

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

The Faculty Council on Retirement, Insurance and Benefits met on January 17, 2002, at 1 p.m. Chair Diane Martin presided.

**PRESENT:**    *Professors:*                    Bliquez, Frey, Martin, Waaland, Whittaker  
                  *Other members:*                Baylor, Chamberlin, Dougherty, Dwyer, Henley, Olswang

**ABSENT:**    *Professors:*                    Boxx, Brandt (sabbatical), Dugdale, Kochin  
                  *Other members:*                Hamilton

**Synopsis**

1. Approve Agenda
2. Approve Minutes
3. Announcements
4. Voting rights for ex-officio members Baylor, Henley
5. UWRP and VIP updates (Dwyer)
6. Review of the UWRP and VIP (Chamberlin)
7. Report on 40% re-employment (Frey)
8. Report on UWRA (Dougherty)

The meeting was called to order at 1:05 p.m. The agenda and the minutes were approved, with two revisions to the agenda and two corrections to the minutes.

**Announcements**

Council members are reminded to contact their departments - or any departments - to schedule informational visits by FCRIB.

**Voting Rights**

It was moved, seconded, and passed to grant voting rights to Marge Baylor and Ernest Henley.

**UWRP and VIP Updates (Dwyer)**

Katy Dwyer reported on current changes in process to the University of Washington Retirement Plan (UWRP) and the Voluntary Investment Plan (VIP), in line with tax reform. These are technical changes that remove language that is no longer needed, and update references to other parts of the tax code. In addition, the VIP plan is changed to accept rollovers - this enhances flexibility and portability. The language for the UWRP was updated to clarify that it does not accept rollovers. Changes were made to bring the plans into compliance with the tax code, and both plans were reviewed to make sure they are current and accurate.

The changes will be submitted to the Regents, who are expected to approve them. Dwyer will advise the Council of the outcome.

**Review of UWRP and VIP Funds and Fund Sponsors (Chamberlin)**

The subcommittee, chaired by Charles Chamberlin, has begun to evaluate the current plans offered by existing fund sponsors - some issues have surfaced. It's not clear how far the subcommittee can go without statutory language that allows them to review the plans - what is clear is that they will need to recommend some language that will establish a mechanism for ongoing review every few years, and establish a membership for a regular review process.

Statutory concerns aside, the subcommittee has begun to talk about how they might do a review of the current plans. One idea is to draft a letter to the current fund sponsors soliciting their assistance in developing some baseline information. This would include trying to identify which plans are being used, by how many people as active participants, and the dollar amounts involved. The subcommittee also wants to identify the top five plans being used (for each fund sponsor).

This would start the process of establishing base information for existing plans. What it does not do is solicit the same information from potential new plan sponsors; Chamberlin did not want to widely distribute this letter and risk being overwhelmed by potential new fund sponsors.

Martin asked what the process is to officially change the language and how long it would take. The Regents can do this, said Dwyer, and have solicited sample language from lawyers versed in retirement planning. Considering the review process - FCRIB, Professional Staff Organization, Libraries, and the Faculty Senate - it could take several months, but might be accomplished by July, 2002. Dwyer said a draft of the language could be ready by the next FCRIB meeting.

Steve Olswang commented that it was one thing to ask for information from current fund sponsors, but another to add or delete one. Dwyer agreed - if information-gathering reveals a provider whose information is unfavorable, there's really no clear mechanism for dropping that provider. That's one deficiency the subcommittee would like the Board of Regents to address. This will require a legal process that involves internal "grading" of the companies and taking into account the needs and wants of the various users -- any representative group needs to consult widely on these issues, said Chamberlin.

Dwyer would like to be able to rely on the regular activities of a Review Board to help her office manage requests for new fund providers. Chamberlin added that probably two to three members of FCRIB could serve on such a Review Board, and that there should be regular reporting, regular meetings to review issues (perhaps every six months), and the inclusion of a consumer perspective. Frey observed that this might or might not turn out to be a large and complex task - Chamberlin agreed. Dwyer said the membership of a Review Board should be by role, not by individual - including, for example, someone familiar with tax laws. It would be challenging to start such a Board, she said, but once it is in place it would be invaluable.

Olswang pointed out parallels with two other review bodies; the State Investment Board, which helps the State Retirement System invest its assets, and the University's Endowment Contractors, who report to the Regents on the performance of the endowment funds and have in the past dismissed investment firms. The University has a huge fiduciary responsibility for staff retirement funds, and needs to have a way to evaluate the companies who are investing these funds, said Olswang - have the existing funds done well? Are there better funds that could be used?

