An Overview of the Mines Defined Contribution Plan (MDCP)
This document contains basic information about the Colorado School of Mines Defined Contribution Plan (MDCP). The document is provided to employees in MDCP covered employment, but is not intended as a substitute for the MDCP Plan Document. In the event of any discrepancy or conflict between this document and the Plan Document, the terms of the Plan Document shall prevail.

While it is recommended that you read this overview document, a quick reference is located in the Executive Summary on page 3.

For specific questions about the MDCP please contact the Benefits Office.
An Overview of the Mines Defined Contribution Plan

EXECUTIVE SUMMARY

Retirement Plan Options

With certain exceptions, employment with Mines requires participation in a retirement plan. All employees employed in a position that is eligible for the Mines Defined Contribution Plan (MDCP) will be automatically eligible to be enrolled in the MDCP on their first day of employment unless they are eligible and choose to enroll in the Colorado Public Employees Retirement Association (PERA) or are exempt from participating in both the MDCP and PERA. A detailed description of employees not eligible to participate in the MDCP and PERA is found on page 6 of this document.

State of Colorado Classified employees are not eligible for participation in the MDCP. Also, most student employment is not eligible to participate in either the MDCP or PERA. In addition to reading this overview, MDCP eligible employees should obtain specific information from the Mines Benefits Office and its website (http://inside.mines.edu/Employee_Benefits).

Plan Design

MDCP is a defined contribution plan in which contributions are made by the participant and the Colorado School of Mines on behalf of the participant. Each participant selects from a variety of investment options. MDCP benefits are a direct result of the amounts contributed and any net return on the investments selected. Because participants manage their own personal investment accounts, participation in the MDCP entails personal responsibility for assessing your personal retirement goals and account risk tolerance. Assistance in managing your account is available through a variety of sources. Please contact the Recordkeeper Provider (see page 10) or the Mines Benefits Office for more information.

Upon termination of employment from the Colorado School of Mines, MDCP participants retain control over all investments attributed to contributions made by them and the vested portion of the Mines contributions. Participants who separate from service with fewer than 36 months of service forfeit Mines contributions made during their period of employment as well as any earnings on those contributions. MDCP retirement benefit distributions are determined by plan provisions, federal income tax law, and personal preference, with varying options such as complete or periodic withdrawals or partial payments. Administrative costs are paid by the participant through fees and investment costs.

Contributions

Both the employee and Mines make regular payroll-based contributions to MDCP that are percentages of the employee’s covered / eligible compensation. The percentage contribution rates are set by the Colorado School of Mines and may be modified in the future. Current contribution rates are 8% for MDCP participants. The Mines contribution rate is 12% of eligible compensation. All contributions to the MDCP are made on a pre-tax basis and are not subject to income tax until withdrawn or paid as benefits.
Table of Contents

Eligibility ............................................................................................................................................................. 5
Participation ....................................................................................................................................................... 6
Contributions ...................................................................................................................................................... 6
Vesting ................................................................................................................................................................ 7
If You are Vested and Leave Mines Employment .............................................................................................. 7
Investments ........................................................................................................................................................ 7
Withdrawing Money from the Plan (Distributions) ........................................................................................... 7
When Distributions Must Begin ......................................................................................................................... 9
Your Retirement Benefits if You Become Divorced or Separated ................................................................. 9
Rollovers ........................................................................................................................................................... 10
Recordkeeper Provider Information: ............................................................................................................... 10

DISCLAIMER
This summary provides a description of some of the key provisions of the Mines Defined Contribution Plan. A copy of the complete Plan Document may be requested through the Mine’s Benefits Office. Although Mines expects and intends to continue the MDCP, it reserves the right to modify, terminate or suspend the MDCP at any time by action of Mines Board of Trustees. Mines will provide appropriate advance notice of any change, discontinuance or reduction in benefits.

Nothing in this document is intended to provide tax advice or constitutes tax advice, and the information contained herein may not be relied upon for tax advice. For any matters that may create tax liabilities for you or in any way impact your taxes, please consult with an attorney or your tax adviser.
Eligibility

All Mines employment except for student employment (both graduate and undergraduate) and employment covered by the State Personnel System (Classified employment) is eligible for the MDCP. No Mines employment is subject to participation in Social Security.

Those newly hired employees with qualifying prior service in PERA may be eligible to elect to continue membership in PERA or participate in the MDCP subject to the laws governing PERA and the MDCP. If you meet PERA’s eligibility requirements as determined by PERA, but you do not elect to participate in PERA within 30 days from your initial employment date with Mines, you will be enrolled in the MDCP. However, employees who previously made an irrevocable choice to participate in either PERA or an Optional Retirement Plan, either during Mines’ initial election period or, while employed at another institution of higher education, are bound by that plan choice.

