

Council of University of California Emeriti Associations  
Council of University of California Retirees Associations  
Joint Meeting  
October 24, 2018  
UC Berkeley

Attending

UC Berkeley: Lynn Bailiff, Marian Gade, Caroline Kane, Patti Owen, Cary Sweeney, Antonia Sweet, Louise Taylor, Kris Thornton

UC Davis: Bernadette Aboucayan, Marjorie Ahl, Becky Heard, John Meyer, John Vohs

UC Irvine: Jim Danziger, Jeri I. Frederick, Jill Halvaks, Pat Price, Marianne Schnaubelt

UC Los Angeles: Sue Abeles, Sue Barnes, John Dahl, Adrian Harris, Ronald Mellor, Dan Mitchell,

UC Riverside: Bob Daly

UC San Diego: Richard Attiyeh, Marguerite Jackson

UC San Francisco: John Greenspan, Gail Harden, Ernest Newbrun, Sandra Norberg, Bill Wara,

UC Santa Barbara: William Ashby, Loy Lytle, Robert Mann

UC Santa Cruz: Roger Anderson, Christy Dawley, Frank Trueba, Todd Wipke

LBNL: Janis Dairiki

LLNL: Jeff Garberson

UCOP: Deanna Berg (Constituent Engagement), Courtney Brown (HR Fellow), Jim Dolgonas (PARRA), Terri Flock (Benefits Program and Strategy), Joe Lewis (PARRA), Ellen Lorenz (RASC), Bill Newton (PARRA), Susan Pon-Gee (Benefits Program and Strategy), Gary Schlimgen (Retirement Programs & Services), Michael Waldman (RASC),

Call to Order and Campus Welcome

The meeting was called to order at 12:30 p.m. by co-chair Caroline Kane. After thanking the UC Berkeley planning committee, she introduced Angelica Stacy, Associate Vice Provost at UC Berkeley.

Vice Provost Stacy noted that, as Associate Vice Provost, she works primarily with faculty, but that she also has the “pleasure” of having the Retirement Center report to her. She has enjoyed working with both of our associations. She began by

thanking CUCEA and CUCRA for their continuing work relating to retiree health and pension benefits. She noted that the 2015 emeriti survey, “The 11<sup>th</sup> Campus,” was a “very powerful” tool in advocating for emeriti at UC Berkeley. She stated that emeriti should be recognized and included in everything that UC does. She also recognized the continuing contributions of retired staff to the University, as evidenced by the recently published CUCRA survey of retirees’ activities. The survey will be useful in the “push” to support staff retirees as well as emeriti. Vice Provost Stacy hopes to “create an environment” that will better utilize the knowledge and experience of staff retirees and emeriti.

On behalf of the Association of Retirement Organizations in Higher Education (AROHE), of which she is President, Caroline Kane presented the AROHE innovation award to CUCRA chair, Marianne Schnaubelt. The award was given to CUCRA for its recently published survey of UC retiree activities.

Marianne thanked Caroline and AROHE, then introduced Patti Owen, who welcomed visitors and provided some practical and logistical information.

## Approval of Minutes

Co-chair Marianne Schnaubelt called on Gail Harden, who presented the minutes of the April 28, 2018 Joint Meeting at UC Riverside. The minutes were approved, with one correction noted.

## Spring Meeting at UCSD

Henry Powell distributed a flyer announcing the Spring 2019 meetings. Concurrent meetings of CUCRA and CUCEA will take place on the afternoon of Wednesday, April 24. The Joint meeting will take place on the morning of Thursday, April 25.

## Joint Benefits Committee Report

Roger Anderson, JBC chair, briefly presented highlights of the Joint Benefits Committee Report, which had been distributed and was to be posted on the CUCEA and CUCRA websites. Since a major concern of the JBC is the Retiree Health Benefits Working Group, Roger proposed merging discussion of the JBC Report with discussion of the next agenda item.

## \* Retiree Health Benefits Working Group

Roger Anderson (CUCEA representative to the Working Group) called upon John Meyer (the CUCRA representative) to present an update.

