

Council of University of California Emeriti Associations (CUCEA)

Minutes of Meeting

October 29, 2015

UC Davis

Attending:

CUCEA Officers: Roger Anderson (SC) Chair; William Ashby (SB) Secretary/Campus Representative; Richard Attiyeh (SD) Chair Elect/Campus Representative; Marjorie Caserio (SD) Web Manager/Newsletter Editor/Past Chair; Charles Hess (D) Past Chair; W. Douglas Morgan (SB) Past Chair/EA President; Ernest Newbrun (SF) Past Chair/Campus Representative; Louise Taylor (B) Information Officer/Past Chair

Emeriti Association Presidents and Vice Presidents: Betty Chang (LA); Robert Levin (SF); Dominic Massaro (SC) EA Vice President/Campus Representative; George Miller (I) EA President/Campus Representative; Henry Powell (SD) EA President/Alternate Campus Representative

Emeriti Association Representatives and Alternates:
JoAnne Boorkman (D); Dan Mitchell (LA)

JBC Chair: Richard Jensen (SB/SC)

Center Directors and Liaisons: Jeri Frederick (I); Ragini Gill (LA); Jay Lomeli (M); Rebecca Skinner (SC)

Guests: Lee Duffus (SC) CUCRA Chair

Call to Order:

Chair Roger Anderson called the meeting was called to order at 2:00 p.m. Introductions followed.

Minutes of the April 29, 2015 Meeting

Copies of the minutes from the April 29, 2015 meeting at UC San Diego were distributed. The minutes were approved unanimously and will be posted on the CUCEA website.

Officers' Reports:

Chair's Report:

Roger Anderson made a PowerPoint presentation (accompanied by handouts^[1]) that focused on 1) annualized ten year return on UCRP investments; 2) results of experience study; 3) 2016 tier pension options; 4) health plans.

Roger provided a bar graph entitled “Low Investment Yield Environment” that shows the annualized return from 2000 to 2015. Beginning in 2008 and continuing into 2015, the return has failed to reach UC’s expectation of a 7.5% return.

Roger then summarized the results of a recent UCRP Experience Study as follows:

- Decrease current 7.5% investment return assumption to 7.25%;
- Decrease current 3.5% rate of price inflation assumption to 3.0%;
- Changes in mortality assumptions, longer life expectancies for UCRP members;
- Changes in assumed age of retirement and disability incidence rates;
- Maintain the rate of real “across the board” salary increases while adjusting the rates for promotional and merit increases.

The net financial impact of proposed changes in assumptions:

- Plan’s Normal Cost--\$15.37 million (or 0.9 percent) increase;
- Plan’s Actuarial Accrued Liability -- \$2.12 billion (or 3.5 percent) increase;
- Plan’s total funding policy contribution rate – increase from 28.79 percent to 30.88 percent based on the current amortization period for changes in actuarial assumptions of 15 years.

Based on 6/30/2014 numbers the AAL increase causes the Actuarial Unfunded Liability to increase to \$14.2 billion from \$12.1 billion! This is a 17.5% increase.

(Roger noted that the figures he presented were the actuarial average, not the market value.)

Roger then discussed pension options that may be part of the 2016 tier. He reminded us of the PERPA limit of \$118,000 per year for public employees that will apply to future UC retirees. For employees whose compensation exceeds this limit, there may be a supplemental DCP plan, but this has not been decided and the amounts and parameters have not been worked out yet. There may also be an optional stand-alone DC plan; although the entire investment risk would be borne by the employee, this plan may be attractive for shorter-term employees. In Roger’s

opinion, there is little doubt that the 2016 tier will be less generous than previous tiers. It is as yet uncertain what the cost savings, if any, will be to UC.

As for the health plans, Roger noted that an imperative of equity of access has led to the inclusion of the Sansum Clinic and Cottage Hospital in Tier 1 UC Care in Santa Barbara. For 2016, there will be few changes in the health plans, but costs will rise for most plans. Roger distributed a handout showing the cost increases for each plan. The health plans will be rebid in 2017.

