

FACULTY RETIREMENT PROGRAM RESOLUTION

(Board of Trustees Meeting, October 27, 1974)

...A request was made that the Board of Trustees consider adopting a resolution with regard to the College's faculty retirement program. The resolution...was considered to be necessary to provide for the increasing rate of inflation and to take into account changes in federal laws. An explanation was given to the effect that when the Board of Trustees first approved the participation by the College of the Virgin Islands in the Teachers Insurance and Annuity Association/College Retirement Equities Program, the contributions of faculty members to the Retirement Program were set at 5% of the gross salary on the amount of salary subject to Social Security taxes and 7½% of the gross salary above the amount subject to Social Security taxes.

For the years from 1963 through 1968 a faculty member earning \$12,000 per year contributed 5% of \$4,800 and 7½% of \$7,200 toward his Teachers Insurance Annuity Association retirement benefits. His total annual contribution was \$780. This was matched by the College. During 1969, the Social Security tax was collected on a salary up to \$6,600. This meant that the faculty member's contribution was reduced to \$735 per year because the 7½% was applied against a smaller part of the \$12,000 and the 5% was applied against a larger part of the \$12,000. The amount of salary subject to Social Security taxes has changed three times since 1969. It now stands at \$13,100.

This means, in turn, that a faculty member earning \$12,000 now contributes 5% of \$12,000 or \$600 per year to his retirement plan, and in this example the 7½% is not used because there is no remainder to apply it against.

It was apparent from a review of the provision of the Federal Insurance Contribution Act (Social Security taxes), as well as from the annual rates of inflation being experienced by the people in the United States, that continually reduced contribution by a faculty member to his retirement program would not provide him with the kind of income that he was entitled to receive after his many years of service.

With this in mind, it was proposed that the 5% figure which is applied against the part of the salary which is subject to Social Security tax be increased to 6¼%, with the 7½% figure remaining on amount over the amount taxed and that the College's matching amount be increased in the same way.

After discussion of this proposal by the Board, the attached resolution was adopted by the Board of Trustees.

RESOLUTION OF THE BOARD OF TRUSTEES

WHEREAS, the maximum taxable salary under The Federal Insurance Contribution Act has increased during the past few years, and

WHEREAS, this increase has reduced the amount of the contributions of the faculty of the College of the Virgin Islands to the Teachers Insurance Annuity Association/College Retirement Equities Fund, and

WHEREAS, the benefits of The Federal Insurance Contribution Act are not equivalent to the benefits of the Teachers Insurance Annuity Association/College Retirement Equities Fund, and

WHEREAS, the retirement benefit of each College faculty member is being deteriorated by increased Federal Insurance Contribution Act taxes and the reduction of annuity contributions to the Teachers Insurance Annuity Association/College Retirement Equities Fund,

NOW THEREFORE, Be It Resolved that the Board of Trustees of the College of the Virgin Islands does hereby authorize the deduction from each faculty member salary for amounts up to The Federal Insurance Contribution Act taxable maximum to be increased from 5% of the gross salary to 6-1/4% of the gross salary, and

Be It Further Resolved that the Board of Trustees of the College of the Virgin Islands does hereby authorize the increase of the contributions of the College for the benefit of the faculty members contributing to the Teachers Insurance Annuity Association/College Retirement Equities Fund to be increased from 5% of the gross salary up to the Federal Insurance Contribution Act maximum taxable amount to 6-1/4% of the gross salary up to The Federal Insurance Contribution Act maximum taxable amount.

Approved by the Board of Trustees October 27, 1974.