

March 22, 1995

Senior Vice President V. Wayne Kennedy
Kaiser Building, 22nd Floor
300 Lakeside Drive
Oakland, CA 94612-3550

Dear Wayne:

We appreciated the opportunity to discuss with you and President Peltason the two items contained in our December 7, 1994 letter, and the several other concerns which have surfaced from the deliberations of our jointly appointed Benefits Committee. After you left our conference call, Jack asked us to send this letter directly to you for action, with a copy to him. As we indicated on the telephone, most of the items which follow would provide substantial benefits to those affected, and can be implemented with no continuing costs to the University. On behalf of CUCEA and CUCRA:

1 - We urge elimination of the current University policy which requires 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 for as long as they are eligible to derive other benefits from the University. We appreciated your expressed willingness to look into this matter when it was first raised informally by telephone.

2 - We urge the University to arrange with PERS for University employees and annuitants to have available their currently offered Long-Term Care program, of course, on a self-funded basis. According to the attached newsletter recently sent to PERS Retirees, their program costs "are, on the average, 30% less than the costs of comparable private long-term care insurers." Individuals can not provide for such coverage themselves, only the University can arrange for this PERS program for our University family.

3 - We want to add our voice of concern to those of the Faculty Welfare Committee and others, regarding the numerous problems which have arisen from the current lock-in provisions related to Kaiser and Health Net, which rule out individuals seeking medical care from outside specialists, and paid for by Medicare. Prior discussion of all available alternatives should have been undertaken with those affected. Now it should be discussed in terms of attempting to find a way to allow individuals to seek care from outside specialists, at minimum cost to the individual.

4 - We urge a change in current University policy which would allow annuitants who have lost a spouse and acquired a new one to provide an annuity to the new spouse upon his or her death, by adjusting the original benefit on an actuarial basis. This policy change would bring UCRP in line with current policy of PERS, and would have no cost to the retirement system.

5 - We urge a review of the retirement program issue related to the well known 80% vs 100% inequity. The 80% limitation on retirement payments originated because of political concerns many years ago, under President Sproul. As you know, the University has now eliminated the 80% limitation prospectively, and PERS has never had any limit. Thus,

it is time now, as a gesture of goodwill, to set right a misguided policy, and provide to those who retired some time ago the difference between the 80% currently being paid and the percentage which would have been provided, if the limitation had not been imposed. This is purely an equity issue and we suspect the number of individuals affected, and the dollar cost of such a change would be quite modest. If that assumption is incorrect, then perhaps some compromise should be considered.

We appreciated Jack's position that he would like to have the views of the current UCRP Advisory Committee regarding our request to have representatives from CUCEA and CUCRA included on the Committee. Would you please notify us when appropriate individuals can attend a meeting of the Committee, in order to present our views. We would also appreciate being placed on the mailing list for agenda information and minutes or notes from all Committee meetings. We assume that you will coordinate the appearance at the next or an early meeting of the Committee.

We would appreciate the opportunity to discuss the issues raised further with you and your staff, to help assure that the outcome is positive for our University family. Your support and assistance are greatly appreciated.

Sincerely,

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Attachment: PERS Newsletter