

University of Washington  
Faculty Council on Benefits and Retirement  
October 27, 2014  
2:30 pm – 4:00 pm  
Gerberding 36

**Meeting Synopsis:**

- 1) Call to Order
- 2) Agenda items for the 2014-15 academic year
- 3) Adjourn

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**1) Call to Order**

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

**2) Agenda items for the 2014-15 academic year**

***Fund review committee***

R. Breidenthal (chair of the Fund Review Committee) reported on their recommendation to the provost to add the Principal Guaranteed Interest Balance Contract (GIBS) to the UW Retirement Plan, the Voluntary Investment Program, and the UW Deferred Compensation 401(a) for selected employees. While a little more complex GIBS performs better than what is currently available in typical money market funds. Dwyer explained that GIBS would become a permanent part of the plan and commented that the provost just approved it today. K. Dwyer invited members to attend an upcoming participant meeting of the Fund Review Committee on November 21st to learn about investment funds that are available to UW employees and get a market update. Discussion ensued about the details of the Principal Guaranteed Interest Balance Contract that was used to summarize the product.

A suggestion was made to invite the FRC investment consultant, John Doyle from AON to an upcoming council meeting to discuss the Principal GIBS and other investments available in the plans. All participants in the plan, active or retired, will be notified about the new fund. Council members discussed the rationale for adding another product within the plan. A comment was made that the product will offset some unique circumstances that currently exist in regards to money market funds. K. Dwyer explained that with the provost's approval it will take approximately 30-60 days to put the fund on a new platform with a possible active date sometime next year.

***Long-term insurance plans***

C. Chamberlin reported that the state closed its long-term care insurance product which was previously the only group plan that was available for state employees. The question was asked if the council should push the state to open back up the plan. K. Dwyer explained that any products need to be approved by the Office of the Insurance Commissioner and no group plans are currently available. In this case, the

plan became cost prohibitive and was more expensive than originally anticipated from the original actuarial work evaluating the long term costs of providing the benefits. The industry is constantly changing and long term care insurance is now being packaged with life insurance policies. There may be more options in the future. However, the plan will no longer be offered by the state. It was noted that other universities outside Washington may still have this option, resulting in one less available benefit which negatively impacts the university's competitiveness with peer institutions. K. Dwyer noted that UW has put together a robust website and holds workshops that fully explain long-term care insurance in order to educate employees how to shop for plans. If faculty feel like this issue is important, should the council write a letter to the Office of the Insurance Commissioner. K. Dwyer explained that it is up to the insurance company to apply to the OIC to do business in Washington State. As part of their obligation to review the market, PEBB will review any appropriate group product to determine if a plan meets the standard in order to be offered to state employees. Since the council sent a similar letter to PEBB last year about transgendered health care which resulted in improved benefits, maybe a similar letter to PEBB regarding long-term insurance may result in reopening the plan.

### ***Transgender benefits***

K. Dwyer reported that the changes made to transgendered benefits will go into effect on January 1, 2015.

### ***Supplemental retirement calculator***

K. Dwyer reported that progress is being made to the online calculator with an anticipated rollout in 2015. Discussion ensued about personal experiences and the frustration about not knowing what is available until somebody retires. Details regarding the supplemental retirement calculator will be available at the upcoming November meeting.

### ***Classification of 40% rehires***

A. Emery reported that a colleague is curious as to why he is classified as an hourly, rehired 40% faculty. Discussion ensued about different classifications, who may enter a classification, and the benefits available to a 40% rehire. A comment was raised that the department classifies an employee at the time of rehire. Members agreed that it is important to know how rehired employees are approved because at the time of retirement an employee has the choice to accept money for medical purposes and relinquish the right to 40% rehire.

Dwyer commented that she had previously made the referral for this issue: Academic HR can respond to any questions about the "40% Rehire" piece, and also to UW Financial Accounting for questions about how the overhead loading rates are calculated and negotiated with the federal government.

