

**Report of the Joint Benefits Committee (JBC)**  
for Spring Meetings of CUCEA and CUCRA

The members of the JBC as of April 16, 2015 are::

Roger Anderson (UCSC)	CUCEA Chair	Ex officio
Dick Attiyeh (UCSD)	CUCEA Vice Chair	Ex officio
Lee Duffus (UCSC)	CUCRA Chair	Ex officio
Marianne Snaubelt (UCI)	CUCRA Vice Chair	Ex officio
Adrian Harris (UCLA)	JBC member	Appointed by CUCRA
Louise Taylor (UCB)	JBC member – at large	Elected by JBC
Dick Jensen (UCSB/UCSC)	JBC member	Appointed by CUCRA
Charley Hess (UCD)	JBC member	Appointed by CUCEA
Lawrence Pitts (UCSF/UCOP)	JBC member – at large	Elected by JBC
Vacant (Dan Mitchell (UCLA) nominated)	JBC member	Appointed by CUCEA
Vacant	JBC member – at large	Selected by JBC

Currently, JBC has two major concerns:

1. Process by which beneficiaries are designated on the Fidelity system for retirement accounts, and
2. Recent data (identification information, address information, social security codes, and health information) breaches of the Anthem records.

**1. Beneficiary Identification:**

Effective estate planning requires careful planning about beneficiaries. A substantial part of the personal assets of UC annuitants is their tax-deferred account(s). The University has adopted several tax-deferred plans (403(b), 457(b), and DCP) that are now managed for UC by Fidelity.

These tax deferred plans require the designation of beneficiaries – which beneficiary designation is not covered by the annuitant’s formal Estate Plan or Trust. i.e. ONLY the beneficiaries formally identified with the tax deferred plan may share the resources of that plan.

**The Problem:**

Fidelity makes provision for on-line updating Primary and Secondary Beneficiaries, but makes no such provision for designating third-tier or Tertiary Beneficiaries. Given the ages of many annuitants, the Primary Beneficiary (typically a spouse), and Secondary Beneficiaries (typically children of the annuitant), designation of a third-tier beneficiary may be wise (and necessary) if any of those other annuitants are deceased OR wish to disclaim their share of the plan’s proceeds to their children (for example.) Neither UC nor Fidelity seems to have a straightforward method for doing this.

Adrian Harris described this problem as: *What is required is a formal stated University policy regarding the recognition of the ability of primary and secondary beneficiaries of the tax deferred plans, to either partially or fully disclaim designated benefits in favor of tertiary named beneficiaries. This allows for the continuation of the tax deferred status in University/Fidelity investment plan accounts, in my case for my grandchildren, with MRDs required annually over **their***

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*expected lifetimes. Ideally, all beneficiaries should be able to easily be named using the Fidelity website, rather than a complex paper form.*

*Further, it is essential that everyone be informed that the earlier prepared paper beneficiary forms which included tertiary designations are no longer available, having disappeared from the OP records, or discarded by Fidelity, if they had been transferred to them by OP. It was most disconcerting to me, learning that my beneficiary documents had literally "disappeared," and that my wishes were no longer available in the "system." Immediate notification of those affected is essential!*

### **Proposed Action:**

Our CUCEA and CUCRA Chairs will follow-up with appropriate University officers in order to see that this complex process is made less so and is properly documented and published – perhaps in *New Dimensions*.

### **2. Anthem Data Breach**

On January 29, 2015 Anthem, Inc. disclosed that cyber attackers obtained personal information relating to consumers who are currently covered by Anthem and its affiliates. They have written in hard-copy to each covered person describing that they do not know which records were improperly obtained, and further say it “...*may have included names, dates of birth, Social Security numbers, health care ID numbers, home addresses, e-mail addresses and employment information, including income data.*”

In the hard-copy letter Anthem suggested that covered persons could obtain information from the FTC, nationwide credit bureaus, and security freezes. Anthem describes certain steps a covered person might take including placing credit freezes on their accounts. (It should be noted that once a credit freeze is placed, its removal often requires payment of a fee.)

Anthem has provided up to 2 years of coverage by AllClear ID at no cost to the covered employee or annuitant. Whether this is sufficient is not currently obvious, but is something that should be watched carefully. The AllClear ID PRO includes a \$1 million identity theft insurance policy.

### **Proposed Actions**

Because the letter from Anthem is complex and somewhat unclear or confusing, and further because we have received comments and questions from several confused individuals, we suggest that OP or General Counsel be asked to prepare a detailed document which complements the Anthem document, spelling out all of the possible actions that individuals can take, and explaining fully the potential positive and negative elements of taking each action.

UC provide a way for employees and annuitants to report any problems resulting from this data breach and determine if additional action is required.