**SCHOOL for ADVANCED RESEARCH**

**Finance Committee**
**Friday, February 24, 2017, 9:30 am**
**Dobkin Boardroom**

**Agenda**

I. Welcome and Quorum Call– Doug Nelson, Chair

II Approval of December 8, 2016 Finance Committee minutes

III. Review Committee Report to the Board (SAR Q2 FY17 Financial Statements)

IV. Update on SAR Defined Contribution Retirement Plan (403(b).)

V. Update on transition to new Investment Plan.

VI. Review Projects for FY2018

VII. Plan for next Finance Committee meeting: May 23, 2017 at 3:00pm

VIII. Adjournment

**SCHOOL for ADVANCED RESEARCH**
**Finance Committee Meeting**
**December 8, 2016, 4:00 pm**
**SAR Reception Center Conference Room**

Members participating:

Doug Nelson, Chair
Nancy Bern
Michael Brown, President & CEO
Don Lamm
Elizabeth Roghair

Member absent:
Wes Cowan
Lynne Withey, Board Chair

Staff:
Sharon Tison, VP Finance & Administration
Suzanne Grayson, Assistant to the President

REDW Stanley:
Paul Madrid
Daniel Yu

I. Welcome and Quorum Call– Doug Nelson, Chair
Doug Nelson called the meeting to order at 4:05 pm. A quorum was established. The minutes of the meeting of October 10, 2016 were approved as presented.

II. Review of Investment Plan – Paul Madrid and Daniel Yu, REDW Stanley
Daniel Yu reviewed the asset allocation report showing the current value of the total portfolio at $25MM and mostly at their target percentage, with the exception of US equities which are about 8% under target. Daniel reviewed the asset allocation of intermediate term bonds which totals $2.9MM. The committee discussed the bond market and anticipated rising interest rates. Daniel reviewed the three investment accounts in protective assets, market assets, which are broadly diversified, and the alternative investments i.e.; hedge fund accounts, outside the portfolio. Overall portfolio performance YTD ending 11/30/16, reflects a .2% time weighted rate of return since 09/11/16. There was a consensus that the committee would also like to see the internal rate of return. The asset class performance summary shows a small increase in value in US Equities, alternative investments and mid/small cap equities showing the largest gains of 14.26%, but a decrease in the international equities, real estate and the bond funds. Daniel briefly reviewed the chart of fourteen index funds.

III. Review of the Q1 financial statements
Doug Nelson asked for clarification on where the year ahead funds were. Sharon explained that they appear on the balance sheet as investment cash and stated there are still some outstanding pledges not reflected in this number, specifically from the ARCT. She added that $1.2MM of the $3MM annual budget is from the draw on endowment. There was a suggestion that there needs to be a discussion on how to allocate the draw along with rebalancing the asset classes. The committee discussed ideas on how to resolve the $300K of book inventory. Sharon informed the committee that the December 2016 balance sheet will be affected by $30K in reserve for unemployment claims, from closing the SAR press, which will be released in 2018. Sharon commented that there was a $23K net gain on book sales through September 2016.

IV. Update on SAR's Alternative Investments
Paul Madrid reviewed the Canyon Value Realization Fund (Cayman) and stated that SAR should see redemptions throughout 2017. REDW also spoke with GoldenTree Asset Management whose who said that most redemptions will be paid out on 06/30/17. Paul added that GoldenTree will hold back the management fee (2%) and incentive fee (20%). Paul agreed to contract GoldenTree regarding separate statements showing the fees. Paul explained how incentive fees are fees charged for projected performance. Paul reviewed the three GoldenTree side pockets, segments of the account that have longer term liquidity.; Side Pocket 1 (Brazilian real estate) and Side Pocket 6, (equity of a post-reorganization of a manufacturing firm) which total over $200K, and Side Pocket 8, the bulk of the investment, which is invested in an Austrian Bank totals $1MM. SAR can expect to receive a redemption from Side Pocket 8 in 12-18 months, while Side Pocket 1 and 6 are inaccessible and may not be available for possibly another 2-3 years.

V. Other Business
Elizabeth stated the development committee is working on a gift acceptance policy and asked for a representative from the Finance Committee to be a liaison with this project. Nancy Bern agreed to work with Laura Sullivan and the committee on the gift acceptance policy draft. She also stated that the Governance Committee is working on a new board policy manual, which needs some feedback on the financial reporting aspect. Doug Nelson agreed to review and give his feedback. Michael Brown gave an update on the progress of the strategic planning necessary for contracting a campus master plan. He stated that SAR has 18 months to spend the $72K from ARCT and stated that a revised strategic plan is expected to be ready in January. Doug Nelson stated that analyzing our long term financial viability i.e.; expected returns on endowment and expected fundraising goals should be part of a capital campaign strategy. Michael commented on the issue of necessary maintenance and facilities upgrades in order to accommodate private pay seminars.

VI. Plan for next Finance Committee meeting
Doug Nelson and the committee agreed to meet quarterly, inclusive of the board meeting.

VIII. Adjournment
With no further business, Michael Brown moved to adjourn the meeting at 5:05pm.

Minutes prepared by Suzanne Grayson
December 20, 2016

**SAR Narrative on the Second Quarter FY2017 financial statements**

The following narrative points out significant changes as well as summary financial information for the first half of fiscal 2017 (July 1 – December 31, 2016). We welcome your questions, suggestions or comments as we continue to refine this reporting process.

**Operating results for July through September (Budget, pages 1, 2 and 3):**

Following SAR's policy of year-ahead funding, receipts used to fund the FY17 budget are already in hand and are applied to expenses as they are incurred.

The Advanced Seminar program is 15% below budget. Only one of the three planned seminars was scheduled for the first six months of the fiscal year.

We chose to continue the maintenance/support for the SAR Press inventory contributing to more than half of the overspent budget.

The IARC budget is 20% below budget because significant annual costs including software maintenance, staff development and travel haven't been incurred yet.

Salaries are close to budget with one exception. Sarah Soliz has been working more hours than we had budgeted in order to stay on top of the operations of the Press.

None of the Capital Projects budget has been spent, but we intend to spend the funds on priority campus projects.

Because of the overall reduced spending in the half of the year, use of unrestricted funds was reduced to 47% of the annual budget.

**Financial Position (Balance Sheet, page 4):**

Investments are up $304K due to net gains of $860K less withdrawals of $556K, including the final Howells mortgage payment of $285K. The mortgage payment also reduced the liabilities by the same amount.

**Summary Income Statement (page 5):**

This is a regular income statement, showing current year's income compared to the current year's expenses. Both income and expenses are further divided between program and endowment activity and between operations activity and investment activity. Doug Schwartz's projects are stated separately and the amounts are the final expenditures for Doug's projects.

The report shows a $134K surplus for the first half of FY2017. There was a $295K drop in unrealized gain because stock held by Morgan Stanley was sold and $539K gain was recognized.

**Revenue Report (page 6):**

I have developed a Gifts, Grants, Sales and Fees report that summarizes gifts by source and restriction. I've also listed pledge payments that were received during the quarter and the receipt of the $751K annual ARCT grant payment. These revenues were recorded in FY2016.

Two items to point out:

In Q1 we received a $120K bequest from Carolyn Kercheck. There was a general restriction that the gift was for IARC. According to SAR's policy for such gifts, 20% ($24K) will be used for the IARC operating budget and the balance will be added to the IARC endowment.

Q1&2 FY17 book sales less cost of sales data for SAR Press / UNM Press, netting out the 32% commission owed to UNMP = $32K. Q1&2 FY16 SAR Press book sales, net of cost of sales, totaled $24K.

**Investments:**

By the end of September, all holdings had been moved from the Morgan Stanley account to the Charles Schwab account except for the two alternatives (Canyon and GoldenTree). SAR will be liquidating the majority of our investment in the alternatives as the funds are available over the next nine to twelve months.

**SCHOOL for ADVANCED RESEARCH**
**BUDGET REPORT**
**July 1, 2016 - December 31, 2016 (UNAUDITED)**
50% of Year Complete

| | FY17 budget | Additions to FY17 Budget | Actual through 12/31/2016 | |
|---|---|---|---|---|
| **Revenues** | | | | |
| Endowment draw | $1,167,354 | | $525,309 | 45.0% |
| Unrestricted funds raised/pledged in previous years | | | | |
| Board giving | 324,261 | | 145,917 | 45.0% |
| Public Support | 170,616 | | 76,777 | 45.0% |
| Membership and Lecture Sponsors | 115,083 | | 51,787 | 45.0% |
| President's Circle net of costs | 55,880 | | 25,146 | 45.0% |
| | 665,840 | | 299,628 | 45.0% |
| Donor Restricted received or committed in previous years | | | | |
| ARCT Intern grant for program expenses | 115,694 | | 41,149 | 35.6% |
| ARCT Intern grant for salaries, rent and overhead | 111,578 | | 50,210 | 45.0% |
| ARCT Conservation grant for program expenses | 88,285 | | 15,323 | 17.4% |
| Campbell Fellowship for program | 75,000 | | 17,773 | 23.7% |
| ARCT Conservation grant for salaries and overhead | 73,632 | | 33,134 | 45.0% |
| Mellon Fndt for program directs | 60,970 | | 22,331 | 36.6% |
| Paloheimo Web Project | 50,423 | | 37,603 | 74.6% |
| NSF for Team Seminars | 44,669 | | 4,021 | 9.0% |
| ARCT grant for Capacity expenses | 39,756 | | 27,350 | 68.8% |
| Advanced Seminar restricted gift | 36,000 | | 16,200 | 45.0% |
| Paloheimo Foundation for Annual Report | 35,000 | | 15,750 | 45.0% |
| ARCT Howell grant for property tax | 15,729 | | 15,729 | 100.0% |
| Mellon for salaries and rent | 15,277 | | 6,875 | 45.0% |
| Lannan Literary Arts | 15,000 | | 8,268 | 55.1% |
| ARCT grant for Capacity salaries | 14,750 | | 6,638 | 45.0% |
| Cordell Prize | 13,815 | | 0 | 0.0% |
| JI Staley reserves | 10,000 | | 4,500 | 45.0% |
| ARCT Howell grant for salaries and overhead | 6,276 | | 2,824 | 45.0% |
| Dubin for Artist fellowship | 6,250 | | 2,813 | 45.0% |

| | FY17 budget | | Additions to FY17 Budget | Actual through 12/31/2016 | | | |
|---|---|---|---|---|---|---|---|
| Summer Scholar funds for programs | 5,040 | | | 3,930 | | 78.0% | |
| Facilities restricted gifts | 3,950 | | | 1,778 | | 45.0% | |
| Summer Scholar funds for rent | 2,700 | | | 1,215 | | 45.0% | |
| Library Book Purchase Fund | 2,500 | | | 1,125 | | 45.0% | |
| Resident Scholar restricted gift | 500 | | | 225 | | 45.0% | |
| S Foote special projects | | | 10,602 | 10,602 | | NA | |
| IARC / Frost Fndt project | | | 5,835 | 5,835 | | NA | |
| DWS Arroyo Hondo web project | | | 1,660 | 1,660 | | NA | |
| DWS Memorial fund | | | 609 | 609 | | NA | |
| | 842,794 | | 18,707 | 398,204 | | 46.2% | |
| Sales and Fees | | | | | | | |
| Gross Margin on Book Sales and Royalties | 26,000 | | | 11,700 | | 45.0% | |
| Rent Income | 2,164 | | | 974 | | 45.0% | |
| Field Trip income, net of costs | 7,440 | | | 3,348 | | 45.0% | |
| IARC Tours and Sales, net of costs | 12,150 | | | 5,468 | | 45.0% | |
| | 47,754 | | | 21,489 | | 45.0% | |
| Prior year Surplus | 82,817 | | | 37,268 | | 45.0% | |
| Draw from Reserves Development position | 73,300 | | | 32,985 | | 45.0% | |
| Draw from Reserves to reduce draw percentage | 125,000 | | | 56,250 | | 45.0% | |
| Total Revenues | | $3,004,859 | $18,707 | | $1,371,133 | 45.3% | |
| **Expenses** | | | | | | | |
| | Program | Salaries | | Program | Salaries | | |
| Resident Scholar | $ 132,410 | $ 85,198 | | $ 57,147 | $ 40,335 | 43.2% | 47% |
| Advanced Seminar | 25,670 | 85,198 | | 8,973 | 40,335 | 35.0% | 47% |
| JI Staley | 28,825 | 25,227 | | 19,081 | 11,943 | 66.2% | 47% |
| SAR Press | 0 | 12,442 | | 4,586 | 10,011 | NA | 80% |
| IARC | 27,950 | 361,582 | | 8,425 | 103,837 | 30.1% | 29% |
| Library | 14,480 | 60,828 | | 8,664 | 27,152 | 59.8% | 45% |
| Admin | 28,150 | 164,642 | | 11,214 | 86,593 | 39.8% | 53% |
| Business Admin | 165,687 | 238,960 | | 70,248 | 110,747 | 42.4% | 46% |

| | FY17 budget | | Additions to FY17 Budget | Actual through 12/31/2016 | | | |
|---|---|---|---|---|---|---|---|
| Development | 94,514 | 387,648 | | 44,382 | 169,129 | 47.0% | 44% |
| IT | 13,595 | 94,270 | | 1,599 | 44,767 | 11.8% | 47% |
| Guest Svc | 14,458 | 141,454 | | 7,567 | 60,886 | 52.3% | 43% |
| Phys Plant | 88,799 | 161,937 | | 41,166 | 80,340 | 46.4% | 50% |
| Capital Proj | 15,000 | | | | | 0.0% | |
| | 649,538 | 1,819,386 | | 325,786 | 786,074 | 50.2% | 43% |
| Restricted Projects | | | | | | | |
| ARCT Museum Professionalism project directs | 115,694 | | | 41,149 | | 35.6% | |
| ARCT IARC Conservation project directs | 88,285 | | | 15,323 | | 17.4% | |
| Mellon fellowship (direct costs) | 60,970 | | | 22,331 | | 36.6% | |
| Campbell fellow (direct costs) | 58,695 | | | 17,773 | | 30.3% | |
| ARCT Capacity directs | 39,756 | | | 27,350 | | 68.8% | |
| Paloheimo web project | 50,423 | | | 37,603 | | 74.6% | |
| IARC fellows (direct costs) | 33,650 | | | 17,035 | | 50.6% | |
| NSF Team seminars | 24,620 | | | 4,021 | | 16.3% | |
| Howell property tax | 15,729 | | | 16,106 | | 102.4% | |
| Lannan Foundation program expenses | 15,000 | | | 8,268 | | 55.1% | |
| Cordell prize | 13,815 | | | - | | 0.0% | |
| Summer fellows | 5,040 | | | 3,930 | | 78.0% | |
| Board budget | 3,300 | | | 718 | | 21.8% | |
| Staff recruitment (not budgeted) | | | | 9,237 | | NA | |
| S Foote special projects | | | 10,602 | 10,602 | | NA | |
| DWS Arroyo Hondo web project | | | 5,835 | 5,835 | | NA | |
| IARC / Frost Fndt project | | | 1,660 | 1,660 | | NA | |
| DWS Memorial fund | | | 609 | 609 | | NA | |
| | 524,977 | 0 | 18,707 | 239,550 | | 44.1% | |
| Director of Scholar Programs relocation | 7,500 | | | | | | |
| Unemployment estimate | | 3,458 | | | 3,458 | 100.0% | |
| Total | 1,182,015 | 1,822,844 | 18,707 | 565,336 | 789,532 | | |
| Grand Total Expenses | | 3,004,859 | 18,707 | | 1,354,868 | 44.8% | |
| Surplus/(Deficit) | | 0 | 0 | | $ 16,265 | | |

**SCHOOL for ADVANCED RESEARCH**
**BALANCE SHEET**
(UNAUDITED)

| ASSETS | 6/30/2016 | **12/31/2016** | LIABILITIES & FUND BALANCES | 6/30/2016 | **12/31/2016** |
|---|---|---|---|---|---|
| Cash: | | | Liabilities: | | |
| Checking FNBSF | $ 102,345 | **$ 246,748** | Accounts Payable | 43,670 | **85,266** |
| Payroll FNBSF | 9,530 | **9,383** | Accrued Payroll & Benefits | 134,836 | **108,447** |
| Money Market FNBSF | 45,583 | **191,994** | Accured Mortgage Interest | 11,155 | **0** |
| Petty Cash | 900 | **900** | Mortgage Payable | 270,421 | **0** |
| Total Cash | 158,359 | **449,024** | Total Liabilities | 460,082 | **193,713** |
| Investments: (@ market) | | | | | |
| Morgan Stanley/Charles Schwab: | | | | | |
| Endowment | 22,789,424 | **22,526,400** | | | |
| Invested Cash | 1,827,538 | **2,314,624** | | | |
| ARCT funds in $ Mkt | 200,152 | **280,000** | | | |
| Total Investments | 24,817,114 | **25,121,024** | | | |
| Other Assets: | | | | | |
| Accounts Receivable | 78,916 | **70,055** | | | |
| Grants Receivable | 750,994 | **0** | | | |
| Pledges Receivable | 259,955 | **398,322** | Net Assets: | | |
| Book Inventory | 309,461 | **286,588** | Unrestricted | 16,103,400 | **16,516,810** |
| Prepaid Expenses | 47,913 | **55,149** | Temporarily Restricted | 2,232,266 | **1,953,273** |
| Plant & Equipment | 3,390,193 | **3,300,791** | Permanently Restricted | 11,017,157 | **11,017,157** |
| Total Other Assets | 4,837,432 | **4,110,905** | Total Net Assets | 29,352,823 | **29,487,240** |
| TOTAL ASSETS | $ 29,812,905 | **$ 29,680,954** | TOTAL LIABILITIES & FUND BALANCES | $ 29,812,905 | **$ 29,680,953** |

# School for Advanced Research

## Summary Income Statement

| | Program 7/1/2016- 12/31/2016 | Endowment/Investments 7/1/2016- 12/31/2016 | DWS Programs 7/1/2016- 12/31/2016 | Total 7/1/2016- 12/31/2016 | Total 7/1/2015- 12/31/2015 |
|---|---|---|---|---|---|
| Operations Activity | | | | | |
| Operations Revenues | | | | | |
| Contributions, Pledges and Grants | $610,756 | $0 | $0 | $610,756 | $610,228 |
| Membership Dues Income | $107,418 | $0 | $0 | $107,418 | $52,180 |
| Sales and Services | $222,234 | $0 | $0 | $222,234 | $119,315 |
| Total Operations Revenues | $940,409 | $0 | $0 | $940,409 | $781,723 |
| Operations Expenses | | | | | |
| Cost of Sales and Service | $152,556 | $0 | $0 | $152,556 | $76,023 |
| Salaries, Taxes and Benefits | $876,559 | $0 | $0 | $876,559 | $888,551 |
| Program Expenses | $238,034 | $0 | $0 | $238,034 | $196,539 |
| General and Management Expenses | $278,436 | $0 | $1,735 | $280,171 | $295,271 |
| Institutional Advancement | $120,317 | $0 | $0 | $120,317 | $62,385 |
| Total Expenses | $1,665,902 | $0 | $1,735 | $1,667,638 | $1,518,770 |
| Transfers to (from) Endowment | $570,187 | ($570,087) | ($100) | ($0) | ($0) |
| Surplus/(Deficit) from Operations | ($155,306) | ($570,087) | ($1,835) | ($727,228) | ($737,046) |
| Investment Activity | | | | | |
| Investment Revenues | | | | | |
| Interest and Dividend Income | $45,540 | $313,962 | $0 | $359,502 | $231,899 |
| Net Realized Investment Gain | $102,612 | $796,695 | $0 | $899,308 | $50,600 |
| Net Unrealized Investment Gain | ($42,395) | ($295,132) | $0 | ($337,526) | ($1,378,965) |
| Investment Revenues | $105,758 | $815,526 | $0 | $921,284 | ($1,096,465) |
| Total Investment Management Expenses | $5,545 | $54,094 | $0 | $59,638 | $53,692 |
| Surplis/(Deficit) from Investment Activities | $100,213 | $761,432 | $0 | $861,645 | ($1,150,158) |
| **NET SURPLUS/(DEFICIT)** | **($55,093)** | **$191,345** | **($1,835)** | **$134,417** | **($1,887,204)** |

**SCHOOL for ADVANCED RESEARCH**
**GIFTS, GRANTS, SALES & FEES REPORT**
**July 1, 2016 - December 31, 2016 (UNAUDITED)**

| | | Unrestricted | Restricted | Total |
|---|---|---|---|---|
| Pledge payments received | | $ 56,788 | $ 20,000 | $ 76,788 |
| Grants receivable received | | | 750,994 | 750,994 |
| Gifts in kind received | | 3,060 | 1,000 | 4,060 |
| New gifts received/committed | | | | |
| General Operating (for FY18) | | $ 269,185 | $ 16,819 | $ 286,004 |
| Memberships & Lecture Sponsors | | 66,845 | | 66,845 |
| President's Circle | | 51,241 | | 51,241 |
| Bequest for IARC | | | 120,000 | 120,000 |
| ARCT for CEO grant | | | 74,144 | 74,144 |
| Campbell seminar | | | 25,000 | 25,000 |
| DWS Memorial Fund | | | 23,050 | 23,050 |
| Frost Fndt/IARC Outreach Program grant | | | 15,000 | 15,000 |
| Lannan Writer in Residence program | | | 14,080 | 14,080 |
| S. Foote special projects | | | 10,000 | 10,000 |
| Bosavi Digital Archive Project | | | 10,000 | 10,000 |
| Donation for new board room chairs | | | 5,000 | 5,000 |
| IARC/PNM for lighting | | | 5,000 | 5,000 |
| IARC Operations | | | 3,675 | 3,675 |
| IARC Collections | | | 2,500 | 2,500 |
| IARC SF Community Foundation grant | | | 2,000 | 2,000 |
| Development Operations | | | 2,000 | 2,000 |
| L. Cordell book award | | | 250 | 250 |
| Library Year Ahead | | | 25 | 25 |
| | | 387,272 | 328,543 | 715,815 |
| Sales and Fees | | | | |
| SAR Press & other sales | 83,944 | | | |
| less cost of sales | (25,645) | | | |
| less UNMP commission | (25,967) | | | |
| | | 32,332 | | 32,332 |
| SAR in Depth Classes | 5,550 | | | |
| ** less direct cost | (1,000) | | | |
| | | 4,550 | | 4,550 |
| Field Trips | 102,065 | | | |
| ** less cost of field trip | (100,944) | | | |
| | | 1,121 | | 1,121 |
| Tours and Lecture Receipts | | 11,165 | | 11,165 |
| Rentals | | 25,709 | | 25,709 |
| Grand Total (exclusive of pledge payments) | | $ 462,149 | $ 328,543 | $ 790,692 |

** All revenues and costs of classes and field trip have not been received

# Summary Plan Description

Prepared for

# School For Advanced Research DC Plan

# INTRODUCTION

School For Advanced Research has restated the School For Advanced Research DC Plan (the "Plan") to help you and other Employees save for retirement.

Your Employer restated the Plan by signing a complex legal agreement – the Plan document - which contains all of the provisions that the Internal Revenue Service (IRS) requires. The Plan document must follow certain federal laws and regulations that apply to retirement plans. The Plan document may change as new or revised laws or regulations take effect. Your Employer also has the right to modify certain features of the Plan from time to time. You will be notified about changes affecting your rights under the Plan.

This Summary Plan Description (SPD) summarizes the important features of the Plan document, including your benefits and obligations under the Plan. If you want more detailed information regarding certain plan features or have questions about the information contained in this SPD, you should contact your Employer. You may also examine a copy of the plan document by making arrangements with your Employer. Certain terms in the SPD have a special meaning when used in the Plan. These terms are capitalized throughout the SPD and are defined in more detail in the DEFINITIONS section of the SPD. If any information in this SPD conflicts with the terms of the Plan document adopted by your Employer, the terms of the Plan document – not this SPD - will govern.

All dollars contributed to the Plan will be invested either in annuity contracts or in mutual funds held in custodial accounts. The agreements constituting or governing the annuity contracts and custodial accounts (the "Individual Agreements") explain your rights under the contracts and accounts and the unique rules that apply to each Plan investment which may, in some cases, limit your options under the Plan. For example, the Individual Agreement may contain a provision which prohibit loans, even if the Plan generally allows loans. If this is the case, you would not be able to take a loan from the accumulation in an investment option governed by that Individual Agreement. You should review the Individual Agreements along with this SPD to gain a full understanding of your rights and obligations under the Plan. Contact your Employer or the investment vendor to obtain copies of the Individual Agreements or to receive more information regarding the investment options available under the Plan.

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## ELIGIBILITY

**Am I eligible to participate in the Plan?**
You will be eligible to contribute a portion of your pay to the Plan as a pre-tax Deferral, unless you fall into one of the following categories of excluded employees.

- You are a nonresident alien and you received no income from within the United States.
- You are a student enrolled and attending classes offered by your Employer and your Employer is a school, college or university.

You will be eligible to participate in the Plan and receive contributions made by your Employer and be required to make Mandatory Employee Contributions after meeting certain requirements described below, unless you fall into one of the following categories of excluded employees.

- You are a nonresident alien and you received no earned income from within the U.S.
- You are a student enrolled and attending classes offered by your Employer and your Employer is a school, college, or university.

The Plan document is being amended or restated on to new Plan documents. If you were eligible to participate in the prior plan, you will continue to be eligible to participate in this Plan without satisfying any additional age or service requirements.

**What requirements do I have to meet before I am eligible to participate in the Plan?**
Unless you fall into one of the categories of excluded employees, you will be immediately eligible (or required) to:

- defer a portion of your pay as a pre-tax Deferral into the Plan

Unless you are part of an excluded class of employees, you must reach age 21 before you will be eligible to receive contributions made by your Employer. However, there is no age requirement for deferring a portion of your Compensation as a pre-tax Deferral. The age requirement listed above, however, will apply to pre-tax Deferrals only if you can defer pre-tax or Roth Deferrals into another plan maintained by your Employer that does not have any age and service requirements.

