



# Retirement Choice Decision Guide

*For employees hired or transferred into Service & Maintenance positions on or after January 23, 2022*

## Welcome to Yale University

You have an important choice of two excellent retirement programs. Yale and Local 35, representing Service & Maintenance employees, agreed to additional retirement options available to new members of Local 35. **You must make your retirement choice by the 30<sup>th</sup> day after your date of hire** by making an election in Workday. See instructions on page 12 of this guide.

Your Retirement Choice	
Option 1:	Option 2:
<p><b>Yale University Retirement Account Plan (YURAP)</b></p> <ul style="list-style-type: none"> <li>- A 403(b) retirement savings plan</li> <li>- Funded by the University and you</li> <li>- Your benefit will depend on your account contributions and investment returns</li> <li>- You control how your account is invested</li> </ul>	<p><b>Staff Pension Plan</b></p> <ul style="list-style-type: none"> <li>- A pension plan</li> <li>- Funded by the University</li> <li>- Your benefit will be based on your Final Earnings</li> </ul> <p style="text-align: center;"><b>+</b></p> <p><b>Matching Retirement Plan</b></p> <ul style="list-style-type: none"> <li>- A 403(b) retirement savings plan</li> <li>- Funded by the University and you</li> <li>- Your benefit will depend on your account contributions and investment returns</li> <li>- You control how your account is invested</li> </ul>
<p><i>If you do not make a retirement choice election by your deadline, you will automatically be enrolled in YURAP.</i></p>	

## You have a choice for your retirement benefits

See inside this guide to learn more about Yale’s two retirement benefit programs, compare your benefit under each program, and make sure you make your retirement choice by your deadline.

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## Simple steps to making your choice

Depending on your age when you're hired and how long you think you'll work at Yale, each program can have different advantages. This is an important decision that will impact your future retirement income. To make it easier for you, we divided this guide into two main steps: learn and choose.

### Learn

Following is a comparison of key plan details.<sup>1</sup>

Plan	Option 1: YURAP 403(b)	Option 2: Staff Pension Plan plus Matching Retirement Plan 403(b)	
<b>Overview</b>	YURAP includes two types of contributions from Yale: core contributions based on your eligible pay and matching contributions based on your contributions.	This program is comprised of two plans with different provisions. Yale pays the full cost of the benefit in the Staff Pension Plan and matches your contributions to the Matching Retirement Plan.	
<b>Plan type</b>	Defined Contribution Plan: 403(b)	Defined Benefit Pension Plan	Defined Contribution Plan: 403(b)
<b>Vesting</b> <i>You own the benefit</i>	Immediate	You vest after five years of service, meaning you have the right to a future pension. If you leave before five years of service, the benefit is forfeited, unless within five years you return to work for the University.	Immediate
<b>Investments</b>	Contributions will automatically be invested in the Yale Target-Date Plus Service. You can change your investment election at any time.	Not applicable	Contributions will automatically be invested in the Yale Target-Date Plus Service. You can change your investment election at any time.

<sup>1</sup> For more information about the plans, please refer to the Plan Documents and Summary Plan Descriptions (SPDs) for the YURAP, Staff Pension Plan, and Matching Retirement Plan, which are available on <https://your.yale.edu/policies-procedures/other/retirement-plan-summary-documents>. If there is any discrepancy, the plan document governs.

Plan	Option 1: YURAP	Option 2: Staff Pension Plan plus Matching Retirement Plan	
<b>Pension</b> <i>Yale funds</i>	Not applicable	Benefit of 1.3%-1.5% of final average pay (FAP) calculated when you leave Yale	Not applicable
<b>Core contributions</b> <i>Yale funds</i>	Yale will contribute 5% of your base salary below the Social Security Wage Base <sup>2</sup> (SSWB), and 7.5% above the SSWB.	Not applicable	Not applicable
<b>Yale matching contributions</b> <i>Yale funds</i>	Upon enrollment, Yale will provide a dollar-for-dollar match up to 5% of eligible pay.	Not applicable	After two years of service, Yale will provide a dollar-for-dollar match up to 2% of eligible pay.  After five years of service, Yale will provide a dollar-for-dollar match up to 4% of eligible pay, if age 45.
<b>Employee elective contributions</b>	1% to 75% <sup>3</sup>  You will automatically be enrolled at 5% of pay. You can change this election at any time.	Not applicable	1% to 75% <sup>3</sup>
<b>Hardship withdrawals</b>	Available	None	Available
<b>Age 59 ½ withdrawals</b>	Available	None	Available
<b>Loans</b>	Available	None	Available
<b>Distribution after you leave Yale</b>	You can take your account with you when you leave Yale or have it paid out later either in a lump sum or annuity over your lifetime, which is normally age 65 but can be as early as age 55.	If vested, you will be eligible for a monthly benefit paid over your lifetime beginning at retirement age.	You can take your account with you when you leave Yale or have it paid out later either in a lump sum or annuity over your lifetime.

