



PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION

403(b) VOLUNTARY RETIREMENT PLAN SUMMARY PLAN DESCRIPTION

This summary describes the Section 403(b) program (the “403(b) Plan”) of the Pennsylvania State System of Higher Education (“State System”). The 403(b) Plan is referred to throughout this document as the Plan. The 403(b) Plan is designed to help you establish a regular method of savings for your retirement.

The State System makes available the Plan as an accommodation to its employees. Employees may view the available vendors and investment options and enroll online in the voluntary 403(b) plan at www.passhe.edu/enrollTSA and select the Retirement@Work link. The State System is not authorized to give you tax, investment or other advice with respect to the Plan.

ELIGIBILITY

The Plan is for employees of the State System. If you are an employee of the State System and are not a student regularly attending classes offered by the State System, then you are eligible to participate in the Plan. Eligible employees may participate in the Plan effective as of their date of hire.

If your employment with the State System terminates and you are subsequently rehired, you will be eligible to participate again in the Plan effective with your rehire date, provided you meet the eligibility requirements described above.

EMPLOYEE CONTRIBUTIONS

As a participant in the Plan, you voluntarily may elect to defer compensation by making before-tax contributions to the Plan through payroll deductions. Regular elective deferrals are limited to the maximum annual amount allowed by law, which generally is \$20,500 for 2022. This amount is subject to increase annually in accordance with cost of living increases.

In addition to regular deferrals, if you will be at least 50 years old during a given calendar year, you may be able to make a “catch-up” contribution for that year. The maximum catch-up contribution is currently \$6,500 for 2022 with the limit subject to annual cost of living increases. To be eligible to make a catch-up contribution for a year, you must make the maximum contribution permitted by the rules limiting your contributions.

The amount of your before-tax contributions will not be subject to federal income taxes until distributed to you. However, your before-tax contributions will be subject to any otherwise applicable FICA taxes.

DEFERRAL ELECTIONS

To begin making before-tax contributions, select a vendor from the list of current investment vendors listed on the Retirement@Work link and follow the directions to enroll. The State System will transfer the amount of your contribution to the investment vendor you select. You may start, stop or change your voluntary contribution deferral amount at any time. The State System, in its sole discretion, may amend these election procedures.

The State System may reduce the amount of before-tax contributions that you may contribute during the calendar year to assure compliance with the limits described above.

INVESTMENT OF CONTRIBUTIONS

All contributions under this Plan are held in accounts that are invested for the exclusive benefit of participants. You may change your investment selection and move monies from one investment vehicle to another in accordance with the rules established by the State System.

A list of approved investment vendors available to you at the time of this Summary is provided as Exhibit A to this Summary.

The State System does not recommend any investment option available. You should undertake your own investigation to satisfy yourself that any particular investment is appropriate for you.

DISTRIBUTIONS

The law restricts the times when distributions are permitted from your accounts under the Plans. Distributions are permitted from the Plan upon severance from employment with the State System, attainment of age 59½, death or disability (as defined in the Agreement with the Vendor).

Regardless of any election on your part, payment of benefits is required by law to begin no later than April 1 of the calendar year following the later of the calendar year in which you attain 72 years of age or retire. If you were born before July 1, 1949, the prior rules continue to apply.

You are 100% vested at all times in your accounts under the Plans. This means that you have a nonforfeitable right to all amounts credited to your account.

Form of Payment. The distribution of your account balance will be made in the form(s) made available by the investment vendor you select to receive your contributions.

Payment of Death Benefits. Your account balance will be paid to your beneficiary in a lump sum as soon as reasonably practicable following your death, and in any event by the end of

the calendar year following the year in which your death occurs. You should designate via online or on a form provided by your investment vendor or custodian, the person or persons to whom your benefits under the Plan are to be paid if you die before receiving all your benefits. Beneficiary designations will be effective only when filed in accordance with the vendor's beneficiary designation process while you are alive.

If you fail to validly designate a beneficiary, your balance generally will be paid to your surviving spouse or, if you leave no surviving spouse, to your estate.

EXHIBIT A

LIST OF CURRENT VENDORS Effective 7/1/18

Fidelity

TIAA

Please note that the deferring of an employee's salary through payroll deduction to a TSA vendor by the State System is not an endorsement of the vendor or the investments made available by the vendor. It is the sole responsibility of the employee to determine whether the TSA vendor and the investments made available by the vendor are appropriate for the employee.