Unless you are part of an excluded class of employees, you will be required to make Mandatory Employee Contributions beginning at age 30 and after completing 3 year(s) of service with your Employer.

The same age and service requirements that apply to Mandatory Employee Contributions will also apply to Employer Contributions made on account of Mandatory Employee Contributions.

Unless you are part of an excluded class of employees, you must complete:

- 1 consecutive year(s) of service with the Employer

before you are eligible to receive contributions made by your Employer. However, there is no years of service requirement for deferring a portion of your Compensation as a pre-tax Deferral. The years of service requirement listed above, however, will apply to pre-tax Deferrals only if you can defer pre-tax or Roth Deferrals into another plan maintained by your Employer that does not have any age and service requirements.

Your initial eligibility measuring period will be the 12-month period beginning with your hire date. If you do not satisfy the eligibility requirements during that first measuring period, eligibility will be calculated based on the Plan Year.

You will be credited with a year of service if you work at least 1,000 hours for your Employer during the eligibility measuring period.

**When can I enter the Plan?**
Unless you fall into one of the categories of excluded employees, you will be immediately eligible to participate in the Plan, once you have met the age and service requirements listed above.

**What happens to my Plan eligibility if I terminate my employment and am later rehired?**
Once you satisfy the eligibility requirements and enter the Plan, you will continue to participate while you are still employed by the Employer, even if you have a break in eligibility service. A break in service occurs when you do not work more than 500 hours. If you had not yet satisfied the eligibility requirements and had a break in eligibility service, periods before your break in service will not be taken into account and you will have to satisfy the eligibility requirements following your break in service. Periods during which you have a break in eligibility service will not count against you if you were absent because you were pregnant, had a child or adopted a child, were serving in the military, or provided service during a national emergency and re-employment is protected under federal or state law, and you return to employment within the time required by law.

If you terminate employment and are later rehired, you will be able to defer a portion of your Compensation as a Deferral as soon as administratively feasible after being rehired. If you had met the eligibility requirements for Matching Contributions or making Mandatory Employee Contributions and were a Participant in the Plan before terminating employment or having a break in eligibility service, and are later rehired, you will enter the Plan immediately. If you were not a Participant before the break in eligibility service, and are rehired, you will need to again satisfy the Plan's eligibility requirements for Matching

Contributions or making Mandatory Employee Contributions.

## CONTRIBUTIONS & VESTING

**What amount can I contribute to the Plan?**

Deferrals

You will be able to contribute a portion of your Compensation as a pre-tax Deferral unless you are a member of one of the excluded classes listed previously. The maximum dollar amount that you can contribute to the Plan each year is $17,500 for 2014 and includes contributions you make to certain other deferral plans (e.g., other 401(k) plans, salary deferral SEP plans, and 403(b) tax-sheltered annuity plans). This amount will increase as the cost of living increases. Deferrals (and the related earnings) are always fully vested and cannot be forfeited. So if you were to leave your Employer, you would be entitled to the full Deferral balance (plus earnings).

The amount of your Compensation that you decide to defer into the Plan generally will be contributed on a pre-tax basis. That means that, unlike the compensation that you actually receive, the pre-tax contribution (and all of the earnings accumulated while it is invested in the Plan) will not be taxed at the time it is paid by your Employer. Instead, it will be taxable to you when you take a payout from the Plan. These contributions will reduce your taxable income each year that you make a contribution but will be treated as compensation for Social Security taxes.

EXAMPLE: Assume your Compensation is $25,000 per year. You decide to contribute five percent of your Compensation into the Plan. Your Employer will pay you $23,750 as gross taxable income and will deposit $1,250 (five percent) into the Plan. You will not pay federal income taxes on the $1,250 (plus earnings on the $1,250) until you withdraw it from the Plan.

Catch-up Contributions

Age 50 Catch-up Contributions - If you are eligible to make Deferrals and you turn age 50 before the end of any calendar year, you may defer up to an extra $5,500 each year (for 2014) into the Plan as a pre-tax contribution once you meet certain Plan limits. The maximum catch-up amount may increase as the cost of living increases.

Special 403(b) Catch-up Contributions – If you have worked at least 15 years for the Employer, and the Employer is a qualified organization, you may make a special catch-up contribution equal to the smallest of the three amounts listed below:

1. $3,000
2. $15,000 minus the amount of Special 403(b) Catch-Up Contributions made in prior years
3. ($5,000 times the number of years you have worked for the Employer) minus (the total amount of Deferrals made while you worked for the Employer)

These catch-up contributions will be eligible for Matching Contributions from your Employer (if any).

If you qualify for both the age 50 catch-up contributions and the special 403(b) catch-up contributions, your catch-up contributions will be allocated first as special 403(b) catch-up contributions. Catch-up contributions (and the related earnings) are considered Deferrals and are always fully vested. So if you were to leave your Employer, you would be entitled to the full catch-up balance (plus earnings).

**How do I start making contributions?**
To begin deferring a portion of your Compensation into the Plan, you must follow the procedures established by your Employer.

**What if I don't make a specific election to contribute some of my Compensation into the Plan?**
You are not required to defer a portion of your Compensation into the Plan. If you elect 0% or you simply fail to follow the procedures established by your Employer for making a Deferral election, you will not be enrolled in the Plan as a deferring Participant (i.e., 0% of your Compensation will be deferred into the Plan).

**Can I change my contribution rate or stop making Deferrals after I start participating in the Plan?**
You may change the amount you are deferring into the Plan or stop making Deferrals altogether at the times determined by your Employer. Generally, once you stop your Deferrals, you will not be able to reenroll in the Plan and begin making Deferrals again until the first day of the next Plan Year, or the first day of the seventh month of the Plan Year, unless your Employer decides to allow more frequent re-entry.

Example: Assume the Plan Year is the calendar year and you are enrolled in the Plan and deferring 6% of your Compensation into the Plan as a pre-tax Deferral. On October 1 you decide to stop making Deferrals. You will not be able to re-enter and begin making Deferrals again until January 1.

**What if I contribute too much to the Plan?**
If you contribute too much to the Plan as a Deferral, you must take the excess amount (plus any earnings on the excess) out of the Plan by April 15 of the year following the year the money was contributed to the Plan. You must notify your Employer, in writing, of the excess amount by March 1 and request that it be removed. The excess amount is taxable to you in the year you contributed it to the Plan. If you do not remove it by the deadline, additional taxes will apply.

**Will I ever be required to make contributions to the Plan?**
Mandatory Employee Contributions
You will be required to make Mandatory Employee Contributions in the amount of 3% of Compensation as a condition of continued employment once you reach age 30 and have worked for your Employer for 3 year(s).

The amount of your Compensation that is contributed to the Plan as a Mandatory Employee Contribution will be contributed on a pre-tax basis. That means that, unlike the compensation that you actually receive, the amount of the Mandatory Employee Contribution (and all of the earnings accumulated while it is invested in the Plan) will not be taxed in the year it is contributed to the Plan. Instead, it will be taxable to you when you take a payout from the Plan. The Mandatory Employee Contributions will reduce your federal taxable income each year that you make a contribution but will be treated as compensation for Social Security taxes.

EXAMPLE: Assume your Compensation is $25,000 per year. You are required to contribute five percent of your Compensation into the Plan as a Mandatory Employee Contribution. Your Employer will pay you $23,750 as gross taxable income and will deposit $1,250 (five percent) into the Plan. You will not pay taxes on the $1,250 (plus earnings on the $1,250) until you withdraw it from the Plan.

Mandatory Employee Contributions (and the related earnings) are always fully vested and cannot be forfeited. So if you were to leave your Employer, you would be entitled to the full Mandatory Employee Contribution balance (plus earnings).

Each year that you make Mandatory Employee Contributions, your Employer will make a Matching Contribution equal to Discretionary amount which is determined annually..

**If I make Deferrals to the Plan, will my Employer match any of those contributions?**
Each year that you contribute a portion of your Compensation into the Plan as a pre-tax Deferral, your Employer may make a contribution to the Plan as a Matching Contribution on your behalf. The amount of the Matching Contribution, if any, will be determined each year by your Employer.

**If I have money in other retirement plans, can I combine them with my accumulation under this Plan?**
Your Employer may allow you to roll over dollars you have saved in other retirement arrangements into this Plan after you become eligible to participate in the Plan. Your Employer will provide you with the documents or other information you need to determine whether your prior plan balance is qualified to be rolled into this Plan.

The Plan will accept amounts rolled over from the prior plan to this Plan if the prior plan was a:

- qualified retirement plan (e.g., 401(k) plan, profit sharing plan, money purchase pension plan, target benefit plan)
- 403(b) tax-sheltered annuity plan
- government 457(b) plan
- Traditional IRA

Participants and/or beneficiaries who received 2009 RMDs and extended RMDs distributed for 2009 were allowed to roll those distributions over into this plan in accordance with the rollover contributions rules listed above.

Rollover contributions are always 100 percent vested and nonforfeitable.

**Are there any limits on how much can be contributed for me?**
In addition to the Deferral limit described previously, you may not have total contributions (including Deferrals) of more than $52,000, plus any age 50 catch-up contributions, in 2014 or an amount equal to 100% of your Compensation, whichever is less, allocated to the Plan for your benefit each year. The $52,000 limit will be increased as the cost of living increases, and is the

total amount that can be contributed across all retirement plans sponsored by your Employer.

**Will contributions be made for me if I am called to military service?**
If you are reemployed by your Employer after completing military service, you may be entitled to receive certain make-up contributions from your Employer. If your Plan permits Deferrals or Nondeductible Employee Contributions, you may also have the option of making up missed employee contributions and receiving a Matching Contribution, if applicable, on these contributions.

If you are reemployed after military service, contact your Plan Administrator for more information about your options under the Uniformed Services Employment and Reemployment Rights Act (USERRA).

**Will I be able to keep my Employer contributions if I terminate employment or am no longer eligible to participate in the Plan?**
Contributions that you receive from your Employer will always be fully vested and cannot be forfeited, even if you terminate employment or become ineligible to participate in the Plan.

## INVESTING YOUR PLAN ACCOUNT

**What investments are permitted?**
Your Employer (or someone appointed by your Employer) will select the investment vendors and investment options that will be available under the Plan. The investment options will be limited to annuity contracts and mutual funds purchased through a custodial account. The list of approved investment options and vendors may change from time to time as your Employer considers appropriate. Your Employer may restrict the list of vendors who may accept new contributions to the Plan and it may be different from the list of vendors and investment options available once the contributions have been made to the Plan through a contract exchange. You should carefully review the Individual Agreements governing the annuity contracts and custodial accounts, the prospectus, or other available information before making investment decisions.

**Who is responsible for selecting the investments for my contributions under the Plan?**
You have the right to decide how your Plan balance will be invested. Your Employer will establish administrative procedures that you must follow to select your investments. Your Employer will designate a list of vendors and investment options that you may select for new contributions to the Plan. You will have the ability to transfer your Plan balance among these vendors and investment options, to the extent permitted by the Individual Agreements. Contact your Employer if you are not certain whether a particular vendor or investment option is permitted under the Plan. If you do not select investments for your Plan account, the Employer will determine how your account will be invested.

Your Employer intends to operate this Plan in compliance with Section 404(c) of the Employee Retirement Income Security Act (ERISA), and Title 29 of the Code of Federal Regulations Section 2550.404c-1. This means that your Employer and others in charge of the Plan will not be responsible for any losses that result from investment instructions given by you or your beneficiary.

**How frequently can I change my investment elections?**
You may change your initial investment selections as frequently as permitted under the Individual Agreements.

## WITHDRAWING MONEY FROM THE PLAN (AND LOANS)

**When can I take a distribution from the plan?**
You may always request a distribution of contributions you have received from your Employer upon termination of employment after reaching age 65.

You may request a distribution of Deferrals at the times listed below.

- You terminate employment
- You become Disabled
- When you reach age 59½
- On account of hardship

You may request a distribution of the contributions you receive from your Employer at the times listed below, if they are invested in annuity contracts.

- You terminate employment
- You become Disabled
- You reach age 59½
- On account of hardship

Your Mandatory Employee Contributions will also be available to you at the times listed above for contributions you receive from your Employer, if permitted under the terms of the Individual Agreements.

You may elect a distribution of your transfer contributions and/or rollover contributions at any time subject to the restrictions in the Individual Agreements.

Hardship

If you experience a financial hardship, you may take a distribution from the Deferrals you have contributed to the Plan, unless restricted under the terms of the Individual Agreements.

You may also take a portion of the contributions you receive from your Employer that are held in annuity contracts to satisfy a financial hardship if you have no other available resources.

The following events qualify as a hardship distribution under the Plan:

- medical expenses for you, your spouse or your dependents, or your beneficiary,
- payment to purchase your principal residence,
- tuition and education-related expenses for you, your spouse or your dependents, or your beneficiary
- payments to prevent eviction from your principal residence,
- funeral expenses for you, your spouse or your dependents, or your beneficiary,
- payments to repair your principal residence that would qualify for a casualty loss deduction.

Your Employer may expand the list of events that qualify as a hardship distribution if contributions you receive from your Employer are being used to satisfy your hardship request.

Before you take a hardship distribution, you must take all other distributions and all nontaxable loans available to you under the Plan. If you take a hardship distribution of Deferrals, you may not be eligible to make Deferrals for the next six months. If you are under age 59½, the amount you take out of the Plan as a hardship distribution may be subject to a 10 percent penalty tax. This is only required under the safe harbor method of determining hardship.

You may be able to take a penalty-free distribution from your Deferrals if you were called to active military duty after September 11, 2001. In order to qualify for these penalty-free distributions, you must have been ordered or called to active duty for a period of at least 180 days or an indefinite period and your distribution must have been taken after you were called to duty and before your active duty ended.

Effective 01/01/2009, if you are on active duty in the uniformed services for a period of more than 30 days, you may elect to take a distribution of your Deferrals from the Plan without severing from employment with your Employer. However, if you choose to take distributions under this provision, you will not be permitted to make Deferrals, Nondeductible Contributions and/or Mandatory Employee Contributions to the Plan during the six-month period beginning on the date of the distribution.

**The Individual Agreements governing the investment options that you selected for your Plan contributions may contain additional limits on when you can take a distribution, the form of distribution that may be available as well as your right to transfer among approved investment options. Please review both the following information in this Summary Plan Description and the terms of your annuity contracts or custodial agreements before requesting a distribution. Contact your Employer or the investment vendor if you have questions regarding your distribution options.**

**How do I request a payout?**

You must complete a payout request form provided or approved by your Employer or follow other procedures established by your Employer for processing distributions.

If you are taking a hardship distribution, you must provide documents to verify that you have a hardship event that qualifies for a Plan distribution.

If you die, become Disabled, or reach age 65 and you qualify for and request a distribution, your distribution will begin as soon as administratively feasible after the date you (or your beneficiary in the case of your death) request a distribution.

If you terminate your employment and you qualify for and request a distribution, your distribution will begin as soon as administratively feasible after the date you (or your beneficiary in the case of your death) request a distribution.

**If I am married, does my spouse have to approve my distributions from the Plan?**

If you are married, you must get written consent from your spouse to take a distribution from the Plan in any form other than a qualified joint and survivor annuity. Your spouse's consent is also needed if you want to name someone other than your spouse as your beneficiary. The annuity would need to be structured to provide a benefit while you are both alive and then to provide a survivor benefit that is equal to 50 percent of the amount you received while you were both living. You can designate a different survivor percentage subject to certain limits under the qualified optional survivor annuity regulations. Your Employer will provide you with more information regarding your annuity options when it comes time for you to make a decision. Follow the procedures established by your Employer to document your spouse's consent to waive the annuity and take the payment in some other form permitted by the Plan. Your spouse must also consent to any Plan loans that you request.

Your spouse's consent may have been required to either stop required payments for 2009, begin payments again in 2010, or both. Your Plan Administrator can tell you whether spousal consent was needed to stop and/or re-start required minimum distributions.

**How will my money be distributed to me if I request a payout from the Plan?**

If you obtain the proper consents, you may choose from the following options for your payout.

- Lump sum
- Partial payments
- Installment payments
- Annuity contract (if assets are held in a custodial account) or converted to an income option (if your assets are invested in an annuity contract)

The Individual Agreements governing the investment options that you selected for your contributions may further restrict your payout options. Please review the annuity contracts or custodial agreements before requesting a distribution and contact your Employer or the investment vendor if you have questions regarding your distribution options.

If your distribution is eligible to be rolled over, you may choose to have your distribution paid to another eligible retirement arrangement. Contact your Employer for information regarding rollover procedures.

**Do any penalties or restrictions apply to my payouts?**
Generally, if you take a payout from the Plan before you are age 59½, a 10 percent early distribution penalty will apply to the taxable portion of your payout. There are some exceptions to the 10 percent penalty. Your tax adviser can assist you in determining whether you qualify for a penalty exception.

If your payout is eligible to be rolled over, 20 percent of the taxable portion of your payout will be withheld and remitted to the IRS as a credit toward the taxes you will owe on the payout amount unless you do a direct rollover.

EXAMPLE: You request a $10,000 payout from the pre-tax portion of your Plan balance. If the amount is eligible to be rolled over to another plan, but you choose not to roll it over directly, you will receive $8,000 and $2,000 will be remitted to the IRS.

**Can I take a loan from the Plan?**
Although the Plan is designed primarily to help you save for retirement, you may take a loan from the Plan as outlined below, subject to the terms and restrictions in the Individual Agreements. Please review your annuity contracts or custodial agreements before requesting a loan. Contact your Employer or the investment vendor if you have questions regarding your loan options.

The Individual Agreements governing the investment options that you selected for your Plan contributions may contain additional limits on when you can take a loan. Please review both the following information in this Summary Plan Description and your annuity contracts or custodial agreements before requesting a loan. Contact your Employer or the investment vendor if you have questions regarding your loan options.

Generally the minimum loan amount that you may take is $1,000 and the maximum loan amount is $50,000. The maximum amount you can borrow may be less, however, depending on two factors: 1) the amount of your accumulation under the Plan, and 2) whether you have taken other loans from any of this Employer's plans within the last year. If you have not had a plan loan in the previous year, your maximum loan cannot be greater than one-half of your vested account balance or $50,000, whichever is less. If you have had another loan, the $50,000 maximum will be reduced by the highest outstanding loan balance in the 12 month period prior to the new loan.

If your loan is being taken from a TIAA-CREF Annuity, your maximum loan amount is further limited to

1) 45% of your combined TIAA and CREF accumulation attributable to participation under this Plan; or
2) 90% or your CREF and TIAA Real Estate accumulation attributable to participation under this Plan for Retirement Loan (RL) loans or
3) 90% of your TIAA Annuity accumulation attributable to participation under this Plan for a Group Supplemental Retirement Annuity (GSRA) loan.

If you default on a loan, your right to a future loan may be restricted. Further, the maximum amount that you can borrow from the Plan will be reduced by the amount in default (plus interest) until the defaulted amount can be deducted from your Plan accumulation. If more than one employer contributed to your TIAA-CREF Annuities, you can only take loans based on the amount you accumulated under this Employer's plan. You should check with your other employers for the rules that apply to loans from the amounts you accumulated while working for the other employers.

If your loan is based on amounts invested in your TIAA-CREF mutual funds, you may not have more than three loans at any one time (from all plans of all employers).

You will be permitted to have an unlimited number of loans outstanding at any time, unless further limited by investments as noted above.

The maximum amount you may borrow from the Plan is also limited to the portion of your plan balance that consists of the following types of contributions:

- pre-tax Deferrals but only if matched
- Matching Contributions and Employer Contributions

If your loan is used to purchase a primary residence, you must repay it within ten years. Other loans must be repaid within one to five years.

**How do I apply for a loan?**
To apply for a loan you must complete the loan application provided (or approved) by your Employer and pay any applicable loan fees.

**What is the interest rate for my loan?**
The interest rate for your loan will vary, as described below, depending upon how your retirement balance is invested.

- Group Supplemental Retirement Unit-Annuity (GSRA) contract - The interest rate is variable and can increase or decrease every three months. The interest rate you pay initially will be the higher of 1) the Moody's Corporate Bond Yield Average for the calendar month ending two months before your loan is issued; or 2) the interest rate credited before your annuity starting date, as stated in the applicable rate schedule, plus 1 percent. Thereafter, the rate may change quarterly, but only if the new rate differs from your current rate by at least ½ percent.

- Retirement Loan (RL) contract - For all Employers except those located in Arkansas, Hawaii, or New Jersey, the interest rate you pay initially will be the higher of 1) the Moody's Corporate Bond Yield Average for the calendar month ending two months before your loan is issued; or 2) the interest credited before your annuity starting date, as stated in the applicable rate schedule, plus 1 percent. Thereafter the rate will change annually, but only if the Moody's Corporate Bond Yield Average for the calendar month ending two months before the anniversary of your loan differs from your current rate by at least a half percent. If the latest average differs by less, your interest rate will remain the same for the next year. For Employers located in Arkansas, Hawaii, or New Jersey, the interest rate will be a fixed rate of 8 percent.

- TIAA-CREF mutual funds - The interest rate for loans from TIAA-CREF mutual funds will be fixed for the term of the loan and will be equal to the Federal Reserve Board Bank prime loan rate plus 1 percent at the time of the loan origination.

**What if I don't repay my loan?**

You will be required to repay the loan amount (plus interest) to the Plan. If you default on the loan, you will be taxed on the amount of the outstanding loan balance and will be subject to a 10 percent penalty if you are under age 59½. In addition, your Employer has the right to foreclose its security interest in the portion of your vested account under the Plan that you pledged as security for the loan, when an event allowing a Plan distribution occurs. The following events will cause a loan default:

- Not repaying your loan as set forth in your loan agreement.
- Breaching any of your obligations under your loan agreement.
- Severing your employment (for loans from mutual funds in custodial accounts)

If your loan is defaulted, your Employer has the right to foreclose the security interest in your vested account balance pledged for repayment, when an event which triggers a distribution of your benefits occurs. In addition, the loan administrator will report the loan default to the IRS and the outstanding loan amount and accrued interest will be treated as a taxable distribution. If you are under age 59½, this could result in a 10 percent penalty on the taxable portion of the default.

**What if I die before receiving all of my money from the Plan?**

If you die before taking all of your assets from the Plan, the remaining balance will be paid to your designated beneficiary. To designate your beneficiary, you must follow the procedures established by your Employer. If you are married and decide to name someone other than your spouse as your beneficiary, your spouse must consent in writing to your designation. It is important to review your designation from time to time and update it if your circumstances change (e.g., a divorce, death of a named beneficiary).

If you do not name a beneficiary, 50% of your balance will be paid to your spouse and 50% will be paid to your estate. If you do not name a beneficiary and have no surviving spouse, your remaining balance in the Plan will be paid to your estate, unless a different alternative is provided in the Individual Agreement.

If your Plan balance is $5,000 or less at the time of your death, your beneficiary will generally have the same options regarding the form of the distribution that are available to you as a Participant. If the balance is greater than $5,000, your beneficiary may be required to take the payouts in the form of a life annuity, unless the annuity has been properly waived by you and your spouse during your lifetime. Your beneficiary may also have the option of rolling their distribution into an IRA. The Individual Agreements governing the investment options that you selected for your contributions may further restrict your beneficiary's options regarding the manner in which the accumulation will be distributed.

If you die after beginning age 70½ distributions, as described in the following question, your beneficiary must continue taking distributions from the plan at least annually. If you die before beginning age 70½ payments, your beneficiary may have the option of (1) taking annual payments beginning the year following your death (or the year you would have reached age 70½, if your spouse is your beneficiary), or (2) delaying their distribution until the year containing the fifth anniversary of your death, provided they take the entire amount remaining during that fifth year.

Effective beginning 2009, if you are a beneficiary using the five-year rule for distributions of your benefits, 2009 does not count toward determining the end of the five-year period. For example, if the participant died in 2007, you will have until December 31, 2013, instead of December 31, 2012, to deplete your account under the Plan.

**How long can I leave the money in my Plan?**
When you terminate from employment, your balance will generally not be paid out of the Plan until you request a payout from your Employer.

Age 70½ Required Distributions
When you reach age 70½ you will generally need to begin taking a distribution each year based on your balance in the Plan. However, unless you own more than 5% of the Employer, you can delay required distributions until you actually separate from service. Contributions for periods before 1987 (excluding earnings on those contributions) will generally not be subject to the required distribution rules until you reach age 75. You may also have the option to satisfy your required minimum distribution from the Plan by aggregating all your 403(b) plans and taking the required minimum distribution from any one or more of the individual 403(b) plans.

Effective for 2009, you may have chosen whether or not to take your required minimum distribution for 2009. If you did not make that choice, the Employer retained that amount within the Plan.

Effective for 2009, you may have chosen to roll over your 2009 and/or extended 2009 required minimum distribution to another eligible retirement arrangement.

**What if the Plan is terminated?**
If the Plan is terminated, your entire account balance will be distributed from the Plan. To the extent you are invested in an annuity contract, you will receive a distribution of the contract.

## ADMINISTRATION INFORMATION AND RIGHTS UNDER ERISA

**Who established the Plan?**
The official name of the Plan is School For Advanced Research DC Plan
The Employer who adopted the Plan is:

School For Advanced Research
660 Garcia St PO Box 2188
Santa Fe, NM 87504-2188
505-954-7221
Federal Tax Identification Number: 850125045
Fiscal Year End: 06/30

Your Employer has assigned Number 001 to the Plan.

The Plan is a 403(b) defined contribution plan, which means that contributions to the Plan made on your behalf (and earnings) will be separately accounted for within the Plan.

**When did the Plan become effective?**
Your Employer has amended and restated the School For Advanced Research DC Plan which was originally adopted 08/01/1998. The effective date of this amended Plan is 12/24/2010.

**Who is responsible for the day-to-day operations of the Plan?**
Your Employer is responsible for the day-to-day administration of the Plan. To assist in operating the Plan efficiently and accurately, your Employer may appoint others to act on its behalf or to perform certain functions.

