

07/30/2020

Dear Colleagues,

Since March, I have been keeping you informed about our plans and actions in response to the COVID-19 pandemic. I am sincerely grateful to all of you for your dedication and commitment during this extremely challenging time. Thank you for adapting, for thinking creatively, and for working so hard for Drew, even as you are worried about your own families and your futures.

As you are all aware, this unprecedented situation has had a profound effect on the University, especially in relation to Drew's finances. We began in April to feel its impact as a community, when I addressed you all with a difficult message regarding our workforce. As we make our plans for an extraordinary fall—and likely spring—semester, the range of impacts on Drew's finances continues to grow. That is why I am writing to you today.

Some of these impacts are clear. We have experienced loss or reduction of revenue from events and conferences, from refunds and adjustments in room and board fees due to the truncated residential semesters, and from the economic effect on our endowment. We must also bear significant new expenses in order to continue providing the same rigorous, relationship-based academic experience as we always have, no matter the shape of this semester, and beyond. All of our operations must measure up to the public health and safety standards set forth by the Centers for Disease Control and New Jersey Department of Health. Implementation is not only necessary, but also costly. Beyond health and safety, we must also anticipate additional expenses related to continued support of our students.

Taken together, the effects on our revenue and expenses create a considerable impact on Drew's financial operation, only one of many COVID-19-related concerns. Like every institution of higher education, we are now doing our work in an continual environment of uncertainty. Nevertheless, these challenges have taught us so much about our potential and capabilities, and it is this spirit that we model for our students, who will continue to receive a quality education rich with the unique hallmarks of Drew, no matter what. In that, we can all take pride.

We do face budget implications that call for us to operate differently and more efficiently. We have already reduced our workforce—a burdensome decision, however necessary for the protection of the University's future—and we deeply feel the loss of those colleagues. Today, I am adding another measure. **At present, we have decided to suspend employer contributions to Drew's 403(b) retirement plan with TIAA from September 1, 2020, through June 30, 2021.** This decision, part of Drew's overall financial strategy to reduce operating expenses, was approved by Drew's Annual Planning and Budget Council, the Cabinet, and the Board of

Trustees. The action will save the University approximately \$1.6 million in Fiscal Year 2021. **In addition, we will suspend the employees' mandated contribution to this plan.**

Because there will no longer be a mandate to direct your earned funds to your retirement plan, you may see a positive change in your net pay beginning September 4, because your own mandatory contribution will not be deducted. (You can find the amounts of these current deductions by looking at your earning statement, accessible via [ADP Workforce Now](#), in order to anticipate your change in net pay.) Accordingly, you may consider making a voluntary contribution to your retirement plan with the funds that are no longer being contributed by mandate. There are two ways to accomplish this. You may enroll in a supplemental plan in order to begin voluntary contributions to your 403(b) plan, or, for those who already have a supplemental plan, you may increase your contribution to an existing supplemental plan. In either of these ways, you may continue to save for retirement without interruption. See below for ways to do this.

We are taking this step only after very careful study and deliberation. Although I would like to assure you that this will be the final efficiency measure we will be forced to enact, unfortunately, the uncertainty about other economizations at the University continues. I have been in touch with my colleagues at many institutions of higher education around the nation, many of whom also find themselves enacting this similar measure for budget relief. While painful, it appears our best way forward.

Voluntary Contributions

To keep saving for retirement, employees not enrolled in the supplemental plan have the option to enroll in the plan and select from a variety of pre-tax plan options such as TIAA Real Estate, TIAA-CREF Lifecycle Funds, CREF Bond, Vanguard Total Stock, CREF Money Market, etc. If already enrolled in a 403(b) supplemental plan, employees can continue making—or increase contributions—to their 403(b) supplemental plan from their salary up to the legal limit. To contribute using post-tax dollars, employees may opt for the ROTH contribution. Learn more about these options at [this website](#).

Below are ways to initiate a change in voluntary contribution:

- If you do not have a supplemental plan you may open an account by following the [TIAA Enrollment Instructions](#), then complete the [Supplemental Retirement Salary Savings Form](#). Once the deduction is sent to TIAA, the account will be activated.

- If you have an inactive plan, you may activate your account by completing the [Supplemental Retirement Salary Savings Form](#). Once the deduction is sent to TIAA, the account will be activated.
- To select the [ROTH contribution option](#), enroll in the supplemental plan by following the [TIAA Enrollment Instructions](#), then complete the [Supplemental Retirement Salary Savings Form](#) and select the ROTH option.

For assistance with and advice on plan option choices, you may schedule a [virtual one-on-one counseling session](#) with a qualified TIAA retirement counselor from a schedule of available sessions. If the dates do not work for you, you may choose to [schedule an appointment](#) on another date and time of your choosing with the TIAA Representative.

Please complete the [Supplemental Retirement Salary Savings Form](#) by **Friday, August 28, 2020** in order to ensure continued contributions to your retirement fund without interruptions. Please note, **employees may enroll in a supplemental plan at any time**. Should you have any questions, please email Fredi Cox at fcx1@drew.edu.

Like all institutions of higher education, Drew faces formidable challenges. This action will surely help us manage during these very difficult financial times, and I thank you for your understanding and your support of Drew. As one community, I have faith that Drew will emerge from this crisis stronger than before.

Sincerely,
MaryAnn Baenninger