

**PEDIATRIC FACULTY FOUNDATION DEFINED CONTRIBUTION PLAN**

**SUMMARY PLAN DESCRIPTION**

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**PEDIATRIC FACULTY FOUNDATION DEFINED CONTRIBUTION PLAN  
SUMMARY PLAN DESCRIPTION  
INTRODUCTION TO YOUR PLAN**

The Pediatric Faculty Foundation Defined Contribution Plan (“Plan”) has been adopted by the Pediatric Faculty Foundation (the “Employer”) to provide you with the opportunity to save for retirement on a tax advantaged basis. This Plan is a type of retirement plan known as a 403(b) plan. This Summary Plan Description (“SPD”) contains information regarding when you may become eligible to participate in the Plan, your Plan benefits, your distribution options, and many other features of the Plan. You should take the time to read this SPD to understand the features of the Plan.

This SPD addresses some of the most common questions you might have regarding the Plan. If this SPD does not answer all of your questions, please contact the Plan Administrator or other Plan representative. The Plan Administrator is generally responsible for responding to questions and making determinations related to the administration, interpretation, and application of the Plan. The name of the Plan Administrator can be found at the end of this SPD in the Article entitled “General Information about the Plan.”

This SPD describes the Plan’s benefits and obligations as contained in the legal Plan document, which governs the operation of the Plan. The Plan document is written in much more technical and precise language and is designed to comply with applicable legal requirements. If the non-technical language in this SPD and the technical, legal language of the Plan document conflict, the Plan document always governs. If you wish to receive a copy of the legal Plan document, please contact the Plan Administrator.

This SPD describes the current provisions of the Plan. The Plan is subject to federal laws, such as ERISA (the Employee Retirement Income Security Act), the Internal Revenue Code and other federal and state laws which might affect your rights under the Plan. The provisions of the Plan are subject to revision due to changes in laws or due to pronouncements by the Internal Revenue Service (IRS) or Department of Labor. Your Employer has the right to amend or terminate this Plan at any time. The Plan Administrator will notify you if the provisions of the Plan that are described in this SPD change.

**Investment arrangement.** The investment products you select (known as investment arrangements) may also affect the provisions of the Plan. In some cases, the investment arrangements may limit your options under the Plan. This SPD does not address the provisions of the various investment arrangements. You should contact the Plan Administrator or the investment provider if you have questions about the provisions of your specific investment arrangements.

**Types of contributions.** The Plan allows the following types of contributions:

- Mandatory employee contributions and employer nonelective contributions
- Employee elective deferrals
- Employee rollover contributions

## **ARTICLE I PARTICIPATION IN THE PLAN**

### **When May I start participating in the Plan?**

If you are an Employee of the Employer who is eligible to participate in the Plan, you may begin participating in the Plan once you have satisfied the eligibility requirements for the Plan, as described below. You may contact the Plan Administrator if you have any questions about your eligibility to participate or the timing of your Plan participation.

**Elective Deferral Contributions.** All employees of the Employer, except for (1) leased employees and (2) independent contractors, are eligible to participate in the Plan to make elective deferral contributions. You will be eligible to participate in the Plan on your date of hire and may begin making elective deferral contributions to the Plan as of the first payroll period beginning either on or after your date of hire or on or after the date you elect to make elective deferral contributions to the Plan (your “Entry Date”), if that date is later.

**Mandatory Employee and Employer Contributions.** All employees of the Employer, except for (1) leased employees, (2) independent contractors and (3) employees who normally work less than 20 hours per week are eligible to participate in the Plan for mandatory employee and mandatory employer contributions. You will be eligible to participate in the Plan for purposes of mandatory employee and mandatory employer contributions on your date of hire. If you normally work less than 20 hours per week but you have 1000 hours of service in your first year of service or any Plan Year after that, you will become eligible for mandatory employee and employer contributions under the Plan.

### **What happens if I’m a Participant, terminate employment and then I’m rehired?**

If you are no longer a Participant in the Plan because of a termination of employment with the Employer and you are later rehired, you will be able to participate in the Plan on the date on which you are rehired if you are otherwise eligible to participate in the Plan.

## **ARTICLE II EMPLOYEE CONTRIBUTIONS**

### **What are elective deferrals and how do I contribute them to the Plan?**

**Elective Deferrals.** As a Participant under the Plan, you may elect to reduce your compensation by a specific dollar amount or a specific percentage (if such election is permitted) and have that amount contributed to the Plan on a pre-tax basis as an elective deferral. Your taxable income is reduced by the elective deferral contribution amount so you may pay less in current federal income taxes (however, the amount you defer is still counted as compensation for purposes of Social Security taxes). Later, when the Plan distributes your elective deferrals and earnings to you, your distribution from the Plan will then be subject to federal income taxes.

You are always 100% vested in your elective deferral contributions to the Plan (see the Article in this SPD entitled “Vesting”).

**Elective Deferral procedure.** The amount you elect to defer will be deducted from your pay in accordance with procedures established by the Plan Administrator. You may elect to defer a portion of your compensation payable on or after your Entry Date. Your salary deferral election will become effective as soon as administratively possible after it is received by the Plan Administrator and will generally remain in effect until you change or terminate it.

**Elective Deferral election changes.** You may stop or change the amount of your salary deferral election in accordance with procedures established by the Plan Administrator. See the Plan Administrator for further information.

**Elective Deferral Limit.** As a Participant, you may elect to defer a percentage of your compensation each year as elective deferral contributions to the Plan, but your total elective deferrals in any taxable year cannot exceed a dollar limit which is set by law. The limit for 2021 is \$19,500. After 2021, the dollar limit may increase for cost-of-living adjustments.

**Age 50 Catch-Up Deferrals.** If you are at least age 50 or will attain age 50 before the end of a calendar year, then you may elect to defer additional amounts (called Age 50 Catch-Up Deferrals) to the Plan as of the January 1st of that year. You can defer the additional amounts regardless of any other limitations on the amount you can defer to the Plan. The maximum Age 50 Catch-Up Deferrals that you can make in 2021 is \$6,500. After 2021, the maximum might increase for cost-of-living adjustments.

**Contributions in excess of the annual dollar limit.** You should also be aware that each separately stated annual dollar limit on the amount you may defer (the annual elective deferral limit and the “catch-up contribution” limit described above) applies to all such similar salary deferral amounts and “catch-up contributions” you may make under this Plan and any other cash or deferred arrangements (including other tax-sheltered 403(b) annuity contracts, simplified employee pensions or 401(k) plans) in which you may be participating. Generally, if an annual dollar limit is exceeded, then the excess amount must be returned to you in order to avoid adverse tax consequences. For this reason, it is desirable to request in writing that any such excess salary deferral amounts and “catch-up contributions” be returned to you.

