

**UNIVERSITY OF WASHINGTON
FACULTY COUNCIL ON RETIREMENT, INSURANCE AND BENEFITS**

The Faculty Council on Retirement, Insurance and Benefits met on March 7, 2002, at 1 p.m. Chair Diane Martin presided.

PRESENT:	<i>Professors:</i>	Bliquez, Dugdale, Frey, Kochin, Martin, Waaland, Whittaker
	<i>Other members:</i>	Baylor, Chamberlin, Dougherty, Dwyer, Henley, Olswang
ABSENT:	<i>Professors:</i>	Boxx, Brandt (sabbatical)
	<i>Other members:</i>	Baylor, Hamilton

Synopsis:

1. Approve agenda
2. Approve minutes
3. Legislative report (Dwyer)
4. UW retirement issues including 40% re-employment, UW rules for age and years of service for retirement, and senior faculty title (Frey and Olswang)
5. Privileges of emeriti
6. Review of UWRP and VIP (Chamberlin)
7. Council members for next year (Martin)
8. U Week article (Martin)
9. Spring Quarter meetings

The meeting was called to order at 1:05 p.m.

Approval of Agenda

Two items were added to the agenda; the agenda was approved.

Approval of Minutes

The minutes were approved as amended.

Legislative Report

HB 2632, which amends the higher education retirement plan, is moving ahead and should pass. Another bill, which was introduced as a topic of discussion in the Senate, proposes sliding scale employee premiums for medical plans. The bill would mandate premiums of 12% of cost for those who earn \$35,000/year or less, 19% for those who earn \$35,000 to \$45,000/yr, and so on, up to a maximum of 49% of cost for those who earn \$75,000 per year or more. If this bill were to take effect, it would be possible for a staff member who got a pay raise to suffer a net loss in pay because of the increased health care cost. Dwyer said the legislature is scrambling for dollars to balance the budget - she thinks it is possible that this bill was floated to see how people would react. Dwyer and the Health Care Authority are watching the situation closely.

UWRP Retirement and 40% Reemployment Issues

Subcommittee Chair Charles Frey and Vice Provost Steven Olswang reported that the UWRP subcommittee, in conjunction with the Provost's office, has been working hard to produce a comprehensive consensus document that covers the issues of retirement, 40% reemployment after retirement, and the option of reducing the percentage of appointment worked. This document will be turned into a brochure, and posted on the Web, and will include the Emeritus title rule change.

Highlights of the document, a draft of which is included as an addendum, are as follows:

- The University eliminated mandatory retirement in 1994
- Both retirement and reemployment for up to 40% time for up to five years are rights vested with the individual faculty member.
- Workload arrangements for partial reemployment are decided locally (in the unit or department).
- Partial reemployment fosters individual and institutional renewal by retaining seasoned faculty, while allowing the recruitment and hiring of new junior faculty.
- Partial Reduction in Appointment is an option that, with the concurrence of the department, allows a faculty member to permanently relinquish a percentage of a tenured appointment in order to reduce time worked.
- Partial Reduction in Appointment is not linked to age.

Dwyer expressed concerns about the language that described retiree benefits, since eligibility for state-conferred benefits may differ from eligibility for University-conferred benefits. Dwyer will construct some language to correct this ambiguity and forward it to Olswang to incorporate into the document as a new section on eligibility for state benefits. Kochin recommended the inclusion of a reference to IRS requirements.

Martin asked that all Council members send their comments on the 40% reemployment document to Olswang, who will incorporate them and send the revised document to Martin for distribution.

Senior Faculty/Emeritus Faculty title

Because some faculty members have experienced the Emeritus title as a handicap in obtaining research grants, the UWRP subcommittee is proposing Class A legislation that would allow use of the optional title "Senior" by faculty members who have been granted the Emeritus title but have been reemployed at 40%. It was moved, seconded, and passed to recommend this Class A legislation to allow optional use of the Senior title by Emeritus faculty who are reemployed.

Privileges of Emeriti

Olswang commented on the problems encountered by emeritus faculty in actually using certain retirement benefits - specifically email accounts, which are difficult for Computing and Communications to maintain. The University of Washington Retirement Association (UWRA) is meeting with President McCormick to stress the importance of this benefit to retirees.

Charles Chamberlin moved that FCRIB endorse UWRA's position that email is a critical benefit for retired emeritus faculty and staff. It was moved, seconded, and unanimously passed to endorse the UWRA position and communicate this endorsement to President McCormick.

