

Council of University of California Emeriti Associations
Council of University of California Retirees Associations
DRAFT April 25, 2018 Joint Meeting UC Riverside Minutes

Attending

UC Berkeley: Lynn Bailiff, Caroline Kane, Patty Owen, Antonia Sweet, Louise Taylor
UC Davis: Marjorie Ahl, JoAnne Boorkman, Becky Heard, John Meyer, Tom Sallee,
John Vohs

UC Irvine: Jim Danziger, Jeri Frederick, Jill Halvaks, George Miller, Emil Nguyen,
William Parker, Pat Price, Marianne Schnaubelt, Bernadette Strobel-Lopez

UC Los Angeles: Sue Abeles, Sue Barnes, John Dahl, Adrian Harris, Seymour Levin,
Daniel Mitchell

UC Riverside: Bob Daly, Darleen DeMason, Joan Dillon, Mary Johnson, Victor Lippitt,
Thomas Payne, Raymond Russell, Daniel Stars

UC San Diego: Richard Attiyeh, Marjorie Caserio, Joel Dimsdale, Marguerite Jackson,
Henry E. Powell

UC San Francisco: Gail Harden, Robert Levin, Ernest Newbrun, Sandra Norberg, Rod
Seeger

UC Santa Barbara: William Ashby, Robert Mann, Lou Lytle

UC Santa Cruz: Roger Anderson, Christy Dawley, Lee Duffus, Richard Vasquez, Todd
Wipke

LBNL: Robert Cahn, Janis Dairiki

UCOP: Jim Dolgonas, Joe Lewis, Ellen Lorenz, Gary Schlimgen

Call to Order and Campus Welcome

The meeting was called to order at 12:30 p.m. by chair Dick Attiyeh. Logistics for the day were given.

Hosts' Welcome and Introductions

Dick Attiyeh introduced Marianne Schnaubelt, who pointed out that there are travel brochures on the side table. She asked representatives to take them back to their campuses. The travel folks are working on a trip to Oberammergau in 2019 to see the Passion Play.

Approval of Minutes

Bill Ashby presented the minutes of the October 26, 2017 Joint Meeting at UC San Francisco. The minutes were approved unanimously.

Retiree Health Benefits Design Working Group Report

(Powerpoint presentation is available on the Association web sites.)

John Meyer began with the history of the previous 2010 working group which reduced the University's contribution to a floor of 70% of the retiree health benefit cost. Recently, an item appeared on the UC Regents meeting agenda re: reducing that floor, prompting much feedback. Ultimately, a new group has been formed with representatives from OP, Faculty, Staff, Retirees, Employees Campus Leadership and UC Health. John and Roger Anderson represent Retirees and Emeriti, respectively. There have been five

meetings to date, consisting mainly of briefings from consultants outlining various scenarios to address this issue. These scenarios have recently been released as a letter from the consultants. Individuals with high care needs are most effected. In light of the fact that the cost of health care could double in the next ten years, options need to be proposed to handle this increase. The charge of the committee is to find a way to make benefits sustainable and valuable to Institutions and Retirees. Deliberations will begin next week. We are looking for short term and long term strategies.

There are three groups in Retiree medical insurance: 1) Pre 65, pre Medicare, 2) Medicare, 3) Elected not to take Social Security, therefore no Medicare (~1600 people.) Roger pointed out that as you get older, healthcare costs increase. He explained that implicit cost is an age adjustment. He then reviewed cost reduction alternatives by type: Program Cost Reduction, Benefit Type/Value and Contribution Share/Strategy. Roger reviewed the pros and cons of two Medicare Plan Options: Eliminating High Option and using Medicare Exchange Inside California (HRA - Health Reimbursement Account). Potential Cost Savings to UC for various options were reviewed. The highest cost saving, by far, is a full replacement of other options with the Medicare exchange. There are several topics still in need of discussion by the working group, including which benefits we are willing to give up in order to maintain the 70/30 split, and how future adjustments will be handled.

PERS has a very different structure from ours and they are 90%-95% subsidized by the state.

Roger encouraged everyone to go to the AARP site and look at their comparison of prescription costs with various plans.