**Who pays the expenses associated with operating the Plan?**
All reasonable Plan administration expenses including those involved in retaining necessary professional assistance, may be paid from the assets of the Plan, to the extent permitted by the Individual Agreements. These expenses may be allocated among you and all other Plan participants or, for expenses directly related to you, charged against your account balance. Examples of expenses that may be directly related to you include, general recordkeeping fees and expenses related to processing your distributions or loans (if applicable), qualified domestic relations orders, and your ability to direct the investment of your Plan balance, if applicable. Finally, the Employer may, in its discretion, pay any or all of these expenses. For example, the employer may pay expenses for current employees, but may deduct the expenses of former employees directly from their accounts. Your Employer will provide you with a summary of all Plan expenses and the method of payment of the expenses upon request.

**Does the Employer have the right to change the Plan?**
The Plan will be amended from time to time to incorporate changes required by the law and regulations governing retirement plans. Your Employer also has the right to amend the Plan to add new features or to change or eliminate various provisions. An Employer cannot amend the Plan to take away or reduce protected benefits under the Plan (e.g., the Employer cannot reduce the vesting percentage that applies to your current balance in the Plan).

**Does participation in the Plan provide any legal rights regarding my employment?**
The Plan does not intend to, and does not provide, any additional rights to employment or constitute a contract for employment. The purpose of the Summary Plan Description is to help you understand how the Plan operates and the benefits available to you under the Plan. The Plan document is the controlling legal document with respect to the operation of and rights granted under the Plan and if there are any inconsistencies between this Summary Plan Description and the Plan document, the Plan document will be followed.

**Can creditors or other individuals request a payout from my Plan balance?**
Creditors (other than the IRS) and others generally may not request a distribution from your Plan balance. One major exception

to this rule is that your Employer may distribute or reallocate your benefits in response to a qualified domestic relations order. A qualified domestic relations order is an order or decree issued by a court that requires you to pay child support or alimony or to give a portion of your Plan account to an ex-spouse or legally separated spouse. Your Employer will review the order to ensure that it meets certain criteria before any money is paid from your account. You (or your beneficiary) may obtain, at no charge, a copy of the procedures your Employer will use for reviewing and qualifying domestic relations orders.

**How do I file a claim?**

To claim a benefit that you are entitled to under the Plan, you must file a written request with your Employer. The claim must set forth the reasons you believe you are eligible to receive benefits and you must authorize the Employer to conduct any necessary examinations and take the steps to evaluate the claim.

**What if my claim is denied?**

Except as described below, if your claim is denied, your Employer will provide you (or your beneficiary) with a written notice of the denial within 90 days of the date your claim was filed. This notice will give you the specific reasons for the denial, the specific provisions of the Plan upon which the denial is based, and an explanation of the procedures for appeal.

In the case of a claim for disability benefits, if the Employer is making a determination of whether you are Disabled, you will be notified of a denial of your claim within a reasonable amount of time, but not later than 45 days after the Plan receives your claim. The 45-day time period may be extended by the Plan for up to 30 days if the Employer determines that an extension is necessary due to matters beyond the control of the Plan. The Employer will notify you, before the end of the 45-day period, of the reason(s) for the extension and the date by which the Plan expects to make a decision regarding your claim.

If, before the end of the 30-day extension, your Employer determines that, due to matters beyond the control of the Plan, a decision regarding your claim cannot be made within the 30-day extension, the period for making the decision may be extended for an additional 30 days, provided that your Employer notifies you, before the end of the first 30-day extension, of the circumstances requiring the additional extension and the date as of which the Plan expects to make a decision. The notice will specifically explain the standards on which the approval of your claim will be based, the unresolved issues that prevent a decision on your claim, and the additional information needed to resolve those issues. You will have at least 45 days within which to provide the specified information.

The period of time within which approval or denial of your claim is required to be made generally begins at the time your claim is filed. If the period of time is extended because you fail to submit information necessary to decide your claim, the period for approving or denying your claim will not include the period of time between the date on which the notification of the extension is sent to you and the date on which you provide the additional information.

Your Employer will provide you with written or electronic notification if your claim is denied. The notification will provide the following:

i. The specific reason or reasons for the denial;

ii. Reference to the specific section of the Plan on which the denial is based;

iii. A description of any additional information that you must provide before the claim may continue to be processed and an explanation of why such information is necessary;

iv. A description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act (ERISA) following a claim denial on review; and

v. In the case of a Plan providing disability benefits, if your Employer used an internal rule or guideline in denying your claim, either 1) the specific rule or guideline, or a statement that the rule or guideline was relied upon in denying your claim, and that 2) a copy of the rule or guideline will be provided free of charge to you upon request.

If the claim denial is based on a medical necessity, experimental treatment, or similar situation, either an explanation of the scientific or clinical basis for the denial, applying the terms of the Plan to your medical circumstances, or a statement that an explanation will be provided free of charge upon request.

**May I appeal the decision of the Employer?**
You or your beneficiary will have 60 days from the date you receive the notice of claim denial in which to appeal your Employer's decision. You may request that the review be in the nature of a hearing and an attorney may represent you.

However, in the case of a claim for disability benefits, if your Employer is deciding whether you are Disabled under the terms of the Plan, you will have at least 180 days following receipt of notification of a claim denial within which to appeal your Employer's decision.

You may submit written comments, documents, records, and other information relating to your claim. In addition, you will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information pertaining to your claim.

Your appeal will take into account all comments, documents, records, and other information submitted by you relating to the claim, even if the information was not included originally.

If the claim is for disability benefits:

i. Your claim will be reviewed independent of your original claim and will be conducted by a named fiduciary of the Plan other than the individual who denied your original claim or any of his or her employees.

ii. In deciding an appeal of a claim denial that is based in whole or in part on a medical judgment, the appropriate named fiduciary will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment;

iii. Your Employer will provide you with the name(s) of the health care professional(s) who was consulted in connection with your original claim, even if the claim denial was not based on his or her advice. The health care professional consulted for purposes of your appeal will not be the same person or any of his or her employees.

iv. You will be notified of the outcome of your appeal no later than 45 days after receipt of your request for the appeal, unless the Employer determines that special circumstances require an extension of time for processing the claim. If your Employer determines that an extension is required, written notice of the extension will be provided to you before the end of the initial 45-day period. The notice will identify the special circumstances requiring an extension and the date by which the Plan expects to make a decision regarding your claim.

Your Employer will provide you with written or electronic notification of the final outcome of your claim. The notification will include:

i. A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim;

ii. A statement describing any additional voluntary appeal procedures offered by the Plan, your right to obtain the information about such procedures, and a statement of your right to bring an action under Section 502(a) of ERISA; and

iii. If the Employer used an internal rule or guideline in denying your claim, either 1) the specific rule or guideline, or a statement that the rule or guideline was relied upon in denying your claim, and 2) that a copy of the rule or guideline will be provided free of charge to you upon request.

If the claim denial is based on a medical necessity, experimental treatment, or similar situation, either an explanation of the scientific or clinical basis for the denial, applying the terms of the Plan to your medical circumstances, or a statement that an explanation will be provided free of charge upon request.

**If I need to take legal action with respect to the Plan, who is the agent for service of legal process?**
Your Employer is the agent to be served with legal papers regarding the Plan.

**If the Plan terminates, does the federal government insure my benefits under the plan?**
If the Plan terminates, you will become fully vested in your entire balance under the Plan, even though you would not otherwise have a sufficient number of years of vesting service to be 100 percent vested in your balance. You will be entitled to take your entire balance from the Plan following termination.

The type of plan in which you participate is not insured by the Pension Benefit Guarantee Corporate, the government agency that insures certain pension plan benefits upon plan termination.

**What are my legal rights and protections with respect to the Plan?**

As a Participant in this Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan Participants shall be entitled to do the following.

*Receive Information About Your Plan and Benefits*

1. Examine, without charge, at the Employer's office and at other specified locations, such as worksites and union halls, all Plan documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

2. Obtain, upon request to the Employer, copies of documents governing the operations of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description (SPD). The Employer may charge a reasonable fee for the copies.

3. Receive a summary of the Plan's annual financial report. The Employer is required by law to furnish each Participant with a copy of this Summary Annual Report.

4. Obtain, once a year, a statement of the total pension benefits accrued and the vested pension benefits (if any) or the earliest date on which benefits will become vested. The Plan may require a written request for this statement, but it must provide the statement free of charge.

*Prudent Actions by Plan Fiduciaries*

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your Employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

*Enforce Your Rights*

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you may take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Employer to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Employer. If you have a claim for benefits which is denied, or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack there of concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay the costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if the court finds your claim is frivolous.

*Assistance with Your Questions*
If you have any questions about your Plan, you should contact the Employer. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Employer, you should contact the nearest area office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Further, if this Plan is maintained by more than one Employer, you may obtain a complete list of all such Employers by making a written request to your Employer.

# DEFINITIONS

**Compensation** – The definition of Compensation under the Plan can vary depending upon the purpose (e.g., allocations, nondiscrimination testing, tax deductions).

In general, the amount of your earnings from your Employer taken into account under the Plan is all earnings reported to you on Form W-2. Compensation will include amounts that are not included in your taxable income that were deferred under a cafeteria plan, a 401(k) plan, a salary deferral SEP plan, a 403(b) tax-sheltered annuity plan, a 457(b) deferred compensation plan of a state or local government or tax-exempt employer, or transportation fringe benefits that you receive.

The definition of Compensation used under the Plan has been further adjusted to exclude the following amounts.

- Bonuses that you receive will not be considered Compensation.
- Overtime pay will not be included in the Compensation.
- Amounts deemed to be compensation that relate to an automatic enrollment cafeteria plan where you fail to provide proof of insurance will be excluded when determining your Compensation.

If you receive payments from your Employer within 2 ½ months after severing your employment, any regular pay for services you performed prior to severance will be included in Compensation. Other post-severance payments will affect your Compensation as described below.

- Unused accrued sick, vacation or other leave that you are entitled to cash out will be excluded from Compensation.
- Amounts received under a nonqualified unfunded deferred compensation program will be excluded from Compensation.

Effective 01/01/2009, if your Employer chooses to provide differential pay to you while you are on active duty with the uniformed services for a period of more than 30 days, the pay will be considered additional Compensation paid to you for purposes of determining Plan contributions. See your Plan Administrator to determine if your Employer provides differential pay.

The measuring period for Compensation will be the Plan Year.

The maximum amount of Compensation that will be taken into account under the Plan is $260,000 (for 2014). This amount increases as the cost of living rises.

**Deferrals** – Deferrals are the dollars you choose to contribute to the Plan through payroll deduction on pre-tax basis.

**Disabled** – You will be considered Disabled if you cannot engage in any substantial, gainful activity because of a medically determined physical or mental impairment that is expected to last at least 12 months.

**Early Retirement Age** – There is no Early Retirement Age designated under the Plan.

**Employer** – The Employer is School For Advanced Research. Your Employer will also serve as the Plan Administrator, as defined in ERISA, who is responsible for the day to day operations and decisions regarding the Plan, unless a separate Plan Administrator is appointed for all or some of the plan responsibilities. The term Employer, as used in this Summary Plan Description, will also mean Plan Administrator, as that term is used in ERISA.

**Highly Compensated Employee** – A Highly Compensated Employee is any employee who
1) was a five percent owner at any time during the year or the previous year, or
2) for the previous year had Compensation from the Employer greater than $115,000 (for 2014).

The $115,000 threshold is increased as the cost of living rises.

**Hour of Service** – An Hour of Service, for purposes of determining Plan eligibility, vesting and eligibility to receive Employer contributions will be based on actual hours for which you are entitled to pay.

If your Employer continues a plan from a prior employer, you will receive credit for time that you worked for the predecessor employer. Regardless, you will receive credit for your hours of service with

- educational organizations
- a 501(c)(3) not for profit organization, an educational organization, or a minister
- a teaching institution
- an institution of higher education
- a non-profit (research) institution

only for determining

- whether you have satisfied service requirements to participate in this Plan.

**Individual Agreements** - All contributions to the Plan will be invested either in annuity contracts or in mutual funds held in custodial accounts. The agreements between the vendor and your Employer or you that constitute or govern the annuity contracts and custodial accounts are referred to as Individual Agreements. The Individual Agreements explain the unique rules that apply to each Plan investment and may, in some cases, limit your options under the Plan, including your transfer and distribution rights.

**Mandatory Employee Contributions** – Mandatory Employee Contributions are pre-tax contributions that you are required to make to the Plan as a condition of employment.

**Matching Contribution** – Your Employer may make Matching Contributions to the Plan based on the amount of Deferrals and/or Mandatory Employee Contributions you contribute to the Plan.

**Normal Retirement Age** – Age 65 is considered the Normal Retirement Age under the Plan.

**Participant** – An employee of the Employer who has satisfied the eligibility requirements and entered the Plan is referred to as a Participant.

**Plan** – The School For Advanced Research DC Plan is the Plan described in this Summary Plan Description.

**Plan Administrator** – Your Employer is responsible for the day-to-day administration of the Plan. To assist in operating the Plan efficiently and accurately, your Employer may appoint others to act on its behalf or to perform certain functions.

**Plan Year** – A 12-month period ending on 06/30 will serve as the Plan Year.

**Qualified Nonelective Contribution** – Your Employer may make Qualified Nonelective Contributions to satisfy certain nondiscrimination tests that apply to the Plan. These contributions are discretionary and are 100 percent vested when made.

**Taxable Wage Base** – The Social Security Administration sets a contribution and benefit base level each year which is referred to as the Taxable Wage Base.

# Summary Plan Description

Prepared for

# School For Advanced Research TDA Plan

# INTRODUCTION

School For Advanced Research has restated the School For Advanced Research TDA Plan (the "Plan") to help you and other Employees save for retirement.

Your Employer restated the Plan by signing a complex legal agreement – the Plan document - which contains all of the provisions that the Internal Revenue Service (IRS) requires. The Plan document must follow certain federal laws and regulations that apply to retirement plans. The Plan document may change as new or revised laws or regulations take effect. Your Employer also has the right to modify certain features of the Plan from time to time. You will be notified about changes affecting your rights under the Plan.

This Summary Plan Description (SPD) summarizes the important features of the Plan document, including your benefits and obligations under the Plan. If you want more detailed information regarding certain plan features or have questions about the information contained in this SPD, you should contact your Employer. You may also examine a copy of the plan document by making arrangements with your Employer. Certain terms in the SPD have a special meaning when used in the Plan. These terms are capitalized throughout the SPD and are defined in more detail in the DEFINITIONS section of the SPD. If any information in this SPD conflicts with the terms of the Plan document adopted by your Employer, the terms of the Plan document – not this SPD - will govern.

All dollars contributed to the Plan will be invested either in annuity contracts or in mutual funds held in custodial accounts. The agreements constituting or governing the annuity contracts and custodial accounts (the "Individual Agreements") explain your rights under the contracts and accounts and the unique rules that apply to each Plan investment which may, in some cases, limit your options under the Plan. For example, the Individual Agreement may contain a provision which prohibit loans, even if the Plan generally allows loans. If this is the case, you would not be able to take a loan from the accumulation in an investment option governed by that Individual Agreement. You should review the Individual Agreements along with this SPD to gain a full understanding of your rights and obligations under the Plan. Contact your Employer or the investment vendor to obtain copies of the Individual Agreements or to receive more information regarding the investment options available under the Plan.

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## ELIGIBILITY

**Am I eligible to participate in the Plan?**
You will be eligible to contribute a portion of your pay to the Plan as a pre-tax Deferral, unless you fall into one of the following categories of excluded employees.

- You are a nonresident alien and you received no income from within the United States.
- You are a student enrolled and attending classes offered by your Employer and your Employer is a school, college or university.

The Plan document is being amended or restated on to new Plan documents. If you were eligible to participate in the prior plan, you will continue to be eligible to participate in this Plan without satisfying any additional age or service requirements.

**What requirements do I have to meet before I am eligible to participate in the Plan?**
Unless you fall into one of the categories of excluded employees, you will be immediately eligible to participate in the Plan. There are no special age or service requirements that you need to satisfy.
**When can I enter the Plan?**
Unless you fall into one of the categories of excluded employees, you will be immediately eligible to participate in the Plan, once you have met the age and service requirements listed above.

**What happens to my Plan eligibility if I terminate my employment and am later rehired?**
If you terminate employment and are later rehired, you will be able to defer a portion of your Compensation as a Deferral as soon as administratively feasible after being rehired.

## CONTRIBUTIONS & VESTING

**What amount can I contribute to the Plan?**
Deferrals
You will be able to contribute a portion of your Compensation as a pre-tax Deferral unless you are a member of one of the excluded classes listed previously. The maximum dollar amount that you can contribute to the Plan each year is $17,500 for 2014 and includes contributions you make to certain other deferral plans (e.g., other 401(k) plans, salary deferral SEP plans, and 403(b) tax-sheltered annuity plans). This amount will increase as the cost of living increases. Deferrals (and the related earnings) are always fully vested and cannot be forfeited. So if you were to leave your Employer, you would be entitled to the full Deferral balance (plus earnings).

The amount of your Compensation that you decide to defer into the Plan generally will be contributed on a pre-tax basis. That means that, unlike the compensation that you actually receive, the pre-tax contribution (and all of the earnings accumulated while it is invested in the Plan) will not be taxed at the time it is paid by your Employer. Instead, it will be taxable to you when you take a payout from the Plan. These contributions will reduce your taxable income each year that you make a contribution but will be treated as compensation for Social Security taxes.

EXAMPLE: Assume your Compensation is $25,000 per year. You decide to contribute five percent of your Compensation into the Plan. Your Employer will pay you $23,750 as gross taxable income and will deposit $1,250 (five percent) into the Plan. You will not pay federal income taxes on the $1,250 (plus earnings on the $1,250) until you withdraw it from the Plan.

Catch-up Contributions

Age 50 Catch-up Contributions - If you are eligible to make Deferrals and you turn age 50 before the end of any calendar year, you may defer up to an extra $5,500 each year (for 2014) into the Plan as a pre-tax contribution once you meet certain Plan limits. The maximum catch-up amount may increase as the cost of living increases.

Special 403(b) Catch-up Contributions – If you have worked at least 15 years for the Employer, and the Employer is a qualified organization, you may make a special catch-up contribution equal to the smallest of the three amounts listed below:

1. $3,000
2. $15,000 minus the amount of Special 403(b) Catch-Up Contributions made in prior years
3. ($5,000 times the number of years you have worked for the Employer) minus (the total amount of Deferrals made while you worked for the Employer)

These catch-up contributions will be eligible for Matching Contributions from your Employer (if any).

If you qualify for both the age 50 catch-up contributions and the special 403(b) catch-up contributions, your catch-up contributions will be allocated first as special 403(b) catch-up contributions. Catch-up contributions (and the related earnings) are considered Deferrals and are always fully vested. So if you were to leave your Employer, you would be entitled to the full catch-up balance (plus earnings).

**How do I start making contributions?**

To begin deferring a portion of your Compensation into the Plan, you must follow the procedures established by your Employer.

**What if I don't make a specific election to contribute some of my Compensation into the Plan?**

You are not required to defer a portion of your Compensation into the Plan. If you elect 0% or you simply fail to follow the procedures established by your Employer for making a Deferral election, you will not be enrolled in the Plan as a deferring Participant (i.e., 0% of your Compensation will be deferred into the Plan).

**Can I change my contribution rate or stop making Deferrals after I start participating in the Plan?**
You may change the amount you are deferring into the Plan or stop making Deferrals altogether at the times determined by your Employer. Generally, once you stop your Deferrals, you will not be able to reenroll in the Plan and begin making Deferrals again until the first day of the next Plan Year, or the first day of the seventh month of the Plan Year, unless your Employer decides to allow more frequent re-entry.

Example: Assume the Plan Year is the calendar year and you are enrolled in the Plan and deferring 6% of your Compensation into the Plan as a pre-tax Deferral. On October 1 you decide to stop making Deferrals. You will not be able to re-enter and begin making Deferrals again until January 1.

**What if I contribute too much to the Plan?**
If you contribute too much to the Plan as a Deferral, you must take the excess amount (plus any earnings on the excess) out of the Plan by April 15 of the year following the year the money was contributed to the Plan. You must notify your Employer, in writing, of the excess amount by March 1 and request that it be removed. The excess amount is taxable to you in the year you contributed it to the Plan. If you do not remove it by the deadline, additional taxes will apply.

**If I have money in other retirement plans, can I combine them with my accumulation under this Plan?**
Your Employer may allow you to roll over dollars you have saved in other retirement arrangements into this Plan after you become eligible to participate in the Plan. Your Employer will provide you with the documents or other information you need to determine whether your prior plan balance is qualified to be rolled into this Plan.

The Plan will accept amounts rolled over from the prior plan to this Plan if the prior plan was a:

- qualified retirement plan (e.g., 401(k) plan, profit sharing plan, money purchase pension plan, target benefit plan)
- 403(b) tax-sheltered annuity plan
- government 457(b) plan
- Traditional IRA

Participants and/or beneficiaries who received 2009 RMDs and extended RMDs distributed for 2009 were allowed to roll those distributions over into this plan in accordance with the rollover contributions rules listed above.

Rollover contributions are always 100 percent vested and nonforfeitable.

**Are there any limits on how much can be contributed for me?**
In addition to the Deferral limit described previously, you may not have total contributions (including Deferrals) of more than $52,000, plus any age 50 catch-up contributions, in 2014 or an amount equal to 100% of your Compensation, whichever is less, allocated to the Plan for your benefit each year. The $52,000 limit will be increased as the cost of living increases, and is the

total amount that can be contributed across all retirement plans sponsored by your Employer.

**Will contributions be made for me if I am called to military service?**
If you are reemployed by your Employer after completing military service, you may be entitled to receive certain make-up contributions from your Employer. If your Plan permits Deferrals or Nondeductible Employee Contributions, you may also have the option of making up missed employee contributions and receiving a Matching Contribution, if applicable, on these contributions.

If you are reemployed after military service, contact your Plan Administrator for more information about your options under the Uniformed Services Employment and Reemployment Rights Act (USERRA).

## INVESTING YOUR PLAN ACCOUNT

**What investments are permitted?**
Your Employer (or someone appointed by your Employer) will select the investment vendors and investment options that will be available under the Plan. The investment options will be limited to annuity contracts and mutual funds purchased through a custodial account. The list of approved investment options and vendors may change from time to time as your Employer considers appropriate. Your Employer may restrict the list of vendors who may accept new contributions to the Plan and it may be different from the list of vendors and investment options available once the contributions have been made to the Plan through a contract exchange. You should carefully review the Individual Agreements governing the annuity contracts and custodial accounts, the prospectus, or other available information before making investment decisions.

**Who is responsible for selecting the investments for my contributions under the Plan?**
You have the right to decide how your Plan balance will be invested. Your Employer will establish administrative procedures that you must follow to select your investments. Your Employer will designate a list of vendors and investment options that you may select for new contributions to the Plan. You will have the ability to transfer your Plan balance among these vendors and investment options, to the extent permitted by the Individual Agreements. Contact your Employer if you are not certain whether a particular vendor or investment option is permitted under the Plan. If you do not select investments for your Plan account, the Employer will determine how your account will be invested.

**How frequently can I change my investment elections?**
You may change your initial investment selections as frequently as permitted under the Individual Agreements.

## WITHDRAWING MONEY FROM THE PLAN (AND LOANS)

**When can I take a distribution from the plan?**
You may request a distribution of Deferrals at the times listed below.

- You terminate employment

- You become Disabled
- When you reach age 59½
- On account of hardship
- At any time with respect to pre-1989 Deferrals invested in an annuity contract

You may elect a distribution of your transfer contributions and/or rollover contributions at any time subject to the restrictions in the Individual Agreements.

Hardship

If you experience a financial hardship, you may take a distribution from the Deferrals you have contributed to the Plan, unless restricted under the terms of the Individual Agreements.

The following events qualify as a hardship distribution under the Plan:

- medical expenses for you, your spouse or your dependents, or your beneficiary,
- payment to purchase your principal residence,
- tuition and education-related expenses for you, your spouse or your dependents, or your beneficiary
- payments to prevent eviction from your principal residence,
- funeral expenses for you, your spouse or your dependents, or your beneficiary,
- payments to repair your principal residence that would qualify for a casualty loss deduction.

Before you take a hardship distribution, you must take all other distributions and all nontaxable loans available to you under the Plan. If you take a hardship distribution of Deferrals, you may not be eligible to make Deferrals for the next six months. If you are under age 59½, the amount you take out of the Plan as a hardship distribution may be subject to a 10 percent penalty tax. This is only required under the safe harbor method of determining hardship.

You may be able to take a penalty-free distribution from your Deferrals if you were called to active military duty after September 11, 2001. In order to qualify for these penalty-free distributions, you must have been ordered or called to active duty for a period of at least 180 days or an indefinite period and your distribution must have been taken after you were called to duty and before your active duty ended.

Effective 01/01/2009, if you are on active duty in the uniformed services for a period of more than 30 days, you may elect to take a distribution of your Deferrals from the Plan without severing from employment with your Employer. However, if you choose to take distributions under this provision, you will not be permitted to make Deferrals, Nondeductible Contributions and/or Mandatory Employee Contributions to the Plan during the six-month period beginning on the date of the distribution.

**The Individual Agreements governing the investment options that you selected for your Plan contributions may contain additional limits on when you can take a distribution, the form of distribution that may be available as well as your right to transfer among approved investment options. Please review both the following information in this Summary Plan Description and the terms of your annuity contracts or custodial agreements before requesting a distribution. Contact your Employer or the investment vendor if you have questions regarding your distribution options.**

**How do I request a payout?**

You must complete a payout request form provided or approved by your Employer or follow other procedures established by your Employer for processing distributions.

If you are taking a hardship distribution, you must provide documents to verify that you have a hardship event that qualifies for a Plan distribution.

If you die, become Disabled, or reach age 65 and you qualify for and request a distribution, your distribution will begin as soon as administratively feasible after the date you (or your beneficiary in the case of your death) request a distribution.

