

The University of Washington
Faculty Council on Retirement, Insurance & Benefits

The Faculty Council on Retirement, Insurance & Benefits met at 1:30 p.m. Thursday, June 7, 2001 in 36 Gerberding. Chair Diane Martin presided.

PRESENT: Professors Boxx, Brandt, Breidenthal, Frey, Kochin, Martin, Waaland, Whittaker. *Ex officio* *Baylor, *Chamberlin, Dwyer, Olswang.

ABSENT: Professors Bliquez, Kuhr, Lamont, *Ex-Officio* Denfeld, Dougherty, *Henley, *Stowitschek, Winsor.

Minutes from May 10, 2001 were approved with one change.

Legislative Update

Dwyer informed the Council that HB 2244 (see <http://www.washington.edu/faculty/facsenate/councils/fcrib/FCRIB-minutes/00-01/01-04-19.htm>) is "on hold" (possibly until next year) due to the current budget crisis, for which the legislature is in a special session. If HB 2244 does not pass this year, the University would still be bound by legislation calling for an evaluation of benefits generated by the UW contribution rate. If this is the case, the University will need to submit a report to the legislature in December.

In relation to recruitment and retention, Dwyer said that the legislature has been considering a bill that would remove the current cap on the amount of time that retirees could work in partial employment and still receive retirement benefits. The bill would have allowed around 75% employment with retiree benefits. However, the bill has been modified and amended to the point of not being administrable, and thus could not be offered by the University as an option.

Dwyer provided a rough overview of proposed medical plan changes. Martin added that nationally, medical plan costs are increasing; for example, the cost of 46% of New York State's large employer plans increased by 30%. Because of this nationwide trend, she stated that the Health Care Authority of Washington State is concerned about getting high bids on medical plans, which could increase premiums for employees this year. Dwyer said that the University is looking into providing "medical savings accounts." At a recent benefits presentation, Martin reported that the faculty of the Department of Health Services had a spirited debate on the pros and cons of medical savings accounts, after which they said they would give a seminar on the topic on Tuesday July 10, 2001 from 3:30–5:00 p.m. in the H-wing of the Health Sciences building, Room H670. Dwyer said that the Benefits Office would appreciate such a presentation.

Pension Reform

Dwyer gave the Council members copies of two recent articles on changes to regulations on pensions and individual retirement plans that passed with the recent tax reform bill in Congress. In particular she highlighted one change that, beginning next year, abolishes the Maximum Exclusion Allowance. With these changes, she noted that the University and FCRIB will be in prime position next year to devise new retirement plans to take advantage of higher contribution limits. She proposed that FCRIB discuss possible new plan designs at the first meeting of 2001-02.

* = With vote

Vanguard Group Report

The Council briefly reviewed Vanguard UW Retirement Plan (UWRP) information from 2000. The Council members made many of the same suggestions for report format as they had previously for other UWRP vendors, which Dwyer said she would communicate to the vendors' representatives. Specifically, Brandt asked that the data indicate what is indexed and what is actively managed and in addition, provide a graph of large, mid and small growth funds. The Council's goal for next year is to have comparable data for all the UWRP vendors.

There was a discussion of what types of information participants need about funds and about their own strategies of financial planning relative to their peers. Dwyer reminded the Council that the selection of UW Retirement Plan (UWRP) funds needs to be re-evaluated next year. Currently there are over 75 fund options, making it difficult to provide meaningful information on all the choices available. Frey commented that with over 75 funds, participants probably need analyses rather than to be overloaded with information. Whittaker suggested that early next year FCRIB consider the general issue of how to convey information, building the knowledge base incrementally, beginning perhaps with a website to funnel questions, on which deeper levels of information could be added for those who wanted it. Martin and Frey agreed that different levels of information should be provided for different people.