### ***VEBA (Voluntary Employee Beneficiary Association) management fees***

C. Chamberlin reported that he was approached by a faculty member who expressed concern about fees they pay under the VEBA program. The member signed the option offered by the Provost's Office to sign

a contract and forego their option for re-employment at 40%, in exchange for an agreed-upon payment by the UW into a VEBA account for medical expenses. However, the member has now found out that there is a hefty fee: 1.25% of the total amount in the account which equals approximately \$90 per month. C. Chamberlin stressed that faculty need to know about these fees beforehand when making a decision to opt for a lump sum to be put into VEBA. K. Dwyer explained that VEBA is a state program and the Health Care Authority is responsible for the contract with the vendor. However her office has contacted the HCA and will be review this matter with HCA sometime in 2015. The University has no direct role in VEBA. C. Chamberlin stressed this is still an issue that employees need to be aware of.

### ***Voluntary retirement option***

A question was raised asking about employees who elect for the Voluntary Retirement Incentive option. K. Dwyer explained that academic human resources, if requested, can provide a formal report. A request was made for information about the transition to retirement and the strategies connected to voluntary retirement.

### ***Postponing social security benefits while employed***

Members discussed strategies that employees may consider when reviewing retirement decisions and when to collect social security benefits. Some people feel that choosing to take from social security before retirement may result in a loss of benefits. K. Dwyer explained that the university hosts the Social Security Administration to provide several sessions throughout the year to educate employees about social security benefits and encouraged members to attend. A comment was raised that one strategy, if the individual does not need the money, is to reinvest at a nominal rate. Members discussed when individuals can receive full social security entitlements, the strategic age of retirement, marital status and waivers. K. Dwyer explained that Fidelity and TIAA-CREFF can provide assistance in making the decision. UWRP allows for different retirement options based on an employee's age and years of service which may result in supplemental retirement benefits:

- 55 years old and 10 years of service
- 62 years old and 10 years of service (if signed up prior to March 1, 2011)
- 65 years old and 10 years of service

### ***Opt-in vs. opt-out***

There are still many issues that need to be discussed and K. Dwyer will provide an update at a later time.

### ***Flexible spending accounts***

There has been news recently about deductible and co-pays dramatically increasing for a number of plans. A question was raised asking what people are choosing based on high-deductible plans. K. Dwyer noted that this may be related to the Affordable Care Act and will provide statistics at an upcoming meeting.

### ***Open enrollment***

November is open enrollment. M. Kornberg explained that all employees must attest to their spouses' employer coverage if their plan falls under 90% of the uniform medical plan. M. Kornberg explained that this attestation will occur every time changes are made and suggested that employees should just expect to sign the attestation once a year. The attestation does not apply to smoking cessation which employees signed last year.

### ***Tuition subsidies for dependents***

A question was raised asking if there has been progress in studying possible tuition subsidies for dependents. A suggestion was made to invite Carol Diem since she was unable to attend a council meeting last year. It was noted that there is an existing proposal and Carol Diem's office was planning to collect information from peer institutions to study the possibility of a similar benefit to UW employees.

### ***Legislative update – state budget***

A question was raised asking if there will be impacts to state benefits as a result of the state's budgetary issues. Members discussed the budget, the state's commitment to K-12 education, the impact of voter initiative 1351 (K-12 class size reduction), funding to higher education, and state spending priorities.

### ***HR/payroll system replacement project***

K. Dwyer reported that the HR/payroll modernization project will dramatically improve the method by which employee can access and make changes to their benefits. The new portal will provide an online interface for employees and streamline the payroll system beginning in January 2016. New employees will be able to access the portal, enter their information, electronically sign documents, sign up for benefits, and review notifications without submitting any paperwork. K. Dwyer anticipates that as a result of increased efficiencies, the staff will finally be able to sit down one-on-one with employees to discuss benefits. She explained that her office currently received 65,000 calls and 15,000 drop-ins per year which is expected to change markedly once the new system is in place. A suggestion from Dwyer was that a demonstration of the new system take place sometime in April or May.

### ***Retirement statistics and trends***

A suggestion was raised to review retirement statistics and trends at the university.

### **3) Adjourn**

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

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

**Absent:**       **Faculty:** Gail Joseph, Susan Spieker  
                  **Ex-Officio Reps:** n/a