If you terminate your employment and you qualify for and request a distribution, your distribution will begin as soon as administratively feasible after the date you (or your beneficiary in the case of your death) request a distribution.

**If I am married, does my spouse have to approve my distributions from the Plan?**

If you are married, you must get written consent from your spouse to take a distribution from the Plan in any form other than a qualified joint and survivor annuity. Your spouse's consent is also needed if you want to name someone other than your spouse as your beneficiary. The annuity would need to be structured to provide a benefit while you are both alive and then to provide a survivor benefit that is equal to 50 percent of the amount you received while you were both living. You can designate a different survivor percentage subject to certain limits under the qualified optional survivor annuity regulations. Your Employer will provide you with more information regarding your annuity options when it comes time for you to make a decision. Follow the procedures established by your Employer to document your spouse's consent to waive the annuity and take the payment in some other form permitted by the Plan. Your spouse must also consent to any Plan loans that you request.

Your spouse's consent may have been required to either stop required payments for 2009, begin payments again in 2010, or both. Your Plan Administrator can tell you whether spousal consent was needed to stop and/or re-start required minimum distributions.

**How will my money be distributed to me if I request a payout from the Plan?**

If you obtain the proper consents, you may choose from the following options for your payout.

- Lump sum
- Partial payments

- Installment payments
- Annuity contract (if assets are held in a custodial account) or converted to an income option (if your assets are invested in an annuity contract)

The Individual Agreements governing the investment options that you selected for your contributions may further restrict your payout options. Please review the annuity contracts or custodial agreements before requesting a distribution and contact your Employer or the investment vendor if you have questions regarding your distribution options.

If your distribution is eligible to be rolled over, you may choose to have your distribution paid to another eligible retirement arrangement. Contact your Employer for information regarding rollover procedures.

**Do any penalties or restrictions apply to my payouts?**
Generally, if you take a payout from the Plan before you are age 59½, a 10 percent early distribution penalty will apply to the taxable portion of your payout. There are some exceptions to the 10 percent penalty. Your tax adviser can assist you in determining whether you qualify for a penalty exception.

If your payout is eligible to be rolled over, 20 percent of the taxable portion of your payout will be withheld and remitted to the IRS as a credit toward the taxes you will owe on the payout amount unless you do a direct rollover.

EXAMPLE: You request a $10,000 payout from the pre-tax portion of your Plan balance. If the amount is eligible to be rolled over to another plan, but you choose not to roll it over directly, you will receive $8,000 and $2,000 will be remitted to the IRS.

**Can I take a loan from the Plan?**
Although the Plan is designed primarily to help you save for retirement, you may take a loan from the Plan as outlined below, subject to the terms and restrictions in the Individual Agreements. Please review your annuity contracts or custodial agreements before requesting a loan. Contact your Employer or the investment vendor if you have questions regarding your loan options.

The Individual Agreements governing the investment options that you selected for your Plan contributions may contain additional limits on when you can take a loan. Please review both the following information in this Summary Plan Description and your annuity contracts or custodial agreements before requesting a loan. Contact your Employer or the investment vendor if you have questions regarding your loan options.

Generally the minimum loan amount that you may take is $1,000 and the maximum loan amount is $50,000. The maximum amount you can borrow may be less, however, depending on two factors: 1) the amount of your accumulation under the Plan, and 2) whether you have taken other loans from any of this Employer's plans within the last year. If you have not had a plan loan in the previous year, your maximum loan cannot be greater than one-half of your vested account balance or $50,000, whichever is less. If you have had another loan, the $50,000 maximum will be reduced by the highest outstanding loan balance in the 12 month period prior to the new loan.

If your loan is being taken from a TIAA-CREF Annuity, your maximum loan amount is further limited to

1) 45% of your combined TIAA and CREF accumulation attributable to participation under this Plan; or
2) 90% or your CREF and TIAA Real Estate accumulation attributable to participation under this Plan for Retirement Loan (RL) loans or
3) 90% of your TIAA Annuity accumulation attributable to participation under this Plan for a Group Supplemental Retirement Annuity (GSRA) loan.

If you default on a loan, your right to a future loan may be restricted. Further, the maximum amount that you can borrow from the Plan will be reduced by the amount in default (plus interest) until the defaulted amount can be deducted from your Plan accumulation. If more than one employer contributed to your TIAA-CREF Annuities, you can only take loans based on the amount you accumulated under this Employer's plan. You should check with your other employers for the rules that apply to loans from the amounts you accumulated while working for the other employers.

If your loan is based on amounts invested in your TIAA-CREF mutual funds, you may not have more than three loans at any one time (from all plans of all employers).

You will be permitted to have an unlimited number of loans outstanding at any time, unless further limited by investments as noted above.

If your loan is used to purchase a primary residence, you must repay it within ten years. Other loans must be repaid within one to five years.

**How do I apply for a loan?**
To apply for a loan you must complete the loan application provided (or approved) by your Employer and pay any applicable loan fees.

**What is the interest rate for my loan?**
The interest rate for your loan will vary, as described below, depending upon how your retirement balance is invested.

- Group Supplemental Retirement Unit-Annuity (GSRA) contract - The interest rate is variable and can increase or decrease every three months. The interest rate you pay initially will be the higher of 1) the Moody's Corporate Bond Yield Average for the calendar month ending two months before your loan is issued; or 2) the interest rate credited before your annuity starting date, as stated in the applicable rate schedule, plus 1 percent. Thereafter, the rate may change quarterly, but only if the new rate differs from your current rate by at least ½ percent.

- Retirement Loan (RL) contract - For all Employers except those located in Arkansas, Hawaii, or New Jersey, the interest rate you pay initially will be the higher of 1) the Moody's Corporate Bond Yield Average for the calendar month ending two months before your loan is issued; or 2) the interest credited before your annuity starting date, as stated in the applicable rate schedule, plus 1 percent. Thereafter the rate will change annually, but only if the Moody's Corporate Bond Yield Average for the calendar month ending two months before the anniversary of your loan differs from your current rate by at least a half percent. If the latest average differs by less, your interest rate will remain the same for the next year. For Employers located in Arkansas, Hawaii, or New Jersey, the interest rate will be a fixed rate of 8 percent.

- TIAA-CREF mutual funds - The interest rate for loans from TIAA-CREF mutual funds will be fixed for the term of the loan and will be equal to the Federal Reserve Board Bank prime loan rate plus 1 percent at the time of the loan origination.

**What if I don't repay my loan?**

You will be required to repay the loan amount (plus interest) to the Plan. If you default on the loan, you will be taxed on the amount of the outstanding loan balance and will be subject to a 10 percent penalty if you are under age 59½. In addition, your Employer has the right to foreclose its security interest in the portion of your vested account under the Plan that you pledged as security for the loan, when an event allowing a Plan distribution occurs. The following events will cause a loan default:

- Not repaying your loan as set forth in your loan agreement.
- Breaching any of your obligations under your loan agreement.
- Severing your employment (for loans from mutual funds in custodial accounts)

If your loan is defaulted, your Employer has the right to foreclose the security interest in your vested account balance pledged for repayment, when an event which triggers a distribution of your benefits occurs. In addition, the loan administrator will report the loan default to the IRS and the outstanding loan amount and accrued interest will be treated as a taxable distribution. If you are under age 59½, this could result in a 10 percent penalty on the taxable portion of the default.

**What if I die before receiving all of my money from the Plan?**

If you die before taking all of your assets from the Plan, the remaining balance will be paid to your designated beneficiary. To designate your beneficiary, you must follow the procedures established by your Employer. If you are married and decide to name someone other than your spouse as your beneficiary, your spouse must consent in writing to your designation. It is important to review your designation from time to time and update it if your circumstances change (e.g., a divorce, death of a named beneficiary).

If you do not name a beneficiary, 50% of your balance will be paid to your spouse and 50% will be paid to your estate. If you do not name a beneficiary and have no surviving spouse, your remaining balance in the Plan will be paid to your estate, unless a different alternative is provided in the Individual Agreement.

If your Plan balance is $5,000 or less at the time of your death, your beneficiary will generally have the same options regarding the form of the distribution that are available to you as a Participant. If the balance is greater than $5,000, your beneficiary may be required to take the payouts in the form of a life annuity, unless the annuity has been properly waived by you and your spouse during your lifetime. Your beneficiary may also have the option of rolling their distribution into an IRA. The Individual Agreements governing the investment options that you selected for your contributions may further restrict your beneficiary's options regarding the manner in which the accumulation will be distributed.

If you die after beginning age 70½ distributions, as described in the following question, your beneficiary must continue taking distributions from the plan at least annually. If you die before beginning age 70½ payments, your beneficiary may have the option of (1) taking annual payments beginning the year following your death (or the year you would have reached age 70½, if your spouse is your beneficiary), or (2) delaying their distribution until the year containing the fifth anniversary of your death, provided they take the entire amount remaining during that fifth year.

Effective beginning 2009, if you are a beneficiary using the five-year rule for distributions of your benefits, 2009 does not count toward determining the end of the five-year period. For example, if the participant died in 2007, you will have until December 31, 2013, instead of December 31, 2012, to deplete your account under the Plan.

**How long can I leave the money in my Plan?**
When you terminate from employment, your balance will generally not be paid out of the Plan until you request a payout from your Employer.

Age 70½ Required Distributions
When you reach age 70½ you will generally need to begin taking a distribution each year based on your balance in the Plan. However, unless you own more than 5% of the Employer, you can delay required distributions until you actually separate from service. Contributions for periods before 1987 (excluding earnings on those contributions) will generally not be subject to the required distribution rules until you reach age 75. You may also have the option to satisfy your required minimum distribution from the Plan by aggregating all your 403(b) plans and taking the required minimum distribution from any one or more of the individual 403(b) plans.

Effective for 2009, you may have chosen whether or not to take your required minimum distribution for 2009. If you did not make that choice, the Employer retained that amount within the Plan.

Effective for 2009, you may have chosen to roll over your 2009 and/or extended 2009 required minimum distribution to another eligible retirement arrangement.

**What if the Plan is terminated?**
If the Plan is terminated, your entire account balance will be distributed from the Plan. To the extent you are invested in an annuity contract, you will receive a distribution of the contract.

## ADMINISTRATION INFORMATION AND RIGHTS UNDER ERISA

**Who established the Plan?**
The official name of the Plan is School For Advanced Research TDA Plan
The Employer who adopted the Plan is:

School For Advanced Research
660 Garcia St PO Box 2188
Santa Fe, NM 87504-2188
505-954-7221
Federal Tax Identification Number: 850125045

Fiscal Year End: 06/30

Your Employer has assigned Number 001 to the Plan.

The Plan is a 403(b) defined contribution plan, which means that contributions to the Plan made on your behalf (and earnings) will be separately accounted for within the Plan.

**When did the Plan become effective?**
Your Employer has amended and restated the School For Advanced Research TDA Plan which was originally adopted 08/01/1998. The effective date of this amended Plan is 01/01/2009.

**Who is responsible for the day-to-day operations of the Plan?**
Your Employer is responsible for the day-to-day administration of the Plan. To assist in operating the Plan efficiently and accurately, your Employer may appoint others to act on its behalf or to perform certain functions.

**Who pays the expenses associated with operating the Plan?**
All reasonable Plan administration expenses including those involved in retaining necessary professional assistance, may be paid from the assets of the Plan, to the extent permitted by the Individual Agreements. These expenses may be allocated among you and all other Plan participants or, for expenses directly related to you, charged against your account balance. Examples of expenses that may be directly related to you include, general recordkeeping fees and expenses related to processing your distributions or loans (if applicable), qualified domestic relations orders, and your ability to direct the investment of your Plan balance, if applicable. Finally, the Employer may, in its discretion, pay any or all of these expenses. For example, the employer may pay expenses for current employees, but may deduct the expenses of former employees directly from their accounts. Your Employer will provide you with a summary of all Plan expenses and the method of payment of the expenses upon request.

**Does the Employer have the right to change the Plan?**
The Plan will be amended from time to time to incorporate changes required by the law and regulations governing retirement plans. Your Employer also has the right to amend the Plan to add new features or to change or eliminate various provisions. An Employer cannot amend the Plan to take away or reduce protected benefits under the Plan (e.g., the Employer cannot reduce the vesting percentage that applies to your current balance in the Plan).

**Does participation in the Plan provide any legal rights regarding my employment?**
The Plan does not intend to, and does not provide, any additional rights to employment or constitute a contract for employment. The purpose of the Summary Plan Description is to help you understand how the Plan operates and the benefits available to you under the Plan. The Plan document is the controlling legal document with respect to the operation of and rights granted under the Plan and if there are any inconsistencies between this Summary Plan Description and the Plan document, the Plan document will be followed.

**Can creditors or other individuals request a payout from my Plan balance?**

Creditors (other than the IRS) and others generally may not request a distribution from your Plan balance. One major exception to this rule is that your Employer may distribute or reallocate your benefits in response to a qualified domestic relations order. A qualified domestic relations order is an order or decree issued by a court that requires you to pay child support or alimony or to give a portion of your Plan account to an ex-spouse or legally separated spouse. Your Employer will review the order to ensure that it meets certain criteria before any money is paid from your account. You (or your beneficiary) may obtain, at no charge, a copy of the procedures your Employer will use for reviewing and qualifying domestic relations orders.

**How do I file a claim?**
To claim a benefit that you are entitled to under the Plan, you must file a written request with your Employer. The claim must set forth the reasons you believe you are eligible to receive benefits and you must authorize the Employer to conduct any necessary examinations and take the steps to evaluate the claim.

**What if my claim is denied?**
Except as described below, if your claim is denied, your Employer will provide you (or your beneficiary) with a written notice of the denial within 90 days of the date your claim was filed. This notice will give you the specific reasons for the denial, the specific provisions of the Plan upon which the denial is based, and an explanation of the procedures for appeal.

In the case of a claim for disability benefits, if the Employer is making a determination of whether you are Disabled, you will be notified of a denial of your claim within a reasonable amount of time, but not later than 45 days after the Plan receives your claim. The 45-day time period may be extended by the Plan for up to 30 days if the Employer determines that an extension is necessary due to matters beyond the control of the Plan. The Employer will notify you, before the end of the 45-day period, of the reason(s) for the extension and the date by which the Plan expects to make a decision regarding your claim.

If, before the end of the 30-day extension, your Employer determines that, due to matters beyond the control of the Plan, a decision regarding your claim cannot be made within the 30-day extension, the period for making the decision may be extended for an additional 30 days, provided that your Employer notifies you, before the end of the first 30-day extension, of the circumstances requiring the additional extension and the date as of which the Plan expects to make a decision. The notice will specifically explain the standards on which the approval of your claim will be based, the unresolved issues that prevent a decision on your claim, and the additional information needed to resolve those issues. You will have at least 45 days within which to provide the specified information.

The period of time within which approval or denial of your claim is required to be made generally begins at the time your claim is filed. If the period of time is extended because you fail to submit information necessary to decide your claim, the period for approving or denying your claim will not include the period of time between the date on which the notification of the extension is sent to you and the date on which you provide the additional information.

Your Employer will provide you with written or electronic notification if your claim is denied. The notification will provide the following:

i. The specific reason or reasons for the denial;

ii. Reference to the specific section of the Plan on which the denial is based;

iii. A description of any additional information that you must provide before the claim may continue to be processed and an explanation of why such information is necessary;

iv. A description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act (ERISA) following a claim denial on review; and

v. In the case of a Plan providing disability benefits, if your Employer used an internal rule or guideline in denying your claim, either 1) the specific rule or guideline, or a statement that the rule or guideline was relied upon in denying your claim, and that 2) a copy of the rule or guideline will be provided free of charge to you upon request.

If the claim denial is based on a medical necessity, experimental treatment, or similar situation, either an explanation of the scientific or clinical basis for the denial, applying the terms of the Plan to your medical circumstances, or a statement that an explanation will be provided free of charge upon request.

**May I appeal the decision of the Employer?**
You or your beneficiary will have 60 days from the date you receive the notice of claim denial in which to appeal your Employer's decision. You may request that the review be in the nature of a hearing and an attorney may represent you.

However, in the case of a claim for disability benefits, if your Employer is deciding whether you are Disabled under the terms of the Plan, you will have at least 180 days following receipt of notification of a claim denial within which to appeal your Employer's decision.

You may submit written comments, documents, records, and other information relating to your claim. In addition, you will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information pertaining to your claim.

Your appeal will take into account all comments, documents, records, and other information submitted by you relating to the claim, even if the information was not included originally.

If the claim is for disability benefits:

i. Your claim will be reviewed independent of your original claim and will be conducted by a named fiduciary of the Plan other than the individual who denied your original claim or any of his or her employees.

ii. In deciding an appeal of a claim denial that is based in whole or in part on a medical judgment, the appropriate named fiduciary will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment;

iii. Your Employer will provide you with the name(s) of the health care professional(s) who was consulted in connection with your original claim, even if the claim denial was not based on his or her advice. The health care professional consulted for purposes of your appeal will not be the same person or any of his or her employees.

iv. You will be notified of the outcome of your appeal no later than 45 days after receipt of your request for the appeal, unless the Employer determines that special circumstances require an extension of time for processing the claim. If your Employer determines that an extension is required, written notice of the extension will be provided to you before the end of the initial 45-day period. The notice will identify the special circumstances requiring an extension and the date by which the Plan expects to make a decision regarding your claim.

Your Employer will provide you with written or electronic notification of the final outcome of your claim. The notification will include:

i. A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim;

ii. A statement describing any additional voluntary appeal procedures offered by the Plan, your right to obtain the information about such procedures, and a statement of your right to bring an action under Section 502(a) of ERISA; and

iii. If the Employer used an internal rule or guideline in denying your claim, either 1) the specific rule or guideline, or a statement that the rule or guideline was relied upon in denying your claim, and 2) that a copy of the rule or guideline will be provided free of charge to you upon request.

If the claim denial is based on a medical necessity, experimental treatment, or similar situation, either an explanation of the scientific or clinical basis for the denial, applying the terms of the Plan to your medical circumstances, or a statement that an explanation will be provided free of charge upon request.

**If I need to take legal action with respect to the Plan, who is the agent for service of legal process?**
Your Employer is the agent to be served with legal papers regarding the Plan.

**If the Plan terminates, does the federal government insure my benefits under the plan?**
If the Plan terminates, you will become fully vested in your entire balance under the Plan, even though you would not otherwise have a sufficient number of years of vesting service to be 100 percent vested in your balance. You will be entitled to take your entire balance from the Plan following termination.

The type of plan in which you participate is not insured by the Pension Benefit Guarantee Corporate, the government agency that insures certain pension plan benefits upon plan termination.

**What are my legal rights and protections with respect to the Plan?**

As a Participant in this Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan Participants shall be entitled to do the following.

*Receive Information About Your Plan and Benefits*

1. Examine, without charge, at the Employer's office and at other specified locations, such as worksites and union halls, all Plan documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

2. Obtain, upon request to the Employer, copies of documents governing the operations of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description (SPD). The Employer may charge a reasonable fee for the copies.

3. Receive a summary of the Plan's annual financial report. The Employer is required by law to furnish each Participant with a copy of this Summary Annual Report.

4. Obtain, once a year, a statement of the total pension benefits accrued and the vested pension benefits (if any) or the earliest date on which benefits will become vested. The Plan may require a written request for this statement, but it must provide the statement free of charge.

*Prudent Actions by Plan Fiduciaries*

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your Employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

*Enforce Your Rights*

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you may take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Employer to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Employer. If you have a claim for benefits which is denied, or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack there of concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay the costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if the court finds your claim is frivolous.

*Assistance with Your Questions*
If you have any questions about your Plan, you should contact the Employer. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Employer, you should contact the nearest area office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Further, if this Plan is maintained by more than one Employer, you may obtain a complete list of all such Employers by making a written request to your Employer.

# DEFINITIONS

**Compensation** – The definition of Compensation under the Plan can vary depending upon the purpose (e.g., allocations, nondiscrimination testing, tax deductions).

In general, the amount of your earnings from your Employer taken into account under the Plan is all earnings reported to you on Form W-2. Compensation will include amounts that are not included in your taxable income that were deferred under a cafeteria plan, a 401(k) plan, a salary deferral SEP plan, a 403(b) tax-sheltered annuity plan, a 457(b) deferred compensation plan of a state or local government or tax-exempt employer, or transportation fringe benefits that you receive.

The definition of Compensation used under the Plan has been further adjusted to exclude the following amounts.

- Bonuses that you receive will not be considered Compensation.
- Overtime pay will not be included in the Compensation.
- Amounts deemed to be compensation that relate to an automatic enrollment cafeteria plan where you fail to provide proof of insurance will be excluded when determining your Compensation.

If you receive payments from your Employer within 2 ½ months after severing your employment, any regular pay for services you performed prior to severance will be included in Compensation. Other post-severance payments will affect your Compensation as described below.

- Unused accrued sick, vacation or other leave that you are entitled to cash out will be excluded from Compensation for purposes of Deferrals, Nondeductible Employee Contributions and Mandatory Employee Contributions.
- Amounts received under a nonqualified unfunded deferred compensation program will be excluded from Compensation.

Effective 01/01/2009, if your Employer chooses to provide differential pay to you while you are on active duty with the uniformed services for a period of more than 30 days, the pay will be considered additional Compensation paid to you for purposes of determining Plan contributions. See your Plan Administrator to determine if your Employer provides differential pay.

The measuring period for Compensation will be the Plan Year.

The maximum amount of Compensation that will be taken into account under the Plan is $260,000 (for 2014). This amount increases as the cost of living rises.

**Deferrals** – Deferrals are the dollars you choose to contribute to the Plan through payroll deduction on pre-tax basis.

**Disabled** – You will be considered Disabled if you cannot engage in any substantial, gainful activity because of a medically determined physical or mental impairment that is expected to last at least 12 months.

**Early Retirement Age** – There is no Early Retirement Age designated under the Plan.

**Employer** – The Employer is School For Advanced Research. Your Employer will also serve as the Plan Administrator, as defined in ERISA, who is responsible for the day to day operations and decisions regarding the Plan, unless a separate Plan Administrator is appointed for all or some of the plan responsibilities. The term Employer, as used in this Summary Plan Description, will also mean Plan Administrator, as that term is used in ERISA.

**Highly Compensated Employee** – A Highly Compensated Employee is any employee who
1) was a five percent owner at any time during the year or the previous year, or
2) for the previous year had Compensation from the Employer greater than $115,000 (for 2014).

The $115,000 threshold is increased as the cost of living rises.

**Hour of Service** – An Hour of Service, for purposes of determining Plan eligibility, vesting and eligibility to receive Employer contributions will be based on actual hours for which you are entitled to pay.

If your Employer continues a plan from a prior employer, you will receive credit for time that you worked for the predecessor employer. Regardless, you will receive credit for your hours of service with

- educational organizations
- a 501(c)(3) not for profit organization, an educational organization, or a minister
- a teaching institution
- an institution of higher education

- a non-profit (research) institution

only for determining

- whether you have satisfied service requirements to participate in this Plan.

**Individual Agreements** - All contributions to the Plan will be invested either in annuity contracts or in mutual funds held in custodial accounts. The agreements between the vendor and your Employer or you that constitute or govern the annuity contracts and custodial accounts are referred to as Individual Agreements. The Individual Agreements explain the unique rules that apply to each Plan investment and may, in some cases, limit your options under the Plan, including your transfer and distribution rights.

**Normal Retirement Age** – Age 65 is considered the Normal Retirement Age under the Plan.

**Participant** – An employee of the Employer who has satisfied the eligibility requirements and entered the Plan is referred to as a Participant.

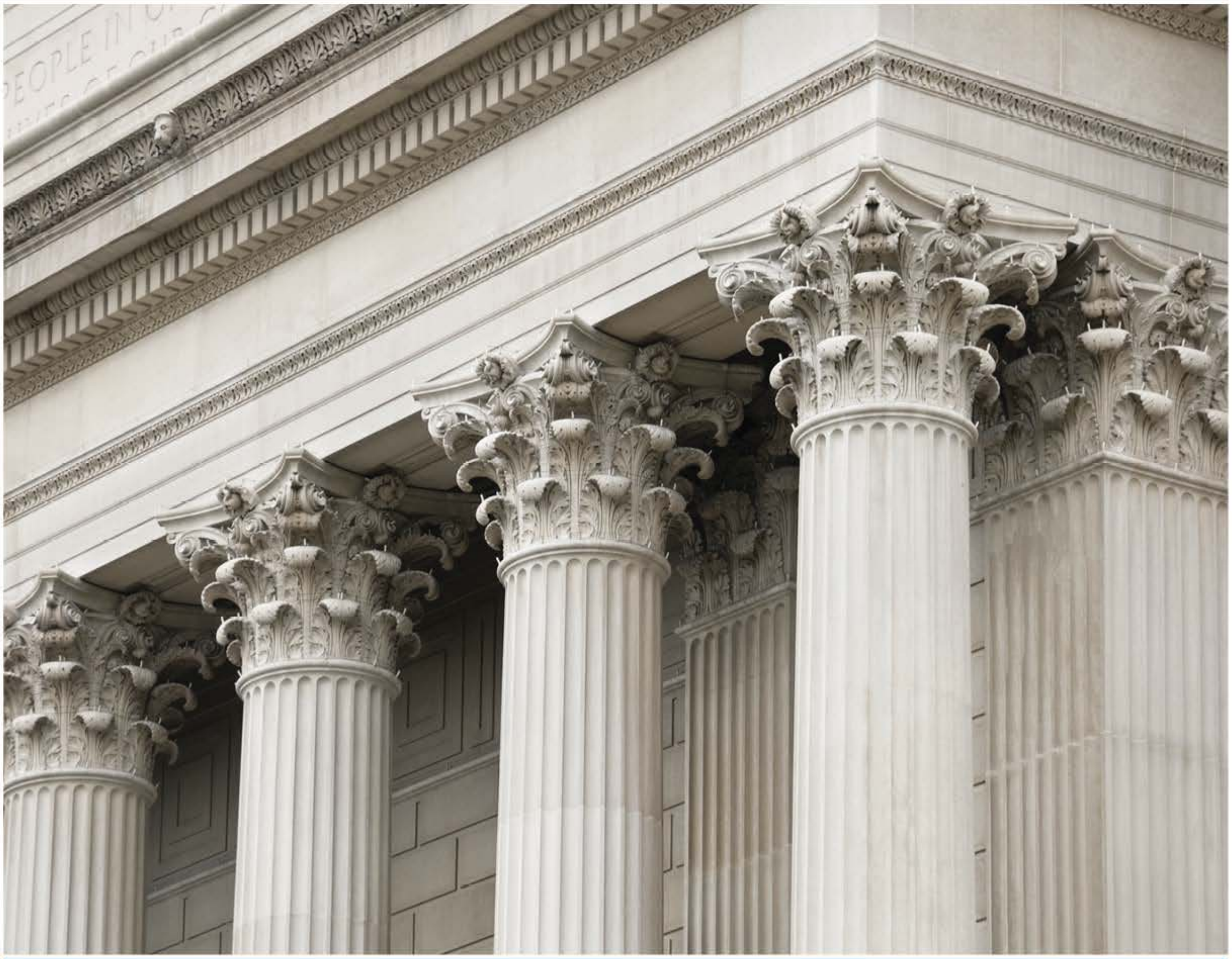
**Plan** – The School For Advanced Research TDA Plan is the Plan described in this Summary Plan Description.

