

# **University of Notre Dame Pension/403(b) Retirement Plan Choice Frequently Asked Questions**

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## **General FAQs**

### **1. What is the UND 403(b) Retirement Plan?**

The University's 403(b) Retirement Plan is a defined contribution plan under Section 403(b) of the Internal Revenue Code. A *defined contribution plan* is a type of retirement plan that defines the contributions made to the plan by the University and the participant. Similar to a 401(k) plan, a benefit is earned in the 403(b) Plan through an investment account set up in the participant's name. The value of the account is based upon the employee's contributions, the University's contributions and market gains or losses on the investments.

This is currently the primary retirement plan for regular faculty and exempt staff. Non-exempt staff can make voluntary employee contributions.

### **2. What is the UND Employees' Pension Plan?**

The University's Employees' Pension Plan is a defined benefit plan under Section 401(a) of the Internal Revenue Code. A *defined benefit plan* is a type of retirement plan that "defines" the benefit amount a participant will receive from the University based on age, years of service and salary history.

This is currently the primary retirement plan for non-exempt staff.

This plan will be closed to new participants on December 31, 2017.

### **3. Why is the University making this change?**

The UND Employees' Pension Plan has served our non-exempt employees well over the years. But over time we have received increasing feedback that it may no longer be the best choice for everyone, especially for employees who may spend only part of their career with Notre Dame. It is a plan not understood by most of the participants and we hear that many employees want more control over their retirement savings.

The UND 403(b) Retirement Plan provides options for employees to save and make investment decisions through the services offered by Fidelity. They are immediately vested in the benefit and can take the value of their account with them should they separate from the University.

**4. I am non-exempt staff but have been here less than one-year. How does this affect me?**

The UND Employees' Pension Plan has a requirement of working 1,000 hours in a one-year period with plan entry dates of July 1 and January 1. Regular non-exempt staff who did not enter the Pension Plan by July 1, 2017, will become participants in the 403(b) Plan when eligible.

**5. I am a temporary employee. How does this affect me?**

Temporary staff who are pension plan participants will remain in the pension plan.

**6. I am exempt staff and a participant in the 403(b) Plan but was previously non-exempt staff and a participant in the Pension Plan. How does this affect me?**

You will not be affected. Any vested benefit you have in the Pension Plan will remain in the Pension Plan. You will continue to be a participant in the 403(b) Plan.

**7. If I decide to stay in the UND Employees' Pension Plan now and later transfer to an exempt position, what retirement plan will I have?**

You will be in the UND 403(b) Retirement Plan if you later transfer to an exempt position and your pension benefit will be frozen as of the date of transfer. You would stay in the pension plan if you transfer to a different non-exempt position.

**8. If I leave the University and am rehired, what plan will I be in?**

You will be in the UND 403(b) Retirement Plan.

**9. What happens if I choose to stay in the UND Employees' Pension Plan?**

If you continue to participate in the UND Employees' Pension Plan, the University will continue to add value towards your pension.

**10. What Plan will I be eligible for since I am still in my waiting period?**

Any employee still in their eligibility (waiting) period as of July 1, 2017, will be in the UND 403(b) Retirement Plan on or after January 1, 2018.

**11. What materials will be provided to eligible pension plan participants in order to make a decision?**

On September 7, 2017, a decision guide and a personalized statement will be mailed to eligible participants' home from Aon Hewitt.

- Retirement Plan Choice Decision Guide
  - Detailed information about the two choices: 1) remain in the current UND Employee Pension Plan, or 2) transfer to the UND 403(b) Retirement Plan
  - Suggests things employees should consider when they make their decision
  - Guide features profiles of sample employees and the things each considered when making a choice

- Retirement Plan Choice Personalized Statement (mailed with this guide)
  - Personalized comparisons of employee’s future retirement benefit from each option at various ages using certain assumptions
  - Election form and return envelope

**12. Will there be information sessions and other assistance offered?**

Information sessions are planned for September 14 and 15. Details about time and location will be shared. Aon Hewitt and Fidelity will both have representatives at these information sessions. In addition, the Aon Hewitt Service Center will be available for calls from September 7 to October 31. Representatives are available between 8 am and 5 pm, Eastern time, Monday through Friday, excluding holidays.

**13. What if I do not make a choice by October 23<sup>rd</sup>?**

If you do not make a choice by October 23, 2017, you will remain in the UND Employee Pension Plan. However, we encourage you to review the materials provided by Aon Hewitt so you can make an informed decision about your future retirement plan.

**14. Where can I find additional information on the pension plan and 403(b) Plan?**

Notre Dame’s website at <http://hr.nd.edu/benefits/retirement-savings> provides summary information about both plans as well as links to the Summary Plan Description for each plan.

**[FAQs about the UND Employees’ Pension Plan](#)**

**15. What is the UND Employees’ Pension Plan?**

The University’s Employees’ Pension Plan is a defined benefit plan under Section 401(a) of the Internal Revenue Code in which non-exempt staff may receive a specific monthly benefit upon retirement age, based on years of service and salary history. Employees are eligible if they are at least 21 years old and have completed 12 months of service with the University in which they are credited with 1,000 hours of service. The vesting period is five years.

This plan will be closed to new participants on December 31, 2017.