If you are in more than one plan, you must decide which plan or arrangement you would like to have return the excess contribution amount. If you decide that the excess contributions should be distributed from this Plan, you must communicate this in writing to the Plan Administrator no later than March 1st following the close of the calendar year in which such excess elective deferrals were made. However, if the entire dollar limit is exceeded in this Plan or any other plan the Employer maintains, then you will be deemed to have notified the Plan Administrator of the excess. The Plan Administrator will then return the excess deferral amount and any earnings to you by April 15th.

Contact the Plan Administrator for more information if you think the rules about excess elective deferral contributions may apply to you.

### **What are mandatory employee contributions?**

**Mandatory employee contributions.** As a condition of employment with the Employer, you must agree to contribute mandatory employee contributions to the Plan each Plan Year in an

amount that is equal to 5% of your compensation. These mandatory employee contributions are made to the Plan on a pre-tax basis and are in addition to any pre-tax elective deferral contributions you may elect to make to the Plan. Your mandatory employee contributions are not subject to federal income taxes in the year they are contributed, but might be subject to Social Security and Medicare tax withholding. You are always 100% vested in any mandatory employee contributions you make to the Plan.

**Employer contribution.** For each Plan year that you a make mandatory employee contribution to the Plan, the Employer will make an Employer nonelective contribution to the Plan on your behalf. See “What is the Employer nonelective contribution and how is it allocated?” under the next section for more information on the employer nonelective contribution made to the Plan on your behalf.

### **What are rollover contributions?**

**Rollover contributions.** Subject to the provisions of your investment arrangements and at the discretion of the Plan Administrator, if you are a Participant in the Plan, you may roll over distributions you have received from other employer retirement plans and certain IRAs to the Plan. This is called a “rollover” contribution and might provide tax benefits to you. You may ask the plan administrator of the other plan or the trustee or custodian of the IRA to directly transfer (a “direct rollover”) to this Plan all or a portion of any amount that you are entitled to receive as a distribution from the other plan or IRA. If you do not make a rollover contribution as a direct rollover, you may deposit any amount eligible to be rolled over within 60 days of your receipt of the distribution. You should consult your personal tax advisor to determine whether making a rollover contribution to the Plan is in your best interest.

**Rollover account.** Your rollover contribution will be held in a separate “rollover account” in the Plan. You will always be 100% vested in the balance in your “rollover account” (see the Article in this SPD entitled “Vesting”). Rollover contributions will be affected by any investment gains or losses.

**Withdrawal of rollover contributions.** You may withdraw the amounts in your “rollover account” at any time, even if you are still working for the Employer.

## **ARTICLE III EMPLOYER CONTRIBUTIONS**

### **What is the Employer nonelective contribution and how is it allocated?**

For each Plan Year that you make a mandatory employee contribution, the Employer will make an Employer nonelective contribution equal to 10% of your eligible compensation. Generally, the nonelective contribution will be “allocated” to Participants eligible to receive the contribution for the Plan Year.

**ARTICLE IV  
COMPENSATION AND ACCOUNT BALANCE**

**What compensation is used to determine my Plan benefits?**

Compensation for Plan purposes is defined as your total compensation that is subject to income tax as reported on your Form W-2 and paid to you by your Employer for the Plan Year. Compensation also includes the amount of your elective deferral contributions to the Plan and any amount you elect to defer on a pre-tax basis to any other Employer benefit plan, such as a cafeteria plan. Bonuses, overtime pay, and compensation paid while not a Participant in the Plan are excluded from Plan compensation.

For purposes of determining elective deferrals, mandatory employee contributions and employer nonelective contributions, compensation paid after you terminate your employment with the Employer is generally excluded for Plan purposes. However, compensation paid for services performed during your regular working hours, or for services outside your regular working hours (such as overtime or shift differential), or other similar payments that would have been made to you had you continued employment will be included in compensation even though they are paid after you terminate employment, provided these amounts would otherwise have been considered compensation as described above and provided they are paid within 2½ months after you terminate employment, or if later, the last day of the Plan Year in which you terminate employment.

In addition, for purposes of determining employer nonelective contributions, compensation paid after your termination of employment for unused accrued bona fide sick, vacation or other leave will be included in your compensation, if such amounts would have been included in compensation if paid prior to your termination of employment and you would have been able to use the leave if employment had continued, provided these amounts would otherwise have been considered compensation as described above and provided they are paid within 2½ months after you terminate employment, or if later, the last day of the Plan Year in which you terminate employment.

**Is there a limit on the amount of compensation which can be considered?**

The Plan, by law, cannot recognize annual compensation in excess of a certain dollar limit. The limit for the Plan Year beginning in 2021 is \$290,000. After 2021, the dollar limit might increase for cost-of-living adjustments.

**Is there a limit on how much can be contributed to my account each year?**

The law imposes a limit on the amount of total contributions (including mandatory employee contributions, Employer nonelective contributions and elective deferral contributions, but excluding Age 50 Catch-Up Deferral Contributions) that may be made to your Plan accounts during a year. For 2021, this total cannot exceed the lesser of \$58,000 or 100% of your includible compensation (generally your compensation for the prior 12-month period, as limited under the previous question). After 2021, the dollar limit might increase for cost-of-living adjustments.



The above limit may also include contributions made to other retirement plans in which you are a participant. If you have more than 50% control of a corporation, partnership, and/or sole proprietorship, then the above limit is based on contributions made in this Plan as well as contributions made to any 403(b) or qualified plans maintained by the businesses you control. If you control another business that maintains a plan in which you participate, then you are responsible for providing the Plan Administrator with information necessary to apply the annual contribution limits. If you fail to provide necessary and correct information to the Plan Administrator, it could result in adverse tax consequences to you, including the inability to exclude contributions to the Plan from your gross income for tax purposes.

### **How is the money in the Plan invested?**

In general, Plan assets may be invested in mutual funds and annuity contracts. You will be able to direct the investment of your Plan account, including your elective deferral contributions. The Plan Administrator will provide you with information on the investment choices available to you, the frequency with which you can change your investment choices and other information. If you do not direct the investment of your Plan account, then your account will be invested in accordance with the default investment alternatives your Employer establishes under the Plan. These default investments will be made in accordance with specific rules under which the fiduciaries of the Plan, including your Employer and the Plan Administrator, will be relieved of any legal liability for any losses resulting from the default investments. The Plan Administrator has or will provide you with a separate notice which details these default investments and your right to switch out of the default investment if you so desire.

The Plan is intended to comply with Section 404(c) of ERISA (the Employee Retirement Income Security Act). If the Plan complies with this Section of ERISA, then the fiduciaries of the Plan, including your Employer and the Plan Administrator, are relieved of any legal liability for any losses which are the direct and necessary result of the investment directions that you give. You must follow the procedures established for the Plan in giving investment directions. If you do not follow the Plan procedures, then your investment directions may not be followed.

