BROWN UNIVERSITY - HUMAN RESOURCES DEPARTMENT

INFORMATION GUIDE

FOR EMPLOYEES LEAVING THE SERVICE OF BROWN UNIVERSITY

A brochure explaining the details of your benefits transition

The information presented in this document represents a general summary of the plans' eligibility and benefits, and University policy; in the event of a conflict between the information presented and the benefit plan documents or applicable policies, the plan document and/or policies will govern.

Revised: June, 2016

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1. INTRODUCTION

The Brown University Benefits Office is taking this opportunity to provide you with an Exit Package containing important information regarding the status of your benefits due to your separation from service, i.e., your termination or retirement.

Please read the information that follows in order to learn more about how your separation from service affects your Brown University benefits.

2. HEALTH, DENTAL AND VISION INSURANCE

Under the terms of the University's group health, dental and vision policies, all health, dental and vision coverage ends on the last day of the month in which your employment ends. (Medicare-entitled employees should contact the Benefits Office at 401/863-2141 for additional information.)

Federal law requires most employers sponsoring group health plans to offer employees and their families the opportunity to temporarily extend health, dental and/or vision coverage in certain instances where coverage under the group plan would otherwise have ended. This 1986 legislation, called COBRA (Consolidated Omnibus Budget Reconciliation Act), may enable you to continue your group health, dental and/or vision insurance with the same benefits for you and your eligible enrolled dependents.

> ***PLEASE NOTE:***
> *For additional information about COBRA, please refer to Appendix 1 at the end of this Guide.*

3. FLEXIBLE SPENDING ACCOUNTS

COBRA continuation coverage also applies to Flexible Spending Accounts (FSA's). As such, if you are participating in the Health Flexible Spending Account (HFSA) and/or the Dependent Care Flexible Spending Account Plan (DCFSA), you have two options when you terminate employment from the University:

1. You may *discontinue* your participation in either or both the HFSA and the DCFSA and be reimbursed only for eligible expenses that are incurred *before* your separation date.

2. You may *continue* your current level of contribution on an after-tax basis until the end of the plan year (December 31st) in which you terminate.

- For DCFSA, you will be able to apply for reimbursement for any eligible expenses which you or your enrolled family incur until the end of the plan year, December 31st, or until your last monthly payment, whichever occurs first; and/or
- For HFSA, if you continue monthly payments until the end of the plan year (12/31), you will be able to use any HFSA dollars remaining in your account for eligible expenses that you incur through March 15th of the calendar year following the year of your termination.

Please note that, for either option, you will continue to be required to submit expenses to Benefit Strategies, LLC for reimbursement **no later than April 15th** of the year following the calendar year in which you terminated.

4. EMPLOYEE ASSISTANCE PROGRAM

Coverage under the University's Faculty/ Staff Assistance Program (FSAP) ends on the last day of your active employment. However, under the provisions of COBRA continuation coverage, you may be eligible to continue your FSAP coverage for a period of time after you leave service.

IMPORTANT:

Sentinel Benefits will send you documents, if applicable, that relate to transitioning your Brown University health, dental, Flexible Spending Account(s) and/or Faculty/Staff Assistance Program benefits.

5. LIFE INSURANCE

Under the terms of the University's current Group Life Insurance and Accidental Death and Dismemberment Policy, all group life insurance coverage ends on the last day of the month in which your employment ends.

In case you would like to convert your basic, voluntary or dependent group term coverage to individual plans, you should contact the Benefits Office to obtain the appropriate form(s). You must complete the request for quote form **within 31 calendar days** from the date your coverage ends**.** If you have questions about your life insurance options, please contact the Brown University Benefits Office at 401/863-2141.

IMPORTANT: Deadline for response

If you wish to convert your basic, or dependent group term life coverage to individual plans of your choice or continue your own voluntary life coverage, ***you must apply within 31 days*** *from the day your coverage ends.*

6. RETIREMENT PROGRAMS

■ The Brown University Legacy Retirement Plan

If you were a faculty or staff member hired before March 1, 2001, a member of the Police & Security bargaining unit hired before July 21, 2001, or a member of the Library bargaining unit who contributed to TIAA-CREF, Fidelity Investments or Diversified Investment Advisors (formerly MONY) now called Transamerica, you have numerous options upon termination of your employment.

In order to receive complete information about which option will best meet your future needs, please contact your carrier(s) directly. Carrier telephone numbers and addresses are provided in Section 13 for your convenience.

Please refer to Appendix 3 to learn more about special tax information about withdrawals from the Brown University Legacy Retirement Plan.

