

**TAX-SHELTERED ANNUITY 403(b)
PLAN DOCUMENT**

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**UNIVERSITY OF WISCONSIN
Human Resources and Workforce Diversity
780 Regent St.
Madison, Wisconsin
53715**

INTRODUCTION

Tax-Sheltered Annuity (TSA) arrangements are a form of defined contribution retirement plan available under Section 403(b) of the Internal Revenue Code. They are available to employees of CODE Section 501(C)(3) tax-exempt organizations such as public colleges, universities and school systems. Subject to various limitations and restrictions, IRC §403(b) allows both tax-deferred contributions as well as Roth 403(b) after-tax contributions to be made for the employees through salary reduction contributions of the employees. IRC §403(b) contributions must be invested in annuity contracts issued by life insurance companies or in shares of regulated investment companies (mutual funds) held in custodial accounts for the employee.

Under the arrangement, a portion of the employee's compensation (determined by the employee within the limitations imposed by the Internal Revenue Code) is applied to an annuity contract or mutual fund shares owned by the employee. The pre-tax amounts, together with any investment earnings, are not subject to federal income tax until they are paid to the employee (or beneficiary) in the form of benefits, normally during retirement. The post-tax amounts, together with any investment earnings, may be withdrawn tax-free, normally during retirement, as long as IRS requirements are met.

Participation in the University of Wisconsin TSA 403(b) Plan is voluntary. Participating employees make all contributions through the University to the vendor and vehicle they select from among the choices authorized under the Plan.

TABLE OF CONTENTS

ARTICLE	TOPIC	PAGE
I	ESTABLISHMENT OF TAX-SHELTERED ANNUITY PLAN	
	1.1 Establishment of Plan	5
	1.2 Governing Structure	5
II	ELIGIBILITY AND PARTICIPATION	
	2.1 Eligibility and Participation	7
	2.2 Participation Fee	7
	2.3 Termination of Participation	7
	2.4 Designation of Beneficiary	7
III	TSA CONTRIBUTIONS	
	3.1 TSA Contributions	7
	3.2 Salary Reduction Agreement (SRA) Submission	7
	3.3 Minimum TSA Contribution Levels	7
	3.4 Allocations of Contributions	7
	3.5 Pre-Tax vs. Roth Elective Deferrals	8
	3.6 Contributions Made Promptly	8
	3.7 Limitations on TSA Contributions	8
	3.8 Return of Excess TSA Contributions	9
	3.9 Transfer of Plan Accumulations from Active or Former Vendors	10
	3.10 Transfers for Purchase of Service under a Governmental Defined Benefit Plan	11
	3.11 Rollovers to the Plan from Other Plans	11
	3.12 Contributions during Leaves of Absence/Summer Recess	11
IV	VENDORS/FUNDING VEHICLES	
	4.1 Vendor/Funding Vehicles	12
	4.2 TSA Criteria	12
	4.3 Current and Former Vendors	12
V	VESTING	
	5.1 Vesting	12

ARTICLE	TOPIC	PAGE
VI	BENEFITS	
	6.1 Benefits	12
	6.2 Death Benefits	12
	6.3 Hardship Distributions	12
	6.4 In-Service Distributions from Rollover Accounts	13
	6.5 Minimum Distribution Requirements	13
	6.6 Application for Benefits	13
	6.7 Non-Assignability	13
	6.8 QRDO Distributions	13
	6.9 Loans	14
	6.10 Rollover Distributions	14
	6.11 Withdrawals for Reservists when called to Active Duty	15
VII	ADMINISTRATION	
	7.1 Plan Administrator	15
VIII	AMENDMENT AND TERMINATION	
	8.1 Amendment and Termination	15
	8.2 Limitation	15
IX	MISCELLANEOUS	
	9.1 Plan Non-Contractual	16
	9.2 Claims of Other Persons	16
	9.3 Contracts–Incorporation by Reference	16
	9.4 Insurance	16
	9.5 Payout of Forfeiture/Suspense Account	16
X	DEFINITIONS	17
XI	TSA PROGRAM CRITERIA (BOUND SEPARATELY)	

ARTICLE I – ESTABLISHMENT OF TAX-SHELTERED ANNUITY PLAN

- 1.1 Establishment of Plan.** The Board of Regents (BOR) of the University of Wisconsin System (UWS) established the University of Wisconsin System Tax-Sheltered Annuity (TSA) PLAN as of October, 1977, with implementation effective February, 1978.

This PLAN document sets forth the provisions of this CODE Section 403(b) Tax-Sheltered Annuity PLAN, pursuant to the Internal Revenue Service Code of 1986, as amended, and Section 36.11(15) of the Wisconsin Statutes. TSA CONTRIBUTIONS under this PLAN are made under Section 403(b) of the Internal Revenue Code and are invested, at the direction of the PARTICIPANT, in one or more of the FUNDING VEHICLES available under the PLAN. This PLAN is not subject to ERISA under Department of Labor Section 2510.3-2(f).

