# **Automatic Deferral Notice** **(2022 Plan Year)**

# **Moody Bible Institute Retirement Plan**

If you are an eligible participant in the Moody Bible Institute Retirement Plan (the “Plan”), you may make contributions (called “Salary Deferrals”) directly from your paycheck into the Plan. The ability to make Salary Deferrals provides you with an easy method to save for retirement on a tax-deferred basis. If you make Salary Deferrals to the Plan, you generally will not be taxed on those deferrals or on any earnings on those contributions until you withdraw those amounts from the Plan. However, see the discussion under “**Taxation of Salary Deferrals”** below for special tax rules that apply if you make Roth Deferrals under the Plan.

If you have any questions regarding your eligibility to make Salary Deferrals under the Plan or any other questions regarding the Plan that are not addressed in this Notice, please review your Summary Plan Description. For example, Article 5 of the Summary Plan Description contains a discussion of the eligibility conditions applicable to Salary Deferrals. In addition, from time to time we may make changes to the Plan and/or Summary Plan Description, which are described in a Summary of Material Modifications supplementing the Summary Plan Description. Any reference to the Summary Plan Description in this Notice includes any Summary of Material Modifications we may have issued with respect to the Plan. If you do not have a copy of the Summary Plan Description or any Summary of Material Modifications, if applicable, please contact the Plan Administrator named below.

**Automatic Deferral Feature**

To assist you in your decision whether to make Salary Deferrals, we have established an automatic deferral feature under the Plan. Under this automatic deferral feature, if you do not specifically elect to make Salary Deferrals into the Plan, we will automatically withhold a designated percentage of your compensation from each paycheck and deposit such amount into the Plan in your name as a Salary Deferral. If you wish to defer a greater or lesser amount (including no deferral), you must complete a Salary Deferral election designating a different percentage of deferral.

This Notice provides important information regarding the Plan’s automatic enrollment feature and describes:

* your right to make Salary Deferrals under the Plan;
* what amounts you may contribute to the Plan;
* how the automatic deferral feature applies to you;
* when you can change your Salary Deferral election;
* how your account will be invested; and
* other valuable information regarding your rights under the Plan.

For a full discussion of your benefits under the Plan, please review your Summary Plan Description.

**Procedures for making Salary Deferrals under the Plan -- automatic deferral feature.** As described above, the Plan provides for an automatic deferral feature. Thus, if you do not specifically elect an alternative deferral amount (including zero), we will automatically withhold 3% from your paycheck each pay period and deposit that amount into the Plan in your name as a Salary Deferral. This is called your **automatic** **contribution rate**. If you wish to defer a greater or lesser amount (including no deferral), you must specifically elect to defer a different amount. If you have any questions about how to change your automatic contribution rate, you should contact the Plan Administrator.

In addition, unless you specifically designate otherwise, your automatic contribution rate will increase by 1% each Plan Year (beginning with the second full year following the year that you begin making automatic deferrals to the Plan). You always have the right to change your automatic contribution rate and also the right to tell us to stop increasing your automatic contribution rate. Unless you direct us otherwise, we will continue to increase your automatic contribution rate until it reaches a maximum of 8%. The automatic increase provisions will be effective on July 1st of each calendar year.

**Special rules for applying automatic deferral provisions.** The following provision(s) apply in determining eligible participants under the automatic deferral feature: Covered Employees for purposes of the initial automatic enrollment under the EACA provisions includes all Employees eligible to participate in the Plan. Covered Employees for purposes of the annual deferral escalation under the EACA provisions includes all Employees eligible to participate in the Plan who have either elected an amount greater than zero but less than 8% or who are automatically enrolled and currently deferring less than 8%. Covered Employees for purposes of annual deferral escalation does not include any Employee who had made an affirmative deferral election of zero.

**Special withdrawal rule.** If amounts are automatically withheld from your paycheck, you may withdraw those amounts within 30 days after the first amounts are withheld from your pay, regardless of any other withdrawal restrictions under the Plan. If you withdraw automatic deferrals under this special withdrawal rule, you will lose any matching contributions associated with those deferrals. Such withdrawal also will not be subject to the 10% penalty for early withdrawal. If you withdraw the automatic deferrals, no additional deferrals will be withheld from your paycheck unless you enter into a subsequent election to defer into the Plan.

