



**BETHEL**  
UNIVERSITY

# **Retirement Program Summary**

**Revised: June 2019**

# **BETHEL UNIVERSITY**

## **RETIREMENT PROGRAM SUMMARY**

Bethel University (“Bethel”) sponsors the Retirement Program called the Bethel University Retirement Savings Plan (the “Defined Contribution Plan”). This booklet summarizes and describes the provisions of the Defined Contribution Plan as they were in effect on June 1, 2019. Bethel University also sponsors a Defined Benefit Plan (or Pension Plan). Employees hired after December 1, 2005 are not eligible to participate in that plan.

Certain provisions in the Defined Contribution Plan may change in the future. Participants who have terminated employment generally are subject to the rules that were in effect at the time they left.

We have tried to include the information considered necessary for an understanding of how the Defined Contribution Plan works. However, it is important to remember that this is intended to be only a summary, and therefore, provides only generalized information. A summary cannot deal with every conceivable set of circumstances.

The Defined Contribution Plan has been established under detailed legal documents that control the rights of participants. If this summary is inconsistent with those documents in any way, the legal documents nevertheless will control. Copies of the Defined Contribution Plan document are available for you to review. It is important that you read all information in this summary as reading only portions can be confusing and misleading.

### **Legal Requirements**

The Defined Contribution Plan has been designed to comply with current federal laws and regulations covering qualified retirement plans. Congress or the IRS may change the rules in the future. The Defined Contribution Plan must comply with any applicable changes that occur.

### **About The Plan**

Several factors contribute towards your total retirement earnings. Money for your retirement may come from several sources:

- Your own personal savings, including tax-deferred annuities (TDA) and individual retirement accounts (IRA)
- Social Security
- Bethel’s Defined Contribution Plan

The *Defined Contribution Plan* is designed to provide basic retirement income that supplements the retirement income provided by your own personal savings and Social Security. Effective June 1, 2013, each year Bethel contributes a variable percentage of each Participant’s pay to the Defined Contribution Plan, which will be determined each year by Bethel. (The current contribution percentage can be found online on the Bethel University Office of Human Resources website.)

Contributions, and investment income or losses on those contributions, are credited to the Participant's Account under the Defined Contribution Plan. You decide in which investment options made available under the Defined Contribution Plan you want your Account to be invested. When you terminate employment with Bethel, the balance credited to your Account can be received as a lump sum distribution, rolled over into an IRA or other qualified retirement plan, or remain in your Account until you reach retirement age.

The benefits under the Defined Contribution Plan are limited to the extent of the investment income or losses on the contributions. Bethel does not independently guarantee the benefits provided under the Defined Contribution Plan.

Bethel makes contributions to the Defined Contribution Plan. You cannot contribute to the plan.

## **Who Is Eligible**

You are eligible to become a Participant in the Defined Contribution Plan on your first day of employment on or after January 1, 2006 if you are a regular employee of Bethel and

1. You are at least age 21;
2. Your position is at least 1,000 hours per Plan Year. For faculty, this equates to teaching 13.6 Teaching Equivalency Units (TEU's) per Plan Year.

Individuals who were Participants in the Defined Contribution Plan prior to January 1, 2006 will continue to be Participants in the Defined Contribution Plan. The Defined Contribution Plan was first effective September 1, 1988 and had no Participants prior to that date.

Participation in the Defined Contribution Plan is automatic. If a Participant fails to make investment selection(s), the eligible individual is enrolled as a Participant in a default investment option chosen by Bethel.

## **Bethel Contributions to the Defined Contribution Plan**

Bethel makes contributions to the Defined Contribution Plan each month on behalf of each eligible Participant. The amount of the contribution is equal to a percentage of your total monthly gross compensation. The percentage will be determined each year by Bethel.

The contributions are credited to your Account under the Defined Contribution Plan. Investment income or losses on those contributions are also credited to that Account.

**Example:** John's monthly gross salary for August 2016 is \$3,000. John is a Participant in the Defined Contribution Plan effective January 1, 2006. In August 2016, the contribution percentage is 5%. Bethel will contribute a \$150.00 to his Account for August 2016.

## **Your Investment Options**

You control the investment of your Account among the options made available under the Defined Contribution Plan. As of June 1, 2019, investment options are available under the Defined Contribution Plan through TIAA.

When contributions begin to be added to your Account under the Defined Contribution Plan, you will be asked in which investment option you want the contributions invested; you may change the investments any time you wish.

Bethel will provide you with a separate detailed description of the investment options and the procedures for making and changing investment decisions.

## **Rollover Contributions**

Under certain circumstances, you may make a rollover contribution to the Defined Contribution Plan of a lump sum distribution you received from some other qualified plan. If you received a lump sum distribution in the past and rolled it into an IRA, you may now be able to roll it into the Defined Contribution Plan.

Any funds which are rolled over to the Defined Contribution Plan are placed in a Rollover Account. You are always 100% vested in that account. However, those funds are now subject to Bethel's distribution and other Plan rules.

The amount distributed to you from another qualified plan and contributed to the Defined Contribution Plan as a rollover contribution is not included in your taxable income for state or federal income tax purposes at the time it is contributed. Furthermore, the earnings on your Rollover Account are not taxable to you for either state or federal income tax purposes as they are earned. When you withdraw amounts from your Rollover Account, the amounts withdrawn are subject to state and federal income taxes. The rules governing rollover contributions are complex. If you are interested in making such a contribution, contact the Office of Human Resources for more information.

## **Distributions from the Defined Contribution Plan**

When you terminate employment at Bethel (whether at retirement or earlier), you are entitled to a distribution from your Account under the Defined Contribution Plan.

There are multiple forms in which you can receive distributions from the Defined Contribution Plan and combinations are possible. You choose the time and form of distribution from the Defined Contribution Plan after your termination of employment. Contact TIAA for further information.

