A Change in the University Retirement Plan Contribution Formula for NEW Participants

If you are currently enrolled in the Retirement Plan these changes do NOT apply to you.

In January the University's Board of Trustees approved a change in the University Retirement Plan contribution formula for **NEW** and newly benefits-eligible employees beginning July 1, 2020.

What is NOT Changing?

- For current employees participating in the University Retirement Plan (with TIAA or Fidelity) there are no changes.
- There is no change in your current required employee contribution of 6% and no change in the University's current contribution of 13% to your retirement account.
- The current options to use TIAA or Fidelity and the available fund lineup are not changing.
- Your current vesting schedule and other current plan rules and guidelines are not changing.
- And if you are enrolled with APERS or ARTS the changes do not apply for you.

What is Changing?

- The changes in the contribution formula will apply
  - for new employees hired on and after July 1, 2020,
  - for newly benefits-eligible employees on and after that date,
  - for employees re-hired on and after that date,
  - and for employees transferring their employment between University campuses on and after that date.
- For those participants the University will provide a basic contribution equal to 5% of eligible salary and those participants will be required to contribute at 5%.
- For those participants who voluntarily contribute over 5%, the University will match one-for-one those contributions up to 10% within the IRS limits.

Why is the University Making these Changes?

- The standard 5% base and up to 10% matching formula is already in place at most University of Arkansas campuses. Of the 18 campuses and units, 12 are already using the standard formula.
- The change will move retirement plan contribution guidelines to a uniform formula and process for all new participants.
- A recent evaluation of retirement readiness projections (the retirement savings employees are projected to have at retirement age) indicates that, using the standard formula, most employees will reach retirement readiness goals.
- The matching formula may better encourage employees to participate in their retirement savings. For the campuses currently using the standard formula, many employees contribute at 10% or more and the average total employee contribution rate is slightly over 7%.
- In making this change for future participants the University is continuing to update benefits offerings to provide programs that are competitive and sustainable.