Minutes[*]

**Senate Committee on Faculty Affairs**
**Tuesday, September 27, 2011**
**2:30 – 4:30**
**238A Morrill Hall**

Present: George Sheets (chair), William Beeman, Ben Bornsztein, Kathryn Brown, Arlene Carney, Dann Chapman, Linda Chlan, Randy Croce, Kathryn Hanna, Frank Kulacki, Theodor Litman, Benjamin Munson, Geoffrey Sirc, Pamela Stenhjem

Absent: Barbara Elliott, Joseph Konstan, Christine Marran, Jason Shaw, James Wojtaszek

Guests: none

Other: Jackie Singer (Employee Benefits); Jon Steadland (President's Office)

[In these minutes: (1) report of the chair; (2) changes in benefits for 2012; (3) associate professor time in rank; (4) faculty attitudes about retirement options]

## 1. Report of the Chair

Professor Sheets convened the meeting at 2:30 and made two announcements.

The discussion of faculty productivity and communication about faculty work will continue at the next meeting, on October 11. The Committee will be joined by Diana Harvey, Deputy Chief of Staff (for University Relations), and, if her schedule permits, Chief of Staff Amy Phenix.

The Faculty Consultative Committee (FCC) sends annually a request to all faculty members for suggestions of issues that the governance system should take up. FCC has forwarded to this Committee three of the suggestions it received:

> <u>1. Policies exist for most of these issues, but the oversight and application of the policies can be a problem.</u>
>
> Consistent application of family leave policies (and oversight) and development of policies for making sure tenure decisions are made without bias due to changes in the tenure clock, etc. (e.g. how letters to reviewers should describe the situation, how the situation should be represented in discussions, etc.)
>
> Consistent and fair application (and oversight) of disability procedures and policies for accommodations, for disability leaves, and for faculty returning from disability leaves.

[*] These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate; none of the comments, conclusions, or actions reported in these minutes represents the views of, nor are they binding on, the Senate, the Administration, or the Board of Regents.

Consistent and fair application (and oversight) of course assignment policies. Such policies are not always clear to faculty nor are they always applied consistently to all faculty of a similar status within a given department or college.

Policies for addressing workplace problems with faculty. The Pulse Survey can identify problems in a general way that need to be further investigated. At the moment the college itself is asked to investigate, but there should be a way for faculty from outside a college (rather than HR) to review problems within a college, since the college and even HR may be the source of the problem.

2. Incentives for Faculty and staff retirement. The question I have is whether the University could do more, in the way of incentives, to encourage faculty and staff to take early or on-time (relative to the US Social Security age landmarks) retirement. I expect that faculty options for phasing and the recent experiments to offer 2 year paid up health insurance for faculty and staff in exchange for retiring in a narrowly defined window of time, as the major tools, don't have a huge impact. When I have asked various administrators about buy outs, for example, in the past few years, they all say "we don't have the money." I think they are thinking narrowly about part or all of an academic year's salary, paid out as a lump sum, in exchange for an agreement to retire. I don't understand why such a buy out for retiring "now" cannot be paid out in increments over several years. And, I don't understand the hesitation to put rules in place that would make such a buyout something other than an entitlement that everyone is eligible for immediately. Could we not place limits on the number of such buyouts per year in units? On another point, I know that some retirees have successfully competed for small grants from the U for retirement projects; how has the university addressed active faculty who might hold grants or have significant accumulations of professional development funds, and might be persuaded to retire, if they could use those funds to continue their work. These are just a few thoughts. I am sure my colleagues have other ideas about stronger incentives that could both help individuals and the U, in what is sure to be a difficult financial period for the next 5 years.

3. Please add EROSION OF FACULTY SALARIES to the list if it's not on.

To address the number of years there has been no raise at all as well as the recent furlough, an across the board increase should be discussed and implemented.

Even though a merit salary increase is in place, the cumulative burden of salary loss has been shouldered by all faculty. Thus, it is only fair policy that the redress of loss be across the board to all.

It may be that the Committee cannot do anything about some of the requests, but it can discuss them, even if the chief reason to do so is to have a record in the minutes. Professor Sheets said he would put these on an agenda in the near future.

**2. Changes in Benefits for 2012**

Professor Sheets turned to Mr. Chapman to provide an overview of the changes in benefits that will go into effect in 2012.

