NEW YORK UNIVERSITY SECTION 457(b) DEFERRED COMPENSATION PLAN

2017 PLAN HIGHLIGHTS
NYU offers a nonqualified deferred compensation plan for eligible faculty, professional research staff, and administrative and professional staff. This plan, known as the NYU Section 457(b) Deferred Compensation Plan (the “Plan”), will allow you to take advantage of the additional tax-deferred savings opportunity made possible by Section 457(b) of the Internal Revenue Code.

Eligible employees may elect to defer an additional portion of their pay (up to $18,000 for 2017) on a pre-tax basis under the Plan. This amount is in addition to the amount that you may contribute under the NYU Retirement and Supplemental tax Deferred Annuity (STDA) plans, which are both 403(b) Plans. This brochure describes the Plan and how you can take advantage of the savings opportunity.
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As a participant in the NYU Retirement or Supplemental Tax Deferred Annuity 403(b) Plans, you probably know that your contributions (and the contributions that NYU makes on your behalf) are set aside for you in annuity contracts or mutual fund accounts and are not part of NYU’s general assets.

However, under Section 457(b) of the Internal Revenue Code, this Plan must be considered “unfunded”, which means that your deferrals of salary (including any earnings on those deferrals) must be part of NYU’s general assets. This means that in the unlikely event that NYU ever became insolvent, your deferrals under the Plan and any investment earnings that have accrued would be subject to the claims of NYU’s general creditors and you might lose part or all of your benefits. You should consider this in deciding whether to participate in the Plan.

Furthermore, when you leave the University, there is less flexibility under a Section 457(b) Deferred Compensation Plan than there is in a 403(b) Plan with regard to the timing of distributions from the Plan. For more details, read the section “Distributions on Termination of Employment” in this brochure.
Eligibility

Each year, you will be eligible to participate in the Plan beginning with the March monthly pay period if:

1. you are employed in an eligible job category, and
2. your total gross NYU earnings for the entire preceding calendar year equals or exceeds the applicable threshold amount in effect for the year.

If you were not employed at NYU for the entire preceding calendar year, you will be eligible to participate in the Plan if:

1. you are employed in an eligible job category, and
2. your regular monthly salary for your primary appointment position equals or exceeds $15,750 of the applicable threshold amount in effect for the year.

Eligible job categories include full-time:

- Tenured and Non-tenured Faculty,
- Professional Research Staff
- Administrative and Professional Staff

Salary Threshold

- your 2016 total gross NYU earnings were at least $189,000
- your 2017 regular monthly base salary for your primary appointment position is at least $15,750

Eligibility for the Plan is limited to a select group of management or highly compensated employees.

Please note: Your contributions to the 403(b) Plans are, under federal law, subject to less restrictive rules regarding withdrawals and distributions. In addition, the 403(b) Plans are funded and assets are set aside to fund such plans. Therefore, it is advantageous for you to maximize your contributions to the 403(b) Plans before making deferrals under the 457(b) Plan. If you need to reduce the amount of money deducted from your earnings on a monthly basis at any time during the year, you will likely want to first reduce your deferrals under the 457(b) Plan before adjusting the amount of your contributions to the 403(b) Plans. You should discuss these decisions with your personal tax and financial advisors.

Enrollment and Investment Selection

Enrollment

In order to enroll in the Plan you must first review this 2017 Plan Highlights Brochure and then make your percentage of pay elections and vendor selection(s) in PeopleSync. If you want your deferrals to begin with your April 1, 2017 paycheck, you must make your elections in PeopleSync no later than March 24, 2017.

NYU will permit you to direct the investment of this account from the investment funds made under the Plan. However, because assets of the Plan are legally assets of the University, NYU will not establish an account on your behalf. Instead, you will have a notional account that tracks your investment elections with TIAA and/or Vanguard.
How to Select or Update Your Investments

You must either:

- complete the TIAA online enrollment form and/or the Vanguard online enrollment form
- Follow the instructions on How to Enroll online:
  - for TIAA: http://www.nyu.edu/content/dam/nyu/hr/documents/benefitsforms/457-Enroll-TIAA.pdf
  - for Vanguard: http://www.nyu.edu/content/dam/nyu/hr/documents/benefitsforms/457-Enroll-Vanguard.pdf

You may change your investment instructions for your notional account from time to time. To change the percentage of future deferrals to be split between TIAA and Vanguard, you must make your elections in PeopleSync.

Deferral Limits

Generally, you may defer up to $18,000 under the 457(b) Plan in 2017. Please note that your deferrals under the Plan may be limited if deferrals have been (or will be) made on your behalf under another employer’s non-qualified deferred compensation plan during the year. Please advise NYU PeopleLink if you believe you are participating in another employer’s non-qualified deferred compensation plan.

If you do not defer the maximum amount under the Plan for one or more calendar years in which you are otherwise eligible to participate in the Plan, a special "catch-up limit" will apply to you in the three calendar years prior to the year in which you attain age 65 (assuming that you are otherwise eligible to participate in the Plan during those years).

This special catch-up limit permits you to exceed the general limit for the year by deferring the lesser of:

1. twice the general limit for the year, or
2. the general limit for the year plus the amount you could have deferred in prior years but did not.

Example: Paul begins participating in the Plan on April 1, 2016 and turns 64 years of age in May of 2016. He defers $6,000 under the 457(b) Plan in 2016. Paul's catch-up limit applies to him in 2017 (because he will be 65 in 2017). In 2017, if he is still eligible for the 457(b) Plan, Paul may defer up to the 2017 Plan limit of $18,000, plus the amount Paul opted not to defer in 2016 ($12,000) for a total 2017 457(b) Plan deferral of $30,000.

