North Dakota University System
457(b) Deferred Compensation Retirement Plan

September 2016
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INTRODUCTION

North Dakota University System ("NDUS") is pleased to provide you with this summary of the North Dakota University System 457(b) Deferred Compensation Retirement Plan (the "Plan"). Because the Plan will provide valuable benefits to you and your family, you should read it carefully and keep it for future reference.

The term “Employer” also refers to each of the institutions listed on page 3 of this Summary. Whenever the word “Employer” is used in this summary, it refers to your employer, whether NDUS or one of the Employers listed on page 3.

The Plan is intended to provide protection for you and your family at retirement or death or if you become permanently disabled. By permitting you to make before-tax, cash contributions to the Plan you are rewarded and assisted in saving for your retirement.

This summary briefly describes the most important features of the Plan. The official plan documents are more detailed and set out all of the Plan’s features, including the effective dates of all plan provisions. The official plan documents govern the Plan. If there is ever any conflict between the official plan documents and anything in this summary, or any other materials that you may receive from NDUS or your Employer regarding the Plan, the official plan documents will control.

A copy of the Plan is on file in the main offices of NDUS and is available to you during regular business hours. Your questions regarding the Plan should be addressed to NDUS as follows:

Tammy Dolan
600 E. Boulevard Ave, Dept. 215
Bismarck, ND 58505-0230
Ph: (701) 328-4116  Fax: (701) 328-2961
Email: tammy.dolan@ndus.edu
Web: ndus.edu

***
HIGHLIGHTS OF THE PLAN

PARTICIPATION: An eligible employee may begin to participate as soon as reasonably practicable following his or her date of hire.

CONTRIBUTIONS: Before-tax contributions, called 457(b) salary deferral contributions, may be made by a participant. Employees may also contribute certain amounts received as distributions from other 457(b) plans sponsored by governmental entities through a rollover or transfer.

VESTING: All contributions are 100% vested.

INVESTMENTS: You can direct the investment of your accounts in the Plan among various funding vehicles, subject to any administrative restrictions determined by NDUS. A list of funding vehicles is provided below.

DISTRIBUTIONS: Generally, your accounts in the Plan are distributed following your termination or retirement. In certain limited circumstances, you may receive your benefit while you are still employed.

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## IDENTIFYING INFORMATION

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<th>PLAN SPONSOR:</th>
<th>North Dakota University System</th>
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<tr>
<td></td>
<td>State Capitol</td>
</tr>
<tr>
<td></td>
<td>600 E. Boulevard Ave., Dept. 215</td>
</tr>
<tr>
<td></td>
<td>Bismarck, ND 58505-0230</td>
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<tr>
<td></td>
<td>(701) 328-2960</td>
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### FEDERAL IDENTIFICATION NUMBER ASSIGNED TO PLAN SPONSOR:

43-1974004

### PLAN NUMBER ASSIGNED BY PLAN SPONSOR:

003

### PARTICIPATING INSTITUTIONS: (“EMPLOYERS”)

- University of North Dakota
- Williston State College
- Lake Region State College
- North Dakota State University
- Dakota College Bottineau
- North Dakota State College of Science
- Dickinson State University
- Mayville State University
- Minot State University
- Valley City State University
- Bismarck State College
- North Dakota University System Office
- NDUS System Information Technology Services

### PLAN ADMINISTRATOR:

North Dakota University System

### PLAN YEAR:

July 1 through June 30

### AGENT FOR SERVICE OF LEGAL PROCESS:

Any officer of NDUS, at the address shown above.

***
1. **How do I become a “participant” in the Plan?** You are eligible to participate if you are not a member of an excluded class of employees. You are not eligible to participate in the Plan if you are an independent contractor. If you are eligible to participate, you may begin to participate as soon as administratively practicable following your date of hire.

2. **How do I benefit from the Plan?** You may make the following types of contributions to the Plan:

   - The first is a 457(b) salary deferral contribution, which is made on a pretax basis.
   - The second is a rollover contribution or transfer as described in Item 4 below.

**SALARY DEFERRAL CONTRIBUTIONS:**

As of the date on which you become a participant, you may begin making 457(b) salary deferral contributions. 457(b) salary deferral contributions are a convenient way to save for your future and result in tax savings for you. Under current tax laws, these contributions are not considered a part of your taxable income for state and federal income tax purposes; however, they are considered as wages for FICA and FUTA taxes and are, therefore, subject to withholding with respect to the contributions.

