

Fringe Benefits Report: RETIREMENT BENEFITS

AAUP figures have repeatedly indicated that Wake Forest University lies near the bottom of the “cross-admit” institutions in terms of fringe benefits expenditures. A previous report indicated that WFU was adequate in terms of vision and dental coverage. The situation with health care is in such flux that a report on that topic seems premature. The present report covers retirement and it suggests that a significant part of the difference in expenditures comes from contributions in this area. Once again, WFU ends up falling near the bottom of the list of cross-admit universities. This shortfall is serious, and compounded by the fact that contributions early during the term of employment, which have the chance to grow more, are even smaller.

The following figures were generated by assuming a 30 year career that started at \$40,000 and received raises of \$2000/year. Some plans have matching – the figures below assume that the employees contributed so as to maximize employer contributions where that was an option. A summary of retirement plans is attached as well. Figures for UNC-CH were not included because the formula used does not allow us to compute the actual contribution made by the employer.

While the University’s financial situation at present makes it unlikely that these shortfalls will be addressed in the near future, a long term plan should prioritize making retirement contributions more equitable.

Retirement Plan Comparisons

Non-Sharing Plans

Wake Forest University (Reynolda)	5% yr, 7.5% yrs. 5-9, 10% yr. 10 plus; Vesting after 2 years
University of Virginia	Pre 1991 start –10.4% of annual base pay or 11.5% of annual base pay up to \$100,000. Post 1991 start –10.4% of base pay; Immediate vesting
Davidson College	8.5% up to Soc. Sec. Base; 12.5% for salary over Base; 3 year vesting; 1 year waiting period
William & Mary	10.4% of salary; immediate vesting

Sharing Plans

Wake Forest University (Hawthorne)	Mandatory employee 2%; WFU 6.6% of covered Compensation* PLUS 5.7% of gross salary in excess of Soc.Sec. base up to covered compensation limit*; 3-yr vesting; 3 months waiting period
Duke University	Employee 3%, Duke 7.6% up to \$43,800 salary and 13.3% up to \$200,000; immediate vesting-faculty
UNC, Chapel Hill	Employee 6%; state system; 5-yr. vesting; Retirement benefits determined by a formula based on age, years of service, and highest average salary.
University of Richmond	5% plus employee matching up to 5% more; Immediate vesting
Emory University	6% plus 1.5% more if employee contributes 1%; 3% if employee contributes 2%; 3-yr vesting for those hired after Dec. 31, 2002
Vanderbilt University	After 1 yr. 3% or 5% match to employee; Immediate vesting
Washington & Lee	After 2 yrs. W & L 5% unmatched plus 5% match to Employee contribution of 5%

*covered compensation currently \$170,000

Institutional Contributions to Retirement

