

# THE FULLER FOUNDATION

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March 11, 1996

**Pension and Welfare Benefit Administration**  
**Attention: Summary Plan Description**  
**U.S. Department of Labor**  
**200 Constitution Avenue**  
**Washington, D.C. 20216**

Dear Sirs,

Enclosed please find a copy of the Summary Plan Descriptions for the following two plans which were adopted by the Board of Directors of The Fuller Foundation on November 13, 1995.

**Plan 001 The Fuller Foundation Defined Contribution Retirement Plan**  
**Plan 002 The Fuller Foundation Tax Deferred Annuity Plan**

If you have any questions, please do not hesitate to contact me.

Cordially,



**P. Douglas Charles**  
**Controller**

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This summary was prepared for the participants in the Fuller Foundation Tax-Deferred Annuity (TDA) plan. If there's any ambiguity or inconsistency between this summary and the Plan Document, the terms of the Plan Document will govern. With respect to benefits provided by TIAA-CREF annuity contracts or certificates, all rights of a participant under the contracts or certificates will be determined only by the terms of such contracts or certificates.

*Employer Identification Number: 95-4124436*  
*Plan Number: 002*

*This document must be accompanied or preceded by a current CREF prospectus. Additional copies of the current CREF prospectus can be obtained by writing CREF or calling toll free 1 800 842-2733, extension 5509. CREF certificates are distributed by TIAA-CREF Individual & Institutional Services.*

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## Part I: Information About The Plan

### 1. What is the Fuller Foundation Tax-Deferred Annuity (TDA) Plan?

The Fuller Foundation (the "Organization") TDA Plan (the "Plan") is a defined contribution plan that operates under Section 403(b) of the Internal Revenue Code (IRC). The Plan was established on November 1, 1994. The Plan is an arrangement allowed under Section 403(b) of the IRC, where employees of tax-exempt organizations can enter into salary reduction agreements with their employers. Under the agreement, a portion of the employee's compensation is applied on a before-tax basis to an annuity contract owned by the employee, rather than being paid directly to the employee. These amounts, together with any earnings, are not subject to federal income tax until they are paid to the employee (or beneficiary) in the form of benefits. Benefits are provided through:

- A. *Teachers Insurance and Annuity Association (TIAA)*. TIAA provides traditional annuities. You can receive more information about TIAA by writing to: TIAA, 730 Third Avenue, New York, NY 10017. You also can receive information about TIAA by calling 1 800 842-2733.
- B. *College Retirement Equities Fund (CREF)*. CREF is TIAA's companion organization, providing variable annuities. A CREF prospectus, containing information about CREF certificates, can be obtained by writing to: CREF, 730 Third Avenue, New York, N.Y. 10017. You also can receive a CREF prospectus by calling 1 800 842-2733.

The Organization is the administrator of the Plan and has designated the Controller to be responsible for plan operation. The plan year begins on July 1 and ends on June 30.

### 2. Who is eligible to participate in the Plan?

All employees of the Organization are eligible to participate in the Plan.

### 3. When do I become eligible to participate in the Plan?

If you are an eligible employee, you may begin participation in this Plan immediately following employment at the Organization. To participate in this Plan, you must complete the enrollment forms, as well as a Salary Reduction Agreement, and return them to the Organization.

Participation in this Plan is voluntary. You are not required to join the Plan. If you decide to participate in the Plan, you will continue to be eligible for the plan until (a) you cease to be an eligible employee, (b) the plan is terminated, or (c) you stop contributing to the Plan, whichever occurs first.

### 4. What contributions will be made?

To participate, you must enter into a written salary reduction agreement with the Institution. Under the agreement, your salary earned after the agreement is signed is reduced and the amount of the reduction is applied as premiums to one or more of the funding vehicles you select that are available under this Plan. You may not enter

into more than one salary reduction agreement in any taxable year. The salary reduction agreement will be legally binding and irrevocable with respect to salary earned while the agreement is in effect.

**5. Is there a limit on contributions?**

Yes. The total amount of contributions made on your behalf for any year will not exceed the limits imposed by section 415 and section 403(b) of the IRC. These limits may be adjusted from time to time. For more information on these limits, contact your plan administrator or fund sponsor.

In addition, salary reduction contributions to this Plan will be further limited by IRC Section 402(g) limit. If you have made salary reduction contributions, you may request a distribution of the excess by notifying the Plan administrator by March 1 of the following year. The excess will be distributed to you by April 15.

**6. When do my plan contributions become vested (i.e., owned by me)?**

You are fully and immediately vested in the benefits arising from contributions made under this Plan. Such amounts are nonforfeitable.

**7. When may I begin receiving benefits?**

You may elect to receive benefits at any time, under any of the forms of benefits permitted by the Funding Vehicle. However, salary reduction contributions (and any earnings) made to an annuity contract after December 31, 1988, may be withdrawn only when you attain age 59 1/2, terminate employment, die, or become disabled. You also may withdraw your contributions (but not earnings) if you encounter hardship.

Retirement benefits must normally begin no later than April 1 of the calendar year following the year in which you attain age 70 1/2. Failure to begin annuity income by the required beginning date may subject you to a substantial federal tax penalty.

If you die before the distribution of benefits has begun, your entire interest must normally be distributed by December 31 of the fifth calendar year after your death. Under a special rule, death benefits may be payable over the life or life expectancy of a designated beneficiary if the distribution of benefits begins not later than December 31 of the calendar year immediately following the calendar year of your death. If the designated beneficiary is your spouse, the commencement of benefits may be deferred until December 31 of the calendar year that you would have attained age 70 1/2 had you continued to live.

The payment of benefits according to the above rules is extremely important. Federal tax law imposes a 50 percent excise tax on the difference between the amount of benefits required by law to be distributed and the amount actually distributed if it is less than the required minimum amount.

Your fund sponsor will normally contact you several months before the date you scheduled your benefits to begin on your application. You may decide, however, to begin receiving income sooner, in which case you should notify the fund sponsor in advance of that date. Usually, the later you begin to receive payments, the larger each payment will be.

**8. What options are available for receiving retirement income?**

You may choose from among several income options when you retire. However, if you're married, your right to choose an income option will be subject to your spouse's right (under federal pension law) to survivor benefits as discussed in the next question, unless this right is waived by you and your spouse. The following income options are available:

*A Single Life Annuity.* This option pays you an income for as long as you live, with payments stopping at your death. A single life annuity provides you with a larger monthly income than other options. This option is also available with a 10, 15, or 20 year guaranteed payment period (but not exceeding your life expectancy at the time you begin annuity income). If you die during the guaranteed period, payments in the same amount that you would have received continue to your beneficiary(ies) for the rest of the guaranteed period.