Mr. Chapman began by explaining that the changes in benefits were driven by the budget challenges the University faced and the portion of the budget cuts that were assigned to benefits by President Bruininks. Some of the items he will report on are changes while others are cost shifts. The University required a 5% reduction in UPlan Medical Program costs, similar to the reductions imposed on other University administrative units. Such a cut produces about $12.7 million in savings the first year (2012) and about $11.4 million in future years. The magnitude of the reductions required a shift in costs to University employees—there was no other way to achieve savings that large that quickly. The University has been working hard to hold down costs since it separated from the state, and has been able to avoid major cost shifts up to now.

Mr. Chapman reviewed how the $12.7/$11.4 million in savings accrue to the University. They are achieved through increases employee contributions to medical and dental premium payments, an increase in co-pays and out-of-network deductibles, elimination of the $65 wellness rewards (in 2013), and replacement of the wellness rewards with completion of wellness options (actually providing more money to employees than the wellness rewards).

For the medical contributions beginning in 2012, employee (employee-only coverage) will increase from 10% of the cost to 13%; for the family-coverage options, the increase will be from 15% to 19.5% of the cost. The medical trend increase will be 6.5%. The employee rate increases for Medica Insights will be 25% and for the base plans for National and HSA will be 34.6%. These are significant increases, Mr. Chapman acknowledged, and while they may not be a lot of actual dollars for employee-only coverage, they could be substantial dollar increases for family coverage for these more expensive plans. He said he believed that the next year costs would be relatively flat for the University, because most of the increases in costs from 2011 to 2012 will be absorbed by employees.

With respect to medical trend increases, Mr. Chapman explained that it represents increased prices per service delivered, new or more expensive service, and increased usage. Historically, the University has done reasonably well in keeping trend increases down, in comparison with other employers.

Professor Sheets asked if the increased usage is tied to the demographics of the users, University employees. If the faculty is getting older, usage will increase, but costs may decline as older faculty members retire. Mr. Chapman agreed but reported that the entire employee population of the University is about four years older than the general population, so it is more expensive to provide health coverage. Do they take demographics into account in making projections, Professor Sheets asked? These increases could be short-term. They do, Mr. Chapman said, but the increases are probably not only short-term; University employees are consistently older than the general population. Is that true of most academic institution, Professor Sirc inquired? It is, Mr. Chapman said, and academics are among the highest users of health care, along with health care workers and public employees in general. That higher usage is probably attributable to the increased educational level of university employees, more appreciation of the benefit of preventive care, and more acceptance of mental-health care.

The increases in contributions to dental plans were similar to those for medical plans, although the trend increase was only 2.9%, compared to the 6.5% for medical costs.

Mr. Chapman reported on changes in copays and deductibles.

-- Rx copays: generic plus from $8 to $10, formulary brand from $25 to $30, and non-formulary from $50 to $60.

-- Office copays: base plans from $11 to $15, National from $25 to $30.

-- ER copay: from $75 to $90.

-- Walk in Clinic copay: from $5 to $10.

-- MRI/CT scan copay: from $25 to $50.

-- Out-of-network deductible: individual from $500 to $600, family from $1000 to $1200.

The $15 office copay, Mr. Chapman commented, is still relatively low compared to most employer-provided plans. He also noted that some of these benefits changes are subject to collective bargaining.

The changes also involve selecting a single plan administrator, Medica. That change, from two administrators to one, saves about $14 million over six years, gains uniformity of important variables across UPlan offerings, and streamlines internal administration of the plan. So there are reasons to make the change. The source of the administrative fee savings, Mr. Chapman said, is that plan administrators want the entirety of University business and will provide a better price if they have it, which Medica has done. One of the most important reasons for going to one administrator is that the University now has one top-level plan administrator as a partner to deal with upcoming changes in the health-care marketplace. Doing so would have been more difficult with two plan administrators.

Health Partners Medical Group clinics will continue to be available in the UPlan, but it has been a challenge to retain them at a reasonable and affordable price, Mr. Chapman related. The cost to employees of using HP clinics will be higher, but it was the best they could do. The HP clinics are Tier 1 in Medica Insights, a higher-premium base plan, but there can be "gotchas" in the Tier 1 plans, because, for example, hospitals and specialists may be tiered differently from the base plan, and thus cost more.