**Taxation of Salary Deferrals.** The amount that you defer into the Plan reduces your taxable income, meaning you do not pay income taxes on those amounts until you withdraw your deferrals from the Plan. Any gains or earnings made from the investment of these contributions within the Plan are also not subject to income tax until they are withdrawn from the Plan. Alternatively, you may elect to treat all or any portion of your deferrals as “Roth deferrals.” Roth deferrals do not reduce your taxable income when made so that you will pay taxes on the amount contributed as a Roth deferral. However, if you take a “qualified distribution” of your Roth deferrals, you will not be taxed on any amounts attributable to those Roth deferrals, including any earnings on those amounts, at the time of the qualified distribution. To be a qualified distribution, the distribution must occur at least five (5) years after the year in which you first make a Roth deferral to the Plan and must be on account of death, disability or attainment of age 59½.

**Change in deferral amount.** You may increase or decrease the amount of your current Salary Deferrals or stop making Salary Deferrals altogether, as of any designated election date. For this purpose, the designated election date(s) for changing or modifying your Salary Deferrals will be set forth in the Salary Deferral election or other written procedures describing the time period for changing Salary Deferral elections. However, regardless of the Plan’s normal deferral procedures, you will have a reasonable time after receipt of this notice and before the first amount is withheld from your paycheck under the automatic deferral feature to modify the automatic contribution rate. In addition, unless provided otherwise under the Plan, you may revoke an existing deferral election at any time. Any change you make to your Salary Deferrals will become effective as of the next designated election date, and will remain in effect until modified or canceled during a subsequent election period.

**Vesting of contributions.** You are always 100% vested in any Salary Deferrals you make to the Plan. This means that you have an immediate ownership right to such contributions and you will not lose that right if you should terminate from employment.

**Withdrawal restrictions.** Generally, you may withdraw amounts held on your behalf under the Plan upon death, disability or termination of employment. In addition, the following withdrawal options apply while you are still employed.

* **Salary Deferrals.** You may withdraw amounts attributable to Salary Deferrals from the Plan while you are still employed under the following circumstances:
* You have reached age 59½.
* You become disabled while still employed with us. See your Summary Plan Description for the definition of disabled under the Plan.
* You experience a hardship (as defined in the Plan). See the Summary Plan Description (or other communication) for a list of permissible hardship events.

***Note:*** *No in-service distribution of Salary Deferrals will be permitted on account of an age earlier than 59½* *except for a distribution on account of disability or hardship, to the extent allowed under the Plan**.*

* **Rollover contributions.** You may withdraw any rollover contributions you make to the Plan at any time.

Note: The Bipartisan Budget Act of 2018 and subsequent IRS regulations changed the rules applicable to hardship withdrawals. For example, the Plan no longer will suspend your ability to make Salary Deferrals if you take a hardship withdrawal. The new rules may or may not have an impact on you. If necessary, the Plan Administrator will provide you with relevant information relating to these rules.

**Special distribution rules.** In applying the withdrawal provisions under the Plan, the following special rules apply:

* The Plan does not permit distributions pursuant to the HEART Act on account of deemed severance of employment as described in section 8.03(b)(4) of the Plan.

**Plan investments.** The amounts contributed to the Plan on your behalf will be invested in accordance with the Plan’s investment procedures. Any earnings on the investment of your contributions under the Plan will be allocated to your Plan account.

The Plan allows you to direct the investment of your Plan account within the available investment options under the Plan. If you do not elect to invest your Plan account, such amounts will automatically be invested in the Plan’s default investment fund. Even if your Plan account is invested in the Plan’s default investment fund, you have the continuing right to change your default investment and elect to have your Plan account invested in any other available investment options under the Plan.

To learn more about the available investments under the Plan, you may contact the Plan Administrator.

**Additional information.** Please refer to the Summary Plan Description for additional information regarding Plan contributions, withdrawal restrictions, and other Plan features. You also may contact the Plan Administrator for more information. The following is the name, address and phone number of the Plan Administrator.

The Moody Bible Institute of Chicago

820 N La Salle Dr

Chicago, Illinois 60610-3214

(312) 329-4297

**ANNUAL 403(b) PLAN NOTICE**

**2021/2022 PLAN YEAR**

The **Moody Bible Institute Retirement Plan** (“Plan”)has been adopted to help our employees save for retirement. As an employee, you may make Salary Deferrals if you are eligible to participate under the Plan. (Please refer to the Summary Plan Description (SPD) or other Plan information materials to determine whether you are eligible to participate in this Plan.) This Annual 403(b) Plan Notice provides important information relevant to your participation in the Plan.

**Notice of Universal Availability**

This *Annual Notice of Universal Availability* describes your right to make Salary Deferrals (if you are eligible for the Plan), the procedures for electing to make Salary Deferrals Reduction Contributions and the tax advantages of making contributions to the Plan.

