



Proposed New Retirement Plan for Future Employees

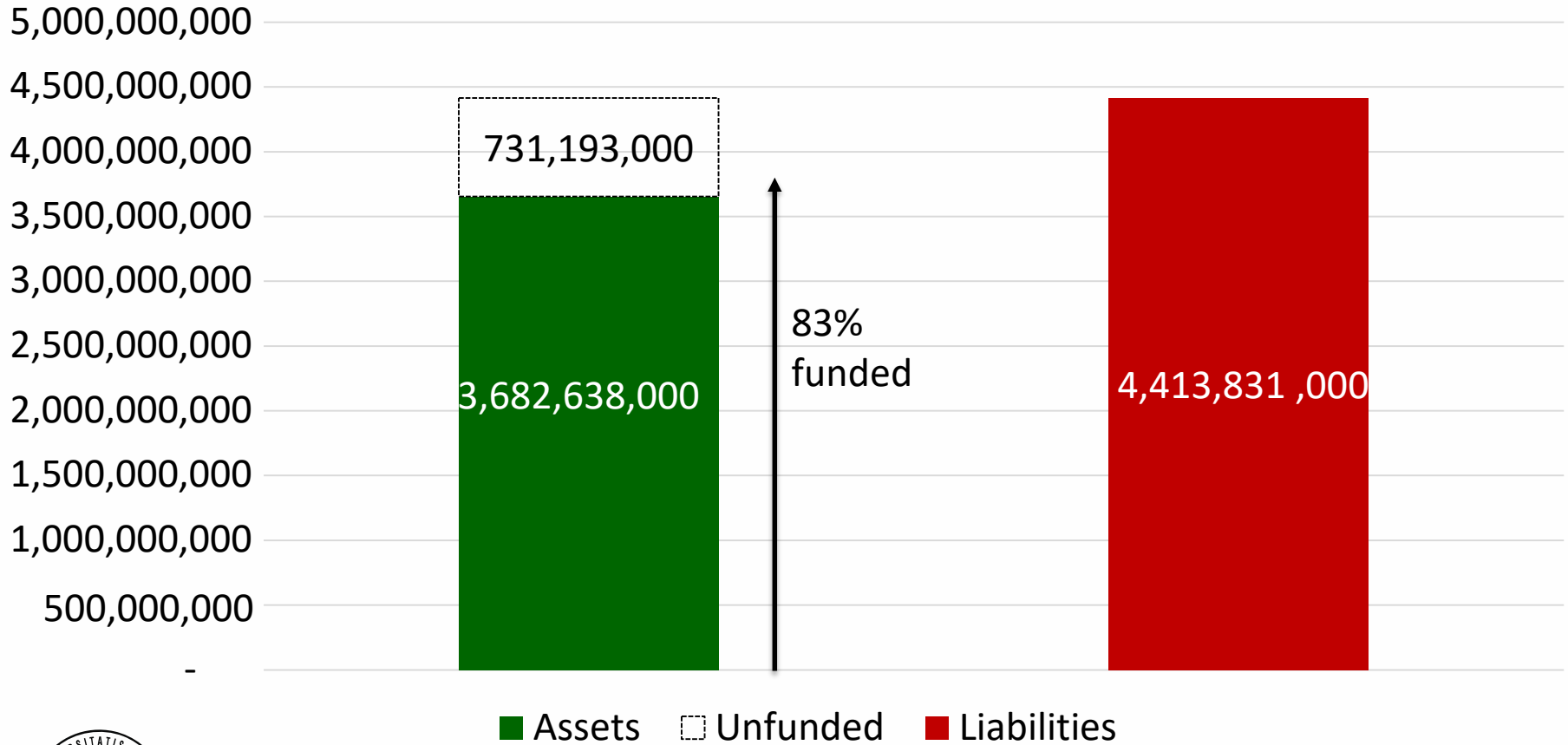
Informational Item

Why this change?

- New employees desire portability and accessibility
- Marketplace for faculty and staff is largely defined contribution
- The blended plan for current employees is difficult to understand
- We must make decisions now to protect the defined benefit for current employees and retirees



Current Pension Plan Funded Status



Process for Evaluation & Recommendation

- TRAC – Faculty, Staff and Retiree Representation
- Central Work Team – System Leaders in Finance, HR, Investment, Legal, as well as outside consultants and vendors



Total Rewards Advisory Committee (TRAC)⁷

Includes members representing faculty and staff from each University, the hospital and retirees.

