

**UNIVERSITY OF ARKANSAS
RETIREMENT PLAN**

This Summary Plan Description
provides each Participant
with a description of the
**University of Arkansas
Retirement Plan**

January 1, 2005

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**PART 1: INFORMATION ABOUT THE PLAN:
ENROLLMENT, CONTRIBUTIONS, VESTING**

1. What Is The University of Arkansas Retirement Plan?

The University of Arkansas Retirement Plan (the “Plan”) is a Defined Contribution Plan under 403(b) Plan and 457(b) of the Internal Revenue Code of 1986 (“Code”). It was originally established by the Board of Trustees effective July 1, 1923. This is a summary of the plan as in existence January 1, 2005. Benefits are provided through:

- A. *Teachers Insurance and Annuity Association (TIAA)*. TIAA provides a traditional annuity 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 (800) 842-2776 any business day, from 7:00 a.m. - 10:00 p.m. Central Time and Saturdays from 8:00 a.m. - 5:00 p.m. Central Time, or by accessing TIAA-CREF's WebCenter at www.tiaa-cref.org.
- B. *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, NY 10017. You can also receive information by calling (800) 842-2776 any business day, from 7:00 a.m. - 10:00 p.m. Central Time or by accessing TIAA-CREF's WebCenter at www.tiaa-cref.org.
- C. *Fidelity Investments*. Fidelity Investments provides mutual funds. You can receive more information and request prospectuses for the mutual funds by writing to: Fidelity Retirement Services, P.O. Box 5000, Cincinnati, Ohio 45273, or calling Fidelity Retirement Services at (800) 343-0860, Monday through Friday, from 7:00 a.m. to 11:00 p.m., Central Time or by accessing Fidelity's Website at www.fidelity.com/non-profits. You can also receive more information about Fidelity's mutual funds by calling Fidelity Investments Retail Services at (800) 544-8888, 24 hours a day.
- D. *Metropolitan Life*. Metropolitan Life Insurance Company provides fixed dollar annuities through the MetLife Guaranteed Account. Fidelity services the MetLife Guaranteed Account during the accumulation phase and can provide information regarding MetLife retirement annuities. You can receive more information and request literature about the MetLife Guaranteed Account by calling (800) 343-0860, Monday through Friday, from 7:00 a.m. to 11:00 p.m., Central Time or by accessing Fidelity's Website at www.fidelity.com/non-profits. You may also receive more information by writing to Fidelity Retirement Services, P.O. Box 5000, Cincinnati, Ohio 45273. Additionally, you may receive information about the MetLife Guaranteed Account by calling Fidelity Investments Retail Services at (800) 544-8888, 24 hours a day.

The Plan operates under Section 403(b) and 457(b) of the Code. The Administrator of the Plan is the University of Arkansas. The Plan Year begins January 1 and ends December 31.

Section 403(b) of the Code permits tax deferred contributions to an annuity contract or mutual fund held under custodian agreement. Under Section 457(b) of the Code, tax deferred contributions may also be made to a governmental account with similar tax consequences. Differences between the 457(b) account and 403(b) account are described in this summary.

2. Who Is Eligible To Participate In The Plan?

You are an eligible employee if you are a full time employee of the University, unless you are an employee of a community college not participating in the Plan. A full time employee is any employee who is employed half-time or greater and is on at least a nine month appointment period. It does not include temporary or extra-help employees. Also, you are not an eligible employee if your employment is incidental to your educational program at the University. You are only eligible to participate in the Plan if you elect to participate in this plan instead of the Arkansas Public Employees Retirement System (“APERS”) upon employment.

3. When Do I Begin Participating In The Plan?

If you are an eligible employee, you will begin participation in this Plan on the first day of the month coincident with or next following employment at the University. University contributions will be made from date of employment. The appropriate enrollment forms must be completed and returned to the University.

4. How Are Plan Contributions Made?

When you begin participation in the Plan, contributions will be made automatically to the funding vehicle that you've chosen. Contributions will be made by the University and may also be made by you. 403(b) Plan Contributions by you are made on a before-tax (salary reduction) or after-tax (salary deduction) basis. 457(b) Plan Contributions are made on a before-tax basis only.

Your contributions will be made to the 403(b) plan to the extent of the maximum pre-tax contribution to the 403(b) plan. Once the maximum pre-tax 403(b) contribution has been made, the participant may elect either to have after-tax contributions made to the 403(b) plan or to have pre-tax contributions made to the 457 (b) plan.

