



**2022 Caltech Base Retirement Plan Updates:
 New Institute Contribution Formula and Vesting Schedule
 Applicable to Employees Hired or Rehired on or After January 1, 2022
 Summary of Material Modifications**

Employees Hired or Rehired on or After January 1, 2022

The following sections are applicable to Caltech Base Retirement Plan (Base Plan) eligible Employees hired or rehired on or after January 1, 2022.

New Institute Contribution Formula (“Base Benefit”)

Effective January 1, 2022, the Institute will introduce an additional contribution formula to the Caltech Base Retirement Plan (“Base Plan”), which will be calculated as described in the chart below:

Employees hired prior to January 1, 2022 are not affected by this change in benefit and will remain in the Staff or Key Staff contribution formula based on their eligibility.

New Institute Contribution Formula (Base Benefit)

Less Than 10 Completed Years of Service	10 or More Completed Years of Service
<ul style="list-style-type: none"> 5% of eligible compensation¹ up to SSWB² limit, then 10% of eligible compensation¹ over SSWB² limit, up to the IRS compensation limit³ No Employee Mandatory contributions 	<ul style="list-style-type: none"> 11% of eligible compensation¹ up to SSWB² limit, then 16.5% of eligible compensation¹ over SSWB² limit, up to the IRS compensation limit³ No Employee Mandatory contributions

¹ Eligible compensation generally is the Employee’s taxable income including lump sum payments, but excludes certain forms of pay including bonuses, foreign allowances, relocations, taxable reimbursements, imputed income, and gross-ups.
² Social Security Wage Base (SSWB) limit is updated annually. For 2021, the SSWB limit is \$142,800.
³ IRS Section 401(a)(17) maximum compensation limit is updated annually. For 2021, the limit is \$290,000.

Summary of Material Modifications

Three-Year Graded Vesting Schedule

Institute contributions made under the new Base Benefit contribution formula will be subject to the 3-year graded vesting schedule described in the chart below:

Completed Years of Service	Percentage Vested
Less than 1	0%
1 but less than 2	33%
2 but less than 3	66%
3 or more	100%

Vesting service is calculated using the Employee's original Institute hire date and is based on total elapsed time of employment. Regardless of vesting service, an Employee is automatically 100% vested at age 65 or if death occurs while actively employed.

Once an Employee is 100% vested in the Institute's contribution to the Base Plan, they remain 100% vested and the amount contributed by the Institute cannot be forfeited. However, if an Employee terminates employment from the Institute prior to becoming 100% vested, the non-vested portion of the Employee's Base Plan account, including all associated investment earnings, will be forfeited upon termination of employment. Forfeited funds may be reinstated if you return to work within five years of your termination date. If you have taken a distribution of your account balance and then are subsequently rehired within five years, you must repay any distribution account balance in order to reinstate any forfeited investment earnings.

Once an Employee is 100% vested in the Base Plan, they retain that vesting even if they terminate employment from the Institute and are subsequently rehired after January 1, 2022.

Base Plan Participation Date

Employees in a retirement plan eligible employment category who are hired on or after January 1, 2022 will enter the Base Retirement Plan ("Base Plan") as of the first of the month coincident with or next following their date of hire or date they change to an eligible employment category.

Institute Contribution Percentage—Base Benefit Contribution Formula

An Employee's completed Years of Service is used to determine the Institute's contribution percentage under the new Base Benefit formula. The Years of Service calculation excludes periods of time during which an Employee is not employed by the Institute or is employed in a non-eligible employment category. The Institute's contribution percentage will change to the next level on the first of the month following the service anniversary date.

Employees Who Terminate Employment from the Institute and Are Subsequently Rehired On or After January 1, 2022

- Eligibility for contributions to the Base Plan under the Staff or Key Staff contribution formula will end upon termination of employment.
- Participation in the Base Plan will be effective as of the Employee's rehire date.
- Institute contributions to the Base Plan will be calculated using the new "Base Benefit" contribution formula as of the Employee's date of rehire.
- Rehired Employees with an original date of hire prior to January 1, 2022 will continue to be 100% vested as of their original date of hire. Institute contributions made on or after January 1, 2022 will continue to be immediately 100% vested.

Summary of Material Modifications

Employees Hired or Rehired Before January 1, 2022

The following sections are applicable to eligible Employees hired or rehired **before** January 1, 2022 with continued benefit-based service.