Dissemination of Retirement Policy Document

Olswang recommended that the final draft of the retirement policy document, which will replace existing published retirement information, be circulated within the faculty, printed and distributed as a brochure, posted on the Web, and sent to Deans, College Councils, and Chairs. Martin will mention the revised policy document in her University Week article for April 4, so faculty will be expecting to see it. Whittaker suggested that the policy document also be discussed at the Board of Deans where it can get a full airing. Olswang said the Faculty Senate can send it out to the Senate listserv as an attachment at the beginning of Fall Quarter, and it will become the standard document at retirement workshops.

FCRIB will review the document annually to make certain it is updated as necessary.

Review of UWRP VIP

Charles Chamberlin, subcommittee chair, provided the Council with two handouts for consideration and comment:

- A draft proposal to form a Fund Review Council for the University's Voluntary Investment Plan (VIP) (see addendum)
- A final draft of a letter to fund sponsors, requesting statistical and fund information

Chamberlin provided the final draft of the fund sponsor letter for information only - the letter is ready to go out.

Chamberlin said that the need for a Fund Review Council was identified as part of a discussion of the possibility of removing funds now offered. It was not clear who had the responsibility and authority to remove a fund, since no fund had ever been removed. The subcommittee felt that funds and fund sponsors should be regularly analyzed to ensure that they are appropriate investment vehicles for the University to offer. This has been done on an *ad hoc* basis, but not routinely. Council members were in general agreement that an appointed body of knowledgeable people should be constituted for this purpose.

Chamberlin asked the Council to review "question-marked" issues in the draft proposal (who should appoint a fund review council, who would be represented on it, etc.) and to comment on other aspects of the proposal as well.

In general discussion, Council members reached the following preliminary conclusions:

- The Board of Regents would have ultimate responsibility for a Fund Review Board, but the Board could be appointed by an Executive Vice President with the advice of FCRIB.
- A Review Board could save time and resources by being familiar with issues, and by reviewing funds on a regular schedule (perhaps every six months) to prevent backlogs of work.
- FCRIB should do a thorough review of the existing funds; after that, the Board could function as a Standing Committee to perform reviews according to specific triggers.
- An ongoing Review Board would provide a collective memory of fund decisions.
- A Review Board could establish performance criteria for fund plans, and determine whether the funds meet the criteria. Among these criteria might be such things as humanitarian or environmental considerations, social concerns, and investment choices that are broad enough to reflect the makeup of the University community.
- As she requested, Dwyer should have a Board with whom to share responsibility for assessing requests to add new funds, and to review the quality of existing funds. This could be a small group that would bring in advisors with specific expertise.
- Because Central Washington University and Western Washington University tend to follow the UW's lead in these matters, it would be good to have them represented on the Board in a non-voting capacity so they could have firsthand information about fund decisions that are made.
- An ex officio representative from the UW Retirees Association should be included, and possibly a classified staff representative as well.

Chamberlin thanked the Council for their comments, and will bring a revised draft of the proposal to the April meeting.

Council members for next year

Martin polled the group to see who intends to stay on for next year. Of the voting members present, Martin, Bliquez, Dugdale, Frey, Kochin, Waaland, and Whittaker are returning. Martin said she believes

Brandt and Boxx will serve as well. Charles (Chip) Haley may be joining the Council, and it would be good to add a representative from Group Six, Martin said. Martin will contact the Special Committee on Minority Faculty Affairs to see whether they would like representation on FCRIB.

University Week Article

Diane Martin's article on FCRIB issues will appear in the April 4 edition of University Week.

Spring Quarter Meetings

FCRIB will meet on Thursday afternoons during Spring Quarter, from 1:00 to 2:30 p.m.. The dates are April 11, May 9, and June 13.

The meeting was adjourned at 2:35 p.m. *Minutes by Linda Fullerton, Recorder*

Addendum 1 - DRAFT

Faculty Retirement/Reemployment/Appointment Reduction Options Draft, March 7, 2002

Mandatory retirement for faculty was eliminated effective January 1994. Faculty are, therefore, eligible to continue their employment at the University of Washington until they voluntarily choose to leave, either fully or in some phased-out structure. There are several options available to faculty to reduce or end their active involvement with the University; though, regardless of which option is chosen, continued connection to the University through the University of Washington Retirement Association is encouraged and anticipated. Below are described the several options available for faculty who are considering reducing or ending their active involvement in teaching, research, and service.

I. Retirement.

The University of Washington has an outstanding retirement plan. Pursuant to state law, faculty members are eligible to retire from the University after age 62, the first year they are eligible to receive the funds from the Social Security program. Within the University's retirement program, faculty members fully retiring have the option to a) annuitize, in a number of different forms, their income from their retirement program over their lifetime, and that of their spouse, if they so choose; b) to cash out their entire portfolio, consistent with the rules of the investment system in which they have placed their retirement accounts; or, c) to leave their funds in their account to accumulate for later distribution. In addition, faculty members who retire may be eligible, depending on state eligibility rules, to continue their medical insurance for themselves, their spouse, partner, or dependents, for the rest of their lives, on a self-paid basis.

