

Funded Retirement Insurance Committee (FRIC) Minutes for 12/4/2009

Location: 302 University Services Building

Time: 11:30 AM - 1:00 PM

Members: Richard Borchard, Nancy Davin, Charles Drum, Jon Garfinkel, Matthew Glasson, Mary Greer, George Herbert, Daniel Katz, Sheldon Kurtz, Bernard Sorofman, Katherine Tachau, Anand Vijn, Lynn Vining, and Ruth Wachtel (names of members in attendance bolded)

Administration: Richard Saunders, Sue Buckley

Guests: Dan Fick, Debra Hughes, Susan Klatt, Nancy Williams, Joni Troester, Carol Fethke, Mike Schueller, Dianne Wasson.

The meeting was called to order at 11:30am in Room 302 USB.

1. Approval of Nov. 13th minutes was made by Sorofman/Garfinkel with recommended typo revision noted.
2. Shelly announced that Charles Drum is retiring at the end of December. Shelly thanked Charles for his service to both FRIC and the University over these many years.
3. 2011 FRIC Recommendations
No changes were requested to be made to the 2011 FRIC recommendations.

A question regarding the history of how out of pocket adjustments was made and Saunders and Buckley shared that it historically been done infrequently without being tied to inflation or other index, and is based on general benchmarks along with advisement by Wellmark.

First proposal of increasing flexible credits from \$90 to \$115 starting in calendar year 2012 was discussed, with increased costs to the University projected at \$3.2 million/year. Sorofman, Kurtz and others commented that we need to be aware of the credibility of the committee related to the timing of making any proposals that would increase costs at this time. Kurtz recommended adding the following language to the 2012 date to allow President Mason some flexibility: "2012 or as soon thereafter as the University's budget would allow." Since it was the committee's charge to determine if there are any recommended changes to the 2011 FRIC recommendations, Kurtz/Drum moved to table the discussion of proposed changes for 2012, with majority approval and dissenting votes by Herbert, Sorofman, and Blanchard. Topic will be placed on the February meeting agenda, with information to be brought to the meeting by Saunders on different healthcare cost/premium/consumer price indices.

Group also recommended discussing co-pay options based on location of care. Saunders reminded committee members that there is no mandate that restricts benefit plan reviews so reviews can be done at any time.

Davin recommended that we send a letter to President Mason notifying her of our deliberations and Kurtz agreed to write a letter and send.

Saunders also asked for input regarding if the University should offer the Shared Saving Credit of \$200.00 for staff who are already covered through their partner's health benefits through another State of Iowa or University health plan. An example is the State of Iowa Blue Access merit plan which currently offers coverage for family at no cost. Vining made a motion to eliminate the Shared Saving Credit of \$200.00 for personnel already covered under a University or State of Iowa plan, and Garfinkel seconded. Motion was passed unanimously.

4. Retiree Life Insurance -

Saunders shared that the University currently offers retirees a \$2000 life insurance benefit for staff who have worked 50% or greater with 10 years of service, who retire at age 62 or older. The amount of the life insurance benefit increases \$200/year for each additional year of service after 10 years, up to a total of \$4000.00 maximum. This benefit however, eliminates retirees from being able to purchase existing life insurance at the amount up to their current coverage without pre-approval. Saunders and Fethke shared that the death benefit was originally started in the 1950's to cover funeral expenses for many who did not have monies for burial costs. Saunders asked the committee for input since he has discussed this at Gray Hawk and other campus meetings and consensus has been that having the option to purchase life insurance at their current amount or lower without pre-approval is preferred versus having the life insurance benefit. Vijn shared that U of I costs to administer the current program is not trivial, estimating the cost to \$2000/year/ employee. Kurtz motioned to rescind this coverage to enable staff the option to purchase life insurance up to their current limit and Drum seconded. Motion passed, with Borchard and Sorofman abstaining.

5. Health Rates – 2 or 3 or 4 Family Statuses

Saunders asked for input whether the committee wanted to continue the current family status structure or to have a premium analyses done to evaluate moving to a 2 tiered structure of employee or employee and family option that is currently offered by the state. Vijn shared that it better to keep the existing groups if there is sufficient dispersion across groups. Garfinkil stated that cost would increase for 2 out of the 3 current status groups in order to subsidize the proposed employee and family option. Committee recommended keeping existing structure and no further analysis was requested.

6. IPERS

Saunders shared that the University is required to designate a retirement plan for all new employees and there are 2 plans currently available. The IPERS option requires 5 years of vesting and offers a 60% retirement compensation for those retiring after 30 years of service, based on the 3 highest years of the staff's salary. The other option is TIAA-CREF enrollment, which offers a variety of choices that the employee can select. Currently, new hires are enrolled into the TIAA-CREF retirement option, and employees have 45 days after employment to change to the IPERS option, with the inability to change plans after that time unless they terminate and are rehired at a later date. Retirement options and information is shared during employee orientation. General consensus was that default into the TIAA-CREF retirement option should be continued.

7. Old Business

Buckley shared that President Mason is not considering TIAA-CREF vesting at this time.

8. New Business- none discussed.

NEXT SCHEDULED MEETING – 2/5/10
ROOM 302 UNIVERSITY SERVICES BUILDING
1130 AM

Recorder: Lynn Vining