

**Annuities and Salaries Committee Report
2011-12 Academic Year**

Members of the 2011-12 Annuities and Salaries Committee consisted of David Ailion, Bob Allen, Patricia Eisenman, Angela Smith, Michael Free, Loretta Harper (Ex Officio), Joan Gines (Ex Officio), and Cathleen Zick (chair). Below are the minutes from our monthly meetings. We met six times over the academic year. (The January and March meetings were canceled as we had no agenda items those months.) Our September meeting was devoted to identifying the issues we wanted to address during 2011-12. Subsequent meetings focused on those issues as can be seen in the minutes.

**Annuities and Salaries Committee Meeting
September 23, 2011**

Present: David Ailion, Pat Eisenman, Angela Smith, Loretta Harper
Excused: Bob Allen

The Committee discussed issues that we want to address this year. Items included:

1. Assessing how the recent changes in the Well-U program has affected participation rates
2. Possible changes to 401(a) retirement plan distribution rules (VP Pershing has tentatively agreed to come to our December meeting to discuss this)
3. Re-bidding of the prescription drug plan
4. Retirement planning education materials for UofU employees
5. Increasing faculty awareness of what the A&S Committee does
 - a. Drafting of description to be submitted to FYI (Cathleen will draft and circulate to committee members for comment)
 - b. Meeting with Senate Executive Committee (tentatively slated for November, Pat will confirm)

**Annuities and Salaries Committee Meeting
October 21, 2011**

Present: David Ailion, Bob Allen, Angela Smith, Joan Gines, and Cathleen Zick. Absent: Pat Eisenman.

Cathleen and Joan presented information about the Benefits Advisory Committee's (BAC) deliberations regarding proposed changes in health insurance premiums for employees' with domestic partners and their children. The committee was unanimously supportive of the proposed changes and Cathleen will communicate this support back to the BAC.

In response to Pat Hanna's request that we increase the visibility of the A&S Committee, Cathleen will be doing a brief presentation at the Senate Executive Committee meeting next Monday. In addition, she shared a draft of a short article describing what the A&S Committee

does that will appear in FYI in November. If Committee members think of other ideas for increasing the visibility of the Committee, they were asked to email them to Cathleen.

Finally, the Committee prioritized the scheduling of topics for this academic year. In November, we will meet with representatives of the Benefits Department regarding their new retirement planning education materials. In December, Vice President Pershing will meet with the Committee to discuss the University's policy regarding access to 401(a) funds by employees over age 70. During our spring meetings we will focus on assessing how changes in the WellU program have affected employee enrollment and the University's prescription drug plan.

**Annuities and Salaries Committee Meeting
November 18, 2011**

Present: Michael Free, Bob Allen, Angela Smith, Pat Eisenman, Loretta Harper, Kris Arko, and Cathleen Zick. Absent: David Ailion.

Kris asked for feedback on drafts of the Benefits Department's new retirement planning educational materials. These materials are targeted at (1) educating employees about the benefits of supplemental retirement contributions, and (2) encouraging them to stay engaged in the retirement planning process in the long run. Benefits plans to send a one-page brochure to employees in December that reminds them of their specific retirement plan and illustrates how supplemental contributions could increase their retirement nest egg. Then, in January all employees will get an email inviting them to access more detailed information about their specific retirement plan.

Committee members provided feedback on the brochure at the meeting but there was not time to provide feedback on the draft outline of the more detailed document. Committee members are invited to email Kris with specific suggestions about the latter document.

We also discussed other ways that the Benefits Department might encourage employees to participate in supplemental retirement plans. These included: (1) reminding new employees about their supplemental retirement contribution options after they have been on campus for 60 days, (2) having a link to retirement statements on the web site during the open enrollment period, (3) including a retirement planning link on PeopleSoft's new Benefits Administration page.

Committee members complimented the Benefits Department on developing these new educational materials. It was agreed that this is an exciting initiative that has the potential to help employees make more informed retirement planning choices.

