CALTECH BASE RETIREMENT PLAN AND VOLUNTARY RETIREMENT PLAN

Summary of Material Modifications
Taking Withdrawals from the Plan

Starting January 1, 2019, the Base and Voluntary Plans will offer additional types of distribution options.

- **In-Service Distributions for the Base Plan.** If you are at least age 59½, you will be able to take a withdrawal from your Base Plan account while you are still employed. (This option is currently available in the Voluntary Plan.)

- **Withdrawals of Previously Deposited Rollovers for Both the Base and Voluntary Plans.** You will be able to withdraw your previously deposited rollover contributions at any time.

- **Hardship Withdrawals for the Base Plan.** You will be able to take a hardship withdrawal from the Base Plan, which is subject to a maximum distributable amount, if you have an immediate and urgent financial need, such as a home purchase (for your principal residence), medical expenses, or college tuition. (This option is currently available in the Voluntary Plan.)
  
  — Hardship distributions are included in gross income for tax purposes and may be subject to an additional tax on early distributions. Unlike loans, hardship distributions are not repaid to the plan, which means a hardship distribution permanently reduces your account balance.

  — For the Base Plan, IRS regulations limit the funds contributed by an employer that are eligible for hardship withdrawal. For example, any portion of your account that is held in a custodial account (e.g., mutual funds) is not available for withdrawal. This rule also applies to funds transferred from a custodial account to an annuity account. This rule does not affect the Voluntary Plan. Call TIAA at (800) 842-2252 for a listing of funds held in a custodial account versus an annuity account.
Taking Loans from the Retirement Plans

You can continue to take loans from the Base and Voluntary Plans. However, TIAA is changing the way they administer new loans as of January 1, 2019. Your loan payments, including interest, will be deposited back into your account and reinvested in the investment funds you have selected for contributions.

Loans are only available to active employees, and there is a $75 origination fee for each loan. In addition, if you take a loan on or after January 1, 2019, your repayments must be made through automatic electronic payments (ACH deductions) from your bank checking or savings account.

You can have only one outstanding loan from the Base Plan and one outstanding loan from the Voluntary Plan at a time. This limit of one loan applies to new loans issued after January 1, 2019. Loans initiated before January 1, 2019, will not count toward the maximum number of loans allowed. However, any previous outstanding loan balances, including defaulted loans, will affect the loan amount you can take after 2019. IRS regulations limit loans to 50% of your vested balance or $50,000. Contact TIAA at (800) 842-2252 for more details or to request a loan.

Elimination of 15-Year Catch-Up Provision

Historically, Caltech offered employees with at least 15 years of service with the Institute the option to contribute an additional $3,000 annually to the Voluntary Plan as permitted by the IRS rules. Caltech is eliminating this provision effective January 1, 2019 due to the limited number of employees meeting IRS eligibility requirements and a small number using this plan feature.

For more information about loans... please contact TIAA at (800) 842-2252, weekdays, 5:00 a.m. to 7:00 p.m. and Saturdays, 6:00 a.m. to 3:00 p.m. (PT).
Eligibility for Key Staff Contribution

The Base Plan offers two contribution formulas: the Key Staff contribution formula and the Staff contribution formula. Effective January 1, 2019, the criteria used to define eligibility for participation in the Key Staff contribution formula will change.

Minimum Compensation Level (MCL)

To be eligible for the Key Staff contribution formula, you must be a tenure or tenure-track faculty member or your annual compensation as defined by the Base Retirement Plan must be equal to or greater than the Minimum Compensation Level (MCL).

Effective January 1, 2019, the date and method of calculating the MCL will change and the MCL will be updated on January 1 each year. For additional information about how and when the MCL is calculated, please review the Frequently Asked Questions.

