

The University of San Francisco Voluntary Retirement Plan
Annual Automatic Enrollment and Default Investment
Annual Notice

The University of San Francisco (your “employer”) is making saving for retirement under our 403(b) Plan even easier. We offer an automatic enrollment feature.

You are receiving this notice to inform you how your contributions under the plan are being invested and how they will continue to be invested if you have not provided investment instructions. Please disregard this notice if you have already submitted a Salary Reduction Agreement and/or provided complete investment instructions.

If you have not completed and submitted a Salary Reduction Agreement, you have been automatically enrolled in the Plan starting with your first paycheck on or after January 1, 2012.* This means that amounts are being taken from your pay and contributed to the Plan. For pay during 2016, these automatic contributions are 3% of your eligible pay each pay period. But, you can choose a different amount. You can choose to contribute more, less, or even nothing.

This notice gives you important information about the Plan’s rules, including the Plan’s automatic enrollment feature. The notice covers these points:

- Whether the Plan’s automatic enrollment feature applies to you;
- What amounts are being automatically taken from your salary and contributed to the Plan;
- How your contributions are being invested;
- How you can change the investment allocation of your contributions;
- Where you can view plan and investment related information;
- When your Account will be vested (that is, not forfeited if you leave your job), and when you can withdraw your plan Account balance;
- How you can change the amount of your contributions;
- How you can change your beneficiary designation(s)

Distributions from 403(b) plans before age 59½, severance from employment, death, or disability may be prohibited, limited, and/or subject to substantial tax penalties. Different restrictions may apply to other types of plans.

You can find out more about the Plan in the Summary Plan Description (SPD), which is available from the Plan Administrator at the address shown at the end of this notice.

1. Does the Plan’s Automatic Enrollment feature apply to me?

The Plan’s Automatic Enrollment feature does not apply to you if you already elected (completed and submitted a Salary Reduction Agreement to the Plan Administrator) to make contributions to the Plan or not to contribute. If you made an election of how much you want to contribute, your contribution level will remain the same. You can always change your contribution level by completing and submitting a new Salary Reduction Agreement to the Plan Administrator.

If you have not elected a contribution rate, you have already been enrolled in the Plan starting with your first paycheck on or after January 1, 2012.* This means money is being automatically taken from your salary and contributed to your account. If you do not want to be enrolled, you need to obtain a Salary Reduction Agreement from the Plan Administrator and submit the completed form to the Plan Administrator indicating your election not to participate.

2. If I do nothing, how much will continue to be taken from my salary and contributed to the Plan?

If you have not turned in a completed Salary Reduction Agreement, 3% of your eligible salary for each pay period will continue to be taken from your salary and contributed to the Plan. To learn more about the Plan’s definition of eligible salary, you can review the Plan’s SPD.

*Auto Enrollment feature added to Plan on January 1, 2012.

Your contributions to the Plan are taken out of your salary and are not subject to federal income tax at that time. Instead, they are contributed to your plan Account and may grow over time with earnings. Your account will be subject to federal income tax only when amounts are withdrawn. This helpful tax rule is a reason to save for retirement through Plan contributions.

Contributions will continue to be taken out of your salary if you do nothing. But you are in charge of the amount that you contribute. You may decide to do nothing and become automatically enrolled, or you may choose to contribute an amount that better meets your needs. You can change your contributions by completing and submitting a new Salary Reduction Agreement to the Plan Administrator.

If you want to contribute more to your account than the Automatic Enrollment contribution percentage, there are limits on the maximum amount. These limits are described in the Plan's SPD, which is available from the Plan Administrator.

