

**University of Washington**  
**Faculty Council on Benefits and Retirement**

April 25<sup>th</sup>, 2016  
2:30 pm – 4:00 pm  
Gerberding 26

**Meeting Synopsis:**

1. Call to order
2. UW's Voluntary Retirement Incentive Option and VEBA
3. Tuition Waiver
4. Benefit Comparison Update
5. Good of the order
6. Adjourn

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**1) Call to order**

Siegel called the meeting to order at 2:33 p.m.

**2) UW's Voluntary Retirement Incentive Option and VEBA**

Cheryl Cameron (Vice Provost for Academic Personnel) was present to provide an overview and recent data on the Voluntary Retirement Incentive (VRI) Option. She explained a VRI is an alternative retirement benefit available to eligible tenured faculty that allows them to forego their vested right to five years of state-funded partial (40%) reemployment in exchange for a tax free medical expense account known as a VEBA. The tax free medical account is established at the time of retirement with a one-time lump sum payment generally equal to 50% of the faculty member's tenured-backed annual salary. The most recent VRI offering had a retirement period of July 1<sup>st</sup>, 2015 to June 30<sup>th</sup>, 2016. The open election period started on July 1, 2015 and ended December 31, 2015. Cameron explained the first VRI offering was in 2010, and 58 faculty members opted in at that time. The max contribution amount (for 100% tenured faculty members) is \$100,000, and the minimum amount, \$25,000. Four faculty members received the max contribution during the last open election.

Cameron explained a university survey of recent retirees showed that responding faculty feel the VRI is incentivizing their retirement, and encouraging them to think about retirement. She noted if a faculty member chose to do five years of vested reemployment in lieu of the VRI option, it is more advantageous monetarily (over five years a larger sum may be earned). She explained that often, faculty members taking the VRI option are those who already desire to separate from the university for a variety of reasons, and find the VEBA account to be an advantageous resource while transitioning into retirement. She noted high satisfaction has been gleaned from both faculty who opt for the VRI, and those who take vested option at 40% reemployment, as part of this survey.

Cameron explained to council members that it is not certain there will be future VRI offering at the UW. She noted part of her joining the council is to discuss its merits and look at data showing its usage to help inform a decision on continued offerings (Exhibit 1). She noted a faculty member's

college/school/department actually pays for VRIs (and reemployment), as central (administration) payment for reemployment ended after the implementation of Activity-Based Budgeting (ABB).

Siegel noted in 2012, the VRI option was not offered (according to the data). He asked if retirement rates can be tested for this year to gain an idea of the VRI's retirement incentive influence. Cameron clarified VRI was not offered only for two quarters.

Cameron added that historically, the UW has had dips in the number of retirements when there is an economic downturn, and during those times, faculty had expressed concern over the ability to afford healthcare after retirement. She explained the VRI option was implemented partially in response to these concerns. She noted as the economy has improved, the number of retiring faculty members has increased. She noted after a question that non-tenured faculty are not offered the VRI option because they do not have a vested right to reemployment.

Chamberlin noted there is an idea that the 40% reemployment option provides a valuable way for faculty to "phase" into retirement, allowing them the ability to continue working and thus enabling a smoother transition.

Siegel asked if it is tracked how often faculty reemploy for a full five years after retirement. Cameron explained there is data on this, and it showed that a majority of retired faculty who reemployed did so for 4-5 years after retirement. She also noted two-thirds of the retired faculty members did in fact reemploy (in one lookback).

Cameron explained to council members that the VRI option, if opted for, does not preclude a faculty member from reemploying at the university at the discretion of the unit in response to department needs, it does however substitute for their vested right to do so.

Siegel explained budget planning is often difficult for Deans given the unpredictable nature of faculty members opting for VRI vs. reemploying. Cameron agreed, and also added that there is no mandatory retirement age at the UW (an age where a faculty member must retire), making planning more difficult.

Chamberlin explained retirement is often a sensitive subject for faculty, and many faculty members are uneasy about discussing it or indicating to their colleagues that they are considering it. He urged that there be an online program, webinar, live session, etc., made available to faculty members so that they may gain information on retiring in private. He noted this would also be useful to UW Tacoma and UW Bothell faculty members who must commute to attend these sessions if held at UW Seattle.

After some discussion of only offering VRI in select schools/colleges, Cameron clarified that these retirement programs have to be offered uniformly across those eligible in order to be tax compliant.

Siegel asked about the trends in total number of retirement aged faculty at the UW across the three campuses. Cameron responded that the number is growing.

Cameron noted that the Board of Deans and Chancellors will be providing input relatively soon concerning another VRI offering in the next academic year. It was noted for departments with a high number of VRI opt-ins, it may create a substantial financial burden.

Siegel suggested that the UW incentivize faculty members predicting their VRI opt in ahead of time, perhaps by offering larger buy-outs the sooner they decide to commit. He explained knowing how many faculty will opt in to VRI ahead of time will lessen financial planning difficulties. There was some interest in the idea. Siegel also postulated that perhaps faculty might take leave from their department and “try out” a retirement-like lifestyle, in an effort to inform their decision on committing to retire. Cameron noted this sort of leave approval is initiated at the unit-level, not centrally by administration.

At the end of discussion, Chamberlin argued the VRI option should continue as it provides a viable retirement incentive.

The council thanked Cameron for attending and she left the meeting.

### **3) Tuition Waiver**

It was noted Carol Diem (Director of Institutional Analysis, Office of Planning and Budgeting) would be invited for the May FCBR meeting to discuss UW tuition waivers.