<sup>2</sup> For 2022, the Social Security wage base is \$147,000.

<sup>3</sup> Up to IRS limits. For 2022, the IRS limit is \$20,500. Those who are 50 or older can make catch-up contributions for a total of \$27,000.

## Things to consider

The programs are different, and both have their advantages – it is up to you to decide which is best for you. Your age when you're hired, how long you expect to work at Yale, vesting rules, and your age when you stop working at Yale are all important things to consider as you compare your options. You may also want to seek professional advice from a financial advisor.

As you consider your retirement choice, review the employee examples on the following pages. These examples estimate how much an employee will receive annually for their lifetime beginning at age 65 under the two retirement programs (University contributions only). The amount varies depending on:

- Which program they participate in,
- How old the employee is when they are hired by the University, and
- How long they work for the University.

As the examples will illustrate:

- The older a person is when hired, and the longer the person works for the University, the greater the likelihood the Staff Pension Plan plus Matching Retirement Plan will provide a larger annual benefit beginning at age 65.
- The younger a person is when hired, and the fewer number of years the person works for the University, the greater the likelihood that YURAP will provide a richer benefit.

*Note: These examples on the following pages are provided for illustrative purposes. They assume that the employee contributes enough to get the full match in the YURAP and Matching Retirement Plan, but only the employer contributions are reflected in the amounts shown. See the assumptions used to develop these illustrations on page 10.*



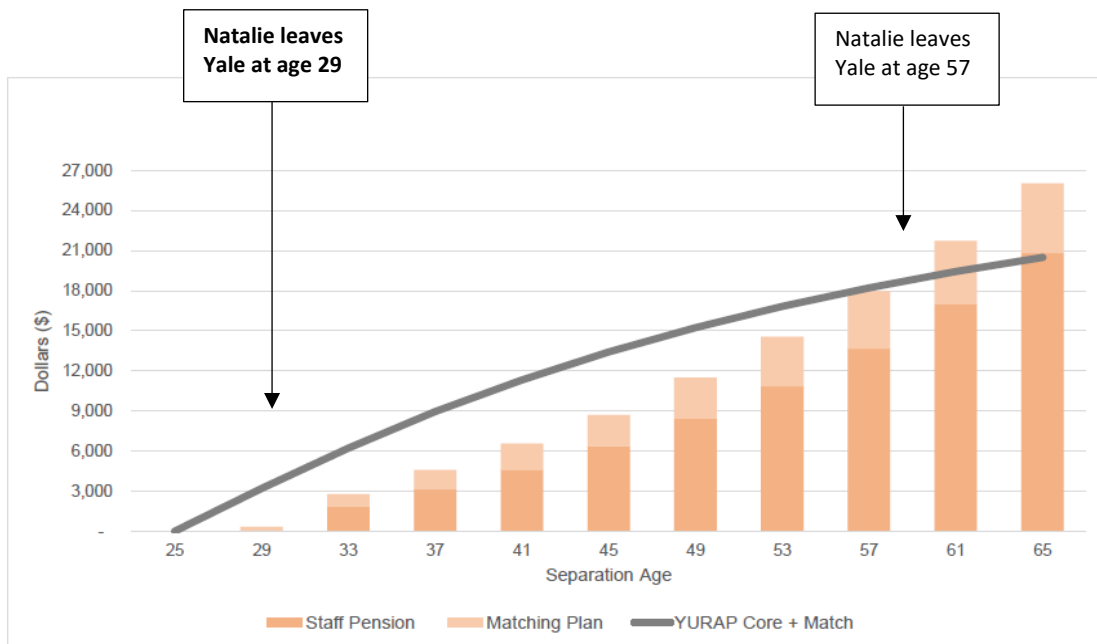
**Natalie**  
 Age at hire 25  
 Eligible pay \$40,000  
 Expected length of service 4 years

