

On October 27, the UK Board of Trustees approved a five-year vesting rule that will affect University 403(b) retirement savings accounts for new employees hired on or after January 1, 2010. As a cost-saving measure, this change is intended to help the University address ongoing budget challenges.

How This Change Will Affect Employees with Start Dates on or After January 1, 2010

Individuals hired on or after January 1, 2010 must work for the University for a period of five years before the UK-contributed portion of their accounts become vested. In other words, new employees (with official start dates on or after January 1, 2010) who leave the University before completing five years of service will not keep the employer-contributed portion of their accounts. Employees hired on or after January who leave the University with less than five years of service will have access to account funds attributed to their own (employee) contributions.

Change Does Not Affect Current Employees or New Hires with Start Dates Prior to January 1, 2010

Please note this change will not affect current employees. For individuals hired prior to January 1, 2010, employer 403(b) contributions remain vested regardless of length of service.

Consider Timing of Future Hires

Please consider this change as it relates to anticipated hires over the next few months. In terms of recruitment between now and the end of the year, both hiring officials and prospective employees should be aware of this change in the University's retirement savings plan.

Please note: Any temporary employee who may be transitioning to a regular position will also be affected by this change if such a change in status occurs on or after January 1, 2010.

Details of the Five-Year Vesting Plan for New Employees Hired on or After January 1, 2010

An employee hired on or after January 1, 2010 must complete five years working in a regular full-time status to receive employer matching funds upon leaving the University. An employee who separates with less than five years of service will receive none of the matched contributions from the University.

Faculty service is based on the academic year and appointment, meaning a regular full-time faculty member (hired on or after January 1, 2010) will vest at the end of his or her appointment after the fifth year.

A period of regular status service that is less than full-time will be pro-rated.

We share the regret expressed by the Board of Trustees at the need for this change affecting new hires. As you know, it takes place in the wake of multi-year state budget cuts and amid the prospects of continued weakness in the economy. From a recruitment standpoint, it is important to note the University's benefit package remains competitive. We continue to provide a uniquely generous 2-for-1 employer retirement plan matching contribution (10% employer contribution, 5% employee contribution).

If you have any questions regarding the vesting schedule, please contact Employee Benefits at benefits@email.uky.edu or call 859-257-9519, option 3.