Martin suggested a Review Board might look at overall fund criteria every year, and do a more comprehensive evaluation every three years or so. Chamberlin said TIAA-CREF has had virtual carte blanche to add or delete any fund they deem appropriate - this should be reviewed as well. Another advantage of a Review Board would be regular reporting to staff, added Chamberlin, which cannot be achieved with an ad hoc Presidential commission.

The subcommittee asked for input via email on the draft letter they plan to send out asking for information on the funders' top five plans. They will also come back to FCRIB next month with their ideas on how a Review Board might be constituted.

### **40% Re-employment Issues**

The subcommittee on 40% Reemployment, chaired by Charles Frey, has been looking at the phenomenon that some faculty re-employed at 40% must actually work a good deal more than 40% to earn their salaries. This is an issue that has been around since at least 1994, said Frey. The subcommittee would like to bring clarity to this issue, without putting pressure on units to equalize their teaching loads.

Legally, a faculty member who exercises the re-employment option cannot work more than 40% time and cannot earn more than 33 1/3% of annual salary in any given quarter. The plan aims to keep senior faculty involved in the University without requiring them to work 100% time. Martin observed that this is a more difficult issue for faculty paid from a combination of state and other sources.

Olswang advised that budget issues have prompted questions about continuing the guaranteed 40% program. He believes it's the only incentive the UW has for early retirement, but there are some who have suggested the University can save money if, when faculty retire, their positions disappear - then they do not have to be guaranteed 40% salary.

Frey asked the council to look at the handout (see addendum, item 1) and see if it makes sense for those working fulltime in one quarter to earn the remaining 6 2/3% in another quarter by doing duties currently performed by active faculty - mentoring junior faculty, giving guest lectures, advising students, serving on Ph.D. or Master committees, etc. Is this allowable?

Olswang said the 40% is for instructional duties, and how that is decided is a local matter - the schools can pay for mentoring with local funds if they want to. But for purposes of the 6.7%, with very few exceptions, central funds are not used to fund anything other than regular academic courses - course development, mentoring, etc., would not be re-employment eligible funds. The departments might fund this portion, but they usually look to central funding for the re-employment faculty salaries. Olswang said the revisions suggested would change the 40% guarantee to a 40% entitlement and that would present some serious difficulties. The present policy says you MAY be re-employed up to 40% for certain activities, said Olswang, and that is the faculty member's option, not the University's. The law says the University may re-employ; University policy says we will commit to re-employ for certain activities. "This [the proposal] would suggest that relationship would change," said Olswang, "and that would be something we would not fund right now. This would suggest a commitment that we're not prepared to make. We would not pay 20% in another quarter for non-classroom instructional duties." The University would expect formal course work and documentation for the courses taught, added Olswang.

While everyone affirmed the value of the 40% re-employment program, both the subcommittee's report and additional discussion revealed widely divergent opinions on the differences between policy and practice in the way the program is understood and used.

The wording in the draft of the subcommittee's report (see addendum) may need revision, but an effective revision depends upon the subcommittee receiving additional materials from the Vice Provost. Olswang will supply those materials and will meet with the subcommittee so the group can more fully understand current practices, resolve differences of opinion, clarify what (if anything) might be done to refine the program, and draft recommendations to bring back to the Council.

### **Report on UWRA**

Pat Dougherty of the Retirement Association presented an overview of the new University House at Issaquah. The new facility has 212 units ranging from studios to penthouses and, like University House Wallingford, is open to parents of University faculty and staff under a new policy that took effect October 1, 2001.

UWRA members have priority over non-UWRA members for admission, and (for a \$30 annual membership fee) continue to have the \$2000 entrance fee waived. Under the revised policy, parents, step-parents, parents-in-law, and stepparents-in-law of UWRA members will have intermediate priority for admissions, after UWRA members and ahead of non-UWRA members. Those in the intermediate tier pay half the entrance fee charged to non-UWRA members.

University House, said Dougherty, provides quality, intellectually stimulating programs for retirees - "As one resident put it," quipped Dougherty, " 'We don't do Bingo'."

Among the programs UWRA offers to members are special events - a recent luncheon featured writer and anthropologist Aaron Elkins - as well as a Fall Festival and (new this year) a Summer Arts Hostel.

The Retirement Center, where the UWRA is housed, maintains a library and a Web site, and hosts a SHIBA insurance adviser to assist employees and retirees, as well as the public.

### **Next meeting**

The next FCRIB meeting is scheduled for February 14. Steve Olswang will report on potential changes to UW retirement plans, and Katy Dwyer will update the Council on the UW Data Warehouse project.