■ The Brown University Deferred Vesting Retirement Plan

If you were a faculty or staff member hired on or after March 1, 2001, or a member of the Police & Security bargaining unit hired after July 20, 2001, who contributed to TIAA-CREF and/or Fidelity Investments, you have numerous options upon termination of your employment.

Please contact your carrier(s) directly in order to receive complete information about which option will best meet your future needs. Carrier telephone numbers and addresses are provided in Section 13 for your convenience.

Please refer to Appendix 3 to learn more about special tax information about withdrawals from the Brown University Deferred Vesting Retirement Plan.

PLEASE NOTE: University Contributions in the Deferred Vesting plan become vested (i.e., owned by you) over time subject to the following schedule:

COMPLETED YEARS OF SERVICE	VESTED PERCENTAGE	FORFEITABLE PERCENTAGE
Less than 2	0%	100%
2 but less than 3	20%	80%
3 but less than 4	50%	50%
4 but less than 5	75%	25%
5 or more	100%	0%

However, you are fully and immediately vested in your own Employee Contributions, and such amounts are non-forfeitable.

For information about your vesting status in the Deferred Vesting Retirement Plan, please contact the Benefits Office at 401/863-2141.

■ The Employees' Pension Plan (EPP)

If you were a member of the Dining Services or Facilities Management (hired on or after June 3, 2001) bargaining units, or if you were an employee who had a "frozen benefit" in Brown University's defined benefit plan, you may be entitled to receive pension benefits in accordance with the terms of the Plan.

If you are credited with at least five years of service at the time you leave the University, the amount of your pension benefit will depend on the number of years during which you were an active "plan participant" and the salary you earned (based on the average of your five highest years of eligible earnings). If you are an eligible employee, when you separate from service you will receive information from the Benefits Office indicating the benefit amount to which you are entitled (or for which you may be eligible in the future).

Additionally, if you have a supplemental tax-deferred annuity (TDA) through TIAA-CREF, Fidelity Investments, or Diversified Investment Advisors (formerly called MONY) now called Transamerica, you should contact the appropriate carrier(s) to learn about the distribution options that are available to you. Carrier telephone numbers and addresses are provided in Section 13 for your convenience.

7. Tuition Programs

▪ Employee Education Program (EEP)

If, at the time you separate from University service, you are taking a course either at Brown or outside of Brown through the EEP, you should contact the Benefits Office at 401/863-2141 for additional information.

▪ Tuition Aid Program (TAP)

If you separate from University service, your dependent student(s) may continue to take advantage of the TAP benefit until the end of the semester in which he or she is currently enrolled, provided that current semester benefits have been paid prior to your last day of service.

IMPORTANT: Deadline for response

*You must have submitted a tuition invoice for payment to the Benefits Office **prior to your last day of service** for the current semester if you want your dependent student(s) to continue to take advantage of the TAP benefit until the end of that semester.*

8. Long Term Disability Insurance

Your coverage under the University's Long Term Disability Plan will end on your last day worked. There is no conversion option under the terms of this plan.

9. Long Term Care Insurance

If you are retiring from Brown at age 55 or above, with 10 years of service, and are interested in purchasing Long Term Care (LTC) insurance, please contact Retirement**Guard** at 1-888/793-6111 (toll-free) for assistance. Please refer to Section 13, Reference Information, page 7, for additional contact information.

If, as an active employee, you and/or your spouse or same-sex domestic partner elected LTC insurance through UNUMProvident, your coverage ends on the last day of the month in which your employment ends. Under the terms of Brown's group LTC insurance policy with UNUMProvident, you may convert the coverage(s) to a direct-pay policy. If you wish to exercise this option for yourself and/or your spouse or partner, you should contact UNUM-Provident at 1-800/343-5406 **within 31 calendar days** of your date of termination.

IMPORTANT:

Deadline for response

If you wish to continue LTC coverage with UNUMProvident, you must return the completed Election for Conversion Coverage form to **UNUMProvident, Conversion Unit, 2211 Congress Street, Portland, ME 04122-1760** *within **31 calendar***

10. Savings Bonds

If you have been participating in the University's Savings Bond Program, any remaining balance in your account that does not equal the required contribution for a full bond purchase will be refunded. If you have questions, please contact the Payroll Office at 401/863-2361.

11. Travel Accident Insurance

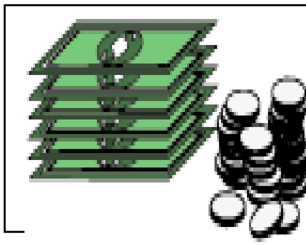
Under the terms of the University's current Business Travel Accident (BTA) Plan, your coverage ends on the last day of the month in which your employment ends.

