

SOUTHERN ILLINOIS UNIVERSITY CARBONDALE IMPORTANT INFORMATION ABOUT 403(b) PLAN CHANGES

Southern Illinois University Carbondale has made changes to the Southern Illinois University Carbondale Supplemental Retirement Plan (“Plan”) effective January 1, 2009. This notice is intended to help you understand how these changes impact your participation in this Plan.

BACKGROUND

Final regulations were issued by the Internal Revenue Service (“IRS”) under section 403(b) of the Internal Revenue Code (the “Code”) on July 26, 2007. The final regulations are a comprehensive update of the current rules and regulations under Code section 403(b). The effect of the final regulations is to significantly increase the University’s responsibility in maintaining the Plan in compliance with Code Section 403(b).

The final regulations require the University to maintain the Plan, in both form and operation, in a manner that satisfies all the applicable requirements of Code Section 403(b) and the final regulations hereunder, including, but not limited to:

- Maintaining a written plan document that contains all the material terms and conditions for eligibility, benefits, applicable contribution limits, the investment contracts available under the plan on and after January 1, 2009, and the time and form under which benefit distributions will be made.
- Complying with the applicable nondiscrimination requirements (e.g., “universal availability”).
- Ensuring that contributions made by or on behalf of participants do not exceed applicable contribution limits.
- Ensuring that minimum required distributions are made in a timely manner from the Plan.
- Ensuring that the distribution of benefits comply with applicable distribution restrictions.
- Coordinating loans to ensure that the applicable Code limits are not exceeded.
- Approving or denying, as appropriate, hardship distribution requests in accordance with applicable rules.
- Agreeing to share certain information with vendors who are no longer approved vendors under the Plan on or after January 1, 2009.

The final regulations permit the University to contract with vendors and/or with an independent third party administrator to assist the University with meeting its responsibilities under the final regulations. However, the University is ultimately responsible for administering the Plan in compliance with Code Section 403(b) and final regulations thereunder regardless of whether it has contracted with another party to administer specific aspects of the Plan.

COMPLIANCE STEPS

The University took several steps to ensure that the Plan complies with the final 403(b) regulations effective January 1, 2009, and that the tax advantaged status of participants' accounts continues:

- The University hired tax counsel to advise it regarding its responsibilities under the final 403(b) regulations and to prepare a Plan document that satisfies the requirements under the Code and final regulations.
- The University requested that each of its current vendors sign an administrative service agreement with the University agreeing to comply with the requirements of Code Section 403(b) and to a delegation of certain duties and responsibilities in order to protect both the University and participants from risk of noncompliance.
- The University requested that each of its former vendors sign an agreement to share certain information with the University, as required by the final 403(b) regulations.

CHANGES TO APPROVED VENDORS

Vendors no longer approved under the Plan

University employees are currently able to invest their salary reduction contributions with any of 13 vendors under the Plan. However, a number of vendors that have historically been approved to offer investments under the Plan did not agree to sign an administrative services agreement with the University. Some vendors do not currently have an adequate infrastructure to comply with the final 403(b) regulations and have made a business decision to no longer participate in the 403(b) marketplace. Other vendors have decided to continue to participate in the 403(b) marketplace, but will not agree to provide administrative services relating to the assets invested in their products. Yet other vendors do not currently satisfy the requirements for approved vendor status set forth in the Board's 403(b) policy and incorporated into the administrative services agreement.

The University does not believe that participants are adequately protected under the 403(b) regulations if vendors do not meet the University's minimum guidelines for approved vendors or cannot agree to provide basic administrative services. Therefore, the vendors that either failed to sign the University's administrative services agreement or that do not meet the University's minimum guidelines will no longer be "approved vendors" under the Plan going forward. **This means that Plan participants will no longer be able to invest future salary reduction contributions with the following vendors, beyond June 30, 2009:**

- **AIG Retirement (Valic)**
- **AmeriPrise Financial**
- **American Funds**
- **AXA Advisors**
- **Metropolitan Life**
- **FiServe (Resources Trust)**
- **Security Benefit Life Insurance Company**

Vendors approved under the Plan – continuing your salary reduction contributions

If you are currently remitting your salary reduction contributions to a vendor under the Plan that will no longer be approved to offer investment options (as named above) , your salary reduction contributions will cease following the last payroll period ending before July 1, 2009.

To avoid any interruption in your salary reduction contributions to the Plan, you should take the following steps **no later than Thursday, July 2, 2009.**

- (1) Complete the enrollment forms provided by your new vendor designating a beneficiary and the investment funds in which you want your contributions invested, and submit these forms to both the University and to your new vendor. For those choosing TIAA CREF, enrollment forms are available and submitted by Employee Benefits, 805 S. Elizabeth St., MC 6520, (618) 453-6668.
- (2) Complete a *new* SIUC Salary Reduction Agreement electing a new approved vendor to which your contribution will be remitted and have the Agreement signed by your vendor's representative. Submit this Agreement to Employee Benefits, MC 6520.

Salary reduction contributions to your new vendor will begin with the first pay period after the above completed forms are received by Employee Benefits. Your elections will remain in effect until you change them by completing and returning a new SIUC Salary Reduction Agreement to the University.

You continue to have a number of investment options under the Plan. **The approved vendors under the Plan as of July 1, 2009 include the following:**

- **Franklin Templeton**
- **ING Life Insurance & Annuity Company**
- **Massachusetts Mutual Life Insurance Company**
- **Quorum Consulting Group (Citigroup SmithBarney)**
- **Thrivent Financial**
- **TIAA CREF**

Many of these vendors offer a diverse variety of investment options under their 403(b) contracts. You may want to consult with your investment advisor as to which vendor and investment options would be best for you.

Accounts with former vendors

The balance in your 403(b) account with a former vendor will not automatically be transferred to your new vendor under the Plan. Rather, if you have a Plan account balance with a former vendor you may:

- Leave the account balance invested with the former vendor, in which case it will continue to be adjusted by earnings and losses on a tax-free basis until distributed to you;
- Transfer the account balance invested with the former vendor to an approved vendor under the Plan in a tax-free transfer; or
- Take a distribution of the account balance invested with the former vendor, provided that you have attained age 59 ½, are disabled, or have separated service with the University.

Some of the 403(b) contracts with former vendors permit the vendor to assess “surrender charges” if funds are withdrawn before they have been on deposit with the vendor for a specified minimum length of time. You should carefully consider the terms applicable to the account balance invested with your former vendor before making a decision to transfer the balance to an approved vendor under the Plan. Even if surrender charges apply, however, you may still decide to transfer your assets for various reasons, for example, you think your investments will perform better with a new vendor. The University strongly encourages you to meet with a financial advisor to determine which option is in your best interest.

FORMS

To access forms, you can call Employee Benefits at 453-6668 or obtain an electronic copy at <http://eforms.siu.edu/siuforms/info/hro1064.html>.

PLAN DOCUMENT

To review a copy of the SIUC Supplemental Retirement Plan Document, please visit <http://www.siu.edu/~humres/benefits/benefits.html>.

FOR MORE INFORMATION

If you have any questions regarding these changes to the Plan, please do not hesitate to contact Mary Nippe at (618) 453-6668.

**Please visit
Employee Benefits, 805 S. Elizabeth St., Mailcode 6520, 453-6668**