The following classifications of employees are not eligible to participate in the MDCP:

- Employees who are classified by Mines as subject to (not exempt from) the Colorado State Personnel System under either Section 13(2) of Article XII of the Colorado Constitution, or the provisions of Colorado Revised Statutes §24-50-135;

- Employees who are classified by the Mines as student employees;

- Employees who, if Mines participated in Social Security, are classified by Mines as ineligible for Social Security;

- Employees who are PERA Members that make or have made a prior irrevocable election to participate in PERA. Only certain PERA Members can make an irrevocable election to participate in PERA or the MDCP:
  - **Plan Adoption Election.** A PERA Member who is initially employed in a position that is eligible to participate in the MDCP prior to January 1, 2017, must have made an irrevocable election to participate in PERA or the MDCP within 60 days of the original January 1, 2017, effective date of the start of the MDCP. If such PERA Member failed to make an election, the PERA Member was deemed to have elected to participate in PERA.

  - **Newly Eligible Election.** A PERA Member who is initially employed at Mines in a position that is eligible to participate in the MDCP on or after January 1, 2017, has at least one year of PERA service credit, and has not previously made a valid election to participate in PERA rather than a college/university Optional Retirement Plan, must
make an irrevocable election within 30 days of being hired at Mines to either participate in PERA or participate in the MDCP. If such PERA Member fails to make an election, the PERA Member will be deemed to have elected to participate in the MDCP.

**Participation**

Participation is effective as of your first hour of service.

**Contributions**

The MDCP is a defined contribution retirement program. Benefits are determined by the amounts contributed each year and the gains and losses of the investments. Your benefit is funded by contributions to the MDCP made by both you and Mines. The amount of these contributions is a percentage of your eligible compensation from Mines. Eligible compensation typically includes your salary as well as certain other types of payments. The amount of your employee contributions is 8% of your eligible compensation, and Mine’s contributions to your MDCP are equal to 12% of your eligible compensation. Your contributions to the MDCP, and those from Mines, are allocated by you to various investment options, as described in “Investments” on page 7.

Your contributions are deducted from your paychecks on a pre-tax basis. Mine’s contributions are also made on a pre-tax basis. This means that you are not taxed on contributions and their investment earnings until you begin receiving payments from the plan. All earnings on contributions are tax deferred until you withdraw them.

Contributions to the MDCP end when you are no longer employed by Mines. If you are re-employed by Mines, special rules apply regarding your participation in the plan and distributions made from the plan. See the plan document for details or contact the Mines Benefits Office.

**Compensation Limit**

All contributions are made based upon compensation up to the federal limit, which is determined annually. Eligible compensation is limited by the Internal Revenue Code and as of January 1, 2017, the annual limit is $270,000. Compensation amounts above this level are not considered as eligible compensation.

**Contribution Limits**

There are limits on the amount you can contribute to the plan in any one year. This limit is set by Internal Revenue Code Section 415, which for 2017 is $54,000. If you participate in other defined contribution plans sponsored by Mines, such as a voluntary retirement plan, your contributions to those plans count toward these limits as well. However, contributions to an Internal Revenue Code Section 457 plan have a separate limit and do not count toward this Section 415 limit.
Fees

Your MDCP account is subject to certain fees and expenses. The administrative fee which covers items such as recordkeeping and statements is currently 0.26%. Each fund you invest in also has a charge called an expense ratio. This expense ratio varies by fund and is available on the VALIC website at www.valic.com. The administrative fee and fund expenses may change over time.

Vesting

Being “vested” means you have a non-forfeitable right to the ownership of your plan benefits, even if you leave employment with Mines. You are always 100% vested in your own contributions to the plan as well as their investment earnings. You are 100% vested after 36 months of service in Mine’s contributions and the earnings on those contributions. Months of service do not need to be consecutive. In addition, some special vesting rules apply:

- You become 100% vested in Mine’s contributions and their earnings upon your death. This means that if you die before retirement, your beneficiary is entitled to the full value of your retirement benefit, including Mine’s contributions and their earnings, even if you had fewer than 36 months of service.

- You become 100% vested in Mine’s contributions and their earnings upon your total and permanent disability. This means that if you become disabled as defined by the Plan Document you are entitled to the full value of your retirement benefit, including Mines contributions and their earnings.

