

# 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 14% 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.