

Qualified Default Investment Alternative (QDIA)
Annual Notice for 403(b) Matching Plans
With Automatic Enrollment, Safe Harbor Contribution Rates,
and Employee Withdrawal Rights

This sample annual notice is appropriate for use by a plan that automatically enrolls a participant in a 403(b) salary reduction plan at the safe harbor rate provided under the IRC (with an employer match and automatic increases) unless the participant affirmatively elects otherwise (Qualified Automatic Contribution Arrangement or "QACA"). It also permits the employees to withdraw automatic contributions during the first 90 days. *If the plan does not use automatic enrollment, or does not match the employees' contributions, or the automatic employee contributions are not set at the safe harbor rates, or the plan does not allow the employee withdrawal, this notice should not be used.*

Employers (with their legal counsel's assistance) must carefully review and modify this sample notice to ensure that it accurately reflects the plan's provisions.

{insert plan name} Plan (the "Plan")
Automatic Enrollment — Initial Notice

Beginning in 2008, {insert name of institution} (your "employer") made saving for retirement under our 403(b) Plan even easier. We now offer an automatic enrollment feature, and make new employer matching contributions.

The automatic enrollment feature did not change your contribution level if you had already turned in a salary reduction agreement electing the amount or percentage of your contributions to the Plan or electing not to contribute. Your earlier election will continue to be followed, and employer matching contributions will be made based on your current contribution level, if any. You can change your contribution level by turning in a new salary reduction agreement at any time. Employer matching contributions will then be based on your new contribution level.

If you did not turn in a salary reduction agreement, you were automatically enrolled in the Plan starting with your first paycheck on or after **{Insert effective date of auto-enrollment}**. This means that amounts are being taken from your pay and contributed to the Plan. For pay during 2008, these automatic contributions were 3% of your eligible pay each pay period. But, you can choose a different amount. You can choose to contribute more, less, or even nothing. TIAA-CREF has been selected by **{insert name of institution}** as the investment provider for your Plan contributions.

Keep in mind that your employer matches one dollar for each dollar you contribute, up to 1% of your eligible pay. Your employer also matches 50 cents for each dollar you contribute that is between 1% and 6% of your eligible pay. So, to get the most from these matching contributions, you must contribute at least 6% of your eligible pay each pay period. This is more than the 3% automatic contribution rate. It may also be more than your current contribution rate.

This notice gives you important information about some Plan rules, including the Plan's automatic enrollment feature and employer matching contributions. The notice covers these points:

- Whether the Plan's automatic enrollment feature applies to you;
- What amounts are being automatically taken from your pay and contributed to the Plan;
- What other amounts your employer contributes to your Plan account;
- How your Plan account is invested;
- When your Plan account will be vested (that is, not surrendered if you leave your job), and when you can withdraw your Plan account; and
- How you can change your contributions.

You can find out more about the Plan in another document, the Plan's Summary Plan Description (SPD), which is available from the Plan Administrator at the address listed at the end of this notice.

1. Does the Plan's automatic enrollment feature apply to me?

The Plan's automatic enrollment feature does not apply to you if you have already elected (by turning in a salary reduction agreement to the Plan Administrator) to make contributions to the Plan or to not contribute. If you made an election, your contribution level did not automatically change. But, you can always change your contribution level by turning in a new salary reduction agreement form to the Plan Administrator at the address listed at the end of this notice.

If you did not elect a contribution level, you were enrolled in the Plan starting with your first paycheck on or after **{insert effective date}**. This means money is being automatically taken from your pay and contributed to your Plan account.

2. How much is being taken from my pay and contributed to the Plan?

If you did not turn in a completed salary reduction agreement form by **{Insert date}**, 3% of your eligible pay for each pay period is being from your pay and contributed to the Plan. This started with your first paycheck in 2008 and will continue through the end of 2009. After 2009, your contribution level will increase by 1% each year (unless you choose a different level), until it reaches 6% of your eligible pay. To learn more about the Plan's definition of eligible pay, you can review the Plan's SPD.

Your contributions to the Plan are taken out of your pay and are not subject to federal income tax at that time. Instead, they are contributed to your Plan account and can grow over time with earnings. Your account is subject to federal income tax only when withdrawn. This helpful tax rule is a reason to save for retirement through Plan contributions.

Contributions will continue to be taken out of your pay if you do nothing. But you are in charge of the amount that you contribute. You may decide to do nothing and become automatically enrolled, or you may choose to contribute an amount that better meets your needs. For example, you may want to get the full amount of your employer's matching contributions by contributing at least 6% of your eligible pay. You can change your contributions by turning in a new salary reduction agreement form to the Plan Administrator at the address listed at the end of this notice.

If you want to contribute more to your account than is being provided automatically, there are limits on the maximum amount. These limits are described in the Plan's SPD, which is available from the Plan Administrator at the address listed at the end of this notice.

3. In addition to the contributions taken out of my pay, what amounts does {insert name of employer} contribute to my Plan account?

Besides contributing the amounts taken from your pay, {insert name of employer} makes other contributions to your Plan account. {insert name of employer} matches, on a dollar-for-dollar basis, the first 1% of eligible pay you contribute each pay period. {insert name of employer} also matches 50 cents for each dollar you contribute between 1% and 6% of your eligible pay each pay period. These matching contributions are made whether you are automatically enrolled or if you choose your own contribution level.

{insert name of employer} matching contributions depend on the amount you contribute out of your pay each pay period.