When reviewing her retirement choice, Natalie considers the following:

- **She does not plan to stay at the University long-term.** The Staff Pension Plan has a five-year vesting period. On the other hand, the YURAP has immediate vesting.
- **She can afford to contribute 5%.** The Matching Retirement Plan offers a dollar-for-dollar match up to 2% of eligible pay after two years of service. On the other hand, the YURAP offers a dollar-for-dollar match up to 5% of eligible pay immediately.

	Yale Contributions Only	
	Option 1:	Option 2:
Expected Annual Benefit Paid at Age 65	YURAP	Staff Pension Plan plus Matching Retirement Plan
	\$3,201	\$315

*Note: The above example assumes Natalie will leave the University in 4 years at age 29. However, if she remains at Yale longer, her potential retirement benefit would change.*



	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Separation Age	29	41	61	65
Benefit Service	4	16	36	40
Pension + Match	\$ 315	\$ 6,548	\$ 21,754	\$ 26,026
YURAP Core + Match	\$ 3,201	\$ 11,330	\$ 19,436	\$ 20,500



**Joseph**

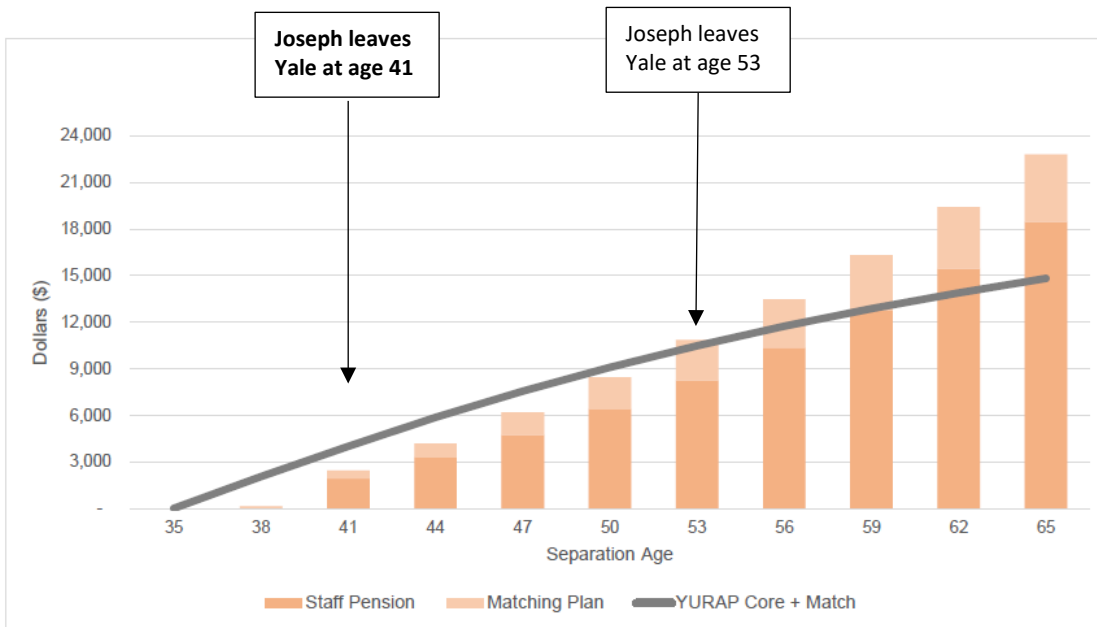
Age at hire 35  
 Eligible pay \$45,000  
 Expected length of service 6 years

When reviewing his retirement choice, Joseph considers the following:

- **He plans to stay at Yale for more than five years.** The Staff Pension Plan has a five-year vesting period. However, because he does not plan to retire from Yale, YURAP may provide a richer benefit.
- **He wants complete control over his retirement savings.** YURAP allows him to take his entire retirement benefit with him whenever he leaves the University.