To contribute to the University of Arkansas Retirement Plan by salary reduction, you must enter into a salary reduction agreement with the University. Under a salary reduction agreement, you agree to a reduction in salary and the University of Arkansas agrees to make a contribution equal to the amount of the reduction to your Retirement Account(s).

You may enter into a salary reduction agreement at any time during the year, but only to the extent that the amount of the reduction is allowed under the Code or the amount payable to you for the remainder of the year. Any changes to the 457(b) reduction amounts is effective for the next calendar month. The total amount of contributions must not exceed the limitation established by the IRS.

The University will contribute 5% of regular salary per pay period whether or not you elect to make contributions. If you do elect to contribute to the Plan, the University will make additional contributions over 5% of regular salary, according to the following schedule:

PLAN CONTRIBUTIONS AS A PERCENTAGE OF REGULAR SALARY

BY YOU	UNIVERSITY	TOTAL
0	5	5
1-5	5	6-10
6	6	12
7	7	14
8	8	16
9	9	18
10	10	20

If you participate in the Plan for only a part of a year, or if you change the level of your contributions during the year, the employer contribution for any period will be based on the employee contributions for that period. For example, assume an employee makes salary reduction contributions of 5% for the first nine months of the year and 10% for the next three months of the year. The employer contribution is 5% for the first nine months and 10% for the next three months.

For faculty, regular salary means the salary stated in the academic year contract or appointment letter, including summer school compensation. For all other employees, regular salary means the basic annual earnings excluding overtime pay, bonuses, and any other forms of supplemental remuneration. In no event will the salary taken into account under the Plan \$205,000 per year for 2004, or as adjusted for cost of living increases for future years. No salary deferral contributions or employer contributions are made on accrued vacation pay which is paid after termination of employment.

All University contributions are made to the 403(b) Plan.

5. What Is The Maximum Pre-Tax Contribution I Can Make To The Plan?

The maximum pre-tax contribution which can be made under a salary reduction agreement to the Section 403(b) Plan is as follows:

2005	\$14,000
2006 & later	\$15,000

The maximum pre-tax contribution which can be made to the 457(b) Plan is as follows:

2005	\$14,000
2006 & later	\$15,000

You can make the maximum contribution to both plans.

6. What Is The Special Catch-Up Pre-Tax Contribution Amount For Over-50 Employees?

Employees who will have attained at least age 50 by the end of the year may make additional before tax contributions to the 403(b) Plan and the 457(b) Plan as follows:

2005	\$4,000
2006 & later	\$5,000

The additional contribution may be a part of the employee contributions matched by the University.

You may make the over-50 contribution to both the 403(b) Plan and 457(b) Plan.

There are other catch-up rules which may be available in an employee's last years of employment in the 457(b) Plan in lieu of the over 50 catch-up.

7. May I Make After-Tax Contributions?

Yes, only to the 403(b) Plan.

8. Is There A Limitation On Total Contributions?

Yes. The total amount of contributions made by employee and employer to the 403(b) plan (not including over 50 catch-up contribution) cannot exceed 100% of your compensation (minus required and elected deductions, plus retirement contributions), not to exceed \$41,000 in 2004. This amount may be increased periodically by the IRS. The total amount of contributions made by an employee to the 457(b) plan (not including over 50 catch-up contributions) cannot exceed the dollar limitation set forth above.

9. When Do My Benefits Become Vested

When contributions become vested, they cannot be forfeited for any reason.

All of a participant's contributions are immediately vested. Contributions by the University for all non-classified employees (including faculty members) are immediately vested. For all other employees, all plan contributions made by the University are vested at the earliest of:

- completion of three years of service;

- attainment of age 65;
- the participant's having contributed at least 5% of regular salary for six consecutive months;
- death; or
- the employee becoming disabled documented either by the Social Security Administration or the University's Long-Term Disability carrier.

For this purpose, a year of service is the 12-month period beginning on the first day of the month coincident with or following date of hire, or any anniversary of such date. If an employee terminates employment before completion of three years of service and later is re-employed, the employee must satisfy the three year requirement after reemployment.

10. What Happens When I Return To Work After Military Leave Of Absence?

Employer contributions shall be made on behalf of a Participant who is in qualified military service, as defined in Code §414(u)(5) and who is re-employed within the time required by law after the expiration of his qualified military service. Also, such Participant may make-up salary deferral contributions for the period of his qualified military service as defined in Code §414(u). Such make-up salary deferral contributions may be made in either a single payment or in installments and must be made during the period beginning with the date of the Participant's reemployment after his military leave equal to the lesser of (i) three times the period of his military leave and (ii) five years. As soon as reasonably practicable after any such Participant make-up contributions are made, the Employer shall make the matching Employer Contributions to the 403(b) Plan that would have been made during the Participant's military leave on such make-up contributions.

