

Qualified Default Investment Alternative (QDIA) with Automatic Enrollment Annual Notice

Five Colleges, Incorporated DC (Deferred Contribution) Retirement Plan

Five Colleges, Incorporated ("FCI," your "employer") is making saving for retirement under our 403(b) Plan even easier. We offer an automatic enrollment feature and make employer matching contributions.

You are receiving this notice to inform you of how your contributions under the plan are being invested and how they will continue to be invested if you have not provided complete investment instructions. Please disregard this notice if you have already completed and submitted a Salary Deferral Agreement and have provided complete investment instructions.

If you have not completed and submitted a Salary Deferral Agreement, you will be/have been automatically enrolled in the Plan starting with your first paycheck on or after July 1, 2014. This means that amounts are being taken from your pay and contributed to the Plan. These automatic contributions are 5% of your eligible pay each pay period. But you can choose a different amount. You can choose to contribute more, less, or even nothing.

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

1. Whether the Plan's automatic enrollment feature applies to you;
2. What amounts are being automatically taken from your salary and contributed to the Plan;
3. What other amounts your employer is contributing to your Account;
4. How your contributions are being invested;
5. How you can change the investment allocation of your contributions;
6. When will your Account balance be vested and available to you;
7. How you can change the amount of your contributions;
8. How you can change your beneficiary designation(s); and
9. What to do if you have more questions.

Distributions from 403(b) plans before age 59 ½, severance from employment, death, or disability may be prohibited, limited, and/or subject to substantial tax penalties. Different restrictions may apply to other types of plans.

You can find out more about the Plan in the Summary Plan Description (SPD), which will be available on the FCI staff webpage and by logging into your secure account at www.tiaa-cref.org/fivecolleges

1. Does the Plan's Automatic Enrollment feature apply to me?

The Plan's automatic enrollment feature does not apply to you if you have already elected (completed and submitted a Salary Deferral Agreement to the FCI business office) to make contributions to the Plan or to not contribute. If you made an election of how much you want to contribute, your contribution level remains the same. You can always change your

contribution level by completing and submitting a new Salary Deferral Agreement to the FCI business office at the address shown at the end of this notice.

The Plan's automatic enrollment feature does apply to you if you have not elected a contribution rate level by completing and submitting a new Salary Deferral Agreement to the FCI business office. In this case, you will be automatically enrolled in the Plan starting with your first paycheck on or after July 1, 2014. This means money will be taken automatically from your salary and contributed to your account. If you do not want to be enrolled, you need to obtain a Salary Deferral Agreement from the FCI business office and then submit the completed Agreement to the FCI business office indicating your election by September 30, 2014 (preferably by July 1, 2014) or no more than 90 days after your date of hire, whichever is later.

2. If I do nothing and become automatically enrolled, how much will be taken from my salary and contributed to the Plan?

If you have not turned in a completed Salary Deferral Agreement by September 30, 2014 or no more than 90 days after your date of hire, whichever is later, **5%** of your eligible salary for each pay period will continue to be taken from your salary and contributed to the Plan. To learn more about the Plan's definition of eligible salary, you can review the Plan's Summary Plan Description (SPD).

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

Contributions will continue to be taken out of your salary if you do nothing. But you are in charge of the amount that you contribute. You may decide to do nothing and become automatically enrolled at 5%, or you may choose to contribute an amount that better meets your needs. You can change your contributions by completing and submitting a new Salary Deferral Agreement to the FCI business office at the address listed at the end of this notice.

If you want to contribute more to your account than the automatic enrollment percentage, there are limits on the maximum amount. These limits are described in the Plan's Summary Plan Description (SPD).

If you do not wish to be enrolled, yet do not complete and submit a Salary Deferral Agreement in time to stop the automatic contributions, you can receive a refund of the contributions (plus or minus investment earnings or losses) for a short time, despite the general limits on Plan withdrawals. During the 90 days after automatic contributions are first taken from your salary, you can withdraw the Auto Enroll accumulations by contacting the Plan Administrator at the address listed at the end of this notice. The amount you withdraw will be adjusted for any gain or loss. If you request a refund of your Auto Enroll accumulations, you will also forfeit the matching employer accumulations under the Auto Enrollment provision. Also, your withdrawal will be subject to federal income tax in the year of the distribution (but not the extra 10% tax that normally applies to early distributions before the age of 59½). The employee accumulations will be taxable in the year of the distribution and you will receive an Internal Revenue Service (IRS) Form 1099R for the applicable tax reporting.

3. In addition to the contributions taken out of my salary, what amount is FCI contributing to my Account ("match") and what is my eligibility to receive the match?

Besides contributing the amounts taken from your salary, FCI will match your contribution of 5% of your salary with contributions equal to **10%** of your salary per pay period. THESE CONTRIBUTIONS FROM FCI WILL NOT BEGIN UNTIL YOU HAVE COMPLETED ONE YEAR OF SERVICE WITH FCI. THE FCI CONTRIBUTIONS WILL BEGIN AUTOMATICALLY WHEN YOU REACH ONE YEAR OF SERVICE. If you decrease your contributions to the plan, FCI will match that amount, at two dollars for each dollar, up to a maximum of 5 % of your salary. Above that amount, FCI will contribute 0% of salary for each additional percent of salary you contribute to the plan. Therefore, to get the most from these matching contributions, you must contribute at least 5% of your eligible pay each pay period. This is equal to the automatic contribution rate.

