NEW YORK UNIVERSITY
SECTION 457(b) DEFERRED COMPENSATION PLAN

2020 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” or the “457(b) 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 $19,500 for 2020) on a pre-tax basis under the Plan. This amount is in addition to the 403(b) plan contributions that you may make under the NYU Retirement Plan. This brochure describes the Plan and how you can take advantage of the savings opportunity.
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BEFORE YOU JOIN, PLEASE READ THIS
IMPORTANT CONSIDERATION ABOUT THE OWNERSHIP OF PLAN ASSETS

As a participant in the NYU Retirement Plan, 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 upon Termination of Employment” in this brochure.
ELIGIBILITY

Who is Eligible to Participate in the 457(b) Plan?

You will be eligible to participate in the Plan if:

1) you are employed in an eligible job category, and
2) your annual base salary for your primary appointment and secondary appointment with title equals or exceeds the applicable salary threshold amount in effect for the year.

What is an Eligible job categories?

- Full Time Tenured and Non-Tenured Faculty,
- Full time Professional Research Staff, and
- Full time Administrative and Professional Staff

SALARY THRESHOLD

Your annual base salary must be at least 1.3 times the U.S. Social Security Wage Base for the calendar year. For 2020, this means that your annual base salary must be at least $179,010.

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

Please note: Your contributions to a 403(b) plan, such as the NYU Retirement Plan, are, under federal law, subject to less restrictive rules regarding withdrawals and distributions. In addition, the NYU Retirement Plan is funded and assets are set aside to fund such plan. Therefore, it is advantageous for you to maximize your 403(b) contributions to the NYU Retirement Plan 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 NYU Retirement Plan. You should discuss these decisions with your personal tax and financial advisors.

ENROLLMENT AND INVESTMENT SELECTION

How Do I Enroll in the 457(b) Plan?

In order to enroll in the Plan, you must first review this 2020 Plan Highlights brochure and then make your elections via the NYU Retirement Portal at TIAA. Using your NYU Net ID and password information, login to NYUHome, select the NYU Retirement Plans card and then Go. You may search for the NYU Retirement Plans card by typing retirement in the upper right hand corner.

NYU will permit you to direct the investment of this account from the investment funds made available 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.
How Do I Change My Salary Deferral Election?

You may change your salary deferral election at any time during the year via the NYU Retirement Portal at TIAA. Using your NYU Net ID and password information, login to NYUHome, select the NYU Retirement Plans card and then Go. You may search for the NYU Retirement Plans card by typing retirement in the upper right hand corner. Once you have reached the NYU Retirement Portal at TIAA, select MyAccount to manage your employee contribution amount, investments, and beneficiary information.

Contribution changes will be processed in the next available pay cycle in the month following the month in which you submit your change. Please note: IRS rules do not permit your salary deferral election change to take effect until the calendar month following the calendar month in which you submit the change.

How Do I Select or Update My Investments?

You can choose investments through the NYU Retirement Portal at TIAA or by contacting the NYU Retirement Plans Helpline at TIAA at 844-NYU-TIAA (844-698-8422). The Plan offers a range of TIAA and Vanguard investment funds, so that you can choose the investments that are right for you.

Before making any investment decision, you should read The Vanguard Group and TIAA booklets and the prospectuses for each fund in which you may wish to invest. You can order booklets and prospectuses directly from the NYU Retirement Portal at TIAA (see page 5 for instructions on how to access the NYU Retirement Portal at TIAA) or by contacting the NYU Retirement Plans Helpline at TIAA at 844-NYU-TIAA (844-698-8422).

DEFERRAL LIMITS

How Much May I Defer Under the Plan?

Generally, you may defer up to $19,500 under the 457(b) Plan in 2020. 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 eligible 457(b) deferred compensation plan during the year.

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 three 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, 2019 and will turn age 65 in 2021. He defers $6,000 under the 457(b) Plan in 2019. Paul's catch-up limit applies to him in 2020 (because he will turn age 65 in 2021). In 2020, if he is still eligible for the 457(b) Plan, Paul may defer up to the 2020 Plan limit ($19,500), plus the amount Paul opted not to defer in 2019 ($13,000) for a total 2020 457(b) Plan deferral of $32,500.
If you are interested in utilizing the special catch-up limit, contact the NYU Retirement Plans Helpline at TIAA at 844-NYU-TIAA (844-698-8422).

**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.

**May I Make a Withdrawal in the Event of an Unforeseeable Emergency?**

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” is defined as 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 TIAA. 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.

**Will I Receive a Distribution if I Have a Small Account Balance?**

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**

**After My NYU Employment Terminates, When Will I Receive a Distribution of My Plan Account?**

When your employment with NYU terminates, you will receive your Plan benefits in a lump sum payment on or about the 90th day following the date of your termination of employment unless you make an election to defer your distribution within the 60-day period following your termination of employment.