*A Survivor Annuity.* This option pays you a lifetime income, and if your annuity partner lives longer than you, he or she continues to receive an income for life. The amount continuing to the survivor depends on which of the following three options you choose:

- *Two-thirds Benefit to Survivor.* At the death of either you or your annuity partner, the payments are reduced to two-thirds the amount that would have been paid if both had lived, and are continued to the survivor for life.
- *Full Benefit to Survivor.* The full income continues as long as either you or your annuity partner is living.
- *Half Benefit to Second Annuitant.* The full income continues as long as you live. If your annuity partner survives you, he or she receives, for life, one-half the income you would have received if you had lived. If your annuity partner dies before you, the full income continues to you for life.

All survivor annuities are available with a 10, 15, or 20 year guaranteed period, but not exceeding the joint life expectancies of you and your annuity partner. The period may be limited by federal tax law.

*A Minimum Distribution Option (MDO).* The MDO is for participants age 70 1/2 or older. With the MDO, you'll receive the minimum distribution that is required by federal tax law while preserving as much of your accumulation as possible. The minimum distribution will be paid to you annually.

**9. What are my spouse's rights under this plan to survivor benefits?**

If you are married and benefits commenced before your death, your surviving spouse will continue to receive income that is at least half of the annuity income payable during the joint lives of you and your spouse (joint and survivor annuity). If you die before annuity income begins, your surviving spouse will receive a benefit that is at least half of the full current value of your annuity accumulation, payable in a single sum or under one of the income options offered by the fund sponsor (pre-retirement survivor annuity).

If you are married, benefits must be paid to you as described above, unless your written waiver of the benefits and your spouse's written consent to the waiver is filed with the fund sponsor on a form approved by the fund sponsor.

A waiver of the joint and survivor annuity may be made only during the 90-day period before the commencement of benefits. The waiver also may be revoked during the same period. It may not be revoked after annuity income begins.

The period during which you may elect to waive the pre-retirement survivor benefit begins on the first day of the plan year in which you attain age 35. The period continues until the earlier of your death or the date you start receiving annuity income. If you die before attaining age 35—that is, before you've had the option to make a waiver—at least half of the full current value of the annuity accumulation is payable automatically to your surviving spouse in a single sum, or under one of the income options offered by the fund sponsor. If you terminate employment before age 35, the period for waiving the pre-retirement survivor benefit begins no later than the date of termination. The waiver also may be revoked during the same period.

All spousal consents must be in writing and either notarized or witnessed by a plan representative and contain an acknowledgment by your spouse as to the effect of the consent. All such consents shall be irrevocable. A spousal consent is not required if you can establish to the institution's satisfaction that you have no spouse or that he or she cannot be located. Unless a Qualified Domestic Relations Order (QDRO), as defined in Code Section 414(p), requires otherwise, your spouse's consent shall not be required if you are legally separated or you have been abandoned (within the meaning of local law) and you have a court order to such effect.

The spousal consent must specifically designate the beneficiary or otherwise expressly permit designation of the beneficiary by you without any further consent by your spouse. If a designated beneficiary dies, unless the express right to designate a new one has been consented to, a new consent is necessary.

A consent to an alternative form of benefit must either specify a specific form or expressly permit designation by you without further consent.

A consent is only valid so long as your spouse at the time of your death, or earlier benefit commencement, is the same person as the one who signed the consent.

If a QDRO establishes the rights of another person to your benefits under this Plan, then payments will be made according to that order. A QDRO may preempt the usual requirements that your spouse be considered your primary beneficiary for a portion of the accumulation.

**10. May I receive benefits for a fixed-period after termination of employment?**

Yes, subject to your spouse's rights to survivor benefits, you may receive benefits for a fixed-period after termination of employment. The fixed-period option pays you an income over a fixed-period of between five and 30 years. At the end of the selected period, all benefits will end. If you die during the period, payments will continue in the same amount to your beneficiary for the duration.

Tax law requires that the period you choose not exceed your life expectancy or the joint life expectancy of you and your beneficiary.

**11. May I receive a cash withdrawal from the Plan after termination of employment?**

Yes, subject to your spouse's rights to survivor benefits, you may receive all of your TIAA and CREF accumulations as a cash withdrawal after you terminate employment.

**12. May I receive a cash withdrawal from the Plan while still employed?**

Yes, subject to your spouse's rights to survivor benefits, you may receive a cash withdrawal of salary reduction contributions (and any earnings) made to an annuity contract after December 31, 1988, but only if you are at least age 59 1/2, become disabled, or die. You also may withdraw your accumulations while employed if you encounter hardship. See the answer to the question, "May I receive benefits while employed if I incur hardship?" for details. Annuity contract accumulations credited before January 1, 1989 are not subject to these restrictions and are available for withdrawal at any time. Please keep in mind that, under current tax law, withdrawals received before you are age 59 1/2 are generally subject to a 10 percent penalty tax, in addition to ordinary income tax.

**13. May I receive a cash withdrawal while still employed if I incur a hardship?**

Yes. If you incur a hardship before you terminate employment, you may receive a lump-sum cash payment, subject to the restrictions of the funding vehicle.

Hardship distributions will be permitted only if you incur an immediate and heavy financial need and the distribution is necessary to meet the financial need. To be considered for a hardship distribution, you'll need to complete an application form and supply supporting documentation required by the Plan Administrator. No earnings on your Plan contributions will be available for hardship distributions.

If a hardship distribution is made to you, all employee contributions to any plan maintained by your Organization may be suspended for 12 months after you receive the distribution. In addition to any other limits under this Plan, your maximum permitted contribution under Code Section 402(g) in the next taxable year after the taxable year of the hardship distribution may be reduced by the amount of the hardship distribution. As with any withdrawal, you should consult with your tax advisor since there are possible tax consequences.

**14. May I take a loan from the Plan?**

Yes. If you are married at the time you request the loan, your spouse must consent to the loan. The loan will be administered by the applicable fund sponsor. Specific loan provisions for each fund sponsor are described below:

*How much you can borrow from TIAA.* Generally, the minimum loan amount is \$1,000, and the maximum loan amount is \$50,000. The maximum amount you can borrow may be less, however, depending on two factors: 1) the amount of your GSRA accumulation, and 2) whether you've had any other loans from any of this Organization's plans within the last year.

If you haven't had a plan loan in the previous year, your maximum loan is the least of: 1) \$50,000; or 2) 45 percent of your combined TIAA and CREF GSRA accumulation attributable to participation under this Plan; or 3) 90 percent of your TIAA GSRA accumulation attributable to participation under this Plan.