II. Partial Reemployment.

State of Washington law permits a faculty member to be reemployed up to 40% time, after retirement. For more than 20 years, the University of Washington has, by policy, granted to tenured faculty members the prerogative of requesting reemployment. Thus, by policy, the University has vested in tenured faculty members the right, after retirement, to be reemployed up to a maximum of 40% time for instructional and/or research purposes.

The University defines 40% as that maximum amount that it can pay a retiree from all sources (state funds, grant and contract funds, self-supporting budgets, professional/continuing education/extension funds, Summer Quarter, etc.). This amount is calculated by multiplying the individual's base salary rate at the time of retirement by 40%. Thus, nine-month faculty members are eligible for 40% of nine months salary, and twelve-month faculty members are eligible to earn a maximum of 40% of twelve months salary. This reemployment commitment, vesting the right of reemployment to tenured faculty members for reemployment for instructional purposes, is granted for a period of five academic years from the date of retirement.

Many faculty who are on nine-month appointments have a history of being employed during the summer from grant and contract research and/or Summer Quarter teaching. Faculty members with nine-month appointments who have normally had Summer Quarter salaries may petition for an increase in reemployment eligibility to include these additional months. So, a faculty member who, traditionally, has had two months' summer salary from grant and contract research, can be eligible for up to eleven months times 40% for reemployment. However, in such instances, the maximum permissible to be funded from instructional funds will remain 40% of nine months base, and the additional reemployment salary must be achieved from grant and contract resources.

The University extends the five-year reemployment option to retired faculty members without tenure for reasons of funding, and to research faculty members. However, while the same reemployment opportunity applies, funding for reemployment must be supported by grant and contract research or clinical fees. For retired lecturers and senior lecturers, up to the 40% reemployment may be granted on a year-to-year basis at the discretion of the Department Chair and Dean.

Arrangements for instructional, research, or other designated duties of reemployed retired faculty members are to be made by agreement between the Department Chair, or Dean of undepartmentalized College, and retiring faculty member. Decisions about teaching load and their equivalent percentages of support are made at the local level, taking into account traditional teaching loads within the particular units. Departments, Schools, Colleges, and the University do not, however, guarantee that the reemployment assignments specifically requested by the faculty member will be that which is offered. All efforts are made to accommodate a retiree's desires for class scheduling, but the needs of programs and curricula take precedent over individual requests. Nonetheless, by vesting the reemployment commitment in retired tenured faculty, the University commits to honor, in some scheduled way, the total reemployment opportunity for each year.

Reemployment salary must be paid in the quarter in which faculty members are teaching or performing their research activities. The faculty member teaching full-time in one quarter could receive full-time pay during that quarter, which is the equivalent of 33.3% of a nine-month appointment. The faculty member performing other services in another quarter could receive the remaining portion in that quarter, if they are engaged in agreed-upon duties. Thus, faculty desiring to receive the full 40% reemployment would need to be working in at least two quarters of the year.

If the reemployment is to be funded from state appropriations, those duties shall include primarily classroom teaching, but may also include other responsibilities of an instructional or departmental nature. This could, in appropriate cases, include independent study, directing or reading dissertations, research having a bearing on instruction, and other duties designed to enhance the unit's instructional offerings.

Faculty members may be reemployed beyond the five-year period, but such reemployment still remains limited to 40% time; is at the discretion of the School, College, and Department; and must be supported by the reemploying unit, or from research grant and contract resources generated by the faculty member.

The normal rules related to continuation of faculty appointments apply during the reemployment period. Faculty members are expected to maintain excellence in teaching, and the University retains the right to discontinue reemployment on evidence of diminished capacity or ineffectiveness in teaching. In addition, reemployment can be voided if the reemploying program is eliminated, or in the event of a financial exigency.

A faculty member need not elect reemployment in every year of the five-year reemployment period. Faculty are asked to notify their Department Chair (or Dean in an undepartmentalized School or College) by December 1 of the preceding year of their election to be reemployed to ensure they are planned into the curriculum.

The Partial Reemployment Policy offers a unique opportunity for individual and institutional renewal. It essentially provides eligible faculty with the option of "retiring" their position and continuing to teach a reduced workload. The net benefit to the College, School, or Department is in simultaneously retaining a core of seasoned and committed senior faculty for classroom teaching, while providing for the introduction of new faculty who constitute our future strength and excellence.