Developed organizational philosophy and principles:

- Ensure Sustainability

- Strive for Equity

- Continue to offer a retirement benefit that will attract and retain employees



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Total Rewards Advisory Committee (TRAC)

With the help of outside consultants, TRAC reviewed UM's current retirement plan offerings and benchmarking data

Plan Review:

Retirement, Disability, & Death Benefit Plan (RDD) – pre-2012 defined benefit
Employee Retirement Investment Plan (ERIP) – post-2012 defined benefit and defined contribution

Benchmarking Analysis:

Public, Private, and Healthcare Industry Standards and Trends
AAU Public, Urban 21, and Rolla Custom Peer Analysis



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Pre-2012: Pure Defined Benefit

DB Design*

2.2% X average of 5 highest consecutive years of salary X Service Credits



Post-2012: Blended Defined Benefit & Defined Contribution

Defined Employer Contribution:	2% automatic, \$1 for \$1 match up to 3%, max 5% total
Employee Contribution Auto Enrollment	3% (in addition to mandatory DB)
Vesting Period	3 Years

DB Design*

1% X average of 5 highest consecutive years of salary X Service Credits



- *Mandatory employee contributions:
- 1% of eligible salary earned up to \$49,999
 - 2% of eligible salary earned over \$50,000



Peer Group Comparison/Benchmarking



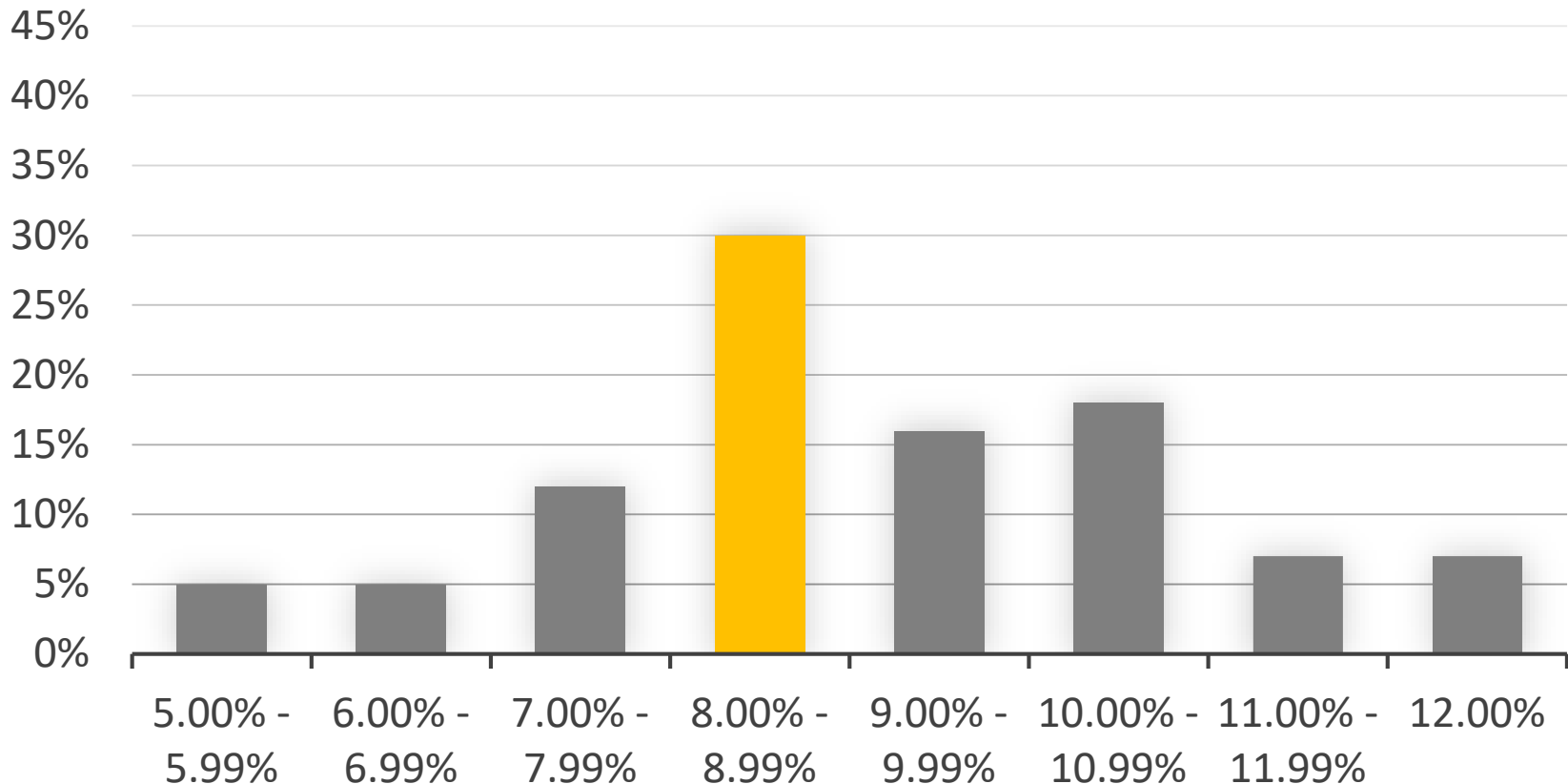
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All Public Peer University DC Plans

