

## **SUMMARY OF MATERIAL MODIFICATIONS TO YOUR SUMMARY PLAN DESCRIPTION**

To all Participants, Beneficiaries and Alternate Payees under the Occidental College 403(b) Retirement Plan (the Plan).

This notice, called a "Summary of Material Modifications," advises you of **changes** to the information contained in your Summary Plan Description with respect to the Plan. Please keep this notice with your Summary Plan Description and note the following **changes**:

### **What kind of contributions may I make to the Plan and how do my contributions affect my taxes? (Pages 2 - 3)**

As a participant under the Plan, you may elect to reduce your compensation by a specific percentage or dollar amount and have that amount contributed to the Plan. The Plan refers to this as an "elective deferral." **There are two types of elective deferrals, pre-tax deferrals and Roth deferrals. For purposes of this Summary "deferrals" or "elective deferrals" generally mean both pre-tax deferrals and Roth deferrals.**

If you make pre-tax deferrals, your taxable income is reduced by the deferral contributions so you pay less in federal income taxes. Later, when the Plan distributes the deferrals and earnings, you will pay the taxes on those deferrals and the earnings. Federal income taxes on the pre-tax deferral contributions and on the earnings are only postponed.

**If you elect to make Roth deferrals, the deferrals are subject to federal income taxes in the year of deferral. However, the Roth deferrals and, if you meet certain conditions, the earnings on the Roth deferrals are not subject to federal income taxes when distributed to you. This means that the earnings on the Roth deferrals may never be subject to Federal income tax. See "What are my tax consequences when I receive a distribution from the Plan?"**

**Both your pre-tax and Roth deferrals will be subject to Social Security taxes at the time of your deferral.**

The Employer may make additional contributions to the Plan on your behalf. This Article describes these employer contributions and how these monies will be allocated to your account to provide for your retirement benefit.

### **What are my tax consequences when I receive a distribution from the Plan? (Page 12)**

Generally, you must include any Plan distribution in your taxable income in the year in which you receive the distribution. The tax treatment may also depend on your age when you receive the distribution.

**If you receive distribution of a Roth deferral, since you paid current federal income tax on the deferral contribution in the year of deferral, the deferrals are not subject to federal income taxes when distributed to you. The earnings on Roth deferrals are also tax free upon distribution if you receive a "qualified distribution" from your Roth deferral account.**

**In order to be a "qualified distribution," the distribution must occur after one of the following: (1) your attainment of age 59 1/2, (2) your disability, or (3) your death. In addition, the distribution must occur after the expiration of a 5-year participation period. The 5-year participation period is the 5-year period beginning on the calendar year in which you first make a Roth contribution to the Plan (or to another 401(k) plan or 403(b) plan if such amount was rolled over into the Plan) and ending on the last day of the calendar year that is 5 years later. For example, if you made your first Roth deferral under this Plan on November 30, 2006, your participation period will end on December 31, 2010. This means that you could take a qualified distribution as early as January 1, 2011. It is not necessary that you make a Roth contribution in each of the five years.**

**If a distribution from your Roth deferral account is not a qualified distribution, the earnings distributed with the Roth deferrals will be taxable to you at the time of distribution (unless you roll over the distribution to a Roth IRA or other 401(k) plan or 403(b) plan that will accept the rollover). In addition, in some cases, there may be a 10% excise tax on the earnings that are distributed.**