**Plan Administrator** – Your Employer is responsible for the day-to-day administration of the Plan. To assist in operating the Plan efficiently and accurately, your Employer may appoint others to act on its behalf or to perform certain functions.

**Plan Year** – A 12-month period ending on 06/30 will serve as the Plan Year.

**Qualified Nonelective Contribution** – Your Employer may make Qualified Nonelective Contributions to satisfy certain nondiscrimination tests that apply to the Plan. These contributions are discretionary and are 100 percent vested when made.

**Taxable Wage Base** – The Social Security Administration sets a contribution and benefit base level each year which is referred to as the Taxable Wage Base.



CAPTRUST Financial Advisors

# DIRECT Fiduciary

## Frequently Asked Questions

4208 Six Forks Road, Suite 1700 | Raleigh, NC 27609
800.216.0645 | captrustadvice.com | captrustadvisors.com

CAPTRUST

# DIRECT Fiduciary® Frequently Asked Questions

## INDEX

## ABOUT YOUR FIRM / TEAM

### 1. Firm or Team Name:

The legal name of our firm is CapFinancial Partners, LLC and we do business as CAPTRUST.

### 2. Describe the ownership and structure of your firm.

CAPTRUST is a private organization and 100% employee-owned with over 30% of the employees holding an equity interest. We do not anticipate significant changes to the firm's corporate structure, senior management, ownership, or staffing. Owning our strategic future provides our clients confidence that the focus on retirement plans we provide today will continue to be our central focus in the years ahead, and that our advice will remain independent and objective.

Additionally, CAPTRUST is organized with our clients' needs in mind. Our relationships are run locally and your advisor team is then able to draw on the firm's collective expertise to deliver services. Our approach, which we call "One Unified Practice", is designed to ensure our independence and objectivity by putting the depth of our extensive research teams at our advisors' fingertips as they work with our clients.

This unique approach in the advisor industry ensures that our advisors focus remains on you, the client, rather than the daily demands of running a business, conducting research themselves or managing people. Our clients appreciate the depth of resources this structure provides.

CAPTRUST is organized into operating groups that each provide services and support to our client base as described below.

**Consulting Research**
- Investment Research
- Nonqualified Advisory Services
- Participant Education and Advice
- Provider / Vendor Relations

**Advisor Practice**
- Financial Advisors
- Financial Advisor Support Group
- Marketing

**Business Operations**
- Client Service
- Compliance
- Finance and Legal
- Human Resources
- Process, IT, and Regulatory
- Senior Management

## 3. List your firm's lines of business (including affiliated companies).

CAPTRUST's primary business is providing a broad range of independent and objective advisory services to institutional clients. We believe that plan fiduciaries experience better service and value from a firm whose specialization is providing objective consulting rather than one whose core business is focused elsewhere.

We successfully advise defined contribution and defined benefit plans, governmental programs, endowments / foundations, nonqualified plans, and other institutional asset pools by focusing on superior, proprietary analytics and consistent delivery. We believe that helping our clients implement and maintain a comprehensive, disciplined, and well-documented due diligence process is crucial, both to the success of the plans and to the ability to meet the requirements of plan fiduciaries.

As it regards affiliated companies, in December of 2012 CAPTRUST acquired the assets of Freedom One Investment Advisors, Inc. (FOIA) which had an affiliated recordkeeping company called Freedom One Retirement Services, LLC (FORS). FOIA provided discretionary (ERISA 3(38)) advisory services to 401(k) plans of small businesses and the affiliate provides recordkeeping to those same plans. As a result of the acquisition, the parent of CAPTRUST (The CapFinancial Group, Inc.) is the 100% owner of FORS.

## 4. How many years has your firm been in business?

As a group, CAPTRUST has been providing holistic retirement plan advisory services for over 26 years. CapFinancial Partners, LLC d/b/a CAPTRUST, as it exists today, was registered with the Securities and Exchange Commission (SEC) in 2003.

## 5. Briefly describe your firm's history

CAPTRUST team members have been providing investment consulting services since 1989, where we began as the Investment Consulting Group, a division of Interstate / Johnson Lane. In 1997, we established CAPTRUST as a new, privately-owned advisory company, and in 2003, CapFinancial Partners, LLC was registered with the Securities and Exchange Commission (SEC).

The CAPTRUST team was formed to provide objective, "client-centered" advice and counsel to fiduciary investors. The primary function of our firm is to provide holistic retirement plan advisory services to retirement plan fiduciaries and their participants. Our company has been built upon the principle that investors are best served by working with independent advisors that maintain complete objectivity and work exclusively in the best interests of the client.

As of 08.31.2015, we provide holistic retirement plan advisory services to 1,335 institutional clients representing in excess of $173 billion in assets. CAPTRUST is 100% employee-owned and operates as an independent advisory and financial services firm. One-hundred percent of our revenue is fee-based and derived from our Investment Advisory / Retirement Plan Consulting services. CAPTRUST is headquartered in Raleigh, North Carolina with regional offices in Alabama, California, Connecticut, Florida, Georgia, Iowa, Michigan, Minnesota, Missouri, New York, North Carolina, Ohio, Pennsylvania, Texas, and Virginia.

## 6. What is the total number of employees in your firm?

As of 08.31.2015, CAPTRUST had 343 professionals employed in our firm.

7. **What is the position of your firm in the employer-sponsored retirement plan business?**

CAPTRUST is ranked as one of the top five largest independent retirement plan advisory firms nationally by *PLANSPONSOR Magazine*. CAPTRUST clients and associates have been invited to testify before Congress, The White House Council of Economic Advisors, Department of Treasury, and the Department of Labor's ERISA Advisory Council. We have also been asked to support the Government Accountability Office in its efforts to understand our business.

CAPTRUST's singular focus as an organization and dedication to serving our clients consistently garners annual recognition as industry experts and advocates for our client's needs. We have listed several recent accolades:

- *PLANSPONSOR Magazine* ranks our firm as the one of the top five largest retirement consulting firms in the nation (*PLANSPONSOR Magazine* 2012 National Survey*)*.
- CAPTRUST was named as one of 2014's Top 100 Retirement Plan Advisers by *Planadviser Magazine.*
- Fielding Miller, our founder and CEO, was recently honored with a lifetime achievement award due to his vision and direction for our firm (2013). He was also named one of the "10 Most Innovative People in the DC Industry" by *NAPAnet Magazine*, the official magazine of the National Association of Plan Advisors.
- A number of CAPTRUST advisors have been chosen by their peers as *PLANSPONSOR Magazine's* "Advisor of the Year" or "Advisor Team of the Year".
- CAPTRUST Defined Contribution Practice Leader Scott Matheson and Head of Professional Services Phyllis Klein have been added to a list of the nation's top 200 elite 401(k) plan advisors in the United States by the National Association of Plan Advisors. Matheson and Klein meet in Washington, D.C., to brief top Congressional leaders about the future of the retirement savings industry, and how proposed laws and regulations will affect American workers' retirement security.
- CAPTRUST, working hand-in-hand with client Hickory Springs, implemented the first Buy-In Pension Risk Transfer strategy in the U.S. (2013).
- Two of our institutional clients have been recognized as "Plan Sponsors of the Year" for their commitment to their employees' retirement plan offering, and a third was a finalist in last year's Defined Contribution Plan Large Market category.
- CAPTRUST was invited to testify as an expert witness to the Department of Labor regarding retirement plan issues.

8. **Please list the types of services your firm offers for retirement plans.**

The primary focus of our business is to serve as the holistic retirement plan advisor and provide advisory services to institutional retirement plans and plan fiduciaries. CAPTRUST's business is to provide unbiased, comprehensive, expert analysis and advice to retirement plan fiduciaries for the ultimate benefit of their participants. All our resources, expert staff, and advisors are focused on that task. All services are provided by in-house professionals; no affiliate members or sub-contractors are used.

Our goal is to help our clients to make their retirement benefit programs as successful as they can be, ensure the plan is competitively priced relative to the industry, and warrant that the process and decisions made are done in a manner that reduces overall risk and liability to the plan, fiduciaries, and participants.

To that end, we seek to understand our clients' unique circumstances and characteristics and to help to adapt fiduciary best practices to their advantage.

CAPTRUST is a holistic retirement plan advisory firm. Services for our clients are designed to create a successful retirement plan. We feel that true success, although unique to each client, can be measured when four key areas of a retirement plan oversight are aligned regardless of the evolving marketplace.

- **Investment Oversight**: The investment selection process is documented, prudent, and monitored.
- **Fiduciary Fitness**: Proper fiduciary practices are known, documented, and followed.
- **Retirement Readiness**: Employees are properly informed, educated, and financially prepared to transition into retirement.
- **Stewardship**: The retirement program is competitively structured and priced.

Listed below are our core service offerings. Those services which are optional, and may require additional fees, are marked as such.

I. Investment Advisory Services
II. Fiduciary Training and Review
III. Participant Education and Advice Services - *Optional*
IV. Nonqualified Advisory Services - *Optional*
V. Executive Financial and Estate Planning Services - *Optional*

### 9. Please describe your firm's experience in assisting clients with complex processes such as Department of Labor audits, Internal Revenue Service audits, voluntary compliance actions, partial plan termination determinations, plan mergers or spin-offs, plan terminations, or corrective contributions.

CAPTRUST has assisted clients with all of the items that are described in this question. For audit support, CAPTRUST utilizes CAPTRUST Direct which is a proprietary online portal that is available to all clients for organizing and storing plan information. It includes plan documents, meeting minutes, and quarterly investment reporting as well as any additional plan documentation that a plan sponsor is comfortable providing, such as copies of employee communications, fee benchmarking reports, vendor correspondence, etc. The creation of the plan history and the ongoing maintenance of documentation have proven useful in both Department of Labor and IRS audits.

In addition to these services, CAPTRUST has a specific group of professionals dedicated to supporting clients with ERISA questions and issues. Although certain corrections will require a plan sponsor to seek their own legal counsel to represent them, CAPTRUST is regularly involved in helping plan sponsors with changes to their plans due to corporate transactions and has worked with a number of clients in developing timelines and project management tools for lengthy transactions such as mergers, spin-offs, and plan terminations.

### 10. Describe what differentiates your firm from other investment consulting firms.

While we believe CAPTRUST offers several sustainable competitive advantages, the following five are truly unique and indisputable differentiators:

**Singular Focus**
We specialize in consulting to retirement plan fiduciaries. This is our business. We are singularly focused, dedicated to the scope of services we offer our clients. We work narrowly and deeply in the field, concentrating our full attention on this task, and have no other lines of business that may consume internal resources or

distract us from our mission. We believe that this singular focus distinguishes CAPTRUST from many consulting firms that may attempt to cross-sell a variety of services. Our specialization results in a competitive advantage for our clients and their employees' retirement assets.

**National Breadth and Depth**

As a firm we have been consulting to investment fiduciaries for over 26 years. As a result, we know the pitfalls and challenges many plan sponsors encounter, have seen investment fads come and go, and have reliable answers to our clients' questions. Our clients are located in all 50 states, and represent all conceivable industries and organizations of all sizes from small start-ups to Fortune 500 companies. In addition, unlike many of our competitors, whose firms are dominated by one or two key individuals, CAPTRUST is owned by more than 30% of our employees, giving our firm the continuity and staying power to be there for our clients for years to come.

**Extensive Provider Experience**

As specialists with significant provider leverage, CAPTRUST clients often benefit from first-to-market services and preferred pricing from providers. As an independent and objective retirement plan advisor, CAPTRUST is platform and investment agnostic, has the ability to work with virtually any provider or manager, and makes recommendations that are aligned with our client's goals, objectives, and best interests. The leverage our firm's size and expertise commands benefits our clients with the most current and forward thinking strategies.

**Qualitative Investment Due Diligence**

In addition to our quantitative analyses, our Consulting Research Group, consisting of 55 analysts and headed by Eric Freedman, our Chief Investment Officer, conducts over 350 portfolio manager interviews annually and over 30 onsite investment manager due diligence visits. Through this commitment of resources, we are better able to understand managers in the search, selection, and monitoring process. Our Manager Research Team visits investment management offices multiple times each year, as well as conducts calls throughout the year to discuss upcoming changes to existing investment or business models. We feel understanding an investment manager's business model is critical to how we can assess their investment ability.

**Fiduciary Support Services**

In addition to our Professional Services Group, who provides our clients' investment committees with in-depth Fiduciary Training and Review services, CAPTRUST also developed a proprietary fiduciary management tool, CAPTRUST Direct. CAPTRUST Direct was created - and has proven to be an effective tool - to thoroughly document the fiduciary process and to ensure all plan fiduciaries meet and exceed ERISA requirements and fiduciary best practices. Through CAPTRUST Direct, the plan fiduciaries have a direct link to CAPTRUST's analysts, advisors, and client service personnel.

## SERVICE TEAM

### 1. Describe your service model for our plan (staff, responsibilities, interactions with our plan, frequency of meetings, frequency of conference calls, team dynamics, etc.).

As the holistic retirement plan advisor, Wat Keys will serve as an advocate to ensure that all aspects of the retirement plan investment management are aligned and in order to provide participants with sound retirement options, as well as ensure fiduciary best practices and procedures are being followed and documented. Wat will also bring appropriate specialist team members into the discussion as needed over time to supplement the analysis and decision-making process for the client.

From our inception and in anticipation of future growth, we invested in a "centralized service model" that is scalable, focused, and auditable. For example, all investment research, provider relations and negotiations, report preparation, and operational tasks, etc., are performed at our headquarters in Raleigh, North Carolina. This accomplishes three things: 1) It allows our advisors to spend more time advising clients, 2) Our advisors can handle more relationships without sacrificing service, and 3) We can ensure that our advice and recommendations are consistent across our entire client base.

The philosophy of CAPTRUST has always been to interact with our clients whenever necessary to ensure that the objectives of our clients are met. Wat will participate in meetings, communicate investment updates and recommendations and will provide timely advice as appropriate.

### 2. Please provide information for the primary contact of your firm for our relationship:

Wat Keys will be the primary contact for this relationship. His contact details and biography are provided below.

**Wat Keys, CFP®, CRPS**
**Vice President, Financial Advisor**
877.866.4015   direct phone
wat.keys@captrustadvisors.com   email

**CAPTRUST – Corporate Headquarters**
4208 Six Forks Road, Suite 1700
Raleigh, NC 27609

800.216.0645   phone
919.870.8891   fax

Wat joined CAPTRUST in 2014 to be the first financial advisor dedicated to CAPTRUST's DIRECT Fiduciary 3(38) service offering. Prior to joining the firm, Wat worked with plan sponsors on plan design, investment selection and monitoring, employee communication, administrative issues, fiduciary plan governance, and vendor selection & monitoring. He also coordinated retirement plan management with other professionals such as CPAs, attorneys, TPAs, investment providers, recordkeepers, auditors, payroll providers, etc.

Wat has worked in the financial services industry since 1984 and exclusively in the retirement plan area since 1990. He holds Certified Financial Planner (CFP®) and Chartered Retirement Plans Specialist (CRPS) designations and is a member of ASPPA (American Society of Pension Professionals and Actuaries), the NTSA (National Tax-Deferred Savings Association), and FPA (Financial Planning Association). He served on the board for 7 years and is a Past President of the Carolinas' Chapter of FPA (Financial Planning Association, formerly IAFP - International Association of Financial Planners), Charlotte, 1997. Wat earned a Bachelor of Arts Degree from UNC-Greensboro. He and his team provide 3(38) investment services to our defined contribution client base engaged in our DIRECT Fiduciary service.

## 3. If the primary contact is not the only person with whom we will be working, please provide information for each such other person:

In addition to your primary contact Wat Keys, various other CAPTRUST employees will assist in the service of DIRECT Fiduciary clients on an ongoing basis, and some of those team members are listed below.

CAPTRUST's approach to service for all client accounts ensures continuity and allows us to better serve our client relationships. Our staff brings with them a unique blend of academic credentials, retirement plan consulting, and business experience that combine to effectively serve the objectives of our clients.

Their contact information is listed below.

**CAPTRUST – Corporate Headquarters**
4208 Six Forks Road, Suite 1700
Raleigh, NC 27609

800.216.0645 toll free
919.870.8891 fax

CAPTRUST team in addition to Wat Keys:

**Roles and Definitions**

- Eric Freedman — *Chief Investment Officer, Head of Consulting Research Group*
- Scott Matheson — *Defined Contribution Practice Leader*
- Sam Kirby — *Investment Research*
- Phyllis Klein — *Plan Design and ERISA Specialist*
- John Leissner — *Provider Specialist*
- Matt Leggett — *Client Service*

**Eric J. Freedman – Chief Investment Officer, Head of Consulting Research Group**
**Chief Investment Officer, Head of Consulting Research Group**

Eric is CAPTRUST's Chief Investment Officer and serves as a member the firm's Executive Committee. As Head of the Consulting Research Group, he is charged with asset allocation research and tactical decision making, as well as directing the firm's investment vehicle and manager selection efforts. He also oversees all investment research and analysis within the qualified and nonqualified defined contribution market. Prior to joining CAPTRUST in 2006, Eric served as a Senior Portfolio Manager for Franklin Street Partners, as well as Vice President of the Goldman Sachs Group within the company's Equity Derivatives and International

Equities businesses. He graduated magna cum laude with a Bachelor of Arts degree in Economics from Colgate University, where he was captain of the Lacrosse team. He received a MBA in Finance and Management from the Wharton School of the University of Pennsylvania.

**Scott T. Matheson, CFA, CPA – Defined Contribution Practice Leader**
**Senior Director, Defined Contribution Practice Leader**

Scott joined CAPTRUST in 2007 and is currently a senior director and practice leader, responsible for leading the development of defined contribution services to address the needs of CAPTRUST's clients. Prior to joining the firm, Scott served as an institutional sales person on a fixed income trading desk for Citigroup's Global Investment Bank in New York, NY. Scott has worked in the industry since 1999. He earned a Bachelor of Science in Business Administration degree in finance from Appalachian State University and a Master of Business Administration degree from The University of North Carolina at Chapel Hill. He holds Chartered Financial Analyst (CFA®) and Certified Public Accountant (CPA) designations. Scott was a recipient of the CAPTRUST MVP Brick Award in 2007 and 2009.

**Sam Kirby, CFA – Investment Research**
**Senior Manager, Investment Research, Consulting Research Group**

Sam Kirby serves as a Senior Manager, Investment Research in the Consulting Research Group. He is focused on defined contribution and asset / liability matching clients, including the selection and monitoring of individual investment managers and reporting due diligence our recommendations to clients. Sam has eight years of financial services experience in defined contribution and wealth management (TIAA-CREF and Merrill Lynch). Sam earned his B.A. in Journalism from the University of North Carolina at Chapel Hill, and his M.S. in Management from NC State University. Sam is a CFA charterholder.

**Phyllis Klein, AIF®, PRP – Plan Design and ERISA Specialist**
**Senior Director, Professional Services, Consulting Research Group**

As Senior Director in the Consulting Research Group, Phyllis leads the firm's Participant Education and Advice program. In addition, she has oversight responsibility on ERISA technical issues and retirement plan industry trends and initiatives. As a liaison between our primary platform partners, Phyllis works strategically to ensure that CAPTRUST continues to stay ahead of changes and developments within the retirement plan arena. Phyllis has a Bachelor of Science from the University of Wisconsin La Crosse. Phyllis joined CAPTRUST with 20 years of plan design, administration, recordkeeping, and compliance experience. She is certified as an Accredited Investment Fiduciary (AIF) by the Center for Fiduciary Studies in association with the University Of Pittsburgh Katz Graduate School Of Business. Phyllis is a member of the American Society of Pension Professionals and Actuaries and was the co-chair for the ASPPA 401(k) Summit for 2010 and 2011.

**John W. Leissner, CFS, AIF®, ARPS – Provider Specialist**
**Director, Vendor Research, Consulting Research Group**

John joined CAPTRUST in 2001 and currently oversees CAPTRUST's Vendor Analysis Team. John and his team are responsible for all vendor searches and fee benchmarking on behalf of CAPTRUST's institutional business. Prior to his current role, John was a member of the Investment Research Team, with a focus on defined contribution plans and mutual fund analysis. He began his career at CAPTRUST as a Marketing

Associate and educated employees of retirement plans through enrollment meetings. John holds the ARPS, AIF®, and CFS designations. John earned his degree from the Kenan-Flagler Business School at the University of North Carolina-Chapel Hill.

**Matt Leggett, CFP®**
**Senior Client Management Consultant, Business Operations Group**

Matt joined CAPTRUST in 2008 and serves as a client management consultant responsible for supporting our client service efforts on the institutional service team. Prior to joining the firm, Matt worked as a Licensed Paraplanner at LZWP and has worked in the industry since 2005. He graduated North Carolina State University with a Bachelor of Science degree in business administration with a concentration in finance, and holds a Certified Financial Planner (CFP®) designation. Matt was a recipient of the CAPTRUST Community Service Brick Award in 2010.

## INVESTMENT SERVICES

### 1. Describe your firm's approach to retirement plan investment consulting.

In order to properly describe our approach to retirement plan investment consulting, we have provided an overview of the following sections which succinctly describe our approach.

- Department Structure
- Investment Philosophy
- Investment Plan Structure

**Department Structure**

CAPTRUST maintains its own internal Consulting Research Group that is comprised of 55 professionals dedicated to asset allocation and investment research. This group is led by our firm's Chief Investment Officer, Eric Freedman, and managed by senior leadership whose teams' efforts are equally focused on the needs of our defined contribution, defined benefit, and nonqualified plan clients. The results of our research and recommendations are distributed across the firm and directly communicated to our clients. This group is located in our Raleigh, North Carolina headquarters.

**Investment Philosophy**

We build high quality investment lineups for our clients most appropriate for their participant base. We populate a lineup of core asset classes such that there are options for the do-it-yourselfers with enough asset classes to create an efficient mix as well as "one stop shopping" solutions like age-based offerings. The balancing act is, of course, to have enough options to accommodate the participants without having too many so as to cause confusion.

When selecting and monitoring the investment solutions within the agreed-upon asset classes, we are very focused on not only outperformance of benchmarks and peer groups, but are also very focused on risk taken to achieve this outperformance. Lastly, one of our key selection criteria is to rigorously evaluate the organization and professionals managing the strategy so as to assess the alignment of the managers and pass judgment on the sustainability and repeatability of their investment process.

**Investment Plan Structure**

We believe every plan has a collection of heterogeneous participants who, though varied in their demographics, can be generally categorized into one of three groups according to their level of engagement in saving and investing their way toward retirement:

- **Engaged / Hyper-Engaged:** Participants can be well serviced by a core offering of active and passive investment options covering the major diversified asset classes whieh they can use to construct their own portfolios.

- **Emerging Savers and Investors:** Participants are typically in a transition – they have saved a meaningful amount and/or have realized they need to engage in their retirement planning if they hope to successfully retire. They can either be served well by actively selecting allocation options, like target date funds, or may choose to construct their own portfolios from the core options in the lineup – often with advice of guidance from the provider.

- **Delegators** (i.e.; disengaged): Participants are typically "along for the ride". They are often automatically enrolled in plans and defaulted into an age-appropriate target date fund.

Our view of how participants can be categorized informs our investment menu construction and results in what we term a "tiered" approach to the menu:

- **Tier 1**: 1 target date series (Again, primarily solving for Delegators).
- **Tier 2**: 8 actively managed options (Primarily solving for Engaged and Emerging Savers)
- **Tier 3**: 4 passively managed options (Primarily solving for Engaged and Emerging Savers)
- **Tier 4**: 4 income options – One of the most powerful benefits of being with TIAA-CREF is having access to their income (annuity) offerings.

## 2. What investment policy statement support does your firm offer?

We work hand-in-hand with our entire client base to review, develop, and implement a specific Investment Policy Statement (IPS) that is in-line with best practices and any unique client needs. The preparation and maintenance of the IPS is one of the critical functions that the fiduciary performs. The IPS should be viewed as the blueprint for the retirement plan and the essential tool for managing any investment related plan activities. CAPTRUST will design an IPS that ensures that participants have a broad range of suitable investment choices across a range of typical asset classes while minimizing their exposure to poor investment decisions.

An IPS for defined contribution plans, where investment decisions are participant-directed, should also include whether the plan sponsor has formally adopted 404(c) Safe Harbor provisions (or used as a best practices of plans that don't fall under ERISA), guidance on the number of investment options and asset classes that will be offered in the plan, the procedures that will be followed in selecting each investment option, the due diligence processes for monitoring each investment option and specifically when circumstances may cause the investment option to be removed or replaced. The IPS should designate a Qualified Default Investment Alternative (QDIA), as appropriate. The IPS should also outline the specific duties and requirements of each party involved in the investment process.