Employer Contribution Percentages



Source: University websites, includes 49 schools and 57 plans



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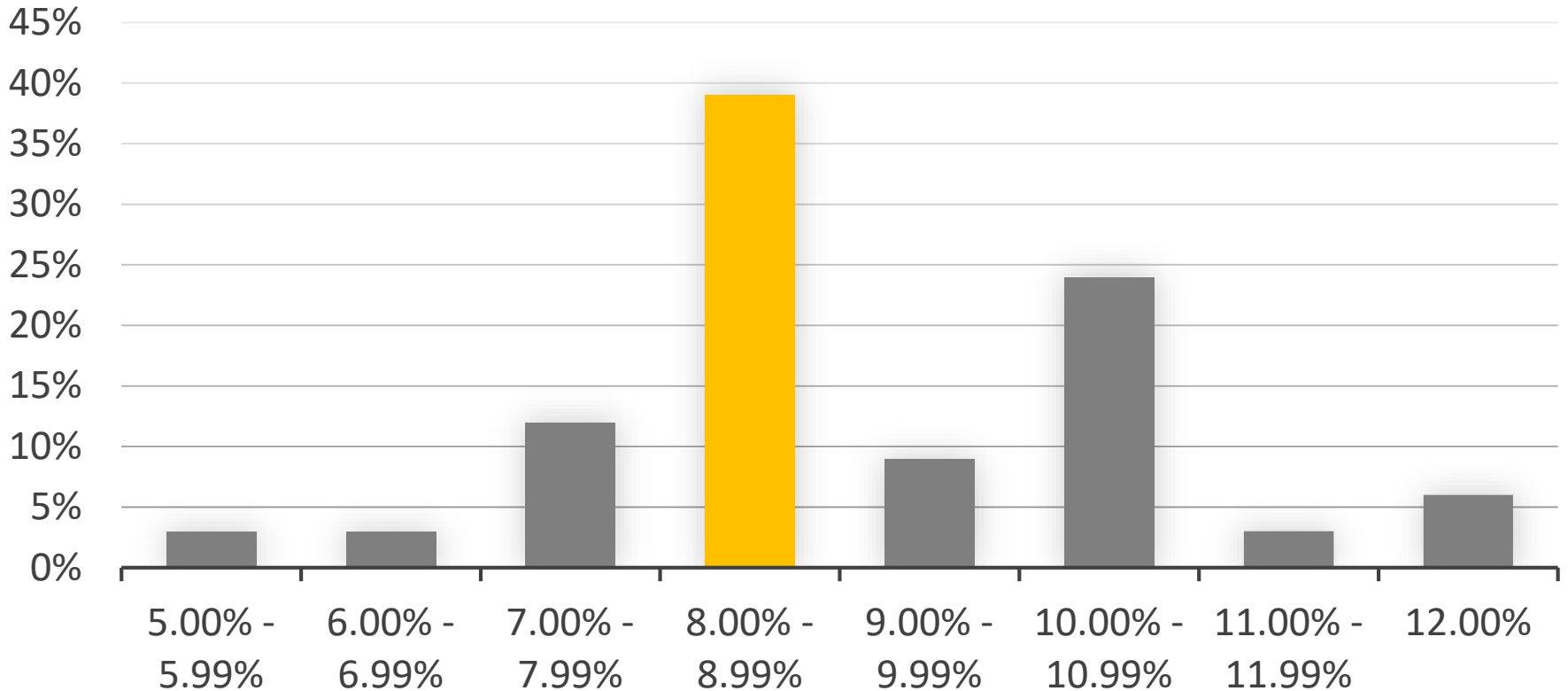
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AAU Public DC Plans

