

Employee FAQ
University of Notre Dame Employees' Pension Plan
Annual Funding Notice

What is the Annual Funding Notice and why am I receiving it?

A. No action is required. The Annual Funding Notice is a notice the University is required to distribute to comply with a federal law known as the Pension Protection Act of 2006 (PPA). Its purpose is to give participants information regarding the funding status of the pension plan. The information contained in the notice and the way it is presented are as required by PPA and the Department of Labor. A similar notice has been distributed since the requirement took effect in 2009.

Q. How are benefits funded in the pension plan?

A. Every year, independent actuaries determine the amount of benefits participants have earned as well as the value of the plan's assets. Comparing the two amounts, funding requirements to the plan are determined. The University has made both required and voluntary contributions to the pension plan to ensure adequate funding levels are maintained to meet the plan's benefit obligations.

Q. What is the funded status of the pension plan?

A. One way to measure how well the plan is funded is by looking at the benefits earned by plan participants and the value of plan assets and comparing the two values. The ratio of these amounts is the percent the plan is funded and is called the Funding Target Attainment Percentage. As of July 1, 2012, the pension plan was 97.42% funded. The increase from 81.50% as of July 1, 2011, is based in part on a new federal law named Moving Ahead for Progress in the 21st Century Act (MAP-21) which changed how pension plans calculate their liabilities. Without MAP-21, the funding target attainment percentage would have been 79.10%.

Q. What does it mean to be less than 100% funded?

A. It is normal for a plan's funded status to be less than 100%. Since some of the benefits earned today will not be paid for many years, it is not necessary to have all the money in the plan today. Overall, the University is committed to meeting the benefit obligations of the plan.

Q. Can the University use the pension plan assets for any other purposes?

A. No, the University pension plan assets must be used for the exclusive benefit of plan participants and to pay plan expenses. The University of Notre Dame's plan must be administered in the sole interest of, and for the exclusive purpose of providing benefits to plan participants and beneficiaries.

Q. Why does the notice discuss terminating the pension plan?

A. We are required by law to include this language in the notice. The University does not intend to terminate the pension plan at this time.

Q. Are my pension benefits protected?

A. Yes. Your pension benefit is protected by the Pension Benefit Guaranty Corporation (PBGC). This is a federal agency similar to the FDIC which insures bank deposits. Like all pension plans, the University pays premiums to the PBGC for insurance. The PBGC insures benefits up to certain limits as set by law.