III. Emeritus, Senior, and Retired Faculty Titles.

Upon retirement from the University, faculty members are eligible to be considered for emeritus status. Pursuant to Faculty Handbook rules, this requires an affirmative vote of the Department faculty, and concurrence by the Dean and the Provost.

Faculty members often provide long years of service, beginning at an early age, and choose to leave the University before age 62. For purposes of University retiree status, and for recognition as emeritus professor, faculty members who leave the University with 25 years of service, and have attained at least 55 years of age; or 20 years of service at age 60; or are over age 62, all will be eligible to be considered for emeritus status and the University-conferred benefits provided by emeritus status. In addition, the five-year reemployment policy above will be made available to faculty members who qualify under these same definitions.

Many faculty members who leave the University choose to continue their activity through instruction or research after retirement. An Associate Professor or Professor who retires from the University and who remains actively engaged by the University may choose to use the "Senior" title rather than the "Emeritus" title, if the latter title has been so awarded, during the period of reemployment. After the period of reemployment ceases, faculty members will revert to the Associate Professor Emeritus or Professor Emeritus designation. Senior/Emeritus status provides substantial privileges to the University faculty member, including continuation of Library borrowing privileges, access to University email accounts, discount prices on University productions, and museums, among others.

IV. Partial Reduction in Appointment.

Faculty members have the prerogative to reduce the percentage of tenured appointment on a permanent basis rather than retire. Thus, a 100% faculty member on a nine-month basis may choose to work only two of three quarters, and, thereby, resign one-third of his or her tenured appointment. Alternatively, a faculty member may choose to resign a percentage of time all year, thus becoming partially employed across the year. Decisions about a reduced teaching load and other assignments are determined at the Department level.

There are a number of legitimate reasons a faculty member may choose to reduce his or her appointment rather than retire. By retaining more than a 50% percent appointment for at least six consecutive months during an academic year, the Professor retains the University contribution toward benefit programs during the employment months. A faculty member who reduces his or her appointment for six consecutive months would be eligible to receive the University's contribution toward medical payments for those six months, and only need go on self-pay for the six months he or she is not on payroll. Alternatively, if a faculty member reduces his or her appointment to, for example, 75% for three or four quarters of their appointment (depending on if they are on a nine- or twelve-month basis), the state contribution to benefits would continue throughout the calendar year. Faculty members remain voting members of their units while they are on reduced appointments in the quarters in which they are salaried.

There are many benefits to the University's retirement, reemployment, or partial reduction programs. More information about these programs can be received from the University's Benefits Office, or the Office of the Vice Provost.

Addendum 2 - Draft 2.0 March 1, 2002

University of Washington Retirement Plan - Fund Review Council

Council Charge:

The Council shall review from time-to-time the performance of Fund Sponsors and Funding Vehicles and determine whether new Fund Sponsors or Funding Vehicles should be added and whether existing Fund Sponsors or Funding Vehicles should be removed. The Council shall determine the frequency of the performance reviews.

Who appoints Council and Chair?

Executive Vice President? Provost? Board of Regents?

The members of the Council shall be appointed by, and serve at the pleasure of [the Board] [the Provost], etc.

Council shall be a standing body

Chair shall be appointed

Term of office for members shall be staggered, three year terms

Representation?

- UW Assistant Director of Human Resources, Benefits
- UW Treasurer, Board of Regents
- Representative, Faculty Council on Retirement, Insurance, Benefits
- Representative, Faculty, as designated by the Faculty Senate
- Representative, Librarians, as designated by the Association of Librarians of the University of Washington
- Representative, Professional Staff, as designated by the Professional Staff Organization
- VIP participant from Classified/Contract Classified Staff
- ?? Representative from other four-year institutions of higher education in Washington

Some members should have expertise in the areas of tax and pension law for 403(b), 402(g) and 401(k) retirement plans, finance, investment, and economics.

Define staff support and budget for Council

Staff shall prepare, with the assistance of fund sponsors, an analysis of the performance of each on the investment options (benchmarks to be determined.)

Meeting Schedule

The committee shall meet as often as it deems appropriate, but not less than every six months.

Define specific responsibilities of the Council

Immediate charge to the Council will be to initiate, within one year, a review of fund sponsors and fund vehicles.

Continuously monitor and review performance data

Conduct evaluations and analyze participant comments/questions/requests

Appoint such committee officers, advisors and sub-committees as needed

Draft recommendations for campus review and comment

Conduct public meetings on proposed changes

Recommend changes to [appointing official] for action by the Board of Regents

wd2002: Fund Review Council 2.0