

COUNCIL OF UNIVERSITY OF CALIFORNIA RETIREE ASSOCIATIONS

Meeting Minutes – October 28, 2021, Zoom Meeting

OFFICERS, CENTER DIRECTORS, ASSOCIATION REPRESENTATIVES, AND OTHERS IN ATTENDANCE

Sue Abeles, Barbara Anderson, Sue Barnes, Mae Brown, Nancy Brown, Robert Cahn, Sandra Camp, Michael Chandler, Juliane Crowley, John Dahl, Bob Daly, Janice Dairiki, Christy Dawley, Julio Diaz, Ayesha Dixon, Jim Dolgonas, Lee Duffus, Ben Feinberg, Barinder Flanagan, Elaine Fox, Jeri Frederick, Marian Gade, Emily Galindo, Jeff Garberson, Bernadette Greene, Louis Gutierrez, Jill Halvaks, Gail Harden, Adrian Harris, May Johnson, Joe Lewis, Rob Mann, John Meyer, Bill Newton, Emil Nguyen, Sandra Norberg, Cristina Otegui, Patti Owen, Bill Parro, Andy Plumley, Henry Powell, Pat Price, Marianne Schnaubelt, Bernadette Strobel, Cary Sweeney, Louise Taylor, Frank Trueba, Kyle Urban, Eric Vermillion, William Wara

Welcome, Agenda Review

John Meyer called the meeting to order at 2:03 pm and reviewed the agenda.

Chair's Report

John noted that a Chair's Report was included in the meeting documents and summarized the activities of the Executive Committee (Ex Comm) since the last meeting. It is intended to be shared with Associations. CUCRA has been busy since UCOP has taken it up on the offer of help. This includes serving on interview committees, developing materials, etc. Other issues arose, e.g. the CalPERS settlement and continued lobbying for a Via Benefits increase. He encouraged review of the Association and Center Reports on the CUCRA website for ideas.

Jim Dolgonas noted that the Bylaws require the Ex Comm to report out to the general membership. John confirmed that the CUCRA Summary reflects the actions of the Ex Comm. The members of the Ex Comm agreed that it was complete.

Vice Chair's Report

Sue Abeles reported on the Election Results. The positions of Treasurer and Information Officer had only one candidate each, and thus they have been elected for two year terms. The position of the Joint Benefits Committee (JBC) representative had two candidates, Adrian Harris and Eric Vermillion. Eric garnered the greater number of votes and will begin serving January 1.

Sue thanked Jim Dolgonas and Sandra Norberg for serving on the Nominations Committee. She also noted that there was almost a 100% vote.

John then thanked Adrian for his service and commented that Adrian had started the entire JBC effort and helped it thrive. Adrian noted that his entire effort has been to make us better. He wants to give back and help JBC there. Joe Lewis reminisced how Adrian has always triggered change and advocated for benefits that made sense. Rob Mann suggested that since JBC selects some of its own candidates that they add Adrian when there is an opening. Jim Dolgonas said that Adrian's knowledge and background are vast and expects him to continue making his

contributions. Eric acknowledged that there are huge shoes to fill and that Adrian has been important to his career. Louise Taylor asked if Adrian could become an honorary member of JBC.

Adrian stated that he will do anything for all the organizations.

Approval of Minutes 04-29-21

Patti Owen presented the minutes of the April 29, 2021, meeting. She noted that there were a few typos and corrections provided by others. Rob Mann and Marianne Schnaubelt suggested several word changes. With these corrections and the inclusion of approval date, the minutes were unanimously approved.

Information Officer's Report

Bob Daly thanked Louis Guttierrez for the work he did for the meeting registrations. He also thanked the campus Presidents and representatives for their reports. He received nothing from Merced nor Los Alamos.

He reported on Open Enrollment. The printed material will arrive in the next week. The materials have been simplified. New Dimensions will include annual articles regarding Medicare Open Enrollment. The Open Enrollment website is available now. There potentially will be focus groups next year to look at materials. The new website has a new modeling tool called ALEX for active employees.

John Meyer also thanked Louis for his contributions.

