

## **JBC SUCCESSFUL RECOMMENDATIONS\***

10/23/2014 update

This is the latest update of similar documents that originated in April 2005, with new versions dated 6/22/2007 and 4/29/2010. The most important accomplishments since the last report are centered in the area of Communication. There have been major positive accomplishments which were fostered by the fine cooperation and coordination of Joe Lewis and now his successor, Ellen Lorenz. In addition, Vice President for Human Resources Dwaine Duckett has presented a positive attitude toward the relationship between CUCEA, CUCRA and his Office. Some of the successful recommendations described below date back many years, and are cumulative in order to reflect as complete a listing as possible.

### **Communication:**

Better communication with UFWC and Health Care Subcommittee achieved through CUCEA leadership.

Provision of accurate mailing lists for each Association from OP, based on the New Dimensions database, including UC annuitants in PERS have been supplied through existing Centers and efforts continue to provide information to those units without Centers.

UCRS Advisory Board participation for CUCEA & CUCRA representatives, and Board membership now granted to the Chairs.

Procedure established for notification of deaths to and from UCOP.

Chair of JBC now officially attends CUCEA and CUCRA meetings.

CUCEA and CUCRA speak with a single voice to the OP.

OP had been sending draft copies of some publications to the JBC Chair for review and comments prior to final printing. This has been discontinued, without any prior notification as to why. In October 2014, for the first time in many years, the CUCEA and CUCRA Chairs were asked to review the contents of the Health Care Open Enrollment Packet, in advance of submission to the printer. However, advance discussion of decisions is still not in place. We are gratified that no further changes in "co-payments" have occurred since the last very large increase in 2012 and our very vocal and written comments on the very negative impact of such increases on annuitants. We have been informed that there is now current and continuing communication between an OP staff member and CalPERS representatives about Health care offerings, as we proposed for many years.

CUCEA and CUCRA provided requested letters, one supporting the need to resume retirement contributions, and a second in support of the OP staff with whom we work, and cooperated in many other ways.

CUCEA & CUCRA Chairs were included in the efforts of the Task Force on Post-Employment Benefits.

There are now informal discussions of issues with Ellen Lorenz and Michael Waldman of OP on a regular and continuing basis. Vice President for Human Resources Dwaine Duckett has begun attending CUCEA/CUCRA Joint meetings and interacting personally with our organizations. At these meetings, he has reacted positively toward our concerns.

### **Fiscal Matters:**

Maintenance of purchasing power for all annuitants - no less than 75% and up to 85% achieved.

PERS/VERIP ad hoc COLA provided to bring individuals into parity with those who took the UCRS-VERIP I. Future reviews are expected to lead to additional ad hoc COLAs, funds permitting. UCRS Advisory Board agreed on June 22, 2007 to recommend that COLAs be granted annually to all participants, to bring them up to a comparable purchasing power as current UCRS-VERIP I participants enjoy, because the fund is significantly over funded, subject to Regents' approval. A renewed effort to get annual COLAs received the backing of the Task Force on Post-Employment Benefits. The Regents approved annual COLAs for all PERS/VERIP participants as of July 1, 2008, to bring them parity with UCRS-VERIP participants. It took some time to bring about this change, but our constant pressure finally brought about the best result possible.

Reduction of the up to 90 day delay between the initiation of a request for a withdrawal from 403(b) and/or defined contribution plan and receipt of funds (current stated goal of 3-5 days).

Elimination of the University policy which required a beneficiary of a deceased annuitant to withdraw all funds from Regents 403(b) program options within nine months, and thus allow continuation of the use of such investment options.

Early and comprehensive notifications (February of each year) of all annuitants reaching or at age 70 ½ about minimum distribution rules and individual account details.

Change in "default option" used by OP for minimum distributions (now superseded by new IRS regulations). Current default options are: distribution at year's end, and proportionally taken from all funds, unless alternatives are requested by the participant.

Following several years of cooperative discussion with OP and Fidelity representatives, we now have a process in place that allows all those required to withdraw "minimum required distributions" (MRDs) to know the deadline to customize from which funds the withdrawal comes, the exact amounts of State and Federal withholding and the timing of the payment(s). Deferral of MRDs continues for those on "recall."

Reduce delay in provision of benefit payments to survivors following the death of an annuitant.

Continuation of tax deferred accounts for beneficiaries upon the death of an employee or annuitant. The University modified its Plan to allow the establishment of individual accounts for each named beneficiary, and the withdrawal of funds from each account based upon the individual life-expectancy of each beneficiary, as authorized by Federal law.

OP agreed to have their staff pull out information about specific individuals who we identified by name, to illustrate the problems of those who retired 20 to 25 years ago and before. A specific proposal was included in the October 27, 2005 JBC Report as follows: Our conclusion is that we are referring to those who retired prior to the 1987 change to the University Retirement Program which allowed those retiring to earn more than the earlier 80 percent of salary limit. A review of range adjustments provided employees shows a rapid acceleration of wage levels following that point, thus compounding the disparity between those who retired in 1987 and before and those who retired afterward. We believe an OP, CUCEA and CUCRA group should be assembled to brainstorm the issue and see if there are any legal ways of addressing this serious issue. This issue was first raised in a meeting with Judy Boyette and her staff following the October 26, 2000 CUCEA meeting in Berkeley, at which time Judy expressed an interest in reviewing this matter and possibly addressing actions that might aid this now rapidly decreasing group of people.