Communicating Information on Benefits

Dwyer gave each member of the Council the Faculty Benefits Guide 2001, a brochure produced by the Benefits Office and funded by the Provost's Office that is given to all new faculty in their employment packages and also is often used as a recruitment and retention tool. Martin suggested that FCRIB members could review the brochure themselves and also talk to new faculty members in their departments for feedback on how well the information is communicated. Dwyer mentioned that the brochure might be replaced or supplemented by an online publication in the future. Several new websites are in the works at the Benefits Office for communication of benefits information to current and potential faculty and staff.

Peer Data

The Council reviewed and discussed a summary report from the UW Office of Institutional Studies (OIS) providing an overview of benefits and retirement at other higher education institutions in the US. The OIS could provide more detail if necessary. Whittaker suggested that FCRIB could extract specific information from a more detailed report to demonstrate to 1) the legislature, and 2) current UW faculty, how the UW benefits plan compares to other institutions. Olswang said that UW participates in a data exchange that would make it possible to compare specific plans of other major research institutions with UW's plan when faculty members have outside offers. Martin said that she would like a few members of the Council to review the data over the summer and recommend further analyses. Then a more detailed report will be presented again to FCRIB next year for discussion.

Partial Employment

An issue was brought up at the benefits presentation in the Economics department that Kochin and Dwyer relayed to the Council: there is some confusion among the faculty about the Retirement/Partial Reemployment Policy, especially regarding the calculation of "40% time." Furthermore, the Instructional Responsibility Policy requires that faculty teach classes during every quarter that they receive State funds, making it almost impossible to fulfill

40% of a typical teaching load over four quarters. Olswang explained that 40% is calculated by department (i.e. 40% of whatever a full load is considered to be in that department), that the policy allows "up to a maximum of 40% time" not a guarantee of 40% time, and that the reemployment salary only pays for teaching time. Therefore, if a full-time load, for example, included teaching, research, other duties, one would have to teach more than 40% of a typical teaching load to make up 40% of total time. He pointed to a website, where the policy is explained (<http://www.washington.edu/admin/acadpers/re-employ.html>) and suggested that the Council examine the policy next year to determine if it needs further clarification.

The Economics department faculty raised another question that reflects a growing need for information among faculty: what options are available to faculty for reducing their working time (i.e. resigning partial tenure, working 50% time in order to maintain benefits, etc.)? Again, Olswang suggested adding this topic to the FCRIB agenda next year and discussing possible clarifications of the policy. If the Council decides to make any clarifications, Brandt suggested that they pay close attention to the delivery of information, noting that faculty often relate better to "stories and scenarios" rather than straight rules and regulations. Olswang said that next year he could provide anonymous examples of actual partial employment scenarios in various departments.

Year-End Report and Agenda for Next Year

At the first FCRIB meeting of the academic year, the Council composed a list of retirement and benefits issues that they felt the Council needed to address. Martin distributed copies of the list along with an outline for the year-end report. She summarized this year's FCRIB activities as a year of setting an agenda for the future, which they began by assessing needs and problems, then determining FCRIB's ability to address them independently versus in conjunction with other agencies. Martin's year-end report will be distributed in draft form to FCRIB members for comments.

To summarize, next year the Council plans to consider:

- re-design of retirement plans in light of pension reform
- implementing more recommendations of 1996 Task Force report on Retirement
- re-evaluation of retirement funds
- communication of retirement and benefits information including education campaigns
- clarification of the 40% rule and on other partial employment options
- uses of peer data on benefits and retirement
- long-term care insurance
- Frey reiterated his interest in FCRIB considering changes in the statutory contribution rates to allow participants earning lower salaries to invest a higher percentage of their salaries than participants earning higher salaries, and agreed to begin researching the topic with Dwyer's assistance.

Martin thanked the FCRIB members for their excellent attendance and hard work this year. The Council also extended best wishes to Bliquez who is recovering from surgery. Dwyer, who spoke with him recently, relayed his appreciation of support he has received from colleagues, and said that he plans to join the Council again next year.

Martin also recognized Breidenthal and Lamont, whose terms on FCRIB are ending with this meeting, thanking them for their three years of service.

Meeting adjourned at 3:05 p.m. Minutes by Katherine Wimble, Recorder.