

Retiree, Health and other Benefits Advisory Committee Meeting

Tuesday, February 12

HSL 100A Health Sciences Library

Doris Littrell called the meeting together at 12:00 noon. Those present included: Mona Rehnert, Steve Pallardy, Lisa Wimmenauer, Yuyi Lin, Peter Widen, Donald Ichler, Mary Ann Rotert, Linda Copperstock and Marj Leavene.

Littrell announced that the committee currently had an opening for a staff representative. She distributed copies of an article written by Kelley Stuck, UM associate vice president for Total Compensation, that appeared in the MURA newsletter. She encouraged members to read the e-mail articles mailed by former committee member, Jack Batterson.

Lisa Wimmenauer addressed the committee as a member of the UM Total Rewards *Ad hoc* Task Force. The committee first met in July 2013 and continues to meet regularly. The committee includes diverse representation from each campus, each employment category and has been assisted by external consultants, UM and campus experts. The committee has been charged with reviewing almost all employee benefits. The task force hopes to report their recommendations at the April 2014 Board of Directors meeting. Wimmenauer believes that the task force recommendations will be the beginning of an ongoing University effort to address and balance competing interests while living within its means and providing competitive benefits.

The longstanding philosophy in designing and offering benefits has been to reward long-term service and treat all employees equally. This goal may not align well with the needs of current and future employees. There are roughly 19,000 benefit eligible employees in the University system. Roughly 2/3 are in the Columbia area. The average age of these employees is 46 years, which is older than for many employers. Ten years of service is the average for all employees; the number increases to 14 years for tenured/tenure track faculty. Twenty-five percent of currently benefit eligible faculty are eligible for retirement. (Current faculty salaries are in the bottom 25% of peer institutions; and state appropriations are not improving.) 57% of salaries are less than \$46,000. Only 20% of employees reach full retirement. The university is experiencing an 8% turnover rate: lowest with tenure track faculty (1-2%) and highest in the early years for staff positions (20% leave in the first year of employment--especially true for nurses).

Medical expenses make up about 50% of the university benefit budget. Estimates indicate that 35% of medical costs are due to behavioral issues (smoking, poor eating habits, etc.). The excise tax levied by Affirmative Care Act could add cost to the institution. In 2003, the cost to fund benefits was approximately 22% of payroll. That number has increased and is currently approximately 35%. Benefit charges are determined and funded off the top; any increases further reduces the funds available for salary increases.

Current and future university employee wants different choices in their benefit plan. As opposed to traditional benefit choices, many current and future employees anticipate mobility in their careers with a number of career changes over their lifetime. They are more interested in 403B options and flexibility. The challenge will be to pair university benefit options with individual needs. The issue is further complicated by the university's and employees' concerns about achieving competitive direct compensation.

Education will be a critical piece in the development of future benefit programs. Wimmenauer encouraged committee members to watch for information on proposed changes and to participate in the conversations about these options.

Littrell asked if committee members would be agreeable to one more meeting this year. The tentative date for the meeting will be late April/early May, after the Board of Curators has heard the Total Awards recommendations.

The meeting adjourned at 1:15 p.m.

Respectfully submitted,

Marjorie Leavene