	Yale Contributions Only	
	Option 1:	Option 2:
Expected Annual Benefit Paid at Age 65	YURAP	Staff Pension Plan plus Matching Retirement Plan
	\$3,996	\$2,449

*Note: The above example assumes Joseph will leave the University in 6 years at age 41. However, if he remains at Yale longer, his potential retirement benefit would change.*



	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Separation Age	38	41	53	65
Benefit Service	3	6	18	30
Pension + Match	\$ 134	\$ 2,449	\$ 10,860	\$ 22,817
YURAP Core + Match	\$ 2,042	\$ 3,996	\$ 10,474	\$ 14,813



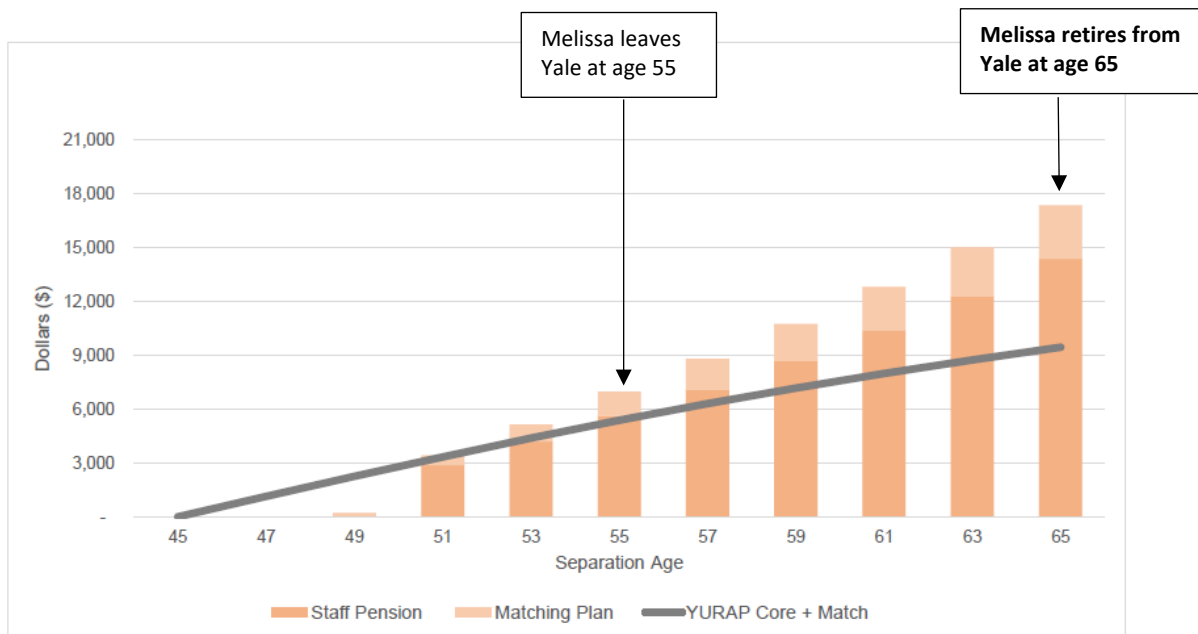
<b>Melissa</b>	
Age at hire	45
Eligible pay	\$50,000
Expected length of service	20 years

When reviewing her retirement choice, Melissa considers the following:

- **She plans to stay at the University until she retires.** Her long length of service will help build her monthly pension benefit under the plan’s FAP formula.

	<b>Yale Contributions Only</b>	
	Option 1:	Option 2:
Expected Annual Benefit Paid at Age 65	YURAP	Staff Pension Plan plus Matching Retirement Plan
	\$9,442	\$17,341

*Note: The above example assumes Melissa will leave the University in 20 years at age 65. However, if she leaves Yale sooner, her potential retirement benefit would change.*



	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Separation Age	49	51	55	65
Benefit Service	4	6	10	20
Pension + Match	\$ 222	\$ 3,417	\$ 6,967	\$ 17,341
YURAP Core + Match	\$ 2,253	\$ 3,332	\$ 5,372	\$ 9,442



