

Date: October 2021
To: **Howard University Employees' Retirement Plan Participants**
From: Plan Administrator for the Howard University Employees' Retirement Plan
Subject: **Howard University Employees' Retirement Plan Funding Notice**

Sponsors of qualified pension plans, such as the **Howard University Employees' Retirement Plan**, are required each year to provide plan participants with certain information about the funded status of their plan. The attached "**Annual Funding Notice for the Howard University Employees' Retirement Plan**" meets this annual requirement. This cover memo should help you better understand the Funding Notice.

This Notice is *not* a notice of any intention on the part of Howard University (the "University") or Howard University Hospital (the "Hospital") to change in any way the terms of the **Howard University Employees' Retirement Plan** or to terminate the Plan.

No Impact on Your Accrued Benefits

*The benefits you have already earned under the **Howard University Employees' Retirement Plan** have not changed.*

If you are a retiree or beneficiary and are currently receiving benefits from the Plan, your rights to those benefits have not changed.

Understanding the Annual Funding Notice

A pension plan is designed to provide plan participants with a benefit at retirement based on the plan's formula. In order to ensure sufficient funds exist to pay for these future retirement benefits, the University and the Hospital make contributions to a trust fund, and that money is set aside for Plan benefits and invested based on the Plan's investment policy. The timing of contributions is determined by federal guidelines, and is based on how much is in the trust fund (assets) and the amount of future obligations for benefits (liabilities). The Plan's investment and funding policies are outlined in the attached Notice.

The asset and liability measures used to determine the annual contribution required to be made to the Plan by the University and Hospital for 2018, 2019 and 2020 are summarized in the "**Funding Target Attainment Percentage**" section on page 1 of the Notice. These values are as of July 1 of the respective year.

As you can see, the Plan was 93.55% funded as of July 1, 2020. However, since most retirement obligations are for payments that will occur many years from now, we have time to make up this deficit through both contributions and future investment returns.

On page 2 of the Notice, the "**Year-End Assets and Liabilities**" section discloses the Plan's assets and liabilities as of June 30, 2021. These values are calculated differently than those used to determine the Funding Target Attainment Percentages shown on page 1.

Our Commitment to Your Howard University Employees' Retirement Plan Benefits

These values do not affect the amount of your pension benefit earned under the Plan. We want to assure you that we have every intention of continuing to fund our Plan as required by law.