FCI matching contributions depend on the amount you contribute out of your salary each pay period.

For example:

- If you earn \$2,000 in eligible salary during a pay period and you elect to contribute 5% of your pay, FCI will deduct \$100 from your pay for the pay period (that is, 5% x \$2,000). The \$100 will be put in your Account. FCI will also make matching contributions to your Account of \$200 (10% x \$2,000) for the pay period. In other words, FCI will make a two dollars-for-one dollar matching contribution on your contributions up to 5% of eligible pay.
- Or, if you contribute 3% of your eligible pay for the pay period, FCI will take \$60 (3% x \$2,000) out of your pay and put it in your Account, and will also make \$120 (6% x \$2,000) in matching contributions for the pay period.
- Or, if you choose to contribute 7% of your eligible pay for the pay period, FCI will take \$140 (7% x \$2,000) out of your pay and put it in your Account, and will also make \$200 (10% maximum match x \$2,000) in matching contributions for the pay period.
- Or, if you choose not to contribute to the Plan for a pay period, you will get no matching contributions for the pay period.

Remember, you can always change the amount you contribute to the Plan by completing and submitting a new Salary Deferral Agreement to the FCI business office at the address shown at the end of this notice.

4. How are my contributions being invested?

TIAA-CREF has been selected by FCI as the investment provider for the Automatic Enrollment contributions. The Plan lets you invest the contributions in a number of different investment choices. Unless you choose a different investment option or options, the Auto Enroll contributions will be invested in the default investment option for FCI DC Retirement Plan, which is the TIAA-CREF Lifecycle Fund corresponding to your age. If the default investment option changes at any time in the future, you will be notified.

The enclosed Fact Sheet for the TIAA-CREF Lifecycle Fund provides additional information including the investment objectives and strategy, fund/account performance, risk and return characteristics, and fees and expenses of the fund. You can obtain updated information on fee

expenses and a more detailed explanation of the TIAA-CREF Lifecycle Fund at www.tiaa-cref.org/fivecolleges or by contacting TIAA-CREF at **800 842-2252**.

To learn more about the Plan's investment choices, you can review the Plan's SPD. Also, you can contact the Plan Administrator using the contact information at the end of this notice.

5. How can I change the investment allocation of the contributions that will be made on my behalf by FCI to another investment choice available under the plan?

The Plan allows you to choose from a diverse set of investment options. A list of the Plan's available investment options and a copy of the prospectus or information statement for each investment option may be obtained from TIAA-CREF at **800 842-2252** or at www.tiaa-cref.org/fivecolleges

You have the right to change the allocation of your investments at any time. If you elect to change the allocation of your account from the TIAA-CREF Lifecycle Fund, there are no fees or expenses imposed in connection with that transfer. But certain restrictions may apply if multiple transfers are made from any one account. See the fund prospectus at www.tiaa-cref.org/fivecolleges for more details on restrictions on frequent transfers.

You can change how the contributions are invested among the Plan's offered investment options, by contacting TIAA-CREF at **800 842-2252** or accessing your account online at www.tiaa-cref.org/fivecolleges .

6. When will my Account be vested and available to me?

You will be fully vested in your contributions to the Plan beginning with your first contribution to the Plan. You will also be fully vested in the employer matching contributions beginning with FCI's first contribution. To be fully vested means that the contributions (together with any investment gain or loss) will always belong to you, and you will not lose them when you leave your job.

Even if you are vested in your Account, there are limits on when you may withdraw your funds. These limits may be important to you in deciding how much, if any, to contribute to the Plan. In general, for 403(b) plans you may only withdraw vested money after you leave your job, reach age 59½, or become disabled. Also, there is a 10% federal tax penalty on distributions before age 59½.

7. Can I change the amount of my contributions?

You can change the amount you contribute to the Plan. If you do not want to contribute to the Plan (and you haven't already elected not to contribute), you will want to turn in the Salary Deferral Agreement electing zero contributions (0%) by September 30, 2014 (preferably by July 1, 2014) or no more than 90 days after your date of hire, whichever is later.

If you discontinue automatic contributions, FCI will treat you as having chosen to make no further contributions. However, you can always choose to continue or restart your contributions by completing and submitting a new Salary Deferral Agreement to the Plan Administrator.

8. How can I change my beneficiary designation(s)?

In addition to reviewing how your contributions are invested, you should also review and update your beneficiary designation(s) if it does not reflect how you would want your assets distributed upon your death. With Auto Enrollment, your beneficiary defaults to "my estate". Reviewing and changing your beneficiary designation(s) in accordance with Plan rules can be made by logging into your secure account at www.tiaa-cref.org/fivecolleges or by contacting TIAA-CREF at **800-842-2252**.

9. Who should I call if I have any questions?

If you have any questions about the Plan's investment choices, how the Plan works or your rights and obligations under the Plan, or if you would like a copy of the Plan's Summary Plan Description (SPD) or other Plan documents, please go to the FCI staff webpage, log into your secure account at www.tiaa-cref.org/fivecolleges, or contact the Plan Administrator:

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