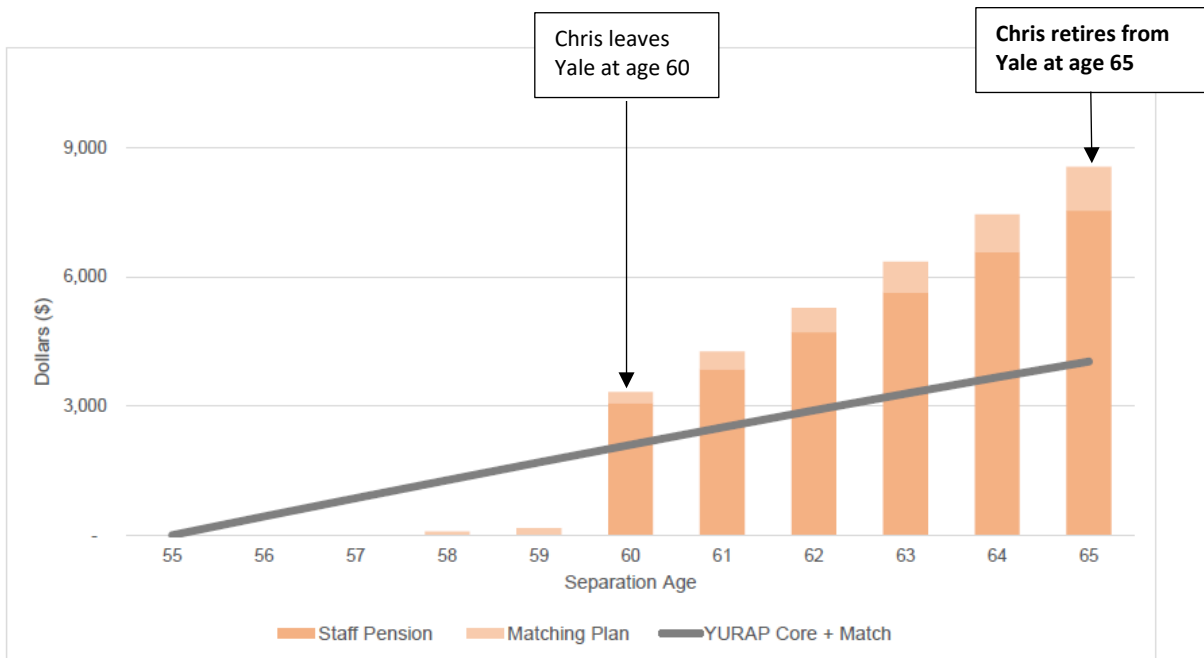
**Chris**  
 Age at hire 55  
 Eligible pay \$50,000  
 Expected length of service 10 years

When reviewing his retirement choice, Chris considers the following:

- **He likes the guaranteed nature of a pension** versus a benefit impacted by investment results.
- **As an older hire**, it is likely that the Staff Pension Plan plus Matching Retirement Plan will provide a larger annual benefit at age 65, as long as Chris saves enough to receive the full company match.

	Yale Contributions Only	
	Option 1:	Option 2:
Expected Annual Benefit Paid at Age 65	YURAP	Staff Pension Plan plus Matching Retirement Plan
	\$4,032	\$8,555

*Note: The above example assumes Chris will leave the University in 10 years at age 65. However, if he leaves Yale sooner, his potential retirement benefit would change.*



	Scenario 1	Scenario 2	Scenario 3
Separation Age	59	60	65
Benefit Service	4	5	10
Pension + Match	\$ 166	\$ 3,325	\$ 8,555
YURAP Core + Match	\$ 1,691	\$ 2,098	\$ 4,032



## Important information about Yale's retirement programs

As a new hire with Local 35, you have an opportunity to choose the Yale retirement plans in which you will participate, either (i) the Yale University Retirement Account Plan (“YURAP”), or (ii) the Staff Pension Plan plus Matching Retirement Plan. Each type of plan has its advantages and disadvantages. You have 30 days from hire to make your choice.

**Defined Contribution Plans.** The YURAP and Matching Retirement Plan are 403(b) savings plans to which the University contributes on your behalf. You can also defer your own pay into these plans (up to annual IRS limits). In both plans, the University makes matching contributions on the pay you defer. The University also makes contributions to YURAP that are not dependent on the amount of pay you defer. The YURAP and Matching Retirement Plan are often referred to as “defined contribution plans” or “DC plans”. While the amount of contributions made to the plan on behalf of an employee is defined by the terms of the plan, the amount of benefit the employee ultimately receives varies based on the investment return on the employee’s account.

