Deferred Compensation Plan
BU-PP 472

Policy:
In addition to offering a Section 403(b) retirement income plan, Baylor also offers a 457(b) Deferred Compensation Plan which is designed to permit any participant who has maximized their 403(b) elective deferrals with an additional opportunity to save for retirement. Section 457(b) of the Internal Revenue Code (IRC) allows eligible employees to defer current compensation. The 457(b) Plan is an arrangement that permits an employee to postpone receipt of current compensation, deferring federal income tax to a later date. This deferred compensation may be invested with an approved Plan vendor.

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Related policies:
BU-PP 461 – Retirement Income Plan
BU-PP 600 – Retirement Benefits

Additional Information:
GuideStone Financial Services, S.B.C.
457(b) Salary Deferral Agreement
Retirement Income Plan website: http://www.baylor.edu/hr/index.php?id=74162

Contact:
Human Resources 254.710.2000 or askHR@baylor.edu

Eligibility –
Any employee who is not specifically excluded from participation in the 457(b) Plan is eligible to participate. If the employee becomes an excluded employee, the employee is no longer eligible to participate in the Plan.

Excluded employees include:
- Students (including graduate students)
- event workers
- independent contractors
- leased employees

Enrollment requirements –

Employees who choose to defer compensation into the 457(b) Plan may do so by completing the 457(b) Salary Deferral Agreement and the 457(b) Beneficiary Designation Form.

Contributions –

A Participant's maximum Contributions (excluding Transfers) under this Plan for a Taxable Year may not exceed the lesser of:

- the applicable dollar amount as specified under Code section 457(e)(15), or (beginning January 1, 2006, such amount as the Commissioner of the Internal Revenue Service may prescribe);
- 100% of the Participant's Includible Compensation for the Taxable Year.

Participant tax sheltered contributions will be paid to the Trust no later than the end of the month following the month they were withheld from the Participant's compensation. For current contribution limitations, go to http://www.baylor.edu/content/services/document.php/187521.pdf

Normal Retirement Age Catch-up Contribution –

For one or more of the Participant's last three Taxable Years ending before his/her attainment of Normal Retirement Age, the Participant's maximum Contributions may not exceed the lesser of:

- twice the 457(b) deferral limit; or
- the underutilized limitation.

Changes to elections and investment choices —

- Employees may stop, start or change election amounts and investments choices as often as practical by completing the 457(b) Salary Deferral Agreement Change Form.
- Investments may be chosen from among the variety of funds provided by the Plan vendor.

Plan Vendors –

The approved 457(b) Plan vendor is: GuideStone Financial Resources of the Southern Baptist Convention.

Distribution Restrictions –

The Plan Administrator or Trustee may not distribute to a Participant his/her account prior to one of the following events:

- The Participant's attaining age 70½,
- The Participant's Severance from Employment, or
- The Participant's death.

Timing of Benefit Payments –

Benefits shall be paid sixty (60) days following the participant's severance from employment or within sixty (60) days after receipt by the Employer of satisfactory proof of the Participant's death.

- The commencement date of distribution may be changed to a later date provided such election is received by the Employer within sixty (60) days following the severance from employment or satisfactory proof of the Participant's death.
- If a Participant or Beneficiary has elected within such sixty (60) day period to delay the commencement of distributions to a later date, then the Participant or Beneficiary may make one additional election to further delay the commencement of distribution, provided that the election is received by the Employer before distribution actually begins.

No Election/Default –

If the Participant or Beneficiary does not make a timely election regarding the time and method of payment, the Trustee is authorized to distribute a single sum payment to the Participant or Beneficiary without direction from the Plan Administrator.

Distributions While In-Service

Unforseeable Emergency –

An unforeseeable emergency is a severe financial hardship of a Participant or Beneficiary resulting from:

- illness or accident of the Participant, the Beneficiary, or the Participant's or Beneficiary's spouse or dependent;
- loss of the Participant's or Beneficiary's property due to casualty;
- the need to pay for the funeral expenses of the Participant's or Beneficiary's spouse or dependent; or
- other similar extraordinary and unforeseeable circumstances arising from events beyond the Participant's or Beneficiary's control.

Military Service –

If a Participant performs service in the uniformed services on active duty for a period of more than 30 days, the Participant will be deemed to have a severance from employment solely for purposes of eligibility for distribution of amounts subject to Code section 457(d)(1)(A)(ii). However, the Plan will not distribute such a Participant's Account on account of this deemed severance unless the Participant specifically elects to receive a distribution hereunder.

De minimis distribution –

The Plan allows the Employer to direct the Trustee to distribute the Participant's Account where:

- the Participant's Account does not exceed $5,000 (or such other amount as does not exceed the Code section 411(a)(11)(A) dollar amount);
- the Participant has not made or received an allocation of any Contributions under the Plan during the two-year period ending on the date of distribution; and
- the Participant has not received a prior distribution under the de minimis exception.

Required Minimum Distributions (Age 70½) –

The Plan allows for distribution of a Participant's Account to a Participant (or Beneficiary, if applicable) who has not incurred a Severance from Employment and has attained age 70½ under one or a combination of payment methods (a single sum, or periodic payment).

Death Benefit –

If the Participant dies before receiving a distribution of all of his/her Account, the Trustee at the direction of the Plan Administrator will distribute to the Participant's Beneficiary a single sum distribution, periodic payment or a combination of these payments as selected by the Beneficiary on the appropriate distribution form.

Distribution Under Qualified Domestic Relations Orders (QDRO) –

The Plan Administrator and Trustee must comply with the terms of a valid QDRO as defined in Code section 414(p) which is issued with respect to the Plan.