If you would like to convert this BTA coverage to an individual plan of your choice, you will need to contact ACE American Insurance Company, 1601 Chestnut Street, Philadelphia, 19103

12. Compensation

▪ Final Pay Check

In general, employees who leave service at Brown will be paid any earned salary or wages at the next regularly scheduled payday.



- **Vacation**

When you leave Brown, you will be paid for all of your unused, accrued vacation time. You will receive your vacation pay in your last paycheck.

> ***PLEASE NOTE:*** *Exceptions to vacation and sick time policy may apply to certain bargaining unit contracts.*

- **Sick time**

Accumulated sick time is not paid out at the time of your separation from service.

- **Severance / Pay In Lieu of Notice**

In some situations involving a position elimination or layoff, staff employees may be eligible to receive severance payments or pay in lieu of notice.

Severance pay is paid according to the employee's normal payroll schedule (weekly, semi-monthly or monthly). In general, active employment is considered to cease when the severance period begins.

All benefits will cease, including accrual of sick and vacation time, according to existing policy when the severance period begins. Health, dental and vision benefits, however, may continue for the severance period at the active rates. The enrollment and billing arrangement is set up through Benefit Strategies, LLC. Payments are made to them on a post-tax basis. Health, dental and vision benefits during the severance period will be counted towards your COBRA eligibility period.

For additional information regarding benefits, employees should contact the Benefits Office at 401/863-2141 at the beginning of their severance period. Shortly after the severance period begins, employees will receive enrollment information about benefits continuation from Sentinel Benefits if applicable.

For further details, please contact the Benefits Office at 401/863/2141.

13. FITNESS CENTER AND LIBRARY USE

Employees who leave Brown with at least 25 years of service are eligible for free lifetime use of the Nelson Fitness Center and Brown's libraries. Contact your department for sponsorship information.

14. CONTACT INFORMATION

CONTINUED ON NEXT PAGE ☞

Contact INFORMATION

▪ Addresses, telephone numbers and web addresses

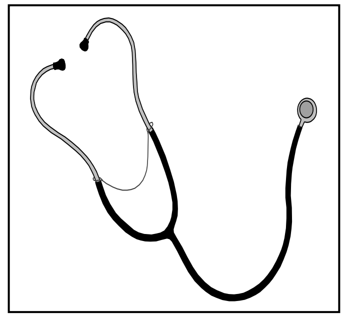
	CONTACT	PHONE NUMBERS / URLs
Brown University benefits	**Benefits Office** Brown Office Bldg 164 Angell St., 3rd floor Providence, RI 02906 *Faculty may also contact the Dean of the Faculty Office in University Hall.*	401/863-2141 http://brown.edu/about/administration/human-resources/benefits 401/863-2313
Continuation of benefits upon separation of service	**Sentinel Benefits** 100 Quanapowitt Pkwy., Suite 300 Wakefield, MA 01880	888/762-6088 https://www.sentinelgroup.com/for-you/benefits-for-health-and-life/cobra
Retirement options/carriers	**TIAA** 730 Third Avenue New York, NY 10017	800/842-2776 800/842-2777 (benefit payouts) http://www.tiaa-cref.org
	Fidelity Investments 82 Devonshire St, UT2 Boston, MA 02109	800/343-0860 800/742-1567 http://www.403b.com
Health and dental insurance for retirees and spouses/partners ages 65 and above	**Blue Cross Blue Shield of RI** Individual Sales 500 Exchange Street Providence, RI 02903	401/351-2583 800/505-2583 https://www.bcbsri.com/
	National Employee Benefit Companies (NEBCO) 16 International Way Warwick, RI 02886	888/883-3757 (toll-free) http://www.nebenefit.com/main.aspx
	Delta Dental of RI 10 Charles St. Providence, RI 02901	401/752-6100 800/843-3582 http://deltadentalri.com
Group life portability	**Lincoln Financial Group** Lincoln National Life Insurance Co. P.O Box 0821 Carol Stream, IL 60132-0821	800/423-2765 ClientServices@LFG.com
VSP vision services	VSP P.O. Box 997105 Sacramento, CA 95899-7105	800/877-7195 https://www.vsp.com

PLEASE NOTE:

Information on post-employment life insurance options is included in Appendix 5 of this Guide for your convenience.