If you are interested in utilizing the special catch-up limit, contact NYU PeopleLink at that time.
In-Service Withdrawals

Except in the case of an unforeseeable emergency (as described below), you may receive your Plan benefits only after your employment with NYU has terminated. Loans are not permitted under the Plan.

Under IRS rules, if you have an unforeseeable emergency, you may make a withdrawal from the Plan while you are still working of an amount reasonably needed to satisfy your emergency need. For purposes of the Plan, an "unforeseeable emergency" means a severe financial hardship to you resulting from:

1) a sudden and unexpected illness or accident of you, your spouse or your dependent,
2) loss of your property due to casualty, or
3) other similar extraordinary and unforeseeable circumstances arising as a result of circumstances beyond your control.

You may not make a withdrawal if your severe financial hardship is or may be relieved by payment from an insurance company, liquidation of your assets (unless the liquidation itself would cause severe financial hardship), or discontinuation of your deferrals under the Plan. You must first obtain an emergency withdrawal application form from NYU PeopleLink. You should allow at least 30 days from the date your application is submitted for receipt of funds. This is because sufficient time is needed for the review of the facts and circumstances necessitating the emergency withdrawal. You should also be prepared to provide supporting documentation as requested. Therefore, it is important that financial commitments not be made on the presumption of qualifying for an in-service withdrawal from the plan.

If your total account balance does not exceed $5,000 and you have not made any deferrals under the Plan for at least a two-year period, NYU may distribute your account balance without your consent. You may receive a distribution under this rule only once during your NYU employment.

Distributions upon Termination of Employment

When your employment with NYU terminates, you will receive your Plan benefits in a lump sum payment on or about March 1 of the calendar year following the calendar year of your termination unless you make an election to defer your distribution by the January 31 of the calendar year following the calendar year of your termination. If you elect to defer your distribution and have funds notionally invested in both Vanguard and TIAA, you must transfer your investments from Vanguard to TIAA or vice versa upon termination of employment. This transfer will be irrevocable.

If you do not want a lump sum payment on your distribution date, you may elect to receive your Plan benefits in a different form. Distribution election forms and information about the available forms of payment are available from NYU PeopleLink. If you wish to elect a form of payment other than a lump sum, such as installments or an annuity, you must elect your payment form any time prior to 60 days before your commencement date. Subject to applicable IRS regulations and your vendor’s rules, forms of payment under the Plan generally include lump sum payments, installment payments, and various annuities. If you elect an installment payout or an annuity, NYU remains the owner of the account or annuity contracts until you and/or your beneficiary have received all benefits.

In any event, you must receive (or begin to receive) payment of your Plan benefits no later than April 1 following the calendar year in which you turn age 70½ or your employment terminates, whichever is later.
If you make a first election to defer the payment of your Plan benefits later than March 1 of the calendar year following the calendar year of the termination of your employment, you may make an irrevocable second election to defer the commencement date again, as long as:

- (i) you make that election at least 30 days prior to the date on which your benefits are to commence pursuant to your first election; and
- (ii) you make a second election after March 1 of the calendar year following the calendar year of the termination of your employment. Such second election is irrevocable once made, and there will be no additional opportunity to further defer a payment date.

*Note that you may only change your elected form of payment (i.e., lump sum, installments, and annuity) once as outlined above, and there is no second chance to modify the form of payment.*

**Rollovers, Designating a Beneficiary, Divorce Orders, and Tax Consequences**

**Rollovers**

Distributions under the Plan are not eligible for rollover to IRAs or other employer plans, and the Plan cannot accept either a rollover or transfer contributions from IRAs or other employer plans.

**Designating a Beneficiary**

You may designate a beneficiary for your Plan benefits on the form provided to you for this purpose. Your beneficiary may be your spouse or another individual. If you die before you have received a full distribution of your Plan benefits, your beneficiary will receive the balance of your Plan benefits as soon as administratively possible after your death. This distribution will be taxable to your beneficiary.

**Divorce Orders**

Under a “Qualified Domestic Relations Order,” a court may direct the Plan to pay all or a portion of your Plan benefits to your spouse, former spouse, or other dependent. The court order must be reviewed and approved by NYU before it is implemented. Hence, it is suggested that you contact NYU PeopleLink prior to the drafting of a “Qualified Domestic Relations Order” by your attorney.

**Tax Consequences of Plan Participation**

Salary deferrals under the Plan are made on a pre-tax basis for federal, New York State, and New York City income tax purposes, and the earnings (if any) on such deferrals are not taxable while you are employed by NYU. Salary deferrals under the Plan are, however, currently subject to FICA tax withholding. If you are not a New York resident, you are encouraged to consult your personal tax advisor about the state tax consequences of your participation in the Plan. You will be taxed when your Plan benefits are distributed to you, either on the March 1 of the calendar year following the calendar year of termination of NYU employment or such other date as you elect. Distributions will be subject to tax withholding. If you select an installment or annuity form of payment, you will be taxed on the receipt of each payment.
Contact Information

If you have any questions about the Plan, please contact:
NYU PeopleLink
105 E. 17th St., 1st Floor
New York, NY 10003
212-992-LINK (5465)
212-995-4333 (fax)
askpeoplelink@nyu.edu
www.nyu.edu/peoplelink

This Plan Highlights brochure has been prepared to explain the major provisions of the Plan in effect as of January 1, 2017. Although all possible care has been taken in the preparation of this brochure, it is not the official text of the Plan. In the event of any inconsistency between the information in this brochure and the Plan, the Plan will prevail. A copy of the Plan document is available for inspection in the NYU PeopleLink office during regular business hours. Although NYU hopes to offer the Plan to eligible employees for the foreseeable future, NYU reserves the right to amend or terminate the Plan at any time in its sole discretion.

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