Joint Benefits Committee

(Report is available on the CUCRA website)

John reminded the members that CUCRA's role is to formally receive the report. The Council agreed to receive the report without objection. Adrian Harris said CUCRA should adopt the report as our own. Without objection, John acknowledged formal receipt and adoption of the report.

DRAFT HEALTH INSURANCE PRINCIPLES

Jim Dolgonas gave an update on the status of the draft principles and provided a bit of history on how it started. He noted that of the individuals who are in Medicare, 10% are out of state, 30% Kaiser, 30% United Health Care and 30% PPO plans. Since 2010, there have been continued threats to the plans— even Kaiser has been considered recently for elimination. A few years ago, there was consideration of eliminating the PPO plans. Out of state users are outsourced to a broker, and there is a lot of churn. A couple of years ago, there was a Regents Item to eliminate the 30/70 funding policy which was killed by the Academic Senate. After all this turmoil, should some principles be established for addressing changes? He pulled together an ad hoc committee made up of individuals from across campuses, including UCOP, as well as representatives of different functional area. Committee members have met with each of the members of the Executive Steering Committee (ESC) at UCOP, which is made up of the CFO, COO, Executive VP of Health Affairs, Chief of Staff to the President and a Senate representative. The discussions went well, and the administrators were comfortable with the direction the committee is heading. The next step was to float the document to the associations. The CUCEA review came through the Berkeley Senate to the UC Faculty Welfare Committee.

Jeri Fredericks reported that UCI supports the document, but asked that the non-Medicare group over 65 not be forgotten. She would also like to see more clarity in the footnotes regarding Risk Adjustment. UC Risk Adjusts for active employees. Any risk adjustment for retirees would be across all plans and would impact the amount paid by the retiree. Marianne thanked the committee. She noted that there are about 700 non-Medicare eligible, as well as those individuals under 65. It is important to have choices for all, including non-Medicare eligible.

Rob Mann stated it is a great initiative. He questioned the process moving forward and if there were plans to coordinate with the JBC going forward. UCOP should be used to hearing from one group. Jim noted that there are JBC members on the committee. Jim also said they were waiting to get feedback from CUCEA and CUCRA before moving forward. However, one of the successes of the committee was the ability to talk directly with individuals at UCOP. At the time the committee was formed, there was an interim VP of HR at UCOP. Now that Cheryl Lloyd has been appointed, the members of the ESC would probably want issues to come through her, and she would elevate those issues up to others, as needed.

Eric Vermillion noted there are a host of issues for those over 65 and will speak directly with Marianne. Harry Powell, who is on the JBC, heard some things at CUCEA which JBC will want to discuss to move this forward. He would like the Academic Council to relay opinions back to UCOP.

Adrian said that any Risk Adjustment would result in low cost plans lowering the premiums of high cost plans. This would be a disaster for low paying or low pension retirees. It should be JBC to take up this topic.

John Meyer doesn't want to jeopardize plans based on case structure but wants to be sensitive to those with low paying pensions. We need to analyze consequences of risk adjustment. Jim notes that state is looking at risk adjustment. Cheryl believes that a MOU with shared objectives isn't quite ripe until she is fully staffed with the new Manager for Total Rewards. She wants an advisory committee of emeriti and retirees which will have ongoing communications with her; it is unclear how this will fit together with CUCRA, CUCEA, and JBC so that we are speaking with one voice.

ADDITIONAL HEALTH BENEFITS ACTIVITY

Frank Trueba reported there is an RFP for a new third party administrator to replace Anthem for UC Health administration. They are asking for: 1) third party administrator network service; 2) care navigation services; and 3) new virtual first PPO product administration. There are no emeriti on the new RFP.

Via Benefits has a 3 year contract. UCOP said they'll look into extending UHC to out of state retirees when the contract is up, but we need to push. Eric said we need to have an advocate for Retiree Associations in these situations. They should talk to us about healthcare.

Jim noted that the Health Benefits Advisory Committee had made a recommendation to add Health Care Facilitators to the campuses, which was accepted by UCOP. Nothing has happened to date. John M said we need to put pressure on Cheryl. Cheryl says it is in the queue. Harry is happy having HR issues on the

campuses. Cheryl talked about having dedicated meetings for counseling, whether by Zoom or in person.