For example:

If you earn \$2,000 in eligible pay during a pay period and you elect to contribute 6% of your pay, your employer deducts \$120 from your pay for the pay period (that is, 6% x \$2,000). The \$120 is put in your Plan account. Your employer also makes matching contributions to your Plan account of \$70 for the pay period. In other words, your employer makes a dollar-for-dollar matching contribution on your contributions up to 1% of eligible pay (100% of 1% x \$2,000, or \$20) plus a 50 cents-per-dollar matching contribution on your contributions between 1% and 6% of eligible pay (50% of 5% x \$2,000, or \$50). Or, if you contribute 3% of your eligible pay for the pay period, your employer will take \$60 out of your pay and put it in your Plan account, and will also make \$40 in matching contributions for the pay period. Or, if you choose not to contribute to the Plan for a pay period, you will get no matching contributions for the pay period.

Remember, you can always change the amount you contribute to the Plan by turning in a new salary reduction form to the Plan Administrator at the address listed at the end of this notice.

4. How will my Plan account be invested?

The Plan lets you invest your account in a number of different investment funds. Unless you choose a different investment fund or funds, your Plan account will continue to be invested in the default investment option for the {Insert Plan Name}, which is the age-based TIAA-CREF Lifecycle Fund that corresponds to your estimated date of retirement. The TIAA-CREF Lifecycle Funds provide a ready-made diversified portfolio using TIAA-CREF mutual funds as underlying investments that include both equity and fixed-income instruments. The allocation strategy for the underlying equity, fixed-income and short-term mutual funds is based on the number of years expected to reach the target retirement dates. These funds seek to provide high total returns until the target retirement date. Each fund's goal is to seek high current income and as a secondary objective, capital appreciation. Each fund's target asset allocation percentages automatically changes over time to become more conservative by gradually reducing the allocation to equity funds and increasing the allocation to fixed-income and short-term funds. If the default investment fund changes at any time in the future, you will be notified.

As of December 31, 2008, the gross expense ratios associated with the various TIAA-CREF Lifecycle Funds (Lifecycle Fund 2015, Lifecycle Fund 2020, Lifecycle Fund 2025, Lifecycle Fund 2030, Lifecycle Fund 2035, and Lifecycle Fund 2040) ranged from 0.77% to

0.97% {update the date and expense ratios for each annual notice}. The attached fact sheets for the TIAA-CREF Lifecycle Funds provide additional information {attach the latest fund fact sheets to the notice each year}, including the investment objectives, risk and return characteristics, and fees and expenses of the funds. You can obtain updated information on fee expenses and a more detailed explanation of the TIAA-CREF Lifecycle Funds at {Insert Microsite URL} or by contacting TIAA-CREF at 800.842.2776.

You have the right to change the investment of your accounts at any time. If you elect to change the investment of your account from one of the Lifecycle Funds, there are no fees or expenses imposed in connection with that transfer. But certain restrictions may apply if multiple transfers are made from any one account during any 60-day period. See the fund prospectus at http://www.tiaa-cref.org/prospectuses/index.html?tc_inlk=bottomutility for more details on restrictions on frequent transfers.

The Plan allows you to choose from a diverse set of investment options. A list of the Plan's available funds and a copy of the prospectus or information statement for each fund may be obtained from TIAA-CREF at 800.842.2776 or at {Insert Institution's Microsite's URL}. You can change how your Plan account is invested, among the Plan's offered investment funds, by turning in the enclosed {Name of Form} to the Plan Administrator at the address listed at the end of this notice.

To learn more about the Plan's investment funds and procedures for changing how your Plan account is invested you can review the Plan's SPD. Also, you can contact the Plan Administrator using the contact information at the end of this notice.

5. When will my Plan account be vested and available to me?

You will always be fully vested in your contributions to the Plan. You will also be fully vested in matching contributions when you complete two years of service. To be fully vested in Plan contributions means that the contributions (together with any investment gain or loss) will always belong to you, and you will not lose them when you leave your job. For more information about years of service, you can review the Plan's SPD, which can be obtained from the Plan Administrator at the address listed at the end of this notice.

Even if you are vested in your Plan account, there are limits on when you may withdraw your funds. These limits may be important to you in deciding how much, if any, to contribute to the Plan. Generally you may only withdraw vested money after you leave your job, reach age 59½, or become disabled. Also, there is generally an extra 10% tax on distributions before age 59½. Your beneficiary can get any vested amount remaining in your account when you die.

You also can borrow certain amounts from your vested Plan account, and may be able to take out certain vested money if you have a hardship. Hardship distributions are limited to the dollar amount of your contributions. They may not be taken from earnings or matching contributions. Hardship distributions must be for a specified reason – for qualifying medical expenses, costs of purchasing your principal residence (or preventing eviction from or foreclosure on your principal residence, or repairing qualifying damages to your principal residence), qualifying postsecondary education expenses, or qualifying burial or funeral

expenses. Before you can take a hardship distribution, you must have taken other permitted withdrawals and loans from qualifying Institution plans. If you take a hardship distribution, you may not contribute to the Plan or other qualifying {insert name of employer} plans for 6 months.

You can learn more about the Plan's hardship withdrawal and loan rules in the Plan's SPD. You can also learn more about the extra 10% tax in IRS Publication 575, Pension and Annuity Income.

6. Can I change the amount of my contributions?

You can always change the amount you contribute to the Plan. If you do not want to continue contributing to the Plan, you should turn in a salary reduction agreement form electing zero contributions.

If you have any questions about how the Plan works or your rights and obligations under the Plan, or if you would like a copy of the Plan's SPD or other Plan documents, please contact the Plan Administrator at:

[Insert Plan administrator name]

[Address]

[Telephone number]

[Email address]