11. How Do I Allocate My Contributions Among Fund Sponsors?

You may allocate your contributions to TIAA-CREF, Fidelity Investments, or both. Separate subaccounts are maintained for 403(b) before-tax contributions, 403(b) after-tax contributions, 457(b) before-tax contributions and employer contributions.

A. If your fund sponsors are TIAA and CREF:

You may allocate contributions among the TIAA annuity and the CREF Accounts in any whole-number percentage, including full allocation to any Account. You specify the percentage of contributions to be directed to TIAA or the CREF Accounts or both on the "Application for Retirement Annuity Contracts" when you begin participation. You may change your allocation of future contributions at any time after participation begins by calling the Telephone Counseling Center toll free at 1-800-842-2776 during daytime hours seven days a week or the Automated Telephone Service at 1-800-842-2252 twenty-four hours a day, seven days a week. You may also access TIAA-CREF's WebCenter at www.tiaa-cref.org. This site enables participants to make on-line TIAA-CREF inquiries

and transactions anytime. When you receive your Retirement Annuity contracts, you'll also be given instructions on how to self assign yourself a Login User ID and Password for on-line account access. Your User ID also enables you to change your allocation by using the Automated Telephone Service and the TIAA-CREF WebCenter. For more information on allocations, ask for the TIAA-CREF booklet *Building your Portfolio with TIAA-CREF* or you may access the personal allocation calculator at www.tiaa-cref.org/alloc-calc on the TIAA-CREF WebCenter for a personalized allocation suggestion.

B. If your plan sponsors are Fidelity and Metropolitan Life:

You may allocate contributions among the Fidelity mutual funds or the MetLife Guaranteed Account, in any whole number percentage, including full allocation to any fund. You specify the percentage of contributions to be directed to the Fidelity funds or MetLife Guaranteed Account or both on the application furnished by Fidelity. You may change your allocation of future contributions at any time after participation begins by calling Fidelity Retirement Services at (800) 343-0860, Monday through Friday, between 7:00 a.m. and 11:00 p.m., Central Time, or by accessing Fidelity's Website at www.fidelity.com/non-profits.

12. How Often Can The Allocation Percentage Of My Contributions Be Changed?

A. If your fund sponsors are TIAA and CREF:

You may change your allocation of future contributions at any time after participation begins by calling the Telephone Counseling Center toll free at 1-800-842-2776 during daytime hours seven days a week or the Automated Telephone Service at 1-800-842-2252 twenty-four hours a day, seven days a week. You may also access TIAA-CREF's WebCenter at www.tiaa-cref.org. This site enables participants to make on-line TIAA-CREF inquiries and transactions anytime.

B. If your fund sponsors are Fidelity and Metropolitan Life:

You may change your allocation of future contributions at any time after participation begins by calling Fidelity Retirement Services at (800) 343-0860, Monday through Friday, between 7:00 a.m. and 11:00 p.m., Central Time, or by accessing Fidelity's Website at www.fidelity.com/non-profits.

13. May I Transfer My Accumulations?

A. If your fund sponsors are TIAA and CREF:

Accumulations may be transferred among the CREF Accounts and the TIAA Real Estate Account. Accumulations in the CREF Accounts and the TIAA Real Estate Account also may be transferred to the TIAA Traditional Annuity or other approved fund sponsors. Complete transfers may be made at any time. Partial transfers may be made from a CREF Account or the TIAA Real Estate Account to the TIAA Traditional Annuity,

among the CREF Accounts and the TIAA Real Estate Account, or to another approved fund sponsor at any time as long as at least \$1,000 is transferred each time. In addition, transfers may be made from other approved Funds Sponsors to TIAA-CREF at any time, subject to the rules of the other Fund Sponsor. There's no charge for transferring accumulations in the TIAA-CREF system.

Transfers from the TIAA Real Estate Account to other TIAA-CREF Accounts or to other approved Fund Sponsors may be made only once per calendar quarter.

TIAA Traditional Annuity accumulations in the 403(b) Plan may be transferred to any of the CREF Accounts and TIAA Real Estate Account or to another approved fund sponsor through the Transfer Payout Annuity (TPA). Transfers will be made in substantially equal annual amounts over a period of 10 years. Transfers made under the TPA contract are subject to the terms of that contract. The minimum transfer from the TIAA Traditional Annuity to a CREF Account or the TIAA Real Estate Account is \$10,000 (or the entire accumulation if it totals less than \$10,000). However, if your total TIAA Traditional Annuity accumulation is \$2,000 or less, you can transfer your entire TIAA Traditional Annuity accumulation in a single sum or any of the TIAA-CREF variable accounts, as long as you do not have an exiting TIAA TPA contract in force.

