

**Annuities and Salaries Committee Report: 2010-11**  
**Cathleen D. Zick, Ph.D., A & S Committee Chairperson**

The Annuities and Salaries Committee met eight times during the 2010-11 academic year. At those meetings, we tackled a number of issues including: (1) a proposal to make changes to the University's tuition reduction benefit plan, (2) review of the WellU program and its re-structuring, (3) options for altering the rules on prescription drugs for long-term medications, (4) the proposed part-time tenure policy, (5) employees' gaps in retirement program knowledge, and (6) how employees might gain access to 401(a) retirement funds after reaching age 70.5. Below are the meeting minutes that summarize the discussions and actions taken at each of our meetings. In general, the committee was more reactive than proactive in setting its agenda. My hope is that this fall we can initiate an agenda for the year that is more forward looking. If you have any questions about this report, please feel free to contact me (phone: 1-3147, email: zick@fcs.utah.edu).

**Annuities and Salaries Committee Minutes**  
**September 13, 2010**

At our meeting on Monday, September 13<sup>th</sup>, Jim Metherall alerted us to changes in the tuition reduction benefit plan being proposed by the Deans of Business and Medicine. In addition, Joan Gines, David Ailion, and Cathleen Zick all presented issues that they would like the committee to take up over the course of the coming year. It was agreed that items for future agendas would include (not in any particular order):

1. Proposed change in the tuition reduction benefit
2. Update on Utah Retirement System changes passed by the legislature
3. Update on faculty/staff choices during spring 2010 open enrollment period
4. Update on what the Patient Protection and Affordable Care Act means for the University of Utah's health insurance plans for the 2011-12 fiscal year
5. Medical Home and a possible employee clinic (Mike McGill will be invited to make a presentation)
6. Reviewing the WellU program
7. Prescription drug benefit rules regarding purchasing large quantities
8. Access to TIAA/CREF funds after age 70
9. University of Utah employees' knowledge (gaps) of the U's retirement programs
10. The University's plans to address salary issues

At our Monday meeting, we agreed it would be helpful to invite Paul Brinkman to our next meeting to learn about the fiscal implications of the deans' tuition reduction benefit plan proposal. In addition, Paul could educate the committee about the University's plans to address salary issues during 2010-11 and beyond. Thus, I would like to propose that the agenda items for our October 18<sup>th</sup> meeting include:

1. Update on URS changes passed by the 2010 state legislature (Joan Gines)

2. Deans' proposed changes to the tuition reduction plan (Paul Brinkman)
3. University of Utah salary issues (Paul Brinkman)

If you have other items you would like to add to the agenda for our October meeting, please get them to me by no later than October 11th. (FYI, Paul will join us at 11am on the 18<sup>th</sup>.)

Finally, here are the future meeting dates for the Annuities and Salaries Committee for fall semester. Please save these dates/times:

October 18, 10:15-11:45, 105 Park

November 15, 10:15-11:45, 105 Park

December 13, 10:15-11:45, 220 Alfred Emery Building (105 Park was booked!)

### **Annuities and Salaries Committee Minutes**

#### **October 18, 2010**

1. Thanks to Joan for providing us with a very thorough summary of the changes in the URS system and what they imply for existing and new, non-exempt hires at the UofU. The committee members encouraged HR to disseminate information about these changes to local hiring units prior to July 2011, so that they could "come up to speed" on these issues.
2. It was agreed that in our November meeting, we will focus on:
  - a. reviewing information about the WellU program (provided by HR) and will discuss the changes that HR is considering making in this program, and
  - b. Learning about the options for altering the prescription drug benefit rules for those long-term medications given the short renewal window.My hope is that Joan and Loretta may provide us with information and context as the starting point for our discussions for both of the above issues in November.
3. Thanks to Paul Brinkman who joined us for a discussion of the deans' proposed change in the tuition benefit plan. Paul will work with Joan to get our committee information on what % of the lost tuition differential at the graduate level is attributable to employees who have worked at the university for less than 3 years. Jim Metherall will keep us posted as to whether or not the deans' proposal to change the tuition benefit is formally presented to the Senate. He also asked me (after the meeting) if our committee might consider developing our own proposal for dealing with this issue (e.g., we could propose moving the eligibility threshold to 3 years for employees, spouses, and children) which might then be forwarded to the Senate for consideration. We will also discuss the merits of doing this at our next meeting.

