

TEMPORARY REDUCTION IN UNIVERSITY CONTRIBUTIONS TO DEFINED CONTRIBUTION RETIREMENT PLANS

In response to the Governor's order reducing current appropriations to state agencies, institutions and boards by ten percent, the Board of Regents requested that Iowa's public universities and special schools consider reductions of benefits as one component in response to the Governor's order.

On October 29, 2009, the University was authorized by the Board of Regents to implement the following temporary reduction in employer contributions to each of its Defined Contribution Retirement Plans as follows:

Effective with the payroll period beginning on November 1, 2009 and ending with the payroll period ending on June 30, 2011, the University will reduce retirement contributions to Defined Contribution Retirement Plans by twenty percent, that is a reduction of the employer contribution from 10% to 8% of salary (see below). All employees are subject to the foregoing contribution rate changes unless the terms of a specific contract prohibit this application. Remaining terms of the Plans shall remain in force and unchanged.

Effective July 1, 2011 the employer retirement contribution percentages will revert back to the same percentages in place prior to this action.

The University estimates that the two percent reduction in contributions to participants will result in general fund savings of \$8.1 million over the temporary reduction period.

Plan Contributions as a Percentage of Compensation

<u>Annual Salary</u>	CURRENT		EFFECTIVE	
	<u>University</u>	<u>Employee</u>	<u>University</u>	<u>Employee</u>
1 thru 5 Years of Service				
On the first \$4,800	6.66 %	3.33 %	5.33 %	3.33 %
Above \$4,800	10.00 %	5.00 %	8.00 %	5.00 %
Over 5 Years of Service	10.00 %	5.00 %	8.00 %	5.00 %