Annual Notice Regarding 403(b) Plan Eligibility and Contribution Limits

This notice is to provide you with a reminder of:

- your eligibility to participate in the Drexel University Defined Contribution Retirement Plan (the "Plan"), the 403(b)-plan sponsored by Drexel University (the "University"), and

- the annual limits on employee and employer contributions made through the Plan that may apply to you.

Eligibility

With only a few limited exceptions, all employees of the University and The Academy of Natural Sciences who receive compensation reportable on an IRS Form W-2 are eligible to participate in the Plan. Certain student employees, leased employees, and independent contractors are not eligible to participate in the Plan.

Eligible employees who wish to enroll in the Plan should: contact Drexel HR Service Center at hr@drexel.edu.

Annual Contribution Limits

There are rules under the Internal Revenue Code of 1986, as amended (the "Code") that limit the amount that you can contribute to the Plan on a pre-tax and/or after-tax Roth basis in any given year and that also limit the overall amount of employee and employer contributions you may receive from all employer-sponsored retirement plans in any given year.

- Pre-Tax and Roth Contribution Limit. Code Section 402(g) limits the amount of pre-tax and Roth contributions that you may contribute to the Plan and to any other qualified retirement plans (which include 401(k) plans and other 403(b) plans) for a calendar year. For 2025, you can contribute up to $23,500 ($31,000, if you are age 50+ and eligible to make catch-up contributions). For 2026, those limits will increase to $24,500 and $32,500, respectively.

- Overall Annual Additions Limit. In addition to the pre-tax and Roth contribution limits described above, Code Section 415(c) limits the total amount of annual additions (contributions you make or that are made on your behalf) to the Plan for a calendar year and, importantly, any other qualified retirement plan (including a SEP or Keogh plan) sponsored by a trade or business that you own or control. That is, the Code aggregates annual additions to the Plan with annual additions to qualified retirement plans sponsored by entities that you own or control. This means, for example, that if you have a separate consulting business and make contributions to a retirement plan established for that consulting business, those contributions must be aggregated with the annual additions to the Plan. For 2025, the Code Section 415(c) limit is the lesser of: (1) 100% of your eligible compensation for the year, or (2) $70,000. For 2026, the dollar limit will increase to $72,000.

You must monitor compliance with these limits. It is your responsibility to notify the University if you participate in any other qualified retirement plan (including a SEP or Keogh plan) sponsored by a trade or

business that you own or control. If your contributions or the contributions made on your behalf exceed the applicable Code limits, the excess amounts will be addressed in the manner described below.

Excess Deferrals

If the total amount of your pre-tax and Roth contributions made to the Plan and any other qualified retirement plans **exceeds** the Code limit in any calendar year, you will have made "excess deferrals." These excess deferrals, adjusted by any net gains or losses through the end of the year, must be distributed to you from the Plan (or the other qualified retirement plan(s) in which you participated) by April 15th of the year following the year in which the excess deferrals were made. Depending on whether you made pre-tax or Roth contributions (or both), you *may* need to pay Federal income tax on the excess deferrals for the year in which the excess deferrals were made.[1] You will also need to pay Federal income tax on any net gains associated with the excess deferrals for the year in which the excess is distributed. To request a distribution of your excess deferrals from the Plan, you must notify Drexel HR Service Center at hr@drexel.edu by March 1 of the year following the year in which the excess deferrals were made. Please note that if you do not receive a distribution by the April 15th deadline, you may be subject to double taxation when the excess deferrals (even if made on a Roth basis) are ultimately distributed from the Plan (i.e., you may need to pay Federal income tax on the excess deferrals BOTH (1) for the year in which the excess deferrals were made to the Plan, and (2) for the year in which the excess deferrals are distributed). Please note that any matching contributions associated with distributed excess deferrals will be forfeited, adjusted by any net gains or losses through the end of the year.

Excess Annual Additions

If the total amount of annual additions (contributions made by you or your behalf) to the Plan or any qualified retirement plans sponsored by a trade or business that you own or control **exceeds** the annual additions limit, you will have "excess annual additions." Any such excess annual additions must be corrected by distributing the excess amounts (including and any earnings on such excess amounts) from the Plan and/or other qualified retirement plans that you participated in during the year.[2] If at any time you become aware that you have excess annual additions, you must notify: Drexel HR Service Center at hr@drexel.edu immediately.

Additional Information

For more details about eligibility to participate in the Plan and the annual contribution limits that may apply to your retirement plan participation, please refer to the "summary plan description" (SPD) for the Plan or contact: Drexel HR Service Center at hr@drexel.edu.

[1] If you make both pre-tax and Roth contributions to the Plan and have excess deferrals, you may elect which of the two sources will be used for purposes of the corrective distribution.

[2] If you make both pre-tax and Roth contributions to the Plan and have excess annual additions, you may elect which of the two sources will be used for purposes of the corrective distribution.