UNIVERSITY OF DELAWARE
HUMAN RESOURCES

TRUE UP FAQ

Q1:: What is a true up contribution?

A1: A true up contribution is an employer contribution made to a participant's account when the actual, total employer match contributed on a per pay period basis is less than the calculated employer match on an annual basis. A true up contribution ensures the participant receives the maximum annualized allowable amount of employer matching contributions, as intended by the Plan's match formula.

This feature permits participants to receive employer match money they might otherwise have missed, either because of front-loading the 403(b) or spreading out 403(b) contributions unevenly during the year. Matching funds are calculated for each pay period, but any contribution rate changes the participant makes throughout the year could alter the year-end total. A true up is how the University evens things up so the participant gets what they should have received according to the rules of the Plan.

The true up calculation compares what the University contributed to what the participant should have received. If the actual total is lower than the projected total, the difference is added to the participant's account. For example, if a faculty member maxes out on the participant portion due to 403(b) summer supplemental pay, he or she could miss out on the employer match for several months. A true up corrects this imbalance.

The University conducts an annual calculation and makes a true up contribution, to all participants who are due a true up (for the prior plan year), as soon as administratively possible within the first quarter of the following year.

Q2: In past years I did not receive a true up, and the employer match continued throughout the year. Why did this process change?

A2: The University has always provided a true up mechanism for participants, through a manual process. As part of the overall Retirement Plan review and transition, the University made the decision to follow the Employee Retirement Income Security Act guidelines. As a result, this helps to provide consistency and to ensure that the matching contribution benefit is maximized by all participants according to the rules of the Plan. The new process should help to minimize manual actions that could lead to potential miscalculations.

Q3: How often is the true up calculation conducted?

A3: The true up review is performed annually for the prior plan year and posted to match-eligible participant accounts within the first quarter of the following year. For example, true ups for plan year 2018 were applied in the first quarter of 2019.

Q4: What calendar year limit does the true up contribution apply to?

A4: Any true up contribution posted to participant accounts in the first quarter of each year applies to the prior plan year. Also, the prior plan year's contribution and IRS limits govern the calculation.

Q5: When will participants see the money in their account?

A5: Participants who are due a true up contribution will see the additional employer contribution reflected in their account in the first quarter of each calendar year. Participants will also see the additional employer contribution on their first quarter statement each year.

Q6: Does the participant need to take any action or notify someone that they should receive a true up contribution?

A6: No. The true up evaluation is conducted automatically each year.

Q7: What formula is used to calculate the true up amount?

A7: The Plan's matching formula is used in the analysis:

*Full-time faculty and exempt staff (not participating in the State Employees' Pension Plan), are eligible for University matching contributions.**

Effective July 1, 2018	
If you contribute	**The University contributes**
5%	11%
4%	8%
3%	6%
2%	4%
1%	2%

The analysis compares the actual contributions made by each participant and the actual matching contribution received from the University to the calculated matching contribution due based on annual compensation and contributions. Any difference is deposited into the participant's account. This process ensures that the participant receives the maximum allowable employer match he or she should receive regardless of the timing of contributions.

Q8: What if the participant leaves service before the true up contribution is made?

A8: The participant is still entitled to any true up contribution due. The true up review is performed annually for the prior plan year and posted to match-eligible participant accounts as soon as administratively possible within the first quarter of the following year.