



MEMORANDUM

To: Donna E. Shalala, President

From: Stephen Sapp
Chair, Faculty Senate

A handwritten signature in black ink that reads "Stephen Sapp". The signature is written in a cursive style with a large, prominent "S" at the beginning.

Date: October 4, 2006

Subject: Faculty Senate Legislation #2006-07(B) --Modification of Faculty Manual section C17.2 to reflect changes to the Retirement Savings Plan

On September 27, 2006, the Faculty Senate approved revision of Faculty Manual section C17.2 to reflect changes in the Retirement Savings Plan. These changes become effective upon your approval. The proposal is enclosed for your reference.

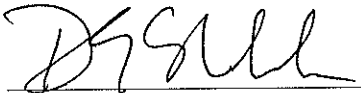
This legislation is now forwarded to you for your action.

SS/kl

cc: Thomas LeBlanc, Executive Vice President and Provost

Faculty Senate Legislation #2006-07(B) –Modification of Faculty Manual section C17.2 to reflect changes to the Retirement Savings Plan

PRESIDENT’S RESPONSE

APPROVED:  DATE: Oct 10 2006
(President’s Signature)

OFFICE OR INDIVIDUAL TO IMPLEMENT: GC

EFFECTIVE DATE OF LEGISLATION: _____
(if other than June 1 next following)

NOT APPROVED AND REFERRED TO: _____

REMARKS (IF NOT APPROVED): _____

1

2 **(a clean version is included at the end of this document)**

3 C17.2 Retirement Plans

4

5 ~~Effective June 1, 1980, the University adopted a separate, defined contribution retirement~~
6 ~~plan for full-time faculty members called the Faculty Retirement Plan. Faculty appointed on or after~~
7 ~~October 1, 1977 and all members of the Medical School Professional Income Plan were transferred~~
8 ~~to the Faculty. Faculty who begin work on or after June 1, 2007, and meet the eligibility~~
9 ~~requirements will participate in the Retirement Savings Plan, a defined contribution retirement plan.~~
10 ~~The Retirement Plan. Some faculty members appointed before October 1, 1977, remain in the~~
11 ~~Employee Retirement Plan. The Faculty Retirement Savings Plan provides for monthly core~~
12 ~~contributions by the University of 5% of 7% of total annual compensation (11% for tenured faculty~~
13 ~~or faculty who have completed seven years of service). In addition, the University will contribute up~~
14 ~~to an additional 5% of compensation on a one-for-one match of contributions made by the faculty~~
15 ~~member. All contributions will be made to a University approved investment company.~~
16 ~~Contributions begin immediately upon completion of a required service period that varies with~~
17 ~~academic rank. Contributions~~ Core contributions are vested after three years; matching contributions
18 are vested immediately. Retirement income under the plan is based on the funds accumulated in the
19 faculty member's account at the time of retirement.

20

21 ~~Faculty members who are eligible to participate in the Faculty Retirement Savings Plan~~
22 ~~should must complete an enrollment form and an investment company application, available from~~
23 ~~Benefits Administration. The enrollment form enables~~ These forms enable Benefits Administration
24 to direct the contributions to the company and the account(s) selected by the faculty member.
25 ~~Faculty members who do not make a Plan election within 90 days of eligibility will have~~
26 ~~contributions default to a TIAA-CREF Group Retirement Annuity (GRA) Money Market Account.~~
27 ~~TIAA-CREF will notify the faculty member~~ Immediately upon completion of a required one-year
28 ~~service period, University contributions will begin. Faculty members may elect to contribute up to~~
29 ~~5% of compensation; however, if a faculty member fails to make an election, then a default~~
30 ~~contribution of 1.5% will automatically be deducted and matched by the University. If no~~
31 ~~investment company is designated by the faculty member, these funds will be directed to a default~~
32 ~~account as provided under the terms of the plan. The faculty member will be notified of the~~
33 ~~established default account and the options available under the contract.~~

34

35 ~~Faculty members who are participants in the Employee Retirement Plan are eligible for~~
36 ~~lifetime monthly income, based on pay and service, with benefits commencing at normal retirement~~
37 ~~date, which is June 1 following their 65th birthday. Faculty members with at least ten years of~~
38 ~~service may retire at age 62 with no actuarial reduction of benefits or at age 55 with a reduced~~
39 ~~benefit.~~

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41 Faculty members hired before June 1, 2007, may elect to remain in their prior retirement
42 plan. Further information on the Faculty Retirement Plan and the Employee Retirement Plan is about
43 these plans may be found in the University's Summary Plan Description available from online at the
44 Benefits Administration section of the University's website.

1 (CLEAN VERSION)

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3 C17.2 Retirement Plans

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5 Faculty who begin work on or after June 1, 2007, and meet the eligibility requirements will
6 participate in the Retirement Savings Plan, a defined contribution retirement plan. The Retirement
7 Savings Plan provides for monthly core contributions by the University of 5% of compensation. In
8 addition, the University will contribute up to an additional 5% of compensation on a one-for-one
9 match of contributions made by the faculty member. All contributions will be made to a University
10 approved investment company. Core contributions are vested after three years; matching
11 contributions are vested immediately. Retirement income under the plan is based on the funds
12 accumulated in the faculty member's account at the time of retirement.

13

14 Faculty members who are eligible to participate in the Retirement Savings Plan must complete an
15 enrollment form and an investment company application available from Benefits Administration.
16 These forms enable Benefits Administration to direct the contributions to the company and the
17 account(s) selected by the faculty member. Immediately upon completion of a required one-year
18 service period, University contributions will begin. Faculty members may elect to contribute up to
19 5% of compensation; however, if a faculty member fails to make an election, then a default
20 contribution of 1.5% will automatically be deducted and matched by the University. If no
21 investment company is designated by the faculty member, these funds will be directed to a default
22 account as provided under the terms of the plan. The faculty member will be notified of the
23 established default account and the options available under the contract.

24

25 Faculty members hired before June 1, 2007, may elect to remain in their prior retirement plan.
26 Further information about these plans may be found in the University's Summary Plan Description
27 available online at the Benefits section of the University's website.

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