When you direct investments, your account is segregated for purposes of determining the earnings or losses on these investments. Your account does not share in the investment performance for other Participants who have directed their own investments.

You should remember that the amount of your benefits under the Plan will depend in part upon your choice of investments. Gains as well as losses can occur, and your Employer and the Plan Administrator cannot provide investment advice or guarantee the performance of any investment you choose.

Periodically, you will receive a benefit statement that provides information on your account balance and your investment returns. It is your responsibility to notify the Plan Administrator of any errors you see on any statements within 30 days after the statement is provided or made available to you.

### **Will Plan expenses be deducted from my account balance?**

**Expenses allocated to all accounts.** Subject to the terms of the investment arrangements funding the Plan, the Plan might pay some or all Plan administration expenses from Plan assets. The annual expenses charged to the Plan are generally charged in an equal amount to each Participant, and paid pro-rata over the Plan year.

**Terminated employee.** After you terminate employment, subject to the terms of the investment arrangements funding the Plan, your Employer reserves the right to charge your account for your pro rata share of the Plan's administration expenses, regardless of whether your Employer pays some of these expenses on behalf of current employees.

**Expenses allocated to individual accounts.** There are certain other expenses that are specifically incurred by or are attributable to you that might be paid just from your account, subject to the terms of the investment arrangements funding the Plan. For example, if you are married and get divorced, the Plan might incur additional expenses implementing a court order if a court mandates that a portion of your account be paid to your ex-spouse. These additional expenses might be paid directly from your account because they are attributable only to you under the Plan. The Plan Administrator should inform you when there will be a charge (or charges) made directly to your account.

Your Employer might, from time to time, change the manner in which Plan administration expenses are allocated.

## **ARTICLE V VESTING**

### **What is my vested interest in my account?**

You are always 100% vested in all of your Plan accounts. This means that you are always entitled to the full amount of your Plan accounts.

## **ARTICLE VI DISTRIBUTIONS PRIOR TO TERMINATION OF EMPLOYMENT**

The individual agreements that govern the investment options you select for your Plan contributions might contain additional limits on when you can take a distribution and the form of distribution that is available, as well as your right to transfer Plan assets among approved investment options. Please review both the information about Plan distributions in this Summary Plan Description and the terms of the annuity contracts or custodial agreements for your investment options before requesting a distribution. Contact your Employer or the investment vendor if you have questions regarding your distribution options.

### **Can I withdraw money from my account while working?**

**In-service distributions.** You may be entitled to take an in-service distribution from the Plan while you are still working. However, this in-service distribution is not in addition to your other benefits and will therefore reduce the value of the benefits you will receive at retirement or when

your employment with the Employer is terminated. An in-service distribution is made at your election, subject to possible administrative limitations on the frequency and the actual timing of this type of distribution.

- **In-service Distributions at age 59½ or at Disability.** You may receive a distribution prior to your termination of employment from your elective deferral contributions account, your mandatory employee and employer nonelective contribution accounts and your custodial account under the Plan if you are age 59½ or older or if you incur a Disability. (See the section, below, entitled “When am I considered to be disabled under the Plan?” for a description of when you are disabled for Plan purposes.)

**Qualified reservist distributions.** If you are a reservist or National Guardsman called to active duty for at least 180 days or for an indefinite period, you may take a distribution of your elective deferrals under the Plan while you are on active duty, regardless of your age. The 10% federal early withdrawal penalty tax normally applicable to Plan distributions made before you reach age 59½ will not apply to the distribution. You also may repay the distribution to an IRA, without limiting amounts you otherwise could contribute to the IRA, provided you make the repayment within 2 years following your completion of active duty.

**Distributions for deemed severance of employment.** If you are on active military duty for more than 30 days, then the Plan generally treats you as having severed employment for purposes of receiving a distribution from your elective deferral contributions Plan account. If you request a distribution from your elective deferral contributions on account of this deemed severance of employment, then you are not permitted to make any elective deferral contributions to the Plan for six (6) months after the date of the distribution.

**Withdrawal of rollover contributions.** You may withdraw amounts in your “rollover account” at any time.

**Annuity waiver for in-service distribution.** If you wish to receive any in-service distribution from the Plan in a single payment from your account, you (and your spouse, if married) must first waive the annuity form of payment. (See the Article entitled “Distributions Upon Termination of Employment” for a further explanation of how benefits are paid from the Plan.)

#### **When am I considered to be disabled under the Plan?**

Under the Plan, disability is defined as the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months. The permanence and degree of such impairment must be supported by medical evidence. The Plan Administrator may require that your disability be determined by a licensed physician.

### **ARTICLE VII DISTRIBUTIONS UPON TERMINATION OF EMPLOYMENT**

To the extent permitted in the investment arrangements, the provisions in this Article apply to distributions from the Plan following termination of employment.

### **When can I get money out of the Plan?**

You may receive a distribution of the vested portion of some or all of your accounts in the Plan when you terminate employment with your Employer. You will be entitled to a distribution of your Plan benefit within a reasonable time after your termination and you must consent to this distribution.

See the question “How will my benefits be paid?” for a further explanation of how benefits are paid from the Plan.

### **What is Normal Retirement Age and what is the significance of reaching Normal Retirement Age?**

Your Normal Retirement Age under the Plan is the date you reach age 65. You will become 100% vested in all of your accounts under the Plan (assuming you are not already fully vested) if you are employed on or after the date you reach your Normal Retirement Age. If you remain employed past your Normal Retirement Age, you may generally defer the distribution of your Plan benefits until you actually terminate employment. When you do terminate your employment, benefit payments will begin as soon as administratively possible after you request your benefit distribution, but generally not later than when you reach age 72 (or age 70½ if you reached age 70½ prior to December 31, 2019). (See the question entitled “How will my benefits be paid to me?” for an explanation of how these benefits will be paid.)

### **How will my benefits be paid to me?**

The following provisions apply to the extent permitted under the investment arrangements in which the Plan assets are invested.

**Distribution methods.** If you terminate employment and your vested account balance exceeds \$5,000 (or another amount as provided in your investment arrangement), then you may elect to have your vested account balance distributed to you under one of the following methods provided it is permitted under your investment arrangements:

- a single lump-sum payment;
- installments over a period of not more than your assumed life expectancy (or the assumed life expectancies of you and your beneficiary);
- an annuity contract that the investment vendor provides or purchases with your vested account balance; or
- ad-hoc distributions. You may request a distribution of some or all of your Plan accounts, at any time following your termination of employment, subject to any reasonable limits regarding timing and amounts as the Plan Administrator or your investment arrangements may impose.

