

January 3, 2023

**ITEM 204-100-R0123**

**Deferred Compensation – University of Montana President**

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**THAT**

The Montana Board of Regents approves the adjustment of the deferred compensation arrangement with the University of Montana President from a defined-benefit approach to a defined-contribution approach as explained below.

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**EXPLANATION**

The Board of Regents has approved two types of deferred compensation arrangements in the past for the Presidents of Montana State University, University of Montana, and the Commissioner of Higher Education. These have been either “defined-benefit” or “defined-contribution” arrangements. In a defined-benefit arrangement, the employee becomes eligible at specified age after a specified minimum number of years of service to receive a specified amount of compensation, with the employer assuming the investment risks to guarantee the defined benefit. In a defined-contribution plan, the employee receives a defined amount of compensation annually to invest in the employee’s account with no guaranteed future benefit, with the employee selecting investment options and assuming investment risk, and with the employee having access to the funds upon termination of employment. The Board currently has a defined-contribution deferred compensation arrangement with the MSU President and Commissioner of Higher Education, having adjusted their arrangements from defined-benefit to defined-contribution in 2019 and 2018, respectively. The Board currently has a defined-benefit deferred compensation arrangement with the UM President. Approval of this item would adjust the UM President’s arrangement to defined-contribution and authorize employer contributions of \$50,000 annually.

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**ATTACHMENTS**

None.