and room and board expenses, for the next 12 months of postsecondary education for the employee, or the employee's spouse, children, or dependents;
- d. Payments necessary to prevent the eviction of the employee from the employee's principal residence or foreclosure on the mortgage on that residence;
- e. Funeral or burial expenses; or
- f. Expenses relating to major natural catastrophes qualifying for Internal Revenue Code Section 165 casualty deduction.

Hardship withdrawals are limited to two per calendar year. Participants must submit appropriate supporting documentation to the Office of Benefits Administration prior to being approved to receive a hardship distribution. Once the distribution is approved,

a suspension of the participant's voluntary contributions will be implemented for no less than six months. The participant must initiate renewed participation in the voluntary portion after six months, if desired, by submitting an appropriate salary reduction agreement.

In-Service Withdrawals

Subject to the terms of the applicable custodial agreement or annuity contract, a participant may withdraw any amount from the participant's account at any time after he or she attains age 59½, regardless of whether the participant has terminated employment. Any such withdrawal is subject to the notice and spousal consent requirements regarding the availability of a joint and survivor annuity.

Loans

Taking a loan allows you to borrow money from your elective contributions within the Plan. How much you can borrow depends on the amount of elective contributions you currently have in the plan and whether you have other outstanding loans. Loans are available through TIAA-CREF and AIG Retirement and must be approved by the Plan Administrator. Contact the insurance annuity company for the amount available and the application to apply for a loan. Submit the completed application to the Office of Benefits Administration.

Death Benefits

If a participant dies prior to the commencement of retirement benefit payments as described above, the full current value of the annuity and custodial account accumulation, including the portion attributable to Plan contributions made by the University, is then payable, to the beneficiary or beneficiaries named by the participant. Benefits are payable in either a single sum, or if the participant had an annuity, under any one of the income options offered by the insurance company. Other payout options may be available if the beneficiary is a surviving spouse.

TRANSFERS AND ROLLOVERS

The Plans accept rollovers of taxable distributions from other pre-tax, qualified retirement plans. Only active participants in the Plans may roll over money into the Plans. Rollovers from Individual Retirement Accounts (IRAs) are not accepted into the Plan.

Funds may also be rolled over from the Plans to another qualified retirement plan without tax consequences provided that they are properly rolled over and the participant is eligible for a distribution. A proper rollover requires:

- a. that all or a portion of the balance be paid to the employee in an eligible rollover distribution;
- b. the employee rolls any distributions he or she receives to an IRA, qualified Section 401(a) or Section 401(k) plan, profit-sharing plan, stock bonus plan, money purchase plan, Section 403(a) annuity plan, another Section 403(b) plan, or governmental Section 457(b) plan; and
- c. that the rollover be completed within 60 days of the employee's receipt of the distribution.

Distributions that are not properly rolled over are includible in the employee's gross income and may be subject to a tax penalty for early withdrawal. Unless the rollover is made in the form of a direct rollover (see Definition of Terms), all eligible rollover distributions are subject to a 20% mandatory income tax withholding, even if they are subsequently properly rolled over.

APPLICATION FOR BENEFITS

Benefits provided by TIAA-CREF and AIG Retirement annuities and Vanguard and Fidelity mutual funds to which Plan contributions have been applied, will be payable by TIAA-CREF, Vanguard, AIG Retirement and Fidelity upon receipt by each respective company of a satisfactorily completed application for benefits and supporting documents. The insurance or investment companies will provide the necessary forms to the participant or beneficiary. The University will be required to verify that the employee has either separated from service or reached the required age.

INFORMATION AND CLAIMS PROCEDURES

Requests for information, claims, or service of legal process concerning eligibility, participation, contributions, or other aspects of the Plans should be directed in writing to the Plan Administrator of the applicable Plan. The following rules describe the claims procedure under the Plan:

- *Filing a claim for benefits* – A claim or request for plan benefits is filed when the requirements of a reasonable claim-filing procedure have been met. A claim is considered filed when a written or oral communication is made to the Plan Administrator.

