Your Duke 457(b) Deferred Compensation Plan

Effective Date: January 1, 2020
What’s inside

3 Save More for Retirement through Your Duke 457(b) Deferred Compensation Plan

3 Highlights of the Duke 457(b) Deferred Compensation Plan

4 Other Important Information

4 How to enroll in the Duke 457(b) Deferred Compensation Plan

5 Frequently Asked Questions
   Eligibility and Participation
   Contributions
   Retirement Service Providers and Investment Options
   Distributions
   Beneficiary Designation

Note: This brochure highlights the main provisions of the Duke 457(b) Deferred Compensation Plan but is subject to the terms of the legal documents, which may be modified from time to time. The plan document is available on request and its terms and conditions govern the operations of the plan.
Save More for Retirement through Your Duke 457(b) Deferred Compensation Plan

Duke's deferred compensation plan can provide you with an opportunity to increase your retirement savings. Deferred compensation plans enable you to set aside a portion of your salary on a before-tax basis. Amounts you defer plus earnings are not taxable for federal or state income tax purposes, until the funds are withdrawn, or otherwise made available by the plan.

Each year, your contribution amount is limited to a maximum dollar amount specified by the Internal Revenue Service. The contribution limit is available at hr.duke.edu/457b. This amount is in addition to any contributions to the Duke Faculty and Staff Retirement Plan – a 403(b) plan.

457(b) Deferred Compensation Plans have unique requirements and restrictions. Review this guide carefully and consult with a financial professional or tax consultant as you consider your deferral strategy, investment options, and distribution plan.

Highlights of the Duke 457(b) Deferred Compensation Plan

**Eligibility**
You are eligible to participate in the plan if you are faculty or staff of Duke University or Duke University Health System whose annualized compensation equals or exceeds 150% of the Social Security taxable wage base. The applicable annual compensation is available on Duke's website at hr.duke.edu/457bplan. You are not required to make contributions to the Duke Faculty and Staff Retirement Plan; however, you are encouraged to be projected to maximize your contributions in the Duke Faculty and Staff Plan before participating in the Duke 457(b) Plan.

**Enrollment**
You can enroll in the plan when you are eligible. You have to make your deferral election before you earn the income. For example: deferrals elected in March will affect the April paycheck.

**Investment Options**
You have a wide range of investment options available to you through Fidelity, TIAA and AIG Retirement Services.

**Withdrawal/Distributions**
Deferred Compensation plans have strict rules around timing of distributions. Assets are eligible for distribution when you separate from service at Duke or upon your death (benefits will be paid to your beneficiary). You will select a distribution commencement date and form of payment when you enroll in the plan.

Please note the following:
- The distribution commencement date can be changed at any time up to 60 days from the date after you separate from service. After this point, you cannot make changes to the date unless you request the One-Time Postponement Option to delay payment. This option does not allow you to accelerate the payment.
- The distribution commencement date cannot be beyond the Required Beginning Date (normally April 1 following the year in which you attain age 72).
- Forms of payment offered under the plan are lump sum, fixed period payments (5 years, 10 years or 15 years), and minimum distribution payments.
- All distributions will be taxed as ordinary income and no capital gains.
- If you do not select a valid distribution commencement date on or before the 60th date following your separation from service, then your entire balance will be paid to you as a lump sum 75-120 days after separation of service.
Other Important Information

- This is a nonqualified deferred compensation 457(b) plan and is required by law to be unfunded. Duke may set aside assets to pay benefits but the assets set aside remain part of Duke’s general assets and are subject to the claims of its general creditors. Duke will not be responsible for restoring any loss resulting from your investment direction.

- It is your responsibility to ensure the investments you select are suitable for your situation, including your goals, time horizon and risk tolerance. Duke will not be responsible for restoring any loss resulting from your investment direction.

- You cannot sell, assign, transfer in advance or receipt any of your rights under the plan except as otherwise provided by a Qualified Domestic Relations Order (QDRO).

- You may access your account online. It is your responsibility to ensure the security of your password and identifying information. Any attempt to facilitate the payment of your benefits to you shall extinguish Duke’s obligation with respect to such benefits.

- Duke intends for the plan to constitute an eligible 457(b) plan subject to the tax treatment described herein. However, Duke cannot guarantee such tax treatment. In the unlikely event the plan is not administered in compliance with the requirements of 457(b), the IRS may treat all contributions and earnings as ineligible for preferential tax treatment and require the immediate distribution of your benefit.