**Required beginning date.** There are rules that require that certain minimum distributions be made from the Plan. Distributions are required to begin not later than the April 1st following the

end of the year in which you reach age 72 (or age 70½ if you reached age 70½ prior to December 31, 2019) or terminate employment, whichever is later. You should contact the Plan Administrator if you think you might be affected by these rules.

**Mandatory annuity distribution (subject to waiver).** Subject to the provisions of your investment arrangements, if you are married on the date your benefits are to begin, you will automatically receive a joint and 50% survivor annuity, unless you and your spouse waive the annuity, as described below, and elect an alternative form of payment. Under a joint and 50% survivor annuity, you will receive monthly payments for your life, and after your death, your surviving spouse will receive a monthly benefit for the remainder of his or her life equal to 50% of the benefit you were receiving at the time of your death. You also may elect a joint and 75% survivor annuity instead of the standard joint and 50% survivor annuity. You should consult your personal financial advisor before making your benefit election.

If you are not married on the date your benefits are to begin, you will automatically receive a life annuity, unless you waive the qualified annuity and elect an alternative form of payment. Under a life annuity, you will receive monthly payments for as long as you live and no benefit payments will be due to any beneficiary after your death.

If your vested account balance does not exceed \$5,000, then, depending on the terms of your investment arrangement, your vested account balance may be distributed to you in a single lump-sum payment and you might not receive the qualified annuity, regardless of your marital status.

#### **May I elect another distribution method instead of a mandatory annuity distribution?**

**Waiver of annuity.** If your vested benefit in the Plan exceeds \$5,000, then when you are about to receive any distribution, the Plan Administrator will explain the joint and survivor annuity or the life annuity to you in greater detail. You will be given the option of waiving the joint and survivor annuity or the life annuity form of payment during the 180-day period before the annuity is to begin. **If you are married, your spouse must irrevocably consent in writing to the waiver of the joint and survivor annuity in the presence of a notary.** You may revoke any annuity waiver at any time. Your spouse's consent is also needed if you want to name someone other than your spouse as your beneficiary. The Plan Administrator will provide you with forms to make these annuity elections and waivers. Since your spouse participates in these elections, you must immediately inform the Plan Administrator of any change in your marital status.

**Other distribution method.** If you and your spouse elect not to take a joint and survivor annuity, or if you are not married when your benefits are scheduled to begin and have elected not to take a life annuity, you may elect to receive distribution of your account balance under any alternative distribution method as described above. You must follow the procedures established by your Employer to document your spouse's consent to waive the annuity in order to take some other form of payment permitted by the Plan.

## **ARTICLE VIII DISTRIBUTIONS UPON DEATH**

### **What happens if I die while working for the Employer?**

If you die while you are employed by the Employer, then your vested account balance will be used to provide your beneficiary with a death benefit.

### **Who is the beneficiary of my death benefit?**

**Married Participant.** If you are married at the time of your death, your spouse will be the beneficiary for the death benefit, with at least 50% of the benefit being offered as a qualified annuity. Your spouse may take any optional form of payment offered under the plan. However, they must at least be provided the opportunity to take the annuity.

If you wish to name a non-spousal beneficiary your spouse must irrevocably consent to the waiver of the annuity, and also to your designation of any non-spouse beneficiary. Your spouse's consent must be in writing, be witnessed by a notary and must acknowledge the specific non-spouse beneficiary.

If you are married and you change your non-spouse beneficiary designation, then your spouse must again properly consent to the change. In addition, you may elect a beneficiary other than your spouse without your spouse's consent if you can demonstrate to the Plan that your spouse cannot be located.

If a participant has a spousal waiver in place prior to age 35, they will be asked to re-affirm their waiver by completing it again when they turn 35..

**Unmarried Participant.** If you are not married, you may designate a beneficiary of your choosing.

**No beneficiary designation.** Subject to the terms of the investment arrangements, at the time of your death, if you have not designated a beneficiary or the individual named as your beneficiary is not alive, then the death benefit will be paid in the following order of priority to your: (i) surviving spouse, (ii) children, per stirpes, and (iii) estate.

### **How will the death benefit be paid to my beneficiary?**

**Mandatory annuity distribution (subject to waiver).** If your death benefit does not exceed \$5,000, then the benefit may only be paid as a lump-sum.

If you are married at the time of your death and the death benefit exceeds \$5,000, then the death benefit will be paid to your spouse in the form of a qualified annuity, unless you and your spouse waives the qualified annuity (the spouse may waive the annuity upon death of the participant). If the qualified annuity applies, the Plan will purchase, using 50% of your account balance, an annuity contract providing for payments over the life of your spouse. The size of the monthly payments will depend on the value of your vested account at the time of your death.

Under a special rule, you and your spouse may waive the qualified annuity form of payment any time before you turn age 35. However, any waiver will become invalid at the beginning of the Plan Year in which you turn age 35, and you and your spouse will be required to make another waiver.

**Distribution method/annuity waived.** If you and your spouse waive the qualified annuity, and the death benefit exceeds \$5,000, the benefit may be paid to your spouse in one of the methods described above under “How will my benefits be paid to me?” provided these methods are permitted under your investment arrangements.

### **When must payments be made to my beneficiary (required minimum distributions)?**

If your designated beneficiary is a person (rather than your estate or most trusts), then required minimum distributions of your death benefit must generally begin within one year of your death and must be paid no later than ten years after your death unless your beneficiary is your spouse or is one of the following:

- Minor child beneficiary (generally, must be paid within ten years of reaching majority age)
- Disabled beneficiary
- Beneficiary who is less than 10 years younger than you
- Beneficiary who is chronically ill

If your spouse is the beneficiary, the start of payments may be delayed until the year in which you would have attained age 72 (or age 70½ if you reached age 70½ prior to December 31, 2019). Generally, if you die before you are required to begin minimum distributions (which for most people is shortly after the later of age 72 (or age 70½ if you reached age 70½ prior to December 31, 2019) or retirement) and your beneficiary is not a person, then your entire death benefit must be paid within five years after your death. Some investment products may allow a person to use this five-year rule. See the Plan Administrator for further details.

Since your spouse has certain rights to your death benefit, you should immediately report any change in your marital status to the Plan Administrator.

### **What happens if I terminate employment, commence required minimum distribution payments and then die before receiving all of my benefits?**

If you are married at the time of death, the form of death benefit payment will be a life annuity to your surviving spouse as described above under “Mandatory annuity distribution (subject to waiver),” unless you and your spouse had waived the qualified annuity. In the event you had waived the qualified annuity, your beneficiary will be entitled to your remaining vested interest in the Plan at the time of your death. See the Plan Administrator for more information regarding the timing and method of payments that apply to your beneficiary.