- *Processing the claim* – The Plan Administrator must process the claim within 90 days after the claim is filed. If an extension of time for processing is required, written notice must be given to the participant before the end of the initial 90-day period. The extension notice must indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render its final decision. In no event can the extension period exceed a period of 90 days from the end of the initial 90-day period.
- *Denial of claim* – If a claim is wholly or partially denied, the Plan Administrator must notify the participant within 90 days following receipt of the claim (or 180 days in the case of an extension for special circumstances). The notification must state the specific reason or reasons for the denial, specific references to pertinent plan provisions on which the denial is based, a description of any additional material or information necessary to perfect the claim, and appropriate information about the steps to be taken if the participant wishes to submit the claim for review. If notice of the denial of a claim is not furnished within the 90/180-day period, the claim is considered denied and the participant must be permitted to proceed to the review stage.
- *Review procedure* – A participant or a participant’s duly authorized representative has at least 60 days after receipt of a claim denial to appeal the denied claim to an appropriate named fiduciary or individual designated by the fiduciary and to receive a full and fair review of the claim. As part of the review, the participant must be allowed to see all plan documents and other papers that affect the claim and must be allowed to submit issues and comments and argue against the denial in writing.
- *Decision on review* – The Plan must conduct the review and decide the appeal within 60 days after the request for review is made. If special circumstances require an extension of time for processing (such as the need to hold a hearing if the Plan procedure provides for such a hearing), the participant must be furnished with written notice of the extension, which can be no later than 120 days after receipt of a request for review. The decision on review must be written in clear and understandable language and must include specific reasons for the decision as well as specific references to the pertinent Plan provisions on which the decision is based. For a Plan with a committee or board of trustees designated as the appropriate named fiduciary, a decision does not have to be made within the 60-day limit if the committee or board meets at least four times a year (about every 90 days). Instead, it must be made at the first meeting after the request is filed, except that when a request is made less than 30 days before a meeting, the decision can wait until the date of the second meeting following the Plan’s receipt of request for review. If a hearing must be held, the committee can wait to decide until the first meeting after the hearing. However, it must notify the participant and explain the delay, which can be no later than the third meeting of the committee or board following the Plan’s receipt of the request for review. If the decision on review is not made within the time limits specified above, the appeal will be considered denied. If appeal is denied, in whole or in part, the participant has a right to file suit in a state or federal court.

Requests for information concerning the TIAA-CREF annuity contract and their terms, conditions, and interpretations thereof, claims thereunder, any requests for review of denial of such claims, and service of legal process shall be subject to similar procedures and should be directed in writing to the Account Administrator, TIAA-CREF, 730 Third Avenue, New York, NY 10017-3206.

Requests for information concerning the AIG Retirement annuity contract and their terms, conditions, and interpretations thereof, claims there under, any requests for review of denial of such claims, and service of legal process shall be subject to similar procedures and should be directed in writing to the Account Administrator, AIG Retirement, 278 Franklin Road, Suite 151, Brentwood, TN 37027.

Requests for information concerning the Fidelity mutual fund accounts and their terms, conditions, and interpretations thereof, claims thereunder, any requests for review of denial of such claims, and service of legal process shall be subject to similar procedures and should be directed in writing to the Account Administrator, Fidelity, P.O. Box 770002, Cincinnati, OH 45273-0090.

Requests for information concerning the Vanguard mutual fund accounts and their terms, conditions, and interpretations thereof, claims there under, any requests for review of denial of such claims, and service of legal process shall be subject to similar procedures and should be directed in writing to the Account Administrator, The Vanguard Group, Vanguard Financial Center, P.O. Box 1101, Valley Forge, PA 19482.

AMENDMENTS

The Plans may be amended only by or on the authority of the Board of Trust of Vanderbilt University. The Board of Trust may delegate its power and duties with respect to the Plan, including its authority to amend the Plan, to one or more officers or other employees of the University, provided that such delegation shall be set forth in writing.

No discontinuance or modification of a Plan may adversely affect the benefits accrued by participants prior to the date of discontinuance or modification, nor may it diminish any contractual rights of participants to continued participation in the retirement plan.

NO TAX ADVICE

Although the University will make reasonable efforts to assist employees in their tax planning, the University will accept no liability for the tax consequences to employees who make excess contributions to a Plan beyond the annual limitations prescribed by the Internal Revenue Code. Faculty and staff must take personal responsibility for tax planning when executing their salary reduction agreements.

Distributions received from your Plan account, including University contributions and earnings, are subject to federal income tax as you receive the payments. Besides normal federal income taxes, an additional 10% tax applies to benefits received before age 59½, unless one of the following exceptions applies:

- You retire or leave the University and begin a lifetime annuity or installment income option;
- You leave employment at age 55 or older;
- You have unreimbursed medical expenses that are greater than 7.5% of your adjusted gross income;
- You die or become disabled;
- The distribution is paid to someone besides you under a Qualified Domestic Relations Order (for example, a divorce settlement).

The University recommends that you consult a professional tax advisor before you request a distribution from the Plan. Also, for more specific information on the tax treatment of distributions from qualified retirement plans, contact your local IRS office or call 1-800-TAX-FORM and ask for: IRS Publication 575, Pension and Annuity Income, IRS Publication 590, Individual Retirement Arrangements, or IRS Form 4972, Tax on Lump-Sum Distributions.

