

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

The Faculty Council on Retirement, Insurance & Benefits met at 1:30 p.m. Thursday, May 10, 2001 in 36 Gerberding. Chair Diane Martin presided.

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

ABSENT: Professors Bliquez, Brandt, Kuhr, Lamont, *Ex-Officio* *Chamberlain, Denfeld, *Stowitschek, Winsor.

Minutes from April 19, 2001 were approved with changes.

Legislative Update

Dwyer informed the Council that legislative meetings were being held on HB 2244 (as was discussed at the April 19, 2001 FCRIB meeting; see <http://www.washington.edu/faculty/facsenate/councils/fcrib/FCRIB-minutes/00-01/01-04-19.htm>). Currently, community colleges' union representative is the only one opposing the bill. Dwyer expects the bill to move into discussion in the House within a week.

Retiree Medical Benefits

Dwyer also informed the Council of the Health Care Authority's (HCA) plan to revise the Washington Administration Code (WAC) to provide rules regarding when employees can activate retiree medical benefits (a self-pay program) that are more consistent with retirement plans throughout the State.

The current University of Washington Retirement Plan (UWRP) retirement age is 62 or older (with exceptions for those unable to continue in their positions due to health reasons). Retirement ages vary by plan at other higher education institutions across the State. In an effort to be consistent with as many plans as possible, the HCA is proposing the following two windows of eligibility for retiree medical benefits: at age 55 with 10 or more years of service, or at age 65 regardless of years of service.

Though the HCA does not technically need to seek approval for this change, Dwyer said they have solicited UW's input. Olswang noted that the HCA is motivated to close a loophole in the current WAC rule that allows people who are "accessing their retirement funds" to pay for medical benefits after "retirement" regardless of age.

Dwyer asked for the Council's input on drafting a response to the HCA on the proposed change, for which she said she would prompt Council members with an email message.

Fidelity Report and Other Retirement Contribution Issues

At the last FCRIB meeting (<http://www.washington.edu/faculty/facsenate/councils/fcrib/FCRIB-minutes/00-01/01-04-19.htm>), the Council examined TIAA-CREF's annual report for UW for the year 2000. At the current meeting, the Council reviewed two reports for the year 2000 from Fidelity Investments: UWRP Service Review and UW Voluntary Investment Program (VIP) Service Review. Based on the data in the two documents, the Council noted the following:

* = With vote

- from 1/1/2000 to 12/31/00 there was a substantial increase in the Fidelity Growth Co. Fund, as a percentage of total asset allocations and plan participants.
- compared to other higher education plans, UW had a greater percentage of assets in international and fixed income fund classes vs. other fund classes.
- the average number of funds used per participant at UW was 2.4, which is roughly the same for other higher education plans.
- younger participants invested in higher growth, perhaps riskier funds, while older participants tended to invest in more traditional, balanced mutual funds.
- UW participants used the Internet to access information about their accounts more than participants in other higher education plans.

The Council suggested a few modifications to the reports for Dwyer to convey to Fidelity, as she did to TIAA-CREF. They requested:

- an indication as to whether retiree information was included in the data.
- differentiation between active vs. inactive employees who are still invested.
- that the reports split equity vs. non-equity funds.
- greater differentiation and consistency in use of colors to represent the various funds.

To make comparisons between the four fund sponsors easier, Dwyer suggested that in the future FCRIB could develop a "wish list" of data, and request that each company provides a yearly report based on that list.

Dwyer asked the Council to keep in mind that UW would soon be reviewing the specific funds selected for the UWRP within each fund sponsor (Fidelity Investments, Safeco, TIAA-CREF, and Vanguard Group). The current funds were selected by the UWRP Task Force in 1997. She added that other State higher education institutions depend on UW's review to determine which funds they will select.

Frey requested a clarification of how State retirement plans and contribution levels are determined. Dwyer and Olswang explained that the State legislature gives the Board of Regents at each higher education institution the authority to design a retirement plan for their faculty and staff, within statutory contribution rate maximums and IRS limits. Frey asked if it would be appropriate for FCRIB to recommend a change in the statutory contribution rates to allow participants earning lower salaries to invest a higher percentage of their salaries than participants earning higher salaries. Kochin expressed that in reality, those earning lower salaries may not wish to contribute any more than they are already contributing, and those earning higher salaries may wish to contribute more. However, Martin responded that the possibility of recommending a rate change could be a topic that FCRIB wishes to discuss in the future.

Review of Questionnaire

Martin told the Council that she, Dwyer, and Bliquez attended a departmental meeting at Classics, and gave their second presentation on faculty benefits. The faculty were given FCRIB's questionnaire on benefits and copies of pages from the MyUW website and ESS with printed URL's.

Martin said they found the older Classics Department faculty members in particular to be quite knowledgeable about benefits and retirement options and generally pleased with retirement decisions they had made. Younger

faculty members indicated that they would like more information about retirement, for which they viewed the web as a good resource, but still wished to talk to someone in person about their retirement options.

Martin told the Council that after the next meeting in the English Department, she would input results from the questionnaire into a database. She hoped to bring a report on the data to the June 7th FCRIB meeting for analysis.

Year-End Report and New Members

Martin will prepare an outline for the FCRIB year-end report and will send it via email to the Council members before the June 7th meeting.

Nominations for next year's members and FCRIB Chair are still being sought. Whittaker and Brandt have said that they would be willing to serve as FCRIB Chair in 2002-03. Martin said she has many obligations in her department, but would be willing to serve as Chair next year if she had a Co-Chair.

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