

UNIVERSITY OF WASHINGTON
FACULTY COUNCIL ON BENEFITS AND RETIREMENT
Monday, November 24, 2008, 10:00 a.m.-11:30 a.m.
211-B Mary Gates Hall

Chair Steven Demorest called the meeting to order at 10:10 a.m.

Meeting Synopsis:

1. Approval of minutes from April 29, 2008 meeting
2. Update from Katy Dwyer, Director, Benefits and Work Life

Old Business

3. Follow through on opt out and tuition waiver legislation
4. Supplemental Benefit – now officially separate 401A
5. Report by Director of Benefits and Work/Life (Katy Dwyer)
 - a. Retirement Funds
 - 1) Fund Review Committee
 - 2) Options from old Funds
 - 3) Adding New funds

New Business

6. Brief discussion on council's purpose – see attached charge
7. Total Compensation
 - a. 3-year retrospective overview of faculty versus University contributions for insurance and other benefits.
8. Pursue an easy way for faculty to receive their pay over 12 months with consistent withdrawals for taxes, insurance, benefits, parking
9. Benefits Newsletter Timetable and Format
10. Representativeness of committee
11. Future Agenda Items
 - a. Paul Jenny – VP of Planning and Budgeting – transparency of budget process
 - b. Faculty Legislative Representative – JW Harrington
 - c. Retirement Incentives (phased retirement)

1. Approval of minutes from April 29, 2008 meeting

Chair Demorest announced that due to lack of attendance for this meeting, the minutes would be approved via email by the voting faculty. Katy Dwyer made one change. The change was noted and would be added to the minutes before distributing.

2. Update from Katy Dwyer, Director of Benefits and Work Life

Katy Dwyer, Director of Benefits and Work Life, gave an update on current issues related to employee benefits and work life. Her office is preparing for the legislative session. Open enrollment is in process for 2009. Dwyer stated that the UW's labor contracts are up for approval and the legislature can accept or decline them. She noted that any changes to healthcare coverage would not go into effect until January 2010.

Demorest noted that in order for the Council to be active in addressing issues under consideration by the Legislature, it should work through the Faculty Legislative Representative (FLR), JW Harrington. Dwyer confirmed this and pointed out that many of the councils are reaching out to the FLR in order to provide input to the Legislature

Charles Chamberlin asked Dwyer about any changes coming for the Uniform Medical Plan. Dwyer acknowledged that there is work already going on behind the scenes that has nothing to do with the benefit structure. The change will be to consolidate several third party administrators. Part of the goal is to have a national provider network lined up. Uniform subscribers should hear something about the change in early 2009. Dwyer stated that she would be happy to keep the Council informed – even on a casual basis. Demorest thought that would be beneficial to the council and is looking forward to the updates.

There was discussion around the table about the state budget shortfall and how much of that would impact the UW directly.

Old Business

Chair Demorest wanted to extend a formal “thank you” to former Chair Bowen for his service. However, in Bowen’s absence, Demorest suggested that he wait for the next meeting when Bowen would be present.

3. Follow through on opt out and tuition waiver legislation

Chair Demorest stated that he talked to the Chair of the Faculty Senate and the Chair of the Senate Committee of Planning and Budgeting (SCPB) on this matter. The Provost was under the impression that they had approved the “opt out for employees age 50 and above.” The Senate Executive Committee (SEC) and the Senate Committee on Planning and Budgeting had approved that as an affordable item. However, the final two steps of the process never took place, and therefore the proposal was stopped. Demorest noted that had the procedure been followed it would likely have been approved. He intends to get on the SEC agenda next time to present the legislation again. For future explanations about procedural issues, Demorest recommended Paul Jenny, who could provide some clarification of the process.

Demorest acknowledged that the “tuition waiver” and the “opt out option for new faculty,” although approved by the Faculty Senate, were considered at the time to be too expensive.

Dwyer then addressed the problem of follow-up on Council recommendations. She suggested that the Secretary of the Faculty, Marcia Killien would be the most knowledgeable person regarding Senate and legislative processes. She also noted that Killien would be the person to talk to in order to make changes in processes if necessary.