To begin making salary deferral contributions, you must first enter into a salary deferral agreement with the Employer. Special rules governing the authorization of payroll deductions will be communicated to you from time to time by NDUS. You should give careful consideration as to the amount that you want deducted from your pay and contributed to the plan.

In general, your 457(b) salary deferral contributions for the year may not exceed $17,500 for 2013 (which may be increased in later years for cost-of-living increases). This is a calendar-year limitation.

If you are or will be age 50 or older by the end of the calendar year, you may be entitled to make an additional so-called “catch-up” 457(b) contribution. Catch-up 457(b) contributions are not subject to the limits described above. In 2013, your catch-up 457(b) contribution cannot exceed $5,500. You must, however, satisfy certain conditions imposed by the IRS before such contributions are treated as catch-up 457(b) contributions for the
year. For example, you may be required for the year, disregarding
the additional catch-up contribution to make regular 457(b)
contributions of the full $17,500 limit. You may make these
additional contributions during the plan year with your regular
pretax 457(b) contributions. If you are interested in receiving
more information about catch-up 457(b) contributions, please
contact NDUS.

In addition, special catch-up contributions apply in the last three
tax years ending before you attain normal retirement age. Please
contact NDUS for more information.

3. **What is my “compensation”?** Your compensation is the amount of your salary
and other cash compensation paid to you during the plan year as reported on your W-2. It does
not, however, include amounts that you receive for overtime or overload earnings.

4. **May I contribute distributions that I receive from a prior employer’s
   qualified retirement plan?** There is another kind of contribution that you can make to the Plan.
It is called a rollover contribution. If you receive an “eligible rollover distribution” from a
457(b) plan maintained by a governmental entity, you may contribute it to this Plan and defer
paying income taxes on such amounts that have not previously been taxed. Whoever makes a
distribution should inform you whether it is an eligible rollover distribution. A rollover
contribution must be completed within 60 days after the date you receive the distribution. The
Plan will also accept a direct transfer from a 457(b) plan maintained by a governmental entity.
Very technical rules apply to rollover contributions. You should contact TIAA-CREF for
additional information. You and TIAA-CREF can then determine whether you qualify to make a
rollover contribution or direct transfer.

5. **What happens to contributions?** To give you a greater degree of flexibility and
control over the investment of your Plan accounts, NDUS has authorized several investment
options with different investment objectives. A current list of the investment options is attached
at the end of this summary. These investment options may be updated from time to time. You
will be given more information about these investment options so that you (or your beneficiary
following your death) may decide how to invest your accounts. You will have the opportunity to
change your investment elections on a daily basis (although this is not recommended). Each
participant has an undivided interest in the investment fund or funds selected. Your accounts and
the accounts of other participants who choose a particular investment fund will share in the net
investment return of that fund. If you do not make an investment election, your accounts will
automatically be invested exclusively in the Lifecycle Funds – the Plan’s “default” fund. If your
accounts are so invested, you may use the procedures described above to select different funding
vehicles. Information on the default funding vehicle can be found at www.tiaacref.org.

The Plan is valued on a daily basis and your accounts will be adjusted daily to reflect any
increase or decrease in value. Even if you are no longer employed by your Employer but
continue to have an account in the Plan, you will share in the investment performance of the Plan.
A variety of fees and expenses may be charged to your accounts and will affect your retirement savings. For example, investment fees are generally assessed as a percentage of assets invested, and are deducted directly from your investment returns. Investment fees can be in the form of sales charges, loads, commissions, 12b-1 fees, or management fees. You can obtain more information about such fees from the documents (e.g., a prospectus) that describe the investments funds.

Plan administration fees cover the day-to-day expenses of the Plan for recordkeeping, accounting, legal and trustee services, as well as additional services that may be available under the Plan, such as daily valuation, telephone response systems, internet access to plan information, retirement planning tools, and educational materials. In some cases, these costs are covered by investment fees that are deducted directly from investment returns. In other cases, these administrative fees are paid by NDUS or are passed through to the participants in the Plan, in which case a recordkeeping fee will be deducted from your accounts.

