

SUMMARY

of the

**SEATTLE PACIFIC UNIVERSITY
403(b) TAX DEFERRED ANNUITY PLAN**

January 1, 2009

TABLE OF CONTENTS

	Page
I. INFORMATION ABOUT THE PLAN	1
A. General.....	1
B. Type of Plan.....	1
C. Contact Information.....	1
II. ELIGIBILITY	2
A. Who Is Eligible to Participate in the Plan?	2
III. PLAN CONTRIBUTIONS	2
A. General.....	2
B. Elective Deferral Contributions.....	2
IV. VESTING	4
V. DISTRIBUTIONS	4
A. Payment of Benefits.....	4
B. Federal Income Taxation of Benefits Paid.....	4
C. Forms of Benefit Payment.....	5
D. Hardship Distributions.....	6
E. In-Service Distributions.....	6
F. Disability Benefits.....	6
G. Payment of Benefits upon Death.....	6
H. Loss or Denial of Benefits.....	6
I. Qualified Domestic Relations Order (QDRO).....	7
VI. PARTICIPANT LOANS	7
VII. INVESTING YOUR PLAN ACCOUNT	7
A. Selection of Vendors.....	7
B. Participant Direction of Investment.....	7
VIII. CLAIMS PROCEDURE	8

SUMMARY

I. INFORMATION ABOUT THE PLAN

A. General.

Seattle Pacific University (the “University”) has established this plan, the Seattle Pacific University 403(b) Tax Deferred Annuity Plan (the “Plan”), to allow employees of the University to supplement their income upon retirement through salary deferrals.

This summary is a highlight of the more important provisions of the Plan. However, if there is conflict between a statement in this summary and in the Plan document, the terms of the Plan document will control.

B. Type of Plan.

The Plan is commonly known as a “403(b) plan” and is intended to meet the requirements of a non-ERISA 403(b) plan.

Under this Plan, there is no fixed dollar amount of retirement benefits. Your actual retirement benefit will depend on the amount of your Account at the time of retirement. Your Account will reflect your Elective Deferral Contributions, the length of time you participate in the Plan, and the success of your investing and re-investing of the assets of your Account.

C. Contact Information.

If you have any general questions about the Plan, please contact the Human Resources Department.

Jackie Belz
Pension and Data Specialist
Seattle Pacific University
3307 Third Avenue West
Seattle, WA 98119
206-281-2837

If you have any questions about your specific account, you should contact the Provider or Providers. The Vendors for the Plan are Vanguard, Fidelity and TIAA-CREF. The Vendor is responsible for providing you information specific to your Annuity Contract or Custodial Account. You may contact the Vendor for your Annuity Contract or Custodial Account by using the following information:

Fidelity
49 North 400 West
Salt Lake City, UT 84101-1368
1-800-343-0860

TIAA-CREF
730 Third Avenue
New York, NY 10017
1-800-842-2776

Vanguard
P.O. Box 1230
Valley Forge, PA 19445-3330
1-800-662-2739

II. ELIGIBILITY

A. Who Is Eligible to Participate in the Plan?

All employees of the University, except those who are ineligible as described below, are eligible to participate in the Plan by making Elective Deferral Contributions effective as of the first day of the first pay period following their employment with the University.

Ineligible Employees.

Employees who are students of the University and whose salary or wages are exempt from FICA taxes, and employees who are non-resident aliens are not eligible to participate in the Plan. A “student” is an individual who is enrolled and regularly attending classes at the University and whose compensation from employment by the University is paid through student employment.

III. PLAN CONTRIBUTIONS

A. General.

This Plan permits you to elect to have the University contribute on your behalf, out of your Compensation, a certain amount to the Plan through Elective Deferral Contributions. Compensation eligible for Elective Deferral Contributions is your W-2 wages. The amount that you may contribute to the Plan in any year is subject to certain limitations, as described below.

B. Elective Deferral Contributions.

If you are an Eligible Employee, as described in Section II, you may elect to make Elective Deferral Contributions by completing and signing a salary reduction agreement and submitting it to the Human Resources Department.