Our next meeting will be November 15, 10:15-11:45 in room 105 Park. In the meantime, if you have any questions about the above meeting re-cap or if I haven't accurately reflected the our discussions (my note taking isn't always the best), please let me know.

**Annuities and Salaries Committee Minutes**  
**November 15, 2010**

At our November Annuities and Salaries Committee meeting this past Monday, there were two items on our agenda. Below are my notes summarizing our discussion of each item.

1. Review of the WellU program. Joan Gines and Delbert Mulvey presented information about the UofU's wellness program. Delbert's presentation sparked discussion regarding the goals of the program and the ways in which the Benefits Department might assess its effectiveness. (Delbert's handout is attached.) Joan noted that the program is now only in its third year. Once the program has been in place for five years, there should be sufficient data to make an assessment of its effectiveness. Committee members urged the Benefits Department to work with faculty on campus to identify the types of outcome data they should be gathering over the next two years. This is a costly program for the university and given limited budgets, it will be important for the university to evaluate the program's effectiveness and efficiency using the most meaningful outcomes.

2. Options for altering the prescription drug benefit rules for long-term medications. David Ailion presented concerns expressed by some faculty about the university rule that employees can only purchase 90 days worth of a prescription drug at one time. This causes inconvenience for some employees who travel extensively and who can be out of the country when they are eligible to re-fill their prescription. (The rule is that 75% of the prescription must be used before a refill will be covered by insurance. This means a prescription can only be refilled after 68 days from when it was last filled if the cost is to be covered by insurance.) Joan noted that medical directors recommend the 90-day maximum because of safety concerns and the potential for consumers to lose their prescriptions.

Joan noted that if an individual's physician is willing to write a prescription for a 12-month supply of a drug to be filled all at once, the employee may pay for the 12-month supply out of pocket and then submit the receipt for 1/4 reimbursement each quarter. The committee agreed that in all likelihood, there are only a few employees who have prescriptions AND whose travel schedule would make the current prescription refill policy problematic. It was agreed that those individuals should pursue the option of getting a 12-month prescription that can be filled all at once from their physician. Joan will follow up by emailing all committee members the instructions for filing the paper Rx claim that would be needed if an individual adopts this strategy.

The discussion of both the wellness program and the prescription drug policy generated committee conversation about the need to improve communication about benefits program parameters to employees. This is a "tall order" as we live in an age when most everyone feels time-pressured and overwhelmed by the tasks of processing information. The Benefits Department produces very helpful information about the university's benefits programs and it uses a wide range of communication strategies to get the word out (e.g., mailings, set times to

meet with vendors during open enrollment, detailed information on their web site). Yet often employees do not take advantage of the information provided. The choices that employees make about benefits (e.g., participating or not participating in the wellness program) have potentially important implications for their health and finances as well as the health and finances of the university. Cathleen urged the committee members to talk with their colleagues at other institutions to see if there might be new ways of "getting the word out" to employees about various benefits issues.

It was agreed that at next month's meeting there would be two items on the agenda:

1. Update on what the Patient Protection and Affordable Care Act of 2010 will mean for the University of Utah's health insurance plans. (Joan Gines)
2. Discussion/brainstorming about how to enhance communication with employees about benefits choices (Cathleen Zick)

### **Annuities and Salaries Committee Minutes December 13, 2010**

At our December Annuities and Salaries Committee meeting this past Monday, there were two agenda items. Below are my notes summarizing our discussion of each item.

1. Implications of federal health care reform proposal for the University of Utah. Delbert Mulvey and Sibyl Bogardus (consultants from HUB International) presented information about how the new federal law will affect the UofU's health care plans and their costs. It is estimated that the new regulations are likely to raise the UofU's health care costs by about 2-3% in the coming year. (This will be on top of other cost related increases that are anticipated.) I have attached a pdf copy of Delbert and Sibyl's presentation, fyi. (My apologies for the hand-written notes on this pdf, but I scanned the paper copy I had taken notes on to create it.)

2. Discussion of ways to improve communication regarding benefits issues with UofU employees. Committee members had a range of opinions regarding the University's role in facilitating employees' understanding of complex benefits issues (e.g., choice of health insurance plans, decision to contribute to an SRA). We recognize that the Benefits Department devotes considerable resources to educating employees about benefits options. Yet, there are still large knowledge gaps. While we did not reach any consensus about what, if anything, should be done to enhance communication, we agreed to continue the discussion at future A&S meetings.

