The Pension Protection Act (PPA), enacted in 2006, requires sponsors of defined benefit pension plans, such as the Holy Cross Retirement Plan for Nonexempt Employees, to provide plan participants with certain information about the funded status of their plan. The attached “Annual Funding Notice for the Holy Cross Retirement Plan for Nonexempt Employees” meets this annual requirement. Before reviewing the Notice, it’s helpful for you to have some context for the information it includes. This cover memo should help you better understand the Funding Notice.

This Notice is not a notice of any intention on the College’s part to change the way your benefits accrue under the Holy Cross Retirement Plan for Nonexempt Employees.

**Understanding the Annual Funding Notice**

Defined benefit plans are 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, the College of the Holy Cross makes contributions to a trust fund and that money is set aside for plan benefits and invested based on established investment guidelines. The Plan’s funding policy is outlined in the attached Notice. The timing of contributions is determined by federal guidelines and based on a review made by outside actuaries who look at both how much is in the trust (assets) and future obligations for benefits (liabilities).

The asset and liability measures used by our outside actuaries to determine the College’s annual contribution to the plan for 2011, 2012, and 2013 are summarized in the “Funding Target Attainment Percentage” on page 2 of the Notice. These values are as of July 1 of the respective year.

At the top of page 3 of the Notice, you’ll see the “Fair Market Value of Assets” section. This section shows plan assets and liabilities as of June 30, 2014. This is a different measure of the Plan’s financial status than those used to determine the Funding Target Attainment Percentages shown on page 2.

**Our Commitment to Your Benefits**

We have not yet determined our Plan’s funded status as of July 1, 2014. We want to assure you, though, that no matter the Plan’s updated funded status, we have every intention of continuing to fund the Plan as required by law.