

Faculty Council on Retirement, Insurance & Benefits

Tuesday, February 6, 2001

Present

Chair: Diane Martin

Faculty: Larry Bliquez, Charles Frey, Ernest Henley, Levis Kochin, Robert Waaland, Jim Whittaker

Ex officio: Marge Baylor, Pat Dougherty, Kathleen Dwyer, Steve Olswang

Report from Kathleen Dwyer on:

Current Legislative Session

Dwyer began her report by emphasizing that the current Legislative Session was fairly quiet as far as benefits bills submitted to date. One issue being discussed that is of particular interest to the University is to allow PERS 1 and TRS 1 retirees unlimited reemployment after retirement without losing benefits status. If passed this may conflict with Higher Education rules. Dwyer will receive more information on this issue as the session progresses.

Data Warehousing Project (*please see handout with sample reports*)

Dwyer also updated the council on the new Data Warehousing Project headed by Jeanie Wells at Computing & Communications. The Data Warehouse project will allow greater and easier access to university information over time. Using the employee as the common element and attaching information such as job class history, pay history, benefits history, retirement history, and HCA history to the employee's records will allow the University to query the warehouse for data more easily. It will be possible to retrieve some information as far back as 1982, and create reports to answer various questions.

Levis Kochin was interested in the possibility of creating reports that would give statistics on where employees were allocating their UWRP contributions. Dwyer noted that we do have numbers on how many employees were contributing to each of the fund sponsors, but do not have information on which funds the contributions were allocated to. This information resides with the sponsors (Fidelity, SAFECO, TIAA/CREF, Vanguard). Dwyer did say that it might be possible to obtain the information from the sponsors on an annual basis.

Jim Whittaker pointed out that the sponsors do publish this information on a national level already, and it may be obtained at their various web sites.

Charles Frey pointed out that although the sponsors publish data it may be presented in a way intended to motivate people to make decisions favorable to the company. Dwyer suggested a web page containing a list of options with corresponding neutral information.

Reports/information council members thought might be useful were:

How do retirees use the various funds after retirement? - Diane Martin

A report breaking out how health benefits are used by age, and other variables. - Levis Kochin

A report giving case scenarios for certain demographic groups. For example: Faculty 55 yrs.+ who invested in Fidelity's ***fund, show how their investments performed. - Martin

How many employees annuitize? - James Whittaker

How many UWRP enrollees also enroll in the VIP? - Steve Olswang

Peer Comparison Information

(Please see handouts: Retirement Plans, and Benefits as a percentage of total salary for full-time Instructional Faculty)

Council thought it would be helpful to have the information contained in the Peer Comparison Charts presented with numbers vs. percentages.

Action Item: If the new report is available, Katy will distribute it at the next council meeting, March 13, 2001.

Health Care Authority Update

Diane Martin reported that Sue Crystal is the new director of HCA. HCA has experienced a high turnover of staff recently and new staff are busy with the legislative session. Dennis Martin, the HCA legislative liaison, will keep FCRIIB apprised of significant benefits issues as they emerge.

Discussion of Retirement Issues

Report from Steve Olswang on history of UWRP and current UW and State statutes on minimum retirement age

Olswang began his report by giving some background information on the UWRP. UWRP has existed since 1939; it started with TIAA/CREF and now includes four sponsors (Fidelity, SAFECO, TIAA/CREF, and Vanguard). Olswang reviewed Washington State and UW statutes on retirement age, and in response to a question from James Whittaker, pointed out that there are differences in the State and UW rules on retirement. One may retire under State rules, but not necessarily under UW rules. Olswang also discussed possible changes to the top end of the retirement age due to the elimination of the Social Security Earnings Test (effective 1/1/01).

