

State of Rhode Island Defined Contribution Retirement Plan

Plan Description

This summary provides each Participant with a description of the above retirement plan.

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This summary was prepared for the Participants in the State of Rhode Island Defined Contribution Retirement Plan. If there is any ambiguity or inconsistency between this summary and the Plan Document or state law, the terms of the Plan Document and state law will govern. With respect to benefits provided by TIAA-CREF Annuity Contracts or certificates, all rights of a Participant (or his/her Beneficiary) under the contracts or certificates will be determined only by the terms of such contracts or certificates.

Employer Identification Number: 05-6000522

Part I: Information About The Plan

A. What is the State of Rhode Island Defined Contribution Retirement Plan?

The State of Rhode Island Defined Contribution Retirement Plan (the "Plan") is a defined contribution (money purchase) plan that operates under Section 401(a) of the Internal Revenue Code (IRC). The Plan is established pursuant to Chapter 10.3 of Title 36 of the Rhode Island General Laws. ("RIGL 36-10.3"). The Plan is effective as of July 1, 2012, and contributions to the Plan will begin on the first full payroll cycle in July, 2012. The purpose of the Plan is to provide retirement benefits for participating employees. Benefits are provided through:

Teachers Insurance and Annuity Association (TIAA). TIAA provides traditional annuities (and a variable annuity through its real estate account). You can receive more information about TIAA by writing to: TIAA, 730 Third Avenue, New York, NY 10017. You also can receive information by calling 1 (800) 842-2733.

College Retirement Equities Fund (CREF). CREF is TIAA's companion organization, providing variable annuities. You can receive more information about CREF by writing to: CREF, 730 Third Avenue, New York, N.Y. 10017. You also can receive information by calling 1 (800) 842-2733.

The Retirement Board is the Plan Administrator and Trustee responsible for Plan operation. The State Investment Commission is responsible for selecting the investment alternatives available under the Plan (the "Funding Vehicles"). Your contributions and your Employer's contributions will be invested in the Funding Vehicles selected by you. The Plan Year begins on July 1 and ends on June 30.

B. Who is eligible to participate in the Plan?

All Eligible Employees of an authorized employer under RIGL 36-10.3 ("Employer") can participate in the Plan. An Eligible Employee means all employees who are eligible to participate under the Defined Benefit plans administered by the State under the Employees' Retirement System of Rhode Island ("ERSRI") or the Municipal Employees' Retirement System ("MERS"), excluding legislators, correction officers, and MERS general police and fire employees who participate in Social Security. Judges and state police officers are also excluded from the Plan.

Leased Employees are not eligible to participate in the Plan. Individuals deemed by the Plan Administrator to be independent contractors are also not eligible to participate in the Plan.

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

If you are an Eligible Employee, you will begin participation in this Plan on the first administratively practicable day following employment. You will continue to be eligible for the Plan until you cease to be an Eligible Employee or the Plan is terminated.

The Employer will notify and enroll you when you've completed the requirements needed to participate in the Plan. All determinations about eligibility and participation will be made by the Employer. The Employer will base its determinations on its records and the official Plan document on file with the Plan Administrator.

D. What contributions will be made?

When you begin participation in the Plan, contributions will be made automatically to the Funding Vehicles that you've chosen. The contributions are based on a percentage of your Compensation, according to the schedule shown below. If you participate in the Plan for only a part of a year, your allocation will be based on the portion of Compensation earned during the period in which you participate.

Employee Contributions that are picked-up by the Employer:

- Teachers covered by Social Security – 5%;
- State employees covered by Social Security – 5%;
- MERS general non-police and fire employees covered by Social Security – 5%;
- Teachers not covered by Social Security – 7%;
- MERS general non-police and fire employees not covered by Social Security – 7%;
- MERS general police and fire employees not covered by Social Security - 3%.

Compensation has the meaning defined by state laws applicable to public retirement. Compensation taken into account under the Plan cannot exceed the limits of IRC Section 401(a)(17). The 2012 limit under Section 401(a)(17) is \$250,000, adjusted each year thereafter by the Internal Revenue Service for increases in cost-of-living.

Employer Non-Elective Contributions:

- State employees - 1%;
- Teachers covered by Social Security – 1%;
- MERS general non-police and fire employees covered by Social Security – 1%;
- Teachers not covered by Social Security – 3%;
- MERS general non-police and fire employees not covered by Social Security – 3%;
- MERS general police and fire employees not covered by Social Security – 3%;

E. Is there a limit on contributions?

Yes. The total amount of contributions made on your behalf for any year to all defined contribution plans including 401(a), 403(a), and 403(b) plans will not exceed the limits imposed by Section 415 of the IRC. Under this Section, the limit for 2012 is the lesser of \$50,000 (adjusted each year thereafter for increases in cost of living) or 100% of your Compensation for the calendar year. These limits may be adjusted from time to time. For more information on these limits, contact your Plan Administrator or Funding Vehicle.