**Defined Benefit Plan.** The Staff Pension Plan is a traditional pension. This type of plan is often referred to as a “defined benefit plan” or “DB plan”. The amount of the benefit an employee receives is defined by the terms of the plan, not the investment return earned by the plan’s assets.

**Vesting.** If you are vested in a plan benefit, it means that even if you terminate employment with the University before you have reached normal retirement age under the plan, you will be entitled to receive the benefit you earned. If you are not vested when you terminate employment, then you will forfeit your plan benefit. All contributions made to the YURAP and Matching Retirement Plan, including those made by you or by the University, are 100% vested when they are made to the plans. Thus, regardless of how long you work for the University, you will be entitled to receive your account balance after your employment ends. You have to earn five (5) years of vesting service to vest in your benefit under the Staff Pension Plan. If you leave the University before vesting, you will not receive any benefit from the Staff Pension Plan, unless within five years you return to work for the University.

## Assumptions used in the Retirement Choice examples

The illustrative examples in this guide are for Local 35 New Hires and are based on various assumptions. In addition to assumptions regarding the age when an employee is hired and the years the employee works for the University, the examples use assumptions on factors such as annual pay and pay increases, average annual rate of investment return in the employee's account in the YURAP and Matching Retirement Plan, the employee's life expectancy at age 65, the rate of inflation, and the factor used to convert estimated plan account balances at age 65 to an annuity payment. To the extent one or more of these assumptions do not reflect what actually happens, an employee's annual benefit amount beginning at age 65 under either retirement program might be significantly higher or lower than the amount suggested by the illustrations.

- The illustrations show estimated annual benefits in today's dollars, payable as a 10-Year Certain and Life annuity at age 65.
- In some situations, participants in the Staff Pension Plan will be eligible for an early retirement benefit. The illustrations do not reflect an early retirement benefit even if the participant is eligible.
- The amounts shown for the YURAP and Matching Retirement Plan assume the participant contributes enough to earn the full Yale match.
- These amounts represent only the Yale-provided portion of retirement benefits; they do not include the value of the employee contributions or earnings on those employee contributions.
- Illustrative assumptions include: Investment return = 6.0%; Inflation = 3.0%; Salary increases = L35 Across the Board and Step increases. Monthly annuity amounts at Age 65 were determined by dividing the Matching Plan or YURAP projected account value at age 65 by 179 (factor provided by TIAA).
- Plan formulas vary by plan:
  - YURAP: Yale Match of 100% matching contribution up to 5% of pay; and Core Contribution: 5% of pay below and 7.5% of pay above the Social Security Wage Base.
  - Matching Retirement Plan: After two years of service is 100% match up to 2% of pay; and At least age 45 with five years of service is 100% match up to 4% of pay.
  - Staff Pension Plan: Annual retirement benefit equal to years of eligible service times: 1.50% of Final Earnings up to the first earnings tier, plus 1.40% of Final Earnings in the middle earnings tier, plus 1.30% of Final Earnings in excess of the upper earnings tier, as noted in the Staff Pension Plan Document. Note that the dollar earnings tiers are indexed according to scheduled union pay increases.

There are other factors to consider besides the difference in estimated benefit amounts shown in the illustrations. For example, because the benefit amount provided under the Staff Pension Plan is not dependent on investment returns or interest rates, there is a greater likelihood that the benefit amount provided by the Staff Pension Plan plus Matching Retirement Plan will be closer to the amounts shown in the illustrations than the benefit amount provided by YURAP. A significant decline in the stock market or drop in long-term interest rates could mean the benefit provided by YURAP is significantly less than what is estimated. On the other hand, significant increases in the stock market or interest rates could result in the benefit provided by YURAP being significantly higher than what is estimated.

## **Frequently Asked Questions (FAQs)**

### **Who is eligible to make this retirement choice?**

Service & Maintenance new hires or transfers on or after January 23, 2022 are eligible to choose Option 1: YURAP or Option 2: Staff Pension Plan plus the Matching Retirement Plan.

### **Why is Yale offering a retirement choice?**

Yale and Local 35, representing Service & Maintenance employees, recently agreed to additional retirement options available to new members of Local 35 through the Retirement Choice program. The programs are different, and both have their advantages.