If you do not elect to make Elective Deferral Contributions upon hire, you may elect to make contributions at any time in the future. You may elect to commence or change the amount of your Elective Deferral Contributions or to change the investment of your Elective Deferral Contributions effective the first day of any payroll period.

As with your initial election to make Elective Deferral Contributions, if you wish to change your election, you must complete a salary reduction agreement and submit it to the Human Resources

Department. Your election will not take effect until the first day of the next calendar month following the Human Resources Department's receipt of your properly completed election form.

Is There a Limit on the Amount I Can Elect to Contribute Through Elective Deferral Contributions?

For any calendar year, your Elective Deferral Contributions may not exceed a specified dollar amount, known as the "402(g) limit." In 2009, the limit is \$16,500 and is thereafter indexed annually for inflation. Eligible Employees may contribute up to 100% of their compensation to the Plan, up to the limits under Code Section 402(g).

If your Elective Deferral Contributions for a particular calendar year exceed the 402(g) limit, then the insurance company, investment company, or custodian will refund any excess amount, plus earnings (or less loss) to you.

If you participate in another 403(b) plan or any other similar arrangement which is subject to the 402(g) limitation, then your total deferral contributions to all plans may not exceed the 402(g) limitation for a calendar year. If you exceed the 402(g) limit for a calendar year because you contributed to more than one plan, you must decide which plan holds the excess amount. If you decide this Plan holds the excess amount, you must notify the Human Resources Department by March 1 of the year following the calendar year of the excess contribution. The Human Resources Department will then see that the insurance company, investment company, or custodian, whichever is applicable, distributes the excess amount to you, plus earnings (or less loss).

What is the Special 15-Year Catch-Up Contribution?

An Employee who has completed 15 Years of Service with the University may increase his or her annual Elective Deferral Contributions by the lesser of the following:

- (a) \$3,000 or
- (b) \$15,000 minus amounts not included in the Participant's income in prior years by virtue of this "Catch-Up Election;" or
- (c) The excess of \$5,000 times the Participant's Years of Service with the University minus prior Elective Deferrals to all University plans under Code Sections 401(k), 403(b) and 408(k)(6).

If you think you may be eligible to make this special 15-Year Catch-Up Contribution, please contact the Human Resources Department.

What is a "Catch-Up" Contribution for Participants Age 50 and Older?

The Plan allows participants who are age 50 or older to make additional Elective Deferral Contributions each year. To make this special catch-up contribution, you must first make Elective Deferral Contributions up to the 402(g) limitation, currently \$16,500. The maximum

catch-up contribution permitted someone age 50 or older in 2009 is \$5,500 (indexed annually for inflation).

How are the Catch-Up Contributions Coordinated Under the Plan?

Any Salary Reduction Contribution that is intended as a catch-up contribution either under the 15-Year rule or the age 50 catch-up, shall be treated as made first under the 15-Year limit, if applicable to the Participant, and then as made under the Age 50 catch-up, if applicable to the Participant.

May I Change the Amount I Contribute Through Elective Deferral Contributions?

Yes, you may change the amount of your Elective Deferral Contributions once each pay period. To do so, complete and sign a new salary reduction agreement and deliver it to the Human Resources Department. The changes will not take effect until the first day of the next calendar month.

IV. VESTING

Your Elective Deferral Contributions are 100% vested at all times.

V. DISTRIBUTIONS

A. Payment of Benefits.

You will be entitled to receive your retirement benefits upon any of the following events: (1) retirement from or termination of employment with the University on or after you reach age 65, (2) disability, (3) death, or (4) attainment of age 59½.

In addition, you may take a hardship distribution from your Plan Account, as described below in Paragraph D.

The law requires that you commence distribution of your benefits no later than April 1 of the calendar year following the calendar year in which you attain age 70½, unless you are still employed by the University on that date.

B. Federal Income Taxation of Benefits Paid.

If you receive a distribution from the Plan prior to your attaining age 59½, the law, with limited exceptions, imposes a 10% penalty on the amount of the distribution you receive to the extent you must include the distribution in your gross income. You should consult a tax advisor regarding this 10% penalty.