F. May I rollover accumulations from other retirement plans into this Plan?

This Plan will accept Participant rollovers and direct rollovers from other qualified 401(a) plans, 403(a) qualified annuity plans, 403(b) tax deferred annuity plans, and eligible 457(b) plans maintained by a state or local government, subdivision or agency. Finally, the Plan will accept a Participant rollover from an Individual Retirement Account or Annuity (an IRA). The Plan will not accept after-tax contributions, including after-tax rollovers.

G. When do my Plan contributions become vested (i.e., owned by me)?

You are always 100% vested in your benefits attributable to your Employee Contributions. The vesting of benefits attributable to contributions made on your behalf by your Employer is in accordance with the following schedule:

<u>Completed</u> <u>Years of Contributory Service</u>	<u>Vested</u> <u>Percentage</u>	<u>Forfeitable</u> <u>Percentage</u>
One	0%	100%
Two	0%	100%
Three	100%	0%

Years of contributory service to your defined benefit pension plan prior to July 1, 2012, are credited for vesting purposes.

If earlier, contributions will be vested at death or upon Disability. If the Plan is partially or fully terminated, the rights of affected Participants to any benefits accrued up to the date of partial or full termination will become nonforfeitable.

For purposes of determining whether you will be credited with a Year of Service for vesting purposes, the 12-month Computation Period starts with your date of employment (or anniversary date of employment). (See the question, "How are years of service counted?")

H. How are years of service counted?

You are credited with a year of service for each 12-month period of employment (computation period).

I. When does my retirement income begin?

Income may begin after Severance from Employment, death, Plan termination, or upon a deemed Severance from Employment for Participants performing qualified military service.

At a minimum, retirement benefits must begin no later than April 1 of the calendar year following the year in which you attain age 70 ½ or terminate employment, if later. Failure to begin receiving income by the required beginning date may subject you to a substantial federal tax penalty.

Unless your spouse is your designated beneficiary, if you die before the distribution of benefits has begun, your entire interest must be distributed either by December 31 of the fifth calendar year after your death or over the designated beneficiary's life expectancy, as long as benefits commence no 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 ½.

If you die after your benefits have commenced but before the entire distribution of your account, your designated beneficiary must take any remaining amounts that would have been distributed to satisfy the required minimum distribution to you in the year of your death and continue to take distributions at least as rapidly as you were required to take them over your life expectancy.

The payment of benefits according to the above rules is extremely important. Federal tax law imposes a 50% 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.

You may decide, however, to begin receiving income sooner, in which case you should notify the Funding Vehicle in advance of that date. Usually, the later you begin to receive payments, the larger each payment will be.

J. What options are available for receiving retirement income?

Single Life (One Life) Annuity. Subject to any restrictions in the Funding Vehicles, this option pays you income for as long as you live, with payments stopping 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(ies) for the rest of the guaranteed period. If there is no guaranteed period, all payments will cease upon your death.

Two Life Annuity. Subject to any restrictions in the Funding Vehicles, this option pays you income for as long as you live, with all or a portion of the payment continuing to the survivor over their lifetime after your death. The portion that may be paid to the survivor is determined under the Funding Vehicle and may be the full payment or three-quarters, two-thirds, or one-half of the payment the Participant would have received. This option is also available with a 10, 15, or 20 year guaranteed payment period. If there is no guaranteed period, all payments will cease upon yours and the survivor's deaths.

Lump Sum Benefit. A one-time payment is available to the extent permitted under the Funding Vehicles.

Installments (Systematic Withdrawals). Subject to any restrictions in the Funding Vehicles, this option pays you a portion of your account on a monthly, quarterly, annual, or semi-annual basis.

If a Qualified Domestic Relations Order establishes the rights of another person to your benefits under this Plan, then payments will be made according to that Order.

K. May I receive benefits from the Plan while still employed?

No, you cannot receive any benefits while you are employed. However, any amounts held in your rollover account, may be distributed at any time.

L. May I elect a transfer for the purchase of service credit in a governmental defined benefit plan?

Yes, transfers for the purchase of service credit are permitted in accordance with the rules of the ERSRI or MERS, as applicable.

M. May I rollover my accumulations after severance from employment?

If you're entitled to receive a distribution which is an eligible "rollover distribution," you may rollover all of it in a direct rollover or a portion of it within 60 days after receipt. The rollover may be made into an "eligible retirement plan" which is another qualified retirement plan, a 403(b) tax deferred annuity plan that accepts it, an eligible §457(b) plan maintained by a state or local government, subdivision or agency that agrees to separately account for the amounts, or into an IRA, including a Roth IRA on and after January 1, 2008. This also applies in the case of a distribution to a surviving spouse or to a spouse or former spouse who is an alternate payee under a qualified domestic relation order. In the case of a non-spouse Beneficiary, a rollover may only be made to an inherited IRA established on behalf of the Beneficiary. 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 eligible retirement plan or into an IRA within 60 days. To avoid withholding, instruct the Funding Vehicle to directly roll over the money for you.