### **What will help make my choice?**

First, read this guide to learn more and compare the two retirement programs. Then, consider your personal situation and how long you think you'll work at Yale.

### **How do I make my election?**

Make your Retirement Choice election in Workday during your election window. See instructions on page 12 of this guide.

### **When do I need to make my election?**

You must make your election by the 30<sup>th</sup> day after your date of hire.

### **Can I change retirement programs *during* my election window?**

Yes. During your election window, if you have already made an election in Workday and wish to change your election, you can change your retirement choice by downloading a Retirement Choice Change Election Form from <https://your.yale.edu> and submitting your signed election form via email to [employee.services@yale.edu](mailto:employee.services@yale.edu) or by fax at 203-432-5153, or by obtaining and submitting a paper Retirement Choice Change Election Form at the Employee Services Center located on the first floor of 221 Whitney Avenue, New Haven before the end of your election window.

### **Can I change retirement programs after my election window?**

No. Your retirement choice cannot be changed after your election window ends.

### **What happens if I do not complete my election?**

If you don't submit your election during your election window, you will be enrolled in YURAP.

### **What is the effective date of my 403(b) retirement savings plan?**

YURAP and the Matching Retirement Plan will be effective the first Sunday of the month following the close of your election window.

### **What is the effective date of my Staff Pension Plan, if that's my election?**

The Staff Pension Plan is retroactively effective to your date of hire or transfer.

### **When am I vested in my Staff Pension Plan benefit?**

You will vest after five years of service, meaning you have the right to a future pension. If you leave before five years of service, the benefit is forfeited unless within five years you return to work for the University.

### **Am I eligible to contribute to a 403(b) retirement savings plan as soon as I'm hired?**

Yes. You are eligible to contribute to the Tax-Deferred 403(b) Retirement Savings Plan as of your hire date and until you become a participant in YURAP or the Matching Retirement Plan, depending on the election that you make.

### **Where can I get more information?**

Only you can decide which retirement program is right for you. To help you make your choice, Yale is providing you with this detailed decision guide with sample scenarios.

## Choose

**You must make your retirement choice election by the 30<sup>th</sup> day after your date of hire.** Make your Retirement Choice election in Workday during your election window by following these steps.

- Log into Workday using your Net ID and Password.
- Go to your Workday Inbox and open Benefit Change – S&M Retirement Choice
- On the next screen, select “Let’s Get Started”
- On the next screen, Select Manage under S&M Choice
- Select or Waive Yale Staff Pension (Hourly) S&M Choice or Yale YURAP Choice 403(b)
- Then select Confirm and Continue
- On the next screen, Select Save (or Cancel if you wish to Cancel your election)
- On the next screen, Select Review and Sign
- On the next screen, Scroll down to the Electronic Signature, check the box next to I Accept and Select Submit to finalize your Retirement Choice election
- On the next screen, Select Done

During your 30-day election window, if you have already made an election in Workday and wish to change your election, you can change your retirement choice by downloading a Retirement Choice Change Election Form from <https://your.yale.edu> and submitting your signed election form via email to [employee.services@yale.edu](mailto:employee.services@yale.edu) or by fax at 203-432-5153, or by obtaining and submitting a paper Retirement Choice Change Election Form at the Employee Services Center located on the first floor of 221 Whitney Avenue, New Haven, before the end of your election window.

If submitted before the end of your election window, this Retirement Choice Election Change Form will replace the election you made in Workday.

After your 30-day election window ends, your election will become final and the University will send you a statement confirming your retirement program.

*Remember: If you do not make a retirement choice election by your deadline, you will automatically be enrolled in YURAP. Review this guide for more information.*

## Questions?

If you have questions about the retirement choice, please contact Employee Services at 203-432-5552 or send an email to [employee.services@yale.edu](mailto:employee.services@yale.edu).

For a Retirement Choice Election Change Form, go to: <https://your.yale.edu>

The descriptions of benefit options and plans provided in this document are intended only to be summaries of certain provisions of the Yale retirement benefit plans. Yale reserves the right to determine eligibility for all benefits and to interpret any and all terms of the retirement benefit plans. Yale shall also have the power and discretion to determine all questions arising in connection with administration, interpretation, and application of the plans.