Transaction-based fees are associated with optional services offered under the Plan, and may be charged directly to your accounts if you take advantage of a particular plan feature that may be available. For more information on fees associated with your accounts, please contact TIAA-CREF at www.tiaacref.org.

6. Will I lose benefits if I terminate employment with my Employer? Your 457(b) salary deferral contributions (increased or decreased by net earnings or losses) are always 100% vested. The same is true of rollover contributions and direct transfers (increased or decreased by net earnings or losses). Therefore, if you terminate employment, you will not lose or forfeit such amounts.

7. When and how will I receive my benefits from the Plan?

**DISTRIBUTIONS AFTER TERMINATION OF EMPLOYMENT:**

You may receive a distribution after you terminate employment for any reason. In order to receive a distribution, you must submit a written request to TIAA-CREF prior to the valuation date as of which you wish to receive your distribution. The distribution will then be made as soon as administratively practicable following such valuation date. However, if the value of your vested accounts is $1,000 or less, including rollover contributions, it will be paid to you in a single lump sum within sixty (60) days following your termination of employment.

**DISTRIBUTIONS WHILE EMPLOYED:**

**Unforeseen Emergency.** In addition, you may request a distribution due to an unforeseen emergency. Generally, an “unforeseen emergency” is a severe financial hardship resulting from a sudden and unexpected illness or accident experienced by
you, your spouse or dependent; loss of your property due to casualty; or other similar extraordinary and unforeseeable circumstances that were beyond your control. You may not receive payment to the extent that your financial hardship is or may be relieved through insurance reimbursement, by liquidation of your assets or by ceasing deferrals under the Plan. The purchase of a home and the payment of college tuition are not unforeseeable emergencies. Please contact NDUS for more information.

**Military Service Distribution.** You may receive a distribution from your vested accounts if you are performing military service while on active duty for a period of more than 30 days regardless of your age. However, you will not be entitled to make any salary deferral contributions during the six-month period following the date of your distribution. You may want to consult with your professional tax advisor for advice on this matter.

**WHEN DISTRIBUTIONS MUST BEGIN:**

You must receive your distribution no later than April 1 of the year following the calendar year in which you reach age 70-1/2 or retire, whichever is later. The date by which you must receive your distribution is referred to as the “required beginning date.”

If you have reached your required beginning date—the April 1 described above under the heading “WHEN DISTRIBUTIONS MUST BEGIN”—you will be required to receive distributions each calendar year (by December 31, except in the first year where the minimum distribution can be deferred to April 1 of the following year) of amounts that are not less than an annual amount determined each year by the Plan Administrator using a life expectancy table issued by the Internal Revenue Service and based on your account balance as of the preceding December 31.

All forms of distribution are subject to minimum payout rules which determine when distributions must begin and how much must be distributed each calendar year. You should consult with your estate planning advisor and your professional tax advisor.

**FORMS OF DISTRIBUTION:**

As noted above, if the value of your vested accounts is $1,000 or less, including your rollover contributions, you will receive a single lump sum payment within sixty (60) days following your termination of employment. If the value is more than $1,000, the value of your accounts may be paid to you in a single-sum payment, a single life annuity, a joint life annuity or over a fixed period. You may elect the form of payment at any time within thirty (30) days before your accounts would otherwise become
payable to you. If you fail to make an election, your vested accounts will be paid to you in a single lump sum. Please contact TIAA-CREF for more information about the distribution options.

8. **Are there tax consequences if I receive a distribution?** You will incur federal and state income taxes with respect to the distribution of your vested accounts, as will your beneficiary in the event of your death. If you wish to defer paying taxes on your distribution, you may wish to transfer it to another 457(b) plan sponsored by a governmental entity. You may also elect a direct rollover to an individual retirement account (“IRA”), qualified retirement plan or certain other retirement savings vehicles, including a Roth IRA. In the event of your death, your surviving spouse may be eligible to roll over amounts held in the plan for him or her. Your nonspouse beneficiary may also be eligible to roll over amounts directly to an IRA or Roth IRA. Only certain distributions are eligible to be rolled over.

Detailed information regarding the tax consequences of distributions and the availability of a rollover will be provided by TIAA-CREF to you before a distribution is made. You will want to read that information very carefully before deciding how to direct the trustee to make your distribution. TIAA-CREF is required to provide this information to you at least 30 days prior to the distribution and to give you a 30-day period to make your decision. Under certain circumstances, you may waive the 30-day period by returning your election form before the end of that period. In that case, your distribution can be made as soon as possible after the date you return your election form, depending on when your accounts are valued as explained in Item 5.