They have implemented medical-premium relief for lower-paid University employees, Mr. Chapman reported. The administration is sensitive to the fact that it will be hard for lower-paid employees to absorb these cost increases, so have developed a one-year grant program. The amounts available will range from $200 to $450 for the year, based on medical-plan coverage tier and household income, and will be paid as bi-weekly credits on the paycheck. Employees must apply by submitting an application form and information from the federal 2010 tax form.

Professor Sheets asked if eligible employees will be notified of the availability of the grant program. Mr. Chapman explained that they do not know household income, so notification will be to all employees.

Mr. Chapman explained the incentive changes in the wellness program. Wellness points will be earned by completing various program options and points earned in one year count toward premium reduction in the following year. The annual premium reduction will be $300 for Employee Only / Employee + Child/Children and $400 for Employee + Spouse/SSDP / Employee + Spouse/SSDP & Child/Children. The $65 cash incentives continue for 2012, and the cash benefit of the premium reduction will take effect in 2013. There will be more details about the wellness program in the open-enrollment materials.

Open enrollment will be November 1-30. Current HealthPartners members must choose a new Medica plan to continue coverage, Mr. Chapman said, and they will do a lot of follow-up to be sure that employees do make a choice. There will be special communications and meetings for current HealthPartners members, including one-on-one help if people need it. As usual, those participating in the flexible-spending accounts must enroll for 2012, and there will be benefit fairs and flu shots. Professor Sirc inquired if all the information, including about any "gotchas," will be in the open-enrollment materials. It will be, Mr. Chapman said, and they will try to communicate about the hidden elements of programs. There will also be an online presentation, something they found to be very effective in the past.

Professor Beeman commented that while the financial situation may make his suggestion unlikely to receive a positive response, he would like it to remain on the table: Same-sex partners still suffer a disadvantage in the health-care system because the benefits to non-University partners are taxable. Some institutions have increased the benefit to cover the taxes. Professor Munson said that private institutions have done more about this than public institutions; only a few public universities have dealt with the taxability problem. The University Senate approved a request to the administration to increase the benefit to cover the tax issue but President Bruininks declined to accept the recommendation. This would not affect a large number of people, Professor Beeman pointed out; Professor Munson said that at one point the cost had been calculated as only a very small percentage (well under 1%) of the total cost of benefits for employees at the University. The Senate could have requested a fractional increase in the cost to heterosexual employees in order to allow equitable treatment of GLBT employees, Professor Munson added, but it did not do that. With a new president, perhaps the issue should be raised again.

Professor Bornsztein asked what percentage of University employees use HealthPartners. About 37%, Mr. Chapman said.

Professor Hanna asked when the open-enrollment materials will be out and when the benefits fairs will be held. Mr. Chapman said there has already been communication with employees who use HealthPartners and a newsletter to all employees will go out this week. The benefits fairs will all be in November: 9th at Coffman, 8th in St. Paul, 4th at Morris, and 2nd at Duluth. Crookston and Rochester have not asked for benefits fairs but they would be glad to work with those campuses.

Professor Beeman asked if, in going with a single plan administrator, they are concerned about a bait and switch: The administrator will provide a reduced rate the first year and then raise it in future years, leaving the University no recourse. Is this a one-year deal? Mr. Chapman said it is an excellent question and was part of the point of having multiple plan administrators in the past. They learned over the years, however, that multiple administrators were not necessary and not to the University's advantage. The University has a three-year rate guarantee from Medica, and after that the contract is renewed year to year for three years. The University received excellent pricing from Medica, and Mr. Chapman said he did not believe the University would see a bait and switch. He said he believes Medica wants the University to be pleased with the plan administration and knows that the University will not renew the contract if it is not and will seek another administrator.

Professor Beeman said that many people face serious increases in costs and the materials can be difficult to read and evaluate. For people who are looking to contain costs, they would be helped if they could receive advice. Mr. Chapman said that is a service that Employee Benefits provides; they handle about 50,000 calls per year, many during open enrollment. They also have meetings and provide direct service to employees. The most significant change an employee can make to save money is to move to the base plan. If they do, depending on the plan they were in before, their rates could go down, or only increase a very small amount.