Recently, OP provided information on those who retired 20 or more years ago, which lead to the conclusion that the numbers that could be identified were very few, and we would be much better off if each of our units undertook the task of seeking those suffering from “food insecurity,” and helping them with information about services which are available to them, and actual donations of food as well. In addition, we suggested that the Task Force on Post-Employment Benefits be asked to consider two recommendations that might be included in their final report: 1) That The Regents formally adopt a policy that no UC annuitant with the equivalent of 20 years of full-time eligible retirement service, and who retired from active status, should have retirement benefits that would place them below the poverty level; and 2) That the University should provide a retiree health option for all low income retirees, with no or minimum individual costs.

Changes made to the Multi-Asset Fund Composition (now renamed), and the Money Market Fund (now eliminated). Most recently, in 2014, because of very low interest rates offered by insurance companies, the Insurance Company Contract (ICC) Fund has been eliminated. We have expressed concern about a shift to a much more conservative investment philosophy, and are gratified that the newly appointed Chief Investment Officer of The Regents appears to be taking this matter very seriously.

OP responded positively to concerns expressed about the contents of a letter received by those individuals who had reached the age of 70-1/2 regarding the change that actually took effect July 2005, whereby a master record keeper is now in place to handle administrative services, including the Minimum Required Distribution (MRD) Process for tax-deferred accounts. There is now a detailed statement on the University Website which helps clarify what happened. The JBC urged early notification for a number of years, before the change was made to provide February statements. OP has stated that Fidelity has been asked to retain the former timing schedule for future years. That done, this move to a master record keeper offers only very positive changes for annuitants.

## **Health Care:**

The conception of the Health Care Facilitator Program, proposed by JBC member Julian Feldman, and now funded by OP for each campus location. Our concerns about the continuation of OP funding for this important program have been noted, and will hopefully bring about a permanent decision to continue such funding.

Apply separate rating group for annuitants who reach age 65 and whose spouse is not yet eligible for Medicare, thus cutting costs to such families.

Apply a blended rate for Health Care, whereby we older folk are lumped together with the rest of the population, and thus lowering costs for annuitants.

Hi-Option prescription plan offers mail order as an option, thus cutting costs to individuals.

Blue Cross' predecessor asked to provide coordination with Medicare for cross-over billing for Hi-Option so that neither providers nor beneficiaries will have to bill for secondary coverage, thus eliminating many if not most billing problems for Hi-Option people. This feature has now also been incorporated into other Blue Cross plans.

University re-confirmation that health insurance coverage would continue to be provided to surviving spouses of deceased annuitants.

Notify employees and annuitants that they are eligible for PERS Long-term Care Insurance.

University publicized the current Delta Dental situation regarding two cleanings and only one related "routine examination," so that active employees and annuitants understand that the way their dentist bills for such services can influence what Delta pays and what costs they must personally cover.

The President's Office looked into and resolved the personal problem faced by the surviving spouse of a deceased faculty member regarding the costs of her health care, relating to the fact that he was under Medicare and she is not. The Pru-High Option costs jumped from \$456 per month for both to \$888 per month for her alone upon his death, and she was told that she could not change plans prior to January 1 of the following year.

CUCEA-CUCRA sponsored Senior Health Care Symposium, proposed and crafted by JBC Member Julian Feldman, and presented to a broad group of participants on October 7, 2002.

Appointment of Chairs of CUCEA and CUCRA to serve on a task force that reviews the fundamentals of the University's health and welfare contribution strategy and considers options for UC's future contribution strategy, and Lester Breslow continued for many years as a representative of the retired community on the UCFW Task Force on Health Care Planning.

The University will now allow annuitants to temporarily drop University health coverage if they have other plans available that offer better benefits or the same benefits at lower cost, as is now the case with respect to the Federal Tricare program.

Hearing aids are now included as a benefit of our Health Plans.

Some costs related to dental implants are now included in our Dental Plans.

Our concerns about the use of “Extend Health,” now “One Exchange,” to provide Health Care for those annuitants who live outside of California, have led to continuing review of their program, the decision that the situation of those who move back to California will be reviewed on an individual basis, and the statement from VP Duckett that it is not the intent of OP to force the use of that system on all annuitants living in California as well.

### **Adrian Harris, JBC Chair**

**Julian Feldman, UCI; Jack Fisher, UCSD; Charles Hess, UCD; Richard Jensen, UCSC & UCSB;**

**Larry Pitts, UCSF; Louise Taylor, UCB**

***Ex-Officio:* Roger Anderson, UCSC ; Richard Attiyeh, UCSD; Lee Duffus, UCSC; Marianne Schnaubelt, UCI**

10/23/2014 update of the 4/29/2010 update of the 6/22/2007 update of the 4/2005 original document

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\* JBC recommendations which have influenced University policies and/or procedures; the “Good Things” we take credit for!