**Annuities and Salaries Committee Meeting
December 9, 2011**

The A&S Committee met with Vice President Pershing to discuss the University's current rules regarding access to 401(a) funds after age 70.5 for current employees. It was noted that University employees have access to 403(b) and 457(b) funds at age 70.5 and that there are no

IRS rules that prohibit access to 401(a) funds at this age. Nevertheless, current University policy prevents access to these funds unless the employee is on phased retirement.

Joan Gines reported that she had discussed the issue of 401(a) funds access with Phyllis Vetter and that there was the question of whether access to 401(a) funds by current employees might be viewed as a type of “double dipping” (i.e., drawing a paycheck *and* drawing on retirement funds) by some. Joan also reported that both Utah State University and Weber State University allow current employees age 70.5 or older to have access to their 401(a) funds. David Ailion noted that some UofU employees may be interested in converting their 401(a) funds to a Roth IRA at age 70.5 which is prohibited by the University’s current rules. He also noted that the IRS conversion rules would prohibit access to the converted Roth IRA for 5 years. Vice President Pershing said that Human Resources staff will consult with General Counsel regarding the possibility of allowing conversions of 401(a) funds to Roth IRAs for employees age 70.5 and older. Vice President Pershing was hopeful that this policy change could be made. Loretta Harper and Joan Gines will report back to the Committee on their findings at a later A&S meeting.

Vice President Pershing also spoke with the Committee about the upcoming legislative session. The good news is that University officials do not expect any budget cuts. The University’s highest priority for on-going funding is faculty/staff compensation. The highest priority for facility funds is a request for money to deal with building infrastructure issues.

Annuities and Salaries Committee Meeting Minutes February 28, 2012

1. Joan Gines shared a draft of the web page the Benefits Department is developing that will show how many WellU options an employee has completed this year. Employees must complete two WellU options by June 30th to qualify for the health insurance discount in 2012-13. Employees will be sent information about how to access their WellU Program Participation page with their Open Enrollment materials in early April. This will give them approximately 2.5 months to complete the two WellU options if they haven’t already done so.
2. Joan Gines provided the committee with an update on the likely increase in health insurance costs for 2012-13. It is forecast that our plan costs will increase by 3% in 2012-13. We will not know how much (if any) of this increase will be covered by state appropriations until the end of the legislative session.
3. Joan Gines asked for feedback on issues related to the prescription drugs plan RFP the Benefits Department is developing. Committee members give feedback on issues related to the \$3 minimum, the percentage co-pay associated with going to the UofU pharmacies, preferred provider pharmacies, and others, and coordination of benefits across UofU employees in the same household. More generally, Joan asked that if we learn of any things in the current plan design that are not working well for employees that we communicate them to her ASAP.

Annuities and Salaries Meeting May 1, 2011

Present: Loretta Harper, Bob Allen, Angela Smith, David Ailion, Michael Free, Cathleen Zick

The University is currently in the midst of its Benefits Open Enrollment period. Committee members recognize that the WellU program is a huge undertaking for the Benefits Department and we applaud and support their efforts to encourage employees to embrace a healthy lifestyle. Committee members also provided feedback on the new WellU website where employees can check to see if they have met the WellU program requirements. Michael Free suggested that it would be helpful to have employee paychecks include a flag that notes if an employee has completed the WellU program requirements. Vice President Harper said she would follow up to see if this is possible.

Cathleen Zick reported that a faculty member had inquired about why the University does not allow employees to add adult family members other than a spouse/partner to their health insurance plan. Benefits staff followed up by making inquiries to other PAC 12 schools and learned that no other PAC 12 school currently offers health insurance benefits to adult family members other than a spouse/partner. The University's health insurance consultant has advised against such an expansion of coverage because of plan cost considerations. Administration has asked that the underwriters provide them with an estimate of what the costs will be and will make a final decision after getting that information.

Vice President Harper provided an update on the issue of making distribution changes to the 401(a) plan for university employees who are over age 70-½. She still needs to verify the tax implications for employees of making such a change and she will then bring the issue to President Pershing's attention. Vice President Harper will report back to the committee after her meeting with President Pershing.