If you've had another loan from *any* plan of this Organization within the last year, the maximum you can borrow will be reduced by that amount. Also, if more than one employer contributed to your Annuities, you can only take loans against the amount you accumulated under this Organization's Plan. You should check with your other employers for their rules on loans.

*Securing your loan.* You have to set aside an amount equal to 110 percent of your loan in your TIAA GSRA accumulation as security for your loan. The security will continue to earn guaranteed interest as well as dividends. You can't make a cash withdrawal or begin retirement income from the funds that serve as security for your loan. But as you repay your loan, the amount reserved as security decreases, and more of your accumulation becomes available to you for withdrawal and retirement income.

If you die before repaying your loan, the remaining loan balance will be repaid from the TIAA accumulation set aside as security. Your beneficiaries would receive the balance of your accumulation.

*Determining the interest rate.* The loan interest rate is variable and can increase or decrease every three months. The interest rate you pay initially will be the higher of 1) the Moody's Corporate Bond Yield Average for the calendar month ending two months before your loan is issued; or 2) the interest rate credited before your annuity starting date, as stated in the applicable rate schedule, plus 1 percent. Thereafter, the rate may change quarterly, but only if the new rate differs from your current rate by at least 1/2 percent.

*Repayment.* You have from one to five years to repay your loan. There's one exception: if you use the loan solely to purchase your primary residence, you can take up to ten years to repay. The term of the loan usually can't extend past the April 1st of the year after the year you attain age 70 1/2.

Your first payment will be due the first day of the third month after your loan is issued, and every three months thereafter. You can repay your loan early with no penalties. You can also make partial prepayments any time. If you do, whatever you prepay will be applied directly to the principal amount of your loan. (Regularly scheduled payments are applied first to interest, then to principal.) Any prepayments will reduce the *amount* of future repayments, not the *number* of payments.

TIAA offers a free automatic loan repayment service. Your bank will debit your checking account and send your repayment to TIAA on the date it's due. If you prefer to repay your loan directly, TIAA will send you a bill every three months, at least ten days before the payment is due.

*Defaults.* If TIAA doesn't receive your loan repayment by the last day of the month it's due, you will be in default. Currently, it appears that the amount in default will be the missed payment plus all interest accrued to date. However, it is possible that your entire loan balance will be considered in default if you miss one payment.

To the extent permitted by federal tax law, TIAA will deduct the amount in default from the collateral held in TIAA and apply it toward repaying the loan. It's very important to keep in mind, however, that the IRS requires TIAA to report the default amount as income you actually received. That means defaults are taxable as ordinary income in the year they occur. If you're under age 59 1/2, your default may also be subject to an additional 10 percent federal tax penalty. TIAA assumes no responsibility for the tax consequences resulting from loan defaults.

Tax law may prohibit TIAA from deducting the default amount from your accumulation until you reach age 59 1/2, terminate employment, become disabled, or die, whichever occurs first. In these cases, you'll be taxed on the default amount as if you received it as income in the year the default occurred. Interest accrues on the total amount in default and you're taxed on this interest each year until TIAA is able to deduct the defaulted amount from your accumulation to repay the loan.

*To apply for a loan or for more information.* To apply for a loan or to get answers to any questions you may have about loans, call TIAA-CREF's Telephone Counseling Center toll-free at 1 800 842-2776.

**15. May I rollover my accumulations?**

If you're entitled to receive a distribution from your contract which is an eligible "rollover distribution," you may rollover all or a portion of it either directly or within 60 days after receipt into another Section 403(b) retirement plan or into an IRA. An eligible rollover distribution, in general, is any cash distribution other than an annuity payment, a minimum distribution payment or a payment which is part of a fixed period payment over ten or more years. The distribution will be subject to a 20 percent federal withholding tax *unless* it's rolled over directly into another retirement plan or into an IRA—this process is called a "direct" rollover.

If you have the distribution paid to you, then 20 percent of the distribution must be withheld even if you intend to roll over the money into another retirement plan or into an IRA within 60 days. To avoid withholding, instruct the fund sponsor to directly roll over the money for you.

**16. What if I die before starting to receive benefits?**

If you die before beginning retirement benefits, the full current value of your annuity accumulation is payable as a death benefit. You may choose one or more of the options listed in your annuity contracts for payment of the death benefit, or you may leave the choice to your beneficiary. The payment options include:

- Income for the lifetime of the beneficiary with payments ceasing at his or her death.
- Income for the lifetime of the beneficiary, with a minimum period of payments of either 10, 15, or 20 years, as selected.
- Income for a fixed period of not less than five nor more than 30 years, as elected, but not longer than the life expectancy of the beneficiary;
- A single sum payment.
- A minimum distribution option for beneficiaries age 70 1/2 or older. This option pays the required federal minimum distribution each year.
- The accumulation may be left on deposit, for up to one year, for later payment under any of the options.

Federal tax law puts limitations on when and how beneficiaries receive their death benefits. TIAA-CREF will notify your beneficiary of the applicable requirements at the time he or she applies for benefits.

You should review your beneficiary designation periodically to make sure the person you want to receive the benefits is properly designated. You may change your beneficiary by completing the "Designation of Beneficiary" form available from TIAA-CREF. If you die without having named a beneficiary and you are married at the time of your death, your spouse will automatically receive half of your accumulation. Your estate will receive the other half. If you're not married, your estate receives the entire accumulation.

In addition, see the answer to the question "What are my spouse's rights under this plan to survivor benefits?" for a discussion of your spouse's rights to a survivor benefit if you are married at the time of your death.

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## Part II: Information About The Fund Sponsors

### 1. What fund sponsors and funding vehicles are available under the Plan?

Contributions may be invested in one or more of the following fund sponsors and their funding vehicles that are currently available under this Plan:

A. Teachers Insurance and Annuity Association (TIAA):

TIAA Group Supplemental Retirement Annuity

B. College Retirement Equities Fund (CREF):

CREF Group Supplemental Retirement Unit-Annuity

Stock Account  
Money Market Account  
Bond Market Account  
Social Choice Account  
Global Equities Account  
Growth Account  
Equity Index Account

Any additional Accounts offered by TIAA-CREF will automatically be made available to you under this plan.

The Organization's current selection of fund sponsors and funding vehicles isn't intended to limit future additions or deletions of fund sponsors and funding vehicles. You'll be notified of any additions or deletions.

### 2. How do the retirement contracts work?

*TIAA:* Contributions to the TIAA traditional annuity are used to purchase a contractual or guaranteed amount of future retirement benefits for you. Once purchased, the guaranteed benefit of principal plus interest cannot be decreased, but it can be increased by dividends. Once you begin receiving annuity income, your accumulation will provide an income consisting of the contractual, guaranteed amount plus dividends that are declared each year and which are not guaranteed for the future. Dividends may increase or decrease, but changes in dividends are usually gradual. For a recorded message of the current interest rate for contributions to TIAA, call the Automated Telephone Service (ATS) at 1 800 842-2252. The ATS is available 24 hours a day, seven days a week.