Existing Federal income tax laws do not require you to report currently as income amounts you contribute through Elective Deferral Contributions. However, when the insurance company, investment company and/or custodian ultimately distributes your Account to you, such as upon your retirement, you must report as income the Plan distributions you receive.

It may be possible for you to defer Federal income taxation of a distribution by making a rollover to an individual retirement account, another 403(b) plan, or another eligible retirement plan. You will receive a notice explaining your rollover rights at the time a distribution from the Plan is made to you.

Mandatory income tax withholding rules apply to some distributions if you do not roll over the distribution directly to another eligible plan. At the time you receive a distribution, you will also receive an explanation of the withholding requirements and the options available to you. We emphasize you should consult your own tax adviser with respect to the proper method of reporting any distribution you receive from the plan.

C. Forms of Benefit Payment.

If you have a Custodial Account, you will receive your distribution as a lump-sum payment.

If you have an Annuity Contract and are unmarried, your distribution will be in the form of a single life annuity if you are unmarried. If you are married and have an Annuity Contract, you will receive a distribution as a qualified joint and survivor annuity, unless you waive this payment form.

To provide the joint and survivor annuity, the Plan would use your Account to purchase that type of annuity contract from an insurance company. The exact monthly annuity payable to you would depend upon the amount of the Account and the insurance company's annuity rates at the time of the purchase. No later than 180 days prior to your distribution date, the Vendor of your Annuity Contract will provide you a written notice explaining the joint and survivor annuity, your waiver rights and the spousal consent requirements. The Vendor will provide you an appropriate form to elect to receive your benefits in the form of a joint and survivor annuity, or to elect not to receive your benefits in that form. The form the Vendor will provide you will explain the economic effect of taking your benefits in the form of a joint and survivor annuity.

Any waiver of a Joint and Survivor Annuity shall not be effective unless: (a) your spouse consents in writing to the election; (b) the election designates a specific Beneficiary(ies), including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal consent (unless your spouse expressly permits designations by you without any further spousal consent); (c) your spouse's consent acknowledges the effect of the election; and (d) your spouse's consent is witnessed by a Plan representative or notary public.

Additionally, your waiver of the Qualified Joint and Survivor Annuity shall not be effective unless the election designates a form of benefit payment that may not be changed without spousal consent (or the spouse expressly permits designations by the Participant without any further spousal consent). If it is established to the satisfaction of a Plan representative that you have no spouse or that your spouse cannot be located, a waiver will be deemed a Qualified Election.

Any consent by a spouse obtained under this provision (or establishment that the consent of a spouse may not be obtained) shall be effective only with respect to such spouse. A consent that permits designations by you without any requirement of further consent by such spouse must acknowledge that the spouse has the right to limit consent to a specific Beneficiary(ies), and a

specific form of benefit where applicable, and that the spouse voluntarily elects to relinquish either or both of such rights.

D. Hardship Distributions.

You may elect to receive a distribution of your Account (other than earnings) under the Plan, *while you are still employed* by the University, if you incur a hardship.

To qualify for a hardship distribution, you first must obtain all other available distributions and all nontaxable loans currently available under the Plan and all other plans maintained by the University.

Please contact the Provider or Providers for more information about what expenses will qualify for a hardship withdrawal. If you wish to apply for a hardship withdrawal from the Plan, please contact the Human Resources Department.

E. In-Service Distributions.

If you have a separate account that consists of rollover contributions to the Plan, you may withdraw any or all of the amount held in the rollover account at any time, to the extent permitted by the your Vendor.

F. Disability Benefits.

If you terminate employment because of disability, you may receive a distribution of your Account.

Disability is generally defined by each Vendor. However, if a Vendor does not define “disability,” disability means (1) a period during which a Participant qualifies for disability under Seattle Pacific University’s long-term disability plan, or (2) if you do not participate in that plan, or if SPU ceases to sponsor a long-term disability, “disability” means a condition that constitutes total disability under the Federal Social Security Act.