- 1.2 Governing Structure.** Wis. Stats. §36.11(15) authorizes the BOR to enter into salary reduction agreements with its employees as provided by IRC §403(b), and to purchase annuities pursuant to these agreements from such annuity providers, both public and private, as the BOR deems appropriate. With the inception of the PLAN in 1977, the BOR adopted CRITERIA as guidelines for the initial selection process for TSA VENDORS.

The BOR has established the Tax-Sheltered Annuity Review Committee (TSARC) to act on its behalf. The TSARC functions as an advisory resource to the University of Wisconsin System (UW SYSTEM) President and the BOR. In this capacity, the TSARC reports to the University of Wisconsin System President or his or her designee on an annual basis on matters relating to the program. The UW SYSTEM President has appointed the UW SYSTEM Office of General Counsel to provide legal advice to the TSARC.

The TSARC, in its organization charter, is:

1. authorized to investigate the feasibility of a TSA PLAN for the UW SYSTEM with only a single or a limited number of TSA VENDORS;
2. responsible for evaluating the performance of the UW SYSTEM TSA program and the performance of individual TSA VENDORS, and has the authority to withdraw from any VENDOR the privilege of soliciting TSA contracts in the UW SYSTEM; and
3. authorized to set dates for the implementation of any new or revised CRITERIA. As such, the TSARC is expected to meet once each fall and spring, with additional meetings scheduled as necessary, in order to carry out its functions.

In addition, the TSARC has the following responsibilities:

1. Maintain the tax-qualified status of the program through compliance with all applicable federal laws and regulations.
2. Review and modify, with the concurrence of the UW SYSTEM President or his or her designee, the CRITERIA used to select and monitor TSA VENDORS.

3. Terminate, or limit, with the concurrence of the UW SYSTEM President or his or her designee, **VENDOR** participation for failure to meet financial, performance, service or other **CRITERIA**.
4. Maintain and improve the quality and safety of the program.

The UW SYSTEM President has the authority to set the level of the fee for participation, which covers the administrative costs of the program and appoint nine representatives to the TSARC from the faculty, academic staff, and non-represented classified employee categories. The normal term for each appointment is three years. Appointments are staggered in order to provide continuity to the function of the TSARC. In addition, the Chair of the UW System Fringe Benefits Advisory Committee serves as ex-officio member of the TSARC.

The UW SYSTEM ADMINISTRATION Office of Human Resources Services, serving as staff to the UW SYSTEM President, has the following responsibilities:

1. Serve as primary resource staff to the TSARC.
2. Establish procedures and policies necessary for implementation and administration of the TSA PLAN, including compliance with IRS limitations.
3. Evaluate and compile TSA FUNDING VEHICLE information for communication to UW SYSTEM employees.
4. Monitor **VENDOR** compliance with the terms and agreements of all contracts entered into with the UW SYSTEM.
5. Establish and evaluate the required level of service for TSA **VENDORS**.
6. Evaluate the financial strength of the participating **VENDORS**.
7. Recommend to the UW SYSTEM President or his or her designee and the TSARC termination of **VENDORS** for cause.
8. Establish, in conjunction with UW institutions, **VENDOR** educational outreach guidelines and solicitation rules for UW SYSTEM employees.
9. Approve new TSA FUNDING VEHICLES based on **CRITERIA** established by the TSARC.

ARTICLE II – ELIGIBILITY AND PARTICIPATION

- 2.1 Eligibility and Participation.** All employees on the UW payroll are eligible to participate in the PLAN.

To participate in this PLAN, an ELIGIBLE EMPLOYEE must complete the necessary enrollment forms with his/her VENDOR(S), as well as a Salary Reduction Agreement (SRA) Form with his/her institution to be effective for earnings paid on the next pay day or later pay date as permitted by the EMPLOYER.

- 2.2 Participation Fee.** Each PARTICIPANT of the PLAN will be charged an annual fee to cover administrative costs of the PLAN.

- 2.3 Termination of Participation.** A PARTICIPANT will continue to participate in the PLAN until (a) he/she ceases to be an ELIGIBLE EMPLOYEE, (b) the PLAN is terminated, or (c) his/her CONTRIBUTIONS under the PLAN are terminated, whichever occurs first. The UW SYSTEM is authorized to terminate the PARTICIPANT'S salary reduction(s) when CONTRIBUTIONS in excess of limitations as defined in Sec. 3.7 are imminent, the PARTICIPANT is contributing TSA assets to a VENDOR that is not authorized in the UW SYSTEM TSA PROGRAM, or the PARTICIPANT receives a hardship distribution, if allowed in Sec. 6.3.

- 2.4 Designation of Beneficiary.** The PARTICIPANT has the responsibility to complete and submit the necessary forms to the selected VENDOR(S) to establish any BENEFICIARY or BENEFICIARIES designated to receive the benefits payable under the PLAN in the event of the PARTICIPANT'S death.