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

## **ADDENDUM**

### **Faculty Council on Retirement, Insurance, and Benefits Subcommittee on Re-employment, Reduced Employment, and Related Issues**

**Draft** minutes re second meeting, Dec. 11, 2001

#### **RE-EMPLOYMENT**

##### **1. Current Departmental Applications of the Re-employment Policy.**

The policy allowing for re-employment of retirees for up to 40% of annual salary at time of retirement appears to be applied in diverse ways by diverse departments. There are two main reasons:

- a) Course loads differ from department to department
- b) Department heads interpret the policy in differing ways.

According to the Vice Provost, as the policy is currently applied, classroom teaching is generally required during any quarter in which the re-employed person receives compensation.

This means, for example, that a department in which the normal course load is three five-credit courses will generally pay at most one third, not 40%, of annual salary to a re-employed person teaching one course in that department (because, by state law, during that quarter of teaching no more than one-third of annual salary may be paid).

Whether the remaining allowable six and two-thirds per cent of salary can be paid for non-classroom supplementary teaching and other duties performed in another quarter is not clear under the present policy. Some departments [e.g., Chemistry] award the 6 2/3 % in a separate quarter for assignments such as tutoring in study hall. Some three-course-load departments in which the credits per course may be three or four appear to require that two courses be taught over a two-quarter span. [Law School]

In a department whose normal teaching load is five five-credit courses, one course may be taught in each of two quarters at 60% of quarterly salary in each of the two quarters (for a total of 40% of annual salary); if the two courses are taught during one quarter, only one-third of annual salary may be paid.

In a department whose normal teaching load is five three-credit courses, three or more courses must usually be taught, during two or more quarters, to collect the 40%. But there appear to be various exceptions to this general rule.

- In a department whose normal teaching load is four courses, normally two courses must be taught over a two-quarter span to earn the full 40%. Some department heads seem to think that only 40% of quarterly salary may be paid for teaching one course in a given quarter. [Speech Communications].
- Some departments that teach both five-credit and three-credit courses in a five-course load appear to vary from teacher to teacher the number of credits required to earn the full 40%. [Architecture]
- A department may give 40% for teaching one three-credit lecture course in one quarter plus a small-enrollment course in another quarter. [Zoology]
- Some units offer various arrangements dependent on the teaching load a professor carried before retirement. In these cases, a retiree might receive 33 1/3% for one course, or 40% for partial responsibility for one course in one quarter and teaching and supervisory duties in another, or 40% for two courses, one in the regular year and one in "A" term of the summer. [Botany]

Because there may be other variations as well, stating a general policy that clarifies how the 40% rules apply to all situations appears difficult, if not impossible. Probably FCRIB could serve as a resource, in addition to the Provost's office, for inquiries.

## **2. Redrafting a Policy Statement Regarding 40% Re-employment.**

The existing Policy Statement (on the web at <http://www.washington.edu/admin/acadpers/re-employ.html>) and the Vice Provost's supplementary letter of April 18, 1995 need to be amalgamated and clarified. Steve Olswang volunteered to draft a revision of the two documents into one clarified one, and to make that document available before our next subcommittee meeting.

## **3. Reconsidering the Five-Year Term Limit for Re-employment.**

The five-year term was originally conceived as a convenient limit, and one that fit well with the then-mandatory retirement age of 70. With the elimination of mandatory retirement and the search for low-cost incentives for choosing the 40% option, it appears advisable to extend the five-year limit to seven or more years. Very few of the 40% re-employed have sought to work beyond the five-year limit, but the choice to do so might prove attractive to those (particularly those under age 65) who are contemplating retirement. We suggest that the full FCRIB discuss the issue and make a recommendation.

## **4. The "Senior Professor" Title.**

Some emeriti who are signing grant applications, and some others, would prefer to use a title such as "Senior Professor" or just "Professor," rather than "Professor Emeritus." After discussion, we suggest that FCRIB consider recommending changes in the Faculty Code to allow retired faculty to choose the title they prefer; perhaps we might also eliminate the departmental voting for and against awarding emeritus status.

## **5. Re-employment at 50% or Higher.**

This is a complex issue. Recently, in the State of Washington, retired K-12 Teachers have been given the right to be re-employed at 75% of salary. Retired PERS-1 employees can be re-employed at 100% of salary. Under current retirement benefit plans, UW would have to retire and enter a new benefit plan in order to qualify for more than 40%

re-employment, but that could be managed. We recommend that FCRIIB discuss the pros and cons of this issue in full session, and perhaps seek to raise the salary limits for re-employment.

**6. Data on Re-employment at Peer Institutions.**

Steve Olswang has requested the appropriate data study; it should be ready within a week.

**7. Explanation of UW History in Negotiating Retirement Arrangements, Buyouts, and the Like.**

Steve Olswang is preparing comprehensive data on a complete range of such negotiations, and will send it to subcommittee members before the next meeting in early January (between Jan. 7 and Jan. 17).