Long term care *For general and enrollment information* *For conversion information*	**RetirementGuard, LLC** PO Box 1686 333 Main Street Lakeville, CT 06039 **UNUMProvident** Conversion Unit 2211 Congress Street Portland, Maine 04122-1760	888/793-6111 (toll-free) http://www.helpme@retirementguard.com 800/343-5406 http://www.unumprovident.com
Social Security	**Social Security Administration** 155 Westminster St. #1000W Providence, RI 02903	877/583-4082 http://www.socialsecurity.gov
Services for the elderly	**RI Department of Elderly Affairs** 74 West Road Hazard Bldg., 2nd floor Cranston, RI 02920	401/462-3000 http://www.dea.ri.gov
Unemployment claims & services	**RI Department of Labor & Training** 1511 Pontiac Avenue Cranston, RI 02920	401/ 462-8000 http://www.dlt.ri.gov
Other health insurance options through the health exchange	**Health Source RI** 70 Royal Little Dr. Providence, RI 02904	855/840-4774 (toll-free) http://www.healthsourceri.com

APPENDIX 1. COBRA CONTINUATION COVERAGE* - SEPARATION FROM SERVICE AS A QUALIFYING EVENT



Duration and cost of COBRA continuation coverage

Under federal law, Brown University is required to offer covered employees and eligible family members the opportunity for a temporary extension of coverage (called "Continuation Coverage") for health, dental and/or vision insurance, Flexible Spending Account(s) and the Employee Assistance Program when coverage under these plans would otherwise end due to certain qualifying events.

If you separate from service for reasons other than gross misconduct, you and your enrolled dependents are eligible for continuation coverage under COBRA. Although you may continue group health, dental and/or vision benefits in accordance with Federal legislation, please note that you may *not* change your level of coverage at this time. However, a child who is born to you or placed for adoption with you during a period of COBRA continuation coverage is a qualified beneficiary eligible for coverage under COBRA.

FOR THE COVERED EMPLOYEE

If you were terminated for reasons other than gross misconduct, you may elect continuation coverage for up to 18 months. You will be billed at the full monthly insurance rate plus 2% (to defray administrative expenses). In circumstances where you are or become totally and permanently disabled, your 18-month COBRA continuation period may be extended for up to a total of 29 months. However, your premium remittance will increase to 150% of the full group rate for the additional 11 months of coverage.

Please note that coverage may be discontinued for any of the following reasons:

1. You do not pay the premium for continuation coverage within the specified period of time;
2. You become entitled to Medicare after your election of COBRA;
3. Brown University no longer provides the group plans listed above to any of its employees; or
4. You become covered under another group medical plan (unless the other group plan has a pre-existing condition limitation that affects you).

FOR THE COVERED SPOUSE AND/OR DEPENDENT CHILD (REN)

If the employee was terminated for reasons other than gross misconduct, you may elect continuation coverage for up to 18 months. You will be billed at the full monthly insurance rate plus 2% (to defray administrative expenses).

Under the following circumstances, coverage is offered to the spouse and/or dependent child (ren) for 36 months:

1. The death of the employee;
2. Parents' or spouse's divorce or legal separation;
3. The employee becomes entitled to Medicare; or
4. "Dependent child" status ceases under the plan.

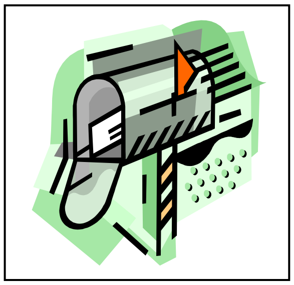
Please note that coverage may be discontinued for any of the following reasons:

1. You do not pay the premium for continuation coverage within the specified period of time;
2. You or your dependent children become entitled to Medicare after your election of COBRA;
3. Brown University no longer provides the group plans listed above to any of its employees; or
4. You become covered under another group medical plan (unless the other group plan has a pre-existing condition limitation that affects you).

**Sentinel Benefits will contact you regarding your eligibility for continuation coverage under COBRA.*

APPENDIX 1. CONTINUED

Subsequent qualifying events



After you have elected COBRA, you or your enrolled family member (s) has the responsibility to inform Sentinel Benefits of a divorce, legal separation or a child losing dependent status **within 31 days of the event**.

When Sentinel Benefits is notified that one of these changes has occurred, the eligible participant will be notified that he or she has the right to elect continuation coverage. The participant will have **60 days from the date of notice** to make his/her election**.**

Additionally, if you or your spouse, or any of your enrolled dependents has a change of address, it is your responsibility to notify Sentinel Benefits at 888/762-6088.

