

SOUTHWEST RESEARCH INSTITUTE®

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September 22, 2021

TO: Regular Staff

FROM: Beth Ann Rafferty



SUBJECT: ERISA Reports for Institute Employee Benefit Plans

The Institute is required under the Employee Retirement Income Security Act of 1974 (commonly referred to as ERISA) to make available to participants certain information about its employee benefit plans. This information is presented in a prescribed format for each pension and welfare plan. Reported plan financial information, where presented, is for calendar year 2020 and is presented on the basis of accounting disclosed. Attached are copies of the Summary Annual Reports for the following plans identified by the plan identification numbers used for governmental reporting.

- Plan 003 – Southwest Research Institute Retirement Plan
- Plan 501 – Southwest Research Institute Employees' Insurance Programs Plan
- Plan 502 – Southwest Research Institute Employees' Health Care Expense Benefit Plan
- Plan 503 – Southwest Research Institute Employees' Long-Term Disability Income Benefits Plan
- Plan 504 – Southwest Research Institute Section 125 Plan
- Plan 505 – Southwest Research Institute Health Care Reimbursement Plan
- Plan 506 – Southwest Research Institute Employee Assistance Program Plan

Any questions about these reports may be directed to Buck Brockman (ext. 5787) or to me (ext. 5089). Information about plan participation and benefits can be obtained from the Employee Benefits Office (ext. 2227).

Enclosures



Summary Annual Report
for
Southwest Research Institute
Retirement Plan
(Plan No. 003, EIN 74-1070544)

This is a summary of the annual report for Southwest Research Institute Retirement Plan (Plan No. 003) for the plan year January 1, 2020 through December 31, 2020. The annual report has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Basic Financial Statement

Benefits under the plan are provided by insurance and a trust fund. Plan expenses were \$66,880,262. These expenses included \$0 in administrative expenses, and \$66,880,262 in benefits paid to participants and beneficiaries. A total of 5,797 persons were participants in or beneficiaries of the plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of plan assets, after subtracting liabilities of the plan, was \$1,396,110,171 as of December 31, 2020, compared to \$1,269,466,036 as of January 1, 2020. During the plan year the plan experienced an increase in its net assets of \$126,644,135. This increase includes unrealized appreciation and depreciation in the value of plan assets; that is, the difference between the value of the plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The plan had total income of \$193,524,397, including employer contributions of \$21,268,548, employee contributions of \$18,632,212, rollover contributions of \$834,175, earnings from investments of \$152,247,073, and other income of \$542,389.

Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

- an accountant's report;
- financial information;
- information on payments to service providers;
- assets held for investment;
- insurance information, including sales commissions paid by insurance carriers;
- information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates;

To obtain a copy of the full annual report, or any part thereof, write the Office of the CFO and Vice President – Finance, Southwest Research Institute at 6220 Culebra Road, San Antonio, TX 78238 or call (210) 684-5111. The charge to cover copying costs will be \$0.25 per page for any part thereof.

You have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge. You also have the legally protected right to examine the annual report at the main office of Southwest Research Institute (6220 Culebra Road, Building 160, San Antonio, TX 78238) and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S.

Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, Room N1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

Paperwork Reduction Act Statement

According to the Paperwork Reduction Act of 1995 (Pub. L. 104-13)(PRA), no persons are required to respond to a collection of information unless such collection displays a valid Office of Management and Budget (OMB) control number. The Department notes that a Federal agency cannot conduct or sponsor a collection of information unless it displays a currently valid OMB control number. See 44 U.S.C. 3507. Also, notwithstanding any other provisions of law, no person shall be subject to penalty for failing to comply with a collection of information if the collection of information does not display a currently valid OMB control number. See 44 U.S.C. 3512.

The public reporting burden for this collection of information is estimated to average less than one minute per notice (approximately 3 hours and 11 minutes per plan). Interested parties are encouraged to send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of the Chief Information Officer, Attention: Departmental Clearance Officer, 200 Constitution Avenue, N.W., Room N-1301, Washington, DC 20210 or email DOL_PRA_PUBLIC@dol.gov and reference the OMB Control Number 1210-0040.

OMB Control Number 1210-0040 (expires 06/30/2022)

Summary Annual Report
for
Southwest Research Institute
Employees' Insurance Programs Plan
(Plan No. 501, EIN 74-1070544)

This is a summary of the annual report for Southwest Research Institute Employees' Insurance Programs Plan (Plan No. 501) for the plan year January 1, 2020 through December 31, 2020. The annual report has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Insurance Information

The plan has contracts with Delta Dental, Express Scripts, Inc., Fidelity Security Life Insurance Company, Hartford Life and Accident Insurance Company, Kaiser Foundation Health Plan of Colorado, Life Insurance Company of North America, MetLife Insurance Company, MetLife Legal Plans, Monumental Life Insurance Company, National Union Fire Insurance Company of Pittsburgh, PA., United Healthcare Benefits of Texas, United Healthcare Insurance Company, and Vision Service Plan to pay death and accidental death and dismemberment claims; and provide covered medical, dental, critical illness, accidental injury, short-term income replacement, legal and vision care services incurred under the terms of the various programs. The total premiums paid related to the above policies/contracts for the plan year ended December 31, 2020 were \$11,379,535.