DEFINITION OF TERMS

Alternative Payee

An individual who is assigned the right to receive all or part of a participant's benefits in accordance with a QDRO. An alternate payee cannot be anyone other than a spouse, former spouse, child, or other dependent of a participant.

Annuity

Is a contract that provides income for a specified period of time, often for life.

Annuity Contract

Refers either specifically to an annuity contract under Section 403(b)(1) or to any Section 403(b) funding vehicle, including a custodial account.

Beneficiary

The person or persons you name to receive any benefits provided by a benefits plan in the case of your death.

Compensation

All salary that is included in gross income including bonuses, overtime pay, summer salary for faculty on academic year contracts, and any salary supplement paid to a faculty participant. It also includes a participant's elective deferrals and amounts not included in an employee's gross income by reason of Section 125, 457, or 132(f).

Custodial Account

A type of funding vehicle under which assets are held by a bank or other person approved by the Commissioner of the IRS and invested in regulated investment company stock (mutual funds) as required by Section 403(b)(7).

Direct Rollover

Is an eligible rollover distribution from a Section 403(b) plan that is paid directly from the Plan to a qualified retirement plan.

Elective Contributions

Contributions that arise because of an employee's election, through a Salary Reduction Agreement, between current compensation and deferral under the Plan.

Elective Deferrals

Elective contributions made by a participant to a Section 403(b) plan. They do not include contributions made pursuant to one-time irrevocable elections at initial eligibility to participate in a Plan nor contributions made as a condition of employment. Elective deferrals are subject to FICA taxes.

Eligible Rollover Distribution

Any distribution from a Section 403(b) plan made to an employee of all or a portion of his balance, not including the required minimum distributions, periodic distributions, or distributions not includible in gross income.

Excess Deferrals

Elective deferrals that exceed the Section 402(g) limit (\$16,500 for 2009).

Highly Compensated

Under the IRS definition, a faculty member is highly compensated for a particular calendar year (the determination year) if in the year preceding the determination year (the year of hire) the faculty member received compensation in excess of a specified indexed amount (\$110,000 in 2009). Only the compensation, which is paid during the determination year and determined in accordance with Internal Revenue Code rules and regulations, is counted. For the purposes of this plan, this is a simplistic summary of a very complex definition.

Hour of Service

For purposes of this plan, an "hour of service" shall mean each hour for which an eligible employee is paid or entitled to payment by the University for the performance of his or her duties, including hours for which back pay has been awarded or agreed to by the University.

An hour of service shall also include each hour for which an eligible employee is paid or entitled to payment for reasons (such as vacation, sickness, or disability) other than for the performance of duties during the applicable period. Hours of service other than those credited for performance of duties shall be determined by dividing payments received by or due the employee for such hours by the most recent hourly rate of compensation to the employee for the performance of duties.

Mutual Fund

An investment company that pools funds from individuals to buy securities selected to meet specific criteria and goals.

Normal Retirement Age

The age established by the Plan when retirement normally occurs; this is age 62 for staff and age 65 for faculty.

Non-Salary Reduction Contributions

Contributions made to a plan that are not salary reduction contributions. They include both matching and non-matching employer contributions.

Qualified Domestic Relations Order (QDRO)

A court judgment, decree, or order that:

- a. is made pursuant to state domestic relations law and
- b. that relates to the provisions of child support, alimony payments, or marital property rights for the benefit of a spouse, former spouse, child, or other dependent of a participant
- c. that creates or recognizes the existence of an alternative payee's right to receive, or assigns to an alternative payee the right to receive, all or a portion of the benefits payable with respect to a participant under a pension plan, and that includes certain information and meets certain other requirements.

Salary

The amount of base salary during the Plan year paid to the participant, excluding mandatory contributions made as a condition of employment, bonuses, overtime pay, and any salary supplement paid to a faculty participant. In the case of participants who receive a parsonage allowance, salary includes the amount of the parsonage allowance.

Salary Reduction Contributions

Contributions made by an employer as a result of an agreement with the employee to take a reduction in salary. For contributions above the mandatory contributions completion of a Salary Reduction Agreement is required.

Section 402(g) limits

The limit imposed on the annual dollar amount of elective deferrals made by a participant during the year. The limit for the year 2009 is \$16,500.

Section 415 limits

The overall limit on all contributions that may be made on an employee's behalf to a Section 403(b) plan during a single year; this includes employee and employer contributions. In the year 2009 the limits are the lesser of \$49,000 or 100% of an employee's compensation.