Conversion privileges

At the end of your COBRA continuation period, your health insurer will contact you to find out if you want to convert your group health coverage to an individual policy. There is no conversion of group dental coverage.

Canceling your COBRA continuation coverage

If you wish to cancel coverage during your COBRA continuation period, it is your responsibility to notify Sentinel Benefits **in writing.**

APPENDIX 2. SPECIAL INFORMATION FOR THOSE SEPARATING FROM SERVICE AT AGE 55 OR OLDER, WITH 10 OR MORE YEARS OF SERVICE AT BROWN UNIVERSITY

If you are under age 65

EMPLOYEE COVERAGE

Even though Brown University has no mandatory retirement age, you are considered a retiree if you terminate employment at age 55 or older *and* have 10 or more years of service. As a retiree, you may continue on Brown's group health insurance plan until the first of the month in which you reach age 65 by paying the full premium amount less a fixed dollar offset on a monthly basis. This fixed dollar offset is deducted from your monthly health insurance premium to reduce your total monthly cost and is subject to change each calendar year.

If you were enrolled in the University's group dental plan as an active employee, as a retiree you may continue your dental coverage under COBRA for 18 months.

COVERAGE FOR SPOUSE

If your spouse has been covered under your Brown University group health insurance, as a retiree between the ages of 55 and 65, you may request coverage for both of you. If you reach age 65 before your spouse, your spouse may continue on the group plan until the first of the month in which he/she reaches age 65 by paying the individual full-premium rate on a monthly basis. If your spouse reaches age 65 before you do, he or she may choose to enroll in Medicare Part B and access individual coverage through one of Brown's retiree health care options or another plan. (Please refer to section "If you are age 65 or above".)

Coverage ends for dependent children when the covered employee, employee's spouse or participant becomes Medicare eligible, drops coverage or the dependent reaches the maximum age under the plan. Please refer to Appendix 1, Page 9 for information regarding COBRA coverage for dependent children.

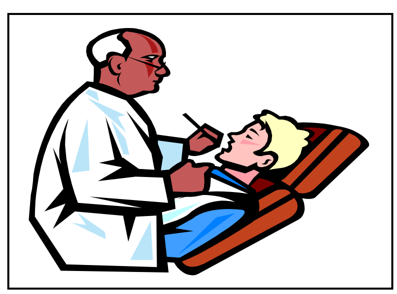
COVERAGE OPTIONS

Your coverage will continue with the same insurance carrier you chose for the most recent plan year of your active employment; coverage with that carrier will continue from the date of your retirement until the end of the plan year (12/31).

You may elect a different carrier during the Open Enrollment period for coverage that will become effective January 1st. Since insurance carriers, products and costs may vary from one year to the next, Sentinel Benefits will send you relevant information each year about any changes and how they affect your coverage prior to the Open Enrollment period. Please remember that during Open Enrollment you may choose only from carriers and plans for which you were eligible while actively employed.

PAYING FOR HEALTH COVERAGE

When you retire or separate from service, Sentinel Benefits will contact you about continuing your group health coverage until you and/or your spouse reach age 65.



APPENDIX 2. CONTINUED

Sentinel Benefits will bill you for the cost of your health. You remain responsible for payment of these costs until Sentinel Benefits receives your written request to cancel or change your coverage. This request **must reach Sentinel Benefits at least 30 days prior to the first of the month for which the cancellation or change is requested**. Coverage will be automatically canceled if non-payment extends beyond 45 days.

For additional information, please contact Sentinel Benefits at 888/762-6088(toll-free).

RETIREE DENTAL COVERAGE

Brown University has worked with Delta Dental of RI to offer retirees an affordable, easy-to-use dental plan. You and your spouse are eligible to join the program as individual members, if on your last day of employment you were insured under the Brown University group dental plan. For questions and additional information about this program, please contact Delta Dental of RI Customer Service at 1-800-843-3582.

If you are age 65 or above

EMPLOYEE COVERAGE

You should make arrangements about three months prior to your 65th birthday to apply for Medicare Parts A & B to prevent any break in health insurance coverage (see below). You can make these arrangements through the local Social Security office (the address and telephone number are listed in Section 13 of this Guide).

At age 65, you will have access to post-retirement group health insurance through Brown University. For information about Blue Cross Blue Shield's (BCBSRI) BlueCHiP for Medicare Group Preferred, call 401/351-2583 or 800/505-2583 (toll-free). For information about National Employee Benefit Companies (NEBCO) Medicare supplement plans, call the NEBCO Customer Care Center at 888/883-3757 (toll-free). You need not have had coverage on Brown's group plan in order to be eligible for the BCBSRI or NEBCO plan options. Please note that both programs include prescription drug coverage and are *fully* retiree-paid.

