

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

November 24, 2014

2:30 pm – 4:00 pm

Gerberding 36

Meeting Synopsis:

- 1) Call to Order
- 2) Approve the minutes from February 24th and October 27th
- 3) Supplemental retirement calculator
- 4) Flexible spending accounts
- 5) HR/payroll system replacement project
- 6) Classification of rehired 40% faculty
- 7) Tuition subsidies for dependents
- 8) Adjourn

1) Call to Order

The meeting was called to order at 2:30 p.m. by Emery.

2) Approve the minutes from February 24th and October 27th

The minutes from February 24th and October 27th were approved as amended.

3) Supplemental retirement calculator

Dwyer reported the project plans have been finalized with an expected rollout date in 2015. A question was raised asking how far out until retirement an employee can use the calculator. The calculator is intended for employees at the point they are turning 62. Eligibility for a calculation requires a person be age 62 with 10 or more years of consecutive service. Dwyer noted that there are many factors which influence the final investment returns once an employee retires and users should understand this program is just a model. A disclaimer will be developed and required for anyone using the tool. A suggestion was raised to clarify this within the disclaimer.

4) Flexible spending accounts

Dwyer stated she did not have current numbers, but guessed that only about 8% of employees use flexible spending accounts (FSA). Members discussed how employees use their FSA and the impact of the Affordable Health Care Act. A question was raised asking about the proportion of employees using FSAs or high-deductible plans. Dwyer noted that only 4-5% of the population choose high-deductible plans which is not unusual due to the type of coverage. Discussion ensued about recent efforts to educate employees about their coverage options, especially during open enrollment. Dwyer noted that sessions tend to have low attendance but anticipates that the new HR/payroll system will be easier for

employees to review and choose their benefit options. Members discussed their personal experiences with FSAs, user preferences, tax benefits and user trends.

Dwyer explained that the population of employees at UW is very diverse and her office works hard to ensure their communication and outreach efforts everyone across campus. A suggestion was raised to publish the average of a cumulative curve and provide scenarios that explain health care spending for different types of families. Members discussed different methods to use FSAs, their personal experiences, the type of employees who opt into high deductible plans, and the possibility to turn FSAs into another retirement account later in life.

A comment was raised stressing the importance of communicating options to peers and the benefits of having colleagues advocate for certain plans.

5) HR/payroll system replacement project

Members discussed the HR/payroll system moving to bi-weekly paychecks (compared to the current, semi-monthly pay). The current payroll system which was developed in the mid-1970s is outdated and the new system (Work Day) offers a range of flexibility and data that UW has never had access to before. Many other institutions use bi-weekly pay periods and this new system will allow UW to pay more promptly. While there has been concern expressed via emails on the faculty list serve that this new process will allow the university to hold onto money longer, Shankar pointed out that the opposite is actually true: employees will be paid faster but with slightly different timing. Dwyer added that benefits will not change because benefits are paid out as a percentage of employee compensation.

A suggestion was raised to provide the council with a demonstration of the new HR/payroll system before the live version is rolled out to UW employees. Dwyer suggested that she can request that the HR/Payroll team provide a demonstration of the benefits portal at the February meeting.

Discussion moved to the mechanics of the new pay period. Employees will be paid on every second Friday with Saturday being the last day of the pay period. Shankar noted that the University of Arizona, the UC system, and the SUNY system all use bi-weekly pay periods.

6) Classification of rehired 40% faculty

Members discussed a recent faculty member's concern about 40% rehire classifications. Emery mentioned that the faculty member is concerned that he is being charged for fringe benefits which he is not eligible for. Instead, those fees should be paid to students who are working on his grant-funded research. A comment was raised stating this is rare case since there is a small number of 40% rehires who continue to work on active research grants. Concern was raised that faculty are not being properly educated about their rehire status and administrators choose their rehire category without their input. Dwyer explained that an employee's job class and affiliation with certain faculty or employee groups determine their payroll benefit loading rates, which is not a decision made by administrators.

Concern was raised that there is not enough information about this process to properly educate faculty. Dwyer suggested inviting Dan Schaff who works with financial accounting which sets the loading rates. Discussion ensued about overhead payroll benefits loading rates and the differences between faculty, professional staff and classified staff. A comment was raised by a member noting that the rate for classified staff is 33.8%, much higher than faculty which is 22.7%. A comment was raised explaining the percentages are influenced by the difference in salaries between job types.

7) Tuition subsidies for dependents

Emery stated that Carol Diem will be invited to the January meeting to discuss tuition subsidies for dependents.

8) Good of the order

In the absence of Prof. Breidenthal (the FCBR representative to the Fund Review Committee) Dwyer reported on the recent Fund Review Committee (FRC) participant meeting. Although turnout was lower than expected the meeting was very useful. Dwyer noted there is more robust information on the website for employees to review, such as reports from the investment consultant. Dwyer added there is some sensitive information which is not publicly available and restricted only to FRC in order for the group to make informed decisions. A comment was raised during the public meeting by a Western Washington University (WWU) faculty member indicating there is interest at WWU in adding a fund that would be “fossil fuel free”. Dwyer explained there are two socially-responsible funds currently available: Vanguard FTSE Social Index and TIAA-CREF Social Choice Account. A comment was raised noting the difficulty in trying to provide funds to accommodate a wide variety of individual and personal issues. However, the FRC and its consultant will continue to review the issue and UW can expect to see more of this in the future. A comment was raised expressing gratitude that the data is publicly available which is not common for most institutions.

A question was raised about UW developing a smoother connection for participants moving between the Fidelity recordkeeping platform and the TIAA-CREF platform. Dwyer explained TIAA-CREF is a separate platform and not fully integrated and continues to maintain annuities which are unique in the investment world, and they maintain that the recordkeeping for their annuity product cannot be kept on other platforms.

A question was raised about the status of opt-in/opt-out. Dwyer will provide an update at a following meeting.

A comment was raised stressing the need for a legislative update. Emery will invite Faculty Legislative Representative JoAnne Taricani to the January meeting. A suggestion was raised to contact Taricani and UW’s government relations representative prior to the January meeting since the legislative session will begin shortly.

A comment was raised asking the council to review the childcare issue. A comment was raised that childcare is also being addressed by several other councils, including the Faculty Council on Women in Academia, Faculty Council on Multicultural Affairs, and the Faculty Council on University Facilities and Services.

9) Adjourn

The meeting was adjourned at 3:30 p.m. by Emery.

Minutes by Grayson Court, council support analyst, gcourt@uw.edu

Present: **Faculty:** Ashely Emery (chair), Russell Fernandes, John Mittler, Gowri Shankar, Stephan Siegel
Ex-Officio Reps: Alison Navarrete, Thomas Deardorff, Charles Chamberlin, Brady Begin
Guests: Katy Dwyer

Absent: **Faculty:** Robert Breidenthal, Gail Joseph, Susan Spieker
Ex-Officio Reps: n/a
President's Designee: Mindy Kornberg