ARTICLE III – TSA CONTRIBUTIONS

- 3.1 TSA Contributions.** CONTRIBUTIONS to this PLAN are supplemental to any required CONTRIBUTIONS that may be made to the Wisconsin Retirement System. To participate, an ELIGIBLE EMPLOYEE must enter into a written Salary Reduction Agreement (SRA) with the UW SYSTEM. Under the agreement, the employee's salary is reduced and the amount of the reduction is applied as CONTRIBUTIONS to the FUNDING VEHICLES available under this PLAN. TSA CONTRIBUTIONS shall be made at least monthly for unclassified employees and biweekly for classified employees, except for months in which no salary is paid, and shall be forwarded by the UWS to the VENDORS. TSA CONTRIBUTIONS are not made from summer appointment payrolls for nine- and ten-month unclassified PARTICIPANTS.
- 3.2 Salary Reduction Agreement (SRA) Submission.** The University places no limit on the number of Salary Reduction Agreements that the PARTICIPANT may submit, other than any limit that may be imposed under the CODE or federal regulations.
- 3.3 Minimum TSA Contribution Levels.** Minimum TSA CONTRIBUTION levels are established at \$20.00 per monthly payroll for unclassified employees, \$8.00 per biweekly payroll for classified employees.
- 3.4 Allocation of Contributions.** A PARTICIPANT may allocate TSA CONTRIBUTIONS among FUNDING VEHICLES which conform to the UW SYSTEM TSA CRITERIA and have been authorized for participation.

3.5 Pre-Tax vs. Roth Elective Deferrals. A PARTICIPANT may specify whether TSA CONTRIBUTIONS are to be characterized as PRE-TAX ELECTIVE DEFERRALS, ROTH ELECTIVE DEFERRALS, or a specified combination. A PARTICIPANT'S election will remain in effect until superseded by another election. ELECTIVE DEFERRALS contributed to the PLAN as one type, either as PRE-TAX ELECTIVE DEFERRALS or as ROTH ELECTIVE DEFERRALS, may not later be reclassified as the other type. A PARTICIPANT'S ROTH ELECTIVE DEFERRALS will be deposited in the PARTICIPANT'S ROTH ELECTIVE DEFERRAL subaccount in the PLAN. No contributions other than ROTH ELECTIVE DEFERRALS and properly attributable earnings will be credited to each PARTICIPANT'S ROTH ELECTIVE DEFERRAL subaccount, and gains, losses, and other credits will be allocated on a reasonable and consistent basis to such subaccount.

If the PARTICIPANT fails to designate whether his/her ELECTIVE DEFERRALS are PRE-TAX ELECTIVE DEFERRALS or ROTH ELECTIVE DEFERRALS, the ELECTIVE DEFERRALS will be deemed to be PRE-TAX ELECTIVE DEFERRALS.

3.6 Contributions Made Promptly. The EMPLOYER shall make best efforts to have ELECTIVE DEFERRALS under the PLAN transferred to the applicable FUNDING VEHICLE on the date on which the amount would otherwise have been paid to the PARTICIPANT.

3.7 Limitation on TSA Contributions.

(1) Basic Annual Limitation on TSA Contributions. Except as provided in sections (2) and (3), the maximum amount of the ELECTIVE DEFERRAL under the PLAN for any calendar year shall not exceed the lesser of (a) the applicable dollar amount or (b) the PARTICIPANT'S Includible Compensation for the calendar year. The applicable dollar amount is the amount established under section 402(g)(1)(B) of the CODE, which is \$16,500 for 2011, and is adjusted for cost-of-living after 2011 to the extent provided under section 415(d) of the CODE.

(2) Special Section 403(b) Catch-up Limitation for Employees with 15 Years of Service. Because the EMPLOYER is a qualified organization (within the meaning of §1.403(b)-4(c)(3)(ii) of the Income Tax Regulations), the applicable dollar amount under Section 3.7(1) for any "qualified employee" is increased by the least of:

- (a) \$3,000;
- (b) The excess of:
 - 1. \$15,000, over
 - 2. The total special 403(b) catch-up elective deferrals made for the qualified employee by the qualified organization for prior years; or
- (c) The excess of:
 - 1. \$5,000 multiplied by the number of years of service of the employee with the qualified organization, over
 - 2. The total Elective Deferrals made for the employee by the qualified organization for prior years.

For purposes of this Section 3.7 (2), a "qualified employee" means an employee who has completed at least 15 years of service taking into account only employment with the EMPLOYER.