John expressed his belief that, despite a somewhat rocky beginning, the Working Group is composed of “well intentioned” members and that both sides were working in good faith. The fundamental issue is how to provide security to retirees while limiting the risk to UC posed by escalating costs. Most of the meetings to date have been devoted to presenting information and modeling of various alternatives. The information provided by consultants has been helpful. The Working Group distributed a PowerPoint presentation showing various options<sup>1</sup>, and John and Roger invited e-mail input from their constituents. The comments and questions received revealed great angst on the part of retirees over the future of health care benefits. As the end of the academic year was approaching, the Working Group was concerned that time was running out. Base knowledge had been established, but there had been little time for substantive discussion, especially of the principles and philosophy that should underlie any changes. John expressed his hope that the OP representatives will provide their recommendations in subsequent meetings. The Working Group did make some recommendations by the June deadline (notably that the contribution paid by non-Medicare retirees over the age of 65 be gradually brought to parity with those in Medicare), but also asked for more time to complete its deliberations. The Office of the President agreed to extend the Working Group’s activity into 2019. It is anticipated that the Working Group will reconvene in January, although the schedule and membership have not yet been announced by the OP.

Roger Anderson noted that the e-mail responses from retirees were very helpful. The Working Group will continue its endeavor to inform and educate its constituents. John Meyer agreed that the e-mails with personal stories had been particularly helpful in reminding members that the issue was not simply finances but the impact on people’s lives.

Richard Atteyeh asked whether the Office of the President understands the importance of benefits to faculty recruitment. Roger believes that this is understood.

Bob Daly expressed concern that looking only at the aggregate figures fails to show the impact of benefit changes on individual retirees. John Meyer agreed that the second stage in the Working Group’s deliberations should focus on the impact of any changes on the individual retiree.

Adrian Harris cited three areas of uncertainty that may impact the Working Group’s recommendations: 1) the requirement by the Governmental Accounting Board (GASB) that retiree health care costs be listed as an unfunded liability; 2) uncertainty at the national level surrounding the Affordable Care Act; and 3) the ongoing law suit by retirees of Lawrence Livermore National Laboratory over restitution of their health benefits. John Meyer agreed, but said that the Working Group and the OP cannot wait for these issues to be resolved. As for the GASB reporting requirements, John said that they had precipitated concern by the OP; but that, in his opinion, the concern may have been exaggerated. That is, while the health care obligation may

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<sup>1</sup> <http://cucea.ucsd.edu/reports/documents/RetireeHealthBenefitsWorkingGroupSummary9-Apr-18.pdf>

now be more prominently displayed on the ledgers as an unfunded liability, UC has considerable assets that should assure creditors. Roger Anderson said that he is not aware of any drop in UC's bond rating.

Robert Mann noted that in early stages of discussion, it seemed that OP might be willing to fund up to a 4% annual increase in costs. He wondered whether in years when health care insurance costs rose less than 4% (as was the case for 2019), the balance could be banked for a future year. John said that the Working Group had not discussed this idea.

Jim Dolgonas asked whether retirees are adequately represented on the Working Group. John and Roger did not believe this was a problem.

## President's Office

Caroline Kane turned the meeting over to Gary Schlimgen. He announced that Executive Vice President Rachael Nava and Provost Michael Brown were unable to attend our meeting as planned, because of a potential emergency at the Office of the President. Gary said that both expressed their regret and that they are committed to meeting with us in the near future. Gary proposed that we proceed with presentations by OP staff and that afterwards he would summarize the points that Rachael Nava intended to cover.

## All Things Retirement

Ellen Lorenz (Director of RASC) introduced the members of the OP staff who would be giving presentations.

- Pension Thefts and Security (Gary Schlimgen)

Gary reported on three incidents of identity theft that resulted in the theft of pension payments to the retirees in question. OP has determined that there had been no systems breach at the OP. The OP had no policy or procedure in place to cover the net losses of these three retirees. It was determined that UC's risk insurance coverage would apply, but that OP would have to cover the deductible, which is \$5000. The problem was that there was no obvious funding source for this. It was not possible to pay the deductible from the pension fund, since full payment had already been made to these three individuals. This issue took some time to resolve, but Gary announced that a funding source has been found and that two of the three retirees have already been paid, while the third payment was in process. Risk Services is putting together a new insurance program that will cover any future problems of this type.