If you were enrolled in the University's group dental plan as an active employee, as a retiree over age 65 you may continue your dental coverage under COBRA for up to 18 months.

COVERAGE FOR SPOUSE

When your spouse reaches age 65, he or she may choose to enroll in Medicare Part B and will have access to post-retirement group health insurance through Brown University. For information about Blue Cross Blue Shield's (BCBSRI) BlueCHiP for Medicare Group Preferred, call 401/351-2583 or 800/505-2583 (toll-free). For information about National Employee Benefit Companies (NEBCO) Medicare supplement plans, call the NEBCO Customer Care Center at 888/883-3757 (toll-free). Your spouse need not have had coverage on Brown's group plan in order to be eligible for the BCBSRI or NEBCO plan options. Please note that both programs include prescription drug coverage and are *fully* retiree-paid.

Coverage ends for dependent children when the covered employee, employees spouse or participant becomes Medicare eligible, drops coverage or the dependent reaches the maximum age under the plan. Please refer to Appendix 1, Page 8 for information regarding COBRA coverage for dependent children.

APPENDIX 2. CONTINUED

MEDICARE

Medicare Part A usually pays for most of the costs of hospitalization, certain related inpatient care, skilled nursing facility care and home health services. Part A benefits are provided at no monthly cost to you, although you will need to pay deductibles and costs for some services.

Medicare Part B covers doctors' fees, most outpatient hospital services, lab and x-ray fees and certain other outpatient services. The monthly cost of Medicare Part B may change from year to year and will be deducted monthly from your Social Security check if you have begun to receive Social Security benefits. (If you have not begun to receive benefits, you will be billed quarterly for Medicare Part B.) In addition to the monthly premium, Part B requires that you meet an annual deductible and pay 20% coinsurance for most costs.

MEDICARE SUPPLEMENT INSURANCE AND MEDICARE MANAGED CARE PLANS

There is a wide range of supplemental insurance plans (commonly referred to as "Medigap" plans) currently available. Plans offered through an insurance company are designated with specific letters (A through J) to reference the level of coverage each plan provides.

Supplemental plans offered through a Health Maintenance Organization (HMO) do not fall under the above designations since such service providers are federally qualified HMOs. These plans are called Medicare Managed Care plans; they provide services through their network of hospitals, skilled nursing facilities, doctors, pharmacies, etc.

Since many of the supplemental and Medicare managed care plans have an annual open enrollment period or other enrollment restrictions, it is suggested that you begin researching your insurance coverage options three to six months prior to your 65th birthday. The plan options offered through Brown by BCBSRI and NEBCO, however, have monthly enrollments.

To learn more about the differences between Medicare supplement insurance and Medicare managed care plans, please contact the RI Department of Elderly Affairs at 75 West Road, Hazard Building, 2nd Floor, Cranston, RI 02920 or call 401/462-3000.

APPENDIX 3. SPECIAL TAX NOTICE REGARDING PAYMENTS FROM THE BROWN UNIVERSITY RETIREMENT PLAN

This notice contains important summary information you will need before you decide how to receive your Brown University Retirement Plan benefits from your 403(b) retirement plan with TIAA-CREF, Fidelity Investments and/or Diversified Investment Advisors (previously called MONY).

This notice is being provided to you at the request of the Plan because all or a part of the payment that you may elect to soon receive from the Plan may be eligible for rollover by you, your plan administrator or your fund sponsor to a traditional IRA or to another plan. A "traditional IRA" does NOT include a Roth IRA, SIMPLE IRA or education IRA.

If you have any questions after reading this notice, please contact the Brown University Benefits Office by calling 401/863-2141.

SUMMARY

There are two ways you may be able to receive a Brown University Retirement Plan payment that is eligible for rollover:

(1) Certain payments can be made directly to a traditional IRA or, if you choose, to another plan that will accept it ("DIRECT ROLLOVER"); or

(2) The payment can be PAID TO YOU.

You have the right to wait at least 60 days from your receipt of this notice to make your distribution decision. You waive the 60-day period by initiating either a direct rollover or a payment to you before the end of the 60-day period.

If you choose a DIRECT ROLLOVER:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- Your payment will be made directly to your traditional IRA or, if you choose, to another 403(b) plan that accepts your rollover. Your Plan payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or an education IRA because these are **not** traditional IRAs.
- Your payment will be taxed later when you take it out of the traditional IRA or another plan.