## **When Distributions Must Begin**

In general, distributions from the Defined Contribution Plan must begin no later than April 1<sup>st</sup> following the year you reach age 70½.

You will be subject to income taxes when amounts are distributed. Therefore, the timing of the distribution is important. It may well be to your tax advantage to defer the time of payment as long as possible. You should consult with your tax advisor regarding this matter.

## **Death Benefits**

Upon your death, your “Beneficiary” will be entitled to your Account under the Defined Contribution Plan.

You designate your Beneficiary by filing an approved form with your investment option.

## **Your Beneficiary if None is Designated**

If your Beneficiary is not designated on an approved form with TIAA filed prior to your death, your Beneficiary will be the person or persons who survive you in the first of the following four classes in which there is a survivor, share and share alike:

1. Your surviving legal spouse.
2. Your surviving children. However, if a child of yours dies before you and leaves surviving descendants (your grandchildren, great grandchildren, etc.), those descendants will take the share that their deceased parent would have taken if he or she had been living on the date of your death.
3. Your surviving parents.
4. Your surviving brothers and sisters.

If none of the above survives you, your Beneficiary will be your estate.

It is important to note that a designation of Beneficiary will be given effect only if it is filed with TIAA. The identity of your Beneficiary can have important estate tax consequences. You should consult with your attorney regarding this matter.

## **Limits on Payments**

The tax laws require that your Beneficiary receive his or her benefit within a certain time after your death. In general, a Beneficiary who is not a surviving spouse must receive the benefit within five years after your death. A longer period may be allowed if your Beneficiary is your spouse, or if your Beneficiary begins receiving payments within one year after your death.

## **Hours of Service**

You are credited with an “Hour of Service” for each hour for which you are paid or entitled to payment from Bethel. This includes both hours worked and certain paid time off, such as vacation and sick days. If no record of your hours is kept, you will be credited with 40 Hours of Service for each full week worked or eight Hours of Service for each day worked.

## **Years of Vesting Service**

You are credited with a “Year of Vesting Service” for each Plan Year in which you are credited with at least 1,000 Hours of Service. For faculty, this equates to teaching 13.6 Teaching Equivalency Units (TEU’s) per Plan Year.

## **1-Year Break in Service**

You have a “1-Year Break in Service” during any Plan Year in which you have no Hours of Service and you were not considered a regular employee of Bethel at any time during the Plan Year.

## **Claims Procedure**

Before or at the time of your termination of employment, we will discuss with you the time and manner in which benefits will be received from the Defined Contribution Plan.

If you believe that you are entitled to a greater benefit, you must file a written claim for the additional amount. The claim must be filed with the Office of Human Resources for review by the Retirement Governance Advisory Committee. Bethel will respond to the claim within 90 days of the date on which it is received. However, if special circumstances require an extension of the period of time for processing a claim, the 90 day period can be extended for an additional 90 days by giving you written notice of the extension and the reason that the extension is necessary.

If your claim for a benefit is approved by the Retirement Governance Advisory Committee, you will receive written notice of the amount of your benefit and the date on which payments will begin. If your claim is denied in whole or in part, you will be told in writing the specific reasons for the decision and will receive an explanation of the procedures for reviewing the decision.

## **Appeals**

If you do not agree with the decision, you can request that the decision be reviewed by the Officers of the Board of Trustees by filing a written request with the Office of Human Resources within 60 days after receiving notice that the claim has been denied. You or your representative can also present written statements which explain why you believe that the benefit claimed should be paid and may review all pertinent plan documents.

We will review the decision within 60 days after receiving a request for review. However, if special circumstances require a delay, the review may take up to 120 days. If a decision cannot be made within the 60-day period, you will be notified of this fact in writing. You will receive a written notice of the decision, which will explain the reasons for the decision by making specific reference to the Plan provisions on which the decision is based.

## *General Information*

### **Name of Plan**

Bethel University Retirement Savings Plan (the “Defined Contribution Plan”)

### **Type of Plans**

The Defined Contribution Plan is a profit sharing plan and is classified as a 401(a) plan. The plan is a “church plan” within the meaning of section 3(33) of the Employee Retirement Income Security Act of 1974, as amended.

### **Administrator**

The Defined Contribution Plan is self-administered by Bethel. Many of the administrative decisions under the Defined Contribution Plan are delegated to the Retirement Governance Advisory Committee. Committee membership is comprised of staff, faculty, a retiree, a Board of Trustee member, and one at-large member.

Communication to the Administrator and the Retirement Governance Advisory Committee should be directed to the Office of Human Resources of Bethel University at 3900 Bethel Drive; St. Paul, Minnesota 55112.

### **Plan Year**

The Plan Year is the 12-consecutive month period commencing on each September 1 and ending August 31.

### **Trustees**

The Trustees for the Defined Contribution Plan are the Officers of the Board of Trustees of Bethel.

### **TIAA**

Participants in the Defined Contribution Plan will have their Accounts invested in contracts issued by TIAA. The Trustees for the Defined Contribution Plan are not responsible for the assets held by TIAA.

### **Amendments and Termination**

The Trustees of the Defined Contribution Plan of Bethel have retained the rights to amend or terminate the Plan at any time. However, no amendment or termination will take away vested benefits.

The Defined Contribution Plan also allows Bethel to correct any errors that may occur in administering the Defined Contribution Plan. Erroneous contributions can be returned to Bethel.

## **Alienation of Benefits**

You cannot assign Defined Contribution Plan benefits to anyone else, and your benefits are generally not subject to claims of creditors. However, the Defined Contribution Plan may be required to comply with certain “qualified domestic relations orders” which assign part or all of your benefit to a former spouse or to your dependents.