No Changes to Institute Contribution Formulas and Provisions (Staff and Key Staff)

Institute contributions to the Base Plan will continue to be calculated for eligible Employees using the current Staff and Key Staff contribution formulas (see Q&A section for more information on the Staff and Key Staff contribution formulas) based on the Employee's eligibility.

No Changes to Vesting Status

Institute contributions made under the Staff and Key Staff contribution formulas are immediately 100% vested and will continue to be 100% vested.

Accelerated Base Plan Participation Date for Eligible Employees Currently Subject to a Waiting Period Under the Staff Contribution Formula

Employees who were hired prior to January 1, 2022 and are within their waiting period for participation in the Base Plan under the Staff contribution formula will have their participation date accelerated for plan entry as of January 1, 2022. Upon plan entry, contributions to the Base Plan will be calculated using the Staff contribution formula.

Institute Contribution Percentage—Staff Contribution Formula

An Employee's completed Years of Service is used to determine the Institute's contribution percentage under the Staff contribution formula. The Years of Service calculation excludes periods of time during which an Employee is not employed by the Institute or is employed in a non-eligible employment category. Years of Service calculated as of January 1, 2022 will remain unchanged for purposes of determining whether an Employee has satisfied the Base Plan's Years of Service requirement for transition to the next higher contribution percentage tier under the Staff contribution formula.

Impact of Employment Status Changes

Employees hired prior to January 1, 2022 who transition from a non-benefit based employment status to a benefit-based employment status and become eligible for the Base Plan on or after January 1, 2022 will receive Institute contributions to the Base Plan using the Staff or Key Staff contribution formula, based on the Employee's eligibility.

You can contact TIAA today for more information.



By phone

You can contact TIAA at **800-842-2252** to speak with a consultant. They are available weekdays, 5 a.m. to 7 p.m. (PT)



Online

You can arrange a 1:1 meeting with a TIAA financial consultant. Visit **[TIAA.org/schedulenow-caltech](https://www.tiaa.org/schedulenow-caltech)** or call **800-732-8353** and choose Option 1

Q & A Section:

1. Why is the Institute adding a new contribution formula to the Base Plan?

The Institute is adding the new contribution formula in keeping with the Institute's goal of providing sustainable and competitive retirement plan benefits.

2. What is the impact to current Employees participating in the Base Plan prior to January 1, 2022?

Generally, there is no impact to participants in the Base Plan as of December 31, 2021, unless an Employee leaves the Institute and is subsequently rehired on or after January 1, 2022 (see Question 4).

Participants in the Base Plan as of December 31, 2021 will otherwise continue to receive Institute contributions to the Base Plan using the existing Staff or Key Staff contribution formula based on their eligibility. In addition, all current and future Institute contributions and associated investment earnings to the Base Plan will remain 100% vested.

3. Who is eligible to receive Institute contributions under the new Base Benefit formula?

All Base Plan eligible Caltech faculty, Caltech and JPL Employees in employment types Regular, Temporary Employee Special, Academia Partner and Postdoctoral Scholars who are hired or rehired on or after January 1, 2022 are eligible for the new Base Benefit formula. Regardless of employment classification, an eligible participant must be scheduled to work at least 20 or more hours per week to receive a contribution under the Base Plan.

4. What happens if I leave the Institute and am subsequently rehired?

If an Employee leaves the Institute and is subsequently rehired, one of the following will occur, based on when the Employee is rehired:

- If an Employee is rehired **before January 1, 2022** and is eligible to participate in the Base Plan, they will be eligible to participate in the Base Plan as of their rehire date and be eligible for Institute contributions under the Staff or Key Staff contribution formula, based on their eligibility and will be immediately 100% vested in their Base Plan account.
- If an Employee is rehired **on or after January 1, 2022** and is eligible to participate in the Base Plan, they will be eligible to participate as of their rehire date and will be eligible for Institute contributions under the new Base Benefit contribution formula. **If the Employee's original hire date is prior to January 1, 2022, they will retain 100% vesting of their Base Plan account including Institute contributions made on and after January 1, 2022.**

5. How is eligible compensation determined under the new Base Benefit contribution formula?

Eligible compensation used in the calculation of Institute contributions under the Base Benefit contribution formula is generally the Employee's taxable income, and:

- includes lump sum payments in lieu of salary increases earned after becoming eligible for the Base Benefit, **but**
- excludes certain forms of compensation including bonuses, foreign allowances, relocations and reimbursements, other taxable reimbursements, imputed income, and gross-ups.