How to enroll in the Duke 457(b) Deferred Compensation Plan

You may enroll in the Duke 457(b) Deferred Compensation Plan as follows:

1. Set up your pre-tax payroll deductions through the Duke@Work self-service website at hr.duke.edu/selfservice.

2. Select your retirement service provider through Fidelity’s website.

3. Select your investment options and designate your beneficiary at each of your selected retirement service provider(s):

<table>
<thead>
<tr>
<th>Retirement Service Provider</th>
<th>Phone Number</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fidelity</td>
<td>(800) 343-0860</td>
<td><a href="http://www.fidelity.com/duke">www.fidelity.com/duke</a></td>
</tr>
<tr>
<td>TIAA</td>
<td>(800) 842-2776</td>
<td><a href="http://www.tiaa.org/duke">www.tiaa.org/duke</a></td>
</tr>
<tr>
<td>AIG Retirement Services</td>
<td>(800) 448-2542</td>
<td><a href="http://www.aig.com/retirementservices">www.aig.com/retirementservices</a></td>
</tr>
</tbody>
</table>

4. Complete the Duke Distribution Option form to indicate your commencement date and form of payment. The form is available at hr.duke.edu/457bform.
These frequently asked questions are highlights of Duke’s 457(b) Deferred Compensation Plan. The plan document is available on request and its terms and conditions govern the operations of the plan.

What is a 457(b) plan?
A 457(b) plan is a non-qualified tax-deferred compensation plan that works very much like other retirement plans, such as the Duke 403(b) Faculty and Staff Retirement Plan.

Within IRS limits, you can decide how much to defer each year from your salary. Deferring this income provides a tax advantage that you don’t pay federal or state income tax on that portion of your compensation in the year you defer it (you pay only Social Security and Medicare taxes), so it has the potential to grow tax-deferred until you receive it.

457(b) Deferred Compensation Plans have unique requirements and restrictions. Review this guide carefully and consult with a financial professional or tax consultant as you consider your deferral strategy, investment options, and distribution plan.

Eligibility and Participation

Who is eligible to participate?
Faculty and staff of Duke University or Duke University Health System whose annualized compensation equals or exceeds 150% of the Social Security taxable wage base are eligible. The applicable annual compensation is available on the Duke web site at hr.duke.edu/457bplan.

Do I have to contribute the maximum amount in the Duke Faculty and Staff Retirement Plan in order to participate in the Duke 457(b) Plan?
No; however, you are encouraged to be projected to contribute the maximum amount in the Duke Faculty and Staff Retirement Plan before contributing in the Duke 457(b) Plan. The Duke 457(b) Plan has strict distribution restrictions which should be carefully considered before participating in the plan.

The 457(b) Plan is an unfunded plan. The assets of the deferred compensation plan remain part of Duke’s general assets until they are distributed and in the case of bankruptcy are subject to the claims of its general creditors.

Contributions

How much can I contribute?
Each year, your contributions are limited to a maximum dollar amount specified by the Internal Revenue Service (IRS). You can find the amount for this year on the Duke web site at hr.duke.edu/457bplan.

Is my contribution limit in addition to the amount I contribute to the Duke Faculty and Staff Retirement Plan?
Yes, the IRS has a separate limit for each type of plan. You can contribute the maximum amount to the Duke Faculty and Staff Retirement Plan (a 403(b) Plan) and in addition, you can contribute the maximum to the Duke Deferred Compensation Plan (a 457(b) plan).

Does the plan provide any catch-up provision?
No, there is no catch-up provision with the Duke 457(b) Deferred Compensation Plan.

How often can I change the amount I choose to defer?
You can make changes to your deferral election or stop your deferrals at any time by completing a new deferred compensation agreement available online through Duke@Work self-service website. Your change will become effective the month after the change in election is made. For example, if you log on to make your change in March, the change will affect the April paycheck.

Does Duke contribute to the plan?
No, this is a voluntary deferred compensation plan. Duke does not make a contribution to this plan.

Can I write a personal check directly to the 457(b) plan or to the retirement service provider?
No, all contributions must be made through payroll deduction.

What happens during a leave of absence?
You remain in the plan. However, since deferrals must be made from income earned during the year, contributions will be suspended during unpaid leave. You may still contribute the maximum amount for the year.
I've returned from Military Leave, can I make up for missed deductions?
Yes, the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”) allows you to make-up missed contributions to the Duke 457(b) Deferred Compensation Plan while on leave. The period during which you can make up missed contributions is equal to three (3) times the period of your Qualified Military Service, up to a maximum of five (5) years. For example, if the Qualified Military Service period is one year, you have three (3) years following the date of your reemployment to make-up missed elective deferrals. The amount of the missed contributions is subject to the dollar limit(s) that applied during the Qualified Military Service and is in addition to the usual contribution limit.

How is my deferred compensation taxed?
Amounts that you defer plus earnings are not taxable for federal or state income tax purposes during the year in which the monies are deferred. However, they will be taxed as ordinary income when these monies (contributions plus earnings) are distributed or otherwise made available to you. Unlike 403(b) plans, there is no additional tax penalty for withdrawal before age 59½ or for an unforeseeable emergency.