- (3) **Age 50 Catch-up Elective Deferral Contributions.** An EMPLOYEE who is a PARTICIPANT who will attain age 50 or more by the end of the calendar year is permitted to elect an additional amount of ELECTIVE DEFERRALS, up to the maximum age 50 catch-up ELECTIVE DEFERRALS for the year. The maximum dollar amount of the age 50 catch-up ELECTIVE DEFERRALS for a year is \$5,500 for 2011, and is adjusted for cost-of-living after 2011 to the extent provided under the CODE.
- (4) **Coordination.** Amounts in excess of the limitation set forth in Section 3.7(1) shall be allocated first to the special 403(b) catch-up under Section 3.7(2) and next as an age 50 catch-up contribution under Section 3.7(3). However, in no event can the amount of the ELECTIVE DEFERRALS for a year be more than the Participant's Compensation for the year.
- (5) **Special Rule for a Participant Covered by another Section 403(b) Plan.** For purposes of this Section 3.7, if the PARTICIPANT is known to the EMPLOYER to be or have been a participant in one or more other plans under section 403(b) of the CODE (and any other plan that permits elective deferrals under section 402(g) of the CODE), then this PLAN and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations of this Section 3.7.
- (6) **Protection of Persons Who Serve in a Uniformed Service.** The PLAN may provide for additional elective deferrals for employees whose employment is interrupted by qualified military service under section 414(u) of the CODE or who is on a leave of absence for qualified military service under section 414(u) of the CODE. If authorized, the employee may elect to make additional ELECTIVE DEFERRALS upon resumption of employment with the EMPLOYER equal to the maximum ELECTIVE DEFERRALS that the EMPLOYEE could have elected during that period if the EMPLOYEE'S employment with the EMPLOYER had continued (at the same level of Compensation) without the interruption or leave, reduced by the ELECTIVE DEFERRALS, if any, actually made for the EMPLOYEE during the period of the interruption or leave. If authorized, except to the extent provided under section 414(u) of the CODE, this right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave).

3.8 Return of Excess TSA Contributions. In the event that, during a calendar year, a PARTICIPANT makes TSA CONTRIBUTIONS in excess of the dollar limits imposed by CODE sections 402(g)(4), 403(b)(2), and 415(c)(1), the EMPLOYER or the PARTICIPANT may request a corrective distribution from the VENDOR in accordance with applicable provisions of the CODE, federal regulations, and Internal Revenue Service (IRS) Revenue Procedures 99-13, 2000-16, and subsequent guidance that the IRS may issue.

The EMPLOYER will attempt to identify excess contributions and to request a corrective distribution on the PARTICIPANT'S behalf. However, it is the PARTICIPANT'S responsibility to request a corrective distribution from the VENDOR. UW System or Campus Staff Benefits Offices will assist PARTICIPANTS in determining which CODE limit has been exceeded. PARTICIPANTS should confer with their UW Campus Staff Benefits Office before requesting a corrective distribution from a VENDOR.

Excess Deferrals. An excess deferral occurs when a PARTICIPANT'S CONTRIBUTIONS for the year exceed the limit under effect under CODE section 402(g)(4) and (8).

1. **Corrective distributions.** Corrective distributions of the excess deferral, including any earnings or losses from the taxable year, may be made to the PARTICIPANT in accord with CODE section 402(g). Corrective distributions are not permitted after April 15 following the close of the taxable year in which the excess deferral was made.
2. **Notification and distribution.** It is the PARTICIPANT'S responsibility to notify each VENDOR of excess CONTRIBUTIONS not later than March 1 following the close of the taxable year in which the excess CONTRIBUTION was made. Upon request by the EMPLOYER or the PARTICIPANT, it is the VENDOR'S responsibility to distribute the excess CONTRIBUTION, including any earnings or losses from the taxable year, not later than April 15th following the close of the taxable year in which the excess CONTRIBUTION was made.
3. **Tax consequences.** The VENDOR shall issue a 1099(R) for each affected tax year to the PARTICIPANT. The PARTICIPANT shall report the refunded CONTRIBUTION as income in the year contributed and earnings or losses as income in the year received on his or her tax return. The PARTICIPANT shall have total responsibility for any resulting taxation consequences.

Excess Amounts. An excess amount is a CONTRIBUTION to the PLAN that exceeds the overall controlling contribution limit for that year, whether that limit is in effect under CODE section 415(c)(1) or CODE section 403(b)(2).

1. **Corrective distributions.** If CODE section 415(c)(1) is the overall controlling limit for that year, the VENDORS may make corrective distributions to the PARTICIPANT in accordance with Treasury Regulation 1.415-6(b)(6), if applicable, or with IRS Revenue Procedure 2000-16, sec. 6.02(4)(b)(i). If CODE section 403(b)(2) is the overall controlling contribution limit for that year, the VENDORS may make corrective distributions to the PARTICIPANT in accordance with IRS Revenue Procedure 2000-16, sec. 6.02(4)(b)(i).
2. **Notification and distribution.** Upon notification by the EMPLOYER or the PARTICIPANT, the VENDOR shall distribute the excess amount, including any earnings, to the PARTICIPANT.
3. **Tax consequences.** The VENDOR shall issue a 1099(R) for the affected tax year to the PARTICIPANT. The PARTICIPANT shall report the refunded CONTRIBUTION with earnings as income in the year received on his or her tax return. The PARTICIPANT shall have total responsibility for any resulting taxation consequences.

3.9 Transfer of Plan Accumulations from Active or Former Vendors to the Plan.

PARTICIPANTS who continue to be employed by the UW SYSTEM may voluntarily transfer PLAN accumulations from active or former vendors to ONLY those VENDORS and FUNDING VEHICLES which have been authorized by the TSARC in accordance with the TSA CRITERIA described in this document. All transfers are subject to the provisions and restrictions of each VENDOR.