Uniformed Services

Includes members of the Armed Forces, the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President in time of war or national emergency.

Year of Service

For purposes of participation requirements, the term "year of service" shall mean a twelve-month period starting with the eligible employee's date of employment (or anniversary date of such employment during which the eligible employee has completed 1,000 or more hours of service). If any person in an eligible category of employment does not complete the required hours of service as set forth above by the first anniversary date of employment, the hours completed do not count toward establishing a year of service, and a new start must be made toward meeting the hours test during the second year of employment. Participation in the Plan begins only when the applicable service requirement has been fulfilled.

If an employee has completed one or more "years of service" and then completes a twelve-month period consisting of five hundred (500) or less hours of service, such a twelve-month period constitutes a one-year "break in service."

SUMMARY PLAN DESCRIPTION

Name of Plans Vanderbilt University Retirement Plan and Vanderbilt University New Faculty Plan

Name of Employer or Plan Sponsor Vanderbilt University, Nashville, Tennessee 37235

Employer Identification Number ("EIN") 62-0476822

Plan Number

001 - Vanderbilt University Retirement Plan
[002] - Vanderbilt University New Faculty Plan

Type of Plan

Each Plan is a defined contribution retirement plan regulated by Section 403(b) of the Internal Revenue Code. The Plans are not insured by the Pension Benefit Guaranty Corporation, a governmental agency which insures benefits under certain types of plans, because that agency does not insure the payment of benefits under a defined contribution plan.

Type of Administration

Benefits are provided under the terms and conditions of the Retirement Plan agreement between Vanderbilt University and TIAA-CREF, Vanguard, AIG Retirement, and Fidelity. Vanderbilt matching contributions come from the general assets of the institution.

Name of Plan Administrator

The Plan Administrator for the Plans is Vanderbilt University. Please direct correspondence to:
Associate Vice Chancellor/Chief Human Resources Officer
Vanderbilt University
VU Station B 357700
2301 Vanderbilt Place
Nashville, Tennessee 37235-7700
(615) 322-8330

Service of Legal Process

Service of legal process may be made on a Plan trustee or the Plan Administrator. Addresses for the insurance and investment companies can be found in the section titled Information and Claims Procedures.

Plan Insurance

Each TIAA-CREF or AIG Retirement annuity contract or Vanguard or Fidelity custodial account established under the applicable Plan is intended to provide a retirement or death benefit and is solely the property of the individual participant. All benefits under this plan are provided solely through individually owned mutual fund accounts and/or fully funded annuity contracts and, therefore, are neither subject to nor covered by federal plan termination insurance.

Consequences of Section 403(b) Failures

In the event that the applicable Plan is determined to not satisfy the requirements of Section 403(b) the Plan would lose its Section 403(b) status. This would result in additional income tax withholding, FICA and FUTA taxes, FICA and FUTA withholding, and excise taxes. Should the Plan correct its failures in accordance with one of the Service's correction programs, these taxes and withholding will not be required. However, corrections of failures may result in other tax consequences.

Plan Year

The "Plan Year" is January 1 through December 31 of each year. Records are maintained on the calendar-year basis for each participant.

STATEMENT OF ERISA RIGHTS

As a participant in the Vanderbilt University Retirement Plan or Vanderbilt University New Faculty Plan for Faculty and Staff, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to receive information about your Plan and benefits. You may:

- Examine, without charge, at the Plan Administrator's office, all documents governing the Plan, including collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor, and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant a copy of this summary annual report.
- Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 62 for staff and age 65 for faculty) and if so, what your benefits would be at normal retirement age if you stopped working under the Plan now. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently, and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan, and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

EQUAL OPPORTUNITY

Vanderbilt is an equal opportunity, affirmative action university. In compliance with federal law, including the provisions of Title IX of the Education Amendments of 1972, Sections 503 and 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990, Vanderbilt University does not discriminate on the basis of race, sex, religion, color, national or ethnic origin, age, disability, or military service in its administration of educational policies, programs, or activities; its admissions policies; scholarship and loan programs; athletic or other University-administered programs; or employment. In addition, the University does not discriminate on the basis of sexual orientation consistent with University non-discrimination policy. Inquiries or complaints should be directed to the Opportunity Development Officer, Baker Building, Vanderbilt University Station B, Box 351809, Nashville, Tennessee 37235. Telephone 615.322.4705.

1/2009



HUMAN
RESOURCES | *Benefits*

Office of Human Resources
Benefits Administration

Mail: VU Station B #357700 • 2301 Vanderbilt Place • Nashville, TN 37235-7700

In Person: HR Express • 2525 West End Avenue, second floor • Nashville, TN 37203