Eligible compensation earned prior to becoming eligible for the Base Benefit contribution formula is not used in determining whether an Employee has reached or exceeded the Social Security Wage Base (SSWB) limit.

The IRS Section 401(a)(17) maximum compensation limit on which Institute contributions are based is the sum total of all Base Plan eligible wages earned in the calendar year. Once an Employee reaches the IRS compensation limit for the calendar year, Institute contributions stop for the remainder of that year.

Summary of Material Modifications

6. What if I transfer from Campus to JPL or from JPL to Campus?

If an Employee transfers between Campus and JPL without a break in employment, the transfer will not affect the contribution formula they were receiving at the time of transfer, regardless if the Employee was participating under the Staff or Key Staff contribution formula or the new Base Benefit contribution formula.

7. Will current participants be afforded the option to voluntarily elect the new Base Benefit contribution formula?

No. Current participants are eligible only for the Staff or Key Staff contribution formula, based on their eligibility, unless they terminate employment after January 1, 2022 and are subsequently rehired.

8. What are the Staff and Key Staff contribution formulas?

Who is eligible?	Institute contributions ³	Participant contributions	When am I vested?
Faculty ¹ Key staff employees ²	<p>Key Staff Formula:</p> <p>Under age 55</p> <ul style="list-style-type: none"> 8.3% of base salary up to the SSWB⁴ 14% of base salary over the SSWB <p>Over age 55</p> <ul style="list-style-type: none"> 12.3% of base salary up to the SSWB⁴ 18% of base salary over the SSWB 	When salary exceeds the SSWB, the employee mandatory contribution is 5.7% of the difference between salary and the SSWB	Immediately at 100%
Staff employees	<p>Staff Formula:</p> <ul style="list-style-type: none"> 1 – 10 Years of Service = 5% of gross pay 10 + Years of Service = 8% of gross pay 	None	Immediately at 100%
Postdoctoral scholars ⁵	<ul style="list-style-type: none"> Age 50 and 10 + Years of Service = 12% of gross pay 	None	Immediately at 100%

¹ All tenured and tenure track faculty.

² Non-tenured faculty and staff whose annual base salary is above the minimum compensation level (MCL). The MCL is \$124,000 for 2021 and increases to \$129,000 for 2022.

³ The maximum compensation used for calculating the contribution is \$290,000 in 2021.

⁴ SSWB = Social Security Wage Base (\$142,800 in 2021).

⁵ Fellowship stipends distributed by Caltech are not considered "salary" eligible for Institute contributions.

Important plan information

Name and address of employer, plan administrator and plan sponsor

California Institute of Technology
1200 E. California Blvd.
Mail Code 161-84
Pasadena, CA 91125

Caltech contact information for plan questions
Email: hrbenefits@caltech.edu
Phone: 626-395-6443

1200 E. California Blvd.
Mail Code 161-84
Pasadena, CA 91125

JPL contact information for plan questions
Email: benefits@jpl.nasa.gov
Phone: 818-354-4447

4800 Oak Grove Dr.
Mail Code T1720-B
Pasadena, CA 91109

Summary of Material Modifications for the Caltech Base Retirement Plan (Base Plan)

This document serves as the Summary of Material Modifications for the Caltech Base Retirement Plan (Base Plan). This Summary of Material Modifications describes the changes that affect the Base Plan and updates the Summary Plan Description.

Please read this document carefully and place this notice with your Benefits Handbook (Summary Plan Description). These changes are effective January 1, 2022, unless otherwise stated elsewhere in this document.

This brochure is not a substitute for the official Plan Documents, which govern the operation of the plan and benefits described here. All terms and conditions of the plan, including your eligibility and any benefits, will be determined pursuant to and are governed by the provisions of the applicable Plan Documents.

If there is any discrepancy between the information in this brochure or in any other materials relating to the plan and benefits described here and the actual Plan Documents, or if there is a conflict between information discussed by anyone acting on Caltech's behalf and the actual Plan Documents, the Plan Documents, as interpreted by the applicable Plan Administrator in its sole discretion, will always govern.