TIAA Traditional Annuity accumulations in the 457(b) Plan may be transferred to any of the CREF Accounts and TIAA Real Estate Account or to another approved fund sponsor as a lump sum with no restrictions.

You may complete transfers within the TIAA-CREF system either by phone, in writing, or through TIAA-CREF's WebCenter at www.tiaa-cref.org. CREF and TIAA Real Estate Account 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 to reach the Telephone Counseling Center toll free is 1-800-842-2776 seven days a week during daytime hours, or the Automated Telephone Service at 1-800-842-2252 twenty-four hours a day, seven days a week. You may also access TIAA-CREF's WebCenter at www.tiaa-cref.org.

There is no charge for making any transfer.

B. If your fund sponsors are Fidelity and Metropolitan Life:

Amounts may be transferred among Fidelity mutual funds or from Fidelity mutual funds to the MetLife Guaranteed Account or to another fund sponsor at any time.

Up to 20% of the MetLife Guaranteed Account may be transferred to a Fidelity mutual fund or to another fund sponsor within a certificate year (April 1 to March 31) without withdrawal charges. Transfers in excess of 20% of the MetLife Guaranteed Account within a certificate year will be subject to a 4% withdrawal charge.

You may complete transfers among Fidelity mutual funds or from Fidelity mutual funds to MetLife Guaranteed Account by calling Fidelity Retirement Services at (800) 343-0860, on any business day from 7:00 a.m. to 11:00 p.m., Central Time, or by accessing Fidelity's Website at www.fidelity.com/non-profits. If your request is received before 4:00 p.m. Eastern Time, it will receive that business day's trade date. If your request is received after 4:00 p.m., Eastern Time, it will be processed on a next business day basis. A business day is defined as any day on which the New York Stock Exchange is open.

Except for the 4% withdrawal charge on certain transfers described above and certain short term trading fees on Fidelity select funds, there is no charge for making any transfer.

C. Transfers between fund sponsors:

You may complete transfers between fund sponsors by contacting either fund sponsor.

14. How Often Can My Accumulation(s) Be Transferred?

There is no limitation on how often you may transfer amounts. Transfers are subject to any limitations discussed in Question 13.

15. Can I rollover amounts into the Plan from another employer's plan or IRA?

Yes, the plan permits a participant to rollover from another employer's qualified plan, 403(b) plan, 457(b) plan or from the participant's Individual retirement plan. To implement a rollover or ask questions about rollovers, contact your fund sponsor.

**PART 2: INFORMATION ABOUT THE FUND SPONSORS:
INVESTMENT INFORMATION**

1. What Fund Sponsors And Funding Vehicles Are Available Under The Plan?

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

A. TIAA-CREF

1. Teachers Insurance and Annuity Association (TIAA), College Retirement Equities Fund (CREF):

- TIAA Traditional Annuity
- TIAA Real Estate Account
- CREF Stock Account
- CREF Money Market Account
- CREF Bond Market Account
- CREF Social Choice Account
- CREF Global Equities Account
- CREF Growth Account

CREF Equity Index Account
CREF Inflation-Linked Bond Account

There is no sales charge for investing in a TIAA-CREF fund under this plan.

B. Fidelity Investments/Metropolitan Life:

1. MetLife Guaranteed Account.
2. Fidelity Investments. Over 115 Fidelity mutual funds are available to you under this Plan. There is no sales charge for investing in a Fidelity fund under this Plan.

2. How Do The Funding Vehicles Work?

A. If your fund sponsors are TIAA and CREF:

TIAA Traditional Annuity: Contributions to the TIAA Traditional Annuity are used to purchase a contractual or guaranteed amount of future retirement benefits for you. Once purchased, the guaranteed benefit of principal plus interest cannot be decreased, but it can be increased by dividends. Dividends may increase or decrease, but changes in dividends are usually gradual. For a recorded message of the current interest rate for contributions to the TIAA Traditional Annuity, call the Automated Telephone Service at 1-800-842-2252 twenty-four hours a day, seven days a week, the Telephone Counseling Center at 1-800-842-2776 seven days a week during daytime hours, or, access TIAA-CREF's WebCenter at www.tiaa-cref.org.