### **4) Benefit Comparison Update**

Siegel noted a list of schools has been gathered from the Faculty Senate & Governance Office to be used as a peer group in the council’s Benefit Comparison project. He explained the list is comprised of the top 25 public research universities. After some discussion, it was found CUPA-HR (College and University Professional Association for Human Resources) covers some of these institutions, making gathering of their benefits data much easier to coordinate. 11 of the 25 listed institutions were covered recently by CUPA surveys (during the last 3-4 years), and all others were not covered recently. Siegel suggested that the 11 institutions covered by CUPA-HR be included in the project, as well as one University of California institution.

Kornberg explained that CUPA benefits and other work-related data has been ordered. She noted she is likely able to request/gather data from her peers at other Research I (R-I) universities, especially those without CUPA data. She added she would attempt to retrieve the CUPA data this week, if possible, and report back to the council in the next meeting. She noted the current “big issues” relating to benefits are maternity/paternity and child leave, childcare, and elder care.

Siegel explained once the council has access to CUPA data, he will begin filling out information in the benefits comparison project immediately. He noted he will also work on retrieving University of California information.

Gifford reminded council members that cost of living was discussed as another factor to be considered and included, as well as transportation-related employee benefits. Kornberg agreed and mentioned that

the Massachusetts Institute of Technology (MIT) “Living Wage Calculator” is potentially a very useful tool for this work, as its data is available by city and county.

Discussion subsided and Siegel noted he would report back in the next meeting.

#### 5) Good of the order

Siegel explained he will be on sabbatical for the first two quarters of the next academic year (2016-2017), and he would like to identify a proxy to serve as chair during this time.

#### 6) Adjourn

Siegel adjourned the meeting at 4:00 p.m.

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*Minutes by Joey Burgess, jmbg@uw.edu, council support analyst*

**Present:**                      **Faculty:** Russel Fernandes, Stephan Siegel (chair), Susan Spieker, Iulia Metzner  
**Ex-officio reps:** Thomas Deardorff, Casey Gifford, Charles Chamberlin  
**President’s designees:** Mindy Kornberg

**Absent:**                        **Faculty:** Robert Breidenthal, John Mittler, Gowri Shankar  
**Ex-officio reps:** N/A

#### Exhibits

Exhibit 1 – Voluntary Retirement Incentive (VRI) Program Data for FCBR.pdf

**Voluntary Retirement Incentive (VRI) Program Data for FCBR**  
April 25, 2016

<b>VRI 1</b>					
Open Enrollment Period 5/1/10 - 12/31/10					
Retirement Period 5/1/10 - 6/30/11					
Total Eligible Faculty	Total VRI Contracts	Average Retirement Age	Average Contribution	Minimum Age	Maximum Age
590	58	68.2	\$53,274	62	82
Contracts and Offerings by School/College/Campus					
		Eligible		Accepted	
	Arts & Sciences	215		18	
	Built Environments	18		1	
	Dentistry	16		2	
	Education	19		5	
	Engineering	43		1	
	Environment	40		3	
	Evans School	6		2	
	Foster School	19		6	
	Information	7		1	
	Law	9		1	
	Medicine	109		6	
	Nursing	25		6	
	Pharmacy	5		1	
	Public Health	20		1	
	Social Work	8		2	
	UW Bothell	12		0	
	UW Tacoma	19		2	

<b>VRI 2</b>					
Open Enrollment Period 10/1/11 - 3/31/12					
Retirement Period 10/1/11 - 12/31/12					
Total Eligible Faculty	Total VRI Contracts	Average Retirement Age	Average Contribution	Minimum Age	Maximum Age
608	40	69.2	\$51,281	62	86
Contracts and Offerings by School/College/Campus					
		Eligible		Accepted	
	Arts & Sciences	223		16	
	Built Environments	17		0	
	Dentistry	15		0	
	Education	15		0	
	Engineering	48		1	
	Environment	45		6	
	Evans School	5		0	
	Foster School	16		2	
	Information	8		1	
	Law	11		0	
	Medicine	106		6	
	Nursing	23		3	
	Pharmacy	9		0	
	Public Health	23		2	
	Social Work	7		0	
	UW Bothell	16		1	
	UW Tacoma	21		2	

<b>VRI 3</b>					
Open Enrollment Period 10/1/13 - 3/31/14					
Retirement Period 10/1/13 - 12/31/14					
Total Eligible Faculty	Total VRI Contracts	Average Retirement Age	Average Contribution	Minimum Age	Maximum Age
642	74	68.1	\$56,335	62	83
Contracts and Offerings by School/College/Campus					
		Eligible		Accepted	
	Arts & Sciences	228		26	
	Built Environments	19		0	
	Dentistry	14		3	
	Education	16		3	
	Engineering	56		5	
	Environment	43		7	
	Evans School	5		1	
	Foster School	17		5	
	Information	8		1	
	Law	15		1	
	Medicine	105		4	
	Nursing	24		3	
	Pharmacy	9		0	
	Public Health	24		4	
	Social Work	12		0	
	UW Bothell	22		5	
	UW Tacoma	25		6	

<b>VRI 4</b>					
Open Enrollment Period 7/1/15 - 12/31/15					
Retirement Period 7/1/15 - 6/30/16					
Total Eligible Faculty	Total VRI Contracts	Average Retirement Age	Average Contribution	Minimum Age	Maximum Age
618	70	68.4	\$59,633	62	77
Eligibility by School/College/Campus					
		Eligible		Accepted	
	Arts & Sciences	214		23	
	Built Environments	17		1	
	Dentistry	14		2	
	Education	16		1	
	Engineering	54		6	
	Environment	40		5	
	Evans School	5		0	
	Foster School	15		2	
	Information	7		2	
	Law	16		3	
	Medicine	109		7	
	Nursing	25		6	
	Pharmacy	8		1	
	Public Health	23		0	
	Social Work	13		1	
	UW Bothell	17		4	
	UW Tacoma	25		6	