The key for a successful IPS is to make the document narrow enough to be a meaningful tool in managing the portfolio, but broad enough to allow some flexibility as the economy and market changes. While an IPS is not designed to be continually revised, the process of normal review leads to a de facto review of the IPS and revisions can then be made as appropriate.

## 3. What tools does your firm use to evaluate investment funds and managers?

In order to properly describe the tools our firm uses to evaluate investment funds and managers, we have provided an overview of the following sections.

- Manager Databases
- Ongoing Due Diligence

- Investment Manager Search and Selection
- Performance Monitoring
- Investment Evaluation / Scoring System

**Manager Databases**

Manager evaluation and selection is conducted using a number of external third party databases in combination with proprietary tools. Primary third party databases include MPI Stylus Pro, which supports research, analysis, reporting, and publishing functions from various data providers including eVestment Alliance and Morningstar. In addition, our analysts have access to Morningstar Direct, Morningstar Principia Pro, and Zephyr StyleAdvisor for conducting manager comparisons and analysis. Our Consulting Research Group also utilizes Bloomberg Services which provides access to real-time information, data, and news across all markets and economic sectors. Our internally developed CAPConnect database, developed on a Microsoft CRM console, allows us to archive and search our qualitative findings while also sharing our research with other team members. CAPConnect includes many additional features customized specifically for our business model which help our employees most efficiently and effectively service our clients.

Currently, there are over 350 money management firms in our manager databases representing some 3,000 portfolios, and over 2,000 mutual funds. Several of our databases are updated on a daily basis while others are updated monthly. That said, and while databases are helpful tools, we do not limit our analysis to historical performance. We also conduct onsite due diligence meetings, require quarterly questionnaires on qualitative and quantitative variables, and regularly host manager meetings in our offices. Our information gathering and manager due diligence is a dynamic and ongoing process.

**Ongoing Due Diligence**

In regards to our qualitative due diligence approach, CAPTRUST analysts visit with managers and interview key employees to gather information regarding the organization. We prefer to meet face-to-face with all potential investment managers when possible. The most useful format for these meetings is onsite in order to gain perspective into the investment firm while meeting as many of the key decision-makers as possible. This analysis is not only helpful in evaluating the investment product at hand, but also is a valuable tool regarding general firm philosophies.

While we don't have a set list of questions for potential managers, we want to come away with a firm understanding of their organizational design and philosophy, the details of their investment style, and the mechanics of their decision making process as well as any other relevant information. We expect our analysts to be thoroughly prepared for these meetings in order to maintain an open and revealing dialogue. Notes from these meetings are shared with the rest of our investment team before ultimately reaching a conclusion as to the viability of the strategy for a client account.

The results of our ongoing due diligence are then formally documented in quarterly research reports and would be included in your quarterly review. Our due diligence efforts focus on two areas. First, the manager's performance is benchmarked against an appropriate market index and against its respective peer group on a quarterly basis. We would also identify what led to the under / over performance of the manager. Secondly, due diligence calls are conducted with the investment managers to ascertain if any changes have taken place within their firm that may eventually impact the portfolio's performance. Our comprehensive ongoing due diligence process also includes onsite due diligence meetings.

Listed below is a snapshot that highlights some of our annual due diligence that is conducted by our Consulting Research Group.

- 3,500+ due diligence calls annually
- 350+ manager interviews
- 30+ onsite fund company visits
- Quarterly review of all clients funds
- Daily Monitoring of 2,400 funds through Bloomberg and Morningstar Direct

**Investment Manager Search and Selection**

Our investment manager selection process focuses on four key areas: (1) Risk-adjusted performance (for actively-managed strategies), (2) Excess return (for both actively and passively-managed strategies), (3) Peer analysis (for both actively and passively-managed strategies), and (4) Qualitative assessments / intangibles (for both actively and passively-managed strategies). While we recognize that past results do not portend the future, they do help us form an opinion on the viability and repeatability of a given strategy. We conduct our due diligence through a combination of onsite visits, quarterly communications, in-person meetings, and our network of relationships throughout the investment community.

Below are some additional details on the four key areas of our investment selection process:

**(1)** **<u>Risk-adjusted performance:</u>** Our efforts focus on measuring the risks that investment managers take relative to a benchmark, with the objective to identify managers that provide representation of an asset class, while justifying their fees based on the value they add per unit of risk. Methods that we incorporate in our analysis include, but are not limited to, alpha, beta, up / down capture, standard deviation, Sharpe ratios, and Treynor ratios. We relate the quantitative results that we can observe to our qualitative assessment of the manager's investment process, to understand the intentional and unintentional consequences of their process, as well as our opinion of the likelihood that the process can be repeatable into the future.

**(2)** **<u>Excess return:</u>** We examine returns on a non-risk-adjusted basis to gauge if an actively- or passively-managed strategy has achieved its stated goals while remaining representative of a given index. We feel that a full market cycle is an appropriate timeframe for this type of assessment. Specifically, we look at statistics including annualized excess return, R-squared, t-statistics, and information ratios to derive excess return profiles.

**(3)** **<u>Peer analysis:</u>** This analysis involves comparing risk-adjusted (for active mangers) and excess returns of a given manager relative to other choices in a given asset class. We examine both rolling and non-rolling time periods to uncover periods of dislocation between a strategy and its peer groups, and then invest time to understand the factors that caused these dislocations.

(4) **<u>Qualitative factors:</u>** We believe that understanding a manager's business model is critical to how we can assess their investment capabilities. Aspects that we focus on include assets under management, management tenure, organizational ownership structure, process consistency, depth of team and resources, buy and sell approach and discipline, fee considerations, trading costs and capabilities, employee turnover and retention tools, operational infrastructure, organizational culture, and growth plans. We want money managers managing money, not gathering assets.

While there is much quantitative and qualitative rigor that goes into the search and selection process itself, it is rare that a definitive selection can be reached based on the analysis work alone. Typically, more than one investment candidate will emerge as a suitable alternative for each of the universes being studied. In those instances, factors including recordkeeper platform and availability, plan economics, and the degree of "fit" with existing managers and the overall menu structure help narrow the field further.

**Performance Monitoring**

CAPTRUST operates under a true open architecture evaluation process, with our sole agenda to provide clients with the best investment options based on cost and our beliefs in the likelihood of successful future outcomes. Specific to the defined contribution market, we have developed a proprietary scoring system based on quantitative as well as qualitative factors.

The following criteria provide an outline for the monitoring process:

- On a quarterly basis, CAPTRUST produces a comprehensive report of each investment option's relevant performance and relative rankings against appropriate indexes, and within appropriate peer groups.
- CAPTRUST will also communicate with clients on an ad hoc basis, as appropriate, concerning any material changes affecting any of the selected investment options. Material changes may include management changes, changes to the investment option's pricing structure or significant changes in the investment option's fundamental policies and procedures that CAPTRUST feels warrant client awareness.
- If CAPTRUST's proprietary scoring system indicates that a given investment option may no longer meet the appropriate and reasonable standards required to remain included in the plan's menu, CAPTRUST's investment committee will make a decision on the most appropriate action to take.

**Investment Evaluation / Scoring System**

CAPTRUST's Investment Evaluation/Scoring System is designed to serve as a guide and an aid to CAPTRUST's investment committee when evaluating investment options, providing a baseline for measurement and discussion. The scoring system is not intended to trigger an automatic and mandated fiduciary outcome or decision for a given score. It is intended to serve as a tool to support sound fiduciary decisions that are in the sole interest of participants and beneficiaries.

The scoring system measures eight (8) quantitative areas and two (2) qualitative ones, as outlined in the tables on the following page. Quantitative scores for investment options that are mutual funds are calculated at the strategy level, using the lowest-cost share class available.

| Quantitative Scoring Areas | Weight | Min Score | Max Score | Description |
|---|---|---|---|---|
| Risk-Adjusted Performance (3 Year)<br>Risk-Adjusted Performance (5 Year) | 10%<br>10% | 4 Points<br>1 Point | 10 Points<br>10 Points | Risk-Adjusted Performance measures the level of return that an investment option would generate given a level of risk equivalent to the benchmark index. |
| Performance vs. Peer Group (3 Year)<br>Performance vs. Peer Group (5 Year) | 10%<br>10% | 4 Points<br>1 Point | 10 Points<br>10 Points | Performance vs. Relevant Peer Group measures the percentile rank of an investment option's returns relative to other available options in that category. |
| Style Attribution (3 Year)<br>Style Attribution (5 Year) | 7%<br>8% | 3 Points<br>1 Point | 7 Points<br>8 Points | Style Attribution indicates the level of style purity of an investment option relative to the benchmark index. |
| Confidence (3 Year)<br>Confidence (5 Year) | 7%<br>8% | 3 Points<br>1 Point | 7 Points<br>8 Points | Confidence indicates the consistent relative value add of the manager as compared to other available options in that category. |
| **Qualitative Scoring Areas** | **Weight** | **Min Score** | **Max Score** | **Description** |
| Management Team | 25% | 1 Point | 25 Points | Management Team measures the consistency and quality of an investment option's management group. |
| Investment Family Items | 5% | 1 Point | 5 Points | Investment Family Items measures the stewardship of the investment option's parent company. |
| **Total** | **100%** | **20 Points** | **100 Points** | **Overall Investment Score** |

*Point System*

Points are awarded in each of the categories of the scoring system according to the following methodologies. In the categories of Risk-Adjusted Performance, Performance vs. Relevant Peer Group, and Confidence, points are awarded according to where an investment option ranks on a percentile basis relative to the rest of the peer universe.

The table below illustrates this methodology:

| % Rank | Top 25% | 26-50% | 51-75% | 76-100% |
|---|---|---|---|---|
| 3 Year Risk-Adjusted | 10 | 9 | 7 | 4 |
| 5 Year Risk-Adjusted | 10 | 8 | 5 | 1 |
| 3 Year Peer-Relative | 10 | 9 | 7 | 4 |
| 5 Year Peer-Relative | 10 | 8 | 5 | 1 |
| 3 Year Confidence | 7 | 6 | 5 | 3 |
| 5 Year Confidence | 8 | 6 | 4 | 1 |

In the category of Style Attribution, points are awarded based on an investment option's level of style consistency relative to the applicable benchmark. Points are assigned using absolute breakpoints and are not peer-relative. These breakpoints are determined by CAPTRUST and are subject to change based on market conditions.

Points in the qualitative areas of Management Team and Investment Family Items are awarded on the basis of merit, and focus primarily on management team stability, consistency of investment philosophy, firm stewardship, and corporate governance. If at any time CAPTRUST concludes that an investment option is not meeting the desired objectives or guidelines, the investment option will be considered for termination.

In order to remain in good standing an option should total greater than 80 points under the scoring system. Options that total between 70 and 79 points will be marked for closer ongoing review by CAPTRUST. Options that score below 70 points will be considered for termination.

| Scoring System | Min Score | Max Score |
|---|---|---|
| Good Standing | 80 Points | 100 Points |
| Marked for Review | 70 Points | 79 Points |
| Considered for Termination | 20 Points | 69 Points |

For asset classes where CAPTRUST believes a peer-relative score is not meaningful, either due to the size or makeup of the asset class, we may score funds using an alternative quantitative and qualitative framework. The rating methodology evaluates both quantitative and qualitative factors, and culminates each quarter in one of the following ratings:

| Score | Definition |
|---|---|
| Green | Good Standing |
| Yellow | Marked for Review |
| Red | Considered for Termination |

The passively-managed investment options will be evaluated relative to an applicable benchmark, using a comprehensive scoring system proprietary to CAPTRUST. The rating methodology evaluates both quantitative and qualitative factors for passively-managed investment options, and culminates each quarter in one of the following ratings:

| Score | Definition |
|---|---|
| Green | Good Standing |
| Yellow | Marked for Review |
| Red | Considered for Termination |

Depending on the type of passively-managed option being evaluated, multiple criteria, both quantitative and qualitative, may be used in establishing a rating. Such criteria may include, but are not limited to:

<u>Quantitative</u>

- Tracking error
- Fees
- Peer relative performance

Qualitative
- Fair value pricing methodology
- Securities lending practices
- Replication and management strategy
- Management firm experience and stability

When a passively-managed option is scored below green, CAPTRUST will clearly articulate to the committee, at an appropriate time, the reasons for the scoring.

*Capital Preservation*

The Capital Preservation options will be evaluated using a comprehensive scoring methodology proprietary to CAPTRUST. The scoring methodology evaluates both quantitative and qualitative factors for the Capital Preservation options, and culminates each quarter in one of the following ratings:

| Score | Definition |
|---|---|
| Green | Good Standing |
| Yellow | Marked for Review |
| Red | Considered for Termination |

Depending on the type of Capital Preservation option being evaluated, multiple criteria, both quantitative and qualitative, may be used in establishing a rating. Such criteria may include, but are not limited to:

Quantitative
- Crediting rate / yield
- Market to book ratio
- Average credit quality of portfolio
- Wrap provider / insurer diversification
- Average duration of securities in the portfolio
- Sector allocations

Qualitative
- Management team composition and tenure
- Management firm experience and stability

*Target Date Scoring*

The scoring for target date investments, most commonly in mutual fund or collective investment trust form, differs from CAPTRUST's scoring of core asset classes. While the principles behind target date evaluation mirror those of the scoring system for traditional options, target date investments are much more complex due to the shifting nature of portfolios through time, and therefore require a more complex scoring framework. Each target date manager will receive an overall numerical score as well as a corresponding recommendation for that score. Our qualitative assessment will determine an investment to be "In Good Standing", "Marked for Review", or "Considered for Termination". CAPTRUST believes that both qualitative and quantitative variables are essential to evaluate target date investments, consistent with its traditional asset class scoring system.

## 4. Describe your investment research resources and capabilities.

CAPTRUST maintains its own Consulting Research Group that is comprised of 55professionals dedicated to asset allocation and investment research. This group is led by our firm's Chief Investment Officer, Eric Freedman, and managed by senior leadership whose teams efforts are equally focused on the needs of our defined contribution, defined benefit, asset / liability, and nonqualified plan clients. The results of our research and recommendations are distributed across the firm and directly communicated to our clients.
Our investment research expertise is the result not only of our firm's more than 26-year operating history, but is also the result of the varied backgrounds of the Consulting Research Group.

The Consulting Research Group's leadership has spent time on trading desks, managing funds of funds, working for hedge funds, working in similar capacities at competitor firms and managing fixed income monies. This external experience is not only additive in the knowledge it gives our team, but also the extensive network of investment professionals the entire Consulting Research Group has access to. We utilize this expansive network on behalf of all of our clients. The real-time access our team had to information throughout the crisis of 2008 was additive in our Consulting Research Group's analysis of the risks facing our clients at the time and was an integral part of our ability to analyze data quickly and give our client proactive advice in an uncertain time.

## 5. Do you hold performance review meetings with clients and what reports does the client receive?

Yes. The philosophy of CAPTRUST has always been to interact with our clients on at least an annual basis, but as often as a quarterly basis to update the performance of plans. Regardless of whether or not we meet, we produce performance reports quarterly. Our quarterly report provides a thorough economic commentary, verifies the plan's compliance with each of the criteria spelled out within the IPS, reviews the investment performance, highlights overall plan activity, and details any material industry-specific or legislative information. As a plan fiduciary, CAPTRUST has a vested interest in maintaining plan compliance.

Performance Reports are normally available 45-60 business days after the end of the quarter. Our performance reporting includes a short Executive Summary. We can also provide online access through CAPTRUST Direct, our online portfolio management and fiduciary service that is specifically designed to provide clients real time access to investment research, portfolio information, and a library of important plan documents and documentation. All of our clients have the opportunity to influence and customize the content, format, and timing of their performance reports.

The following deliverables are provided to CAPTRUST clients on an ongoing basis.

- **Quarterly Review:** This report provides a thorough economic commentary, verifies the company's compliance with each of the criteria spelled out within the IPS, recaps the investment performance, highlights overall activity, and details any material industry-specific or legislative information.

  As part of our firm's commitment to providing streamlines and mobile solutions to our clients, we can provide quarterly review materials in hard copy and electronic formats, as well as conducing quarterly committee meetings via iPad.

Additionally, one recent initiative of our firm has been to provide timely market commentary from CAPTRUST's Chief Investment Officer, Eric Freedman, to our clients using recorded BrainShark presentations. These have been very well received by Investment Committees looking to get a "deeper dive" on the story behind quarterly performance and the market overall.

- ***Timing:*** Delivered approximately 45-60 business days after the end of each quarter.

➤ **Regular Research Reports:** These deliverables are designed to provide our clients with our latest observations on the financial markets and retirement plan environment along with actionable recommendations. We also want to keep clients apprised of the latest happenings at CAPTRUST.

- ***Timing:*** Delivered on an ad hoc basis.

➤ **Position Papers / White Papers**: CAPTRUST also frequently produces topical reports and opinions on current issues that our clients face. Four recent examples are position papers that were recently issued on the topics of Target Date Funds, Capital Market Assumptions, Retirement Income Solutions, and Nonqualified Plan Financing.

- ***Timing:*** Varies, depending upon issues.

➤ **Market Updates / Participant Updates:** CAPTRUST clients receive general market updates in conjunction with real-time economic or market volatility to provide them awareness and guidance to make beneficial decisions or communicate to participants if necessary.

- ***Timing:*** Varies, depending upon issues.

In addition to these deliverables, CAPTRUST is frequently involved as a speaker, panelist, sponsor, and attendee in multiple national conferences and local workshops. Our involvement in these events allows us to gain real-time insight into current issues, trends, and solutions within the industry. Each quarterly investment review also includes a topical spotlight of key trends or issues impacting the industry we believe clients need to either know about or specifically consider for their plans.

## 6. Does your firm have an investment "watch list" and what is your termination recommendation process?

Every quarter, our Consulting Research Group issues an opinion ("In Good Standing", "Marked for Review", or "Considered for Termination") on all fund managers our firm covers. The team also assesses new candidates or "bench" managers to add to clients' retirement plans in the event a change is necessary. We feel manager and investment vehicle due diligence is a fluid process, and a number of variables can impact the timing of our hire and fire decisions. We do not wait for the end of a quarter to take action on a recommendation should the situation dictate more of an immediate response.

That said, CAPTRUST will certainly communicate with clients regarding managers that have not been performing as would be expected. This information is translated via an investment scorecard which combines quantitative and qualitative factors over a number of time periods. If a manager is nearing the termination level under this system they will be flagged for further review and possible action. The system highlights absolute, risk-adjusted, and peer relative returns over multiple time periods along with style consistency, expenses, and continuity within the investment firm and management team.

Specific hire and termination criteria may vary by case, but they tend to be a combination of the following points which have been previously explained: (1) Risk-adjusted performance (for actively-managed strategies), (2) Excess return (for both actively and passively-managed strategies), (3) Peer analysis (for both actively and passively-managed strategies), and (4) Qualitative assessments / intangibles (for both actively and passively-managed strategies).

### 7. What actions do you take when investments are not performing?

A manager or mutual fund would be considered for termination if they violated the terms of the IPS. The IPS is intended to replace the emotional aspects of the decision making process with a formal, easy to follow, well thought out process.

General reasons for manager or mutual fund termination might include a significant change within the organizational structure of the fund's parent company, a major change to the manager's investment management team, significant deviation from the stated investment objective, or severe underperformance on a peer relative or risk adjusted basis over a market cycle.

Ultimately, CAPTRUST adheres to the criteria set forth in our client's IPS. When investment options fail to meet the criteria and CAPTRUST has made the decision to replace a fund, information will be communicated to all parties and will include the reasons why we are replacing that manager or fund option and full information on the new investment fund.

## PROVIDER and/or VENDOR SERVICES

### 1. With how many different service providers does your firm work to support current clients?

CAPTRUST currently works with more than 90 different providers on behalf of our client base, though only a few of those are vendors for 403(b) plans.

While TIAA-CREF is at the top of the list by number of plans for providers we work with, CAPTRUST is in no way "in cahoots" with that organizations, nor do we engage in any kind of soft dollar arrangements.

### 2. What experience do you have with TIAA-CREF?

As of 08.31.2015, CAPTRUST provides holistic retirement plan advisory services to 157 plans that have chosen TIAA-CREF as their providers, representing more than $27.9 billion in plan assets. As a firm, CAPTRUST has extensive experience with TIAA-CREF, particularly in regards to TIAA-CREF's nuanced contracts and products.

As specialists with significant vendor leverage, CAPTRUST clients often benefit from first-to-market services from vendors. The leverage that our firm's size and expertise commands benefits our clients with the most current and forward thinking strategies. Examples of tools we use to help our clients in this area include: lower share class fund options, asset allocation tools using in-plan investments, fee reductions, and participant service enhancements.

### 3. What relevant issues should we be aware of /focused on?

We have a number of clients that are currently making decisions in the following areas:

- Introduction of new share classes of CREF Variable Annuities
- Expansion of fund lineup through the use of non-proprietary products
- Increased onsite presence
- The need to move to institutionally owned annuity contracts to affect fiduciary control

In addition, we have been working with a number of clients to set up the proper procedures for the establishment of committee members including:

- Committee Charter
- By-laws for those that have a more formal process on committee membership (faculty senate request)
- Establishment of plan objectives
- Establishment and fulfillment of IPS

CAPTRUST also gives our advisors the opportunity to meet with senior executives from some of the country's top providers through our Provider Spotlight Program, in which TIAA-CREF recently participated. This onsite program allows our advisors an open forum to gain valuable information from Senior Portfolio and Relationship Managers regarding new offerings and enhancements, changes to provider platforms, and current industry updates.

## FIDUCIARY STATUS and COMPLIANCE

### 1. Does your firm intend to act as a fiduciary for the plan?

Yes. We intend to provide services as an ERISA 3(38) discretionary fiduciary.

### 2. What compliance resources does your firm provide?

We have an internal Compliance Department and robust compliance program that includes written policies and procedures addressing all possible conflicts of interest and ensure that all of the services we provide are systematically managed, documented, and reviewed. We have systems that monitor manager trading, cash balances, deposits to accounts, withdrawals, and regulatory compliance (FINRA, SEC), as well as client communication and correspondence.

The Compliance Department employs four full time staff members, including three full time Compliance Officers. The Compliance Department has also engaged the support of Securities Compliance Management, Inc., a full-service compliance consulting firm assisting the firm in ongoing testing of its compliance program. Denise Buchanan, our Chief Compliance Officer, oversees this department and her brief biography is listed below.

**Denise Buchanan**
**Chief Compliance Officer**

Denise has over 25 years of experience in the securities industry and supervises the firm's Registered Investment Advisor activity and affiliated broker / dealer (affiliated by common ownership). Denise has facilitated the startup and ongoing compliance of many investment advisors at the state and federal levels and several broker / dealers.

### 3. Describe your firm's fiduciary responsibility under ERISA to our plans, including your firm's ability to serve in an ERISA 3(21) or 3(38) capacity.

While we can serve our clients as either a co-fiduciary partner under ERISA Section 3(21) for our clients or as a fiduciary under ERISA Section 3(38), for this relationship, we would serve as a fiduciary under 3(38). An overview of each is provided below.

- **ERISA Section 3(21):** Fiduciary Liability is limited in these cases. The parties who act in a 3(21) capacity are specifically limited (you have to meet the definitions in the law) and a Registered Investment Advisor who receives compensation for their advice meets the definition. In this role, we assume fiduciary liability in a joint role with the plan sponsor. The plan sponsor retains the final decision making authority, but relies on the investment expert to provide advice and services that the plan sponsor utilizes to fulfill their overall fiduciary responsibility under ERISA.

- **ERISA Section 3(38):** The plan sponsor gives CAPTRUST the ability to act with discretion in managing the investment fund menu. This would mean that we would add, replace and manage the investment fund menu without input from the plan sponsor – this allows the plan sponsor to relinquish fiduciary responsibility and gives CAPTRUST the sole fiduciary role for investment selection.

4. **Describe potential conflicts of interest that may arise with the proposed advisory relationship.**

At this time, CAPTRUST does not have or foresee any potential conflicts of interest in serving as your investment advisor. Any real or potential conflicts of interest will be promptly disclosed to our clients.

5. **Does your firm have a written policy for addressing conflicts of interest? If so, please describe the policy.**

Yes. CAPTRUST has an internal Compliance Department and a robust compliance program that includes written policies and procedures addressing all possible conflicts of interests. Any real or potential conflicts of interest are promptly disclosed to the client.

CAPTRUST has operated as an independent, objective advisor since its inception. We derive 100% of revenues from client fees and do not have any soft dollar arrangements with outside firms, managers, or providers (including TIAA-CREF). This structure allows CAPTRUST to always put our clients' interests first.

We call this our "no golf ball rule": By serving our clients as a fiduciary, we are committed to the independence required for complete objectivity. To reinforce our absolute commitment to objectivity, since our inception it has been our policy to never accept so much as a golf ball from industry vendors. NO trips, NO meals, NO "pay-to-play" – nothing!

6. **Does your firm provide a written agreement or a letter of engagement detailing services provided to our plans?**

Yes, a copy of our DIRECT Fiduciary 3(38) agreement is available upon request.