Demorest pointed out the one of the reasons this is an important issue is because it was in former Chair Bowen’s article, that the resolution was approved by the Senate. Given the

publication of that article in University Week, Demorest feels some follow-up clarification is warranted.

4. Supplemental Benefit – now officially separate 401A

Chair Demorest identified this as an item for future regular agenda updates by Dwyer.

Dwyer stated at the October Board of Regents meeting her office was granted the approval to split the retirement document. The supplemental retirement benefit used to be housed in 403b of the tax code. The UW needed to split the document in order to be in compliance and to be able to pass an audit. The two plan documents were developed in conjunction with UW attorneys. All public higher education schools in the state took the same action. The plan benefits did not change. The 401a document includes only the supplemental defined benefit plan. The 403b includes only the defined contribution. While the benefits were together the UW could not include the medical plan for employees taking early retirement. Now that the plans are split, early retirement can be taken at age 55 with 10 or more years of service.

Dwyer informed the council on the role of the Department of Labor in regards to retirement. She said the Department of Labor is responsible for communicating retirement plans to the members. Currently the Department of Labor recommends best practices for plans covered by ERISA (Employee Retirement Income Security Act) including distribution of an annual summary plan description (SPD) to participants. An SPD is a FAQ type of document that tells the participant how the plan works.

Dwyer identified the 403b as the UWRP (University of Washington Retirement Plan) and the 401a as the UWSRP (University of Washington Supplemental Retirement Plan). Her office plans to begin issuing a web-based SPD to its participants in a newsletter format in late January. Dwyer will present a sample to the council once it's ready.

Chair Demorest identified the sample newsletter as a future agenda item.

5. Report on Retirement Funds by Director of Benefits and Work/Life (Katy Dwyer)

Chair Demorest advised the council that he has been contacted by several faculty members regarding the investment strategies of various vendors available to UW members. There was discussion surrounding the different options as advised by financial advisors and of those options, mutual funds are not available. Demorest feels as though people would like to have more options made available to them, specifically within TIAA-CREF and Vanguard. He noted that removing the barrier of the third party issue may help. Then people's financial advisors could move the funds on their behalf, taking much of the work away from the participant.

Dwyer stated that she and Mindy Kornberg met last week to discuss the action items on this council's agenda and are planning to meet again no later than February. The issue here is that the Fund Review Committee should meet about twice a year. The committee hasn't met in about two years. This committee reviews all funds, adds funds and if necessary deletes funds. Dwyer's office is looking to tap into analysts from UW

Treasury to get more information. Dwyer indicated that John Brock will represent the faculty council. J. Ray Bowen represents retirees.

There was discussion around the table regarding the UW giving financial “advice” to its employees. Dwyer stated that her office will need to use the word “advice” cautiously. They could however provide some standard analysis and unbiased information.

Demorest asked the council what types of things they would like to see from the Fund Review Committee. Chamberlin stated that he would like to see a process simple enough to perform regularly. He noted that it should be easy enough to understand by the member so that the member can pick up an index fund or drop something else that isn't performing. Dwyer responded that the Treasury Office would be of the most assistance for this type of request. Regarding the Fund Review Committee, she mentioned that the representatives would update this council when they have news.

Demorest asked Dwyer if there is any fee reduction offered to UW participants. Dwyer answered that some funds do give a discount. She identified Fidelity in the last quarter had dropped the \$4 fee because the UW participants had reached a threshold.

Demorest suggested a future action item for the agenda would be discussion of a master record keeper. Dwyer acknowledged that the subject of the master record keeper had been discussed; however that item is completely on hold right now, due to cost. In regards to the split of the retirement plan the legal work has gone on much longer than anticipated. Whether or not the UW can afford it remains to be seen and will still need to be worked out in 2009.

Demorest suggested that the master record keeper would be a great asset to our plan members. Dwyer agreed. She stated it would allow for one portal with visibility to all funds and that the UW could anticipate offering a Roth option with the master record keeper. Demorest would like to get this committee involved in drafting something in strong support of this proposal and perhaps taking it to the Faculty Senate.