*CREF:* You have the flexibility to accumulate retirement benefits in any of the CREF variable annuity accounts approved for use under the Plan, as indicated above. Each account has its own investment objective and portfolio of securities. Contributions to a CREF account are used to buy Accumulation Units, or shares of participation in an underlying investment portfolio. The value of the Accumulation Units changes each business day. For more information on the CREF Accounts, you should refer to the CREF prospectus.

For a recorded message of the latest Accumulation Unit Values for the CREF Accounts and the seven-day yield for the CREF Money Market Account, call the ATS at 1 800 842-2252. The recording is updated each business day.

**3. How do I allocate my contributions?**

You may allocate contributions among the TIAA annuity and the CREF Accounts in any whole-number proportion, including full allocation to any Account. You specify the percentage of contributions to be directed to TIAA or the CREF Accounts or both on the "Enrollment Form for TIAA-CREF Group Supplemental Retirement Annuity Certificates" when you begin participation. You may change your allocation of future contributions at any time after participation begins by calling the ATS toll free at 1 800 842-2252. When you receive your certificates, you'll also be sent a Personal Identification Number (PIN). The PIN enables you to change your allocation by using the ATS. For more information on allocations, ask for the TIAA-CREF booklet *Guiding Your Retirement Savings*.

**4. May I transfer my accumulations?**

You may transfer your TIAA-CREF accumulations among TIAA and the CREF Accounts. Total transfers of your accumulation may be made at any time. Partial transfers may be made at any time as long as at least \$1,000 is transferred each time. Transfers may be made until the date annuity income begins. There's no charge for transferring accumulations in the TIAA-CREF system.

You may complete transfers within the TIAA-CREF system either by phone or in writing. CREF transfers, as well as premium allocation changes, will be effective as of the close of the New York Stock Exchange (usually 4:00 p.m. Eastern time) on the day the instructions are received by CREF, unless you choose the last day of the current month or any future month. Instructions received after the close of the New York Stock Exchange are effective as of the close of the Stock Exchange on the next business day. The toll-free number to reach the ATS is 1 800 842-2252.

**5. May I begin my retirement income at different times?**

Yes. Once you decide to receive your benefits as income, you have the flexibility to begin income from TIAA on one date and each of the CREF accounts on another date or dates. You may begin income from each CREF account on more than one date provided you begin income from at least \$10,000 of accumulation in that account.

**6. May I receive my retirement accumulations under different income options?**

Yes, under current administrative practice, you can elect to receive income from your TIAA and CREF annuities under more than one income option to meet your specific retirement needs. However, you must begin income from at least \$10,000 of accumulation under each option.

**7. What information do I regularly receive about my contracts?**

Each year, you will receive an annual Annuity Benefits Report from TIAA-CREF that shows the total accumulation value at year-end for your contracts. This is the amount of death benefits your spouse or other beneficiary would have received on that date. It also includes an illustration of the annuity income you would receive at retirement under certain stated assumptions as to future premiums, your retirement age, the

income option and payment method selected, TIAA dividends, and the investment experience of the CREF Accounts. These factors affect the amount of your retirement income.

TIAA-CREF also sends you a Quarterly Confirmation of Transactions. This report shows the accumulation totals, a summary transactions made during the period, TIAA interest credited, and the number and value of CREF accumulation units. You also may receive Premium Adjustment Notices. These notices summarize any adjustments made to your annuities and are sent at the time the adjustments are processed.

And once a year, you'll receive the TIAA-CREF Annual Report. The Annual Report summarizes the year's activity, including details on TIAA and CREF investments, earnings, and investment performance.

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## Part III: Additional Information

1. **How is the Plan administered?**

Benefits under the plan are provided by annuity contracts issued to Participants by TIAA-CREF. The Controller has been designated the Plan Administrator by the Organization. The Plan Administrator is responsible for enrolling participants, forwarding Plan contributions for each participant to the fund sponsors selected, and performing other duties required for operating the Plan.

2. **May the terms of the Plan be changed?**

While it's expected that the Plan will continue indefinitely, the Organization reserves the right to modify or discontinue the Plan at any time. The Organization, by action of its Board, also may delegate any of its power and duties with respect to the Plan or its amendments to one or more officers or other employees of the Organization. Any such delegation shall be stated in writing. The Organization will exercise good faith, apply standards of uniform application, and refrain from arbitrary action.

3. **How do I get more information about the Plan?**

Requests for information about the Plan and its terms, conditions and interpretations including eligibility, participation, contributions, or other aspects of operating the Plan should be in writing and directed to:

The Controller  
The Fuller Foundation  
135 North Los Robles Avenue  
Suite 660  
Pasadena, California 91101

4. **What is the Plan's claims procedure?**

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 communication is made to The Controller, The Fuller Foundation, 135 North Los Robles Avenue, Suite 660, Pasadena, California 91101.
- **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 you 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 you 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 you wish 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 you must be permitted to proceed to the review stage.

- **Review procedure:** You or your 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, you must be allowed to review 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), you 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 you 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. All interpretations, determinations, and decisions of the reviewing entity with respect to any claim will be its sole decision based upon the Plan documents and will be deemed final and conclusive. If appeal is denied, in whole or in part, however, you have a right to file suit in a state or federal court.

**5. What are my rights under the law?**

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants are entitled to:

1. Examine, without charge, at the Plan Administrator's office all documents, including insurance contracts, and copies of all documents filed by the Plan with the U.S. Department of Labor, such as annual reports and Plan descriptions.

2. Obtain copies of all plan documents and other plan information upon written request to the Plan Administrator. The Administrator may make a reasonable charge for the copies.
3. Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish you with a summary of the Plan's financial report.
4. Obtain a statement telling whether you have a right to receive a pension at normal retirement age and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have the right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once a year. The Plan must provide the statement free of charge.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for operating the 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. If your claim for a pension benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan review and reconsider your claim.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and don't receive them within 30 days, you may file a 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 \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim for benefits that is denied or ignored in whole or in part, you may file suit in a state or federal court.

If the Plan fiduciaries misuse the Plan's money, or if you're 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. 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, you should contact the nearest Area Office of the U.S. Pension and Welfare Benefits Administration, Department of Labor.

**6. Is the Plan insured by the Pension Benefit Guaranty Corporation (PBGC)?**

No. Since the Plan is a defined contribution plan, it isn't insured by the PBGC. The PBGC is the government agency that guarantees certain types of benefits under covered plans.