Employer Contribution Percentages



Source: University websites, includes 30 schools and 33 plans - See Table A



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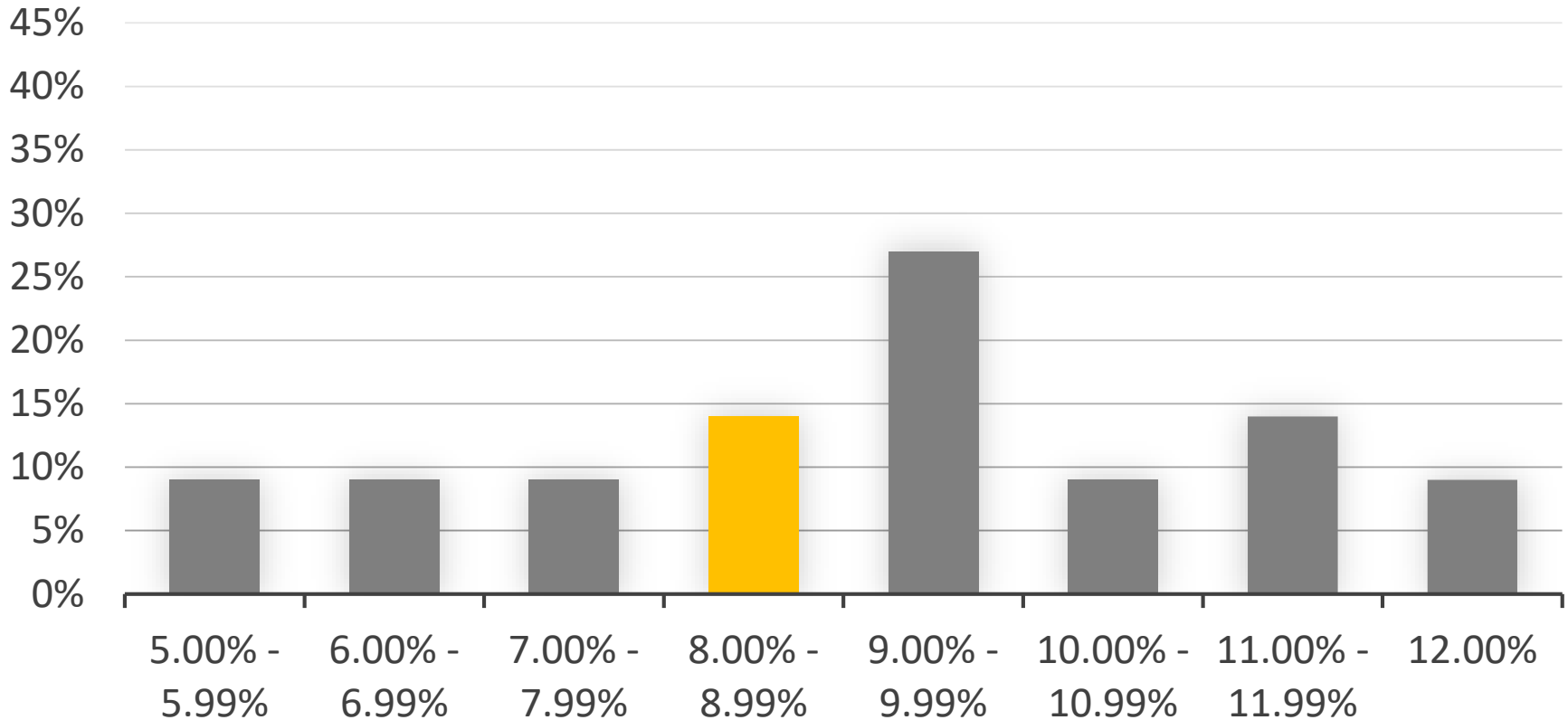
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Urban 21 DC Plans