TRAVEL PROGRAM UPDATE

Sue Barnes noted that there is a lot of activity for 2022. The travel program is expected to generate about \$22,000, with 151 travelers signed up to date. They cancelled the first trip to New Orleans because of low numbers, and the rest of the scheduled trips have positive numbers. They already have booked several 2023 trips. The tour companies offer exclusive dates to UC. Sue is currently recruiting escorts.

Adrian was confused by the table when accounting for the escorts. Rob asked if tours were covered by insurance. Sue responded that each tour operator offers their own insurance product, but retirees are eligible to purchase through UC. She also noted that all companies are giving credit if the tour is cancelled by the operator.

John M. introduced the concept of sharing revenue with CUCEA. To date the trips have been retiree focused, but emeriti have been going on trips. The CUCRA Ex Comm discussed how such revenue sharing could be distributed, and it was suggested that the most manageable would be to buy down conference costs. Such costs will be going up, especially if they are hybrid. Lee Duffus noted that there is precedent to offset costs of meetings. Sue indicated they will be keeping track of the number of retirees and emeriti in each travel group.

FINANCIAL MATTERS

Actions in response to Internal Audit

John Dahl provided background of audit conducted by David Olson and restated the three recommendations:

- 1) Financial statements should be in format of SFAS accounting standards.
- 2) Investments—Create an investment policy statement and provide investment performance on a periodic basis. He also suggested consider more liquid investments.
- 3) Tax status-underscore importance of gaining tax status with the IRS.

John D. addressed the issue of investments. Currently savings are invested in CDs with no risk but the balances are small. CDs are earning next to nothing now, but our balances will increase with the travel income. CUCRA investment guidelines were drafted by a committee of Sue Abeles, David Olson and John Dahl.

Before getting into a discussion of the draft investment guidelines, Jim Dolgonas asked if CUCRA had formally accepted the recommendation of the audit. There was a discussion about process. Jim thought there should be a vote on accepting the audit and its recommendations and then a second vote on accepting the Investment Policy Guidelines. John D. pointed out that the audit report was discussed six months ago and was not included in the material for this meeting. The draft guidelines were distributed for discussion at today's meeting and then would be brought back next time for a formal recommendation. It was agreed that everything would be brought back to the next meeting.

John D. reviewed the draft guidelines. He summarized the purpose of the guidelines; the delegation of responsibilities, including those of the council, the treasurer, and the Ex Comm. In the Investment, Return and Risk Objectives section he outlined the goals:

3A) What can be set aside

3B) How to achieve the best return possible with minimal risk of loss of principal with the goal of achieving a total return equal to or greater than the UC STIP rate

3C) Risk cannot be eliminated but managed

3D) Investments will be focused on quality instruments that are diversified among asset classes to minimize risk.

The last section talks about benchmarking against economic conditions.

John D. has been investing in CDs. After consultation, it turns out we can now get better returns from UCOP and Edward Jones. Sue mentioned that UCOP said we could use TRIP or STIP for possible double digit returns but with some risk. UCOP funds are well managed, but they are more long term. John met with Edward Jones, and they have investment vehicles which are more short term to allow investment beyond CDs. Eric noted that STIP is short term, more liquid, and TRIP is long term.

John D. introduced the new, reformatted Financial Statements in response to the CUCRA Internal Audit Report. These will better reflect the current SFAS (Statement of Financial Accounting Standards) guidance for non-profit financial reporting.

IRS Tax Filing Exemption Update

John D. detailed the saga of the Tax Filing Exemption. CUCRA was granted the tax exemption on June 15, 2021, by the IRS, but CUCRA was fined \$5000 for not filing as a 501(C)4 in a timely manner. John has tried to use their system to complete the paperwork required, but has been unable to complete the required documentation in the system. Upon advice of counsel, he will be asking for assistance from the Taxpayer Advisory Services, a type of ombudsperson for tax matters between the taxpayer and the IRS.

Treasurer's Report

As a normal practice, the financial reports are not on the website John D. presented the Treasurer's Report, which included the September 30, 2021, Balance Sheet and Income and Expense/Cash Flow Statement. Since it is near the end of the year, he also presented CUCRA's projected financial position at December 31, 2021. This included the Balance Sheet, Income and Expense/Cash Flow Statement, Variance Report, and Financial Trend Analysis. He noted that because of the pandemic, the usual travel expenses did not occur, however CUCRA did incur AROHE Conference registration, host campus support, and survey expense.

