



Human Resources
Water Tower Campus
 820 N. Michigan Avenue | Chicago, Illinois 60611
 Phone 312-915-6175 | Fax 312-915-7612
 www.luc.edu/hr

April 2011

**Annual Funding Notice
 for
 Loyola University Employees' Retirement Plan (LUERP)**

Introduction

This notice includes important funding information about your pension plan (“the Plan”). This notice also provides a summary of federal rules governing the termination of single-employer defined benefit pension plans and of benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning January 1, 2010 and ending December 31, 2010 (“Plan Year”).

Funding Target Attainment Percentage

The funding target attainment percentage of a plan is a measure of how well the plan is funded on a particular date. This percentage for a plan year is obtained by dividing the Plan’s Net Plan Assets by Plan Liabilities on the Valuation Date. In general, the higher the percentage, the better funded the plan. The Plan’s funding target attainment percentage for the Plan Year and two preceding plan years is shown in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	Plan Year Beginning in 2010	Plan Year Beginning in 2009	Plan Year Beginning in 2008
1. Valuation Date	January 1, 2010	January 1, 2009	January 1, 2008
2. Plan Assets			
a. Total Plan Assets	\$234,187,763	\$232,321,504	\$284,083,627
b. Funding Standard Carryover Balance	\$8,216,917	\$7,288,378	\$9,135,595
c. Prefunding Balance	\$0	\$0	\$0
d. Net Plan Assets (a) – (b) – (c) = (d)	\$225,970,846	\$225,033,126	\$274,948,032
3. Plan Liabilities	\$216,557,153	\$182,800,284	\$236,132,928
4. At-Risk Liabilities	Not Applicable	Not Applicable	Not Applicable
5. Funding Target Attainment Percentage (2d)/(3)	104.34%	123.10%	116.44%

Please Note – You are not required to respond to this notice. As Plan Administrator for the Loyola University Employees’ Retirement Plan we are required by law to mail this notice to you. It is intended to provide you with annual information regarding the funded status of your pension plan in an easy to read format based upon the Department of Labor’s (DOL) model notice. If you wish to contact the LUERP office, please send your email request to: luerp@luc.edu or you may phone 312-915-7209 or 312-915-7925.

Credit Balances

Credit balances were subtracted from the Plan's assets before calculating the funding target attainment percentage in the chart above. While pension plans are permitted to maintain credit balances (called "funding standard carryover balance" or "prefunding balance") for funding purposes, such credits may not be taken into account when calculating a plan's funding target attainment percentage. A plan might have a credit balance, for example, if in a prior year an employer made contributions at a level in excess of the minimum level required by law. Generally, the excess payments are counted as "credits" and may be applied in future years toward the minimum level of contributions a plan sponsor is required by law to make to the plan in those years.

Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of December 31, 2010, the fair market value of the Plan's assets was \$223,323,041. On this same date, the Plan's liabilities were \$229,346,185.

Participant Information

The total number of participants in the plan as of the Plan's valuation date was 6,974. Of this number, 3,202 were active participants, 1,155 were retired or separated from service and receiving benefits, and 2,617 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for promised benefits. The current funding policy of the Plan is that the employers expect and intend to contribute to the Plan from time to time such amounts as shall be required under accepted actuarial principles to maintain the Plan in a sound condition.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is to invest the Plan assets for the sole and exclusive benefit of Plan beneficiaries using a diversified portfolio of assets and strategies. The policy and strategy are designed to maximize return for the amount of risk taken and grow the Plan assets over time to make the required benefit payments.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Cash (interest-bearing and non-interest bearing)	0.0%
2. U.S. Government securities	1.0%
3. Corporate debt instruments (other than employer securities):	
Preferred	0.0%
All other	30.5%
4. Corporate stocks (other than employer securities):	
Preferred	0.0%
All other	14.3%

5. Partnership/joint venture interests	5.0%
6. Real estate (other than employer real property)	0.0%
7. Loans (other than to participants)	0.0%
8. Participant loans	0.0%
9. Value of interest in common/collective trusts	32.0%
10. Value of interest in pooled separate accounts	0.0%
11. Value of interest in master trust investment accounts	0.0%
12. Value of interest in 103-12 investment entities	0.0%
13. Value of interest in registered investment companies (e.g., mutual funds)	10.8%
14. Value of funds held in insurance co. general account (unallocated contracts)	0.0%
15. Employer-related investments:	
Employer Securities	0.0%
Employer real property	0.0%
16. Buildings and other property used in plan operation	0.0%
17. Other	6.4%