Employer Contribution Percentages



Source: University websites, includes 17 schools and 22 plans - See Table B



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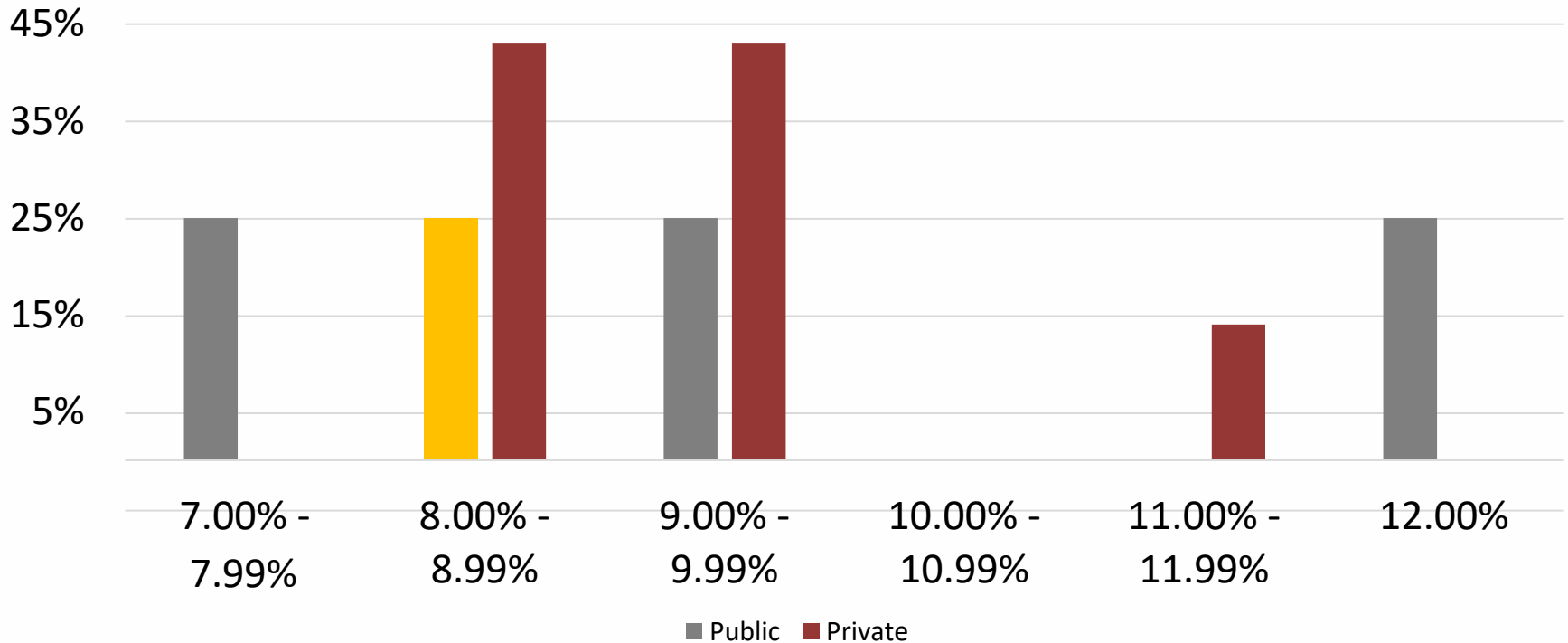
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MO S&T Custom DC Plans

Employer Contribution Percentages



Source: University websites, includes 10 schools and 11 plans - See Table C



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PLAN DESIGN RECOMMENDATIONS



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Recommendation

TRAC's recommendation is:

1. To introduce a new defined contribution plan to employees hired on or after October 1, 2019, and
2. Close the defined benefit plan for individuals hired on or after October 1, 2019.



