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College Announcement: 403(b) Retirement Contribution

1 message

Piper Orton, Vice President of Finance and Administration <porton@wellesley.edu> Wed, Apr 7, 2021 at 3:59 PM
Reply-To: "Piper Orton, Vice President of Finance and Administration" <porton@wellesley.edu>
To: krobins5@wellesley.edu

WELLESLEY COLLEGE**ANNOUNCEMENT**

To: Wellesley College Faculty and Staff
From: Piper Orton, Vice President for Finance and Administration, and Carolyn Slaboden, Chief Human Resources Officer
Re: 403(b) Retirement Contribution
Date: April 7, 2021

As you are aware, as one of several responses to the significant budget deficit we faced as a result of COVID-19, the College temporarily reduced its 403(b) retirement contributions to 3% of salary for all eligible employees effective August 1, 2020, through fiscal year 2020–2021. While we know that the steps taken last June were difficult, they have had the intended impact of offsetting a large portion of the College's COVID-related deficit. We will report more fully about the current fiscal year over the coming weeks.

Prior to the start of the pandemic and throughout this past year, we have been consulting with several committees, including the Budget Advisory Committee of Academic Council, the Faculty Benefits Committee of Academic Council, and the Compensation and Personnel Policy Advisory Committee of Administrative Council, regarding the need to consider longer-term changes to the 403(b) plan.

The final decision, which the Board of Trustees made based on recommendations from the senior leadership team, was guided by the following goals:

- A plan that maintains our ability to recruit and retain an excellent faculty and staff.
- A more equitable plan that does not provide a greater percentage contribution level to higher wage earners.

- A match component that incentivizes employees to participate in their retirement planning through voluntary pretax contributions to their 403(b).
- A plan that remains competitive while supporting our institutional priority of financial sustainability.

We are pleased to report that the Board of Trustees has authorized resuming the College's discretionary retirement and matching contributions under the revised plan, effective July 1, 2021.

The College's nonelective contribution for eligible employees will begin at a rate of 9% of eligible compensation. This rate includes both the required 3% safe harbor nonelective contribution as well as a discretionary nonelective contribution of 6% of eligible compensation.

Additionally, for those eligible participants making voluntary 403(b) deferrals, the College will provide a discretionary matching contribution at a rate of 50% of an employee's 403(b) deferrals, not to exceed 3% of eligible compensation. The match for eligible participants making a 403(b) deferral of 3% or more will be capped at 1.5%.

In summary, effective July 1, 2021 the College's contributions for eligible employees will be as follows:

- Nonelective safe harbor contribution: 3% of salary.
- Discretionary nonelective contribution: 6% of salary.
- Discretionary match contribution: Up to 50% of the first 3% an eligible employee contributes (maximum of 1.5%).

Through this change in the plan, approximately 400 members of the community earning less than \$82,000 a year will see an increase in the College's contribution to their 403(b), based on current voluntary employee contribution rates. We acknowledge that this change will result in a reduction for members of the community who were previously receiving more than a 9% contribution to the plan exclusive of the match. Taken together, these changes reflect the College's goal of offering competitive benefits as well as a shared commitment to equity and financial sustainability.

We encourage all employees to [schedule a TIAA virtual consultation](#) for assistance with retirement planning. To make changes to your current voluntary 403(b) contribution rate, follow these [Workday step-by-step instructions](#). Please contact Kelly Robinson, director of total rewards, at krobins5@wellesley.edu or 781.283.2215 with any questions.



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