

Dr. S. K Avery
President and Director
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Institution Note

To All Employees,

We are about to reach an important milestone in the implementation of the Institution's Defined Contribution (DC) Retirement Plan. This month, eligible employees who were hired in 2009 and who did not enter the Defined Benefit (DB) Plan as participants by December 31, 2009, will begin receiving contributions from the Institution to their DC Retirement accounts through Diversified Investment Advisors (DIA). If you fall into this group and have not yet set up your account with DIA or submitted a beneficiary form, a representative from our Human Resources Office will be contacting you to make sure you have everything you need to get started.

Employee Access to Retirement Counselors – In June many of you had the chance to attend Departmental meetings to learn more about the Institution's new Retirement Plan Provider, Diversified Investment Advisors. Many of us also had the opportunity to meet personally with a DIA Retirement Counselor during July. These one-on-one sessions were well received and because they were quickly booked up we've added several more sessions in August and September (listed below). Additional sessions will be scheduled between October and December for those of you who will still need to meet with a Retirement Counselor to discuss investment options, set up an account, arrange for rollovers, or just learn more about the new Plan in general. Please visit www.whoi.timetrade.com to schedule a 30-minute session during one of the dates listed below.

Tuesday, August 24
Wednesday, August 25
Thursday, August 26
Wednesday, September 8
Thursday, September 9
Friday, September 10

Resources for More Information – If you are in need of more information regarding the implementation of the DC Plan, I encourage you to visit one of the following websites:

- Diversified Investment Advisors (www.divinvest.com) – here you can set up your account, access information on the funds available (including historical performance), use a variety of on-line calculators, and conduct forecasting related to your retirement savings plans
- WHOI Human Resources (www.whoi.edu/HR) – here you can find more information on the DC plan design as well as answers to some Frequently Asked Questions

Retirement Benefit Impact Statements – Last year, the Institution committed to distributing Retirement Benefit Impact Statements to participants of the Defined Benefit Plan, which will provide benefit estimates under both the Defined Benefit and Defined Contribution Plans.

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Human Resources will be distributing the Retirement Benefit Impact Statements this month. The Defined Benefit information will also be integrated to the Diversified Investment Advisors website (www.divinvest.com) this October, enabling employees to have quick access to the information, which will assist with the use of on-line calculators and retirement savings planning. In the meantime, once you set up your account on the DIA website, you can manually enter information from your Retirement Benefit Impact Statements into your own personal dashboard.

If you need assistance setting up your on-line account, you can contact DIA directly at 1-888-676-5512. If you need an enrollment book, which was handed out at the Departmental meetings and includes beneficiary and roll over (if desired) forms, please contact Human Resources at x2253.

Update on Funding of Defined Benefit (DB) Plan – As a final note, some of you may be aware that President Obama recently signed the *Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010*. The headline reported that the relief allows organizations to amortize and fund their pension plan shortfall over a period of 15 years versus the 7 years previously allowed under law. The details of the *Pension Relief Act of 2010* allow organizations to amortize and fund pension shortfalls occurring in 2009, 2010, and 2011 over 15 years and does not include pension shortfalls occurring before 2009 – most organizations suffered the majority of losses in 2008. In our case, while the law provides partial relief, the 15 year calculation is not applicable to our entire pension shortfall. A more important variable to the Institution's Defined Benefit Plan are interest rate fluctuations; specifically the discount rate used by the IRS to determine the present value of the pension liability. For an example, a discount rate decreasing by 100 basis points (6.5% to 5.5%) will increase the present value of the Institution's Defined Benefit Plan liability by approximately \$30M and therefore the pension shortfall (an increase in the discount rate has the opposite effect on the present value of the Institution's Defined Benefit Plan liability). Towers Watson, the Institution's benefit fiduciary firm is projecting a lower discount rate. Should this occur, the present value of the Institution's Defined Benefit Plan liability will increase, along with the pension shortfall; indicating the volatility associated with pension plans. We will continue to send employees updates regarding this matter.