## **ARTICLE IX TAX TREATMENT OF DISTRIBUTIONS**

### **What are my tax consequences when I receive a distribution from the Plan?**

Generally, you must include any Plan distribution in your taxable income in the year in which you receive the distribution. The tax treatment that applies to a Plan distribution may also depend on your age when you receive the distribution. Certain distributions made to you when you are under age 59½ could be subject to an additional federal 10% penalty tax.

### **Can I elect a rollover to defer tax on my distribution?**

**Rollover or Direct Transfer.** You may defer the tax due on your distribution through use of one of the following methods:

(a) **60-day rollover.** You may roll over all or a portion of the distribution to an Individual Retirement Account or Annuity (IRA) or another employer retirement plan willing to accept the rollover. This will result in no tax being due on the amount you rolled over until you begin withdrawing funds from the IRA or other qualified employer plan. The rollover of the distribution, however, must be made within strict time frames (normally, within 60 days after you receive your distribution). Under certain circumstances, all or a portion of a distribution may not qualify for this rollover treatment. In addition, most distributions will be subject to mandatory federal income tax withholding at a rate of 20% if the distribution is paid directly to you before you roll it over to an IRA or other employer retirement plan. The amount you actually receive will be reduced by this mandatory 20% federal tax withholding. For this reason, if you wish to roll over all or a portion of your distribution amount, the direct rollover option described in paragraph (b) below may be the better choice, depending on your personal circumstances.

(b) **Direct rollover.** For most distributions, you may request that a direct transfer (sometimes referred to as a direct rollover) of all or a portion of a distribution be made to either an Individual Retirement Account or Annuity (IRA) or another employer retirement plan willing to accept the transfer. A direct transfer will result in no tax being due on the amount you rolled over until you begin to withdraw funds from the IRA or other employer plan. Like the 60-day rollover, under certain circumstances all or a portion of the amount to be distributed may not qualify for this direct transfer. If you elect to actually receive the distribution directly rather than request a direct transfer, then in most cases 20% of the distribution amount will be withheld for federal income tax purposes. If you decide to directly transfer all or a portion of a distribution, you (and your spouse, if you are married) must first waive the qualified annuity form of payment. (See the question entitled “How will my benefits be paid to me?” for a further explanation of this waiver requirement.)

**Tax Notice.** Whenever you receive a distribution that is an eligible rollover distribution, the Plan Administrator will deliver to you a more detailed explanation of the tax treatment for your distribution rollover options. However, the rules which determine whether you qualify for



favorable tax treatment are very complex. You should consult with your personal tax advisor before making a choice about how to receive your distribution from the Plan.

## **ARTICLE X LOANS**

### **Is it possible to borrow money from the Plan?**

Yes, it is possible to borrow money from the Plan. Loans are permitted in accordance with the Plan Loan Policy attached to this SPD and subject to the limitations of your investment arrangements.

## **ARTICLE XI PROTECTED BENEFITS AND CLAIMS PROCEDURES**

### **Are my benefits protected?**

As a general rule, your interest in your Plan account may not be sold, used as collateral for a loan (other than for a Plan loan), given away or otherwise transferred (except at death to your beneficiary). In addition, your creditors (other than the IRS) may not attach, garnish or otherwise interfere with your benefits under the Plan.

### **Are there any exceptions to the general rule?**

There are three exceptions to this general rule. The Plan Administrator must honor a qualified domestic relations order (QDRO). A QDRO is a decree or order issued by a court that allocates all or a portion of your assets in the Plan to your spouse, former spouse, children or other dependents (referred to as alternate payees). The Plan Administrator will determine the validity of any domestic relations order received. You and your beneficiaries can obtain from the Plan Administrator, without charge, a copy of the procedure used by the Plan Administrator to determine whether a qualified domestic relations order is valid.

The second exception applies if you are involved with the Plan's operation. If you are found liable for any action that adversely affects the Plan, the Plan Administrator can offset your benefits by the amount that you are ordered or required by a court to pay the Plan. All or a portion of your benefits may be used to satisfy any such obligation to the Plan.

The last exception applies to federal tax levies and judgments. The federal government is able to use your interest in the Plan to enforce a federal tax levy and to collect a judgment resulting from an unpaid tax assessment.

### **Can the Employer amend the Plan?**

Your Employer has the right to amend the Plan at any time. In no event, however, will any amendment authorize or permit any part of the Plan assets to be used for purposes other than the exclusive benefit of Participants or their beneficiaries. Additionally, no amendment will cause any reduction in the contributions already credited to your account.

### **What happens if the Plan is discontinued or terminated?**

Although your Employer intends to maintain the Plan indefinitely, your Employer reserves the right to terminate the Plan at any time. Upon termination, no further contributions will be made to the Plan and all amounts credited to your accounts will continue to be 100% vested. Your Employer will direct the distribution of your accounts in a manner permitted by the Plan as soon as practicable following the Plan's termination. You will be notified if the Plan is terminated.

### **Does military service affect my Plan benefit?**

If you are a veteran and are reemployed under the Uniformed Services Employment and Reemployment Rights Act of 1994, your qualified military service may be considered service with your Employer. There might also be benefits for employees who die or become disabled while on active duty. Employees who receive wage continuation payments while in the military may benefit from various changes in the law. If you think you may be affected by these rules, ask the Plan Administrator for further details.

### **How do I submit a claim for Plan benefits?**

You may file a claim for benefits by submitting a written request for benefits to the Plan Administrator. You should contact the Plan Administrator to see if there is an applicable distribution form that must be used. If no specific form is required or available, then your written request for a distribution will be considered a claim for benefits. In the case of a claim for disability benefits, if disability is determined by the Plan Administrator (rather than by a third party such as the Social Security Administration), then you must also include with your claim sufficient evidence to enable the Plan Administrator to make a determination on whether you are disabled.

Decisions on the claim will be made within a reasonable period of time appropriate to the circumstances. "Days" means calendar days. If the Plan Administrator determines the claim is valid, then you will receive a statement describing the amount of benefit, the method or methods of payment, the timing of distributions and other information relevant to the payment of the benefit.

For purposes of the claims procedures described below, "you" refers to you, your authorized representative, or anyone else entitled to benefits under the Plan (such as a beneficiary). A document, record, or other information will be considered relevant to a claim if it:

- was relied upon in making the benefit determination;
- was submitted, considered, or generated in the course of making the benefit determination, without regard to whether it was relied upon in making the benefit determination;
- demonstrated compliance with the administrative processes and safeguards designed to ensure and to verify that benefit determinations are made in accordance with Plan documents and Plan provisions have been applied consistently with respect to all claimants; or

- constituted a statement of policy or guidance with respect to the Plan concerning the denied treatment option or benefit.