**7. Who is the agent for service of legal process?**

The agent for service of legal process is:

The Controller  
The Fuller Foundation  
135 North Los Robles Avenue  
Suite 660  
Pasadena, California 91101

**The Fuller Foundation  
Tax-Deferred Annuity Plan**

**January 1, 1996**

This document provides each Participant with a description of the  
Organization's Tax-Deferred Annuity Plan.

Plan 002

## PART III

### *ADDITIONAL INFORMATION*

1. *How Is The Plan Administered?*

The Retirement Plan is available through The Fuller Foundation and benefits are provided by retirement annuity certificates issued to The Fuller Foundation's Participants by TIAA and CREF. The Fuller Foundation is the Administrator of this Plan, and is responsible for enrolling Participants, forwarding Plan Contributions for each Participant to the Fund Sponsors, and performing other duties required for the operation of the Plan.

2. *May The Terms Of The Retirement Plan Be Changed?*

While it is expected that the Plan will continue indefinitely, the Board of Directors of the Organization reserves the right to modify or discontinue the Plan at any time. The Organization, by action of its Board, may also delegate any of its power and duties with respect to the Plan or its amendments to one or more officers or other employees of the Organization. Any such delegation shall be set forth in writing. The Organization will at all times exercise good faith, apply standards of uniform application, and refrain from arbitrary action.

3. *How May I Get Additional Information About The Plan?*

Requests for information concerning eligibility, participation, contributions, or other aspects of the operation of the Plan, should be put in writing and directed to the Plan Administrator. Requests for information concerning the Plan and its terms, conditions and interpretations may be directed in writing to:

ADMINISTRATOR:  
The Fuller Foundation  
135 North Los Robles Avenue, Suite 660  
Pasadena, California 91101

#### 4. *What Are The Plan's Claims Procedure?*

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 Business Office of the Organization.
- **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 furnished to you prior to the termination 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 you within 90 days following receipt of the claim (up to 180 days in the case of an extension for special circumstances) setting forth 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 as to the steps to be taken if you wish 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 you must be permitted to proceed to the review stage.
- **Review procedure** -- You or your 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 designed by the fiduciary and to receive a full and fair review of the claim. As part of the review, you 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 on 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), you 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. In the case of a plan with a committee or board of trustees designated as the appropriate name 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 make its decision until the first meeting after the hearing. However, it must notify you 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, you have a right to file suit in a state or federal court.

5. *What Are My Rights Under The Law?*

As a Participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan Participants are entitled to:

1. Examine, without charge, at the Plan Administrator's office all documents, including insurance contracts, and copies of all documents filed by the Plan with the U.S. Department of Labor, such as annual reports and Plan descriptions.
2. Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Administrator may make a reasonable charge for the copies.
3. Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish you with a summary of the Plan's financial report.
4. Obtain a statement telling whether you have a right to receive a pension at normal retirement age and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have the right to a pension, the statement will tell you how many more years you

have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once a year. The Plan must provide the statement free of charge.

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the 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. If your claim for a pension benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan review and reconsider your claim.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file a 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 \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the 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.

If it should happen the 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. 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, you should contact the nearest Area Office of the U.S. Pension and Welfare Benefits Administration, Department of Labor.

6. *Is The Plan Insured By The Pension Benefit Guaranty Corporation (PBGC)?*

No. Since the Plan is a defined contribution plan, it is not insured by the PBGC, the government agency which guarantees certain types of benefits under covered plans. This document was specially prepared for the employees of The Fuller Foundation. In cases where there is any ambiguity or inconsistency between the terms of the Plan Document or the individual annuity contracts or certificates and those of this Summary Plan Description, the terms of the annuity contracts or certificates are final, unless they violate ERISA or other applicable tax law.

This document must be accompanied or preceded by a current CREF prospectus. Copies of the prospectus may be obtained by calling TIAA and CREF toll free at 1 800 842-2733.

*Employer Identification Number:* 95-4124436

*Plan Number:* 001

**THE FULLER FOUNDATION  
DEFINED CONTRIBUTION  
RETIREMENT PLAN**

**135 North Los Robles, Suite 660  
Pasadena, California 91101**

This Summary Plan Description  
provides each Participant  
with a description of  
The Fuller Foundation  
Defined Contribution  
Retirement Plan

Plan 001

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## **PART I**

### ***INFORMATION ABOUT THE PLAN***

#### ***1. What Is The Fuller Foundation's Retirement Plan?***

The Fuller Foundation's Retirement Plan (the "Plan") is a Defined Contribution Plan established by the Board of Directors and effective as of November 1, 1994. Benefits are provided by fixed-dollar annuities issued by the Teachers Insurance and Annuity Association (TIAA), by variable annuities offered by its companion organization, the College Retirement Equities Fund (CREF).

The Plan operates under section 403(b) of the Internal Revenue Code and uses Retirement Annuities to provide benefits. The Administrator of the Plan is The Fuller Foundation. The Plan year extends from July 1 to June 30.

#### ***2. Who Is Eligible to Participate In The Plan?***

You are an eligible employee if you are a full time staff member employed by the Organization. However, if you are a staff member who is customarily employed on a part-time, temporary or irregular basis for less than 1,000 hours a year, you are eligible to participate only if credited with 1,000 hours or more of service (including paid absence) during any 12-consecutive calendar month period commencing with your date of employment, or any anniversary date. In this event, you become eligible to participate as of the beginning of the 12-month period during which you were credited with at least 1,000 hours of service. You are not eligible to participate in the Plan if your employment is incidental to your educational program.

#### ***3. When Does Plan Participation Begin?***

For Eligible Employees, you will begin participation in this Plan on the first day of the month following the completion of six months of Service at The Fuller Foundation.

Appropriate forms must be completed and returned to the Organization.

The Organization will notify you when you have completed the requirements necessary to participate in the Plan. All determinations with respect to eligibility and participation will be made by the Organization based on its records and the official Plan Document which is on file with the Plan Administrator.

4. *When Do My Benefits Become Vested (i.e., owned)?*

You are fully and immediately vested in the benefits arising from contributions made to your individual account under this Plan, and such amounts are nonforfeitable at all times.

5. *How Are Plan Contributions Made?*

When you begin participation in the Plan, contributions will be made automatically to a retirement annuity with TIAA-CREF. The contributions are based on a percentage of your regular salary in accordance with the following schedule. If you participate in the Plan for only a part of a year, your allocation will be based on the portion of salary applicable to the period in which you participate.

