

Funded Retirement and Insurance Committee

May 2, 2008

Minutes

Attendees:

Committee: Richard Borchard, Lois Dusdieker, Jon Garfinkel, Mary Greer, George Herbert, Sheldon Kurtz, Lynette Lancial, Forrest Nelson, Dorothy Persson, Bernard Sorofman, Barbara Spence, Ruth Wachtel

Administration: Sue Buckley, Richard Saunders

Guests: Rebekah Ahrens, Joyce Baker, Ransom Briggs, Carla Clark, Charlie Drum, Debra Hughes, Chris Lake, Susan Klatt, Kathy Klein, Pat Kosier, Jennifer Masada, Heather Schnoebelen, Michael Schueller, Krista Smeins, Eileen Sullivan, Katherine Tachau, Joni Troester, Rhonda Weaver

1. Approval of April 14th Minutes: There were no additions or correction to the minutes. The minutes were approved as written.
2. Flex Program: Sue Buckley and Richard Saunders reported they met with the deans and vice presidents. Various members of the committee met with Faculty Senate and Staff Council. The specific numbers were not discussed at the open forums held prior to the May 2 FRIC meeting. The deans and vice presidents responded favorably to the proposal but questioned the amount of money necessary to incent a faculty or staff member to take health insurance elsewhere. The faculty and staff expressed similar ideas and concerns that were expressed in FRIC meetings. A major concern expressed by some faculty in the late-April faculty symposium was the lack of choice in the proposed new benefits structure. Dual career spouses, employed by the UI, would not receive double credit. Employees with children under thirteen would not have as many flex credits to put into their dependent care accounts. Some expressed concern about employee notification and the ability of employees to adjust their budgets to a new benefits package by January, 2009. Requirements related to having to purchase life insurance and dental insurance were viewed as paternalistic.

Shelly distributed a health insurance chart which listed the major, but not all, of the choices employees may make related to health insurance. This chart showed how costs were redistributed and who lost and who benefited from the changes that were being proposed. Approximately one-third of the employees enrolled in the Flex Credit System have children under the age of 13. Less than 1,000 dual career individuals (approximately 400-500 couples) work for the UI. The plan impacts many with

dependent children and dual career couples working for the UI by reducing amounts they would receive under the proposal. At the same time, many other employees modestly benefit from the proposal.

There was a discussion of phasing in a new benefits plan over several years or deferring implementation for one year, to January, 2010. Phasing in flex benefit changes was deemed logistically too complex for the Benefits Office to implement. A one year implementation deferment (from 2009 to 2010) was voted on twice. The first vote to defer passed by a vote of six opposing deferment and five favoring deferment. After further discussion, the chairs requested a second vote. The second vote to defer the implementation of a new plan failed by a vote of seven against deferment and four favoring deferment. The point for deferment centered on the abrupt loss of significant benefits compensation, ranging from \$1,836 to \$4,368 annually, for the small group of dual flex credited marital status employees; therefore, extra time was suggested to prepare financially for the loss in compensation. Points for not deferring centered on a much larger group of employees who would gain in benefits compensation (\$1,080 annually), violation of the cost neutral principle, and other potential problems that would then result in further implementation delays beyond January, 2010.

3. Voluntary Benefits: The new plan which would include a general credit for each employee would be cost neutral and address the increase in health care costs. To address the issue of choice, the employee could decide how to spend the general credit. Benefits was still crunching the numbers, and there was no final report on the dollar amount for the general credit, but it should be around the previously discussed \$90 per person per month.

Approximately 1900 employees do not purchase dental insurance and wanted this insurance to remain optional. Voluntary dental coverage would not violate a cost neutral principle. It would be possible to give each employee a credit for not taking dental insurance. The credit would be around \$20 and would be determined along with the general credit going to everyone. The committee voted eleven for and one maybe to support this option.

The proposed plan would require everyone to take 2Xsalary for life insurance. However, a number of employees would prefer to avoid the tax liability. The committee voted nine for and two against choice where everyone would be required to take \$50,000 with a credit for those who did not take the 2Xsalary. Again, the UI would determine the credit based on the principle of cost neutrality.

FRIC recommended a \$100 credit to incent employees who do not participate in the UI health insurance plans to remain in outside plans. The UI Administration does not believe that \$100 is enough and would like to propose a \$200 credit. After further re-consideration of the University's position, the committee voted ten for and one against increasing the credit from \$100 to \$200. Thus, the committee agreed to increase the benefit to \$200.

In summary, there will be four credits: a general credit of about \$90 for everyone, a \$200 credit for those obtaining their health insurance outside of the UI, a credit for those who are not taking dental insurance, and a credit for those taking only \$50,000 in life insurance.

4. Employee Communication and Education: FRIC urged the UI Benefits Office to consider how it would address any negative perceptions that the proposed plan is not family-friendly and to begin the educational process about the new plan as soon as the general, dental, life, and stay-away health insurance credits were finalized.

The meeting adjourned at 1 p.m. The next meeting of FRIC will be Friday, September 5, 2008.

Recorded by Dottie Persson