

**COMMISSION FOR HIGHER EDUCATION**

Friday, June 11, 2010

**DECISION ITEM G:                    Modification to Commission for Higher Education Staff Retirement Plan**

**Staff Recommendation**                    That the Commission for Higher Education approve the *Modification to Commission for Higher Education Staff Retirement Plan* as presented in the agenda materials.

**Background**                                    The Commission adopted a defined contribution plan for staff, established on January 1, 1975. The plan, administered by TIAA-CREF, was modified in May 2001 and amended in December 2001 and December 2003.

The purpose of this modification is to adjust the Plan Contribution as a Percentage of Compensation.

**Supporting Document**                    *Modification to State of Indiana Commission For Higher Education Defined Contribution Retirement Plan.*

**MODIFICATION TO STATE OF INDIANA COMMISSION FOR HIGHER EDUCATION DEFINED  
CONTRIBUTION RETIREMENT PLAN**

June 11, 2010

The Indiana Commission for Higher Education Defined Contribution Plan was established January 1, 1975. Article IV, Section 4.1 Plan Contributions at the time of establishment set the contribution rate as 15% of the participant's salary. The modification proposed by Commission staff at this time is to adjust the contribution rate to 10% for all employees hired after June 11, 2010.

The Indiana Commission for Higher Education was created by statute in 1971. The Commission was created both as the coordinator of the state's higher education system, but also as a part of the system. The statutes creating the Commission were placed in the higher education section of the Indiana Code and many of the statutes governing the public postsecondary institutions also apply to the Commission. The Commission adopted a defined benefit plan with TIAA-CREF in part to be compatible with the higher education community, which relies heavily on TIAA-CREF to administer the retirement plans of many of their employees. From 1971 until fairly recently, most public postsecondary institutions participating in defined benefit plans with TIAA-CREF contributed 15% of an employee participant's salary toward their TIAA-CREF defined contribution plan. However, particularly as budgets have tightened, all of Indiana's public postsecondary institutions have dropped their contribution rates to between 10% and 14.5% for new hires. Employees already participating in the plan were grandfathered in at the higher contribution rates. In order to be consistent with state-wide practice with in the public postsecondary community, and in recognition of the challenging financial circumstances of the state, the Commission finds it appropriate to lower the contribution rate to 10% for employees hired after June 11, 2010. TIAA-CREF is the administrator of the plan and will be informed of the Commission's decision.

***Article IV: Plan Contributions, would be amended from:***

**4.1 Plan Contributions.** Plan Contributions will be made for Eligible Employee who have satisfied the requirements of Article III in accordance with the schedule below.

Plan Contribution as a Percentage of Compensation

By the Institution

15% of the Participant's salary.

***To Read as Follows:***

**4.1 Plan Contributions.** Plan Contributions will be made for Eligible Employee who have satisfied the requirements of Article III in accordance with the schedule below.

Plan Contribution as a Percentage of Compensation

By the Institution

**For an employee hired before June 11, 2010:** 15% of the Participant's salary.

**For an employee hired on or after June 11, 2010:** 10% of the Participant's salary.