Finally, with the start of a new semester and changes in faculty teaching schedules, we must identify a new day/time to meet in the spring. Please take a few minutes THIS WEEK to visit the Doodle website and complete the poll regarding your availability to meet during the last week in January. I will set up a standard meeting time and let you know what it is once I get the poll results. (Although the poll asks about the week of January 24th only, please check your

calendar to make sure that you would likely be available on those days/times that you check for the last week of each month.) The link to our Doodle scheduling poll is at:

<http://www.doodle.com/xgqz66wmf5v92d39>

I look forward to getting your Doodle poll results. In the meantime, Happy Holidays! -Cathleen

### **Annuities and Salaries Committee Minutes January 25, 2011**

Associate VP Susan Olson presented the proposed part-time tenure policy to the committee and asked for discussion/feedback. (The proposal was attached to the January meeting agenda email sent earlier.) In general, the committee was supportive of establishing a part-time tenure policy. Several issues were raised regarding the policy as it is currently drafted. Specifically,

1. Is there guidance for how tenure track faculty with less than 1.0 FTE might manage to keep their workload consistent with their reduced FTE? Many tasks that faculty do are not easily divided into smaller chunks. For instance, all tenure track faculty are expected to attend faculty meetings, seminars, work with graduate students, etc. It may be relatively easy to adjust teaching expectations but much more challenging to adjust other work expectations for those on a reduced FTE appointment.
2. The potential 14-year pre-tenure period (if the individual was at .5 FTE) seems too long. In some departments this could involve a period of time where there were significant changes in RPT expectations and it might be difficult for the individual to adjust his/her efforts accordingly.
3. There is the potential for the part-time tenure policy to be used as a way to make a “cheap” partner hire. The “trailing partner” in dual career couples may feel pressure to settle for a part-time tenure track appointment when s/he would prefer a 1.0 FTE tenure track appointment. In turn, this may lead to pressure on departments to re-allocate funds to bring the line up to 1.0 FTE when a retirement or faculty departure occurs.

A discussion ensued about whether some of the above concerns could be addressed by modifying the policy so that during the probationary period, one could only have a TEMPORARY part-time tenure track appointment. Such temporary part-time tenure track appointments would need to be reviewed and re-negotiated every two years. New hires would ALWAYS be hired into 1.0 FTE positions and then temporarily negotiate a FTE reduction. This change would insure:

- a. That there would be a periodic opportunity for the faculty member to review his/her workload and discuss with the chair the extent to which it matches his/her FTE,
- b. That the faculty member could speed up a tenure review by moving back into a 1.0 FTE position, and
- c. That the potential of a part-time tenure track position would not be used to hire “trailing partners” on the cheap.

The committee urged VP Olson to consider revising the policy to stipulate that all probationary hires would be made on a 1.0 FTE basis. The individual who was hired could then negotiate a temporary FTE reduction that would be reviewed by the chair and the candidate every two years. Susan indicated that she would consider this modification to the proposed policy as she continues to gather feedback from other units on campus. Once the policy is finalized, she will return it to the A&S committee for discussion and endorsement (letter to be drafted by the committee chair and circulated to the committee members before being finalized).

The other item of business for the committee was to identify a standard meeting time for the remainder of spring semester. After reviewing everyone's availability, below are our meeting times. PLEASE MARK YOUR CALENDARS NOW.

February 15, 2-3:30, room 220 Alfred Emery Building

March 15, 2-3:30, room 105 Park Building

April 12, 2-3:30, room 105 Park Building

### **Annuities and Salaries Committee Minutes February 17, 2011**

Information from the UofU Retirement Planning Survey was shared. (See attached document.) Analysis of the survey data revealed large gaps in employees' knowledge of their retirement plans. Cathleen briefly described the follow-up survey that will be done in March during National Consumer Protection Week (Mar. 7-11). All University of Utah employees will be invited to take the Retirement Knowledge Quiz online. Employees who answer at least 4 of the 12 quiz questions correctly will be entered into a drawing for one of 20 \$250 supplemental retirement account (SRA) contributions (made possible with external funding sources). The data from the quiz will be analyzed and a report will be given to HR and the Annuities and Salaries Committee. Please encourage the faculty and staff in your department to take the quiz and enter the SRA contributions drawing!