Although the plan historically allowed non-tenured faculty and certain staff designations to qualify for the Key Staff contribution formula regardless of compensation, effective January 1, all non-tenured faculty and staff must meet the MCL to be eligible for the Key Staff contribution formula. Please refer to the Frequently Asked Questions for a detailed listing of roles that will be affected by this change.

In 2019, the MCL will be $112,000, or $53.85 per hour for JPL. This is an increase from the 2018 MCL of $107,276.
What Happens When Your Annual Compensation Falls Below the MCL

Beginning January 1, 2019, if you are currently eligible for the Key Staff contribution formula and your compensation falls below the MCL ($112,000 in 2019):

<table>
<thead>
<tr>
<th>Full Years of Service</th>
<th>Key Staff on December 31, 2018</th>
<th>Benefit Under Bridging</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Age</td>
<td>Employer Contribution Under the SSWB</td>
</tr>
<tr>
<td>0-10</td>
<td>Age &lt; 55</td>
<td>8.30%</td>
</tr>
<tr>
<td></td>
<td>Age 55+</td>
<td>12.30%</td>
</tr>
<tr>
<td>10+</td>
<td>Age &lt; 50</td>
<td>8.30%</td>
</tr>
<tr>
<td></td>
<td>Age 50-54</td>
<td>8.30%</td>
</tr>
<tr>
<td></td>
<td>Age 55+</td>
<td>12.30%</td>
</tr>
</tbody>
</table>

*The chart only applies to employees eligible for the Key Staff contribution formula with earnings below the Social Security Wage Base (SSWB).

If you become eligible for the Key Staff contribution formula after January 1, 2019, and your pay subsequently drops below the MCL, the bridging provision described above will apply.

If you terminate employment for any reason during your bridging period and are rehired with compensation below the MCL, you will not continue to be bridged.

Questions? Please review the Frequently Asked Questions for more details. If you still have questions, contact:

**Caltech:** via email at hrbenefits@caltech.edu or by phone at (626) 395-6443

**JPL:** via email at benefits@jpl.nasa.gov or by phone at (818) 354-4447
Why are these changes being made to the Base Plan and Voluntary Plan? The changes are designed to ensure the plan remains compliant and to more closely align our plans with industry standards and best practices.

Can I still take loans from my Base Plan and/or Voluntary Plan account if I have outstanding loans as of January 1, 2019? Yes. You can continue to take loans from the Base and Voluntary Plans. However, effective January 1, 2019, you will be limited to one outstanding loan at a time for each plan. (Loans initiated before January 1, 2019, do not count toward the maximum of one outstanding loan.) Loans initiated after January 1 will be taken directly from your Plan account, and your loan payments, including interest, will be deposited back into your account and reinvested in the investment funds you have selected for contributions.

I have an outstanding loan(s) under the Base Plan and/or Voluntary Plan. Will these changes affect my repayment schedule? No. The changes only affect loans initiated after January 1, 2019. Please continue to make your loan payments on the same schedule and in the same manner.

Can I take a withdrawal from the Base Plan or Voluntary Plan if I am still working? You can take an in-service distribution from the Base and Voluntary Plans if you are at least age 59½. You can also withdraw any rollover contributions you have previously deposited. In addition, if you have an immediate and urgent financial need, such as a home purchase, medical expenses or college tuition, you may be eligible to take a hardship withdrawal, which is subject to a maximum distributable amount. Withdrawals may have tax implications. It’s a good idea to contact a TIAA financial consultant at (800) 842-2252 to discuss your options.

How do I determine if I am eligible for the Key Staff contribution formula? To be eligible for the Key Staff contribution formula, you must be a tenure or tenure-track faculty member or your annual compensation as defined by the Base Retirement Plan must be equal to or greater than the Minimum Compensation Level (MCL).

