<u>MINUTES OF THE 2/9/00 JOINT BENEFITS COMMITTEE (JBC) MEETING</u>

Participants: Members: Ad Brugger, Julian Feldman, Mo Greenfield, Adrian Harris, Gene Lee and Shelly Messinger; CUCEA Chair: Marjorie Caserio.

Regarding **<u>communication</u>**, **Adrian will arrange a conversation with Judy Boyette and Shelly will contact Lubbe Levin to discuss possible regular (perhaps bi-monthly) meetings** to discuss various issues that arise or are already before OP staff from CUCEA and CUCRA. Such meetings should include the Chairs of CUCEA, CUCRA and the JBC and Judy Boyette and/or Lubbe Levin, plus whatever other staff they feel should attend. **Adrian will also discuss with Judy our plan to schedule a meeting with Wayne Kennedy**, to discuss a number of issues and to welcome him into our retirement community. The same participants would attend such a meeting.

Regarding our **<u>Medicare/HMO proposal</u>**, Shelly reported that Judy had asked her staff to look into the situation. This would be one of the subjects that would be discussed at meetings suggested above, to assure a full understanding of the facts involved, and to be informed where this matter currently stands. The detailed facts for the year 2000 are presented in an attachment. Several items were noted: The University is spending more than the health care amount provided by the State for those couples and families covered by UC Care. Otherwise, the University is spending less than the allocation for all other plans and configuration of numbers covered. In the case of Medicare/HMOs, the University is spending substantially less than the amounts allocated by the State for such purposes, and if the University were to provide University participants in Medicare/HMO plans the same benefits as PERS provides to other State annuitants, the University would still not spend the amount equivalent to the State allocation for such benefits.

The March issue of New Dimensions should include a letter to the editor from our Committee, which clarifies this matter. What **we** have **proposed and continue to urge**, is **the provision of health care benefits to University Medicare/HMO participants, equivalent to those provided by PERS to other State annuitants. If such a comparable program will not be offered to University annuitants in the future, we should be informed of the rationale for such a decision.**

With regard to our **<u>PERS/VERIP COLA proposal</u>**, it was noted that the Trust Fund, with was over-funded by 61% as of 7/1/98, is now over-funded by 89.5% as of 7/1/99. It is our understanding, further, that these percentages reflect extremely conservative assumptions. It was the stated policy of The Regents to provide PERS participants with a comparable incentive program to that offered to UCRP participants, but that was not done because of fiscal reasons. Now that the Trust Fund is so well over-funded, perhaps by 100% or more currently, **CUCEA and CUCRA should ask the OP to request The Regents to approve an <u>ad</u> <u>hoc</u> COL adjustment to the incentive amounts being paid to PERS/VERIP participants**. Next year UCRS VERIP participants will have received COLAs amounting to approximately 20%. While COLAs for prior years should be considered, we do not hold out much hope that such a proposal would be approved. However, **at least a 20% COLA increase should be provided for all PERS/VERIP participants**. The COLA could be granted with the understanding that if the Trust Fund should ever show signs of being deficient, some or all of the <u>ad</u> <u>hoc</u> COLAs granted could be rescinded, thus assuring fiscal viability for the program until it ends. Not to provide COLAs to PERS/VERIP participants would eventually mean that the surplus funds would not be spent on the program for which it was established. To provide the COLA proposed would still leave the Trust Fund over-funded by probably more than 80%. As one of our members pointed out, "Simple justice requires it!"

We discussed the **<u>aftermath of SB 234</u>**, which was vetoed, **<u>and SB 400</u>**, which was approved and signed into law. **We propose that the University consider <u>ad</u> <u>hoc</u> COLA adjustments which would be at least comparable with those included in SB 400, and which would hopefully bring all annuitants to a level of no less than 80% of their original purchasing power**.

Our proposal for **<u>early and comprehensive notification of all annuitants reaching age 70 ½</u>** is now being implemented. One of our members reported, with pleasure, having just received his packet. However, at a discussion of the implementing amendments to the Tax-Deferred 403(b) Plan and Defined Contribution Plan at the January 26, 2000 meeting of the UCRS Board, it became clear that the default option built into the procedures used by OP staff is not the most advantageous to University annuitants. Without input to the contrary from the individual, the University will be using a computation based on joint life expectancy and a fixed number of years to determine minimum distributions. Because individuals frequently do not thoroughly read materials from the University, assuming that the University has taken their best interests into account in determining what the default option will be, **the University should modify the default option to reflect joint life expectancy and re-compute life expectancy each year**. This **results in the lowest minimum withdrawal spread over a maximum time period**. Individuals can always draw more than this minimum, but they should never take less than the proscribed minimum. Once the withdrawal formula decision is first made, it is locked in for life. Therefore, **the default option must be modified immediately. In the mean time, individuals who have already received their packet for this year should be advised of this potential problem if they do not elect an option other than the default option. It ought to be explained that selecting the option that will provide the minimum possible yearly withdrawal, spread over the maximum time period will likely be to their benefit, and that they might want to discuss this matter with a professional before making this decision.**

On our behalf, Bill Klein is prepared to discuss with University Legal Counsel the legal aspects of our proposal that the University offer annuitants the opportunity for **Flexible Spending Arrangements covering health and dependent care**. **Adrian will discuss this matter with Judy Boyette and join the discussion.**

Marjorie raised the issue 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 the funds**. This has been a continuing irritant that has been raised in the past by a number of individuals without a successful outcome. Our Committee believes that such time delays can be devastating for those with an emergency needs, and there is lost income to the annuitant because the float benefits the University funds involved. We propose that **the University be asked to work toward significantly reducing the processing time for such withdrawals.**

With respect to our concerns about the 1/1/98 change in **Delta Dental coverage** for routine exams, it was stated that 20-30 of the first 500 calls to the Berkeley Health Care Facilitator concerned Delta Dental matters. **Analysis of the fiscal aspects of University provided dental care coverage will be undertaken**. In the mean time, **CUCEA and CUCRA should continue to ask the OP to change current Delta Dental procedures so that two cleanings are provided without charge each year, regardless of how dentists bill for such services provided**.

Adrian reported that **CUCRA will formalize an arrangement for the Chair of the JBC to regularly attend their meetings** when they meet next the end of March. **Marjorie will likewise formalize a similar arrangement for CUCEA** when they meet in April. Also, **Adrian will discuss with Judy Boyette an arrangement whereby the Chair of the JBC will be able to be informed in advance of items to be discussed by the UCRS Advisory Committee, to facilitate input either directly or through the CUCEA and CUCRA representatives**.

Prepared by Adrian Harris, Chair
February 9, 2000

Attachment

Note: Topics are in **bold and underlined**; action items are in **bold**.