**May I Make a Different Election for the Timing and Form of My Distribution?**

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 TIAA. If you wish to elect a form of payment other than a lump sum, such as installments or an annuity, or transfer your account to your new nongovernmental employer’s 457(b) plan, you must elect your payment form any time prior to 60 days before your commencement date. Subject to applicable IRS regulations and applicable TIAA 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.

**May I Again Defer My Distribution to a Later Date?**

If you make a first election to defer the payment of your Plan benefits later than the 90th day following the date of your termination of employment, you may make an irrevocable second election to defer the commencement date again and/or change the form of payment, as long as:

- 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
- you make a second election after the 90th day following the date of your termination of employment.

Such second election is irrevocable once made, and there will be no additional opportunity to further defer a payment date.

**ROLLOVERS/TRANSFERS, DESIGNATING A BENEFICIARY, DIVORCE ORDERS, CLAIMS PROCEDURE, AND TAX CONSEQUENCES**

**Are Rollovers or Transfers Permitted To and From the Plan?**

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

However, IRS rules permit plan-to-plan transfers from and to another nongovernmental tax-exempt employer’s eligible 457(b) deferred compensation plan. If you would like to make a transfer to the Plan or transfer your Plan benefit, please contact TIAA at 844-NYU-TIAA (844-698-8422). An election to transfer your Plan benefit to another eligible 457(b) deferred compensation plan must satisfy the Plan’s election timing rules.

**How do I Designate a Beneficiary?**

You may designate a beneficiary for your Plan benefits via the NYU Retirement Portal at TIAA. Using your NYU Net ID and password information, login to NYUHome, select the NYU Retirement Plans card and then Go. You may search for the NYU Retirement Plans card by typing retirement in the upper right hand corner. 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.

If you do not designate a beneficiary, your Plan benefits will be paid to your surviving spouse or, if none, your estate.
What if I Get Divorced?

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 TIAA before it is implemented. Hence, it is suggested that you contact TIAA prior to the drafting of a “Qualified Domestic Relations Order” by your attorney.

If you are divorced, please update your beneficiary designation if necessary to ensure that your Plan account is paid in accordance with your wishes in the event of your death prior to receipt of a full distribution.

What are the Claims Procedures under the 457(b) Plan?

If you believe you are being denied any rights or benefits under the 457(b) Plan, you (or your duly authorized representative) may file a claim in writing with the Plan Administrator. If any such claim is wholly or partially denied, the Plan Administrator will notify you of its decision in writing. Such notification will be written in a manner calculated to be understood by you and will contain (i) specific reasons for the denial, (ii) specific reference to pertinent 457(b) Plan provisions, (iii) a description of any additional material or information necessary for you to perfect such claim and an explanation of why such material or information is necessary, (iv) information as to the steps to be taken if you wish to submit a request for review, and (v) a statement of your right to file suit in state or federal court following an adverse determination upon review. Such notification will be given within 90 days after the claim is received by the Plan Administrator (or within 180 days, if special circumstances require an extension of time for processing the claim, and if written notice of such extension and circumstances is given to you within the 90-day period).

Within 60 days after the date on which you receive a written notice of a denied claim, you (or your duly authorized representative) may (i) file a written request with the Plan Administrator for a review of your denied claim and of pertinent documents, and (ii) submit written comments, documents, records and other information relating to the claim for benefits (regardless of whether such information was submitted or considered in the initial benefits determination) to the Plan Administrator. The Plan Administrator will notify you (or your duly authorized representative) of its decision in writing. If the claim is denied, such notification will be written in a manner calculated to be understood by you and will contain (i) specific reason or reasons for the decision, (ii) specific references to pertinent 457(b) Plan provisions, (iii) a statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, any documents, records and other information relevant to your claim for benefits, and (iv) a statement of your right to file suit in state or federal court. The decision on review will be made within 60 days after the request for review is received by the Plan Administrator (or within 120 days, if special circumstances require an extension of time for processing the request, such as an election by the Plan Administrator to hold a hearing, and if written notice of such extension and circumstances is given to you within the initial 60-day period).

The Plan Administrator has the authority and discretion to interpret the Plan and to resolve ambiguities therein, to make factual determinations, and to resolve questions relating to eligibility for, and the amount of, benefits. All interpretations and determinations made by the Plan Administrator are conclusive, final, and binding.

What are the 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 or about the 90th day following the date of your 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 want more information regarding the Plan’s features and benefits or accessing or navigating the NYU Retirement Portal at TIAA, please contact the NYU Retirement Plans Helpline at TIAA at 844-NYU-TIAA (844-698-8422). Representatives are available weekdays, 8 a.m. to 10 p.m. and Saturday, 9 a.m. to 6 p.m. to help answer your questions.

This Plan Highlights brochure has been prepared to explain the major provisions of the Plan in effect as of January 1, 2020. 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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