

Important Notice about the USC Retirement Savings Program

All faculty and staff employees, except those eligible to participate in the USC Hospital 401(k) Retirement Plan, are eligible to make pre-tax or Roth 403(b) contributions to the supplemental component of the USC Retirement Savings Program beginning with the first pay period following approval of your Workday online transaction. Supplemental contributions are not matched by the University. If you are a match-eligible employee, you may participate in the matching and non-elective components of the USC Retirement Savings Program upon completion of a six month period in which you complete at least 500 hours of service. Your enrollment is effective the first pay period following completion of the eligibility period. (Please see the Program's Summary Plan Description for information about who is a match-eligible employee.)

The Program is intended to satisfy the rules of Internal Revenue Code section 401(m), and to do so, the Program must satisfy certain "nondiscrimination requirements." These requirements are imposed to prevent the Program from discriminating in favor of highly compensated employees. The Internal Revenue Code provides plan sponsors with a "safe harbor" method for satisfying these nondiscrimination requirements, and the Program is intended to satisfy this safe harbor.

Contributions

One method for satisfying the safe harbor is to make fully vested (i.e., non-forfeitable) matching contributions. Currently, the Program satisfies the safe harbor by providing for matching contributions each year that equal 100% of your matched employee contributions, which are your pre-tax and/or Roth 403(b) contributions that do not exceed the lesser of 5% of your eligible earnings or the applicable IRS limit for the year. The university also makes a 5% non-elective contribution whether or not you contribute. This means that the university will make a total 10% contribution if you make a 5% matched employee contribution. You may, however, choose to contribute less than 5%, or even nothing at all, and still receive a reduced USC contribution:

YOU	USC Match	USC Non- Elective*	USC Total
5%	5%	5%	10%
4%	4%	5%	9%
3%	3%	5%	8%
2%	2%	5%	7%
1%	1%	5%	6%
0%	1%	5%	5%

*This non-elective employer contribution is subject to a four year graded vesting schedule (25% per credited year of service) for new employees hired on or after January 1, 2012.

2017 Employee Contributions

Please note that any contributions you make to any other 401(k) or 403(b) plans in 2017 are also counted toward the annual IRS limit. For calendar year 2017, this limit is \$18,000 (\$24,000 if you are age 50 or older.) If available under the applicable IRS limit for the year, you may also make additional pre-tax or Roth 403(b) contributions which are called supplemental employee contributions. Please see your Summary Plan Description for more information about the Program, including the definition of eligible earnings and more detailed information about contributions and the underlying plans in the Program.

Automatic Enrollment

If you satisfy an eligibility period but do not complete the enrollment process, which includes an online salary reduction agreement and enrollment forms, by your enrollment deadline, you automatically will be enrolled in the Program. If you have already been automatically enrolled in the Program, your contribution rate was set up as 5% of your eligible earnings made on a pre-tax basis, with the university making a 5% match and a 5% non-elective contribution for a total USC contribution of 10% of your eligible earnings.

If you do not want to contribute to the Program or you want to contribute less than 5%, or you want to make Roth 403(b) contributions, you must complete the online salary reduction agreement and enrollment forms in a timely manner. In the future, you may change your contribution percentage, stop your contributions altogether, or change between pre-tax and Roth 403(b) contributions at any time by completing a new salary reduction agreement using Workday, the university's online employee services website. Changes will be effective with the pay period following the approval of your online transaction. Changes cannot be made retroactively.

Plan Investments—Default Investment Fund Information for the Program

You have the right to direct your contributions to your choice of the three investment providers offered under the Program: Fidelity Investments, TIAA and Vanguard. If you do not submit the required paperwork by your enrollment deadline, both your contribution and the university contributions will be sent to Fidelity Investments and invested in the Vanguard Institutional Target Retirement Fund most appropriate for your estimated retirement year (assuming a retirement age of 65). If you met an eligibility period prior to March 2016 and did not complete paperwork by your enrollment deadline, your contributions along with USC's contributions were sent to Vanguard and invested in the Vanguard Target Retirement Fund most appropriate for your estimated retirement year (assuming a retirement age of 65). You may also have funds automatically invested in the Vanguard Institutional Target Retirement Funds if you selected an investment provider but did not choose investment funds or if your account balances were mapped into the Vanguard Institutional Target Retirement Funds as a result of the April 2016 investment menu changes.