There was discussion around the table regarding the associated costs of the master record keeper. Dwyer pointed out that there are a variety of complex options. She identified fee sharing as a possibility. Dwyer will keep the council posted on the issue.

New Business

6. Brief discussion on council's purpose – see attached charge

Demorest stated that he has been on this committee for six years. He discussed the processes in place in taking proposals to the Faculty Senate on behalf of the Faculty. He brought up the importance of this committee's purpose and that it needs to be defined.

He noted that if this committee's job is to advise the administration, then timely reporting from the administration is really important so that this council can advise them on how the faculty will respond. Demorest stressed the importance of setting this council's agenda this year.

Demorest wants council input before taking any proposal to the SEC. He hopes to follow up on proposals still pending, and, budget permitting, to get started on new initiatives for the coming academic year.

There was discussion around the table on other topics that may be in the purview of FCBR. Dwyer stated that she would be happy to add housing to her list of reporting updates for this council. Housing crosses university at many levels and is appropriate to be discussed here.

Chamberlin pointed out that councils do not want to duplicate efforts. Demorest acknowledged that there is a process for all committee chairs to discuss issues so as not to duplicate efforts to the administration.

Dwyer pointed out that the FLR reports to the Senate Executive Committee on all current issues. Demorest acknowledged the FLR's use of a blog to communicate current issues as well. He also noted that historically the council has invited the FLR to a council meeting so that they can be brought up to date in issues regarding the FCBR specifically. Dwyer suggested the council be flexible to the FLR's schedule and arrange for a short meeting with him before the Legislature begins its session in January. Dwyer stated she would be happy to connect with Randy Hodgins via his secretary. Demorest offered to communicate with JW Harrington to ask for updates for the council.

7. Total Compensation – Employer Contributions – Katy Dwyer

Katy Dwyer handed out a memo regarding Employer Contributions for the Core Healthcare Package. Chair Demorest asked Dwyer to identify the cost sharing splits for the employer/employee paid costs for health benefits. Dwyer stated that the University pays 88% of the health care costs and employees pay 12% of the costs. The costs are inclusive of all of the costs associated with health care including premiums, co-pays, prescription benefits and other costs. Dwyer pointed out that the costs have gone up, but the university is still sharing at the same ratio as they were before. There was some discussion around the table regarding cost sharing provided by other employers in the Puget Sound area.

8. Pursue an easy way for faculty to receive their pay over 12 months with consistent withdrawals for taxes, insurance, benefits, parking

Demorest suggested that in the interest of time this topic be postponed until the next meeting.

9. Benefits Newsletter Timetable and Format

Demorest identified this as a future agenda item.

10. Representativeness of committee

Chair Demorest discussed the importance of Council attendance. He pointed out that there are not many junior members on this council. Breidenthal acknowledged that he believes this council is doing a good job.

11. Future Agenda Items

Demorest identified several subjects as possible future agenda items.

- a. The council could hear from Paul Jenny, Vice Provost for Planning and Budgeting.
- b. The council could hear from JW Harrington, the Faculty Legislative Representative
- c. Retirement Incentives could be discussed (“phased retirement”)

It was decided that both retirement incentives and a meeting with JW Harrington would be the most beneficial topics given the current status of the economy and the impact on the UW’s budget.

Demorest will set the agenda and the council will target a special meeting with Harrington in December or early January for a legislative update. Beyond that, the council decided to meet once a month over the Winter Quarter as the next six months look to be busy.

The meeting was adjourned at 11:38 a.m.

Minutes by Kelly Baker, Council Support Specialist kcbaker@u.washington.edu

Present:	Faculty:	Breidenthal, Demorest
	Ex-Officio Reps:	Chamberlin, J.R. Bowen, Russell
	Regularly Invited Guests:	Dougherty, Dwyer
Absent:	Faculty:	Brandt, R. Bowen, Brock
	President’s Designee:	Kornberg
	Ex-Officio Reps:	Gray, Pew, Doherty-Renz