Regular Salary means the amount paid by the Organization to a Participant which is required to be reported as wages on the Participant's Form W-2, and shall also include Compensation which is not currently includable in the Participant's gross income by reason of the application of Code Sections 125 or 403(b) through a salary reduction agreement. In no event will the salary taken into account under the Plan exceed the limits of Internal Revenue Code Section 401(a)(17) and is subject to possible limitation by family aggregation rules.

Plan Contributions as a Percentage of Regular Salary

By the  
Organization

On the portion of Compensation within the Social Security Earnings Base	7%
On any Compensation above the Social Security Earnings Base	12.7%

6. *Is There A Limitation On Contributions?*

Yes. The total amount of contributions made on your behalf for any year will not exceed the limits imposed by sections 402, 403, and 415 of the Internal Revenue Code,

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as may be adjusted from time to time. The amount of Plan Contributions will also be subject to the limitations of section 401(m) of the Internal Revenue Code, if applicable. For more information on these limits, contact TIAA-CREF.

7. *May I Make Extra Payments?*

The Organization does permit payment of additional periodic premium amounts via a salary reduction agreement under section 403(b) of the Internal Revenue Code to your own individual tax-deferred annuity, thus providing for deferral of taxes on these amounts within the limits of the Internal Revenue Code. Such additional periodic premiums are permitted under the terms of the Organization's separate tax-deferred annuity plan. There are limits imposed by the Internal Revenue Code on the amount you can contribute by salary reduction. In general, this limit is 16 2/3 percent of your salary, not to exceed \$9,500 per year. However, your participation in the Plan and other factors may reduce your maximum.

8. *What Is The Normal Retirement Age Under The Plan?*

The normal retirement age under the Plan is the first day of the month on or following your sixty-fifth birthday. Retirement income generally begins on that date.

9. *When Does My Annuity Income Begin?*

Although income generally begins on the normal retirement age, you may begin to receive income at any time, which may be either earlier or later than the normal retirement age. However, if you are employed by the Organization on the date when benefits under this Plan commence (and that date is prior to April 1 following the calendar year in which you attain age 70 1/2), you will cease to be a Participant of the Plan and no further contributions will be made on your behalf. A penalty of 10 percent of the taxable amount received may apply to certain early distributions made before age 59 1/2. This additional tax generally will not apply to a distribution if it is received as lifetime annuity income after you separate from service, regardless of your age.

Retirement benefits must normally begin no later than April 1 of the calendar year following the year in which you attain age 70 1/2. Failure to begin annuity income by the required beginning date may subject you to a substantial federal tax penalty.

If you die before the distribution of benefits has begun, your entire interest must normally be distributed within five years after your death. Under a special rule, death benefits may be payable over the life or life expectancy of a designated beneficiary provided the distribution of benefits begins not later than 1 year from the date of your death. If the designated beneficiary is your spouse, the commencement of benefits may

be deferred until you would have attained age 70 1/2 had you continued to live.

The payment of benefits in accordance with the above rules is extremely important. Federal tax law imposes a 50 percent excise tax on the difference between the amount of benefits required by law to be distributed and the amount actually distributed if it is less than the required minimum amount.

10. *What Options Are Available For Receiving Retirement Income?*

You may choose from among several types of income options when you retire. If you are married at the time you elect to begin income, your right to choose an income option will be subject to your spouse's right, under federal pension law, to survivor benefits as discussed in the next question, unless this right is waived by you and your spouse. The following annuity income options are available:

**A One-Life (Single Life) Annuity** -- is designed to pay you an income for as long as you live. This option provides a larger monthly income for you than other options, with all payments ceasing at your death. This option is also available with a 10-, 15-, or 20-year guaranteed payment period (but not exceeding your life expectancy at the time you begin annuity income). If you die during the guaranteed period, payments in the same amount that you would have received continue to your beneficiary for the rest of the guaranteed period.

**A Survivor Annuity** -- pays you a lifetime income, and if your spouse (or other Second Annuitant) lives longer than you, he or she continues to receive an income for life. The amount continuing to the survivor depends on which of the following three options you choose:

- **Two-thirds Benefit to Survivor.** At the death of either you or your Second Annuitant, the payments are reduced to two-thirds the amount that would have been paid if both had lived, and are continued to the survivor for life.
- **Full Benefit to Survivor.** The full income continues as long as either you or your Second Annuitant is living.
- **Half Benefit to Second Annuitant.** The full income continues as long as you live, and if your Second Annuitant survives you, he or she receives for life one-half the income you would have received if you had lived. If your Second Annuitant dies first, the full income continues to you for life.

These options are also available with a 10-, 15-, or 20-year guaranteed period, but not exceeding the joint life expectancies of you and your spouse (or other annuity partner).

**A Minimum Distribution Option (MDO)** — for participants age 70 1/2 or older. With the MDO, you'll receive the required federal minimum distribution while preserving as much of your accumulation as possible. The minimum distribution will be paid to you annually.

*11. What Are My Spouse's Rights Under This Retirement Plan?*

Benefits must be paid to married Participants in the Plan only as described below, unless a written waiver of the benefits by the Participant and a written consent to the waiver by the spouse is filed with the Fund Sponsor. This provision applies to both retirement benefits and pre-retirement death benefits.

If benefits commenced prior to your death, your surviving spouse at your death shall continue to receive income that is at least 50 percent of the annuity income payable during the joint lives of you and your spouse (joint and survivor annuity). If you die before annuity income begins, your surviving spouse shall receive a benefit that is at least 50 percent of the full current value of your annuity accumulation (preretirement death benefit), payable in a single sum or under one of the income options offered by the Fund Sponsor.

Married Participants and their spouses may waive the spousal entitlement to a joint and survivor annuity or a preretirement death benefit only if a written waiver of the benefit signed by the Participant and the spouse (and notarized) is filed with the Fund Sponsor. The necessary forms will be provided to the Participant by the Fund Sponsor.

For post-retirement survivor benefits (joint and survivor annuity), the waiver may be made only during the 90-day period before the commencement of benefits. The waiver may also be revoked during the same period. It may not be revoked after annuity income begins.

The period during which you and your spouse may elect to waive the preretirement survivor death benefit begins on the first day of the plan year in which you attain age 35 and continues until the earlier of your death or the date you start receiving annuity income. In the event that you die before attaining age 35 -- i.e., before you have had the option to make a waiver -- at least 50 percent of the full current value of the annuity accumulation is payable automatically to your surviving spouse in a single sum or under one of the income options offered by the Fund Sponsor. If you terminate employment before age 35, the period for waiving the preretirement death benefit begins

no later than the date of termination. The waiver may also be revoked during the same period.