Your Rights to Additional Information

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- insurance information, including sales commissions paid by insurance carriers

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OMB Control Number 1210-0040 (expires 06/30/2022)

Summary Annual Report
for
Southwest Research Institute
Employees' Health Care Expense Benefit Plan
(Plan No. 502, EIN 74-1070544)

This is a summary of the annual report for Southwest Research Institute Employees' Health Care Expense Benefits Plan (Plan No. 502) for the plan year January 1, 2020 through December 31, 2020. The annual report for this plan has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Basic Financial Statement

This plan is self-insured by the Plan Sponsor, Southwest Research Institute. Benefits under this plan are funded through participant and Plan Sponsor contributions. During the plan year, the plan had total income of \$26,203,343, including Plan Sponsor contributions of \$14,097,032, employee contributions of \$12,060,445, and investment income of \$45,866. Plan expenses were \$25,904,171. These expenses included \$25,891,924 in benefits paid on behalf of participants and beneficiaries and \$12,247 in trustee fees. The Plan Sponsor paid all third party administration expenses related to this plan in 2020.

The value of plan assets as of December 31, 2020 was \$3,114,528 compared to \$2,815,356 as of December 31, 2019. During the year, the plan experienced an increase in plan assets of \$299,172.

The plan's annual report reflects income and expenses on a basis of accounting permitted by the Internal Revenue Service and the Department of Labor. Under this basis, modified cash basis, income and related assets are recorded when cash is collected, expenses are recorded only when disbursements are made, and plan investments are carried at fair values at year end. This method does not reflect the cost of benefits incurred, but not reported or paid at year end. These unrecorded expenses were estimated to be \$2,831,772 and \$2,590,138 at December 31, 2020 and 2019, respectively.

Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

- an accountant's report;
- assets held for investment
- transactions in excess of 5% of the plan assets
- financial information;
- information on payments to service providers

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OMB Control Number 1210-0040 (expires 06/30/2022)

Summary Annual Report
for
Southwest Research Institute
Employees' Long-Term Disability Income Benefits Plan
(Plan No. 503, EIN 74-1070544)

This is a summary of the annual report for Southwest Research Institute Employees' Long-Term Disability Income Benefit Plan (Plan No. 503) for the plan year January 1, 2020 through December 31, 2020. The annual report for this plan has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Insurance Information

This plan had a contract with Life Insurance Company of North America to pay claims incurred under the terms of the plan. The total premiums paid were \$1,192,901 for 2020.

Your Rights to Additional Information

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OMB Control Number 1210-0040 (expires 06/30/2022)

Summary Annual Report
for
Southwest Research Institute
Section 125 Plan
(Plan No. 504, EIN 74-1070544)

This is a summary of the annual report for the Southwest Research Institute Section 125 Plan (Plan No. 504) for the plan year January 1, 2020 through December 31, 2020. No annual report is required to be filed with the Employee Benefits Security Administration, U.S. Department of Labor for this plan.

Additional Explanation

This plan allows employees to pay premiums for certain eligible employee benefits with pre-tax dollars. These benefits include medical care, dental care, vision care, cancer/specified disease, long-term disability income, and voluntary accidental death coverage. In addition, the plan allows eligible employees to use pre-tax dollars to obtain reimbursement of eligible health care expenses that are not covered or fully reimbursable by the medical care, dental care, and vision care plans, including deductibles, co-payments, co-insurance, and other non-reimbursable health care expenses. The plan also allows eligible employees to use pre-tax dollars to obtain reimbursement for eligible dependent care assistance expenses. The total pre-tax dollars paid under this plan for year ended December 31, 2020 were \$14,840,928.

Paperwork Reduction Act Statement

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OMB Control Number 1210-0040 (expires 06/30/2022)

Summary Annual Report
for
Southwest Research Institute
Health Care Reimbursement Plan
(Plan No. 505, EIN 74-1070544)

This is a summary of the annual report for the Southwest Research Institute Health Care Reimbursement Plan (Plan No. 505) for the plan year January 1, 2020 through December 31, 2020. The annual report has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Additional Explanation

This plan allows eligible employees to use pre-tax dollars to obtain reimbursement of eligible health care expenses that are not covered or fully reimbursable by the medical care, dental care, and vision care plans, including deductibles, co-payments, co-insurance and other non-reimbursable health care expenses.

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OMB Control Number 1210-0040 (expires 06/30/2022)

Summary Annual Report
for
Southwest Research Institute
Employee Assistance Program Plan
(Plan No. 506, EIN 74-1070544)

This is a summary of the annual report for the Southwest Research Institute Employee Assistance Program Plan (Plan No. 506) for the plan year January 1, 2020 through December 31, 2020. The annual report has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Additional Explanation

This plan offers employees and their eligible dependents limited counseling services and a link to local resources to help them resolve disruptive personal concerns/problems. The Plan Sponsor, Southwest Research Institute, paid all expenses related to this plan in 2020.

Your Rights to Additional Information

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