Current information on UWRP retirement age can be found at:

<https://www.washington.edu/admin/benefits/uwrp.html#when.retire>

Additional information on the Senior Citizens' Freedom to Work Act of 2000 can be found at: <http://www.washington.edu/admin/benefits/news.seminars.html>

Olswang noted that many of the '91 and '96 Faculty Task Force issues on retirement still remain, and that minimum retirement age continues to be an issue.

The '96 Faculty Retirement Plan Task Force report can be found at the following url:

<http://www.washington.edu/faculty/facsenate/councils/fcrib/tfreport.html>

Charles Frey inquired as to how a faculty member might remain with the University but decrease their time. Olswang discussed the UW Retirement/Partial Reemployment policy, but noted that the employee would have to pay for his or her own medical benefits. Kochin questioned if in such a case medical benefits could be funded by private funding. Olswang commented that there might be conflicts with state law and fairness issues.

Pat Dougherty handed out a copy of the UW Retirement/Partial Reemployment policy at the meeting; it can also be found online at:

<http://www.cfr.washington.edu/Internal/Facstaff/facretirement.html>

In response to questions from Charles Frey and Levis Kochin, Olswang discussed other options besides the retirement/reemployment program available to faculty who decide to reduce their time at the University. One such option included opportunities for faculty members to reduce their level of appointment at the University with commensurate levels of reduction of pay. For faculty members who do not need financially to exercise their retirement benefit options, but who still wish to reduce their time on campus, while retaining paid University benefits, they are able to resign a portion of their appointment and remain on University payroll at least 50% time. Thus, faculty members who want to retain their paid benefits, but do not want to work full-time, can resign a portion of their appointment and reduce their level of University activity as part of a phase-out plan toward full retirement and/or retirement up to a maximum of 40% reemployment.

The advantage of this structure is that faculty members, as long as they remain over 50%, can retain their paid benefits. The disadvantage is that, since Washington State does not recognize phased retirement, faculty members cannot exercise their TIAA-CREF or social security benefit income distributions. It is also possible, for faculty who want to test this method, that the University would allow a faculty member to take a partial leave of absence without pay for up to two years before it would be necessary for a faculty member to resign a portion of his or her appointment. Frey asked if it were possible to keep the funds not used on a partial LWO in the department. This is something that would need to be discussed with the Dean's office and department.

Diane Martin asked what the council could do to educate faculty about existing retirement rules, and (if the council wanted to) change the retirement rules. Martin also asked what the down side of changing the retirement age would be? Olswang noted that the University may lose experienced faculty earlier than the institution would like, and that the minimum retirement age is also tied to supplementation. If the UW attempted to amend the state statute, the state may want to get rid of supplementation.

Charles Frey suggested the council take a vote on whether or not they wanted to recommend an institutional change to the minimum retirement age. The council voted in favor.

Action Item: Martin will send the '96 UWRP Task Force report to council members (not done since URL is provided).

Report from Pat Dougherty:

Retirement Center Events (*please see handouts: UWRA upcoming programs & dinners at the Faculty Club, Retirement/Partial Reemployment Policy*)

Pat Dougherty reported on upcoming Retirement Center events.

Also, in February and March there will be a three-part Eldercare Workshop. This workshop is co-sponsored by the Retirement Center, Benefits Office and Work/Life Office. It is a pilot project, focusing on caring for aging parents and other family members. Additional information on the workshop and registration can be found online at:

<https://www.washington.edu/admin/uwra/eldercare.workshops.html>

The UW Retirement Association will also be hosting some money management dinners at the Faculty Club (*please see handout*).

Suggested Solution to Benefits Decrease for Faculty:

Martin asked that the council take a few minutes to address an email sent to them from Brad Holt. In the email Holt suggests that if benefits are cut (in the upcoming legislative session) the University might look at ways to reimburse merited faculty some amount for the reduction in benefits. Dwyer wondered how it would be possible to decide the impact of benefits cost, since the cost varies by plan, and Olswang questioned where the money to reimburse would come from.

Meeting adjourned at 4:00 p.m. Minutes by Nicole Feodorov.