

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

The Faculty Council on Retirement, Insurance & Benefits met Thursday, April 19, 2001 in 36 Gerberding. Chair Diane Martin presided.

**PRESENT: Professors** Bliquez, Boxx, Breidenthal, Frey, Kochin, Martin. *Ex officio* \*Baylor, \*Chamberlain, Dwyer, Olswang, Dougherty. *Special Guest:* Joseph Baumann, TIAA-CREF.

**ABSENT: Professors** Brandt, Kuhr, Lamont, Waaland, Whittaker. *Ex-Officio* Denfeld, \*Henley, \*Stowitschek, Winsor.

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**TIAA-CREF: Presentation by Joseph Baumann**

*The not-for-profit investment company TIAA-CREF (Teachers Insurance and Annuity Association and College Retirement Equities Fund) is one of four funding vehicles of the UW Retirement Plan (UWRP), the retirement plan for UW Faculty. TIAA-CREF is also one of the four companies participating in the Voluntary Investment Program (VIP), a fund investment program available to UW Faculty and Staff. UW is TIAA-CREF's largest academic institutional contributor in the western US and in the top-10 largest academic institutional contributors nationwide. Joseph Baumann, Director of TIAA-CREF's Seattle office, presented TIAA-CREF's University of Washington 2000 Annual Business Review to the Council and answered questions about the company's programs.*

Baumann walked FCRIB members through 16 graphic representations of UW plan participation, accumulations, contributions, asset allocations, and benchmarking data from 2000. In summary:

- the total number of plan participants increased by 4.6% from 1999-2000;
- total accumulations by active UW participants has decreased by 5.9% (a reflection of the performance of the equity markets in 2000);
- the majority of fund accumulations are in equity investments (63.2%), and the best performing asset class was fixed-income investments for 2000. Baumann noted that the real estate asset class will probably attract more attention in the future and that TIAA-CREF is the only investment company available to higher education institutions that has a true real estate account (meaning, they own the real estate);
- the average UWRP accumulations for 55 to 64-year-old faculty members were \$337,413. Some members noted that the number was probably skewed by the previous, atypical year when primarily senior faculty members were hired.

Baumann pointed out some other features of TIAA-CREF retirement plans. For example, TIAA-CREF offers investment options other than fixed annuity accounts. Participants can choose a systematic withdrawal plan (setting up their monthly, quarterly, semi-annual, or annual income), interest-only option (monthly payments that consist only of current interest on accumulations), or a cash-out option. Baumann pointed to the TIAA-CREF website for participants to find more information (<http://www.tiaa-cref.org/libser/cio/choosing-2.html>).

Martin asked about TIAA-CREF's financial planning and how participants can get advice. Baumann explained that participants can receive full financial planning via phone conversations with certified planners in their office in St. Louis, MO. Locally, participants can receive sound advice from consultants which, although it is not full planning, is sufficient for most people.

\* = with vote

The Council thanked Baumann for coming and presenting this information to them. The members requested:

- information on retiree data (total average accumulations for retirees, how many chose pay-out contract options, how happy are they with their retirement investment choices);
- more overall consistency from chart to chart regarding inclusion vs. exclusion of non-active members;
- that the charts show averages and medians;
- data on how many members hold additional personal investment accounts;
- that the UW Benefits Office post an interactive table on their website to show accumulations based on contributions at various levels and number of years;
- a list of common questions to be posted online that participants could ask themselves before visiting with a counselor at TIAA-CREF for retirement planning advice.

Martin said she and Dwyer would be in touch with Baumann to follow-up on these specific recommendations.

### **Legislative Update**

Dwyer informed the Council of recent activities in the State legislature. Representative Helen Sommers submitted HB 2244 that would 1.) eliminate supplementation in the higher education retirement plans for anyone who retires July 1, 2001 or later, and 2.) eliminate 28.B.10.423, the section that caps the benefits that UW's contribution rate funds at 60%. At the hearing for the bill, UW did not testify, but signed in as supporting. Dwyer said she would keep the Council informed of activities on this bill.

Council members expressed support for eliminating the 60% benefit language but were concerned about the elimination of supplementation. Olswang said that supplementation has not been paid to any faculty members for over 10 years. He also mentioned that it appears that supplementation will continue to apply to current plan participants, based on a prior State Supreme Court ruling. Council members recommended that HB 2244 be modified to continue supplementation for current higher-education employees and to eliminate supplementation for new employees as of July 1, 2001.

*The Council subsequently held a vote via email and a quorum voted unanimously in favor of supporting the bill.*

### **PERS3**

Dwyer also told the Council that 11,000-12,000 employees will soon be choosing whether they will stay in PERS2 (Public Employee Retirement System) or move to the newly created PERS3. In PERS3, retirement benefits will be funded by employer contributions as well as employee-defined contributions, allowing employees to set their contribution rates between 5-15% of their salaries. Dwyer gave the members copies of an upcoming newsletter announcing the new system that will be distributed to employees on April 30. She asked the Council to review information on PERS3, anticipating that they will be asked many questions about retirement.

## **Review of Questionnaire**

Martin announced that she and Dwyer gave a presentation on benefits issues to faculty in her department (Health Services). She produced copies of a draft questionnaire for the Council's review that could be given to faculty prior to these types of presentations. Dwyer reminded the Council that the questionnaire was conceived as a way to increase faculty awareness of benefits available to them, to get conversations started, and to help faculty begin thinking about questions that they might wish to ask. If the Council wanted to collect specific data on participation, then the questionnaire would need to be reworked. Olswang believed that the questionnaire would be very helpful as an informational teaching aide to be used during presentations, with which faculty could follow along and take notes. The Council acknowledged that time to fully discuss benefits issues is limited at most departmental meetings; in that sense, the questionnaire's best purpose may be in providing ways to access more information on benefits issues (website links, etc.). Martin asked for comments from the members via email sometime before May 1<sup>st</sup> and said she would send out a second draft to members before the next FCRIB meeting.

The February 9 and March 13 minutes were approved with minor changes.

*Meeting adjourned at 2:10 p.m. Minutes by Katherine Wimble, Recorder.*