

University Of Washington
Faculty Council on Benefits and Retirement
10:30 a.m. – 12:00 p.m., December 14, 2011
142 Gerberding

Meeting Synopsis:

- 1) Call to Order
- 2) Approval of minutes from meeting on April 25th, 2011
- 3) Voting status for Ex-Officio members
- 4) Status on record-keeper selection and changes in fund options under the UWRP (Robert Breidenthal; discussion by Council)
- 5) Adjournment

1) Call to Order

The meeting was called to order at 10:05 a.m. by Chair Gerry Philipsen.

2) Approval of minutes from meeting on April 25th, 2011

Minutes approved for the April 25th, 2011 meeting.

3) Voting status for Ex-Officio members

Voting privileges were outlined for Ex-Officio members. The Council requested that PSO reps have vote on the council, as they currently do not. Support Analyst Jay Freistadt noted he would investigate the process and report back during the next meeting.

4) Status on record-keeper selection and changes in fund options under the UWRP (Robert Breidenthal; discussion by Council)

Record-Keeper Selection

Bob Breidenthal, J. Ray Bowen and Philipsen have participated in Fund Review Committee (FRC) meetings, in which changes are being proposed to the University of Washington Retirement Plan (UWRP) and Voluntary Investment Plan (VIP). Philipsen noted that faculty were well-represented on this committee. He commented that the agenda item is to report on the status, have discussion, and potentially provide a statement on these recommendations. It was noted that this is not necessary for FRC to continue with its actions, as the Provost will act on its recommendations.

Four finalists were selected as potential record-keepers in September, 2011. Presentations were given by these finalists and site visits were held for two of these finalists. Breidenthal briefly discussed the role of record-keeper and discussed options, either to maintain current record-keepers, which is across multiple companies, compared to 24 other scenarios. There was a near unanimous decision for a single proposed record-keeper following site visits, and it was noted that the shift from four record-keepers to one will save participants money. Three issues were considered: a) cost savings to participants, b) customer service, and c) quality and character of dealings with UW administration. Questions were brought forth why the lowest bidder was not chosen. This was noted to be due to the importance of service within the selection, which altered the FRC's selection of the record-keeper. Council members

also asked how many participants would require an additional record-keeper beyond the primary one, and how much additional costs would be incurred due to this.

Questions arose on the ranking and weighting of different criteria for a record-keeper used by FRC and whether criteria had changed during the process. The ranking was formed through discussion of criteria between the FRC and the consultants, Hewitt EnnisKnupp, during the request for proposals. This review was clarified to be qualitative and not numerical. More questions followed regarding the calculation of customer service, and examples were provided, such as personnel available to give information to participants or time spent to access a plan via the phone. Further discussion followed on the visibility across different investment firm accounts for participants, and the possibility to change record-keepers.

Fund Options

The discussion shifted to the Fund Options, and it was noted that the FRC endorsed a tier structure for investment, as follows: Tier 1, Target Date Retirement; Tier 2, Core Funds; Tier 3, Annuity Window; and Tier 4, Self-Directed Brokerage Window. Katy Dwyer, Executive Director of Benefits, commented that clear gains come from consolidating core funds, and noted the structure of funds would still offer a broad spectrum of offerings. She added that best savings in annual fees would come if the UWRP and VIP were changed simultaneously.

Concerns were raised how funds were chosen, and the frequency of the review of such funds. It was clarified that the University has a 5 year contract for professional advice from the consultants on the selection of such funds and that the FRC is obligated by the Board of Regents to review such funds every 6 months, but meets once a quarter or more often if needed. Furthermore, it was noted that such selected funds can be changed by the FRC or the University if necessary. Questions followed on the capacity for participants to concentrate their funds within one investment company to accrue benefits such as reduced or eliminated transaction fees, should the funds be restricted, and the justification for the restrictions in fund options. Councilmembers also asked how much cost savings would be incurred by the reduction in number of funds offered to participants.

Discussion continued on impact of “mapping” funds which are no longer offered after changes, and the ability of participants to move their funds between these new options. Concerns were communicated on the difference and impact of these changes on money already invested compared to future money invested. Questions followed on whether individual transaction costs for users who wanted more flexibility of choice. Concerns were expressed with the tension between advising and forcing decisions for UWRP participants. Council members requested that Dwyer and Mindy Kornberg, Vice President for UW Human Resources, provide a one page statement summarizing pros and cons of these changes for the faculty.

It was recommended that FCBR conduct further investigation on proposed recommendation and provide a statement to the Senate Executive Committee, either endorsing, opposing or remaining neutral. This was seconded, and approved. In order to gather further information, a meeting would be scheduled for the next week, between FCBR with Katy Dwyer and Mindy Kornberg. Dwyer mentioned that handouts provided to the Council are confidential, and not to be disclosed beyond the council.

5) Discussion of UW Distinguished Retiree Award (Patricia Dougherty)

Patricia Dougherty presented some documents for UWRA distinguished retiree community service award. She noted that the UWRA is currently soliciting recommendations for nominees and that the first award will be given at the June Awards for distinguished individuals. She provided the website for

submissions and the criteria. Dougherty requested that an appointed individual to serve on the selection committee. She discussed the process and responsibilities, and the council nominated Breidenthal to serve.

6) Adjournment

The meeting was adjourned at 11:27 a.m. by Chair Philipsen.

Minutes by Jay Freistadt, Faculty Council Support Analyst. jayf@u.washington.edu

Present: **Faculty:** Philipsen (Chair), Holt, Breidenthal, Nowell, B. Bowen
 President's Designee: Kornberg
 Ex-Officio Reps: Dougherty, Masterson, J. Ray Bowen, Deardorff
 Guests: Dwyer

Absent: **Faculty:** Nihan
 Ex Officio Rep: Tyl