VASSAR

Date: October 2022
To: **Vassar College Defined Benefit Pension Plan Participants**
From: Plan Administrator for the Vassar College Defined Benefit Pension Plan
Subject: **Vassar College Defined Benefit Pension Plan**

> ***No Impact on Your Accrued Benefits***
>
> *The benefits you have already earned under the **Vassar College Defined Benefit Pension 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.*

Sponsors of qualified pension plans, such as the **Vassar College Defined Benefit Pension 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 Vassar College Defined Benefit Pension Plan"*** meets this annual requirement. This cover memo should help you better understand the Annual Funding Notice.

This Notice is *not* a notice of any intention on the college's part to change in any way the terms of the **Vassar College Defined Benefit Pension Plan** or to terminate the Plan.

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, Vassar College makes 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 based on how much is in the trust (assets) and future obligations for benefits (liabilities).

The asset and liability measures used to determine the company's annual contribution to the Plan for 2019, 2020 and 2021 are summarized in the *"Funding Target Attainment Percentage"* section on page 2 of the Notice. These values are as of the beginning of the respective year.

As you can see, our Plan was 90.18% funded as of July 1, 2021. 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. For example, a contribution of $572,000 was made to the Plan in July 2022.

On page 3 of the Notice, the *"Year-End Assets and Liabilities"* section discloses the Plan's assets and liabilities as of June 30, 2022. This is a different measure of the Plan's financial status.

Our Commitment to Your Vasser College Defined Benefit Pension 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.

In the event of any inconsistency between these notices and the Plan document, your eligibility for a benefit and the amount of your benefit will be determined in accordance with the official Plan document.

SUPPLEMENT TO THE ANNUAL FUNDING NOTICE
of the
Vassar College Defined Benefit Pension Plan (the "Plan")
for the
Plan Year beginning July 1, 2021 and ending June 30, 2022 ("Plan Year")

This is a temporary supplement to your Annual Funding Notice, which is required by the Moving Ahead for Progress in the 21st Century Act of 2012, the Highway and Transportation Funding Act of 2014, the Bipartisan Budget Act of 2015, the American Rescue Plan Act of 2021 and the Infrastructure Investment and Jobs Act of 2021. These federal laws changed how pension plans calculate their liabilities. The purpose of this supplement is to show you the effect of these changes. Prior to 2012, pension plans determined their liabilities using a two-year average of interest rates. Now pension plans also must take into account a 25-year average of interest rates. This means that interest rates likely will be higher and plan liabilities lower than they were under prior law. As a result, the plan sponsor may contribute less money to the Plan at a time when market interest rates are at or near historical lows.

The "Information Table" below compares the impact of using interest rates based on the 25-year average ("adjusted interest rates") and interest rates based on a two-year average on the Plan's (1) Funding Target Attainment Percentage, (2) Funding Shortfall, and (3) Minimum Required Contribution. The Funding Target Attainment Percentage is a measure of how well the Plan is funded on a particular date. The Funding Shortfall is the amount by which Plan Liabilities exceed Net Plan Assets. The Minimum Required Contribution is the amount of money the plan sponsor is required by law to contribute to the Plan in a given year. The following table shows this information determined with and without the adjusted interest rates. The information is provided for the Plan Year and for each of the two preceding plan years.

INFORMATION TABLE

	2021		**2020**		**2019**	
	With Adjusted Interest Rates	**Without Adjusted Interest Rates**	**With Adjusted Interest Rates**	**Without Adjusted Interest Rates**	**With Adjusted Interest Rates**	**Without Adjusted Interest Rates**
Funding Target Attainment Percentage	90.18%	66.56%	90.17%	71.90%	88.02%	73.68%
Funding Shortfall	$4,596,035	$21,198,039	$4,228,952	$15,163,505	$5,030,483	$13,209,497
Minimum Required Contribution	$1,358,373	$3,243,028	$1,337,698	$2,638,433	$1,981,267	$3,579,924

ANNUAL FUNDING NOTICE
for the
Vassar College Defined Benefit Pension Plan

Introduction

This Notice includes important information about the funding status of your single-employer pension plan ("the Plan"). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. All traditional pension plans (called "defined benefit pension plans") must provide this Notice every year regardless of their funding status. This Notice does not mean the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This Notice is required by federal law. This Notice is for the plan year beginning July 1, 2021 and ending June 30, 2022 ("Plan Year").

How Well Funded Is Your Plan

The law requires the administrator of the Plan to tell you how well the Plan is funded using a measure called the "Funding Target Attainment Percentage." The Plan divides its Net Plan Assets by Plan Liabilities to get this percentage. In general, the higher the percentage, the better funded the Plan. The Plan's Funding Target Attainment Percentage for the Plan Year and each of the two preceding plan years is shown in the chart below. The chart also shows you how the percentage was calculated.

Funding Target Attainment Percentage			
	2021	**2020**	**2019**
1. Valuation Date	July 1, 2021	July 1, 2020	July 1, 2019
2. Plan Assets			
a. Total Plan Assets	44,077,156	39,305,517	36,984,503
b. Funding Standard Carryover Balance	0	0	0
c. Prefunding Balance	1,865,373	496,123	0
d. Net Plan Assets (a) – (b) – (c) = (d)	42,211,783	38,809,394	36,984,503
3. Plan Liabilities	46,807,818	43,038,346	42,014,986
4. Funding Target Attainment Percentage (2d)/(3)	**90.18%**	**90.17%**	**88.02%**

Plan Liabilities

Plan Liabilities in line 3 of the chart above is an estimate of the amount of assets the Plan needs on the Valuation Date to pay for promised benefits under the Plan.