If you choose to have your Plan payment that is eligible for rollover PAID TO YOU:

- You will receive only 80% of the payment because the Plan administrator, his/her agent or fund sponsor is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes.

  Your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59 ½, you also may have to pay an additional 10% tax.

APPENDIX 3. CONTINUED

- You can roll over the payment by paying it to your traditional IRA or to another plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or another plan.

- If you want to roll over 100% of the payment to a traditional IRA or another plan, *you must find other money to replace the 20% that was withheld.* If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

ADDITIONAL INFORMATION

1. Payments that can & cannot be rolled over

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to an IRA or to another plan that accepts rollovers. Payments from the Plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or an education IRA. Your retirement plan carrier(s) should be able to tell you what portion of your payment is an eligible rollover distribution.

The following types of payments *cannot* be rolled over:

Non-taxable Payment. In general, only the "taxable portion" of your payment can be rolled over. If you have made "after-tax" employee contributions to the Plan (prior to 1986), these contributions will be non-taxable when they are paid to you, and they cannot be rolled over. (After-tax employee contributions generally are contributions you made from your own pay that were already taxed.) Your retirement carrier(s) should be able to tell you how much of your payment is the taxable portion and how much is the after-tax employee contribution portion.

Payments Spread Over Long Periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or your life expectancy); or
- your lifetime and your beneficiary's lifetime (or life expectancies); or
- a period of nine years or more.

Required Minimum Payments. Beginning in the year in which you reach age 70 ½ or retire from service at Brown University, whichever is later, a certain portion of your payment cannot be rolled over because it is a "minimum required distribution" (MRD) that must be paid to you by law.

2. Direct Rollovers

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a traditional IRA or to another plan that will accept it. You can choose a DIRECT ROLLOVER of all or a portion of your payment that is an eligible rollover distribution, as described above. You are not taxed on any portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or another plan. In addition, no income tax withholding is required for any portion of your Plan benefits for which you choose a DIRECT ROLLOVER.

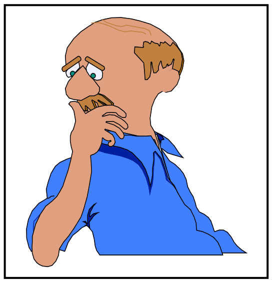
- **Direct Rollover to a Traditional IRA.** You can open a traditional IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to consider

APPENDIX 3. CONTINUED

whether the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. See **IRS Publication 590, *Individual Retirement Arrangements***, for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

- **Direct Rollover to a Plan**. If you are employed by a new employer that has a plan, and you want a direct rollover to that plan, ask the retirement carrier(s) whether it will accept your rollover. A plan is not legally required to accept a rollover. If your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA.

- **Direct Rollover of a Series of Payments**. If you receive a payment that can be rolled over to a traditional IRA or to another plan that will accept it, and it is paid in a series for less than nine years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payments in the series of payments.



3. Payment paid to you

If your payment can be rolled over under any of the above conditions and the payment is made to you in cash, it is subject to 20% federal income tax withholding. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or another plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding

- **Mandatory Withholding.** If any portion of your payment can be rolled over under 1. above and you do not elect a DIRECT ROLLOVER, the Plan or fund sponsor is required by law to withhold 20% of that amount. This amount is sent to the IRS as income tax withholding. For example, if you can roll over a payment of $10,000, only $8,000 will be paid to you because the Plan or fund sponsor must withhold $2,000 as income tax. However, when you prepare your income tax return for the year, you must report the full $10,000 as a payment from the Plan. You must report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year.

- **Voluntary Withholding.** If any portion of your payment is taxable but cannot be rolled over as described in 1. above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. To elect out of withholding, ask the plan administrator or fund sponsor for an election form and related information.

- **Sixty-Day Rollover Option**. If you receive a payment that can be rolled over as described in 1. above, you can still decide to roll over all or part of it to a traditional IRA or to another plan that accepts rollovers. If you decide to roll over, *you must contribute the amount of the payment you received to a traditional IRA or another plan within 60 days after you receive the payment*. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or another plan.

  You can roll over up to 100% of your payment that can be rolled over as described under 1. above, including an amount equal to the 20% that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the other plan to replace the 20% that was withheld. On the other hand, if you roll over only the 80% that you received, you will be taxed on the 20% that was withheld.