If You are Vested and Leave Mines Employment

Once you are vested, your benefits cannot be taken away. The funds in your account continue to accrue investment gains and losses even if no further contributions are made. If you return to eligible Mines employment at some future date, you will immediately return to plan participation without a waiting period or new vesting period.

Investments

As you enroll in the MDCP, you will have decisions to make. You decide how to invest both your employee contributions and Mine’s contributions. You must select the specific funds in which to invest and review and redirect your investments in the future if needed. Assistance in managing your account may be accessed through a variety of sources. Please contact the Recordkeeper Provider listed on page 10 of this document for this information.

The Mines Plan Committee serves as the primary Fiduciary for the monitoring and selection of investment options for the MDCP. The Plan Committee monitors the investment options and makes modifications to the investment options when changes are deemed necessary. Investment option reviews are conducted on a periodic basis. The primary overall investment objective for the MDCP is that the investment options offered have diverse risk and return expectations so that each participant may construct a portfolio that can be expected to meet his or her individual needs.
To view the MDCP investment options and investment option performance please go to www.valic.com/

Withdrawing Money from the Plan (Distributions)
Money taken from the plan is called a “distribution.” This includes receiving benefits when you retire or begin receiving the value of your plan account if you end employment with Mines before you retire.

When You May Take Money from the Plan
Remember that the MDCP is intended to provide you with income for retirement. Therefore, you cannot withdraw money from the plan while you are employed by Mines.

You may elect to receive a distribution from the vested portion of your MDCP account:

• When you retire, as a retirement benefit (with various payment options available), or
• When you leave employment with the Mines before retirement.

In addition, a distribution from the plan will be paid to your designated beneficiary if you should die before you retire or leave employment with Mines. If you take money out of the plan before you reach age 59½, you may have to pay a tax penalty, currently 10%, in addition to the ordinary income tax that applies to distributions.

Forms of Payment for Your Retirement Benefit
You will have the opportunity to designate one of several payment options for receiving your benefit when you retire.

Some of the most common methods of payment are outlined below.

• Withdrawing funds from your MDCP account as a cash payment, either all at once as a one-time lump sum, or as a series of periodic withdrawals.
• Fixed period withdrawals, may allow you to receive income for a specified number of years, after which you will have received the total value of your plan benefit and payments will stop.

Again, this is only a sampling of some common payment options. Check with the Recordkeeper Provider (see Page 10) to find out more about the specific payment options that are available to you.

If You Leave Employment Before You Retire
If you leave employment with Mines before you retire, you have a number of options concerning your MDCP retirement benefit:

• You can leave your account balance in the MDCP until you begin receiving a retirement benefit under one of the various payment options available to you.
• As an alternative, your MDCP is portable. You may transfer or roll over your benefit into an individual retirement account (IRA) or the qualifying plan of your new employer, if it accepts rollovers. However, keep in mind that if you withdraw money from the MDCP before age 59½ without properly making a direct transfer or rollover into an IRA or other qualified plan, you will be subject to tax penalties. Various rules must be followed in order to avoid this. For legal and tax advice concerning your situation, you should consult your attorney or tax adviser.

Distributions in the Event of Your Death
You become 100% vested in the full value of your MDCP account upon your death. If you should die before you retire or leave employment with Mines, the value of your MDCP account will be payable to your designated beneficiary.

Rolling Over Your Distribution
If your distribution method allows, you may designate all or a portion of your distribution to be rolled over to an eligible retirement plan. Eligible retirement plans include, but are not limited to, a 403(b) plan, a 457 deferred compensation plan, a 401(k) plan, and an individual retirement account (IRA).

Making a Cash Withdrawal and Tax Implications
When your Mines employment ends, you may distribute your MDCP account subject to IRS regulations. Cash distributions are subject to ordinary income taxes and may be subject to an additional IRS 10% early withdrawal tax penalty. The Recordkeeper Provider must withhold 20% from any single sum benefit paid to you, sending the withholding to the IRS. The IRS will apply the amount towards your income taxes due. An IRS 10% tax penalty will generally apply to cash withdrawals made before age 59 1/2, unless you become disabled, die, or retire after attaining age 55. Prior to making a decision regarding a withdrawal you should review the special tax notice available from the Recordkeeper Provider. This information is not intended to be relied upon as tax advice. You are also encouraged to consult a tax advisor.

When Distributions Must Begin
Federal tax law requires that retirement income begin by April 1 of the calendar year following the latter of:
• the calendar year in which you reach age 701/2, or
• the calendar year in which you terminate employment.

If the required minimum amount is not distributed, the IRS applies a tax penalty equal to 50% of the difference between the amount that should have been distributed and the amount actually distributed.