Cathleen reported on what she had learned about the University's health insurance costs at the Benefits Advisory Committee meeting this past Tuesday. Employees' contributions to health insurance have not increased for the past four years. The University has been able to keep health insurance premiums constant despite rising costs by using excess health insurance reserves and making some alterations in plan structure this past year. We are now at a point where the excess reserves have been exhausted but health insurance costs are continuing to rise. Paul Brinkman and Joan Gines discussed a range of options regarding what this might mean for employees' contributions next fiscal year. Nothing is set at this point. The committee expressed concern about the possible elimination of the Well-U discount coupled with a possible premium increase in a year with no raises. Paul assured us that central administration is working on this issue and will do what it can to minimize the increase in employees' health insurance premiums.

We also discussed the impact of no legislative appropriations for raises. We all agreed that faculty/staff morale has suffered in recent years because of the absence of raises. Indeed, key faculty and staff have been lost because of this. In addition, salary compression is a growing issue of concern. We asked Paul Brinkman how the Annuities and Salaries Committee might be able to help the administration with any long-term plans they have for tackling this issue. Paul suggested that we invite Jason Perry to one of our meetings this spring to explore how we might get faculty and staff involved. Cathleen will follow up on this as well as inviting Dave Pershing to come and share information about the administration's strategies for addressing salary issues.

Reminder: Our next committee meeting will be Tuesday, March 15th, 2-3:30pm in room 105 Park. If you have agenda items for that meeting, please get them to me by March 11<sup>th</sup>. Thanks.

### **Annuities and Salaries Minutes March 15, 2011**

Joan Gines, Kris Arko, and Loretta Harper presented a range of options for re-structuring the Well-U program in light of rising health insurance costs.

Background information

Last year UofU health insurance costs rose by 8% but this increase was absorbed by using one-time reserves. This coming year the forecast is that health insurance costs will go up by another 9-10%. This means that overall, health insurance will increase by 18% next year. Employees pay 10% of their total health insurance bill. This means that for family coverage, monthly premiums will rise by about \$20 (\$240/yr).

The Well-U program has 10,171 participants (65% of benefits-eligible employees). Currently, these employees receive a \$40/month discount on their health insurance premiums. This costs the university approximately \$4,734,000/yr. In addition, the university pays \$435,000 for biometrics tests, \$300,000 for the passport program, and \$225,000 for WebMD health risk assessment (HRS) screenings.

The increase in health insurance costs has necessitated revisiting the Well-U program. Benefits Department has decided to drop WebMD. Joan, Kris, and Loretta asked for members of Annuities and Salaries to provide feedback on several options for changing the Well-U program. There was consensus that employees should continue to be offered a discount for following up with two health care provider recommended preventive screenings each year (e.g., physical exam, flu shot, dental check-up). During this first year of transition, committee members felt it was appropriate to use BCBS's HRA as one of the preventive screenings. (This could be done by employees in May and June.)

There was some discussion about the dollar amount of the premium discount that be offered to Well-U participants for the 2011-12 fiscal year. Some committee members saw some advantages to keeping the discount at \$40/month even if it meant increasing the health insurance premiums by \$10 more per month. Other committee members felt it would be better to reduce the discount to \$30 rather than raise the base premium rate.

#### Salary Program

Vice President Pershing presented information about the salary program for the 2011-12 fiscal year. Money for the salary program will come from a 7.8% increase in student tuition. The program will focus on retention and equity for staff (including those supported by the TA pool) and exceptional merit for faculty. Each college will be given a block of funds and raises in local units cannot be made across the board.

It is hoped that there will be legislative appropriations for raises next year. The administration's longer-range plan for improving salaries includes exploring the possibilities of (1) expanding differential tuition, (2) enhancing development efforts, and (3) perhaps increasing the use of lecturers. Committee members voiced concerns about the potential to deal with low salaries in those colleges where the opportunities for differential tuition and development may be limited.

### **Annuities and Salaries Minutes April 12, 2011**

The committee discussed the issue of University of Utah employees gaining access to 401(a) retirement funds after reaching age 70.5. It was agreed that we would send an inquiry regarding this issue to Vice President Pershing. Cathleen Zick drafted the inquiry and sought feedback from committee members. The email inquiry (see below) was sent to Vice President Pershing on May 5, 2011.

Dear Vice President Pershing:

At a recent meeting of the Annuities and Salaries Committee, the issue of University of Utah employees' access to 401(a) retirement funds after reaching age 70.5 was discussed. It is our understanding that there are a small number of current University of Utah employees age 70.5 or older who would like to convert their 401(a) account balances to Roth IRAs. University policy currently prevents an employee from doing so unless the employee has begun a phased retirement. We learned from Human Resources that there are two Utah colleges/universities that do allow withdrawals and this conversion. Thus, it would appear that there is no state law prohibiting withdrawal and conversion and it may be appropriate for the University to provide access, withdrawal, or conversion to a Roth IRA for individuals age 70.5 and older.