- 3.10 Transfers for Purchase of Service under a Governmental Defined Benefit Plan.** If the governmental plan permits, a PARTICIPANT may make a direct trustee-to-trustee transfer from an ACCUMULATION ACCOUNT to a defined benefit governmental plan for the purchase of permissive service credit (as defined in s. 425(n)(3) of the CODE) under the plan or as a repayment of a cashout under the plan.
- 3.11 Rollovers to the Plan from Other Plans.**
- (1) Direct Rollovers.** The PLAN will accept a DIRECT ROLLOVER of an eligible rollover distribution for a PARTICIPANT from:
 - (a) a qualified plan described in section 401(a) or 403(a) of the CODE, excluding after-tax employee contributions.
 - (b) an annuity contract described in section 403(b) of the CODE, excluding after-tax employee contributions.
 - (c) an eligible plan under section 457(b) of the CODE which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.
 - (2) Participant Rollover Contributions from Other Plans.** The PLAN will accept a PARTICIPANT contribution of an eligible rollover distribution from:
 - (a) a qualified plan described in section 401(a) or 403(a) of the CODE.
 - (b) an annuity contract described in section 403(b) of the CODE.
 - (c) an eligible plan under section 457(b) of the CODE which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.
 - (3) Participant Rollover Contributions from IRAs.** The PLAN will accept a PARTICIPANT ROLLOVER contribution of the portion of a distribution from an individual retirement account or annuity described in section 408(a) or 408(b) of the CODE that is eligible to be rolled over and would otherwise be includible in gross income.
 - (4)** Except as otherwise provided by the CODE, the PLAN will treat ROLLOVER CONTRIBUTIONS accepted under Sections 3.11(1), (2), or (3) as 403(b) moneys governed by the provisions of section 403(b) and related sections of the CODE.
 - (5)** A PARTICIPANT may receive a distribution of any ROLLOVER CONTRIBUTION and of associated earnings. ROLLOVER CONTRIBUTIONS and associated earnings may be distributed while the PARTICIPANT is employed by the University of Wisconsin.
- 3.12 Contributions during Leaves of Absence/Summer Recess.** During a leave of absence with pay, TSA CONTRIBUTIONS will continue to be made in accordance with the Salary Reduction Agreement. No TSA CONTRIBUTIONS will be made during a leave of absence without pay. TSA CONTRIBUTIONS are not taken from summer salary paid to a nine- or ten-month unclassified appointee.

ARTICLE IV – VENDORS/FUNDING VEHICLES

- 4.1 Vendors/Funding Vehicles.** TSA CONTRIBUTIONS are invested with one or more of the VENDORS and their respective FUNDING VEHICLES which have been authorized for PARTICIPANTS under this PLAN.

The PLAN'S current selection of VENDORS and FUNDING VEHICLES is not intended to limit future additions or deletions of VENDORS and FUNDING VEHICLES.

- 4.2 TSA Criteria.** VENDOR participation and FUNDING VEHICLE approval are subject to specific CRITERIA recommended by the TSARC and approved by the President of the UW System or his or her designee.
- 4.3 Current and Former VENDORS.** The EMPLOYER shall maintain a list of all VENDORS under the PLAN. Such list is hereby incorporated as part of the PLAN. Each VENDOR and the EMPLOYER shall exchange such information as may be necessary to satisfy section 403(b) of the CODE or other requirements of applicable law. In the case of a VENDOR which has ceased to be a VENDOR eligible to receive ELECTIVE DEFERRALS under the PLAN, the EMPLOYER shall keep the VENDOR informed of the name and contact information of the EMPLOYER in order to coordinate information necessary to satisfy section 403(b) of the CODE or other requirements of applicable law.

ARTICLE V – VESTING

- 5.1 Vesting.** The PARTICIPANT is fully and immediately vested in all TSA CONTRIBUTIONS made under this PLAN.

ARTICLE VI – BENEFITS

- 6.1 Benefits.** The PARTICIPANT is entitled to receive benefits under any of the options offered by the FUNDING VEHICLES. However, distributions attributable to amounts accrued in an annuity contract after December 31, 1988 and amounts accrued in a mutual fund custodial account regardless of date may not be paid until a PARTICIPANT attains age 59 ½, separates from service, dies, becomes disabled, turns 55 and retires with a WRS annuity, or satisfies the VENDOR requirements for a hardship or QDRO distribution. Hardship distributions are subject to the rules and restrictions set forth in Section 6.3. Distributions to a PARTICIPANT made prior to attaining age 59 ½ may be subject to early withdrawal penalties under the Internal Revenue CODE.
- 6.2 Death Benefits.** If the PARTICIPANT dies before retirement benefit payments begin, the entire value of the ACCUMULATION ACCOUNT(S) is (are) payable to the BENEFICIARY or BENEFICIARIES named by the PARTICIPANT under the options offered by the VENDORS. The PARTICIPANT has the responsibility to complete and submit the necessary forms to the selected VENDOR(S) to establish any BENEFICIARY or BENEFICIARIES designated to receive the benefits payable under the PLAN in the event of the PARTICIPANT'S death. If the PARTICIPANT fails to file a valid BENEFICIARY designation, or if all persons designated as the BENEFICIARY shall have predeceased the PARTICIPANT, the VENDOR shall determine the BENEFICIARY or BENEFICIARIES in accord with applicable state law and contract provisions.
- 6.3 Hardship Distributions.** Hardship distributions are not available in the PLAN.