In the event that a judgment, decree or order made pursuant to a state domestic relations law establishes the rights of another person (the "alternate payee") to your benefits under this Plan and where such order, hereafter called a "qualified domestic relations order," is for the purpose of providing child support, alimony or other marital property payments, payments will be made in accordance with that order. If a court issues a qualified domestic relations order, such order preempts the usual requirements that your spouse be considered your primary beneficiary for a portion of the accumulation.

*12. May I Elect To Receive Benefits For A Fixed-Period?*

Yes. The option for a fixed-period pays you an income from your accumulation over a fixed-period of between five and 30 years. At the end of the selected period, all benefits will end. If you die during the period, payments will continue in the same amount to your beneficiary for the duration. Current tax law requires that the period chosen not exceed your life expectancy or the joint life expectancy of you and your beneficiary.

*13. Is There A Retirement Income Option That Allows Me To Receive Income While Preserving My Accumulation?*

Yes, for TIAA Participants between ages 55 and 69 1/2 with a minimum TIAA accumulation of at least \$10,000. Under the TIAA Interest Payment Retirement Option (IPRO) you can receive monthly payments equal to the interest (guaranteed plus dividends) that would otherwise be credited to your TIAA annuity. Payments will be made at the end of each month. Your accumulation is not reduced while you are receiving interest payments.

Payments under the IPRO will consist of the contractual interest rate, currently 3 percent, plus dividends as declared by TIAA's Board of Trustees. Dividends are declared each March for a 12-month period and are not guaranteed for the future. If you elect the IPRO, these rates will be used to determine your monthly payment rather than be credited to your annuities.

Interest payments made under the IPRO must continue for at least 12 months. Once you start to receive interest income payments, you cannot stop receiving them until you begin receiving your accumulation under an annuity income option. Usually you may delay beginning your annuity income benefits as late as permitted under federal law. When you do begin annuity income from your TIAA accumulation, you may choose any

of the lifetime annuity income options available under your TIAA contracts.

If you die while receiving interest payments under the IPRO, your beneficiary will receive the amount of your starting accumulation, plus interest earned but not yet paid. If you die after you have begun to receive your accumulation as an annuity, your beneficiary will receive the benefits provided under the annuity income option you have selected.

*14. May I Receive A Portion Of My Accumulation In A Lump Sum Upon Retirement?*

Yes, if you choose the Retirement Transition Benefit Option. This option permits you to receive a one-sum payment of up to 10 percent of your TIAA and CREF accumulations at the time you start to receive your income as an annuity provided that the one-sum payment does not exceed 10 percent of each account's accumulation then being converted to annuity payments. The amount received under this option may be subject to a 10 percent additional tax if it's received prior to age 59 1/2.

*15. May I Receive A Lump Sum Payment From The Plan When I Terminate Employment Or Retire?*

Yes, you may receive all of your accumulations as a lump-sum cash payment upon termination of employment or retirement. However, cash withdrawals from TIAA must be made within 120 days of termination of employment and are subject to a withdrawal charge. TIAA accumulations may also be withdrawn through the Transfer Payout Annuity (TPA), and will be paid to you in substantially equal annual payments over a period of ten years without a withdrawal charge. Payments made under the TPA contract are subject to the terms of that contract. In addition, the Retirement Transition Benefit and IPRO described elsewhere applies.

*16. What Happens To My Account If I Terminate Employment Before Retirement?*

Your individual account remains in force, including all benefits purchased by the institution's contributions. You do not forfeit any of the benefits that have already been set aside for you. When you terminate employment, you will also continue to have the flexibility to make CREF transfers any time before beginning income, or to start receiving annuity income from the broad range of income options, as explained earlier.

*17. What If I Die Before Starting To Receive Benefits?*

If you die prior to beginning retirement benefits, the full current value of your annuity accumulation is payable as a death benefit. You may choose one or more of the

options listed in your annuity contracts for payment of the death benefit or you may leave the choice to your beneficiary. The payment options include:

- Income for the lifetime of the beneficiary with payments ceasing at his or her death;
- Income for the lifetime of the beneficiary, with a minimum period of payments of either 10, 15, or 20 years, as selected;
- Income for a fixed period of not fewer than two nor more than 30 years, as elected, but not longer than the life expectancy of the beneficiary;
- The accumulation may be left on deposit for later payment under any of the above options for a period not greater than one year;
- A single sum payment is also available. A single sum must be paid if your beneficiary is your estate, a corporation, association or other entity not a natural person.

Current federal tax law puts limitations on when and how beneficiaries receive their death benefits. The Fund Sponsor will notify your beneficiary of the applicable requirements at the time he or she applies for benefits.

You should review your beneficiary designation periodically to make sure that the individual you want to receive the benefits is properly designated. You may change your beneficiary by completing the "Designation of Beneficiary" form available from the appropriate Fund Sponsor. In the event that you die without having named a beneficiary, your spouse will automatically receive 50 percent of your accumulation, and your estate will receive the remainder. If there is no spouse, the estate receives the entire accumulation.

## **PART II**

### ***INFORMATION ABOUT THE FUNDING VEHICLES***

1. *What Funding Vehicles Are Available Under The Plan?*

Contributions may be invested in one or more of the following funding vehicles which are currently available under this Plan:

A. Teachers Insurance and Annuity Association (TIAA):

TIAA Retirement Annuity

B. College Retirement Equities Fund (CREF):

CREF Retirement Annuity

Stock Account

Money Market Account

Bond Market Account

Social Choice Account

Global Equities Account

Equity Index Account

Growth Account

The Organization's current selection of fund sponsors and funding vehicles is not intended to limit future additions or deletions of fund sponsors and funding vehicles. You will be notified of any such additions or deletions.

2. *How Do The Funding Vehicles Work?*

#### **TIAA**

Contributions to a TIAA Group Retirement Annuity are used to purchase a contractual or guaranteed amount of future retirement benefits for you. Once purchased, the guaranteed benefit of principal plus interest cannot be decreased, but it can be increased by dividends. Once you begin receiving annuity income, your accumulation will be used to provide an income consisting of the contractual, guaranteed amount plus dividends which are declared each year and which are not guaranteed for the future. Dividends may increase or decrease, although changes in dividends are

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usually gradual.

For a recorded message quoting the current interest rate for contributions to TIAA, call 1 800 223-1290.

### **CREF**

You have the flexibility to accumulate retirement benefits in any of the CREF variable annuity accounts approved for use under the Plan, as indicated above. Each Account has its own investment objective and portfolio of securities. Contributions to a CREF account are used to buy Accumulation Units, or shares of participation in an underlying investment portfolio, the value of which changes each business day. For more information on the CREF Accounts, you should refer to the CREF prospectus.