- Two evaluations (Gary Schlimgen)

Two actuarial evaluations have recently been completed, one of the pension program and one of the retiree health program. The pension program is currently funded at 87%. The trust has nearly \$69 billion in assets. There are now 130,000 active members and 76,000 annuitants. Under the Retirement Choice Program, new hires and those returning to UC employment have a choice between the traditional defined benefits plan (in which 62% are enrolled) or a DC savings plan (elected by 38%). The defined benefit plan is now capped at a maximum salary \$120,000 for pension calculations. Eligible faculty receive a 5% supplement on the amount of salary over the cap, staff receive 3%. Henry Powell voiced concern that some faculty intimately engaged in the teaching and research mission of the University are not included in the group eligible for the 5% supplement. The JBC noted some concern with the forecasting model designed to help new employees chose one or the other plan. Gary was not aware of any problems and invited anyone concerned to contact him. The actuarial evaluation results will be presented to the Regents in November 2018.

The UCRP Experience Study, conducted every four years, will begin in November 2018. This compares the actual demographic experience of the past four years with the liability projections in the plan. Some adjustment may be required, if the demographics are changing (e.g., if retirees are living longer) or if investment return is less than expected. Currently, the investment return expectation is 7.25%. The results of the study will be released mid-2019.

An evaluation of the retiree health care program will also begin in November. Gary referenced the change in accounting standards required by GASB. UC's liability in health care funding is currently shown as \$18 million. This did not increase in the past year. Consequently, the increase in retiree health care cost this year was only 1.5% (much lower than previous projections).

In response to questions, Gary stated that the OP would be working closely with the Senate throughout the course of these two evaluations.

Some further discussion ensued about the pension payment thefts and procedures for dealing with any such thefts in the future. Dan Mitchell asked if UC would be liable, should there occur a breach in the University's IT system resulting in the loss of pension payment (as opposed to the recent loss due to individual cases of identity theft). Gary said that UC would indeed have to cover the loss, if there were a bona fide breach in UC systems.

Bob Daly asked whether revenues met expenses in the UC Retirement Program. Gary explained that 26% is supposed to be going into the UCRP

(14% from the employer and 7% to 9% from the active member). There is currently a shortfall, which requires borrowing funds for this purpose. The evaluation study will likely show that the gap is growing. This may require an increase in the employer rate or additional borrowing in the future.

Adrian Harris asked about the low return on the savings plan and whether UC had considered moving the savings funds into another account with higher return. Gary was not aware of any changes. Adrian requested that Gary ask the Treasurer to report on this.

- Pension system upgrade: Redwood, UC RAYS, Roots (Esther Cheung-Hill)

Esther Cheung-Hill acknowledged the helpful discussion with CUCEA/CUCRA at our last meeting, as well as the input of focus groups of active faculty and staff.

At Your Service (AYSO), the current user interface, will be replaced by UCRAYS. Redwood is the new system that will be used by RASC for processing retirements and for records management. Roots is the new system that will be used by health care professionals and the Health Care Facilitators. Redwoods is scheduled to launch in March 2019. UCRAYS and Roots will follow in the summer of 2019. During the interim between the launch of Redwoods and that of Roots, health care professionals and Health Care Facilitators will still have access to information.

UCRAYS will incorporate a system of multi-factor authentication via a code sent to one's personal cell phone number. RASC has already obtained more than 100,000 personal cell phone numbers and is working to collect more. Whenever one logs onto AYSO, one is prompted to provide a cell phone number.

Louise Taylor asked whether a request for cell phone numbers will be included in New Dimensions. This has already begun. Sue Barnes suggested that the OP send articles on this topic that could be printed in campus newsletters.

Joe Lewis raised the longstanding issue of how campus Emeriti and Retirees Associations and Centers can obtain the e-mail addresses of retirees. With the launch of Redwood planned for summer 2019, it will be possible for new retirees to opt-into providing this information, but how do we reach those who have already retired? Esther said that *New Dimensions* will be a vehicle to accomplish this. In response to a question by Jim Dolgonas, Esther explained that General Council advises that this must be an opt-in, rather than opt-out decision on the part of the retiree.

Marion Gade asked whether it would still be possible to get information by phone call to RASC. She felt that the two-step authentication process might be too challenging for some retirees. Esther confirmed that it will still be possible to contact RASC by phone.

Roger Anderson asked about what access Health Care Facilitators have currently, and what access they will have in the future. Michael Waldman replied that the Health Care Facilitators currently have the same access they have always had. When Redwood goes live, they will be able to access the same data, but will be using new tools to do so. In the interim between the launch of Redwood and UCRAYS/Roots, there will still be a means of obtaining the data.