CREF and the TIAA Real Estate Account: You have the flexibility to accumulate retirement benefits in any of the CREF variable annuity accounts approved under the Plan, and the TIAA Real Estate Account. Each account has its own investment objective and portfolio of securities. Contributions to a CREF Account and the TIAA Real Estate Account are used to buy accumulation units, or shares of participation in an underlying investment portfolio. The value of the Accumulation Units changes each business day. For more information on the CREF Accounts or the TIAA Real Estate Account, you should refer to the CREF/TIAA Real Estate Prospectus. For more information about the TIAA Real Estate Account, refer to the TIAA Real Estate Account Prospectus.

For a recorded message of the current interest rate for contributions to the TIAA Traditional Annuity, call the Automated Telephone Service at 1-800-842-2252 twenty-four hours a day, seven days a week, the Telephone Counseling Center at 1-800-842-2776 seven days a week during daytime hours, or, access TIAA-CREF's WebCenter at www.tiaa-cref.org.

B. If your plan sponsors are Fidelity and Metropolitan Life:

1. MetLife Guaranteed Account. Contributions to the MetLife Guaranteed Account are credited the current interest rate beginning the day after the deposit

is received by Fidelity Investments and will continue to earn the declared interest rate through the date of withdrawal.

2. Fidelity Investments. You have the flexibility to accumulate retirement benefits in any of the Fidelity mutual funds allowed under the Plan. Each mutual fund is managed by an individual portfolio manager in accordance with the investment objectives and guidelines set forth in the fund's prospectus. The value of each mutual fund share changes each business day. For more information, you can call Fidelity Retirement Services at (800) 343-0860 on any business day from 8:00 a.m. to 11:00 p.m. Central Time or by accessing Fidelity's Website at www.fidelity.com/non-profits

PART 3: BENEFITS

1. Do I Participate During An Approved Leave of Absence?

During a paid leave of absence, the University will continue its Plan Contributions on your behalf. The Plan Contributions will be based on your salary being paid by the University during your leave of absence.

2. When Does My Retirement Income Begin?

You may begin to receive income at any time after termination of employment, or you may defer distribution until a later time. However, retirement benefits must normally begin no later than April 1 of the calendar year following the later of (1) the year in which you attain age 70½ or (2) the year you terminate employment. Failure to begin annuity by the required beginning date may subject you to a substantial federal tax penalty.

If you die before the distribution of benefits has begun, your entire interest must normally be distributed within five years after your death. Under a special rule, death benefits may be payable over the life or life expectancy of a designated beneficiary if the distribution of benefits begins not later than one year from the date of your death. If the sole designated beneficiary is your spouse, the commencement of benefits may be deferred until you would have attained age 70½ had you continued to live.

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

You should notify the fund sponsor several months in advance of the date you plan to begin receiving income.

3. What Options Are Available For Receiving Retirement Income?

You may choose from among several types of distribution options when you retire. Available distribution options vary depending on the fund sponsor. The following distribution options are currently available:

A. If your fund sponsors are TIAA and CREF:

1. **Lump Sum** -- You may receive all or part of your CREF accumulations as a lump sum cash payment when you terminate employment. For the 403(b) plan TIAA Traditional Account accumulations may be withdrawn only through the Transfer Payment Annuity (TPA) (see Question 13), except as discussed below. Under TPA, TIAA accumulations will be paid to you in substantially equal annual payments over a period of 10 years when you terminate employment. If your TIAA accumulation is \$2,000 or less, you may also be able to receive a lump sum of your TIAA under certain circumstances. You should contact your TIAA-CREF representative for the requirements. The TIAA Traditional Account restrictions do not apply to the 457(b) Plan which allows lump sum distributions.

Any of the above payments can be distributed to you by check or directly to your bank account via electronic funds transfer.

2. **Systematic Withdrawal Option** -- This option allows you to specify an amount to be paid from your CREF or TIAA Real Estate Account accumulations. TIAA-CREF will send you a check or directly deposit into your bank account an amount specified by you. You can receive payments on a bimonthly, monthly, quarterly, semi-annual, or annual basis and you can change or stop the payment amount whenever you need to.
3. **One-Life (Single Life) Annuity** -- is designed to pay you an income for as long as you live. This option provides a larger monthly income for you than other monthly income options, with all payments ceasing at your death. This option is also available with a 10, 15, or 20 year guaranteed payment period (but not exceeding your life expectancy at the time you begin annuity income). If you die during the guaranteed period, payments in the same amount that you would have received continue to your beneficiary for the rest of the guaranteed period.
4. **Survivor Annuity** -- pays you a lifetime income, and if your spouse (or other Second Annuitant) lives longer than you, he or she continues to receive an income for life. The amount continuing to the survivor depends on which of the following three options you choose:
 - **Two-thirds Benefit to Survivor.** At the death of either you or your Second Annuitant, the payments are reduced to two-thirds the amount that would have been paid if both had lived, and are continued to the survivor for life.