### **What if my benefits are denied?**

Your request for Plan benefits will be considered a claim for Plan benefits, and it will be subject to a full and fair review. If your claim is wholly or partially denied, the Plan Administrator will provide you with a written or electronic notification of the Plan's adverse determination. This written or electronic notification must be provided to you within a reasonable period of time, but not later than 90 days (except as provided below for disability claims) after the receipt of your claim by the Plan Administrator, unless the Plan Administrator determines that special circumstances require an extension of time for processing your claim. If the Plan Administrator determines that an extension of time for processing your claim is required, written notice of the extension will be furnished to you prior to the termination of the initial 90-day period. In no event will such extension exceed a period of 90 days from the end of such initial period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination.

In the case of a claim for disability benefits, if disability is determined by the Plan Administrator (rather than a third party such as the Social Security Administration), then instead of the above, the initial claim must be resolved within 45 days of receipt by the Plan. A Plan may, however, extend this decision-making period for an additional 30 days for reasons beyond the control of the Plan. The Plan will notify you of the extension prior to the end of the 45-day period. If, after extending the time period for a first period of 30 days, the Plan Administrator determines that it will still be unable, for reasons beyond the control of the Plan, to make a decision within the extension period, the Plan may extend decision making for a second 30-day period. Appropriate notice will be provided to you before the end of the first 45 days and again before the end of each succeeding 30-day period. This notice will explain the circumstances requiring the extension and the date the Plan Administrator expects to render a decision. It will explain the standards on which entitlement to the benefits is based, the unresolved issues that prevent a decision, the additional issues that prevent a decision, and the additional information needed to resolve the issues. You will have 45 days from the date of receipt of the Plan Administrator's notice to provide the information required.

If the Plan Administrator determines that all or part of the claim should be denied (an "adverse benefit determination"), it will provide a notice of its decision in written or electronic form explaining your appeal rights. An "adverse benefit determination" also includes a rescission, which is a retroactive cancellation or termination of entitlement to disability benefits. The notice will be provided in a culturally and linguistically appropriate manner and will state:

- (a) The specific reason or reasons for the adverse determination.
- (b) Reference to the specific Plan provisions on which the determination is based.
- (c) A description of any additional material or information necessary for you to perfect the claim and an explanation of why such material or information is necessary.

(d) A description of the Plan's review procedures and the time limits applicable to such procedures. This will include a statement of your right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review.

(e) In the case of a claim for disability benefits, if disability is determined by the Plan Administrator (rather than a third party such as the Social Security Administration, then the following additional information will be provided:

(i) A discussion of the decision, including an explanation of the basis for disagreeing with or not following:

- The views you presented to the Plan of health care professionals treating the claimant and vocational professionals who evaluated you;
- The views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with an adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; or
- A disability determination made by the Social Security Administration and presented by you to the Plan.

(ii) Either the internal rules, guidelines, protocols, or other similar criteria relied upon to make a determination, or a statement that such rules, guidelines, protocols, or other criteria do not exist.

(iii) If the adverse benefit determination is based on a medical necessity or experimental treatment and/or investigational treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to your medical circumstances. If this is not practical, a statement will be included that such explanation will be provided to you free of charge, upon request.

(iv) A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim.

If your claim has been denied, and you want to submit your claim for review, you must follow the claims review procedure in the next question.

### **What is the claims review procedure?**

Upon the denial of your claim for benefits, you may file your claim for review, in writing, with the Plan Administrator.

(a) You must file the claim for review no later than 60 days (except as provided below for disability claims) after you have received written notification of the denial of your claim for benefits.

However, if your claim is for disability benefits and disability is determined by the Plan Administrator (rather than a third party such as the Social Security Administration), then instead of the above, you must file the claim for review not later than 180 days following receipt of notification of an adverse benefit determination. In the case of an adverse determination regarding a rescission of coverage, you must request a review within 90 days of the notice.

(b) You may submit written comments, documents, records, and other information relating to your claim for benefits.

(c) You will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits.

(d) Your claim for review must be given a full and fair review. This review will take into account all comments, documents, records, and other information submitted by you relating to your claim, without regard to whether such information was submitted or considered in the initial benefit determination.

In addition to the claims review procedure above, if your claim is for disability benefits and disability is determined by the Plan Administrator (rather than a third party such as the Social Security Administration), then:

(a) Your claim will be reviewed without deference to the initial adverse benefit determination and the review will be conducted by an appropriate named fiduciary of the Plan who is neither the individual who made the adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual.

(b) If the initial adverse benefit determination was based on a medical judgment, including determinations with regard to whether a particular treatment, drug, or other item is experimental, investigational, or not medically necessary or appropriate, the fiduciary will consult with a health care professional who was neither involved in or subordinate to the person who made the original benefit determination. This health care professional will have appropriate training and experience in the field of medicine involved in the medical judgment. Additionally, medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the initial determination will be identified.

(c) Any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with your adverse benefit determination will be identified, without regard to whether the advice was relied upon in making the benefit determination.

(d) If the Plan considers, relies upon or creates any new or additional evidence during the review of the adverse benefit determination, the Plan will provide such new or additional evidence to you, free of charge, as soon as possible and sufficiently in advance of the time within which a determination on review is required to allow you time to respond.

- (e) Before the Plan issues an adverse benefit determination on review that is based on a new or additional rationale, the Plan Administrator must provide you with a copy of the rationale at no cost to you. The rationale must be provided as soon as possible and sufficiently in advance of the time within which a final determination on appeal is required to allow you time to respond.

The Plan Administrator will provide you with written or electronic notification of the Plan's benefit determination on review. The Plan Administrator must provide you with notification of this denial within 60 days (45 days with respect to claims relating to the determination of disability benefits) after the Plan Administrator's receipt of your written claim for review, unless the Plan Administrator determines that special circumstances require an extension of time for processing your claim. In such a case, you will be notified, before the end of the initial review period, of the special circumstances requiring the extension and the date a decision is expected. If an extension is provided, the Plan Administrator must notify you of the determination on review no later than 120 days (or 90 days with respect to claims relating to the determination of disability benefits).

The Plan Administrator will provide written or electronic notification to you in a culturally and linguistically appropriate manner. If the initial adverse benefit determination is upheld on review, the notice will include:

- (a) The specific reason or reasons for the adverse determination.
- (b) Reference to the specific Plan provisions on which the benefit determination was based.
- (c) A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits.
- (d) In the case of a claim for disability benefits, if disability is determined by the Plan Administrator (rather than a third party such as the Social Security Administration):
  - (i) Either the specific internal rules, guidelines, protocols, or other similar criteria relied upon to make the determination, or a statement that such rules, guidelines, protocols, or criteria do not exist.
  - (ii) If the adverse benefit determination is based on a medical necessity or experimental treatment and/or investigational treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to your medical circumstances. If this is not practical, a statement will be included that such explanation will be provided to you free of charge, upon request.
  - (iii) A statement of your right to bring a civil action under section 502(a) of ERISA and, if the Plan imposes a contractual limitations period that applies to your right to bring such an action, a statement to that effect which includes the calendar date on which such limitation expires on the claim.