The next meeting on May 1 will start looking at recommendations. The focus will be to maintain the 70% floor for 2019. There also needs to be a process identified to handle health care cost increases for the next 7-10 years.

Huron Report

Joel Dimsdale gave some background and an update on the Huron Report. The Huron Consulting Group was hired to make recommendations to streamline operations at UCOP. Some suggestions in the report are:

- * Move RASC to UCPath
- * Spin off UC Health to an "11th Campus"
- * Move some tasks to other campuses.
- * Use RASC in the north and UC Path in the south.

Out of ~7 ideas, some are good and others are bad. In a report to the Regents, The Academic Council proposed that we spend time accessing the merits of the suggestions. The Chancellors and Medical School Deans have been oblique in response to the Huron suggestions. The report itself is not readily available. CUCRA and CUCEA need to communicate that we want RASC to remain autonomous.

Retirement Programs and Services Update

Gary Schlimgen reported that the Huron report saw some synergies between the RASC and UC Path. Right now, UCOP is occupied with the budget, UC Path is occupied with going live with Redwood at UCLA and Santa Barbara in February, and this is a busy time of year coming up for the RASC. The Huron suggestions will not be evaluated until

18-24 months after the report is released. Plans on moving to the new building are proceeding.

RASC will do a presentation about Redwood at the Fall meeting in Berkeley.

Ellen Lorenz discussed UC's relationship with Equifax. UCPATH and RASC contract with the Work Number division of Equifax to verify income and employment. This third party agreement results in 15 FTE savings for UCPATH and 5 FTE savings for RASC. Fee is a pass-thru to retiree. Employee data files use Secure File Transfer Protocol with encryption and there have been no reported security issues or problems.

JBC Report

(JBC report is available on the Association web sites.)

Roger noted of the section of the JBC report encouraged Retirees and Emerita to talk to our financial advisors about using qualified charitable distributions and donor advised funds with their IRA Mandatory Required Distributions to reduce tax obligations.

Office of Chief Investment Officer Update

(Slide presentation is available on Association web sites)

Susie Ardeshir, Investment Director from the Asset Allocation office, talked about the Pension program. Out of the total ~\$118 billion managed under 6 products, the Pension program covers 66%. Our short term return is 7-1/2%, but the focus is on long term performance, 10-15 years. Our funding ratio is 85%, our objective is to be fully funded. The plan is on path to meet contributions. Our asset allocation is mostly invested in the public equity markets and cash. We are also invested in fixed income/bonds and other investments. Long term expectations are for returns to be lower, ~6% for a balanced portfolio.

Marco Mars, Director of Defined Contribution Plans, talked about the Savings Program which has \$24 billion in assets. The 403B Plan has \$17 billion, and is the largest in the U.S. The program has 3 tiers: 1) Target Date Funds, 2) Core Line Up with 12 funds to choose from, and 3) Brokerage Window with ~10,000 choices. Fixed income assets are managed by OP staff rather than 3rd parties. Changes were made last year with three goals in mind: to be streamlined, cost efficient and easily understood by participants. Changes are reviewed with HR Staff and the Academic Council. The office is also working to provide new employees with only a Defined Contribution option, a plan to give them guaranteed income. In addition, the office is working to provide ESG (Environmental, Social, Governance) options to investors. There was a question about Fidelity lawsuit. Marco assured us that we do not have that problem. Another question was about the relationship between STIP (Short Term Investment Pool) and UC Savings. Marco will pursue alternatives. Several other questions were posed.

Joint Meeting Schedule 2019 and Beyond

(Briefing Paper available on Association web sites)

Marianne discussed the possibility of switching the north/south location starting in 2021 due to logistical reasons: the ease of reserving hotel and meeting rooms and the weather. These topics will be discussed on Thursday in the individual Association meetings.

Fall 2018 Meeting Preview

Patti Owen invited everyone to the fall conference on October 24/25 at the DoubleTree by Hilton Hotel at the Berkeley Marina. Flyers were distributed.

Adjournment

Marianne Schnaubelt adjourned the meeting at 3:30 pm.

Respectfully submitted,
Gail Harden
CUCRA Secretary