Retirement Service Providers and Investment Options

How do I select a retirement service provider or redirect future contributions to a different retirement service provider?
Fidelity Investments maintains your elections of your retirement service provider for your future contributions. You may select a retirement service provider or redirect future contributions to a different retirement service provider at any time by logging onto Fidelity’s website at fidelity.com/duke.

How do I select or change my investment options?
You can choose from any of the investment options offered through Fidelity, TIAA and AIG Retirement Services at any time by contacting your selected retirement service provider(s).

Can my investment selections be different from those selected in my Faculty and Staff Retirement Plan account?
Yes, investment elections for this plan are independent of your Duke Faculty and Staff Retirement Plan account.

Changes made to one plan do not change investment selections in the other plan.

Distributions

When can I receive distributions from this plan?
457(b) plans have strict rules around timing of distributions. Assets are eligible for distribution when you separate from service at Duke or upon your death (benefits will be paid to your beneficiary).

When you enroll in the plan you will select your anticipated commencement distribution date. You will have 60 days following separation from active service to change your commencement distribution date. The earliest that you can take a distribution from this plan is the 61st day following separation from service. The commencement date must meet your Required Beginning Date.

What is my Required Beginning Date?
Distributions must begin by April 1 of the year following attainment of age 72, unless you are actively employed at Duke. If you are actively employed at Duke after age 72, you may defer distribution until no later than April 1 of the year following your termination of employment.

When am I considered “separated from service”?
You are considered separated from service when you are no longer actively employed at Duke. Your department will process a termination date.

If you are Faculty Emeritus you are deemed to be a terminated employee for the purpose of this plan.

If you are on a leave of absence, you are considered an active employee and remain in the plan. However, since deferrals must be made from income earned during the year, contributions will be suspended during unpaid leave.

What happens if I separate from service before retiring?
You will still have the same distribution options and 60 days from the date you separate from service at Duke to change any distribution option previously selected. Remember, if you do not select a valid distribution option, a lump sum will be paid to you within 75-120 days from your termination date.
Can I change my commencement distribution date?
You can change your commencement distribution date at any time while you are employed at Duke. This date can be changed up to 60 days from the date after you separate from service. After this point, you cannot make changes to the date unless you request the One-Time Postponement Option to delay payments. However, you cannot delay payments beyond the Required Beginning Date (normally age 72). You cannot accelerate payments either.

When can I take advantage of the one-time opportunity to delay the payment?
The plan allows you to make a one-time change to your distribution date outside of your 60-day window after you have separated from service. You may select to delay your payment as long as you make this election before the original commencement distribution date you selected and your new distribution date is on or before your Required Beginning Date. You cannot accelerate the payment, only postpone it.

What forms of payment are available under the plan?
Distributions available under the plan are the following, subject to the rules of the investment carrier:

1. A single, lump-sum payment.
2. Fixed Period Payments. Payments for a fixed period of five (5), ten (10) or fifteen (15) years.
3. Minimum Distribution Payments. The amount required by federal law to be paid from tax-favored retirement plans.

When you enroll in the plan you must select a distribution form of payment. You may change your selected form of payment at any time until you begin receiving payments. Once you begin receiving payments, you cannot change how you receive the payments.

Can I rollover distributions from the plan into a qualified retirement account?
No, you cannot rollover any monies to tax-qualified plans, i.e., 403(b), 401(k), governmental 457(b) or Individual Retirement Account (IRA); however, you may be able to rollover the funds to another 457(b) non-governmental plan if that 457(b) plan is willing to accept the rollover.

Can I rollover my balance from another plan into the Duke 457(b) Plan?
No. Rollovers into this plan from another plan are not permitted.

Can I take a loan against the account balance?
No, loans are not available under the plan.

Does the plan provide withdrawals for an unforeseeable emergency?
Yes, withdrawals for an “unforeseeable emergency” are permitted if you are actively working at Duke. However, they are subject to review and approval by the plan administrator. Generally, an “unforeseeable emergency” means a severe financial hardship resulting from:

- payment of medical expenses due to the illness or accident by the active employee, employee’s spouse or dependent,
- loss of the employee’s property due to casualty, or
- funeral expenses for the employee, employee’s spouse or dependent.

Events such as divorce, school tuition, or credit card debt would not qualify as an “unforeseeable emergency” and therefore would not permit you to withdraw funds. Any funds approved for withdrawal are taxed as ordinary income.

Beneficiary Designation

How do I designate or change my beneficiary(ies)?
You may contact the retirement service provider(s) directly in order to obtain a form to designate or change your beneficiary (ies). You should keep a copy of the form for your records.

What if I die without having named a designated beneficiary?
If you fail to designate a beneficiary or do not have a valid beneficiary designation on file, your account balance will be paid to your estate.

Additional questions?
If you have any questions about the plan, please contact Duke Human Resource Center at (919) 684-5600 or at benefits@duke.edu.

If you have questions about specific funds, please contact your retirement service provider. See contact information on page 4.