Plan Design Recommendation



Proposed New Plan Design

Employee Auto Enrollment	New Hires as of 10/01/2019
Employee Automatic Deferral Rate (can be changed by the employee at anytime)	8%
Vesting Period	3 Years
DC Employer Match Design	\$1 for \$1 match up to 8% of pay
Total Employer Contribution at Max Match	8%
Total Employee + Employer Contribution at max match	8%+8%=16%
Suggested Total Savings Rate	15%



18 Presentation to System Representative Groups

- 4-Campus Retiree Association – 9/27/18
- HR Council (HRC) – 10/1/18
- General Officers (GO) – 10/4/18; 11/1/18
- Intercampus Faculty Council (IFC) – 10/9/18; 11/2/18
- University of Missouri Academic Officers (UMAO) – 10/11/18
- Administrative Management Council (AMC) – 10/17/18
- Intercampus Staff Advisory Council (ISAC) – 10/19/18



Timeline & Next Steps

TRAC Project Work – Jan-Sept 2018

System Representative Group Presentations – Oct 2018

Board of Curators Informational Item – Nov 2018

Presentations to University Faculty & Staff Groups– Nov-Dec, 2018

Board of Curators Formal Vote – tentatively Feb 2019

New Plan Effective for New Employees – tentatively Oct 2019





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Table A

Association of American Universities	EE Mandatory	ER Core	ER Match	Total ER	Program Covers
University of Florida	3.00%	5.14%	0.00%	5.14%	Faculty & Staff
University of North Carolina at Chapel Hill	6.00%	6.84%	0.00%	6.84%	Faculty & Staff
The University of Arizona	7.00%	7.00%	0.00%	7.00%	Faculty, Admin & Academic/Service Professionals
University of Maryland, College Park	0.00%	7.25%	0.00%	7.25%	Faculty & Staff
University of Washington	7.50%	7.50%	0.00%	7.50%	Faculty, professional staff, librarians, and academic staff
University of Illinois at Urbana–Champaign	8.00%	7.60%	0.00%	7.60%	Faculty & Staff
Indiana University Bloomington	0.00%	4.00%	4.00%	8.00%	Support and Service Staff
Purdue University	0.00%	4.00%	4.00%	8.00%	Clerical Service, Operations/Technical Assistances
Rutgers University–New Brunswick	5.00%	8.00%	0.00%	8.00%	Faculty & Staff
University of California, Berkeley	7.00%	8.00%	0.00%	8.00%	Faculty & Staff
University of California, Davis	7.00%	8.00%	0.00%	8.00%	Faculty & Staff
University of California, Irvine	7.00%	8.00%	0.00%	8.00%	Faculty & Staff
University of California, Los Angeles	7.00%	8.00%	0.00%	8.00%	Faculty & Staff
University of California, San Diego	7.00%	8.00%	0.00%	8.00%	Faculty & Staff
University of California, Santa Barbara	7.00%	8.00%	0.00%	8.00%	Faculty & Staff
Texas A&M University	6.65%	8.50%	0.00%	8.50%	Faculty & Staff
The University of Kansas	5.50%	8.50%	0.00%	8.50%	Eligible Faculty and Unclassified Professional Staff
The University of Texas at Austin	6.65%	8.50%	0.00%	8.50%	Faculty & Staff
University of Virginia	5.00%	8.90%	0.00%	8.90%	Faculty and Staff Managerial & Professional, Staff Executive
Georgia Institute of Technology	6.00%	9.24%	0.00%	9.24%	Faculty
The Pennsylvania State University	5.00%	9.29%	0.00%	9.29%	Faculty & Staff
The Ohio State University	14.00%	9.53%	0.00%	9.53%	Faculty
Indiana University Bloomington	0.00%	10.00%	0.00%	10.00%	Academic and Professional Staff Employees
Iowa State University	5.00%	10.00%	0.00%	10.00%	Faculty & Staff
Michigan State University	5.00%	10.00%	0.00%	10.00%	Faculty & Staff
Purdue University	4.00%	10.00%	0.00%	10.00%	Faculty, Administrative/Professional (A/P), Management/Professionals (M/P), Visiting Faculty
The University of Iowa	5.00%	10.00%	0.00%	10.00%	Faculty & Staff
University of Colorado Boulder	5.00%	10.00%	0.00%	10.00%	Faculty & Staff
University of Michigan	5.00%	5.00%	5.00%	10.00%	Faculty & Staff
University of Minnesota	5.50%	10.00%	0.00%	10.00%	Faculty & Staff
The Ohio State University	10.00%	11.56%	0.00%	11.56%	Staff
University of Oregon	0.00%	8.00%	4.00%	12.00%	Faculty and Officers of Administration
University of Pittsburgh	0.00%	0.00%	12.00%	12.00%	Faculty & Staff