If you have any questions concerning the taxation of designated Roth contributions, please contact TIAA-CREF.

9. **If I die, what happens to amounts credited to my account?**

**BENEFICIARY:** When you become a participant, you should complete a beneficiary designation form, and you should update it periodically as necessary. On the beneficiary designation form, you will name the person(s) who will receive your accounts if you die before all vested amounts credited to your accounts have been paid to you. You may obtain a beneficiary designation form at TIAA-CREF’s website at www.tiaacref.org. Who you name as a beneficiary and when your beneficiary will be paid the benefit under the Plan may have significant financial consequences. You should always consult with your estate planning advisor when initially naming beneficiaries or changing beneficiaries.

If you have not filed a beneficiary designation form before your death, the Plan’s provisions will determine who will be paid the value of your accounts at death.
WHEN DISTRIBUTIONS MUST BEGIN: Generally speaking, the law requires that if your death occurs before the required beginning date, described above, your entire account must be paid to your beneficiaries by the last day of the fifth calendar year following the calendar year of your death. If payments begin by December 31 of the calendar year following the year of your death, payments may be made over the life expectancy of your designated beneficiary. However, if you named your spouse as your sole beneficiary, your spouse may delay payment until the last day of the calendar year in which you would have reached age 70-1/2 had you not predeceased your spouse.

The rules on distributions at death are exceedingly complex and there are many ways that you and your beneficiaries may be able to arrange distributions, not described above, that may benefit you and your beneficiaries. You should always consult your estate planning advisor before distribution decisions are made and implemented.

FORMS OF DISTRIBUTION: Unless your beneficiary elects a different form of payment, your death benefits will be paid to your beneficiary in a single lump sum payment. Your beneficiary may elect a single life annuity, joint life annuity or payment over a fixed period. However, the law may restrict the way that your death benefits are paid to your beneficiary. If the entire vested amount in your accounts has been paid to you before you die in the form of a single sum, an annuity contract, installment contract, or any other way, your beneficiaries will not receive a death benefit from the Plan. There may be a survivor benefit, however, under an annuity or other contract.

10. Will distributions after my death be taxed? Distributions at your death are subject to state and federal income taxes. The value of your accounts at death is includable in your estate and may be subject to estate taxes, depending upon the size of your estate and how your estate plan has been structured. Your spouse will generally be permitted to roll over his or her distribution to an IRA or other retirement savings vehicle under the rules described in Item 8. Your nonspouse beneficiary may also be eligible to roll over amounts directly to an IRA as discussed in Item 8. You should consult with your estate planning advisor or your professional tax advisor for advice on these matters.

11. What happens to my benefits if I divorce or am separated? If your spouse has obtained a judgment, decree or order that provides for child support, alimony payments or marital property rights, the Plan may be required to pay benefits to your spouse or former spouse. The precise amount and the way in which the payment may be made are described in detail in the Plan. The Plan cannot pay your spouse or former spouse, however, until TIAA-CREF has received the judgment, decree or order and has determined that it meets all of the technical requirements of the law. That determination may take several months. In order to avoid delays,
your attorney or your spouse’s or former spouse’s attorney should contact TIAA-CREF to find out what will be required and the procedures for reviewing such judgments, decrees or orders. You may obtain, without charge, a copy of these procedures by contacting TIAA-CREF. Your spouse will generally be permitted to roll over his or her distribution to an IRA or other retirement savings vehicle under the rules described in Item 8.

12. May I borrow from the Plan? You are not permitted to borrow from the Plan.

13. May I use my Plan benefits to secure a loan to a third party? Under no circumstances may you assign your Plan benefit as security for a loan. Any attempted assignment will be ineffective.

14. How will military service affect my participation in the Plan? If you are timely reemployed by your Employer after a period of military service, federal law entitles you to credit for certain purposes under the Plan for your period of military service and certain benefits under the Plan that were provided to other participants during your absence for military service. If you are an employee and you die while engaged in qualified military service, your beneficiaries may be entitled to any additional benefits (other than benefit accruals) relating to qualified military service had you resumed active employment and then terminated employment on account of death. See Item 7 which also describes distributions that may be made to you if you are on a leave of absence for military service for a period of more than 30 days. For more information about these benefits, please contact NDUS.