Your Retirement Benefits if You Become Divorced or Separated
In the event that a judgment, decree, or court order establishes the rights of another person to your
benefits under the plan, and where there is a qualified domestic relations order, payments will be
made by the Recordkeeper Provider in accordance with that order. A court order may preempt the
usual requirement that your spouse be considered your primary beneficiary for a portion of the
accumulation. Additional information can be obtained from the Recordkeeper Provider. All
qualified domestic relations orders for an MDCP account should be sent to the Recordkeeper
Provider.

Rollovers

Rollover to the MDCP from Another Qualified Retirement Plan or Traditional IRA

The MDCP accepts rollovers from other retirement plan(s) and Traditional or Rollover IRAs. Please
contact the Recordkeeper Provider for assistance with rollovers from another employer’s plan or an
IRA.

Rollover From MDCP to Another Qualified Retirement Plan or Traditional IRA

A rollover is a tax free transfer of assets from a retirement plan to either a Traditional IRA or another
employer’s retirement plan. You are not eligible to roll money out of the MDCP until after
separation from covered employment. Careful consideration of outside investment fees and the
tax consequences of both transfers and ultimate distributions should be discussed with your tax or
financial advisor prior to completing any rollovers from the MDCP.

Since 2002, the IRS has allowed the rollover of distributions between different types of retirement
plans (e.g., to or from 401(a), 401(k), 403(a), 403(b), 457(b) and Traditional IRA plans). In order to
rollover an amount to an employer sponsored plan, you must be separated from Mines covered
employment and your new employer’s plan must permit the rollover into the plan. You should
contact the Recordkeeper Provider for more information on eligibility and taxation of rollovers.

A direct rollover will transfer funds from the MDCP directly to an IRA trustee or to the trustee of
the retirement plan of the new employer (if the plan permits this type of rollover). You do not take
receipt of the funds and are not subject to any required income tax withholding.

An indirect rollover is a payment made to you, not directly to the recipient of the plan or IRA. A 20%
statutory tax withholding is required. In order to qualify as a rollover, the funds must be deposited
into another qualified retirement plan or to a Traditional IRA account within 60 days of receipt.
Failure to deposit any portion of the investment into an IRA or qualified plan will result in a taxable
distribution. Early distribution penalties may also apply.

• Employee A, age 40, ends employment with Mines and wishes to complete an indirect
rollover of $50,000 from the MDCP to a qualified IRA. The IRS withholds 20% or $10,000.
The employee deposits the remaining $40,000 into the IRA within the 60 day time limit.
However, since the full amount of $50,000 was not deposited $10,000 is considered a
taxable distribution and is also subject to early withdrawal penalties due to Employee A’s
age. In order to avoid penalties Employee A would need to access $10,000 from another
source, such as personal savings or investments, to make the entire $50,000 deposit into the
IRA.
You cannot rollover MDCP plan assets to a Roth IRA. However, you may be able to convert the funds rolled into a Traditional IRA to a Roth IRA in accordance with IRS guidelines. Contact the Recordkeeper Provider or your IRA administrator for more information.

Recordkeeper Provider Information:

| VALIC Retirement Services | www.valic.com | (800) 842-2252 |

To view MDCP investment options and investment performance, go to www.valic.com/

\(^{1}\) MDCP Compensation includes:

- Regular salary and pay
- Any pay for administrative, sabbatical, annual, sick, vacation or personal leave
- Pay for compensatory time or holidays
- Special pay for work related injuries paid by the employer prior to termination
- Payments by an employer from grants
- Retroactive salary payments pursuant to court orders, arbitration awards, or litigation and grievance settlements
- Amounts deducted from pay pursuant to tax-sheltered savings or retirement plans
- Amounts deducted from pay for a health saving account as defined in 26 U.S.C. Sec. 223, as amended, or any other type of retirement health saving account

Compensation excluded from the MDCP includes:

- Pre-tax deductions under IRS Section 125. This includes monies such as pre-tax contributions to a flexible spending account or pre-tax deductions for medical or dental premiums
- Commissions
- Compensation for unused sick leave converted at any time to cash payments
- Housing allowances, uniform allowances, automobile allowances or usage values, insurance premiums, dependent care assistance, reimbursement for expenses incurred, tuition or any other fringe benefit regardless of federal taxation.
- Bonuses for service not actually rendered including but not limited to cash awards, honorariums, and severance pay
- Payment earned beyond employee’s death
- Damages, except for retroactive salary paid pursuant to court orders, arbitration or litigation, and grievance settlements