For information about the Plan's investment in any of the following types of investments as described in the chart above – common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact the plan administrator, Loyola University of Chicago, by calling 312-915-7925 or send an email request for information to: luerp@luc.edu.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202-693-8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator, Loyola University of Chicago. Send your request to Mr. Thomas M. Kelly, Loyola University of Chicago, 820 N. Michigan Avenue, Room #820, Chicago, IL 60611. You may also access our website at www.luc.edu/hr/luerp.shtml to obtain a copy of the LUERP annual report.

Summary of Rules Governing Termination of Single-Employer Plans

Employers can end a pension plan through a process called "plan termination." There are two ways an employer can terminate its pension plan. The employer can end the plan in a "standard termination" but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. The plan must either purchase an annuity from an insurance company (which will provide you with lifetime benefits when you retire) or, if your plan allows, issue one lump-sum payment that covers your entire benefit. Before purchasing your annuity, your plan administrator must give you advance notice that identifies the insurance company (or companies) that your employer may select to provide the annuity. The PBGC's guarantee ends when your employer purchases your annuity or gives you the lump-sum payment.

If the plan is not fully-funded, the employer may apply for a distress termination if the employer is in financial distress. To do so, however, the employer must prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

If a single-employer pension plan terminates without enough money to pay all benefits, the PBGC will take over the plan and pay pension benefits through its insurance program. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The PBGC pays pension benefits up to certain maximum limits. The maximum guaranteed benefit is \$4,500 per month, or \$54,000 per year, payable in the form of a straight life annuity, for a 65-year-old person in a plan that terminates in 2011. The maximum benefit may be reduced for an individual who is younger than age 65. The maximum benefit will also be reduced when a benefit is provided to a survivor of a plan participant.

The PBGC guarantees “basic benefits” earned before a plan is terminated, which includes:

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants; and
- disability benefits for a disability that occurred before the date the plan terminated.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right when a plan terminates, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements at the time the plan terminates.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.
- The PBGC generally does not pay lump sums exceeding \$5,000.

Even if certain benefits are not guaranteed, participants and beneficiaries still may receive some of those benefits from the PBGC depending on how much money the terminated plan has and how much the PBGC collects from the employer.

Where to Get More Information

For more information about this notice, you may contact the plan administrator, Loyola University of Chicago. Send your request to Mr. Thomas M. Kelly, Loyola University of Chicago, 820 N. Michigan Ave, Room #820, Chicago, IL 60611, or phone 312-915-7925. Or you may send an email request to luerp@luc.edu. For identification purposes, the official plan number is 333 and the plan sponsor's employer identification number or "EIN" is 36-1408475. For more information about the PBGC and benefit guarantees, go to PBGC's Web site, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).

Disclosure Statement and Disclaimer

This notice is intended to comply with the requirements of section 101(f) of the Employee Retirement Income Security Act of 1974, as amended. The disclosures provided in this notice are based on information available and believed to be accurate as of the date this notice is provided. All computations reflected in these disclosures have been performed based on a good faith interpretation of the applicable statutory and regulatory guidance in effect on the date this notice is provided. Such information and computations include, but are not limited to, the measurement of plan liabilities, reported values of plan assets, and allocation of assets. However, actual results for the Plan Year may change and will not be considered final until filed with the Department of Labor as part of the Annual Report (i.e., the Form 5500). Subsequently, such results will change only by amendment of the Annual Report for the Plan Year. See the Right to Request a Copy of the Annual Report section for information about how to obtain a copy of the Annual Report. The plan sponsor does not undertake any obligation to update or publicly release any revisions to this notice, and no such revisions will be issued, to reflect any changes, including but not limited to, changes in the manner in which particular calculations are performed, changes in expectations, the adoption of plan amendments or any other events or circumstances occurring after this notice is provided.

Availability of Pension Benefit Statement

We would like to remind you of your ability to request an estimate of your LUERP account at any time. You may request your current accrued benefit or an estimate of your benefit projected to a future date.

Simply go on-line at www.luc.edu/hr/luerp.shtml and complete the "Estimate Request Form". Your estimate will be processed by one of our retirement specialists and forwarded to you within three weeks. If you are unable to access our on-line system, please call 312-915-7209 for assistance.