**Eligibility to Participate.** The Plan is a special type of retirement plan described under Section 403(b) of the Internal Revenue Code. A “403(b) Plan” is subject to the universal availability requirement which requires that all employees (with certain exceptions) are eligible to make voluntary contributions to the Plan. These contributions are called Salary Deferrals. To make Salary Deferrals, you must complete a Salary Reduction Agreement designating the amount you want to have withheld from your paycheck and deposited into the Plan. You will also need to complete additional enrollment forms provided by the approved investment provider that you elect to have hold and invest your contributions. Please contact the Plan Administrator to request a copy of the Salary Reduction Agreement and/or to receive a list of approved investment arrangements.

**Salary Deferral Limits.** You may make Salary Deferrals up to $19,500 in 2021 and increased to $20,500 for 2022 (unless otherwise limited under the Plan). In addition, this limit may be increased if you are eligible to make “catch-up” contributions under the Plan. Please see the SPD or other Plan information materials or contact your Plan Administrator for more information concerning the availability of catch-up contributions under the Plan.

**Tax Advantages.** If you elect to make Salary Deferrals to the Plan, you may make these contributions on a pre-tax basis, or if available under the Plan, on an after-tax basis (also referred to as Roth contributions).

* [**Pre-tax contributions**](https://nessie.uihr.uillinois.edu/cf/benefits/index.cfm?Item_id=3994)– If you elect to make Salary Deferrals on a pre-tax basis, the amounts deferred (and any earnings on those amounts) generally will not be subject to income taxes until the amounts are distributed from the Plan. Upon distribution, such amounts are taxed as ordinary income.
* [**Roth contributions**](https://nessie.uihr.uillinois.edu/cf/benefits/index.cfm?Item_id=3995) – You may also elect to make Salary Deferrals on an after-tax basis (i.e., such contributions are subject to income tax at the time contributed to the Plan) as Roth contributions. Such contributions (and earnings) will not be subject to income taxes when distributed from the Plan, if certain conditions are satisfied. Generally, the conditions are that at least five (5) years have passed since you began to make Roth contributions and the distribution is a "qualified distribution". For this purpose, a qualified distribution is a distribution made due to your attainment of age 59½, death or disability.

**Code §415 Required Annual Aggregation Notice**

**If You Are “In Control” of Another Business**

Under IRS rules, in certain situations, Plan participants must aggregate Salary Deferrals and other amounts contributed to this Plan and other “qualified retirement plans” to determine whether they are within the maximum annual contribution limits under the law. If you meet all of the conditions below, the Internal Revenue Service requires that you contact the Plan Administrator to review whether or not you have exceeded your maximum annual contribution limit. ***Failure to provide the Plan Administrator with certain necessary and correct information may result in adverse tax consequences, including your inability to exclude the amounts contributed to this Plan from your taxable income.***

You must notify the Plan Administrator if you meet all the following conditions:

* You make contributions to this Plan,
* You are “in control” of another company, and
* The other company maintains a “qualified retirement plan” and makes contributions to your account.

**What does it mean to be “in control” of another company?**

For you to be considered “in control” of another business, you generally must have a significant ownership interest in the other business. For example, you own 100% of a business that is separate from The Moody Bible Institute of Chicago. Determining whether you are ‘in control” of another business is complicated. Your tax advisor can assist you in making this determination.

Example: You are a doctor or professor that participates in this Plan and you also own more than 50% of a private practice or consulting business. You are considered to be “in control” of the outside business.

**What types of retirement plans fall within the meaning of a “qualified retirement plan?**

For this purpose, a “qualified retirement plan” includes certain defined contribution plans that receive special tax benefits under the Internal Revenue Code. These include defined contribution plans that qualify under Code §401(a) (such as a profit sharing, 401(k) or money purchase plan), another 403(b) plan, or a simplified employee pension (SEP) plan.

**What is the maximum annual contribution limit?**

The maximum annual limit for 2021 generally is $58,000 and increased to $61,000 for 2022. However, certain participants (such as those who are at least age 50) may have a higher limitation, if provided for under the Plan.

**What amounts are counted for purposes of determining whether you exceed the maximum annual contribution limit?**

The following amounts are counted towards the maximum annual contribution limit:

* Employer contributions (including matching contributions and SEP contributions)
* Salary deferrals
* After-tax contributions
* Certain other amounts allocated to your account (this does not include earnings or rollover amounts)

**Additional information.** If you would like additional information regarding your right to make Salary Reduction Contributions under the Plan or the requirements for required contribution aggregation if you are “in control” of another business, please contact:

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