7. **Specifically regarding DIRECT Fiduciary, what is the fee for this service?**

Provided below is an overview of the services CAPTRUST provides to our DIRECT Fiduciary clients:

- Dedicated advisor
- Full 3(38) services
- CAPTRUST Direct Portal

The pricing is comprised of two elements:

- $5,000 annual recurring base fee
- Plus 5 basis points (0.05%) on assets in the Institutional TIAA-CREF Contracts (Retirement Choice and / or Retirement Choice Plus)

8. **Give examples of this pricing for various situations:**

For example, assuming a 403(b) plan with $12 million in plan assets:

- $5,000 base + $500 = $5,500 (Assuming $1 million in institutional contracts)
- $5,000 base + $3,000 = $8,000 (Assuming $6 million in institutional contracts)
- $5,000 base + $6,000 = $11,000 (Assuming all $12 million in institutional contracts)

## 9. What are the options for paying the DIRECT Fiduciary™ fee?

There are 3 billing options:

- Base fee of $5,000 is invoiced to Client quarterly for Client to pay directly to CAPTRUST from monies outside of Plan assets and asset based fee of 0.05% is to be paid directly from participants' RC/P accounts.
- Base fee of $5,000 is invoiced to Client quarterly for Client to submit to TIAA-CREF for payment from a revenue credit account (generated from Plan assets) and asset based fee of 0.05% is to be paid directly from participants' RC/P accounts.
- Base Fee of $5,000 is invoiced to Client quarterly and asset based fee of 0.05% is converted to a dollar amount quarterly and invoiced to Client quarterly, both of which are to be paid by Client directly to CAPTRUST from monies outside of Plan Assets.

Notes:

- $5,000 base fee is invoiced $1,250 / quarter in arrears.
- For any questions regarding the approval for or use of an RCA (Revenue Credit Account), or requesting an RCA projection, please contact your TIAA-CREF Relationship Manager.

## TECHNOLOGY

### 1. Describe the technology available to your firm.

We use a number of different systems to capture data on investment managers, benchmark manager and vendor performance, review and report performance of mangers and accounts, generate and send quarterly reports, track clients and participant interaction, house sensitive plan documents, conduct fiduciary training, and provide client and participant education, among other functions.

Those technology systems we feel are the most additive are detailed below and on the following page.

**Scoring System**
CAPTRUST has devised its own proprietary investment scoring system. CAPTRUST's Investment Evaluation / Scoring System is designed to serve as a guide and an aid to the committee when evaluating investment options, providing a baseline for measurement and discussion. The scoring system is not intended to trigger an automatic and mandated fiduciary outcome or decision for a given score. It is intended to serve as a tool to support sound fiduciary decisions that are in the sole interest of participants and beneficiaries.

**Manager Databases**
Manager evaluation and selection is conducted using a number of external third party databases in combination with proprietary tools. Primary third party databases include MPI Stylus Pro, which supports research, analysis, reporting, and publishing functions from various data providers including eVestment Alliance and Morningstar. In addition, our analysts have access to Morningstar Direct, Morningstar Principia Pro, and Zephyr StyleAdvisor for conducting manager comparisons and analysis. Our Consulting Research Group also utilizes Bloomberg Services which provides access to real-time information, data, and news across all markets and economic sectors.

**CAPConnect**
Our internally developed CAPConnect database, developed on a Microsoft CRM console, allows us to archive and search our qualitative findings while also sharing our research with other team members. CAPConnect includes many additional features customized specifically for our business model which help our employees most efficiently and effectively service our clients. This system also helps us to track all client and participant interactions.

**CAPTRUST Direct**
CAPTRUST Direct was created and has proven to be an effective tool to thoroughly document the fiduciary process and to ensure all plan fiduciaries meet and exceed ERISA requirements. Through CAPTRUST Direct, the plan fiduciaries have a direct link to CAPTRUST's analysts, advisors, and client service personnel.

**BrainShark Presentations**
One recent initiative of our firm has been to provide timely market commentary from CAPTRUST's Chief Investment Officer, Eric Freedman, to our clients using recorded BrainShark presentations. These have been very well received by Investment Committees looking to get a "deeper dive" on the story behind quarterly performance and the market overall.

**Electronic Report Delivery**
While we do provide hard copies of quarterly reports if requested, many of clients choose to receive their quarterly reports and other ancillary documents electronically. We recently implemented a program that allows each quarterly review to be conducted on iPads, led by your advisor. This allows for a more interactive review process for the entire committee.

### 3. What applications do you run that would be beneficial to our plans?

We believe that all of the technologies listed in our response to the previous question will be beneficial to your retirement program.

## SECURITY AND BUSINESS CONTINUITY

### 1. Please describe the succession plan of your firm

CAPTRUST has a succession plan in place, which would be implemented by our Board of Directors, in the event something were to happen to the CEO.

### 2. Please describe your firm's data security measures.

CAPTRUST's policies and procedures are designed to protect client's personal information from improper disclosure as follows:

- **Internal** - Pursuant to our Privacy Policy, private client information is accessible to employees on a "need to know" basis. That is to say, only those persons who are engaged in the client services being performed on behalf of the client have access to the client records. Our anti-money laundering and customer identification policies and procedures require employees to exhibit great care and discernment in the handling of private (personal) information of CAPTRUST clients. Employees are trained on these policies, and employee computer drives are synced to our servers so that all employee computers are audited on a rolling basis by our Compliance Department to detect any misuse of private client information. Copies of client documents that are sent out in hard copy are redacted to remove private (personal) information such as social security numbers and dates of birth. Encryption has been implemented with email going out to clients to protect sensitive material.

- **External** - Cisco ASA Security Appliances are implemented at the firm's network perimeter for VPN tunnel access. Both ingress and egress filtering is employed on the corporate perimeter firewall. Cisco Wireless Access Points (Aps) are implemented at the corporate office and are centrally controlled by a Cisco WLAN 4400 Controller. Service Set Identifiers (SSID) of the corporate wireless network is not broadcast, Wi-Fi Protected Access (WPA) security is used with Temporal Key Integrity Protocol (TKIP) encryption along with a very strong password. Forensic testing of these systems is performed periodically.

Additionally, our firm adheres to the maximum record-retention requirement (6 years) imposed by virtue of its registration under the Investment Advisors Act of 1940 and the Securities Exchange Act of 1934. However, for current clients of the firm, the firm would maintain any required records for 6 years from the date of termination of any contract with the client.

The firm's records include hard copy (paper) files as well as electronic storage media (e.g. WORM format - write once, read many). In the case where records are exclusively electronic, the firm adheres to the federal requirements regarding the maintenance of electronic storage media.

# Investment Fee & Expense Disclosure

***SCHOOL FOR ADVANCED RESEARCH***

**Activity for the Reporting Period: 07/01/2014 to 06/30/2015**

| FUND NAME | FUND ID | TICKER | ASSET CLASS | ASSETS AS OF 06/30/2015 | AVERAGE ASSETS FOR THE REPORTING PERIOD | NET EXPENSE RATIO [1] (%) | NET EXPENSE RATIO [1] ($) | PLAN SERVICES EXPENSE [1] (%) | PLAN SERVICES EXPENSE [1] ($) |
|---|---|---|---|---|---|---|---|---|---|
| CREF Stock R1 | X2 | QCSTRX | Equities | $2,290,279.80 | $2,281,349.08 | 0.690% | $15,741.31 | 0.350% | $7,984.72 |
| CREF Global Equities R1 | X6 | QCGLRX | Equities | $395,633.72 | $386,357.96 | 0.695% | $2,685.19 | 0.350% | $1,352.25 |
| CREF Growth R1 | X7 | QCGRRX | Equities | $139,666.23 | $133,214.01 | 0.640% | $852.57 | 0.350% | $466.25 |
| CREF Equity Index R1 | X8 | QCEQRX | Equities | $56,489.71 | $54,935.37 | 0.610% | $335.11 | 0.350% | $192.27 |
| TIAA Access Mid-Cap Gr T4 | 8E | W416# | Equities | $11,092.63 | $10,654.37 | 1.220% | $129.98 | 0.700% | $74.58 |
| TIAA Access Equity Index T4 | 8K | W422# | Equities | $6,623.62 | $6,479.81 | 0.800% | $51.84 | 0.700% | $45.36 |
| TIAA Access Intl Equity T4 [5] | 8A | W411# | Equities | $6,082.77 | $5,717.98 | 1.240% | $70.90 | 0.700% | $40.03 |
| TIAA Access Social Ch Eq T4 | 8D | W415# | Equities | $6,020.54 | $6,010.00 | 0.930% | $55.89 | 0.700% | $42.07 |
| TIAA Access Lg-Cap Gr T4 | 8W | W434# | Equities | $2,027.73 | $1,072.04 | 1.190% | $12.76 | 0.700% | $7.50 |
| TIAA Access Sm-Cap Bl Idx T4 | 8Q | W428# | Equities | $1,014.88 | $531.82 | 0.880% | $4.68 | 0.700% | $3.72 |
| TIAA Access Sm-Cap Equity T4 | 8G | W418# | Equities | $981.89 | $558.15 | 1.240% | $6.92 | 0.700% | $3.91 |
| TIAA Access Mid-Cap Val T4 | 8F | W417# | Equities | $939.38 | $551.23 | 1.160% | $6.39 | 0.700% | $3.86 |
| TIAA Access Lg-Cap Val T4 | 8C | W414# | Equities | $786.81 | $458.78 | 1.170% | $5.37 | 0.700% | $3.21 |
| TIAA Access Real Est Secs T4 | 8S | W430# | Equities | $444.03 | $275.69 | 1.270% | $3.50 | 0.700% | $1.93 |
| TIAA Access Growth & Income T4 | 8B | W413# | Equities | $0.00 | $0.00 | 1.170% | $0.00 | 0.700% | $0.00 |
| CREF Bond Market R1 | X5 | QCBMRX | Fixed Income | $332,242.63 | $331,476.22 | 0.690% | $2,287.19 | 0.350% | $1,160.17 |
| CREF Inflation-Linked Bond R1 | X9 | QCILRX | Fixed Income | $279,509.53 | $287,325.37 | 0.635% | $1,824.52 | 0.350% | $1,005.64 |
| TIAA Access Bond Plus T4 | 8Y | W436# | Fixed Income | $5,229.14 | $5,237.37 | 1.080% | $56.56 | 0.700% | $36.66 |
| TIAA Traditional RA [2] | T1 | TIAA# | Guaranteed | $863,542.57 | $898,247.86 | 0.510% | $4,581.06 | 0.150% | $1,347.37 |
| TIAA Traditional RA MDO [2] | TL | TIAA# | Guaranteed | $334,098.08 | $337,115.84 | 0.510% | $1,719.29 | 0.150% | $505.67 |
| TIAA Traditional RA TPA [2] | TD | TIAA# | Guaranteed | $273,504.04 | $225,328.99 | 0.510% | $1,149.18 | 0.150% | $337.99 |
| TIAA Traditional RA IPRO [2] | TF | TIAA# | Guaranteed | $86,631.12 | $86,631.12 | 0.510% | $441.82 | 0.150% | $129.95 |
| TIAA Traditional RL Var 07/01 [2] | R5 | TIAA# | Guaranteed | $36,836.93 | $30,538.73 | 0.510% | $155.75 | 0.150% | $45.81 |
| Plan Loan Default Fund [2] | 98 | PLDF# | Guaranteed | $0.00 | $0.00 | 0.510% | $0.00 | 0.150% | $0.00 |
| CREF Money Market R1 | X3 | QCMMR X | Money Market | $184,617.69 | $170,746.39 | 0.635% | $1,084.24 | 0.350% | $597.61 |
| CREF Social Choice R1 | X4 | QCSCRX | Multi-Asset | $195,090.63 | $188,721.40 | 0.650% | $1,226.69 | 0.350% | $660.52 |
| TIAA Access Lfcyle Rtmt Inc T4 | 93 | W451# | Multi-Asset | $62,684.66 | $62,202.09 | 1.130% | $702.88 | 0.700% | $435.41 |
| TIAA Access Lifecycle 2020 T4 | 82 | W440# | Multi-Asset | $54,386.80 | $53,616.51 | 1.160% | $621.95 | 0.700% | $375.32 |
| TIAA Access Lifecycle 2025 T4 | 83 | W441# | Multi-Asset | $8,598.36 | $8,455.14 | 1.180% | $99.77 | 0.700% | $59.19 |
| TIAA Access Lifecycle 2035 T4 | 85 | W443# | Multi-Asset | $5,587.46 | $5,470.60 | 1.200% | $65.65 | 0.700% | $38.29 |

# Investment Fee & Expense Disclosure

TIAA CREF Financial Services

## Activity for the Reporting Period: 07/01/2014 to 06/30/2015

| FUND NAME | FUND ID | TICKER | ASSET CLASS | ASSETS AS OF 06/30/2015 | AVERAGE ASSETS FOR THE REPORTING PERIOD | NET EXPENSE RATIO [1] (%) | NET EXPENSE RATIO [1] ($) | PLAN SERVICES EXPENSE [1] (%) | PLAN SERVICES EXPENSE [1] ($) |
|---|---|---|---|---|---|---|---|---|---|
| TIAA Access Lifecycle 2040 T4 | 86 | W444# | Multi-Asset | $1,291.67 | $1,261.60 | 1.210% | $15.27 | 0.700% | $8.83 |
| TIAA Access Lifecycle 2010 T4 | 80 | W438# | Multi-Asset | $0.00 | $0.00 | 1.140% | $0.00 | 0.700% | $0.00 |
| TIAA Access Lifecycle 2030 T4 | 84 | W442# | Multi-Asset | $0.00 | $0.00 | 1.190% | $0.00 | 0.700% | $0.00 |
| TIAA Access Lfcyle Rtmt Inc TA | Z3 | WA51# | Multi-Asset | $0.00 | $0.00 | 0.000% | $0.00 | 0.000% | $0.00 |
| TIAA Access Lifecycle 2045 T4 | 91 | W449# | Multi-Asset | $0.00 | $0.00 | 1.210% | $0.00 | 0.700% | $0.00 |
| TIAA Access Lifecycle 2050 T4 | 92 | W450# | Multi-Asset | $0.00 | $0.00 | 1.210% | $0.00 | 0.700% | $0.00 |
| TIAA Access Lifecycle 2015 T4 | 81 | W439# | Multi-Asset | $0.00 | $0.00 | 1.150% | $0.00 | 0.700% | $0.00 |
| TIAA Real Estate | X1 | QREARX | Real Estate | $310,555.52 | $294,179.27 | 0.865% | $2,544.65 | 0.240% | $706.03 |
| **ESTIMATED TOTAL / AVERAGE** | | | | **$5,952,490.57** | **$5,874,720.79** | **0.656%** | **$38,538.88** | **0.301%** | **$17,672.12** |

1. Net expense ratio percentages are from the most recent prospectuses available to TIAA prior to the end of the reporting period. The plan services expense is a component of and not in addition to the net expense ratio percentage and estimated dollar amounts. Net expense ratio and plan services expense dollars are calculated using the average assets for the reporting period.
2. The TIAA Traditional Annuity is not an investment for purposes of federal securities laws; it is a guaranteed insurance contract. Therefore, unlike a variable annuity or mutual fund, the TIAA Traditional Annuity does not include an identifiable expense ratio. Each premium allocated to the TIAA Traditional Annuity buys a definite amount of lifetime income for participants based on the rate schedule in effect at the time the premium is paid. In addition, the TIAA Traditional Annuity provides a guarantee of principal, a guaranteed minimum rate of interest and the potential for additional amounts of interest when declared by TIAA's Board of Trustees. Additional amounts, when declared, remain in effect for the "declaration year" that begins each March 1 for accumulating annuities and January 1 for lifetime payout annuities. Additional amounts are not guaranteed for future years. The recent expense provision in the formula for determining TIAA Traditional Annuity returns has averaged about 51 basis points (.510%) inclusive of administrative and investment expenses. This expense provision is not guaranteed, is subject to change, and is not publicly disclosed.
4. TIAA has made reasonable efforts to include the most updated prospectus expense ratio information. However, due to the timing of the prospectus update being too close to the reporting period end-date, the previously issued prospectus information was used to prepare this report.
5. 2.00% redemption or exchange fee may be assessed on shares that are redeemed or exchanged within 60 days of the initial purchase date.

REDW Stanley
Financial Advisors LLC
An SEC Registered Subsidiary of REDW The Rogoff Firm

INTEGRITY COUNTS.

# Portfolio Review

**School for Advanced Research**
PO Box 2188
Santa Fe, NM 87504

**Prepared By:** REDW Stanley Financial Advisors

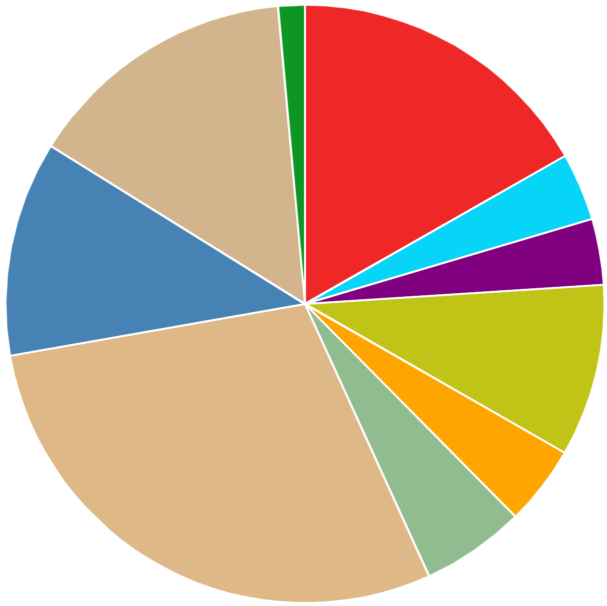
December 31, 2016

# Allocation by Category

School for Advanced Research Aggregate

Period Ending: 12/31/2016

Portfolio Inception Date: 9/11/2016



| Weight | Description | Current Value |
| --- | --- | --- |
| 100.0% | Portfolio Total | $25,026,368.66 |
| 16.8% | US Equities | $4,194,622.74 |
| 3.7% | Large Cap | $915,350.26 |
| 3.6% | Mid/Small Cap | $890,248.95 |
| 9.3% | International Equities | $2,331,670.29 |
| 4.3% | Emerging Markets | $1,076,030.27 |
| 5.6% | Real Estate Investment Trust | $1,403,010.00 |
| 29.0% | Alternative Investments | $7,263,589.71 |
| 11.6% | Intermediate Term Bonds | $2,910,902.68 |
| 14.7% | Short Term Bonds | $3,681,236.30 |

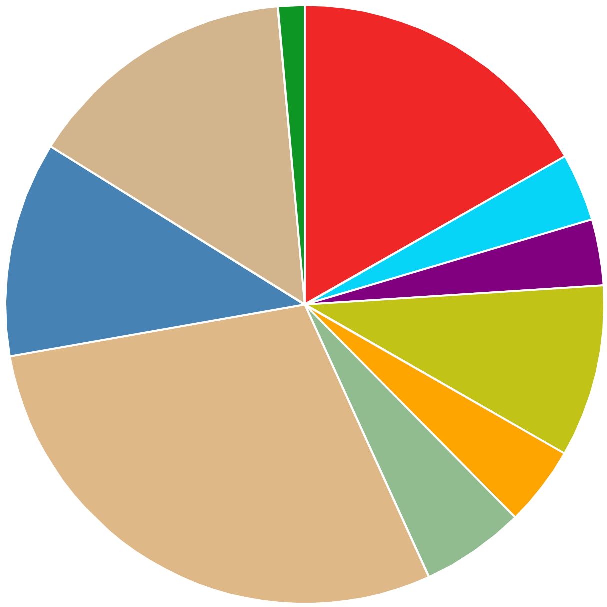
Continued on Next Page

# Allocation by Category

School for Advanced Research Aggregate

**Period Ending: 12/31/2016**

**Portfolio Inception Date: 9/11/2016**



| Weight | Description | Current Value |
|---|---|---|
| 1.4% | Cash Equivalents | $359,707.46 |

REDW Stanley Financial Advisors LLC
An SEC Registered Subsidiary of REDW The Rogoff Firm
INTEGRITY COUNTS.

# Portfolio Holdings

**School for Advanced Research Aggregate**

**Period Ending: 12/31/2016**

**Portfolio Inception Date: 9/11/2016**

| Weight | Symbol | Description | Quantity | Price | Current Value |
|---|---|---|---|---|---|
| **100.0%** | | **Portfolio Total** | | | **$25,026,368.66** |
| **16.8%** | | **US Equities** | | | **$4,194,622.74** |
| 16.8% | DFEOX | DFA U.S. Core Equity 1 | 217,676.323 | $19.27 | $4,194,622.74 |
| **3.7%** | | **Large Cap** | | | **$915,350.26** |
| 3.6% | DFLVX | DFA U.S. Large Cap Value | 25,800.648 | $35.09 | $905,344.74 |
| 0.0% | PG | Procter & Gamble Co | 119.000 | $84.08 | $10,005.52 |
| **3.6%** | | **Mid/Small Cap** | | | **$890,248.95** |
| 3.6% | DFSVX | DFA US Small Cap Value | 23,809.814 | $37.39 | $890,248.95 |
| **9.3%** | | **International Equities** | | | **$2,331,670.29** |
| 6.4% | DFIEX | DFA Intl Core Equity | 138,233.394 | $11.66 | $1,611,801.37 |
| 1.5% | DFIVX | DFA Intl Value Portfolio | 21,743.128 | $16.76 | $364,414.83 |
| 1.4% | DISVX | DFA Intl Small Cap Value | 18,688.438 | $19.02 | $355,454.09 |
| **4.3%** | | **Emerging Markets** | | | **$1,076,030.27** |
| 0.6% | DEMSX | DFA Emerging Mkts Small Cap | 8,580.217 | $18.55 | $159,163.03 |
| 3.0% | DFCEX | DFA Emerging Mkts Core Equity | 43,380.767 | $17.36 | $753,090.12 |
| 0.7% | DFEVX | DFA Emerging Mkts Value | 6,838.293 | $23.95 | $163,777.12 |
| **5.6%** | | **Real Estate Investment Trust** | | | **$1,403,010.00** |
| 5.6% | VNQ | Vanguard REIT ETF | 17,000.000 | $82.53 | $1,403,010.00 |
| **29.0%** | | **Alternative Investments** | | | **$7,263,589.71** |
| 12.0% | CNYNVR | Canyon Value Realization A | 364.449 | $8,243.01 | $3,004,159.61 |
| 2.5% | GOTOSF26 | GoldenTree F Series 26 | 188.082 | $3,326.90 | $625,730.78 |
| 3.9% | GOTOSF42 | GoldenTree F Series 42 | 288.143 | $3,405.84 | $981,367.21 |

**Continued on Next Page**

REDW Stanley Financial Advisors LLC
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INTEGRITY COUNTS.

# Portfolio Holdings

**School for Advanced Research Aggregate**

**Period Ending: 12/31/2016**

**Portfolio Inception Date: 9/11/2016**

| Weight | Symbol | Description | Quantity | Price | Current Value |
|---|---|---|---|---|---|
| 5.6% | GOTOSF54 | GoldenTree F Series 54 | 414.309 | $3,365.09 | $1,394,183.75 |
| 0.5% | GTSP1F26 | GoldenTree SP1-1F Series 26 | 113.645 | $1,160.02 | $131,830.44 |
| 0.1% | GTSP1F42 | GoldenTree SP1-1F Series 42 | 15.567 | $1,160.02 | $18,058.36 |
| 0.1% | GTSP1F54 | GoldenTree SP1-1F Series 54 | 22.359 | $1,160.02 | $25,937.48 |
| 0.1% | GTSP5F26 | GoldenTree SP1-5F Series 26 | 15.362 | $1,153.20 | $17,715.30 |
| 0.0% | GTSP5F42 | GoldenTree SP1-5F Series 42 | 2.104 | $1,153.20 | $2,426.67 |
| 0.0% | GTSP5F54 | GoldenTree SP1-5F Series 54 | 3.022 | $1,153.20 | $3,485.46 |
| 0.0% | GTSP6F26 | GoldenTree SP6-1F Series 26 | 56.920 | $162.96 | $9,275.61 |
| 0.0% | GTSP6F42 | GoldenTree SP6-1F Series 42 | 15.773 | $162.96 | $2,570.33 |
| 0.0% | GTSP6F54 | GoldenTree SP6-1F Series 54 | 22.394 | $162.96 | $3,649.39 |
| 2.0% | GTSP8F26 | GoldenTree SP8-1F Series 26 | 154.358 | $3,281.76 | $506,567.01 |
| 0.9% | GTSP8F42 | GoldenTree SP8-1F Series 42 | 67.570 | $3,281.76 | $221,748.36 |
| 1.3% | GTSP8F54 | GoldenTree SP8-1F Series 54 | 95.950 | $3,281.76 | $314,883.95 |
| **11.6%** | **Intermediate Term Bonds** | | | | **$2,910,902.68** |
| 11.6% | DFAPX | DFA Investment Grade | 272,301.466 | $10.69 | $2,910,902.68 |
| **14.7%** | **Short Term Bonds** | | | | **$3,681,236.30** |
| 14.7% | BSV | Vanguard Short Term Bond Index ETF | 46,334.000 | $79.45 | $3,681,236.30 |
| **1.4%** | **Cash Equivalents** | | | | **$359,707.46** |
| 0.3% | CASH | CASH | | | $79,689.98 |
| 1.1% | SNOXX | Schwab Treasury Money Market | | | $280,017.48 |

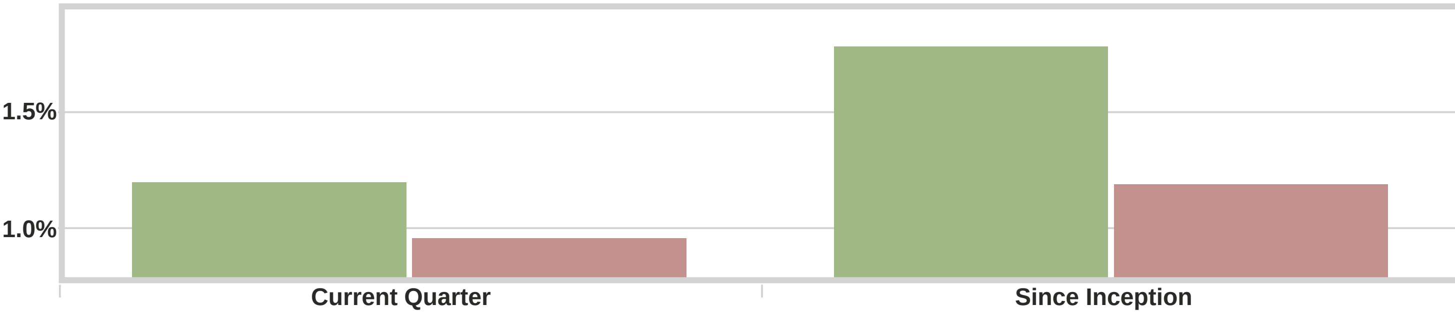
# Performance Summary TWR

School for Advanced Research Aggregate

Period Ending: 12/31/2016

Portfolio Inception Date: 9/11/2016

## Portfolio Returns




| | | Current Quarter | Since Inception |
|---|---|---|---|
| **Your Portfolio** | | **1.2%** | **1.8%** |
| SAR Combined Portfolios Benchmark | | 1.0% | 1.2% |

## Components Of Change

| | Current Quarter | Since Inception |
|---|---|---|
| **BEGINNING VALUE** | **24,790,268.35** | **0.00** |
| Net Contributions | (60,451.22) | 24,591,543.18 |
| Capital Appreciation | 152,773.73 | 266,906.82 |
| Income | 148,277.72 | 172,443.58 |
| Management Fees | (2,273.45) | (2,273.45) |
| Other Expenses | (2,226.47) | (2,251.47) |
| **ENDING VALUE** | **25,026,368.66** | **25,026,368.66** |
| **INVESTMENT GAIN** | **296,551.53** | **434,825.48** |

We believe this information to be reliable, but do not guarantee its accuracy. All gains/losses are calculated using a specific security matching method of buys and sells, except for mutual funds, which are calculated using an average cost basis method.
All returns net of fees automatically deducted from account. Not considered are fees submitted by cash, check or credit card.