If you do not complete and submit a Salary Reduction Agreement in time to stop the automatic contributions, you can receive a refund of the accumulations (plus or minus investment earnings or losses) for a short time, despite the general limits on Plan withdrawals. During the 90 days after the automatic contributions are first taken from your salary, you can withdraw the Auto Enroll accumulations by contacting the Plan Administrator. The amount you withdraw will be adjusted for any gain or loss. Also your withdrawal will be subject to federal income tax in the year of distribution, but not the extra 10% tax that normally applies to early distributions before the age of 59½. The accumulations will be taxable in the year of the distribution and you will receive an Internal Revenue Service (IRS) Form 1099R for the applicable tax reporting.

3. How are my contributions being invested?

The Plan lets you invest the contributions in a number of different investment choices. Unless you choose a different investment option or options, the Auto Enroll contributions will continue to be invested in the default investment option for the University of San Francisco Voluntary Retirement Plan, which is the TIAA-CREF Lifecycle Funds. If the default investment option changes at any time in the future, you will be notified.

The enclosed Fact Sheet for the TIAA-CREF Lifecycle Funds provides additional information, including the investment objectives and strategy, TIAA-CREF Lifecycle Funds performance, risk and return characteristics, and fees and expenses. You can obtain updated information on fee expenses and a more detailed explanation of the TIAA-CREF Lifecycle Funds at **TIAA.org/usfca** or by contacting TIAA at **800-842-2252**.

To learn more about the Plan's investment choices, you can review the Plan's SPD. Also, you can contact the Plan Administrator.

4. How can I change the investment allocation of the contributions that are made on my behalf by The University of San Francisco to another investment choice available under the plan?

The Plan allows you to choose from a diverse set of investment options. A list of the Plan's available investment options and a copy of the prospectus or information statement for each investment option may be obtained from TIAA at **800-842-2252** or at **TIAA.org/usfca**.

You have the right to change the allocation of your investments at any time. If you elect to change the allocation of your account from TIAA-CREF Lifecycle Funds, there are no fees or expenses imposed in connection with that transfer. But certain restrictions may apply if multiple transfers are made from any one account. See the fund prospectus at **TIAA.org/usfca** more details on restrictions on frequent transfers.

You can change how the contributions are invested among the Plan's offered investment options, by contacting TIAA at **800-842-2252** or accessing your account online at **TIAA.org/usfca**.

5. Where can I view plan and investment related information?

To view current performance and other plan and investment-related information, go to **TIAA.org/planinvestmentoptions** and enter plan ID 100976.

If you have questions or would like a paper copy of the notices, please call TIAA at **800-842-2252**.

6. When will my Account be vested and available to me?

You will always be fully vested in your contributions to the Plan. To be fully vested means that the contributions (together with any investment gain or loss) will always belong to you, and you will not lose them when you leave your job. For more information about years of service, you can review the Plan's SPD, which can be obtained from the Plan Administrator.

Even if you are vested in your Account, there are limits on when you may withdraw your funds. These limits may be important to you in deciding how much, if any, to contribute to the Plan. In general, for 403(b) plans you may only withdraw vested money after you leave your job, reach age 59½, or become disabled. Also, there is a 10% federal tax penalty on distributions before age 59½.

7. Can I change the amount of my contributions?

You can change the amount you contribute to the Plan. If you do not want to contribute to the Plan (and you haven't already elected not to contribute), you will want to turn in a Salary Reduction Agreement electing zero contributions (0%).

If you discontinue automatic contributions, the University of San Francisco will treat you as having chosen to make no further contributions. However, you can always choose to continue or restart your contributions by completing and submitting a new Salary Reduction Agreement to the Plan Administrator.

8. How can I change my beneficiary designation(s)?

In addition to reviewing how your contributions are invested, you should also review and update your beneficiary designation(s) if it does not reflect how you would want your assets distributed upon your death. Reviewing and changing your beneficiary designation(s) in accordance with Plan rules can be made by logging into your secure account at **TIAA.org/usfca** or by contacting TIAA at **800-842-2252**.

If you have any questions about the plan's investment choices, how the Plan works or your rights and obligations under the Plan, or if you would like a copy of the Plan's SPD or other Plan documents, please contact the Plan Administrator at:

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