- 6.4 In-Service Distributions from Rollover Account.** As established in Section 3.11(5), if a PARTICIPANT has a separate account attributable to rollover contributions to the PLAN, to the extent permitted by the applicable INDIVIDUAL AGREEMENT, the PARTICIPANT may at any time elect to receive a distribution of all or any portion of the amount held in the rollover account.
- 6.5 Minimum Distribution Requirements.** All distributions under this PLAN will be made in accordance with the regulations under CODE Section 401(a)(9) and the regulations thereunder. For purposes of applying the distribution rules of section 401(a)(9) of the CODE, each Individual Agreement is treated as an individual retirement account (IRA) and distributions shall be made in accordance with the provisions of §1.408-8 of the Income Tax Regulations, except as provided in §1.403(b)-6(e) of the Income Tax Regulations.
- The entire interest of each PARTICIPANT will begin to be distributed no later than April 1 of the calendar year following the calendar year in which the PARTICIPANT attains age 70 ½, or April 1 following the calendar year in which the PARTICIPANT retires, if later, over a period not to exceed the life (or life expectancy) of the PARTICIPANT or over the lives (or life expectancies) of the PARTICIPANT and a designated BENEFICIARY.
- 6.6 Application for Benefits.** Procedures for receipt of benefits are initiated by contacting the VENDOR(S) directly. Benefits will be payable by the VENDOR(S) upon receipt of a satisfactorily completed application for benefits and supporting documents. The necessary forms will be provided to the PARTICIPANT, the surviving spouse, or the BENEFICIARY by the VENDOR(S).
- 6.7 Non-Assignability.** Except as provided in Section 6.8, the interests of each PARTICIPANT or BENEFICIARY under the PLAN are not subject to the claims of the PARTICIPANT'S or BENEFICIARY'S creditors; and neither the PARTICIPANT nor any BENEFICIARY shall have any right to sell, assign, transfer, or otherwise convey the right to receive any payments hereunder or any interest under the PLAN, which payments and interest are expressly declared to be non-assignable and non-transferable.
- 6.8 QDRO Distributions.** Notwithstanding Section 6.7, if a judgment, decree or order (including approval of a property settlement agreement) that relates to the provision of child support, alimony payments, or the marital property rights of a spouse or former spouse, child, or other dependent of a Participant is made pursuant to the domestic relations law of any State (“domestic relations order”), then the amount of the PARTICIPANT'S Account Balance shall be paid in the manner and to the person or persons so directed in the domestic relations order. Such payment shall be made without regard to whether the PARTICIPANT is eligible for a distribution of benefits under the PLAN.

Responsibility lies with the VENDORS to determine that PARTICIPANTS in the PLAN have provided proper authorization to request distributions on account of domestic matters, including those that result from court orders. Each VENDOR shall establish its own rules and procedures for PARTICIPANTS to request such distributions. The UW SYSTEM shall have no responsibility for determining whether such distributions are appropriate under the PLAN.

6.9 Loans.

(1) **Availability.** Subject to the terms of the FUNDING VEHICLES, loans are available to PARTICIPANTS before the commencement of benefit payments from approved VENDORS. Insurance VENDORS must provide loan services to PARTICIPANTS up to the maximum allowed under current Internal Revenue Code Regulations. Mutual fund VENDORS are not required to provide loan services but may offer loans to PARTICIPANTS.

A PARTICIPANT may make application for a loan to the extent that the loan does not exceed the lesser of

1. \$50,000 reduced by the excess (if any) of the highest outstanding balance of loans to the PARTICIPANT from the PLAN during the one year period ending on the day before the loan is made, or
2. One-half of the present value of the PARTICIPANT'S account or \$10,000, if greater; however, no loan shall exceed the present value of the PARTICIPANT'S account.

Such loan shall be in the form of a legally enforceable agreement set forth in writing and shall by its terms require that repayment of principal and interest be amortized in level payments, not less frequently than quarterly, over a period not extending beyond five years from the date of the loan except if the loan is used by the PARTICIPANT to acquire any dwelling unit which is to be used as a principal residence of the PARTICIPANT.

In the event that a PARTICIPANT fails to repay a loan according to its terms and the loan is declared to be in default, a distributable event shall be deemed to occur for the entire outstanding balance of the loan. The PARTICIPANT must include the deemed distribution in gross income in the year of the failure to repay.

Loan repayments will be suspended under the PLAN as permitted under CODE Section 414(u)(4) (USERRA).

