MURA Benefits Committee

Benefits Committee

Meeting Minutes: April 12, 2012

Retiree, Health and Other Benefits Advisory Committee

Chairman Al Hahn called the year's second meeting to order at 12:40 p.m., Thursday, April 12, 2012. Those present included: Yuyi Lin, John Zemke, Jack Batterson, Steve Pallardy, Barton Boyle, and Doris Littrel.

Batterson shared a couple of articles from the May 2012 issue of Consumer Reports: â€œInsurance Policies You Donâ€™t Need,â€□ and â€œWatch for These New Generics.â€□ He was thanked for sharing articles with the committee over the last year.

Since nobody from HR attended the meeting, Jack verified the facts with other staff from HR before putting them into these minutes.

What happens to retirement plans for current employees?
There was a discussion on what happens to the tax deferred plans for current employees and whether TIAA-CREF will issue a new contract for the current employees in the plans. Batterson referred everyone to the FAQ at the HR websitethat was last updated on April 4, 2012.

HR is saying that TIAA-CREF will not change after October 1, 2012, and that TIAA-CREF determines the interest rates in TIAA-CREF Traditional Annuity.

After Oct. 1, 2012, Employees who want the TIAA-CREF annuity option will enroll directly with TIAA-CREF. Those who want TIAA-CREF mutual funds will enroll with Fidelity and use Fidelity Brokerage service (called BrokerageLink) to purchase TIAA-CREF mutual funds. Fund minimums may apply.

TIAA-CREF will be available only in the 403b plan.

Employees may choose to leave current investments with the legacy vendors (it remains an active account) or move them to Fidelityâ€™s new investment platform. Direct transfers from the legacy vendors to the new platform will be a non-taxable event. After October 1, future payroll deductions will go to TIAA-CREF or Fidelity investment platform. By moving from 10 vendors to one master administrator, the University will save money and lower fees for employees by centralizing the recordkeeping functions and allowing the use of institutional class of investments to be used for the â€œBest of Classâ€□ funds. Retail shares (expense ratios and fees would vary) will be available via BrokerageLink.

There was the question whether Segal or a University committee will manage the investments in the new Tax Deferred Investment (TDI) plan or if the investment committee will manage it.

Detailed information about the retirement plans will be sent to all employees in August 2012.

Fidelity BrokerageLink will be offered in all plans: 403(b), 457(b), and 401(a) Supplemental Retirement Plan. BrokerageLink is currently offered in 457(b) and 401(a) Supplemental Retirement Plan, so will be a new addition to 403(b). (These facts with HR on April 13, 2012)

Pallardy mentioned that Purdue and Michigan State went through the same process that the University of Missouri did in the way they stopped offering the pension plan to new employees. Purdue offers just the Fidelity option while Michigan State offers both the TIAA-CREF and the Fidelity options.

Q: It would be interesting to know how the University was able to keep TIAA-CREF.

Q: Pallardy pointed to the April 5-6, 2012 Board of curators slides, page 1-9, and asked if the employee contributions will continue to be applied to 401 (a) plans as well as 403 (b) and 457 (a) after October 1. The chart from the Board meeting implies that employees would no longer be contributing to 401(a) plans.

A: The 401(a) contributions are a separate discussion because they are only available to full-time benefit eligible employees; as opposed to 403(b) and 457(b) that are available to most full time, part time, or temporary employees. As long as an employee meets employment and enrollment criteria, they will be able to participate in the 401(a) Supplemental Retirement Plan.

Pension plan:
After October 1, 2012, there will be a soft freeze on the defined benefit portion of the new retirement plan. The question is whether the University will change the asset allocation to a more conservative mix now that employees are no longer being added to the defined benefit plan. The committee agreed that the risk profile of the defined benefit plan will have to change. Batterson mentioned that the Board of Curators talked about lowering the percentage held in bonds because the value of bonds will go down when interest rates go up but no definitive information was available with that regard.