G. Payment of Benefits upon Death.

If you die before you commence distribution of your Account, except as provided below in the case of a married Participant, the Account will be paid to your designated beneficiary. If you are married, your beneficiary will be your surviving spouse.

H. Loss or Denial of Benefits.

If the investment options you choose decrease in value, there will be a corresponding decrease in the value of your Account. Therefore, it is possible that your Account could be less than your Elective Deferral Contributions.

I. Qualified Domestic Relations Order (QDRO).

The Plan may pay benefits from the Plan to someone other than you, even while you are still working, if required by a qualified domestic relations order (QDRO). A QDRO is a court order providing for child support, alimony, or marital property rights to a spouse, former spouse, child, or other dependent under a state domestic relations law. If you receive a domestic relations order relating to your benefits under the Plan, you are responsible for hiring a third party to determine if the domestic relations order complies with the requirements of the Individual Agreement with your Vendor and Code Section 414(p).

VI. PARTICIPANT LOANS

Under certain conditions, you will be permitted to borrow from the Plan. All loans will be made in accordance with the Participant Loan Policy. You can obtain a copy of the policy from the Human Resources Department.

VII. INVESTING YOUR PLAN ACCOUNT

A. Selection of Vendors.

The University will select the insurance company(ies) and/or mutual fund company(ies) in which you will invest Plan contributions (hereafter investment company). The specific investment choices offered by each Vendor will be described to you in separate materials, which you must carefully review before making your investment decision.

B. Participant Direction of Investment.

You determine how your Elective Deferral Contributions are invested. Since you direct the investment of these contributions, your return will depend on how you manage your accounts, as well as investment performance of the funds. More details are available from your Vendor.

While the University has selected the investment companies which offer investment options to you under the Plan, the University does not monitor the performance of each and every investment option offered by the investment companies. It is up to you to determine how to invest your Elective Deferral Contributions and you should review all of the available information very carefully. Please keep in mind the following general concepts as you choose and monitor your investments:

- The Plan does not guarantee the performance of any of your investments. What you ultimately receive depends on the market value and interest or dividend yield.
- You assume all the risks related to your investments. The University is not responsible for any loss that results from your exercise of control over your accounts and your choice of investments.
- Past performance is no guarantee of future results. The fact that a fund or investment receives a high rating based on past performance provides no guarantee that future performance will continue.

- The University cannot and will not provide you with investment advice. So, in making your investment choices among the options available, you have to rely on your own research or on an expert that you trust.
- Evaluations of investment options provided you by the investment companies or any other advisor you may look to have not been endorsed by the University. These evaluations are solely the option of the entity preparing the report and are limited by the assumptions and methods that they use.
- All investments carry the risk of loss. Money market funds or fixed annuities are the least volatile and offer the least risk.
- It would not be wise to invest everything in one option. You should consider selecting a mix of investments which appropriately balances your return objectives with your tolerance for risk and is diversified.
- Consider the investment objectives, risk and return characteristics and historical performance information for each investment option.
- Before investing, study the prospectus for the applicable investment option carefully.
- Fees and expenses are one of the factors that will affect your investment return and retirement income. Compare all services received with the total cost. Cheaper is not necessarily better.
- Trying to time the market usually does not work. Pick an asset allocation strategy which suits your tolerance for risk and stay with it. Asset allocation models are available from the investment companies.
- Review information about general financial and investment concepts, such as risk and return, diversification, the effects of inflation, estimates of retirement needs, and risk tolerance. Each asset class (*i.e.*, equities, bonds, cash, real estate) has different risks and objectives and performs differently during various market cycles.
- Interactive investment materials may help you develop your investment strategy. These include worksheets, questionnaires and software designed to help you estimate your retirement needs and consider the effect of varying asset choices on your retirement income. These are available from the investment companies.

VIII. CLAIMS PROCEDURE

A dispute or claim regarding the terms of the Plan or your benefits under the Plan will be determined in accordance with the University's employee grievance procedure applicable to employment or compensation matters. Any dispute or claim involving your Vendor will be determined according to the Vendor's claims procedure, not the University's employee grievance procedure.

This plan is not subject to the Employee Retirement Income Security Act of 1974.