The following is a summary of the Vanguard Institutional Target Retirement Funds:

Fund	Expenses¹	Overall Risk Level
Institutional Target Retirement Income Fund	0.10%	Conservative–Moderate
Institutional Target Retirement 2010 Fund	0.10%	Moderate
Institutional Target Retirement 2015 Fund	0.10%	Moderate
Institutional Target Retirement 2020 Fund	0.10%	Moderate
Institutional Target Retirement 2025 Fund	0.10%	Moderate
Institutional Target Retirement 2030 Fund	0.10%	Moderate
Institutional Target Retirement 2035 Fund	0.10%	Moderate–Aggressive
Institutional Target Retirement 2040 Fund	0.10%	Moderate–Aggressive
Institutional Target Retirement 2045 Fund	0.10%	Moderate–Aggressive
Institutional Target Retirement 2050 Fund	0.10%	Moderate-Aggressive
Institutional Target Retirement 2055 Fund	0.10%	Moderate-Aggressive
Institutional Target Retirement 2060 Fund	0.10%	Moderate-Aggressive

¹Expenses shown are those in effect October 2016. This figure represents a weighted average of the expense ratios and any fees charged by the underlying mutual funds in which the Target Retirement Funds invest. The Target Retirement Funds do not charge any expenses or fees of their own.

Vanguard Target Retirement Funds provide a professionally maintained, diversified mix of investments that shifts its emphasis to more conservative investments as the year of retirement nears. Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in a Target Retirement Fund is not guaranteed at any time, including on or after the target date. Keep in mind that diversification does not ensure a profit or protect against a loss.

You may change your investment provider at any time by logging on to Workday and completing a new salary reduction agreement and vendor enrollment forms. You may change investment elections within a particular provider at any time by contacting that provider.

Investment Provider	Website	Phone Number
Fidelity Investments	www.netbenefits.com/uscrsp	800-343-0860
Prudential Retirement	www.uscpru.com	800-458-6333
SunAmerica	www.sunamerica.com	800-445-7862
TIAA	www.tiaa.org/usc	800-842-2252
Vanguard	www.vanguard.com/usc	800-523-1188

Account accumulations can be moved from the Vanguard Institutional Target Retirement Funds to any of the other investment options available under USC's Retirement Savings Program at any time without fees or surrender charges.

Vesting and Withdrawals

For employees hired before January 1, 2012, all employee contributions and both the USC matching and USC non-elective contributions are fully vested at all times. The USC non-elective 5% contribution is subject to a four year graded schedule (25% per each credited year of service) for employees hired on or after January 1, 2012.

While employed at USC, you may withdraw from the accumulations in the supplemental component of your account upon attaining age 59½. Generally, you may withdraw from your total Program accumulations when your employment with the university ends, if you become entitled to a Social Security disability benefit, or upon attaining age 59½ (if you are not tenured or, if tenured, you enter into a phased retirement agreement, or submit a resignation from tenure or resign from your full-time primary administrative position as an officer of the university or a vice president, vice provost or the dean of a school). You may borrow up to 50% of your supplemental employee and vested university accumulations, subject to specific IRS rules and limits. You may withdraw from your matched and supplemental employee contributions in the event of certain financial hardships as defined by the IRS. Your contributions to any of the USC retirement plans will be suspended for a six month period following your hardship distribution. Please see the Summary Plan Description for information about the restrictions, taxes and, in some cases, penalties that apply to both pre-tax and Roth 403(b) withdrawals.

Additional Information

Complete information about the USC Retirement Savings Program, including your investment provider choices and contact information as well as links to the enrollment forms, can be found at the Benefits Web site at <https://employees.usc.edu/benefits/retirement/>.

You may obtain a copy of the Summary Plan Description and the Summary Annual Reports at the same web address. You may also obtain paper copies of this notice, the Summary Plan Description and the Summary Annual Reports by contacting Retirement Plan Administration at 213-821-8131 or rpadmin@usc.edu. Please contact the investment providers directly, or visit their websites, for information about the funds available to you in the USC Retirement Savings Program. If you have any questions regarding your enrollment in the USC Retirement Savings Program, please call the Office of Benefits Administration at (213) 821-8100 or send email to benefits@usc.edu. If there is any inconsistency between this Notice and the Program's official plan documents, the plan documents will control.