2022 Budget

Next, the Treasurer introduced the 2022 CUCRA Budget and explained each line item. It is expected that the Spring 2022 meeting will be held via Zoom and the Fall 2022 meeting will be held by hybrid.

The CUCRA Dues Structure was updated for 2023 and 2024 and presented to the Council. The major goal of setting dues over time is to strive for breakeven in CUCRA's operational costs and to give campuses an idea of future dues assessment.

A motion to approve the 2022 Budget was moved and seconded.

RASC FOLLOW-UP

Joe Lewis remarked that the new team has done a good job of understanding and adapting to the UC culture. It is refreshing to have the team take issues by the horn. Jim asked when RASC will be at equilibrium. Bernadette Green said the goal is the next July retirement season when they should be in fine shape. The significant backlog needs to be addressed with processes in the system cleared out. The Survivor Intake team should be up and functioning which should reduce by 30% the number of incoming calls and will be more outwardly focused. She noted that 44% of the prior year applications could have been processed solely through Redwood. About 700 applications needed manual calculations. They overspent their effort this year so that they can understand the work. Next season should be drastically different which will help on the insurance continuation side. They will be conducting a survey in the first quarter of 2023, and the hope is that it is mostly positive.

RASC receives, on average, 188 death reports per month.

Bernadette shared that Retirement Counselors should be available by May. Frank noted that they should try to move that date up. Moving the date would be contingent on recruitment. Bernadette is requesting additional funding for some agency help to expedite recruitment. The turnover rate within RASC is low, but that may change once they begin bringing staff on site—the staff are not happy.

A Conversation

John asked for a discussion of the role of CUCRA vis a vis the associations, how are we doing, what are better opportunities to engage, etc. Are there issues not on the agenda?

Eric Vermillion commented that when he was working on the RFP for the health care contract, he was astounded by the intransigence of UCOP staff on how they treated retirees. There is no one within the President's organization that was there to espouse retiree rights. If it weren't for the Senate, who would be protecting them? How can we set up something at UCOP to advocate retiree rights, and not only for health care? John asked if he had something in mind. Eric wondered if there could be a standing committee which included subject matter experts as well as strategic thinkers to run things by to include in conversations with UCOP. Marian Gade asked if this would be like a JBC. Eric would like it to be broader based, beyond benefits. UCOP doesn't come to JBC on benefits issues.

Marianne noted that Bob was instrumental on the Open Enrollment revision booklet and that this is a good example of initiatives. The ad hoc committee which drafted the Health Insurance Principles is another example. There are good ideas out there to work on.

Rob Mann supported the value of in person meetings. In addition, we should take advantage of Zoom breakout rooms for discussions, i.e., how to get new association members and then onto boards. John M. thought that the breakout rooms could be used for social interactions.'

Elaine Fox noted UCLARA is trying to develop a relationship with the administration at UCLA to have some clout. Who are we supposed to be courting at UCOP? John M. responded executives overseeing policy that affect us. The CUCRA/CUCEA leaders have biannual meetings with the President and Provost and have shared the surveys in advance. CUCRA leadership has met with individuals at UCOP, including Rachel Nava and Cheryl Lloyd. Cheryl is open to an advisory committee. Any engagements with UCOP needs to be value added. Frank noted that when any time is spent with UCOP personnel, we need to point out flaws/issues and offer suggestions. Until now, no one has paid attention.

Mae Brown asked if there is a training guide for taking on roles in associations /CUCRA or is it up to campus personnel such as Retirement Center staff or fellow association members. to provide such guidance. John M. noted that Davis is creating a guide for new members. Perhaps one could assign a mentor. Henry said that the Boynton booklet at UCSD was created at San Diego, and it is a manual for addressing retiree issues. It can be found at emeriti.ucsd.edu. Marian pointed out that it takes several years to get grounded on rules—what goes to CUCRA/CUCEA, own campus, UCOP, etc.

John thanked CUCEA for their partnership and adjourned meeting at 4:45 p.m.

Respectfully submitted,

Patti Owen, Secretary

Approved April 28, 2022