

SUPPLEMENT TO ANNUAL FUNDING NOTICE
University of Southern California Support Staff Retirement Plan
Plan Year Beginning January 1, 2019 and Ending December 31, 2019

This is a temporary supplement to your annual funding notice which is required by the Moving Ahead for Progress in the 21st Century Act and the Highway and Transportation Funding Act of 2014. 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, your employer may contribute less money to the plan at a time when market interest rates are at or near historical lows.

The “Information Table” compares the impact of using interest rates based on the 25-year average (the “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 liabilities exceed net plan assets. The minimum required contribution is the amount of money an employer is required by law to contribute to a 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, if applicable.

INFORMATION TABLE						
	2019 Plan Year		2018 Plan Year		2017 Plan Year	
	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	104.99%	88.70%	115.88%	93.88%	101.75%	81.23%
Funding Shortfall	0	27,618,401	0	14,718,807	0	45,728,454
Minimum Required Contribution	0	4,731,850	0	2,626,654	0	7,357,125