- **Full Benefit to Survivor.** The full income continues as long as either you or your Second Annuitant is living.
- **Half Benefit to Second Annuitant.** The full income continues as long as you live, and if your Second Annuitant survives you, he or she receives for life one-half the income you would have received if you had lived. If your Second Annuitant dies first, the full income continues to you for life.

These options are available with a 10, 15, or 20 year guaranteed period, but not exceeding the joint life expectancies of you and your spouse (or other annuity partner). The period may be limited by federal tax law.

5. **A Minimum Distribution Option (MDO)** -- for participants age 70½ or older. With the MDO, you'll receive the required federal minimum distribution while preserving as much of your accumulation as possible. The minimum distribution will be paid to you annually.
6. **Fixed Period Payments** -- The option for a fixed period pays you an income from your CREF accumulation over a fixed period of between five and 30 years. At the end of the selected period, all benefits will end. If you die during the period, payments will continue in the same amount to your beneficiary for the duration. The fixed period option is not available on your TIAA accumulation.
7. **Interest Payment Retirement Option (IPRO)** – Available for the 403(b) Plan only, TIAA Traditional Account Participants between ages 55 and 69½ with a TIAA accumulation of at least \$10,000. With the TIAA IPRO, you can receive monthly payments equal to the interest (guaranteed plus dividends) that would otherwise be credited to your TIAA Traditional Account annuity. Payments will be made at the end of each month. Your accumulation is not reduced while you are receiving interest payments.

Payments under the IPRO will consist of the contractual interest rate (currently 3% percent), plus dividends as declared by TIAA's Board of Trustees. Dividends are declared each March for a 12-month period and are not guaranteed for the future. If you elect the IPRO, these rates will be used to determine your monthly payment rather than be credited to your annuities. Interest payments made under the IPRO must continue for at least 12 months. Once you start to receive interest income payments, you must continue receiving them until you begin your accumulation under an annuity income option. Usually, you may delay beginning your annuity income benefits as late as permitted under federal law. When you begin annuity income from your TIAA accumulation, you may choose any of the lifetime annuity income options available under your TIAA contracts.

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

B. If your fund sponsors are Fidelity and Metropolitan Life:

1. **Periodic Payments** -- You may choose to have periodic payments distributed in cash (check) or directly to your bank account via electronic funds transfer (EFT). Periodic payment methods available are as follows:
 - **Specific Dollar Method.** You may choose to receive a specific amount on an installment basis (monthly, quarterly, or annually).
 - **Specific Period Method.** You may choose to receive installment payments over a period of years, which may not exceed your life expectancy or the joint life expectancy of you and your designated beneficiary.
 - **Single Life Method.** You may choose to have payments calculated based on your life expectancy only.
 - **Joint Life Method.** You may choose to have payments calculated based on the life expectancy of you and your beneficiary.

The method you select must satisfy the minimum required distribution rules.

2. **Partial Distribution** -- You may request a specific dollar or share amount from your account(s), at a specific time. If you request to take one or more partial distributions in a calendar year, and you are older than age 70½, the total amount you receive must be greater than or equal to your minimum required distribution for the calendar year.

Total and Partial Distributions may be taken in cash (check) or in shares of Fidelity fund(s) via a Fidelity Rollover IRA or shares can be credited to a non-retirement account with Fidelity. If you choose to have the month rolled over into a Fidelity IRA or credited to a non-retirement account in the same fund(s) from which it was redeemed, there will be no sales charge on the transaction. This is a “distribution-in-kind.” If you will be investing in a different fund(s), other than one(s) liquidated, you will be subject to any applicable sales charge imposed by that fund.

3. **Lump Sum Distribution** -- You may request that all of your Fidelity accounts be distributed upon termination of employment.
4. **Annuity** -- Through Fidelity's relationship with MetLife you may request to have a portion or all of your account transferred to MetLife to purchase a MetLife Retirement Annuity. Fidelity representatives can assist you in establishing the

annuity. Once established, your Retirement Annuity would be serviced through MetLife.

4. May I Begin My Retirement Income At Different Times?

A. If your fund sponsors are TIAA and CREF:

Yes. Once you decide to receive your benefits as income, you have the flexibility to begin taking retirement income at different times from your TIAA-CREF annuities.