(iv) A discussion of the decision, including an explanation of the basis for disagreeing with or not following:

- the views presented by the claimant to the Plan of health care professionals treating you and vocational professionals who evaluated you;
- the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with an adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; or
- a disability determination made by the Social Security Administration and presented by you to the Plan.

If you have a claim for benefits which is denied, then you may file suit in a state or federal court. However, in order to do so, you must file the suit no later than 180 days after the date of the Plan Administrator's final determination denying your claim.

### **What are my rights as a Plan Participant?**

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:

- (a) Examine, without charge, at the Plan Administrator's office and at other specified locations, all documents governing the Plan, including collective bargaining agreements and insurance contracts, if any, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- (b) Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including collective bargaining agreements and insurance contracts, if any, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Plan Administrator may make a reasonable charge for the copies.
- (c) Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.
- (d) Obtain a statement telling you the total amount in your accounts and either the percentage of such accounts which are vested or the earliest date on which such accounts become vested. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide the statement free of charge.

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 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 or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan’s decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. You and your beneficiaries can obtain, without charge, a copy of the Plan’s QDRO procedures from the Plan Administrator.

If it should happen that the Plan’s 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, it finds your claim is frivolous.

### **What can I do if I have questions or my rights are violated?**

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

## **ARTICLE XII GENERAL INFORMATION ABOUT THE PLAN**

There is certain general information which you may need to know about the Plan. This information has been summarized for you in this Article.



**Plan Name**

The full name of the Plan is Pediatric Faculty Foundation Defined Contribution Plan.

**Plan Number**

The Employer has assigned Plan Number 001 to your Plan.

**Plan Effective Dates**

This Plan was originally effective on September 1, 1991. The amended and restated provisions of the Plan become effective on January 1, 2020.

**Other Plan Information**

**Plan Year.** The Plan's records are maintained on a twelve-month period of time. This is known as the Plan Year. The Plan Year ends on December 31st.

**Type of Plan.** The Plan is a 403(b) defined contribution plan.

The Plan will be governed by the laws of the state of Illinois to the extent not governed by federal law.

Benefits provided by the Plan are not insured by the Pension Benefit Guaranty Corporation (PBGC) under Title IV of the Employee Retirement Income Security Act of 1974 because the insurance provisions under ERISA are not applicable to this type of Plan.

Service of legal process may be made upon the Employer. Service of legal process may also be made upon the Employer's chief executive officer or Plan Administrator.

**Employer Information**

The Employer's name, address, business telephone number and identification number are:

Pediatric Faculty Foundation  
225 E. Chicago Ave Box 14  
Chicago, Illinois 60611-2991  
312-227-3030  
36-3279680

**Type of Administration and Plan Administrator Information**

The Plan Administrator is responsible for the day-to-day administration and operation of the Plan. For example, the Plan Administrator maintains the Plan records, including your account information, provides you with the forms you need to complete for Plan participation, and directs the payment of your account at the appropriate time. The Plan Administrator will also allow you to review the formal Plan document and certain other materials related to the Plan. If you have any questions about the Plan or your participation, you should contact the Plan Administrator.

The Plan Administrator may designate other parties to perform some duties of the Plan Administrator, and some duties are the responsibility of the investment provider(s) to the Plan.

The Plan Administrator has the complete power, in its sole discretion, to determine all questions arising in connection with the administration, interpretation, and application of the Plan (and any related documents and underlying policies). Any such determination by the Plan Administrator is conclusive and binding upon all persons.

The name, address and business telephone number of the Plan's Administrator are:

Contact: Pediatric Faculty Foundation  
Address: 225 E. Chicago Ave Box 14  
Chicago, Illinois 60611-2991  
Telephone: 312-227-3030

### **Custodial Account**

The Plan Custodian is responsible for investing the custodial accounts for the benefit of Plan Participants. TIAA-CREF is the Plan Custodian.

## **APPENDIX PLAN LOAN POLICY**

This participant loan policy has been established by the Plan Administrator for The Pediatric Faculty Foundation 403(b) Plan (the “Plan”). All references to Participants in this loan policy include Participants and their Beneficiaries or any alternate payee with respect to the Plan provided that the borrower must qualify as a “party in interest” as defined by ERISA Section 3(14). All current employees of the Employer and certain former Employees qualify as parties in interest.

The Individual Agreements governing the investment options that you selected for your Plan contributions may contain additional limits on when you can take a loan. Please review both the following information in this Loan Policy and your annuity contracts or custodial agreements before requesting a loan. Contact your Employer or the investment vendor if you have questions regarding your loan options.

Please be aware that by taking a loan from your Plan accounts, you may affect your earnings and limit your wealth accumulation in the Plan.

*\*Please refer to the Loan Policy Addendum at the end of this document as it relates to updated loan and distribution options under the “Coronavirus Aid, Relief, and Economic Security Act” or the “CARES Act”.*

### **1. Loan Eligibility**

- A participant is eligible to take out a loan if:
  - (a) They are an active employee of Pediatric Faculty Foundation and a participant in the Pediatric Faculty Foundation 403(b) Plan, and
  - (b) They have a vested account balance of at least \$2,000, and
  - (c) They currently have less than two outstanding Plan loans.
- A married participant, must obtain the consent of their spouse prior to taking the loan. TIAA will require a signed and notarized Spousal Waiver.

**Terminated Participants are not eligible to take a loan from the Plan.**

### **2. Loan Amounts**

- The minimum loan amount is \$1,000.
- Under Code Section 72(p), the maximum allowable loan is the lesser of either:
  - (a) One-half the participant’s eligible vested account balance minus any outstanding loans;
  - or
  - (b) \$50,000 minus the highest outstanding loan balance in the preceding 12 months, even if repaid. The maximum amount a participant can borrow may also be less depending on their eligible accumulations under the Plan.

### 3. Number of Permitted Loans

- A Participant may not have more than two (2) loans outstanding at any one time from the Plan.

### 4. Loan Funding (subject to investment arrangements)

- The loan is funded directly from a cash-out of the eligible accumulations in your Plan.
- The proceeds for the loan will be taken proportionately from each of the investment funds in which these accounts are invested.
- The proceeds for a loan are disbursed directly from your retirement account and will be 100% of the following participant accounts in the priority order as follows:
  - (a) The before-tax rollover account.
  - (b) The pre-tax elective supplemental deferral account.
  - (c) The pre-tax mandatory **employee** contributions (subject to the terms of the TIAA contract\*).
- As of the date of this notice, only the GSRA contract allows for retirement Plan loans. In order, to use employee pre-tax mandatory contributions to fund a loan, additional steps may be required.