Secretary's Report:

William Ashby had no report apart from the minutes.

Acting Treasurer's Report:

Louise Taylor announced that Bill Parker (I) has agreed to become Treasurer, subject to approval of CUCEA membership (see below).

Louise then drew our attention to her report previously send via e-mail:

The Treasurer is responsible for keeping the books of account, collecting all monies due the Council, maintaining custody of Council Funds, and paying bills approved by the Chair. Typically this takes place in April and May and again in October and November, with little activity for the other 8 months

I am very pleased to report that we have an opportunity for an excellent, new Treasurer, assuming your positive vote for Bill Parker (I). Meredith Porter has located Lyman's CUCEA files, and she looks forward to turning them over to Bill. Our no-fee, Business checking account at the Bank of the West can easily be transferred to Irvine.

Consequently, in this my second and last report, I look forward to telling you a bit that I have learned about our funds.

- Our no-interest, no-fee Business checking account has a balance of \$6,000.86.
- Our Officers' travel expenses for this academic year will average around \$6,800, while the dues we collect will amount to approximately \$4,400, leaving us a balance of approximately \$3,600 at the end of the year.
- Except, we will have the publication of the Emeriti Activities Survey in the Spring, with an anticipated cost of \$600 – 700, unless we cut costs or request a subsidy from each campus. There may be an additional small amount of miscellaneous expenses.
- Our other assets include a Brokerage account that holds a Federated Income Securities Trust Fund for US Government Securities (Class A shares). Monthly dividends are reinvested.
- There is an annual fee of \$120, withdrawn September 1, 2015.
- Annual income (2014-15) was \$143.30 and the yield was 2.63%.

- Beginning balance July 1 was \$5,442.69. Current September 30 balance is \$5,378.06.
- These funds will be used to support our expenses as our checking account balances fall.

Louise noted that so far CUCEA has been unsuccessful in getting the Academic Senate to reinstate its subsidy. Other possibilities to close the gap are requesting a subsidy from President Napolitano and raising dues to \$3.00.

It was suggested that CUCRA might be able to help with our shortfall, since they have a relatively large reserve. Lee Duffus noted that the reserve has been accumulated primarily from the CUCRA sponsored travel program. This is “soft money,” as there is no guarantee that the travel program will continue in perpetuity. Lee did note, however, that CUCRA has decided to provide a \$1500 subsidy to the campus hosting our meetings.

Charley Hess reminded members that CUCEA also needs to focus on cutting its costs. He noted that no longer funding travel for the three past CUCEA chairs had been discussed at a previous meeting, but that no action had been taken. He then moved that CUCEA continue to pay travel costs of the *immediate* past chair and active officers. The motion, seconded by Betty Chang, was approved unanimously.

Discussion then turned to the definition of an Emeriti Association member and whether campuses were paying dues equitably. Louise stated that it was up to each campus to define its membership^[2]

Marjorie Caserio asked how much additional income would be generated by raising the dues to \$3.00. Louise answered that if dues were set at \$3.00, CUCEA would break even.

It was decided to request from each Emeriti Association a statement on how membership is defined and how it determines payment of dues to CUCEA.

Doug Morgan moved to table discussion on increasing dues until this information becomes available. The motion carried unanimously.

JBC Draft Report—Dick Jensen^[3]:

Dick focused on four key areas of the report (which was distributed via e-mail and posted to the CUCEA website): 1) beneficiary designation, 2) Anthem Blue Cross data breach, 3) drug costs, 4) equity for low-compensation retirees.

In regard to the first issue, Dick noted that there had been some improvement on the part of OP in better highlighting the importance of beneficiary designation. He also acknowledged some positive response from Fidelity, but noted the need for Fidelity to provide more guidance on the designation of beneficiaries.

On the issue of the Anthem data breach, no response has been received to our recommendation that UC set up a reporting and tracking mechanism in the case of such data breaches. JBC will continue to press this issue.

The JBC notes that drug costs have increased 13% this year. While this cannot be blamed on the University, the JBC wonders whether the UC could become an advocate for lower drug costs.

