Pension Plan Contribution Q&As

Q. What is the total Pension Plan Contribution Level?

A. As shared last year, the total contributions to the Pension Plan are expected to be:

- $10 million for plan year September 1, 2019 through August 31, 2020;
- $13 million for plan year September 1, 2020 through August 31, 2021;
- $16 million for plan year September 1, 2021 through August 31, 2022.

Please be reminded that the amounts could be subject to adjustment:

- If the Pension Plan's minimum funding requirement does not continue to be zero;
- If it becomes necessary to use a portion of the Pension Plan's credit balance because the Plan is less than 100% funded;
- And/or, if school contributions are not consistently made in a timely matter.

Q. How are contributions allocated?

A. The process used to determine the contribution amount allocated to each school remains unchanged from the current plan year. Generally speaking, the contribution percentages are based on individual school contributions to the plan over the 25 years ending on August 31, 2017.

Q. Why are contributions invoiced over the first nine months of the Plan year?

A. This change is a benefit to the Plan's annual actuarial valuation. Each valuation that is done on August 31 includes contributions paid through the following May 15 for purposes of increasing the assets that are used in the valuation.

Q. Can you explain Withdrawal Liability?

A. Each participating school reserves the right, by action of its Board of Directors or other governing body, to terminate its participation in the Pension Plan. A school that chooses to fully withdraw from the Plan is required to contribute a share of the Plan's unfunded liability. Each school's withdrawal liability is determined by the Plan's actuary and is subject to change. The Plan actuary's determination is final and binding. Process and payment timing requirements apply to schools that provide notice to withdraw.

Q. What is PBGC?

A. Pension Benefit Guaranty Corporation (PBGC) is an independent agency of the U.S. government which insures many retirement plans, including defined benefit plans like the Pension Plan. PBGC-covered plans must comply with PBGC rules and requirements.

Q. What is the Pension Plan's total "withdrawal liability"?

A. As of August 31, 2019, the total PBGC benefits liability was $1,264,366,955. The Plan's assets on August 31, 2019, were $ 733,210,993. The result is a PBGC unfunded liability of $531,155,962.

Q. How is the Pension Plan's "withdrawal liability" calculated and allocated?

A. This amount is calculated based on the market value of the Plan's assets and the Plan's PBGC unfunded benefit liability. This is tied to an amount that the CSI member schools would be required to pay should the Plan be turned over to PBGC.

As of August 31, 2019, $531,155,962 is the Plan's total "withdrawal liability," which would be allocated among participating schools based on each participating school's total contributions to the Plan in the last five years. This is reviewed in proportion to the total contributions of currently participating schools to the Plan over the last five years.

The following Pension Plan Trustees and staff are available to support a call or meeting:
Henry Doorn, Tom Dykhouse, Thelma Ensink, Terry Kok, Jim Peterson, Jennifer Thompson, Howard Van Mersbergen and Jeremy Van Nieuwenhuyzen.

To request custom information materials and/or schedule a call or meeting, please contact Howard Van Mersbergen by email at hvanmersbergen@csionline.org or by phone at 877.274.8796 ext. 226.