*Only accounts attributed to the Elective Supplemental Contributions and Mandatory employee 5% contribution source are eligible to be used for loan purposes, the accounts attributable to the mandatory employer 10% non-elective contributions are not eligible to be used for loan purposes.*

### 5. Loan Repayment Period

- General Purpose Loans- payments of principal and interest on the loan will be made in equal installments over a period of one (1) to five (5) years.
- Primary Residence Loans - If the participant uses the loan solely to purchase a primary residence, the participant can take up to ten (10) years to repay.

### 6. Loan Repayment Method

- TIAA offers a free automatic loan repayment service.
  - (a) TIAA sends a pre-note to the participant's bank 2 days before the due date. The funds are pulled from the participant's bank account on the due date.
  - (b) The loan is established to be repaid on the 1st or the 15th of each month. The first repayment is usually required about a month after the loan is issued.
  - (c) As the loan is repaid, the loan payment is applied to the interest and to the principal, thereby reducing the balance owed. Payments received on the loan will be directed into the participant's account based on their current investment allocation in the applicable Plan and will be reflected on their statement.

## **7. Loan Interest Rate and Fees**

- Retirement Plan Loans from mutual funds or annuity contract (RPL) - The interest rate will be fixed for the term of the loan and will be equal to the Federal Reserve Board Bank prime loan rate plus 1 percent at the time of the loan origination.
- The loan origination fee is \$75 for a general-purpose loan and \$125 for a primary residence loan in addition to an annual maintenance fee of \$25. The fees cover the cost to initiate and maintain the loan on the Participants behalf.

## **8. Loan Defaults**

- If a participant terminates employment and has an outstanding loan, repayments must continue, or the loan will default. The loan can be repaid in full or repayments can continue through ACH.
- If TIAA doesn't receive a loan payment by the last day of the calendar quarter following the calendar quarter in which the loan repayment is due, the Participant will be in default. The Participant will be considered in default on the entire outstanding loan balance.
- The outstanding loan balance (including accrued interest) considered in default, will be reported to the IRS as current taxable income to the participant and may be subject to penalties for early distribution.
- Defaults are taxable as ordinary income in the year they occur. If the Participant is under age 59½, his/her default may also be subject to an additional ten percent (10%) federal tax penalty. TIAA assumes no responsibility for the tax consequences resulting from loan defaults.
- If a participant defaults on a loan they must wait one (1) calendar year before obtaining a new loan under the Plan.

## **9. Loans to an employee in the armed forces**

- If the employee is in the armed forces, the loan repayments will be suspended during the employee's period of active duty and then the loan repayment period will be extended by this period.

## **10. Requesting a loan**

TIAA is the Loan Administrator for the Plan, to request a loan, call TIAA customer service at 1-800-842-2252, or

1. Log into TIAA.org
2. Select the ACTIONS tab at the top of the page
3. Select Start a loan or withdrawal
4. Follow the on-screen instructions to complete your loan request.

All loan applications will be considered by the Plan Administrator within a reasonable time after the Participant makes formal application. Please note that you may be required to print, fill out and return additional forms to complete your request. If this applies to you, you'll see instructions online before you submit your loan request.

## LOAN POLICY CARES ACT ADDENDUM

The “Coronavirus Aid, Relief, and Economic Security Act” or the “CARES Act” is designed to bring financial relief for individuals and families. Most financial experts advise against using assets that have been set aside for retirement. But many individuals may have to do just that in order to supplement their income. The following provisions are intended to help individuals access their retirement plan assets and replenish those assets later.

### **Who is eligible for a Coronavirus-related loan or distribution?**

To qualify:

- a) You, your spouse, or a dependent is Diagnosed with COVID-19 on a test approved by the CDC, or
- b) You have experienced adverse financial consequences because of the pandemic:
  - Being quarantined, furloughed, laid off, or having work hours reduced.
  - Being unable to work due to lack of child-care.
  - Closing or reducing hours of a business owned by such individual as a result of such virus or disease
  - Other factors as determined by the Secretary of the Treasury or his delegate.

**\*The participant will be asked to self-certify that they meet the above requirements for a coronavirus-related loan or distribution.**

## LOANS

### **How does the CARES act change the current loan policy?**

- a) **Loan Limits** - For loans taken from an eligible retirement plan within six months of enactment of the CARES Act (September 23, 2020), Loan limit increased from 50,000 to the lesser of \$100,000 or all of the vested account balance.
- b) **Loan Repayment** - Participants can request a suspension of loan payments for up to one year. Any subsequent re-payments (and interest) will be adjusted to reflect such delay in repayment and the repayment period will be extended by this period.
- c) **Loan Repayment Period** - The statutorily allowed maximum of 5 years for repayment does not include the year of suspension.

**EXISTING LOAN PAYMENT DEFERMENT:** The CARES Act permits loan repayments for qualified participants to be delayed. The delay applies to existing loan repayments due between the date of enactment (March 27-December 31, 2020), with a permitted delay of one year.

## DISTRIBUTIONS

### **What are the new coronavirus-related distributions (CRDs)?**

A CRD is defined as a distribution made on or after January 1, 2020, and before December 31, 2020, to a qualified (see above) individual.

## How does a CRD differ from the current hardship withdrawals under the plan?

- a) **Penalty-free coronavirus-related distributions** – The 10% early withdrawal penalty under Internal Revenue Code (Code) Section 72(t) is waived for “coronavirus-related distributions” of up to \$100,000.
- b) **Federal withholding** – The mandatory 20% withholding requirement on these distributions does not apply.
- c) **Taxable income treatment** - Amounts required to be included in an individual’s income because of a coronavirus-related distribution will be included ratably over the individual’s 2020, 2021, and 2022 taxable years. However, an individual may choose to opt out of this special income tax treatment.
- d) **Repayment Option** - The participant has the option to repay the distribution if they choose. The distribution may be repaid in one or more payments at any time during a three-year period beginning on the day after the distribution was received. The repayment is to be treated by the plan as a rollover contribution made through a trustee-to-trustee transfer and is not subject to annual contribution limits.

TIAA is the Loan/Withdrawal Administrator for the Plan, to request a loan, or withdrawal call TIAA customer service at 1-800-842-2252, or

1. Log into TIAA.org
2. Select the ACTIONS tab at the top of the page
3. Select Start a loan or withdrawal
4. Follow the on-screen instructions to complete your loan request.

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