Year-End Assets and Liabilities

The asset values in the chart above are measured as of the first day of the Plan Year. They also are "actuarial values." Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan's funded status at a given point in time. As of June 30, 2022, the fair market value of the Plan's assets was $41,156,551. On this same date, the Plan's liabilities, determined using market rates, were $53,280,320.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the Valuation Date was 639. Of this number, 223 were current employees, 293 were retired and receiving benefits, and 123 were retired or no longer working for the employer and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan is to contribute at least the ERISA minimum required contribution. Additional contributions are made as needed to avoid benefit restrictions on distributions to plan participants or improve the Plan's funded status.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment policy of the Plan is to improve and maintain its funded status over time without exposure to excessive asset value volatility. Investments are made for the exclusive purpose of providing benefits to plan participants. Investment risk is managed primarily by maintaining actual asset allocations between equity and fixed income securities for the Plan within a specified range of its target asset allocation.

Under the investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Cash (interest bearing and non-interest bearing)	
2. U.S. Government securities	
3. Corporate debt instruments (other than employer securities):	
a. Preferred	
b. All other	
4. Corporate stocks (other than employer securities):	
a. Preferred	
b. Common	
5. Partnership/joint venture interests	
6. Real estate (other than employer real property)	
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	100%
10. Value of interest in pooled separate accounts	
11. Value of interest in master trust investment accounts	
12. Value of interest in 103-12 investment entities	
13. Value of interest in registered investment companies (e.g., mutual funds)	
14. Value of funds held in insurance co. general account (unallocated contracts)	
15. Employer-related investments:	
a. Employer securities	
b. Employer real property	
16. Buildings and other property used in plan operation	
17. Other	

For information about the Plan's investment in common/collective trusts, contact Bryan Swarthout, 845-437-5506, brswarthout@vassar.edu.

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the US Department of Labor. The report is called the "Form 5500." These reports contain financial and other information. You may obtain an electronic copy of the Plan's annual report by going to www.efast.dol.gov and using the search tool. Annual reports are also available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1515, Washington, DC 20210, or by calling 202-693-8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Annual reports do not contain personal information, such as the amount of your accrued benefits. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under "Where to Get More Information."

Summary of Rules Governing Termination of Single-Employer Plans

If a plan terminates, there are specific termination rules that must be followed under federal law. A summary of these rules follows.

There are two ways an employer can terminate its pension plan. First, the employer can end the plan in a "standard termination" but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. Under a standard termination, the plan must either purchase an annuity from an insurance company (which will provide you with periodic retirement benefits, such as monthly for life or for a set period of time when you retire) or, if the plan allows, issue one lump-sum payment that covers your entire benefit. Your plan administrator must give you advance notice that identifies the insurance company (or companies) selected to provide the annuity. The PBGC's guarantee ends upon the purchase of an annuity or payment of the lump-sum. If the Plan purchases an annuity for you from an insurance company and that company becomes unable to pay, the applicable state guaranty association guarantees the annuity to the extent authorized by that state's law.

Second, if the plan is not fully-funded, the employer may apply for a distress termination. To do so, however, the employer must be in financial distress and prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The amount of benefits that the PBGC guarantees is determined as of the plan termination date. However, if a plan terminates during a plan sponsor's bankruptcy, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC maximum benefit guarantee is set by law and is updated each calendar year. For a plan with a termination date or sponsor bankruptcy date, as applicable in 2022, the maximum guarantee is $6,204.55 per month, or $74,454.60 per year, for a benefit paid to a 65-year-old retiree with no survivor benefit. If a plan terminates during a plan sponsor's bankruptcy, the maximum guarantee is fixed as of the calendar year in which the sponsor entered bankruptcy. The maximum guarantee is lower for an individual who begins receiving benefits from PBGC before age 65 reflecting the fact that younger retirees are expected to receive more monthly pension checks over their lifetimes. Similarly, the maximum guarantee is higher for an individual who starts receiving benefits from the PBGC after age 65. The maximum guarantee by age can be found on PBGC's website, www.pbgc.gov. The guaranteed amount is also reduced if a benefit will be provided to a survivor of the plan participant.

The PBGC guarantees “basic benefits” earned before a plan is terminated, which include:

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants; and
- disability benefits for a disability that occurred before the date the plan terminated or the date the sponsor entered bankruptcy, as applicable.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.
- The PBGC generally does not pay lump sums exceeding $5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers for plan underfunding.

For additional general information about the PBGC and the pension insurance program guarantees, go to “General FAQs about PBGC” on PBGC’s website at www.pbgc.gov/generalfaqs. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See “Where to Get More Information,” below.

Corporate and Actuarial Information on File with PBGC

A plan sponsor must provide the PBGC with financial information about itself and actuarial information about its pension plan under certain circumstances, such as when the Funding Target Attainment Percentage of its pension plan (or any other pension plan sponsored by a member of the sponsor’s controlled group) falls below 80 percent (other triggers may also apply). The sponsor of the Plan, Vassar College, or a member of its controlled group, was subject to this requirement to provide corporate financial information and Plan actuarial information to the PBGC. The PBGC uses this information for monitoring and other purposes.

Where to Get More Information

For more information about this Notice, you may contact Sonja Krekun at 845-437-7761, 124 Raymond Avenue, Poughkeepsie, NY 12604. For identification purposes, the official Plan number is 001 and the plan sponsor’s employer identification number or “EIN” is 14-1338587. For more information about the PBGC, go to PBGC's website, www.pbgc.gov.