



## Retirement, Disability and Death Benefit Plan Financial Management Policy Q&A

*On April 21, 2022, the University of Missouri Board of Curators approved a new financial management policy for the university's Retirement, Disability and Death Benefit Plan (hereafter referred to as "the Plan"). The following questions and answers clarify the impact of the approved policy.*

### Are Plan benefits at risk?

No. The retirement Plan is strong financially. The Plan formally established the benefits available for retirees and current participants. Nothing has changed the terms of the Plan or those benefits.

### Does the Plan have enough money to pay benefits?

Yes. The Plan is funded well. We are making some changes to our investment strategies to help ensure the Plan will have the money to pay out all the guaranteed benefits to our current and future retirees. It is estimated that the retirement Plan will have financial obligations for the next 100 years. These changes help ensure the Plan will have the money to pay out all of the guaranteed benefits.

### Can the university take money from the Plan to fund operations?

No. The assets used to fund the Plan's benefits are held in a separate trust from our day-to-day operating budget. Money that is in the retirement Plan cannot be used for the university's daily operations.

### Did the Board of Curators just approve changes to the Plan?

The board approved changing how we invest the Plan's money and approved a policy change that indicates the retirement Plan will not offer ad hoc cost-of-living adjustments in the future.

The board's actions did not change the benefits provided by the Plan to current or future retirees.

### Will these changes impact cost-of-living adjustments (COLAs) for Plan participants who are receiving payments under the Plan?

The changes approved by the board in April 2022 make it clear that ad hoc cost-of-living adjustments will not be authorized in the future unless a future board decides to revisit the policy.

This provides current and future retirees clear information so they can make the best decisions for their financial future. Some retirees opt for a benefit structure that provides annual increases over the time their benefits are paid out to them.



## Why were these changes needed?

The university's obligations under the Plan are estimated to be approximately \$19 billion over the next 100 years. Given the significance of this commitment, making changes to how we contribute to and invest in the retirement Plan, as well as establishing that no cost-of-living adjustments will be provided in the future, will support the long-term health of the Plan.

## Will the new financial management policy allow the university to reduce Plan contributions?

No. The new policy will likely increase university contributions into the Plan in the near term relative to what would have otherwise occurred had the policy not been adopted.

## Will these changes impact any aspect of current retiree benefit payments?

No. Retiree benefit payments are not impacted. All retirees will continue to receive their expected payments.

## I heard that the university might be considering allowing employees to cash out their pension benefits for a lump sum. Is that true?

No. No current employees or retirees are being offered a pension plan buyout. We do have some former employees who have not started drawing their retirement benefits. We are exploring the option of offering a buyout to those former employees, but no decision has been made.

## Will an early retirement incentive be offered under the Plan?

No. The university has no current plans to offer any form of early retirement incentive.

## Where can I learn more about my retirement benefits?

Active employees with a pension benefit as part of their Core Retirement Plan ([umurl.us/retplans](http://umurl.us/retplans)) may estimate future benefits online on the Pension Benefits Portal ([umurl.us/retcalc](http://umurl.us/retcalc)). Retirees/beneficiaries in payment made a one-time election of how they would receive their benefit at the time they commenced payments under that plan.