N. What if I die before starting to receive benefits?

If you die before beginning retirement benefits, the full current value of your accumulation is payable as a death benefit. You may choose one or more of the options listed in your Funding Vehicles for payment of the death benefit, or you may leave the choice to your Beneficiary. The payment options may 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 but not longer than the life expectancy of the Beneficiary.
- A single sum payment.
- The accumulation may be left on deposit, for up to one year, for later payment under any of the options available under your Funding Vehicle.

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, your estate receives the entire accumulation.

Part II: Information About The Funding Vehicles

A. What Funding Vehicles are available under the Plan?

Contributions may be invested in one or both of the following Funding Vehicles (and the list, below, of permitted investments under those contracts) that are currently available under this Plan:

- Teachers Insurance and Annuity Association (TIAA) Stable Value Annuity
- Retirement Choice Annuity

The permitted list of investments under the above contracts (the Funding Vehicles) are:

Vanguard Target Retirement 2010 Fund
Vanguard Target Retirement 2015 Fund
Vanguard Target Retirement 2020 Fund
Vanguard Target Retirement 2025 Fund
Vanguard Target Retirement 2030 Fund

Vanguard Target Retirement 2035 Fund
Vanguard Target Retirement 2040 Fund
Vanguard Target Retirement 2045 Fund
Vanguard Target Retirement 2050 Fund
Vanguard Target Retirement 2055 Fund
Vanguard Target Retirement 2060 Fund
Vanguard Target Retirement Income Fund
Vanguard Prime Money Market Fund
Vanguard Total Bond Market Index Fund
PIMCO Real Return Fund
TIAA Real Estate Account
Vanguard 500 Index Fund
Vanguard Mid-Cap Index Fund
Vanguard Small-Cap Index Fund
TIAA-CREF International Equity Index Fund
Vanguard Emerging Markets Stock Index Fund

The Employer's current selection of Funding Vehicles isn't intended to limit future additions or deletions of Funding Vehicles. The selection of available Funding Vehicles is made by the Rhode Island State Investment Commission. Refer to the Plan's microsite www.tiaa-cref.org/ri for a current listing of Funding Vehicles and the investments thereunder.

B. How do I allocate my contributions?

You may allocate contributions in any whole-number percentage, including full allocation to any fund or Account. You specify the percentage of contributions to be directed to the Funding Vehicles on the enrollment certificates/forms when you begin participation. You may change your allocation of future contributions at any time after participation begins by calling toll free at 1(800) 897-1026.

If you do not select one or more Funding Vehicles, contributions on your behalf will be invested in the Vanguard Target Retirement Fund which is dated closest to your attainment of age 65.

C. May I transfer my accumulations?

Yes, subject to any restrictions in the Funding Vehicles. You may complete transfers within the TIAA-CREF system either by phone or in writing. 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 TIAA-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 is 1 (800) 897-1026

D. What information do I regularly receive about my Funding Vehicles?

TIAA-CREF sends you a Quarterly Confirmation of Transactions. This report shows the accumulation totals, a summary of transactions made during the period, investment results, interest credited, and the number and value of any account accumulation units.

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.

Part III: Additional Information

A. How is the Plan administered?

Benefits under the Plan are held in Annuity Contracts or Custodial Accounts made available by TIAA-CREF. The Retirement Board has been designated as the Plan Administrator. Your Employer is responsible for enrolling Participants, forwarding Plan contributions for each Participant to the Funding Vehicles selected, and performing other duties required for operating the Plan.

B. May the terms of the Plan be changed?

While it's expected that the Plan will continue indefinitely, the State of Rhode Island as Plan Sponsor reserves the right to modify selections made in the Adoption Agreement. The State, by action of the Retirement Board, also may delegate any of its power and duties with respect to the Plan. Any such delegation shall be stated in writing. The Retirement Board will exercise good faith, apply standards of uniform application, and refrain from arbitrary action.

In the event the vesting schedule is amended, all Participants with at least three years of service may elect to be governed by the prior vesting schedule. In addition, if the Plan is partially or completely terminated, all affected Participants will become vested in their accounts.

C. 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:

Retirement Board – Defined Contribution Program
Attn: Defined Contribution Program Manager
50 Service Avenue
Warwick, RI 02886

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

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

E. Is the Plan subject to the Employees Retirement and Security Act of 1974 (ERISA)?

No. Since the Plan is maintained by a governmental entity, it isn't subject to ERISA.

F. Who is the agent for service of legal process?

The agent for service of legal process is:
Internal Legal Counsel
Employees Retirement System of Rhode Island
50 Service Avenue
Warwick, RI 02886