B. If your fund sponsors are Fidelity and Metropolitan Life:

Yes. You may begin taking retirement income, at different times, from the individual Fidelity funds in which you are invested or the MetLife Guaranteed Account.

5. May I Receive My Retirement Accumulations Under Different Income Options?

A. If your fund sponsors are TIAA and CREF:

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

B. If your fund sponsors are Fidelity and Metropolitan Life:

Yes. You may request a different distribution option from each mutual fund in which are invested or the MetLife Guaranteed account. Except for a minimum required distribution taken via a single life or joint life method or if you chose to purchase a MetLife Retirement Annuity, you may change the payment amount and schedule at any time or discontinue the options you

6. What Happens If I Terminate Employment Before Retirement?

If you are “vested” you may leave your money in your retirement contracts or begin receiving distributions under any of the available distribution options (see Question 16). You don't forfeit any of the vested benefits that have already been set aside for you. If you are not vested, your accumulation attributable to the University's contributions returned to the University.

A. If your fund sponsors are TIAA or CREF:

If you relocate to one of the many other institutions with a TIAA-CREF funded retirement plan, you may be able to participate in that institution's plan immediately. Even if you don't participate in another institution's retirement plan, or cease contributions to your TIAA and CREF annuities for another reason, your vested accumulations in TIAA will continue to be credited with the same interest and dividends as they would have been had you continued with the University. Accumulations in the CREF Accounts will

continue to participate in the market experience of those Accounts. When you terminate employment, you will continue to have the flexibility to make CREF transfers any time before beginning income. You also have all the rights to benefits that are available at retirement.

B. If your plan sponsors are Fidelity and Metropolitan Life:

If you terminate employment before retirement, you may maintain your vested accounts with Fidelity, under the University of Arkansas Retirement Plan, subject to the same provisions and benefits as prior to your termination.

7. May I Rollover My Accumulations?

If you're entitled to receive a distribution which is an "eligible rollover distribution," you may rollover all or a portion of it either directly or within 60 days after receipt into another 403(b) plan, 401(a) Plan, governmental 457(b) Plan or an IRA. An eligible rollover distribution, in general, is any cash distribution other than an annuity payment, a minimum distribution payment or a payment which is part of a fixed period payment over ten or more years. The distribution will be subject to a 20 percent federal withholding tax *unless* it is rolled over directly into another eligible retirement plan -- this process is called a "direct" rollover.

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

To determine if you qualify for an "eligible rollover distribution", please contact the appropriate fund sponsor (TIAA-CREF or Fidelity Investments) for additional information.

8. Can I Withdraw Any Money Prior To Termination Of Employment?

Generally, withdrawals may not be made prior to termination of employment. However, if an employee is over age 59½ and enters into an early retirement agreement, distribution may begin from 403(b) Employee and Employer accumulations even though the employee is still employed, and even though contributions are being made to the Plan on the employee's behalf. Further, if an employee is over age 59½, the employee may receive a distribution of the employee portion only of his or her 403(b) retirement accumulation even though the employee has not separated from service with the University. Withdrawals may not be made from the 457(b) plan under any circumstances prior to termination of employment.

9. 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 should review your beneficiary designation periodically to make sure that 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 each fund sponsor. If you die without having named a beneficiary, your estate will receive your accumulation.

If distributions had not begun before your death, and if the beneficiary is your spouse, the latest time at which your beneficiary can start taking distributions is the date on which you would have attained age 70½. The period over which your beneficiary takes distributions cannot be more than his or her life expectancy.

If distributions had not yet begun before your death, and if your beneficiary is not your spouse, the account balance must be paid out to your beneficiary or begin to be paid within one year after your death. If your beneficiary chooses to have payments made over his or her lifetime, or a period which is not longer than his or her life expectancy, distributions must begin by December 31 of the year after the year of your death.

You may choose one or more of the available distribution options offered by each fund sponsor for payment of the death benefit, or you may leave the choice to your beneficiary. The payment options include:

- A lump sum payment.
- Income for the lifetime of the beneficiary with payments ceasing at his or her death.
- Income for the lifetime of the beneficiary, with a minimum period of payments of either 10, 15, or 20 years, as selected.
- Income for a fixed period of not fewer than two nor more than 30 years, as elected, but not longer than the life expectancy of the beneficiary.
- A minimum distribution option for beneficiaries age 70½ or older. This option pays the required federal minimum distribution each year.
- The accumulation may be left on deposit for later payment under any of the options for a period not greater than one year.

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.