What is the formula for calculating the MCL? The 2019 MCL will be 87% of the previous year SSWB, rounded up to the nearest $500. Beginning in 2020 and each year thereafter, the MCL will be 90% of the previous year SSWB, rounded up to the nearest $500. The increase in MCL will not exceed $8,000 in any one year.
What is the bridging period?
The bridging period is designed to minimize the impact of these changes on employees who have been eligible for the Key Staff contribution formula in the past but will not meet the MCL as of January 1, 2019. Employees with less than 10 years of service who are currently eligible for the Key Staff contribution formula will continue to receive the Key Staff contribution until they have reached 10 years of service, even if their compensation falls below the MCL.

If my compensation is below the MCL once I reach 10 years of service, will I continue to be bridged?
No. The bridging period will only apply until you reach 10 years of service if your compensation is below the MCL. When you reach 10 years of service, you will receive the Staff contribution level if your compensation falls below the MCL. Employees in the Staff contribution level who are under age 50 with 10 or more years of service receive an employer contribution of 8% of gross pay, while employees age 50 or older with 10 or more years of service receive employer contributions of 12% of gross pay.

Which non-tenured academic faculty and staff employees will be affected by the eligibility changes as of January 1, 2019?
All non-tenure faculty and staff must meet the MCL beginning January 1, 2019. This includes the following faculty and staff designations:
• Non-tenure academic faculty, including Faculty Associate Instructor, Long Term Lecturer, Research Assistant Professor, Research Professor, Senior Faculty Associate Visiting Professor, Moore Distinguished Scholar, or any other non-tenured Academic Faculty members
• Staff, including Librarian, Associate Librarian, Staff employees with a designation of Member of Beckman Institute and/or Member of the Professional Staff.

If I terminate employment during the bridging period and am later rehired, will the bridging period be reinstated?
No. If you terminate employment for any reason during your bridging period and are rehired with compensation below the MCL, you will not continue to be bridged.

Will there be meetings where I can learn more about these changes?
Yes. We have scheduled webinars to review the retirement plan changes and answer your questions. Please visit benefits.caltech.edu/events for a list of upcoming events.

If you still have questions about the changes contact:
Caltech: hrbenefits@caltech.edu (626) 395-6443
JPL: benefits@jpl.nasa.gov (818) 354-4447
Important Plan Information

Name and Address of Employer, Plan Administrator and Plan Sponsor

California Institute of Technology
1200 E. California Blvd.
Mail Code 161-84
Pasadena, CA 91125

Caltech Contact Information for Plan Questions

Email: hrbenefits@caltech.edu
Phone: (626) 395-6443
1200 E. California Blvd.
Mail Code 161-84
Pasadena, CA 91125

JPL Contact Information for Plan Questions

Email: benefits@jpl.nasa.gov
Phone: (818) 354-4447
4800 Oak Grove Drive
Mail Code T1720-B
Pasadena, CA 91109

Summary of Material Modifications for the Caltech Base Retirement Plan (Base Plan) and Voluntary Retirement Plan (Voluntary Plan)

This document serves as notice to Caltech Academic Faculty, Staff, and Postdoctoral Scholars of changes to the Caltech Base Retirement Plan (Base Plan) and Voluntary Retirement Plan (Voluntary Plan).

This Summary of Material Modifications describes the changes that affect the Base Plan and Voluntary Plan and it updates the 2018 Summary Plan Description that was previously distributed to you.

Please read this document carefully and place this notice with your 2018 Benefits Handbook (Summary Plan Description). These changes are effective January 1, 2019, unless otherwise stated elsewhere in this document.

This brochure is not a substitute for the official Plan Documents, which govern the operation of the plan and benefits described here. All terms and conditions of the plan, including your eligibility and any benefits, will be determined pursuant to and are governed by the provisions of the applicable Plan Documents.

If there is any discrepancy between the information in this brochure or in any other materials relating to the plan and benefits described here and the actual Plan Documents, or if there is a conflict between information discussed by anyone acting on Caltech’s behalf and the actual Plan Documents, the Plan Documents, as interpreted by the applicable Plan Administrator in its sole discretion, will always govern.