Table B

Urban 21	EE Mandatory	ER Core	ER Match	Total ER	Program Covers
Florida Agricultural and Mechanical University (Tallahassee, FL)	3.00%	5.14%	0.00%	5.14%	Faculty & Staff
University of Massachusetts Boston (Boston, MA)	10.00%	5.00%	0.00%	5.00%	Faculty & Staff
University of Houston (Houston, TX)	6.65%	6.60%	0.00%	6.60%	Faculty & Staff
University of New Orleans (New Orleans, LA)	8.00%	6.20%	0.00%	6.20%	Faculty & Staff
Temple University (Philadelphia, PA)	4.50%	7.00%	0.00%	7.00%	Non-Tenure Track Faculty
University of Illinois at Chicago (Chicago, IL)	8.00%	7.35%	0.00%	7.35%	Faculty & Staff
Indiana University-Purdue University Indianapolis (Indianapolis, IN)	0.00%	4.00%	4.00%	8.00%	Support and Service Staff
Temple University (Philadelphia, PA)	4.50%	8.50%	0.00%	8.50%	Non-Union Faculty & Staff
Virginia Commonwealth University (Richmond, VA)	5.00%	8.50%	0.00%	8.50%	Faculty & Staff
City University of New York The City College (New York, NY)	3.50%	9.00%	0.00%	9.00%	Faculty & Staff
Cleveland State University (Cleveland, OH)	14.00%	9.53%	0.00%	9.53%	Faculty
Georgia State University (Atlanta, GA)	6.00%	9.24%	0.00%	9.24%	Exempt employees
The University of Memphis (Memphis, TN)	5.00%	9.00%	0.00%	9.00%	Faculty & Staff
University of Cincinnati Main Campus (Cincinnati, OH)	14.00%	9.53%	0.00%	9.53%	Faculty
University of Toledo (Toledo, OH)	14.00%	9.53%	0.00%	9.53%	Faculty
Indiana University-Purdue University Indianapolis (Indianapolis, IN)	0.00%	10.00%	0.00%	10.00%	Academic and Professional Staff Employees
Wayne State University (Detroit, MI)	0.00%	0.00%	10.00%	10.00%	Faculty & Staff
Cleveland State University (Cleveland, OH)	10.00%	11.56%	0.00%	11.56%	Staff
University of Cincinnati Main Campus (Cincinnati, OH)	10.00%	11.56%	0.00%	11.56%	Staff
University of Toledo (Toledo, OH)	10.00%	11.56%	0.00%	11.56%	Staff
Portland State University (Portland, OR)	0.00%	8.00%	4.00%	12.00%	Unclassified ees
University of Pittsburgh (Pittsburgh, PA)	0.00%	0.00%	12.00%	12.00%	Faculty & Staff

- We were able to gather retirement plan information for all 19 universities; 2 have DB plans so there are 17 schools included in the analysis

Table C

MO S&T Custom	Type	EE Mandatory	ER Core	ER Match	Total ER	Program Covers
Michigan Technological University	Public	0.00%	0.00%	7.50%	7.50%	Faculty & Staff
California Institute of Technology	Private	0.00%	8.50%	0.00%	8.50%	Staff
Carnegie Mellon University	Private	0.00%	8.00%	0.00%	8.00%	Faculty & Staff
New Jersey Institute of Technology	Public	5.00%	8.00%	0.00%	8.00%	Faculty & Staff
Rensselaer Polytechnic Institute	Private	1.00%	8.00%	0.00%	8.00%	Faculty & Staff
California Institute of Technology	Private	0.00%	9.00%	0.00%	9.00%	Faculty & Key Staff
Georgia Institute of Technology	Public	6.00%	9.24%	0.00%	9.24%	Faculty & Staff
Illinois Institute of Technology	Private	0.00%	5.00%	4.00%	9.00%	Faculty & Staff
Kettering University	Private	n.a.	0.00%	9.00%	9.00%	Faculty & Staff
Worcester Polytechnic Institute	Private	5.00%	11.00%	0.00%	11.00%	Faculty & Staff
Colorado School of Mines	Public	8.00%	12.00%	0.00%	12.00%	Faculty & Staff

- There are 17 schools in the MO S&T Custom Peer Group
 - 3 universities have defined benefit plans and we were unable to obtain information on 4 universities, so there are 10 universities included in the analysis