

UNIVERSITY OF WASHINGTON
FACULTY COUNCIL ON RETIREMENT, INSURANCE AND BENEFITS

The Faculty Council on Retirement, Insurance, and Benefits met on February 10, 2005 at 9:30 a.m. Chair Karen Boxx called the meeting to order at 9:35 a.m.

Synopsis:

1. Fund Review Committee Update
2. Long Range Planning and Data Committee
3. Legislative Update
4. FCRIB meeting with Health Care Authority in spring
5. Retire-rehire statistics
6. UWeek article - discuss timing and content

Announcements, updates, agenda, minutes

It was MSP to approve the minutes and the agenda.

Fund Review Committee Update

Levis Kochin reported on the Fund Review Committee meeting. At its last meeting, the Committee discovered one provider out of compliance with the UW conditions for a fund provider. This arose because Safeco (the original provider) was sold and the provider that bought Safeco did not want to comply with the conditions. As a result, about 300 people have been moved to other providers. Vanguard was also unintentionally out of compliance with the UW restrictions on which securities can be purchased, but has now corrected their error. The Committee also reviewed provider costs, with the intent of bringing costs down.

The Committee is arranging for providers to offer a default fund for UW staff members who have not designated how they want their contributions to be allocated. The default fund will automatically allocate assets based on the investor's age. This kind of product is called a target fund, or a life-cycle fund. While no substitute for the investor's active participation in allocating their monies, these products are a reasonable interim solution.

Katy Dwyer will work out a plan to communicate this new option to all UW employees. She is also anticipating the rollout of the Fund Review Committee's Website. The Fund Review Committee will meet again in March.

Long Range Planning and Data Sub-Committee

One result of the recent Tuition Benefit proposal was to spotlight the need for feedback on campus-wide benefits preferences and priorities. The Long Range Planning and Date Committee (Brandt, Martin, Dwyer, Boxx) wants to institutionalize the feedback received on benefits so it truly represents what people want, need, and value in the benefits arena. The question is "How do we know what people want?"

The Sub-Committee proposes to create a survey that can be sent out to record benefits preferences every couple of years and establish a baseline of preferences and priorities. The survey will describe the UW offers now, ask what people do and don't use, and try to determine why they don't use some benefits that are known to be underutilized. The plan is to find a grad student who wants to help and needs a Master's project. Dwyer has contacted the School of Business for such a person; Boxx suggested that Martin might know someone in Health Services.

Martin said that the creation and conduct of the survey are very important, if the response is to be meaningful. It might help if benefits info from other schools were included, for comparison purposes. Dwyer wants the survey constructed so it can be used over time, and at appropriate times, so comparing the preferences will be useful over the long term. Focus groups might supplement an electronic or paper survey – these groups can yield good information if they are well-planned and professional. Dwyer thinks that separate surveys should be done for retirees and current staff, since the focus and concerns of these two groups can be quite different.

Next steps are to identify a grad student, meet with the student, and discuss a survey that will include focus groups and a quantitative survey. It might be a good idea to have one grad student do the design of the survey, and another do the analysis.

Legislative Update

Dwyer said that the legislature has directed the Public Employees Benefits Board (PEBB) to look at Medical Savings Accounts (different from Flexible Spending Accounts). These accounts allow staff to save pre-tax dollars in anticipation of medical expenses, and are often coupled with high-deductible insurance plans that pay for big-ticket items but not for ordinary expenses. This would be a big change from PEBB's longstanding policy of providing low-cost family coverage.

The difficulty with Medical Savings accounts is that they tend to attract younger, healthier people, while older people using insured products see their premiums rise because they are part of a "less-healthy" pool. How these kinds of plans might affect retirees is unknown – at present, a \$110 per month supplement pays for retiree medical benefits.

There is very little data about Medical Savings accounts, Martin said. What there is indicates that people make poor choices about how they use their accounts and then have to pay full price for medical care.

Dwyer is watching this issue; the more information that can be found about it, the better. Martin said the employers like it because it costs them less, but it would take people a long time to learn how to use the accounts. This is a radically different approach from PEBB's longstanding commitment to a minimum medical benefit for every state employee. She believes PEBB is getting lots of pressure about saving money, as is every government agency and corporation. Dwyer and Martin will connect to find graceful ways to educate UW staff on this issue.

Retiree re-employment rights are also an issue this year, but these rights are part of a retirement contract and cannot be limited without the consent of both parties. It's hard to say exactly what will happen, but the legislature is sensitive especially to re-employment from PERS groups. The Benefits Office advises these potential retirees that if they need to work 100% time, they are probably not ready to retire and should not count on working at the UW.

FCRIB meeting with Health Care Authority in spring

After discussion, it was decided to postpone a meeting with the Health Care Authority (HCA) until they have a permanent director, and until the political situation in Olympia settles down somewhat. With the loss of the estate tax, and other funding challenges, plus the confusion about the governor's race, is not clear that HCA would have any information to impart that would be meaningful in the long term.

Retire-rehire statistics

Cheryl Cameron provided the Council with a handout on faculty retire-rehire statistics for academic year 2003-2004. Thirty-two faculty retired, thirteen were rehired at 40%, with five of these being centrally funded. The remaining eight rehires are funded from grant or other sources.

Faculty can be centrally funded for five years after they are re-hired; after five years, they can continue to work but cannot be centrally funded. The workload of rehired faculty is locally determined. The re-hire option is intended to be used for teaching, not for supervising grad students. Re-hired faculty are subject to the same performance standards expected of other faculty.

Cameron said that deans are concerned because current retirement rates are low – there is the potential for a mass exodus that would be difficult to deal with.

UWeek Article

So that she will have more to tell the University community, Boxx will ask to have her University week article postponed to May or June. She will use the article as her year-end wrap-up, and will ask for input on her draft from the membership.

The meeting was adjourned at 10:47. *Minutes by Linda Fullerton, Recorder.*

PRESENT: Professors: Boxx, Brandt, Breidenthal, Johnson, Kochin, Martin, Waaland, Stowitschek

Ex-officio: Dwyer, McKenzie, Cameron

ABSENT: Professors: Demorest, Kartsonis,

Ex-officio: Constantine, Dougherty, Henley, Parks