The committee would appreciate clarification from central administration regarding the reasoning behind the current prohibition regarding employee access of 401(a) funds after age

70.5. If clarification could be provided before our first committee meeting in fall 2011, we would appreciate it as the committee plans to discuss the merits of recommending changes to this policy in the fall. Thank you.

## 2009 University of Utah Retirement Planning Survey

### Sample

The University of Utah Retirement Planning Survey (UURPS) was designed to assess University of Utah employees' retirement planning knowledge, priorities, perceptions, and behaviors in the aftermath of the economic recession of 2008-09. It was developed in coordination with the University's Benefits Department and approved by the University's Institutional Review Board. Funding for the study came from seed grants awarded by the Center on Aging and the Institute for Public and International Affairs at the University of Utah.

All University of Utah benefits-eligible employees with valid email addresses (N=9,747) were invited to participate online in the UURPS during October 2009. As an incentive to participate, respondents who provided contact information were entered into a drawing for various prizes. Publicity efforts and participation incentives resulted in 3,000 people submitting completed surveys for an overall cooperation rate of 32.1%. Sixty-five percent of the 3,000 UURPS respondents are female and the median respondent age is 44 years. As a point of comparison, as of October 2009, 58% of all university employees were female and the median employee age was approximately 42. Thus, the survey respondents generally reflect the larger population of university benefits-eligible employees in terms of gender and age.

The typical UURPS respondent has worked at the University of Utah for 12 years and has a bachelors degree. The greatest numbers of respondents work as health sciences exempt employees (33%), followed by main campus exempt employees (28%), health sciences nonexempt employees (24%), main campus nonexempt employees (12%), and other (3%).

### Key Findings

- ***80% of respondents said they were not very knowledgeable or only slightly knowledgeable about the retirement and savings-related services offered through the UofU's Benefits Department. (Table 1)***
- ***9% said they did not know the name of the retirement plan in which they were enrolled. (Table 2)***
- ***31% incorrectly identified the retirement plan in which they were enrolled. (Table 2)***
- ***49% correctly identified the percent of their annual earnings that the University of Utah contributes to their mandatory retirement plan. Respondents' ability to answer this question correctly varied by type of retirement plan. (Table 3)***
- ***45% correctly identified the maximum percentage match the University of Utah would make to their supplemental retirement plan. Respondents' ability to answer this question correctly varied by type of retirement plan. (Table 3)***
- ***36% correctly identified the vesting requirements for their retirement plan. Respondents' ability to answer this question correctly varied by type of retirement plan. (Table 3)***
- ***51% of all respondents would like the Benefits Department to provide more one-on-one counseling opportunities. (Table 4)***

- 46% of all respondents would like the Benefits Department to periodically hold seminars where employees could review their retirement plan options. (Table 4)

**Table 1. Respondents' answers to the question: "Which of the following terms best describes your degree of knowledge about the retirement and savings-related services offered through the University of Utah's Benefits Department?"**

Answer Option	Percentage
Not very knowledgeable	31.65%
Slightly knowledgeable	49.31%
Quite knowledgeable	16.95%
Very knowledgeable	2.08%

**Table 2. Percentage of Respondents Who Correctly Identified their Retirement Plan in the Survey when Compared to Administrative Records**

Retirement Plan	Percentage
Yes	60%
No	31%
Respondent reported in the survey "Don't Know"	9%

**Table 3. Percentage of Respondents in Each Retirement Plan Who Could Correctly Identify the...**

Retirement Plan Type	University's Mandatory Retirement Contribution	University's Maximum Supplemental Retirement Match	Years Until S/he is Fully Vested in his/her Retirement Plan
URS	21%	36%	26%
HPP	34%	48%	29%
Standard Benefit Plan (14.2%)	71%	50%	45%

**Table 4. Respondents' answers to the question: "What could the University of Utah Benefits Department do to improve your ability to achieve a financial secure retirement?"**

Answer Options (respondents could select more than one)	Percent "Yes"
Provide more seminars on financial topics	37%
Provide more one-on-one counseling opportunities	51%
Make it easier for me to take savings directly out of my paycheck	15%
Automatically enroll me in a supplemental retirement program unless I opt out	23%
Periodically send out free financial newsletters	43%
Improve the presentation of the University's retirement plan options	34%
Periodically hold seminars reviewing my retirement plan options	46%