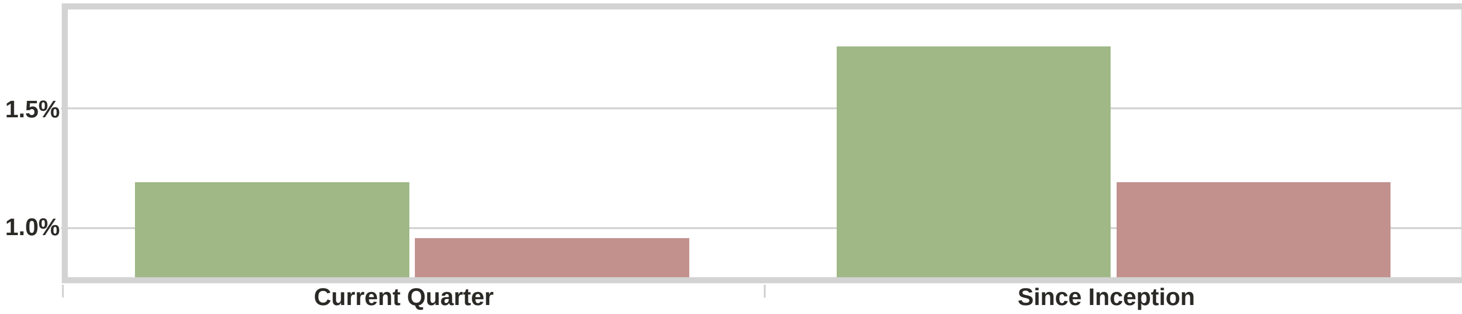
# Performance Summary
# IRR

School for Advanced Research Aggregate

**Period Ending: 12/31/2016**

**Portfolio Inception Date: 9/11/2016**

## Portfolio Returns




| | | Current Quarter | Since Inception |
|---|---|---|---|
| **Your Portfolio** | | **1.2%** | **1.8%** |
| SAR Combined Portfolios Benchmark | | 1.0% | 1.2% |

## Components Of Change

| | Current Quarter | Since Inception |
|---|---|---|
| **BEGINNING VALUE** | **24,790,268.35** | **0.00** |
| Net Contributions | (60,451.22) | 24,591,543.18 |
| Capital Appreciation | 152,773.73 | 266,906.82 |
| Income | 148,277.72 | 172,443.58 |
| Management Fees | (2,273.45) | (2,273.45) |
| Other Expenses | (2,226.47) | (2,251.47) |
| **ENDING VALUE** | **25,026,368.66** | **25,026,368.66** |
| **INVESTMENT GAIN** | **296,551.53** | **434,825.48** |

We believe this information to be reliable, but do not guarantee its accuracy. All gains/losses are calculated using a specific security matching method of buys and sells, except for mutual funds, which are calculated using an average cost basis method.
All returns net of fees automatically deducted from account. Not considered are fees submitted by cash, check or credit card.

# Asset Class Performance Summary

School for Advanced Research Aggregate

Period Ending: 12/31/2016

Portfolio Inception Date: 9/11/2016

| Asset Class Description | Inception Date | Current Value | Current Quarter | Since Inception |
|---|---|---|---|---|
| US Equities | 10/20/2016 | 4,194,623 | 7.34% * | 7.34% |
| Large Cap | 9/11/2016 | 915,350 | (2.91%) | (0.82%) |
| Mid/Small Cap | 9/11/2016 | 890,249 | 21.12% | 23.89% |
| International Equities | 9/11/2016 | 2,331,670 | (0.47%) | (1.99%) |
| Emerging Markets | 9/11/2016 | 1,076,030 | (6.61%) | (6.89%) |
| Real Estate Investment Trust | 10/20/2016 | 1,403,010 | 0.78% * | 0.78% |
| Alternative Investments | 9/11/2016 | 7,263,590 | 1.89% | 3.37% |
| Intermediate Term Bonds | 9/15/2016 | 2,910,903 | (2.98%) | (2.12%) |
| Short Term Bonds | 9/11/2016 | 3,681,236 | (1.23%) | (1.09%) |
| Cash Equivalents | 9/11/2016 | 359,707 | (1.49%) | (1.52%) |
| **Total Portfolio (Net of Fees)** | **9/11/2016** | **25,026,369** | **1.19%** | **1.77%** |
| SAR Combined Portfolios Benchmark | | | *0.96%* | *1.19%* |
| Russell 3000 TR USD | | | *4.21%* | *4.31%* |
| Russell 1000 Value TR USD | | | *6.68%* | *6.54%* |
| Russell 2000 TR USD | | | *8.83%* | *9.60%* |
| MSCI EAFE USD | | | *(0.71%)* | *0.06%* |
| S&P/IFCI Composite TR USD | | | *(4.28%)* | *(3.56%)* |
| FTSE NAREIT Equity REITs TR | | | *(2.89%)* | *(3.98%)* |
| BarCap US Corporate High Yield TR USD | | | *1.75%* | *2.18%* |
| BBgBarc US Agg Interm TR USD | | | *(2.05%)* | *(1.94%)* |
| BarCap US Govt/Credit A+ 1-5 Yr TR USD | | | *(1.05%)* | *(0.96%)* |
| IA SBBI US 30 Day TBill TR USD | | | *0.06%* | *0.07%* |

* Return from Asset Class Inception Date.

REDW Stanley
Financial Advisors LLC
*An SEC Registered Subsidiary of REDW The Rogoff Firm*

INTEGRITY COUNTS.

# Portfolio Review

**School for Advanced Research**
PO Box 2188
Santa Fe, NM 87504

**Prepared By:** REDW Stanley Financial Advisors

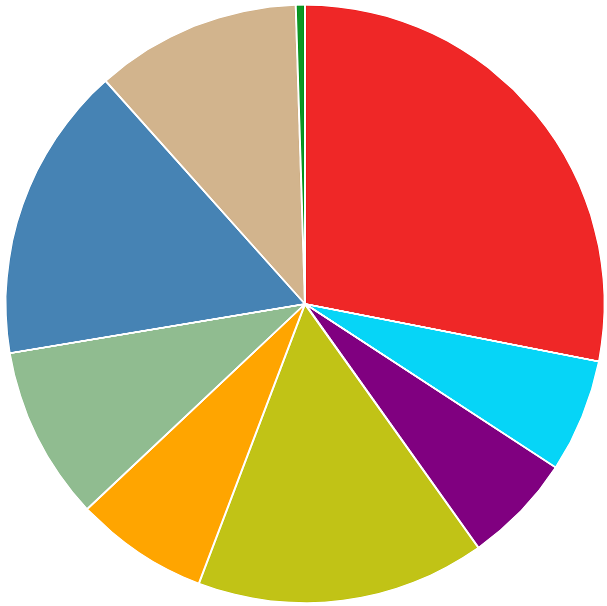
December 31, 2016

# Allocation by Category

School for Advanced Research Corp Acct - Market Assets

Period Ending: 12/31/2016

Portfolio Inception Date: 9/11/2016



| Weight | Description | Current Value |
|---|---|---|
| 100.0% | Portfolio Total | $14,938,992.32 |
| 28.1% | US Equities | $4,194,622.74 |
| 6.1% | Large Cap | $915,350.26 |
| 6.0% | Mid/Small Cap | $890,248.95 |
| 15.6% | International Equities | $2,331,670.29 |
| 7.2% | Emerging Markets | $1,076,030.27 |
| 9.4% | Real Estate Investment Trust | $1,403,010.00 |
| 16.0% | Intermediate Term Bonds | $2,394,704.17 |
| 11.1% | Short Term Bonds | $1,660,505.00 |
| 0.5% | Cash Equivalents | $72,850.64 |

We recommend you compare this statement with the statement you receive from your custodian.

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# Portfolio Holdings

**School for Advanced Research Corp Acct - Market Assets**

**Period Ending: 12/31/2016**

**Portfolio Inception Date: 9/11/2016**

| Weight | Symbol | Description | Quantity | Price | Current Value |
|---|---|---|---|---|---|
| **100.0%** | | **Portfolio Total** | | | **$14,938,992.32** |
| **28.1%** | | **US Equities** | | | **$4,194,622.74** |
| 28.1% | DFEOX | DFA U.S. Core Equity 1 | 217,676.323 | $19.27 | $4,194,622.74 |
| **6.1%** | | **Large Cap** | | | **$915,350.26** |
| 6.1% | DFLVX | DFA U.S. Large Cap Value | 25,800.648 | $35.09 | $905,344.74 |
| 0.1% | PG | Procter & Gamble Co | 119.000 | $84.08 | $10,005.52 |
| **6.0%** | | **Mid/Small Cap** | | | **$890,248.95** |
| 6.0% | DFSVX | DFA US Small Cap Value | 23,809.814 | $37.39 | $890,248.95 |
| **15.6%** | | **International Equities** | | | **$2,331,670.29** |
| 10.8% | DFIEX | DFA Intl Core Equity | 138,233.394 | $11.66 | $1,611,801.37 |
| 2.4% | DFIVX | DFA Intl Value Portfolio | 21,743.128 | $16.76 | $364,414.83 |
| 2.4% | DISVX | DFA Intl Small Cap Value | 18,688.438 | $19.02 | $355,454.09 |
| **7.2%** | | **Emerging Markets** | | | **$1,076,030.27** |
| 1.1% | DEMSX | DFA Emerging Mkts Small Cap | 8,580.217 | $18.55 | $159,163.03 |
| 5.0% | DFCEX | DFA Emerging Mkts Core Equity | 43,380.767 | $17.36 | $753,090.12 |
| 1.1% | DFEVX | DFA Emerging Mkts Value | 6,838.293 | $23.95 | $163,777.12 |
| **9.4%** | | **Real Estate Investment Trust** | | | **$1,403,010.00** |
| 9.4% | VNQ | Vanguard REIT ETF | 17,000.000 | $82.53 | $1,403,010.00 |
| **16.0%** | | **Intermediate Term Bonds** | | | **$2,394,704.17** |
| 16.0% | DFAPX | DFA Investment Grade | 224,013.486 | $10.69 | $2,394,704.17 |

**Continued on Next Page**

# Portfolio Holdings

**School for Advanced Research Corp Acct - Market Assets**

**Period Ending: 12/31/2016**

**Portfolio Inception Date: 9/11/2016**

| Weight | Symbol | Description | Quantity | Price | Current Value |
|---|---|---|---|---|---|
| **11.1%** | **Short Term Bonds** | | | | **$1,660,505.00** |
| 11.1% | BSV | Vanguard Short Term Bond Index ETF | 20,900.000 | $79.45 | $1,660,505.00 |
| **0.5%** | **Cash Equivalents** | | | | **$72,850.64** |
| 0.5% | CASH | CASH | | | $72,850.64 |

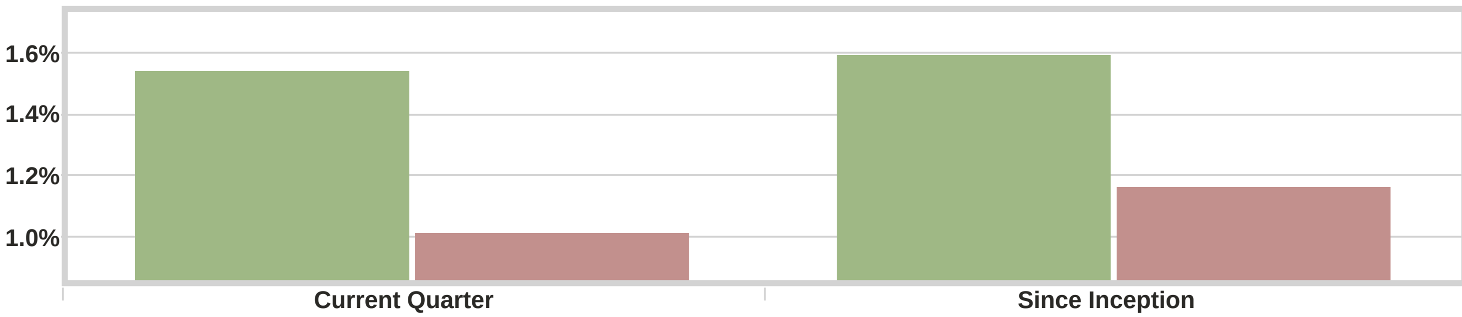
Performance Summary
TWR

School for Advanced Research Corp Acct - Market Assets

Period Ending: 12/31/2016

Portfolio Inception Date: 9/11/2016

## Portfolio Returns




| | Current Quarter | Since Inception |
|---|---|---|
| **Your Portfolio** | **1.5%** | **1.6%** |
| SAR Market Assets Benchmark | 1.0% | 1.2% |

## Components Of Change

| | Current Quarter | Since Inception |
|---|---|---|
| **BEGINNING VALUE** | **17,661,371.62** | **0.00** |
| Net Contributions | (2,921,094.37) | 14,703,906.17 |
| Capital Appreciation | 66,507.12 | 78,737.34 |
| Income | 136,682.87 | 160,848.73 |
| Management Fees | (2,273.45) | (2,273.45) |
| Other Expenses | (2,201.47) | (2,226.47) |
| **ENDING VALUE** | **14,938,992.32** | **14,938,992.32** |
| **INVESTMENT GAIN** | **198,715.07** | **235,086.15** |

We believe this information to be reliable, but do not guarantee its accuracy. All gains/losses are calculated using a specific security matching method of buys and sells, except for mutual funds, which are calculated using an average cost basis method.
All returns net of fees automatically deducted from account. Not considered are fees submitted by cash, check or credit card.

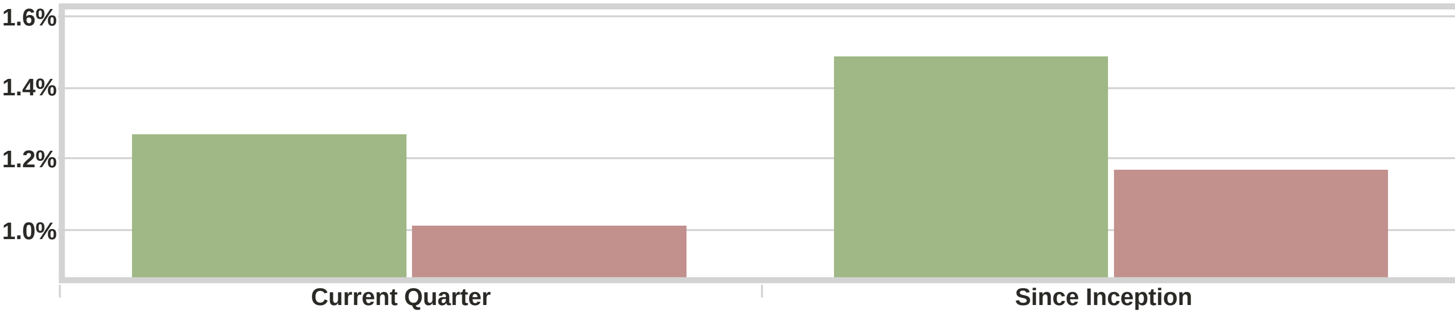
# Performance Summary
# IRR

**School for Advanced Research Corp Acct - Market Assets**

**Period Ending: 12/31/2016**

**Portfolio Inception Date: 9/11/2016**

## Portfolio Returns




| | Current Quarter | Since Inception |
|---|---|---|
| **Your Portfolio** | **1.3%** | **1.5%** |
| SAR Market Assets Benchmark | 1.0% | 1.2% |

## Components Of Change

| | Current Quarter | Since Inception |
|---|---|---|
| **BEGINNING VALUE** | **17,661,371.62** | **0.00** |
| Net Contributions | (2,921,094.37) | 14,703,906.17 |
| Capital Appreciation | 66,507.12 | 78,737.34 |
| Income | 136,682.87 | 160,848.73 |
| Management Fees | (2,273.45) | (2,273.45) |
| Other Expenses | (2,201.47) | (2,226.47) |
| **ENDING VALUE** | **14,938,992.32** | **14,938,992.32** |
| **INVESTMENT GAIN** | **198,715.07** | **235,086.15** |

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All returns net of fees automatically deducted from account. Not considered are fees submitted by cash, check or credit card.

# Asset Class Performance Summary

School for Advanced Research Corp Acct - Market Assets

**Period Ending: 12/31/2016**

**Portfolio Inception Date: 9/11/2016**

| Asset Class Description | Inception Date | Current Value | Current Quarter | Since Inception |
|---|---|---|---|---|
| **US Equities** | 10/20/2016 | 4,194,623 | 7.34% * | 7.34% |
| **Large Cap** | 9/11/2016 | 915,350 | (2.91%) | (0.82%) |
| **Mid/Small Cap** | 9/11/2016 | 890,249 | 21.12% | 23.89% |
| **International Equities** | 9/11/2016 | 2,331,670 | (0.47%) | (1.99%) |
| **Emerging Markets** | 9/11/2016 | 1,076,030 | (6.61%) | (6.89%) |
| **Real Estate Investment Trust** | 10/20/2016 | 1,403,010 | 0.78% * | 0.78% |
| **Intermediate Term Bonds** | 9/15/2016 | 2,394,704 | (2.87%) | (1.87%) |
| **Short Term Bonds** | 9/11/2016 | 1,660,505 | (1.11%) | (0.75%) |
| **Cash Equivalents** | 9/11/2016 | 72,851 | (4.85%) | (3.61%) |
| **Total Portfolio (Net of Fees)** | 9/11/2016 | 14,938,992 | 1.27% | 1.49% |
| SAR Market Assets Benchmark | | | *1.01%* | *1.17%* |
| Russell 3000 TR USD | | | *4.21%* | *4.31%* |
| Russell 1000 Value TR USD | | | *6.68%* | *6.54%* |
| Russell 2000 TR USD | | | *8.83%* | *9.60%* |
| MSCI EAFE USD | | | *(0.71%)* | *0.06%* |
| S&P/IFCI Composite TR USD | | | *(4.28%)* | *(3.56%)* |
| FTSE NAREIT Equity REITs TR | | | *(2.89%)* | *(3.98%)* |
| BarCap US Corporate High Yield TR USD | | | *1.75%* | *2.18%* |
| BBgBarc US Agg Interm TR USD | | | *(2.05%)* | *(1.94%)* |
| BarCap US Govt/Credit A+ 1-5 Yr TR USD | | | *(1.05%)* | *(0.96%)* |
| IA SBBI US 30 Day TBill TR USD | | | *0.06%* | *0.07%* |

* Return from Asset Class Inception Date.

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REDW Stanley
Financial Advisors LLC
An SEC Registered Subsidiary of REDW The Rogoff Firm

INTEGRITY COUNTS.

# Portfolio Review

## School for Advanced Research

PO Box 2188
Santa Fe, NM 87504

**Prepared By:** REDW Stanley Financial Advisors

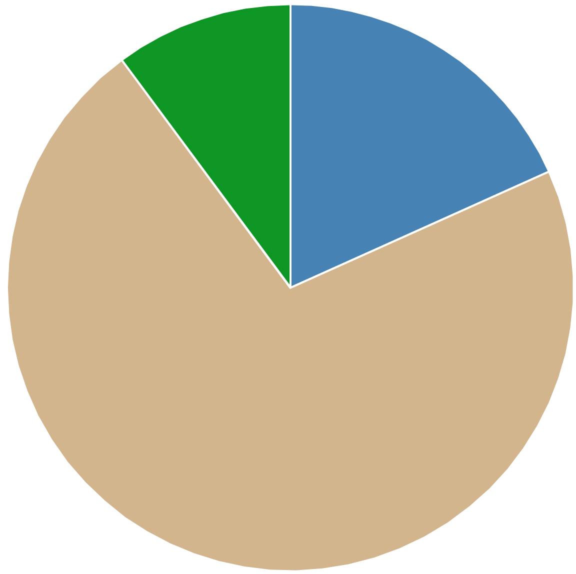
December 31, 2016

# Allocation by Category

School for Advanced Research Corp Acct - Protective Assets

Period Ending: 12/31/2016

Portfolio Inception Date: 10/6/2016



| Weight | Description | Current Value |
|---|---|---|
| 100.0% | Portfolio Total | $2,823,786.63 |
| 18.3% | Intermediate Term Bonds | $516,198.51 |
| 71.6% | Short Term Bonds | $2,020,731.30 |
| 10.2% | Cash Equivalents | $286,856.82 |

REDW Stanley Financial Advisors LLC
An SEC Registered Subsidiary of REDW The Rogoff Firm
INTEGRITY COUNTS.

# Portfolio Holdings

**School for Advanced Research Corp Acct - Protective Assets**

**Period Ending: 12/31/2016**

**Portfolio Inception Date: 10/6/2016**

| Weight | Symbol | Description | Quantity | Price | Current Value |
|---|---|---|---|---|---|
| **100.0%** | **Portfolio Total** | | | | **$2,823,786.63** |
| **18.3%** | **Intermediate Term Bonds** | | | | **$516,198.51** |
| 18.3% | DFAPX | DFA Investment Grade | 48,287.980 | $10.69 | $516,198.51 |
| **71.6%** | **Short Term Bonds** | | | | **$2,020,731.30** |
| 71.6% | BSV | Vanguard Short Term Bond Index ETF | 25,434.000 | $79.45 | $2,020,731.30 |
| **10.2%** | **Cash Equivalents** | | | | **$286,856.82** |
| 0.2% | CASH | CASH | | | $6,839.34 |
| 9.9% | SNOXX | Schwab Treasury Money Market | | | $280,017.48 |

We recommend you compare this statement with the statement you receive from your custodian.

We believe this information to be reliable, but do not guarantee its accuracy. All gains/losses are calculated using a specific security matching method of buys and sells, except for mutual funds, which are calculated using an average cost basis method.

# Performance Summary
# TWR

School for Advanced Research Corp Acct - Protective Assets

Period Ending: 12/31/2016

Portfolio Inception Date: 10/6/2016

## Portfolio Returns


| | | Since Inception |
|---|---|---|
| **Your Portfolio** | | **(1.3%)** |
| SAR Protective Assets Benchmark | | (1.1%) |

## Components Of Change

| | Since Inception |
|---|---|
| **BEGINNING VALUE** | **0.00** |
| Net Contributions | 2,860,643.15 |
| Capital Appreciation | (48,426.37) |
| Income | 11,594.85 |
| Management Fees | 0.00 |
| Other Expenses | (25.00) |
| **ENDING VALUE** | **2,823,786.63** |
| **INVESTMENT GAIN** | **(36,856.52)** |

# Performance Summary
# IRR

**School for Advanced Research Corp Acct - Protective Assets**

**Period Ending: 12/31/2016**

**Portfolio Inception Date: 10/6/2016**

## Portfolio Returns


| | | Since Inception |
|---|---|---|
| **Your Portfolio** | | **(1.6%)** |
| SAR Protective Assets Benchmark | | (1.1%) |

## Components Of Change

| | Since Inception |
|---|---|
| **BEGINNING VALUE** | **0.00** |
| Net Contributions | 2,860,643.15 |
| Capital Appreciation | (48,426.37) |
| Income | 11,594.85 |
| Management Fees | 0.00 |
| Other Expenses | (25.00) |
| **ENDING VALUE** | **2,823,786.63** |
| **INVESTMENT GAIN** | **(36,856.52)** |

# Asset Class Performance Summary

School for Advanced Research Corp Acct - Protective Assets

Period Ending: 12/31/2016

Portfolio Inception Date: 10/6/2016

| Asset Class Description | Inception Date | Current Value | Since Inception |
|---|---|---|---|
| **Intermediate Term Bonds** | 10/24/2016 | 516,199 | (2.88%) |
| **Short Term Bonds** | 10/24/2016 | 2,020,731 | (1.02%) |
| **Cash Equivalents** | 10/6/2016 | 286,857 | 0.00% |
| **Total Portfolio (Net of Fees)** | 10/6/2016 | 2,823,787 | (1.60%) |
| SAR Protective Assets Benchmark | | | *(1.09%)* |
| BBgBarc US Agg Interm TR USD | | | *(1.98%)* |
| BarCap US Govt/Credit A+ 1-5 Yr TR USD | | | *(1.02%)* |
| IA SBBI US 30 Day TBill TR USD | | | *0.05%* |

We believe this information to be reliable, but do not guarantee its accuracy. All gains/losses are calculated using a specific security matching method of buys and sells, except for mutual funds, which are calculated using an average cost basis method.
All returns net of fees automatically deducted from account. Not considered are fees submitted by cash, check or credit card.