Example: The portion of your payment that can be rolled over under as described under 1. above is $10,000, and you choose to have it paid to you. You will receive $8,000 **and** $2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the $8,000, you may roll over the entire $10,000 to a traditional IRA or to another plan. To do this, you roll over the $8,000 you received from the Plan, and you will have to find $2,000 from other sources (your savings, a loan, etc.). In this case, the entire $10,000 is not taxed until you take it out of the traditional IRA or the other plan. If you roll over the entire $10,000, you may get a refund all or part of the $2,000 withheld when you file your income tax return.

If, on the other hand, you roll over only $8,000, the $2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of the $2,000 withheld. (However, any refund is likely to be larger if you roll over the entire $10,000.)

- **Additional 10% Tax if You Are Under Age 59 ½.** If you receive a payment before you reach age 59 ½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax does not generally apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, or (6) payments that do not exceed the amount of your deductible medical expenses. See **IRS Form 5329** for more information on the additional 10% tax.

- **Repayment of Plan Loans.** If you end your employment and have an outstanding loan from your Plan or fund sponsor, your employer may reduce (or "offset") your balance in the Plan by the amount of your loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another plan or a traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from the offset. If you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan repayment. The amount withheld will be limited to the amount of other cash or property paid to you (other than employer securities).

4. Surviving spouses, alternate payees & other beneficiaries

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation. Some of the rules summarized above also apply to a deceased employee's beneficiary who is not a spouse. However, there are some exceptions for payments to surviving spouses, alternate payees, and other beneficiaries that should be mentioned.

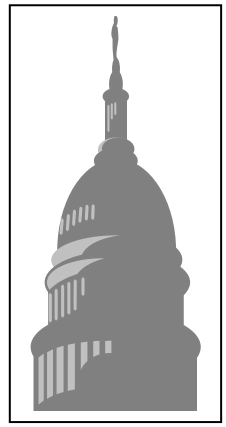
If you are a surviving spouse, you may choose to have a payment that can be rolled over, as described in 1. above, paid in a DIRECT ROLLOVER to a traditional IRA or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA but you cannot roll it over to another plan. If you are an alternate payee, you have the same choices as the employee. Thus, you can have the payment paid as a DIRECT ROLLOVER or paid to you. If you have it paid to you, you can keep it or roll it over yourself to a traditional IRA or to another plan that accept rollovers.

If you are a beneficiary other than the surviving spouse, you *cannot* choose a direct rollover, and you *cannot* roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described above in **3. Payment paid to you**, even if you are younger than age 59 ½.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions, as described in section 3 above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years participation in the Plan.

5. How to obtain more information



This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax adviser before you take a payment of your benefits from the Plan. Also, you can find more specific information on the tax treatment of payments from 403(b) retirement plans in IRS Publication 571, *Tax-Sheltered Annuity Programs for Employees of Public Schools and Certain Tax-Exempt Organizations, Pension and Annuity Income,* IRS Publication 590, *Individual Retirement Arrangements,* IRS Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements.* These publications are available from your local IRS office, on the IRS Web site at **http://www.irs.gov** or by calling **1-800/TAX-FORMS**.

APPENDIX 4: POST-EMPLOYMENT LIFE INSURANCE

EMPLOYEE OPTIONAL LIFE

If you had your Employee Optional Life plan in place for 12 months at the time of your retirement or termination, your coverage under the Brown University policy is portable. The portability provision allows you to continue your Employee Optional Life coverage with Lincoln Financial on a group basis. You may continue the same amount of Employee Optional Life insurance you had with Brown University, or $500,000, whichever is less. Of course, you may find that you don't need as much coverage now, so you may elect to continue at a smaller amount.

You will receive a *Request for Quote/Conversion* application from the Brown University Benefits Office.

If you wish to continue your Employee Optional Life coverage, simply complete Part B, "To Be Completed by the Insured," and mail the completed form **within 31 days** to:

Lincoln Financial Group
Lincoln National Life Insurance Co.
PO Box 0821
Carol Stream, IL 60132-0821

Upon receipt of your form and payment, Lincoln Financial will send you a certificate of group insurance. You can pay for your coverage in convenient monthly installments, sent directly to the Lincoln Financial Group.

EMPLOYEE BASIC LIFE, DEPENDENT LIFE AND OPTIONAL LIFE

You also have the option of converting your Employee Basic Life, Dependent Life and Optional Life insurance that were in place at the time of your retirement or termination to an individual life policy. The amounts available for conversion are equal to the amount(s) of group life benefits that ended. To convert coverage, call the Lincoln Financial Group at 800/423-2765 for assistance **within 31 days** of your date of termination from service at Brown University.

<u>We are pleased to offer you the opportunity to continue your life insurance coverage in order to provide ongoing protection and financial security for your family.</u>