

UNIVERSITY OF WASHINGTON
FACULTY COUNCIL ON BENEFITS AND RETIREMENT
MONDAY, JANUARY 3, 2011
3:30-5:00 PM
36 GERBERDING

Meeting Synopsis:

1. Approval of minutes from December 13, 2010 meeting
 2. Briefing on Governor's budget proposal
 3. UWRP restructure
 4. Adjournment
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Call to Order

The meeting was called to order by Chair Gerry Philipsen at 3:34 P.M.

Approval of the minutes from the December 13, 2010 meeting

The minutes of the December 13, 2010 meeting were approved as written.

Briefing on Governor's budget proposal

Katy Dwyer briefed the council on the budget proposal recently released by Governor Gregoire, focusing on how the proposal would affect health care and retirement.

On health care, Dwyer said that it's hard to know exactly how things are going to go. Agreement was reached with unions in negotiations. The state's premium share will move from 88% to 85%, meaning a 3% increase in employee share of premiums for 2012.

Dwyer said that the proposals for retirement plans included maximizing state contributions to employee pension plans at 6%. Holt pointed out that in calculating savings, this proposal takes the entire university salary base, including research faculty not paid with state money. Dwyer said that employees have to be treated the same in the retirement plan, and that the university will need more information. She said that so far the university has been successful in getting a straight cut, rather than prescribed cuts, from the state.

Dwyer said that the proposal also indicates a preference to end the supplemental benefit (which couldn't be removed for anybody who is currently in the plan).

Finally, Dwyer said that a big topic is retire/rehire, especially with the staff retirement plan, where there are instances of an employee with a pension from PERS, their current salary, and participation in a new retirement plan. She noted that it's rare for somebody at UW to get on in this scenario, but the legislature wants to limit this possibility. UW wants to make sure the 40% rehire for faculty is not eliminated.

UWRP restructure

Philipsen asked the council to consider where it came down on the proposals for a UWRP restructure, noting that there had been an intense discussion amongst the council and with Hewitt Consultants. He said some members of the council felt better about what had been proposed as a result of those discussions, but there are some fundamental lingering concerns.

Council members expressed some positive viewpoints on proposed changes, particularly on the movement to reduce fees for plan participants. A number of concerns were also raised, including:

- Marketing proposed changes to the faculty could be a challenge, especially if it's seen as reducing choice, raising fees, or related to the general climate of budget cuts.
- In selecting funds, it's easier to identify poorly performing funds than to pick winners.
- Any restructure should include a number of low-risk funds for more conservative investors.
- Reducing recordkeeper choice could reduce benefits to plan participants who currently consolidate their assets with one recordkeeper and in doing so obtain lower fees on a variety of services.

A key issue the council discussed was whether fees could be reduced from a retail rate to a lower institutional rate regardless of other action. Dwyer said that the Fund Review Committee was currently looking into this matter, and that she'd report back when more information was available.

The council reiterated that its charge in this matter was to make a recommendation to the Provost, and that it could make suggestions on what to include in a Request for Proposals (RFP). Philipsen asked council members to craft recommendations to include in a draft proposal to the administration. He specified that the council should make a recommendation on how to approach the situation, but not on specific funds, and that concerns about recordkeepers and the structure of available funds should be made clear. These recommendations were to be brought to the next FCBR meeting for refinement.

To accommodate schedules, the council agreed to change its scheduled meeting time and instead meet at 4:00pm on January 24.

Adjournment

The meeting was adjourned at 5:05 p.m.

Minutes by Craig Bosman, Council Support Analyst. cbosman@uw.edu

Present: **Faculty:** Philipsen (chair), Bradford, Breidenthal, R. Bowen, Holt
Ex-Officio Reps: Chamberlin, J. Bowen
Guests: Dwyer, Arthur Nowell

Absent: **Faculty:** Nihan, Brock
Ex-Officio Reps: Wiles
President's Designee: Kornberg