

From: Goins, Rebecca A
Sent: Tuesday, December 29, 2015 2:41 PM
To: HR Newsletter Distribution
Cc: Ask HR
Subject: July 2016 changes to UA Retirement Plan

The UA Board of Trustees recently approved two changes to the University's retirement plan. These changes take effect July 1, 2016.

We will soon communicate these changes to employees, but wanted to let you know now in case you are recruiting for positions to be filled in the summer.

1. Vesting changes from 1 year to 2 years.

"Vesting" means an employee becomes entitled to the contributions or match made by UAMS. Currently an employee is vested after working 12 consecutive months in a position that is eligible for the UAMS match. This will not change for those already employed as of 6-30-2016 -- they will be grandfathered in under the current one-year vesting rule.

However, any employee who starts on or after 7-1-2016 will fall under the new two-year vesting requirement. They must work at least two years, else would forfeit contributions made by UAMS to their TIAA-CREF and Fidelity accounts.

This does not affect personal contributions. Amounts an employee personally contributes are always immediately 100% vested.

2. Employees will be required to make a mandatory contribution.

Beginning in July 2016 and through July 2020, the University will move to a 5% required employee contribution. This process will begin slowly. For July 2016 those employees who do not contribute at all will move to a required 1% contribution level. Then in July 2017 it will increase to 2%. It will increase by one percent each year until July 2020 when the required employee contribution will be 5%.

This should not affect your departmental budget because the University's 5% base contribution is not changing. Employees who contribute less than 5% will still receive the 5% base employer contribution. Neither does it change the employer match up to 10%.

FYI, 68% of our employees won't be affected by this change because they already contribute at least 5%. Those that will be directly affected in July are the 1,700 employees who currently contribute 0%.

We will start communicating this change to employees by February... via letter, emails, UAMS news, and a special website to include FAQs and examples of how the additional retirement savings will impact their benefits when they retire. We will also hold employee meetings in conjunction with TIAA-CREF and Fidelity.

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Benefit or Human Resources questions?

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