



**Associated Universities, Inc. Retirement
Plan Qualified Default Investment
Alternative (QDIA) Initial/Annual Notice
Default Investment Notice**

You are receiving this notice to inform you how your contributions under the plan are being invested and how they will continue to be invested if you have not provided investment instructions. Please disregard this notice if you have already elected the investment allocations for your contributions.

As of January 1, 2013, contributions under the Associated Universities Inc. Retirement Plan (the "Plan") are being invested on your behalf in the default investment as described in this notice because we did not receive investment instructions from you, or because the instructions that we received from you were incomplete or inadequate.

This notice gives you important information about some Plan rules, including:

- What amount the Employer is contributing to your account;
- How your contributions are currently being invested on your behalf (because we did not receive investment instructions from you);
- When your account will be vested (that is, not surrendered when you leave your job), and when you can withdraw your account; and
- How you can change the allocation of your contributions.

You can find out more about the Plan in the Summary Plan Description (SPD), which can be obtained from the Plan Administrator at the address listed at the end of this notice.

1. What amounts is Associated Universities, Inc. contributing to my account?

If you are eligible to receive contributions under the terms of the Plan, your Employer is making the following contributions to your account:

10% of your annual base compensation (as defined in the Plan document)

2. How will my Plan account be invested?

TIAA has been selected by Associated Universities, Inc. as the investment provider for your Plan contributions. The Plan lets you invest your account in a number of different investment choices. Because you did not choose a different investment fund or funds, your Plan account is invested in the default investment option for Associated Universities, Inc. Retirement Plan, which is the age-based Vanguard Target-Date Funds that corresponds to your estimated date of retirement. The Vanguard Target-Date Funds provide a ready-made diversified portfolio using Vanguard's broadly diversified mutual funds as the underlying investment. The allocation strategy for the underlying equity, fixed-income and short-term mutual funds is based on the number of years expected to reach the target retirement dates. These funds seek to provide high total returns until the target retirement date. Each fund's goal is to seek high current income and as a secondary objective, capital appreciation. Each fund's target asset allocation percentages automatically changes over time to become more conservative by gradually reducing the allocation to equity funds and increasing the allocation to fixed-income and short-term funds. If the default investment fund changes at any time in the future, you will be notified.

The fact sheet for the Vanguard Target-Date Funds provide additional information including the investment objectives, risk and return characteristics, and fees and expenses. You can obtain updated

information on fee expenses and a more detailed explanation of the Vanguard Target-Date Funds at www.tiaa.org/nrao or by contacting TIAA at **800-842-2252**.

To learn more about the Plan's investment choices, you can review the Plan's SPD. Also, you can contact the Plan Administrator using the contact information at the end of this notice.

3. How can I change the investment allocation of the contributions that are being made on my behalf by Associated Universities, Inc. to another investment choice available under the Plan?

The Plan allows you to choose from a diverse set of investment options. A list of the Plan's available funds and a copy of the prospectus or information statement for each fund may be obtained from TIAA at **800-842-2252** or at www.tiaa.org/nrao. You have the right to change the investment allocation of your account at any time. If you elect to change the investment allocation of your account from one of the Vanguard Target-Date Funds, there are no fees or expenses imposed in connection with that transfer. But certain restrictions may apply if multiple transfers are made from any one account during any 60-day period. See the prospectus for more details on restrictions on frequent transfers at www.tiaa.org/nrao. You can change how your account is invested, among the Plan's offered investment funds, by contacting TIAA at **800-842-2252** or accessing your account online at tiaa.org.

4. When will my account be vested and available to me?

You are 100% vested in the employer contributions made under the Plan by Associated Universities, Inc.

To be fully vested in Plan contributions means that the contributions (together with any investment gain or loss) will always belong to you, and you will not lose them when you leave your job. For more information about years of service, you can review the Plan's SPD, which is available from the Plan Administrator using the contact information at the end of this notice.

Even if you are vested in your Plan account, there are limits on when you may withdraw your funds. These limits may be important to you in deciding how much, if any, to contribute to the Plan. Generally, you may only withdraw vested money after you leave your job, reach age 59½, or become disabled. Also, there is generally an extra 10% tax on distributions before age 59½. Your beneficiary can get any vested amount remaining in your account when you die.

5. Who should I call if I have any questions?

If you have any questions about the Plan's investment choices, how the Plan works or your rights and obligations under the Plan, or if you would like a copy of the Plan's SPD or other Plan documents, please contact the Plan Administrator at:

Sarah Arnold, Benefits Manager
Associated Universities, Inc.
520 Edgemont Road
Charlottesville, VA 22903
(434) 296-0312
sarnold@nrao.edu