

UWRP/VIP Changes

Steve Olswang suggested it is time to rethink the documents used in explaining the 40% re-employment option, since they have not been revised in quite some time. During such a review, the council could clarify policy and include more information (such as on partial reductions). When this issue is put on the agenda, Olswang will provide current materials. He also reminded members that last year's council was close to proposing a resolution on retirement ages. If such a resolution were passed, it would need to be coordinated with these materials.

Olswang brought up an issue that came to him from a group of retired faculty, which he also took to the Faculty Council on Faculty Affairs (FCFA). For retired faculty who are still employed 40%, the title "Emeritus" can sometimes be detrimental in competition for grants, etc. There has been a suggestion that an interim title such as "Senior Professor" (similar to what is used in the court system) be used for those retired faculty who are still employed 40%. When they fully retire they can receive the Emeritus title.

House Bill 2247 did not make it through the Senate this past year, but it will be back and is expected to pass. It will adjust the statutes relating to the University of Washington Retirement Plan (UWRP) and remove language regarding the 60% target (supplementation). If the bill is approved, that will be a good time to look at the structure of the UWRP.

Possible revisions to UWRP:

- Under current 403b regulations there are different ways to structure the plan so that employees would have higher limits. This would help the more highly compensated employees who are cut off (the limit is currently \$35,000 and it will be going to \$40,000).
- The last time vendors were added to the UWRP was in 1997, and it is time to look at it again. There are some funds that were too new in 1997 to be included, but they may be appropriate now. It may also be useful to look at the number of funds offered (75) and simplify that.
- There is no mechanism in place for a regular review of this plan. Dwyer indicated that they will probably ask President McCormick to appoint a special committee for a review now, but that it would be useful to have some structure set up. Martin suggested that this council could make a policy decision about how often the plan should be reviewed and some of the criteria to be used, and make suggestions about the membership. Dwyer agreed and said that it would be helpful to receive some suggestions so that she can go to the appropriate groups for feedback and then take a proposal to the Board of Regents to set up a structure.

All of this should be worked on before passage of HB2247, so that if the new language is approved we will be prepared to present the Regents with a package of changes (rather than doing it piecemeal). Even if the bill is not approved, the UW can still make some changes (such as changing vendors).

Whittaker asked if there was any benchmark that could be used in reviewing the plan (i.e., four or five comparable institutions). Olswang said there was some information from peer institutions that can be provided to the members.

Other issues that may be looked at:

- Changes made by the Regents about reemployment of retirees of state pension plans. This will make it easier for retirees to be reemployed.

- Possible restructuring of the UWRP such that fellowships are in one plan (so they can opt out for two years) and faculty, librarians, and professional staff in another plan (so they would join the plan as soon as they are hired).

Martin then focused the discussion on the priority issues in Retirement and Financial Planning. After discussion it was agreed that the issues of 40% re-employment at retirement and review of UWRP and VIP fund choices were top priorities. Another priority is changing the ages for internal retirement benefits (e.g., parking, retiree cards, etc.), which is listed separately because it may require Faculty Senate legislation.

- 1 & 2 (Congressional legislation on pension reform and calculation of limits and minimum distribution rules): will feed into policy changes and Benefits will be educating employees about the changes.
- 3 (UW 457 plan--deferred compensation): The Benefits Office is doing the preliminary work and will report back to the Council. The institution is interested in them, but before anything is done the Council will be consulted.
- 4 (40% re-employment at retirement): will be discussed at the November meeting and information should be provided prior to the meeting so the members can review it. This is a complicated issue with relation to choosing the 40% option vs. partial reemployment and in relation to teaching.
- 5 (Review of UWRP and VIP fund choices): There is an option of appointing a subcommittee to work on this issue.
- 6 (Changes to UWRP): This is a lower priority, but can be looked at as time allows.
- 7 (Age changes in UWRP): This is an institutional policy and any changes would be made through the administration and/or Faculty Senate. The UWRP reflects statute definitions of items such as early retirement, normal retirement, etc., but for internal use we may use specific ages.

Health Benefits

Dwyer explained that premiums are increasing this year, but that the PEBB did a great job of keeping the costs as low as possible while adding some important benefits (e.g., transplant donor search). Across the country, premium increases are about 15-20 percent, while our increase is 8 percent. She reminded the members that some of the premium increase is part of a planned increase to bring the employee share of the cost to 10 percent. (It was at 6 percent and is going to 8 percent. The next step is to 10 percent.)

A significant change for some employees is the elimination of dual coverage. This was implemented to keep premium cost increases as low as possible. Less than five percent of the total membership has dual coverage (though employees in higher education have a greater percentage of dual coverage), but they use a higher percentage of services. Many employers are putting similar restrictions into place in order to reduce costs.

Martin indicated that the dental HMO coverage is a problem because there are so few providers and many who are not accepting new patients.

Flexible spending accounts: The UW was waiting for the Health Care Authority (HCA) to take the lead on providing for flexible health spending accounts, but the HCA has now given the UW the authority to make a decision. This is not a simple decision because there is risk for both employers and employees. The process is that the employer sets up an account with a third party administrator; the employee decides how much to put into the account and is reimbursed as costs arise. The risk comes into play in that the

account is good for a year, and if the employee saves more than is spent he/she loses the money, and if the employee uses the whole account or terminates, the employer has to pay.