For a recorded message quoting the latest Accumulation Unit Values for the CREF Accounts as well as the seven-day yield for the CREF Money Market Account, call 1 800 223-1290. The recording is updated each business day.

#### *3. How Do I Allocate Contributions Among The Accounts?*

For TIAA-CREF participants, you may allocate contributions among the TIAA annuity and the CREF Accounts in any whole-number proportion, including full allocation to any annuity or Account. You enter the percentage of contributions to be directed to TIAA and/or the CREF Accounts on the "Application for Retirement Annuity Contracts" when you begin participation. You may change your allocation of future contributions at any time after participation begins by calling the Automated Telephone Service toll free at 1 800 842-2252. The automated service is available between the hours of 8:00 a.m. and 8:00 p.m. Eastern time, Monday through Friday. Along with your Retirement Annuity contracts, you will be sent a Personal Identification Number (PIN) so that you may change your allocation by using the Automated Telephone Service. For more information on allocations, ask for the TIAA-CREF booklet *Guiding Your Retirement Savings*.

#### *4. May I Transfer Accumulations Between the Different Accounts?*

Within TIAA-CREF, accumulations may be transferred among the CREF Accounts. In addition, accumulations in any of the CREF Accounts may be transferred to a TIAA annuity. Complete transfers may be made at any time. Partial transfers may

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also be made from a CREF Account to a TIAA annuity, or among CREF Accounts at any time as long as at least \$1,000 is transferred each time. Transfers may be made until the date annuity income begins. There is no charge for transferring accumulations in the TIAA-CREF system.

When you request a transfer from a CREF Account, the transfer is made on the basis of the unit valuation next following receipt of your request, unless you request that the transfer be made on the last day of the current month or any future month.

If you transfer your entire accumulation in a CREF Account to a TIAA annuity and decide at a later date to allocate premiums to a CREF Account, you are not required to complete another application; your account stays open as long as you have an accumulation remaining in TIAA or one of the CREF Accounts.

You may complete CREF transfers either by phone or in writing. CREF transfers, as well as premium allocation changes, will be effective as of the close of the New York Stock Exchange (usually 4:00 p.m. Eastern time) on the day the instructions are received by CREF, unless you choose the last day of the current month or any future month. Instructions received after the close of the New York Stock Exchange are effective as of the close of the Stock Exchange on the next business day. The toll-free number to reach the Automated Telephone Service is 1 800 842-2252.

TIAA accumulations may be transferred to any of the CREF accounts through the Transfer Payout Annuity (TPA). Transfers will be made in substantially equal annual amounts over a period of ten years. Transfers made under the TPA contract are subject to the terms of that contract. The minimum transfer from TIAA to a CREF account is \$10,000 (or the entire accumulation if it totals less than \$10,000).

#### 5. *How Are My Benefits Taxed?*

Under present law, the part of your retirement income that represents a return of your own contributions on which you were already taxed will not be taxed as you receive it. The balance of your retirement income -- the part attributable to institution contributions and to investment earnings, including TIAA interest payments under the IPRO -- will be subject to federal income tax as you receive it\*.

\*A 15 percent excise tax is imposed on the aggregate amount of distributions you receive from all tax-favored retirement plans (such as employer-sponsored retirement plans, tax-deferred annuity plans and Individual Retirement Accounts) that exceed the greater of \$150,000 or an amount which is indexed each year. The excise tax is generally equal to 15 percent of the taxable portion of the

aggregate amount received above the greater of \$150,000 or the indexed amount.

Federal law requires that, unless you elect otherwise, the Fund Sponsor withhold income taxes from:

- annuity income benefits;
- benefits received under the Retirement Transition Benefit; and
- death benefits.

Taxes will be withheld from annuity income payments unless you (or your beneficiary) complete the appropriate forms and supply your correct taxpayer identification (Social Security) number. The information on the options available regarding withholding will be provided to you before you (or your beneficiary) begin to receive benefit payments.

An additional tax equal to 10 percent of the taxable amount received generally applies to certain "early" distributions -- those made before attaining age 59 1/2 -- from retirement and tax-deferred annuity plans. This additional tax generally will not apply to a distribution if it is received as lifetime annuity income after you "separate from the service" of your institution, regardless of your age when you begin to receive lifetime annuity income. In addition, any distribution made after you attain age 59 1/2 will not be subject to the 10 percent additional tax. Based on current tax law, distributions made under the following circumstances will also not be subject to the additional tax:

- you have unreimbursed medical expenses to the extent that they exceed 7 1/2 percent of your Adjusted Gross Income;
- you are disabled; or
- you die.

Participants who are not yet age 59 1/2 who elect the Retirement Transition Benefit, IPRO and do not meet one of the exceptions to the 10 percent additional tax are affected. In addition, some institution's plans permit Participants to begin income prior to separating from service. These distributions (if made prior to age 59 1/2) will also be subject to the 10 percent additional tax unless one of the other exceptions is met. The purpose of the 10 percent tax is to encourage individuals to preserve retirement funds for retirement.

6. *May I Begin My Income At Different Times?*

Yes. Once you decide to receive your benefits as income, you have the flexibility to begin income from a portion of your accumulation on one date and the rest on yet another date, subject to any restrictions. And, under current administrative practice, you may begin income from each annuity or Account on more than one date provided that you begin income from at least \$10,000 of accumulation from each annuity or Account begun on that date.

7. *May I Receive My Accumulations Under Different Income Options?*

Yes. Under current administrative practice, you can elect to receive income from your accounts under more than one income option to meet your specific retirement needs. However, you must begin income from at least \$10,000 of accumulation under each option.

8. *What Information Do I Regularly Receive About My Accounts?*

For TIAA-CREF participants, the annual Annuity Benefits Report that TIAA and CREF send you shows the total accumulation value at year-end for your Retirement Annuities, which is the amount of death benefits your spouse or other beneficiary would have received on that date. It also includes an illustration of the annuity income you would receive at retirement under certain stated assumptions as to future premiums, your retirement age, the income option and payment method selected, TIAA dividends and the investment experience of the CREF Accounts. All of these factors affect the amount of your retirement income.

In addition to the Annuity Benefits Report, TIAA and CREF send you a Quarterly Confirmation of Transactions. This report shows accumulation totals, a summary of the transactions made during the period, TIAA interest credited and the number and value of CREF accumulation units. You also receive Premium Adjustment Notices. These notices summarize any adjustments made to your annuities and are sent at the time the adjustments are processed.

You will also periodically receive *The Participant*, a newsletter which reports on various issues, such as legislative developments and changes in TIAA and CREF procedures that will have an impact on your annuities. In addition, once a year you will receive the TIAA-CREF Annual Report which summarizes the year's activity, including details on TIAA and CREF investments, earnings and investment performance.