**16. What will happen to the UND Employees’ Pension Plan?**

The UND Employee Pension Plan will be closed to **new** participants on December 31, 2017.

**17. What does closing the UND Employees’ Pension Plan to new participants mean?**

Closing a pension plan is a technical term that means that existing participants can remain in the pension plan and the University will continue to fund their pension benefit. No new participants can enter a closed pension plan. New regular staff and rehired will enter the UND 403(b) Retirement Plan upon meeting eligibility.

Notre Dame is giving current pension plan participants a one-time opportunity to choose whether they stay in the pension plan or move to the 403(b) Retirement Plan.

**18. What is the benefit under the UND Employees' Pension Plan if someone retires from Notre Dame?**

The pension plan benefit is paid by the University as a monthly annuity based upon the benefit formula: 1.45 percent x Years of Credited Service x Final Average Pay. Age 65 is generally the age at which a vested participant begins their monthly pension benefit.

**19. As a current participant of the UND Employees' Pension Plan, what will happen to my pension benefit?**

The current participants of the UND Employee Pension Plan as of July 1, 2017 will have a one-time opportunity to continue in the Pension Plan or move to the UND 403(b) Retirement Plan. This decision must be made by October 23, 2017.

- If the participant chooses to stay in the UND Employees' Pension Plan, the University will continue to add value toward their pension for the foreseeable future.
- If the participant chooses to move to the UND 403(b) Retirement Plan, the University will no longer make contributions to the pension on their behalf and they will receive the value of their frozen pension benefit as of December 31, 2017, upon retirement or other separation from the University.

**20. If I transfer to the UND 403(b) Retirement Plan, can I take the contributions I made years ago to the UND Employees' Pension Plan?**

No, any employee contributions made to the pension plan prior to July 1, 1997 can only be taken at the time of retirement or other separation from the University.

**21. What is the future plan for the UND Employees' Pension Plan?**

While the university retains the right to always manage our retirement benefits in a way that best serves our community of employees, there are no plans at this time to freeze the UND Employees' Pension Plan for all participants.

**[FAQs about the UND 403\(b\) Retirement Plan](#)**

**22. What is the (current) UND 403(b) Retirement Plan?**

The University's 403(b) Retirement Plan is a defined contribution plan under Section 403(b) of the Internal Revenue Code. Upon attaining eligibility, the University contributes 10 percent of regular salary to the plan, and faculty and exempt staff are required to contribute a Mandatory Employee Contribution of 5 percent of regular salary to the plan. Contributions made by the employee and the University are vested immediately. Mandatory Employee Contributions (5 percent) and University

Contributions (10 percent) are made on a pre-tax basis. Voluntary contributions from faculty, exempt, and non-exempt staff can be made on either a pre-tax or post-tax basis.

**23. What is the benefit under the UND 403(b) Retirement Plan if someone retires from Notre Dame?**

A benefit is earned in the 403(b) Plan through an investment account set up in the participant's name. The value of the account is based upon the employee's contributions, the University's contributions and market gains or losses on the investments.

**24. What will be the features of the UND 403(b) Retirement Plan after January 1, 2018?**

All existing 403(b) participants and all **new** regular employees, exempt and non-exempt, will participate in the UND 403(b) Retirement Plan effective January 1, 2018.

- There is a one-year waiting period for all participants
- This plan includes a mandatory 5 percent contribution of the employee's eligible compensation
- The University contributes 10 percent of the employee's eligible compensation
- Employees can elect to make voluntary contributions

Employees who are currently in the UND Employees' Pension Plan and are part of the special group who can choose either plan by October 23, 2017, will be eligible to participate in the following special benefits:

- The University will automatically contribute 5 percent of the employee's eligible compensation
- There is no mandatory employee contribution
- Employees can elect to make voluntary employee contributions, which the University will match, dollar for dollar, up to 5 percent of the employee's eligible compensation to a 10 percent maximum total of University contributions

**25. How often can I change my voluntary employee contribution?**

Voluntary employee contributions may be changed anytime during the year and generally take effect within one or two pay periods. One approach you may want to consider is to increase your voluntary employee contribution when you receive a pay increase or when your overall household income changes.

**26. What happens if I choose to move from the UND Employees' Pension Plan to the UND 403(b) Retirement Plan but do not make a voluntary employee contribution?**

You will still receive the University's automatic 5 percent contribution in the UND 403(b) Retirement Plan, but you will not receive any additional matching contributions dollar for dollar up to 5 percent from the University that are based on your voluntary employee contributions.

## **27. What are the investment options in the UND 403(b) Retirement Plan?**

The University's 403(b) Investment Committee has chosen an array of investment options designed to accommodate most investors' needs and that it regularly monitors for performance and cost. To make it easier to navigate the investment options, they are grouped into three tiers:

- Funds in **Tier I** consist of low-cost Target Date Funds managed by Vanguard.
- Funds in **Tier II** are Core Fund options and include a fixed annuity option through MetLife as well as four passively managed (index) funds managed by Vanguard.
- **Tier III** includes Specialty Funds that have been selected to provide access to additional categories of passively managed funds, as well as actively managed funds. These include four funds managed by Vanguard, PIMCO, DFA and Dodge & Cox.

A self-directed brokerage account through Fidelity BrokerageLink® is also available, but it is important to note that the investments available through Fidelity BrokerageLink® are not monitored.