



## Suspension of JHU Retirement Contributions

The need to extensively alter university operations as a result of the coronavirus pandemic has significantly impacted JHU's finances. **As a result, JHU is suspending the university's contributions to most retirement plans from July 1, 2020 through June 30, 2021.**

Details about all of the university retirement plans can be found on [the HR website](#). The JHU retirement plans that will be impacted include:

- **403(b) 4/8 Plan** includes the following employees: support staff who selected the 403(b) plan as part of the 2011 Retirement Choice or were hired on or after July 1, 2009; senior staff; non-tenured and non-tenure track faculty, non-core faculty; and some executives hired on or after July 1, 2011. If you are eligible for this plan, JHU has contributed 4% of your base salary to your retirement account, increasing to 8% when you reach age 35.
- **403(b) 6/12 Plan** includes the following employees: senior staff and faculty; tenured, tenure-track, and core faculty; executives hired prior to July 1, 2011; and some executives hired on or after July 1, 2011. If you are eligible for this plan, JHU has contributed 6% of your base salary to your retirement account, increasing to 12% when you reach age 35.
- **Income Deferral 403(b) Plan** for residents and interns.
- **457(f) Deferred Compensation Plan** for certain executives and faculty.

*Starting on July 1, 2020, the JHU contribution to these plans will stop for a period of one year. At this time, the university plans for the JHU contribution to restart in July 2021, but this will be evaluated in relation to the university's financial circumstances at that time.*

Plans that are not impacted include:

- **Pension Plan Plus Staff Voluntary 403(b) Plan** (for support staff hired before 7/1/09). As long as you continue to contribute, the university will continue to match your contributions at 20% of the first 3% of base salary. Note that you are only eligible for the JHU matching contributions if you were hired prior to July 1, 2009 and you selected this plan as part of your Retirement Choice election in 2011. No other participants are eligible for the matching contribution.

## Questions You May Have:

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### 1. Why is the university suspending the employer contribution to most JHU retirement plans?

Virtually every part of the university has suffered financial setbacks as a result of COVID-19. We are experiencing substantial losses in tuition and student-related revenues, while at the same time investing in remote and online learning, serving the needs of those students who remain on campus under the “stay at home” order, and extending special financial support to students and families in need.

We also are under financial pressure due to the suspension of on campus research activities and associated reductions in reimbursements for research-related fixed costs, and we have seen a dramatic reduction in the clinical revenue generated by our medical faculty, due to the halt in all elective procedures and necessary shift in our focus and facilities entirely to COVID-19 patient care.

JHU leadership is considering all options to preserve the university’s mission and long-term financial well-being. Leadership is prioritizing strategies, such as this retirement contribution suspension, that will have significant financial impact to the university while causing the least day-to-day hardship for the majority of JHU employees.

### 2. Is this related to the upcoming changes to the 403(b) plans?

No. This change is not related to [upcoming changes to the 403\(b\) plans](#) that have already been under discussion; it is solely related to the coronavirus’ impact on the university’s operations and finances.

### 3. When is this happening?

The university contribution to 403(b) plans will stop on July 1<sup>st</sup>. When you look at your 3<sup>rd</sup> quarter statement (which will be distributed as usual in November 2020), you will see that the university contribution is no longer included. Your contributions to your retirement plan(s) will not be impacted unless you choose to adjust them.

### 4. What actions should I take?

The suspension of JHU’s contributions to the 403(b) plans will take place automatically and you do not need to do anything. However, you may wish to review your retirement plan account and potentially adjust your own employee contribution. The IRS annual contribution limit on employee contributions to the 403(b) plans is \$19,500 per year (for 2020). If you are age 50 or older, you may also be eligible to make “catch-up” contributions, up to an additional \$6,500 in 2020.

**5. How will this impact me?**

The impact of the 12-month suspension of the JHU retirement contribution depends on which retirement plan you are in and your annual salary. The table below show the impact for sample participants.

**Table 1. Financial Impact of a 12-Month Suspension of JHU Retirement Contributions**

Your Plan →	403(b) 4/8 Plan		403(b) 6/12 Plan	
Your Salary	4% Contribution	8% Contribution	6% Contribution	12% Contribution
\$40,000/year	\$1,600	\$3,200	\$2,400	\$4,800
\$80,000/year	\$3,200	\$6,400	\$4,800	\$9,600
\$120,000/year	\$4,800	\$9,600	\$7,200	\$14,400
\$160,000/year	\$6,400	\$12,800	\$9,600	\$19,200

**6. Are there other changes to the retirement plans that result from the CARES Act?**

JHU is in the process of adopting important changes for the 403(b) plans that are permitted under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and intended to aid our employees and their families who may be suffering financial hardship during these uncertain times. If you qualify (more information on eligibility is below), you may:

- **Withdraw your employee contributions or any rollover funds from the JHU 403(b) plan without penalty** (which is usually 10% if you are under age 59½). The 10% waiver can cover withdrawals up to \$100,000 made between January 1 and December 31, 2020. You can choose to treat the withdrawal as a distribution (which means that your retirement plan account will not be repaid and you can have taxes spread over three years) or choose to repay the amount back to your account (without interest and repayments can be made over three years and will not be counted towards the annual contribution limits).
- **Have an increased cap on the amount you can borrow from your 403(b) plan** (increased from \$50,000 to \$100,000, or 100% of your employee contributions and any rollover funds). Please note that under federal law, this increased loan limit is only available from March 27, 2020 through September 22, 2020.
- If you already have an outstanding loan, all **loan payments due between March 27, 2020 through December 31, 2020 can be deferred for up to one year**, but interest will continue to accrue

To qualify and be eligible for the above, you must meet one of these criteria and self-certify to your retirement plan recordkeeper:

- You, your spouse, or dependent was diagnosed with coronavirus;
- You have experienced adverse financial consequences as a result of being quarantined, furloughed, or laid off, or your work hours have been reduced;
- You are unable to work because of a lack of child care;
- You have had to close or reduce the hours of a business as a result of the virus; or
- You have been financially impacted by other factors determined by the US Secretary of Treasury.

#### **7. How can I review my retirement plan and/or make adjustments?**

You can review your current plan and make changes online through [myChoices Retirement](#). This online portal allows you to make and/or change your voluntary contributions, select investment providers and funds, view your plan balances, and manage your account on an ongoing basis. You can make changes to your plan at any time, as often as you like. If you need assistance with the online enrollment portal, contact the JHU Retirement Center at TIAA by calling 888-200-4074. The center is open Monday through Friday, from 8 a.m. to 10 p.m. EST, and Saturday from 9 a.m. to 6 p.m. EST.

#### **8. Who can I talk to if I need help?**

Resources are available if you have questions or need help deciding how to adjust your plans. Contact the [Benefits Service Center](#) at 410-516-2000 Monday through Friday from 8:30 a.m. to 5 p.m., Or you can schedule an appointment with a representative from one of our retirement providers to help with your retirement planning.

- Fidelity: <https://GetGuidance.Fidelity.com> or 1-800-343-0860
- TIAA: [www.TIAA.org/ScheduleNow-JHU](http://www.TIAA.org/ScheduleNow-JHU) or 1-800-732-8353
- Vanguard: [www.MeetVanguard.com](http://www.MeetVanguard.com)