10. May I Take A Loan From The Plan?

Yes, a participant may borrow from 403(b) amounts contributed by the participant and accumulated earnings. Loans are not available from employer contributions, and earnings on employer contributions, or from 457(b) accumulations. Loans are obtained by completing an application which may be obtained from a fund sponsor. The

application must be reviewed by your benefits office to insure that loan limits are not exceeded. The loan will be administered by the applicable fund sponsor. Also, you can obtain information concerning loans from the fund sponsors.

The minimum loan is \$1,000. The maximum loan is governed by the fund sponsor, but under federal law can never exceed the lesser of 50% of your Account or \$50,000. The maximum loan currently available is offset by the highest loan balance outstanding during the preceding 12 months.

The maximum pay back period is five (5) years, unless the loan is used to acquire a principal residence, in which case a longer pay back period is allowed. Payments must be made at least quarterly in equal payments and are made by bank draft or check as required by the fund sponsor. A fund sponsor may require more frequent payments.

There is no restriction on loans under the Plan based on the intended use of the loan.

The loan is not taxable when received. However, if the loan payments are not made timely, the amount in default will be considered a taxable distribution. If the participant with the default is under 59½, the deemed distribution will also generally be subject to the 10% penalty tax on early distributions. Loan payments must be made with after-tax dollars.

If a participant defaults on a loan from the plan, the participant will not be able to obtain further loans until the defaulted loan is repaid.

If you are interested in a loan from the Plan, please contact the appropriate fund sponsor.

11. How Are My Benefits Taxed?

Under current federal tax law, you are not taxed on the portion of your retirement income that represents a return of salary deduction (after-tax) contributions from the 403(b) Plan.

The rest of your retirement income (the portion that represents all investment earnings and previously untaxed contributions, including employer and any of your own contributions by salary reduction) is taxed as ordinary income when you receive it.

Additional Federal Taxation of “Early Distributions”

If you receive benefits from your 403(b) accumulation before reaching age 59½, generally you must pay an additional 10% tax on the taxable amounts, unless you meet one of the following conditions:

- You begin a lifetime annuity income option.
- You leave employment at age 55 or older and begin receiving benefits then.
- You are disabled.

- The payment is made to a spouse under a Qualified Domestic Relations Order (e.g., a divorce settlement).

Note: The early distribution penalty (additional 10% tax) does not apply to distributions from your 457(b) accumulation.

Depending on your personal situation (for example, your age, work status, your spouse's work) taxation could seriously diminish the value of your benefits.

More information about taxes and federal withholdings is in the retirement benefits package you receive before your scheduled retirement date.

PART 4: GENERAL INFORMATION

1. How Is The Plan Administered?

The Retirement Plan is available through the University of Arkansas. The benefits are provided by retirement annuity contracts and custodial accounts issued to Participants by TIAA-CREF, Fidelity Investments and MetLife. The Human Resources Department of each campus is responsible for enrolling Participants, forwarding Plan Contributions for each Participant to the fund sponsors selected, and performing other duties required for operating the Plan. The President of the University or the President's delegate is given authority to issue additional rules and regulations concerning plan administration.

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

While it is expected that the Plan will continue indefinitely, the Board of Trustees of the University reserves the right to modify or discontinue the Plan at any time. The University, by action of its Board, also may delegate any of its powers and duties with respect to the Plan or its amendments to one or more officers or other employees of the University.

3. How May I Get More Information About My Accumulations in The Plan?

Requests for information concerning the Plan should be directed to the fund sponsors.

4. Assignment/Divorce.

No Participant in the Plan may assign, pledge or encumber his or her interest other than as collateral for a loan from the Plan. The Participant's benefits are not subject to legal process, levy or garnishment for the payment of any claim. However, payment can be made to a former spouse or other "alternate payee" under a qualified domestic relations order, subject to certain rules.

5. What Information Do I Regularly Receive About My Accumulations?

A. If your fund sponsors are TIAA and CREF:

The Annual Retirement Planner that TIAA-CREF sends you shows the total accumulation value at year-end for your Retirement Annuities, which is the amount of death benefits your spouse or other beneficiary would have received on that date. It also includes an illustration of the income options available to you at retirement under certain stated assumptions.

TIAA-CREF also sends you a Retirement Portfolio Quarterly Review. This reports shows the accumulation totals, a summary of transactions made during the period, TIAA interest credited, and the number and value of CREF accumulation units.

B. If your fund sponsors are Fidelity and Metropolitan Life:

You will receive an account statement on a quarterly basis. The statement will reflect the transactions that have occurred on your account during the period. You will also receive written confirmation following each distribution and mutual fund exchange made on your account.