

FRIC Minutes

12/7/2007

The University of Iowa Funded Retirement and Insurance Committee met at 11:30a.m. on December 7, 2007, in room 302 USB.

Present: Committee -- Jane Chalmers, Lois Dusdieker, Jon Garfinkel, Dan Holub, Melanie Kenney, Lynette Lancial, Forrest Nelson, Dorothy Persson, Bernard Sorofman, Ruth Wachtel; Administration -- Sue Buckley, Richard Saunders; Guests – Debra Hughes, Susan Klatt, Joni Troester, Nancy Williams, Kathy Klein.

1. The minutes of November 16 were approved as submitted.
2. Dental Insurance: The committee resumed discussion of the Dental Insurance plans. The history of the dental plans was reviewed. A discussion ensued about reducing from three separate plan offers to two plans, due in large part to lower enrollment in one plan. Motion: The University of Iowa Funded Retirement and Insurance Committee recommends that Dental Insurance Plan 3 be dropped and only two plans be offered. Passed unanimously. A second issue concerning the use of two University contribution levels, one for people less than 3 years and one for people over 3 years, was held. The committee also passed a recommendation dropping the year based contribution program and to go to a contribution structure based on the health insurance model of using a weighted average for each family status of 100% for singles and 75% for the other family statuses.
3. Double Spouse Credit Discussion: The committee returned to a discussion of whether The University of Iowa should continue to provide family level flexible benefits credits to spouses / partners who are both employed by The University. Dual Spouse credits add another \$3-\$5 million dollars annually in benefit costs. The FRIC committee discussed several alternatives; the most favored seeming to be providing one spouse / partner employee with family level credits and the other with 'single' employee credits. Next meeting we will consider the options and vote on this issue. The tentative options would be to either keep the system the same (dual family credits) or move to the one family/one single program. Additionally, we will consider the notion of "phasing in" this change.
4. Flexible Credit allocation options: A brief introductory discussion looked at alternatives to assigning flexible credits to employees. Our current system is to allocate credits based on costs of insurances, length of service, and the employee's current salary. One alternative presented would be to assign contributions to the standard benefits of life, LTD, dental and health based upon participation in the programs. Individuals would receive health and dental insurances for free. Any of the family coverage's would be required to contribute towards the cost of their insurance plans at some set rate. A set

amount of extra flex credits would be proportionally assigned to all employees based on salary. There could also be different levels of extra credits based on family status with children under the age of 13 for child care. The underlying philosophy of this concept is that individuals with higher salaries have more financial means of acquiring additional benefits appropriate to their needs while reassigning extra credits to persons with lower salaries who have less of a financial ability to acquire their needed benefits coverage. These extra credits could then be applied towards purchasing additional benefits such as life, AD&D, or spending accounts. No decisions were made.

5. Guiding Principles: The FRIC committee members discussed the notion of having a set of guiding principles for decision making. Although no principles were created or decided upon by the committee as a whole, members suggested several (minute taker's best guess): Affordable employee benefits for all; affordable health care benefits for all; optimization of health insurance for best outcomes; good stewards of the benefits funds and programs; decisions should help to minimize future benefits costs; incentives should be created to direct employees to options that benefit themselves and the employee pool.
6. Flexible Credit Discussion: the committee discussed the options of keeping or removing the flexible credit (cafeteria plan) system. No decisions were made. Three options were articulated: no change; phase in changes in the flexibility of the credits with partial revision of the double spouse credit; and, complete revision of the flexible credit system.
7. No meeting December 14th
8. Meeting ended at 12:50 pm.
9. Next scheduled meeting is Feb 1, 2008, 11:30am, 302 USB

Submitted by Bernard Sorofman December 7, 2007.