Sue Barnes asked whether there could be recurring prompts in the new system requesting that retirees opt-into agreeing to release their e-mail addresses. Esther said that RASC is looking into this.

- Via Benefits Update (Terri Flock)

Terri Flock presented information about the most recent customer satisfaction surveys of Via Benefits. In 2017, there was an overall satisfaction rate of 4.66 (out of 5.00). The 2018 survey is still ongoing, but currently shows a satisfaction rate of 4.38. Out of 108,000 claims made in 2017, only 3.8% were denied (some because of incomplete information).

A question was raised as to whether the \$3000 UC contribution was adequate, and whether this amount would increase in the future as costs rise. Terri noted that currently over 90% of Via Benefits members have money remaining in their account at the end of the year and that she has heard few complaints about the amount of the UC contribution. There are currently around 4,000 enrolled in Via Benefits.

Roger Anderson said that the Retiree Health Benefits Working Group had heard some complaints from Via Benefits enrollees. His impression is that there may be differences in satisfaction rates among older vs. younger retirees.

John Meyer reminded us that the Via Benefits model was one of the options considered by the Working Group for all retirees (not just for those residing out of state). This model is still on the table. Roger Anderson observed that this is a very different model from the traditional UC plans. In Via Benefits, costs are age-adjusted, whereas with the UC plans everyone pays at the same rate. This may account for the lower satisfaction rate among older retirees.

- 2019 Medical Plans (Terri Flock)

Terri Flock gave an overview of the 2019 plans presented in the Open Enrollment mailing that recently went out to retirees. She noted that the 70% floor on UC contributions was reached in 2017. Non-Medicare retirees aged 65 and older who are currently receiving more than the 70% floor will see a 3% reduction in the UC contribution. UC's contribution will gradually be lowered until there is parity in benefits going to the Medicare and non-Medicare retirees. This is in line with the Retiree Health Benefits Working Group's recommendation that parity be ensured among all retiree groups over the next three years. This will impact approximately 1500 non-Medicare retirees.

### Rachael Nava's Talking Points (Gary Schlimgen)

As promised, Gary Schlimgen reviewed the PowerPoint presentation that Rachael Nava had intended to make during her presentation and offered a summary.

- The Huron Report recommendation that RASC be moved to Riverside

A review of the Huron Report recommendations will begin next year. An advisory board will be set up in January or February of 2019, once Redwood has been implemented and UC Path is working smoothly. Executive Vice President Nava referenced the recent meeting with President Napolitano, CUCEA and CUCRA leadership, Provost Brown and herself. The Associations will be invited to nominate a member for the advisory board.

- The 2016 Retirement Choice Program

In response to a question about employee turnover and how it impacts the University, Gary noted that there is an 80% turnover of UC employees in five years. The pension choice and savings choice programs have been quite consistent across staff, faculty and represented employees. Slightly more employees have taken the savings choice option than anticipated. Since the Retirement Choice Program has only been in place for two years, there is not enough data to do a meaningful trend analysis. RASC will continue to monitor the program.

- Retiree Health Benefits

UC must evaluate options to insure the long-term financial viability and value of the health care program. Although the benefits are not

vested or guaranteed, UC has a longstanding commitment to provide high quality health care insurance to staff, faculty, and retirees.

Gary added his own opinion that it would be advisable for the associations to come up with some guiding principles for the next meetings of the Working Group.

- How Can Retirees Help the UC Community?

This topic came up in the recent meeting between CUCEA/CUCRA leadership and President Napolitano, Provost Brown and Executive Vice President Nava.

Caroline Kane said that this had been discussed at the CUCRA/ CUCEA meetings last spring, which followed the meeting with the OP leadership. Our Associations stand ready to help UC in any areas where we may be useful.

Gary concluded by repeating Rachael Nava's regret that she had not been able to attend today's meeting.

John Vohs expressed interest in Gary's comment that CUCEA and CUCRA should formulate some fundamental principles to be presented to the Retiree Health Benefits Working Group. Gary noted that ideas can always be funneled through the retiree and emeriti members of the Working Group, but reaffirmed his belief that it would be advisable for the associations to formulate some fundamental guiding principles.

## Adjournment

The meeting was adjourned at 3:30.

Respectfully submitted,



William J. Ashby  
CUCEA Secretary

First draft: 10/31/2018

2<sup>nd</sup> draft: 11/06/18

3<sup>rd</sup> draft: 11/25/18