(2) **Information Coordination Concerning Loans.** Each VENDOR is responsible for all information reporting and tax withholding required by applicable federal and state law in connection with distributions and loans. To minimize the instances in which PARTICIPANTS have taxable income as a result of loans from the PLAN, the EMPLOYER shall take such steps as may be appropriate to coordinate the limitations on loans set forth in Section 6.9, including the collection of information from VENDORS, and transmission of information requested by any VENDOR, concerning the outstanding balance of any loans made to a PARTICIPANT under the PLAN. The EMPLOYER shall also take such steps as may be appropriate to collect information from VENDORS, and transmission of information to any VENDOR, concerning any failure by a PARTICIPANT to repay timely any loans made to a PARTICIPANT under the PLAN.

6.10 Rollover Distributions. (a) A PARTICIPANT or the BENEFICIARY of a deceased PARTICIPANT (or a PARTICIPANT'S spouse or former spouse who is an alternate payee under a domestic relations order, as defined in section 414(p) of the CODE) who is entitled to an eligible rollover distribution may elect to have any portion of an eligible rollover distribution (as defined in section 402(c)(4) of the CODE) from the PLAN paid directly to an eligible retirement plan (as defined in section 402(c)(8)(B) of the CODE) specified by the PARTICIPANT in a direct rollover. In the case of a distribution to a BENEFICIARY who at the time of the PARTICIPANT'S death was neither the spouse of the Participant nor the spouse or former spouse of the participant who is an alternate payee under a domestic relations order, a direct rollover is payable only to an

individual retirement account or individual retirement annuity (IRA) that has been established on behalf of the BENEFICIARY as an inherited IRA (within the meaning of section 408(d)(3)(C) of the CODE).

(b) Each VENDOR shall be separately responsible for providing, within a reasonable time period before making an initial eligible rollover distribution, an explanation to the PARTICIPANT of his or her right to elect a direct rollover and the income tax withholding consequences of not electing a DIRECT ROLLOVER.

- 6.11 Withdrawals for Reservists when called to Active Duty.** To the extent permitted by the Individual Agreements, PARTICIPANTS may take penalty-free qualified reservist distributions from the PLAN. A qualified reservist distribution means any distribution to a PARTICIPANT if 1) such distribution is made from ELECTIVE DEFERRALS, 2) such PARTICIPANT was ordered or called to active duty for a period in excess of 179 days or an infinite period, and 3) such distribution is made during a period beginning on the date of such order or call and ending at the close of active duty period. The PARTICIPANT must have been ordered or called to active duty after September 11, 2001.

ARTICLE VII – ADMINISTRATION

- 7.1 Plan Administrator.** The TSARC, c/o UW SYSTEM Human Resources and Workforce Diversity, located at 780 Regent St., Suite 224, Madison, Wisconsin 53715, is the Administrator of this PLAN.

The TSARC is also the agent for the service of legal process.

ARTICLE VIII – AMENDMENT AND TERMINATION

- 8.1 Amendment and Termination.** While it is expected that this PLAN will continue indefinitely, the UW SYSTEM reserves the right at any time to amend or terminate the PLAN, or to discontinue any further TSA CONTRIBUTIONS or payments under the PLAN, by resolution of its BOR. If the PLAN is terminated or if CONTRIBUTIONS are discontinued, the UW SYSTEM will notify all PARTICIPANTS, and any agreements for salary reduction that have been entered into will become void with respect to salary amounts yet to be earned.
- 8.2 Limitation.** Notwithstanding the provisions of Section 8.1, the following conditions and limitations apply:
- (a) No amendment will be made which will operate to recapture for the UW SYSTEM any CONTRIBUTIONS previously made under this PLAN. However, TSA CONTRIBUTIONS which were made based on a mistake of fact may be returned to the UW SYSTEM or PARTICIPANT for appropriate disposition within one year of the date on which the CONTRIBUTION was made; and
 - (b) No amendment will deprive, take away, or alter any accrued right of any PARTICIPANT insofar as TSA CONTRIBUTIONS previously made under the PLAN are concerned.

ARTICLE IX – MISCELLANEOUS

- 9.1 Plan Non-Contractual.** Nothing contained in this PLAN will be construed as a commitment or agreement on the part of any person to continue his or her employment with the UW SYSTEM, and nothing contained in this PLAN will be construed as a commitment on the part of the UW SYSTEM to continue the employment or rate of compensation of any person for any period. All employees of the UW SYSTEM will remain subject to discharge to the same extent as if the PLAN had never been put into effect.
- 9.2 Claims of Other Persons.** No provisions in this PLAN will be construed as giving any PARTICIPANT or any other person, firm, or corporation any legal or equitable right against the UW SYSTEM, its officers, employees, or directors, except for the rights that are specifically provided for in this PLAN or created in accordance with the terms and provisions of this PLAN.
- 9.3 Contracts – Incorporation by Reference.** The terms of the contracts between the VENDORS and the UW SYSTEM and/or the PARTICIPANTS and any certificates issued to a PARTICIPANT in accordance with the provisions of Section 4.1 are a part of the PLAN as if fully set forth in the PLAN Document and the provisions of each are incorporated by reference into the PLAN.
- 9.4 Insurance.** The benefits under the PLAN are not insured by the Pension Benefit Guaranty Corporation (PBGC). The PLAN is not subject to the terms of the Employee Retirement Income Security Act (ERISA).
- 9.5 Payout of Forfeiture/Suspense Account.** Moneys in a VENDOR forfeiture or suspense account will be reviewed annually and may be paid out to compensate for plan expenses, especially to pay for participant education.