In analogy to the UC's commitment to raise the minimum wage of its employees, the JBC urges that UC also consider the plight of its low-income retirees.

The JBC Report was unanimously approved.

Information Officer's Report:

Louise Taylor presented the following report (previously distributed by e-mail):

The Information Officer is responsible for:

- maintaining the CUCEA Roster of Officers, EA Presidents, Representatives and other members;
- distributing information on aspects of the Council's history (e.g., meeting dates and locations, Officers, Campus Representatives, etc.); and
- circulating information concerning meetings and other topics of interest to CUCEA's members.

It is important to call you attention to the spreadsheet on Meeting Locations including dates through October 2020, sent as part of the Information Officer's Spreadsheets. In recent years, the dates have gotten off-track, due to an inability to schedule meeting rooms, in-town conferences taking hotel space, etc. Los Angeles will host the next meeting. Please check the dates for your campus and plan ahead. CUCEA members depend upon the schedule shown in our Bylaws, which directs that we plan our meetings for the last Thursday of the month, meeting on Wednesday in April and the last Thursday in October, in order to plan for their research, teaching and other obligations.

With the passing of our long-time, beloved Treasurer, Lyman Porter, I took on this role on an interim basis. I am pleased to report that Bill Parker (UCI) has agreed to serve as our new Treasurer, upon his election at our meeting.

Nominating Committee's Report:

Louise Taylor presented the following report of the Nominating Committee:

Roger Anderson appointed us as the Nominating Committee to recommend a Treasurer to replace Lyman Porter.

We are pleased to nominate William Parker (UCI) as Treasurer for the remainder of Lyman Porter's term in 2015-16.

The nomination was approved unanimously, and Bill Parker was elected Treasurer.

Web Manager/Newsletter Editor's Report:

Marjorie Caserio reminded us that the CUCEA and CUCRA websites reside on a UCSD server. Academic Computing at UCSD has not charged for this service. Recently, however, Academic Computing switched to a new server and presented an invoice for hosting our websites. After some discussion, Academic Computing decided to continue to provide support without charge.

Marjorie distributed copies of the October newsletter. She noted that 25 copies of the newsletter are printed by the UCSD Retirees Center free of charge, but that she had printed additional copies on her home printer.

A motion was made to reimburse Marjorie for printing costs she has incurred. The motion passed unanimously.

“UC Emeriti Activities” Survey:

JoAnne Boorkman represented John Vohs, who could not attend. She reported that 706 responses had so far been received. John's goal is to finish the Survey by Thanksgiving. Associations should now be sending a follow-up email, with a second reminder going out later in November.

Betty Chang asked who pays for the mailing of the paper format of the Survey. Louise Taylor replied that each campus pays for its own mailing costs.

There was some concern expressed that the deadline of third week of November was too short.

JoAnne clarified that the Survey Monkey data will be sent to John Vohs, who will then forward the relevant data to each campus. Each campus will analyze its own data, combining those from Survey Monkey with those from the paper forms. JoAnne agreed that greater clarification on the issues raised would be provided by John upon his return.

Campus Reports:

Louise Taylor (B), JoAnne Boorkman (D), George Miller (I), Dan Mitchell (LA), Dick Attiyeh (SD), Ernie Newbrun (SF), Bill Ashby (SB), and Dominic Massaro (SC) each presented a summary of Emeriti Association activities on their campuses. The reports have been posted on the CUCEA website.

New Business:

The pros and cons of the one-day vs. two-day format of future meetings was briefly discussed, with no definitive action taken.

The meeting was adjourned at 4:00 p.m.

Respectfully submitted,

William J. Ashby

First draft 11/04/15

Second draft 11/06/15

^[1] To be posted on the CUCEA website. <http://cucea.ucsd.edu/reports/>

^[2] Louise Taylor later sent us, via e-mail, the following passage from the CUCEA Bylaws (Section V,B,3):
“Each association shall be responsible for its share of cost in proportion to the number of its dues-paying and qualified members, *as defined by the member association*” (Italics added).

^[3] The JBC report was moved up in the agenda, because of Dick Jensen’s early train departure.