15. What if I want NDUS to review a decision affecting my benefits? If you do not agree with the way your claim for benefits has been handled, you may object in writing during the 30-day period after the date payment of benefits is to begin, or would begin if any benefits were payable. Your authorized representative may also object on your behalf, subject to any documentation required by NDUS to verify that such representative has that authority.

NDUS must respond to your written objection. That response must be in writing and must be provided to you during the 90-day period following NDUS’ receipt of your written objection. However, if special circumstances require an extension of the time period for NDUS to make a decision, NDUS will, within the initial 90-day period, notify you of those circumstances and the date by which NDUS expects to make its decision. In no event will NDUS have longer than 180 days from the receipt of your written objection to make its decision. NDUS will issue a written explanation of its decision, which must:

- State the reason(s) why your claim for benefits was denied;
- Specifically refer to any plan provisions that formed the basis for NDUS’ decision;
- Describe any additional material or information necessary for you to perfect your claim and why that material or information is necessary; and
• Describe the procedures you must follow to have your claim reviewed further, including your right to bring a civil action in the event of an adverse decision.

If you disagree with NDUS’ decision, you may request an appeal by filing a written application for review with NDUS within the 60-day period following your receipt of the notice of denial of your original claim. You will be entitled to review any applicable Plan documents or other records, to request copies of such documents without charge, and to submit written comments, documents or other materials relating to your claim for benefits. NDUS must provide you with a decision on your appeal within 60 days following receipt of your written request. However, if special circumstances require an extension of the time period for NDUS to make a decision, NDUS will, within the initial 60-day period, notify you of those circumstances and the date by which NDUS expects to make its decision. In no event will NDUS have longer than 120 days to make its decision. NDUS will issue a written explanation of its decision, which will be considered final. That explanation must:

• State the reason(s) why your claim for benefits was denied;
• Specifically refer to any plan provisions that formed the basis for NDUS’ decision;
• Inform you that you may have reasonable access to all documents, records and other materials relevant to your claim, and may request copies at no charge; and
• Inform you of your right to bring a civil action.

If you do not give proper notice or otherwise follow the rules for filing and reviewing claims under the Plan, you and/or your beneficiary may not be able to take further legal action, including arbitration, to contest any decision made under the Plan with respect to your benefits.

16. Are my Plan benefits guaranteed or insured? Under federal law, the benefits under some types of retirement plans are insured by the Pension Benefit Guaranty Corporation if the Plan is terminated. This termination insurance is available only to plans that are “defined benefit” plans. Under federal law, this Plan is a defined contribution plan and not a defined benefit plan. Therefore, the contributions, accounts and benefits under the Plan are not insured by the Pension Benefit Guaranty Corporation.

17. Will the Plan continue indefinitely? NDUS has the right to terminate or change the Plan at any time. However, such circumstances cannot be used to take away your vested interest that you earned before the Plan was terminated or changed unless required by law, government regulation or court decision. Furthermore, no change is permitted that would give NDUS or any Employer any interest in any assets of the Plan.
Funding Vehicles

**TIAA-CREF Annuity Contract**
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 Equity Index Account
CREF Growth Account
CREF Inflation Linked Bond Account

**TIAA-CREF Mutual Funds**
TIAA-CREF International Equity Fund
TIAA-CREF Large-Cap Value Fund
TIAA-CREF Lifecycle Retirement Income Fund
TIAA-CREF Mid-Cap Growth
Mid-Cap Value Fund
TIAA-CREF Small-Cap Equity Fund

**TIAA-CREF Lifecycle Funds**
TIAA-CREF Lifecycle 2010 Fund
TIAA-CREF Lifecycle 2015 Fund
TIAA-CREF Lifecycle 2020 Fund
TIAA-CREF Lifecycle 2025 Fund
TIAA-CREF Lifecycle 2030 Fund
TIAA-CREF Lifecycle 2035 Fund
TIAA-CREF Lifecycle 2040 Fund
TIAA-CREF Lifecycle 2045 Fund
TIAA-CREF Lifecycle 2050 Fund
TIAA-CREF Lifecycle 2055 Fund

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