ARTICLE X – DEFINITIONS

The words and phrases defined in this Article have the following meanings throughout this PLAN document:

ACCUMULATION ACCOUNT means the separate account(s) established for each PARTICIPANT by a VENDOR. The current value of a PARTICIPANT'S ACCUMULATION ACCOUNT includes all TSA CONTRIBUTIONS, less expense charges, and any credited investment gains or losses.

BENEFICIARY means the designated person who is entitled to receive benefits under the Plan after the death of a PARTICIPANT, subject to such additional rules as may be set forth in the Individual Agreements.

BOR means the Board of Regents of the University of Wisconsin.

CODE means the Internal Revenue Code of 1986, as amended. All citations to sections of the CODE are to such sections as they may from time to time be amended or renumbered.

CONTRIBUTIONS means TSA CONTRIBUTIONS by the PARTICIPANT as described in Article III (See ELECTIVE DEFERRAL).

CRITERIA as described in this document means the standards for eligibility established by the Board of Regents for both VENDORS and FUNDING VEHICLES included in the PLAN.

CUSTODIAL ACCOUNT means the group or individual custodial account or accounts, as defined in section 403(b)(7) of the CODE, established for each PARTICIPANT by the EMPLOYER, or by each PARTICIPANT individually, to hold assets of the PLAN.

DIRECT ROLLOVER means a ROLLOVER CONTRIBUTION that is paid directly to a FUNDING VEHICLE within the PLAN by the other eligible retirement plan.

ELECTIVE DEFERRAL (also TSA CONTRIBUTIONS) means the EMPLOYER contributions made to the PLAN at the election of the PARTICIPANT in lieu of receiving cash compensation. ELECTIVE DEFERRALS may be specified as either PRE-TAX ELECTIVE DEFERRALS or ROTH ELECTIVE DEFERRALS.

ELIGIBLE EMPLOYEE means any employee eligible to participate in the UWS TSA PLAN by virtue of being employed by the UW System on a regular payroll basis.

EMPLOYER means the UW SYSTEM ADMINISTRATION Office of Human Resources Services or the Tax-Sheltered Annuity Program Coordinator for an institution in the UW SYSTEM.

FUNDING VEHICLES means the financial instruments issued for the purpose of funding accrued benefits under this PLAN and specifically authorized by the TSARC for use under this PLAN in Article IV of this document.

INDIVIDUAL AGREEMENT means the agreements between a VENDOR and the EMPLOYER or a PARTICIPANT that constitutes or governs a CUSTODIAL ACCOUNT.

PARTICIPANT means any employee of the UW SYSTEM who participates in the PLAN in accordance with Article II.

PARTICIPANT ROLLOVER means a ROLLOVER CONTRIBUTION that the PARTICIPANT contributes to a FUNDING VEHICLE within the PLAN within 60 days of receipt from the other eligible retirement plan.

PLAN means the UW SYSTEM Tax-Sheltered Annuity 403(b) PLAN, as described in section 403(b) of the Internal Revenue Code.

PLAN YEAR means the calendar year.

PRE-TAX ELECTIVE DEFERRAL means an ELECTIVE DEFERRAL that is not included in a PARTICIPANT'S gross income at the time deferred. An ELECTIVE DEFERRAL will be characterized as a PRE-TAX ELECTIVE DEFERRAL unless the PARTICIPANT designates the deferral as a ROTH ELECTIVE DEFERRAL.

ROLLOVER CONTRIBUTION means an eligible rollover distribution, as defined in Section 3.11, from another eligible retirement plan, as defined in Section 3.11, that is rolled over to a FUNDING VEHICLE within the PLAN. A ROLLOVER CONTRIBUTION may be either a DIRECT ROLLOVER or a PARTICIPANT ROLLOVER.

ROTH ELECTIVE DEFERRAL means an ELECTIVE DEFERRAL that is included in a PARTICIPANT'S gross income at the time deferred, which is subject to income tax when made to the Plan, and has been irrevocably designated as a ROTH ELECTIVE DEFERRAL by the PARTICIPANT on the SALARY REDUCTION AGREEMENT.

SALARY REDUCTION AGREEMENT (SRA) means the agreement between the PARTICIPANT and the UW SYSTEM which allows for TSA CONTRIBUTIONS to be deducted from the PARTICIPANT'S salary and forwarded to the VENDOR(S).

TSA means Tax-Sheltered Annuity.

TSARC means the Tax-Sheltered Annuity Review Committee.

UWS means the University of Wisconsin System.

UW SYSTEM ADMINISTRATION means the central administrative unit for the UW SYSTEM.

VENDOR means a life insurance, annuity, or mutual fund company which meets the CRITERIA for participation in the PLAN as established by the TSARC, and which is authorized to provide approved FUNDING VEHICLES to PARTICIPANTS.