The HCA has authorized the higher education institutions to run a pilot program of Flexible Spending Accounts. This allows the UW to try it out and end it if it doesn't work out and lets the HCA inform other state employees that it is being tried out before being implemented statewide. The possible risk to the UW is something that will have to be discussed.

CareLink: The UW separated from the state Employee Assistance Program (EAP) because usage was low and there was dissatisfaction with the service. The new contract is with APS Healthcare and usage has already increased. This service is being funded through the benefits loading rate, which has minimal impact on the institution but is a good way to get the service started. There is some discussion of shifting this service to the School of Medicine, but that is in preliminary stages of discussion.

Long-Term Care: The plan offered through the state is not satisfactory, so the UW is looking at offering a TIAA-CREF long-term care plan through payroll deduction. This plan has a simpler enrollment process and contract. There would be no cost savings and the premiums would not be pre-tax, but it would provide another option for those employees who might not be eligible for low-risk insurance.

Health Promotion Programs: Nothing is being done on this right now; it is a lower priority.

Priorities for Health Care include long term care insurance and dual coverage.

Additional Benefits:

These benefits contribute to the overall quality of life for employees. We will continue to work on improving these issues, especially college savings programs and expanded tuition assistance.

Committee Structure:

Martin recommended forming committees to work on a specific issue or group of related issues. Committee minutes and materials will be distributed to Council members via email and the Web, so members are well informed before discussing the issue at subsequent Council meetings. The Council agreed and authorized four committees to be constituted, with the following charge:

1. To research the issue and its history, and to post relevant documents to the Web. (This is so we do not have to reinvent the wheel each year.)

Volunteers agreed to serve on each committee as follows:

40% Re-Employment Committee

Frey - chair
Whittaker
Bliquez
Olswang

UWRP and VIP Fund Choice Review Committee

Chamberlain - chair
Boxx
Waaland
Kochin
Dwyer

Institutional Rule Changes for Retirement Age Committee

Olswang - chair
Martin

Long Term Care Insurance Committee

Whittaker - chair
Baylor
Dwyer

The meeting adjourned at 2:35 p.m.

Submitted by
Marilyn Gray
Staff Assistant

Addendum (distributed at the meeting)

FCRIB ISSUES -- October 2001

Retirement and Financial Planning

1. Congressional legislation on pension reform
2. Calculation of limits and minimum distribution rules
3. *UW could form its own 457 plan (better educational materials and outreach, more flexibility in accessing funds, easier enrollment via the web)
4. *40% re-employment at retirement
5. *Review of UWRP and VIP fund choices
6. *Changes to UWRP re: 2 year optional period, senior fellows from Health Sciences- voluntary participation first 2 years; 'HB 2247' deleting supplementation - passage this year?
7. **Changing age restrictions for internal retiree benefits (i.e., retiree cards, parking, etc.) -- added at the meeting*

Health Benefits

1. *Flexible spending accounts (funded from FICA savings with third party administrator)
2. Health care premiums increase for same benefits
3. Dental HMO coverage
4. *Employee Assistance Program (APS) - what are specific benefits, eligibility?
5. Sliding scale premiums by salary
6. *UW/state participation in coverage for retirees
7. Use of UWPN physicians
8. *Long term care insurance - UW could offer TIAA plan with payroll deduction for self pay premiums
9. *Health promotion programs, e.g., weight management, self pay

Additional Benefits

1. College Savings programs, GET
2. *Expanded tuition assistance for employees, spouses and dependents
3. *Parking - transportation and Facilities Council
4. *Childcare - Work-Life Committee
5. *Legal Services Insurance
6. *Veterinary Insurance
7. *Sliding scale for lower income faculty at B4A, Faculty Club and Parking
8. *No fee ATMs on campus

Education Activities

1. *Increase retirement, insurance and benefits to faculty and staff
2. *Outreach and dissemination - greater use of Web, targeted emails, courses, personal or small group sessions, department meetings, UWeek article; strategies to increase diverse points of view, use specific examples or case studies, more effective display of information
3. *Issues
 - a. Financial/retirement planning in a weak economy (new issue)
 - b. Financial planning - contribution %, tradeoffs among investments, VIP program
 - c. Saving for post high school education
 - d. Pension reform
 - e. Retirement options
 - f. Long term care insurance
 - g. Health promotion education

Studies/Information

1. *Benefits comparability with Peer institutions
2. *UW Data Warehouse Project - includes employment, payroll, benefits info; procedural audits
3. *Develop consistent reports across LTVVRP and VIP vendors
4. *Evaluate the feasibility of offering additional benefits
5. *Evaluate the feasibility of offering personal financial planning

Technical Assistance to Legislature/ PEBB/HCA

1. Supplemental insurance
2. Trade off between salary and benefits
3. Protection of state contribution to retirement plan
4. Non-duplication of benefits
5. Flexible benefits, cafeteria benefits

* = *Issues that can be changed by the UW*