The latest retirement plan information:
Pallardy briefly discussed the December 31, 2011 retirement planâ€™s allocation and latest quarterly returns ending December 31, 2011. The total portfolio was up 4.1% in the last quarter, lead by Global stocks (37% of portfolio) that were up 7.2%. See the chart below for further details.

Effects of the Express Scripts and Medco merger:
The committee did not know how this merger would affect the University. It may be that it is too early for the University to know exactly what the outcome would be.

Express Scripts robo call and letter:
Zemke and Pallardy reported that Express Scripts contacted them about having to take some action if they wish to continue paying the low co-pay rates at retail pharmacies.

Not everyone will be receiving these calls; just people who have been obtaining maintenance prescriptions on a 30 -day supply basis from their pharmacy. Express Scripts is trying to get people to use mail order and receive a 90-day supply on maintenance type drugs like lisinopril or go to UM pharmacy. It is advantageous to receive a 90-day supply rather than a 30-supply through regular pharmacy.

Long term care insurance:
Q: Has the University selected another Ling Term Care (LTC) provider yet?
A: No Long Term Care provider has not been selected yet. Barton announced that MetLife will soon have a 45% premium increase and that MU employees should be able to roll the current MetLife plan into the new LTC insurance when that option becomes available.

Retirees with LTCI underwritten by MetLife should have received a March 19 letter about an optional inflation benefit costing $26. Retirees have until April 20 to call and request this optional increase. MetLife has filed for a 45% rate increase with no start date announced.

Batterson called MetLife and confirmed that this optional increase, available to retirees, did not apply to active employees that have Long Term Care insurance with MetLife.

Legislative action in Jefferson City that could have an impact on the University retirement plan:
There appears to be no further attempts to merge the University of Missouri retirement plan with MOSERS. There also seems to be no pension-related legislative action that would have a big impact on employees of The University of Missouri.

Current 2012 Retirement legislation for the Missouri Senate and House (PDF).

Letter to the Chancellor:
Hahn will draft a letter to the chancellor with regard to finding needed information about the system wide benefits. The committee would like to see a better flow a communication between parties.

Plan comparison:
The University will continue to offer all of the following plans and qualified employees will be able to contribute to these plans after October 1, 2012. This information came from an email sent by the staff benefits office:

457b :
(Pre-tax plan) This plan is also a self directed plan available only through Fidelity Investments. It is a flexible plan though, that would allow you to make changes to your participation and contribution amounts at any time that you wish. You may deduct up to $17000.00 in 2012 (+$5,500k aged 50 or over) per year in this plan with a minimum required participation of $25.00 per month. I have enrollment documents in the office for this plan as well, and I can send them to you as you wish. This plan does not have a designated retirement ageâ€”once you leave employment from the University, you could take distribution from this account without additional penalty. Like all our plans, you may download the needed documents directly from the web pages.
*please note 2012 limit increases to 17000.00 with same over 50 allowance.

403b plan:
(Pre-tax plan) Minimum participation is $25.00 per month; maximum yearly total is $17000.00/year in 2012 (+$5,500 aged 50 or over). This plan is a flexible plan allowing change as you wish. You may use any agent of your choosing as long as they are able to handle the product for the company of your choice.
*please note 2012 limit increases to $17000.00 with same over 50 allowance.

Roth 403b:
(After tax plan) Please note whether you participate in the pre-tax 403b or the after tax Roth 403b; all participation in the 403b type plan are limited to $17000.00 for 2012 (+$5,500 for over age 50) for the calendar year. The same minimum participation of $25.00 per month also applies.
**Please note, 2012 limit increases to17,000.00 (with same over 50 allowance).

401a:
This is an irrevocable election plan, once participation has begun and a deduction amount chosen, you may not make any changes to either of those decisions for the duration of employment. You can deduct up to $50,000.00 for 2011 in that plan and if you wish to participate you must at least participate at $25.00 per month minimum. This is a self directed plan only available through Fidelity investments.

Respectfully submitted,
Jack Batterson
Secretary Pro Tem