They are achieving the budget reductions necessary, Mr. Chapman concluded, but believe that they are still achieving the core goal established by the Board of Regents' policy to provide a high-quality, cost-effective, reasonably-affordable plan with choice. Even with the cost increases, the UPlan remains one of the more cost-effective plans, even for lower-paid employees in light of the premium-relief program.

In response to a question from Professor Hanna, Mr. Chapman said that retiree health coverage is not affected for those over age 65; those plans continue as usual.

Professor Sheets thanked Mr. Chapman for his report.

**3. Associate Professor Time in Rank**

Professor Sheets next asked Vice Provost Carney to report on associate professors' time in rank.

Dr. Carney said that she has been presenting for a number of years data on changes in the composition of the faculty. She first looked at associate professors in 2005, her first year on the job as vice provost, at the request of Provost Sullivan. This was also the first year of the work of the faculty culture task force, one of the task forces that was part of strategic positioning, which discussed associate professor time in rank. The tenure regulations at that time were truly TENURE regulations, and there was nothing in them about promotion to the rank of professor. The faculty culture task force felt that there were many who had been associate professors for a long time.

She asked Institutional Research to provide data on the time faculty spent in rank on the Twin Cities campus primarily. She started with assistant professors who began their careers at Minnesota and who are now professors. On average, those people spent about eight years at the rank of associate professor. She then asked for data on the time in rank of all associate professors; about 38% had been in rank more than eight years. She repeated that analysis in 2009; the percentage dropped to about 30% in rank for more than eight years. This is a positive outcome.

There are several possible reasons for the decline, Dr. Carney said. The tenure regulations have been changed to include a description of the criteria for promotion to professor in Subsection 9.2; department 7.12 statements have been changed to include more emphasis on promotion to professor; and (as someone who comes from a field [speech-language-hearing sciences] where one establishes a baseline and then implements treatment plans), she has attempted to establish a type of “treatment plan” for associate professors. She started workshops for associate professors interested in going up for promotion to (full) professor beginning in 2006. Some individuals who attended the workshops indicated that they did not understand why one would go to full professor. This was a common attitude in 2006 but has been changing. One reason might be that the new section 7.11 of the tenure regulations (implemented in 2007 and unchanged in the 2011 revision) provides that "[t]he awarding of indefinite tenure presupposes that the candidate's record shows strong promise of his or her achieving promotion to professor." She has been involved in a number of discussions at the CIC about associate professors as a "forgotten" group—the institutions focus on mentoring assistant professors and assume the associate professors can figure out how to get promoted without much additional mentoring.

Dr. Carney reviewed the data on associate professors for the Twin Cities campus. In the fall of 2009 there were 695 associate professors, about 70% of whom had been in rank eight years or fewer (49% 0-4 years, so had only recently been promoted to associate professor). About 12% of the associate professors had been in that rank for 20 or more years, on average 28.6 years (and one for 49 years). Broken down by gender, 9.5% of the total were men who had been in rank 20 years or more and 2.6% of the total were women. Of the men, 30.6% had been in rank more than eight years and 28.5% of the women had been.

Professor Sirc asked, with respect to those who have long been in rank, if there is a "tipping point." Dr. Carney said that in the last six years, four of those who had been at associate professor for more than 20 years were promoted to professor. Her message is that it's not over until it's over. Things happen to everyone and professional growth can and should go on.

She talks with new associate professors and asks how they feel about promotion; the responses are bimodal. Some are raring to go to get the promotion to professor and others say they are burned out by achieving promotion to associate professor with tenure. In the case of the latter group, Dr. Carney related, she cautions them to be careful and not take too much time before working for promotion. The average time to promotion overall is 8 years, about 5-6 years in the sciences and longer in the humanities—closer to 10 years on average (many in the latter fields do a second book in the book disciplines).

Dr. Carney said she does an analysis every year of the cases for promotion to professor; this year 26 men and 24 women went from associate professor to professor. The women spent an average of 7.3 years at associate professor; the men spent 7.6 years. So there does not seem to be a gender different in going forward. But there are differences by disciplinary group: In CLA, the mean is about 8 years, in engineering and the biological sciences it is about 6 years, and in the medical fields there are those (1) like engineering and biological sciences (perhaps those in the basic sciences) and (2) like the humanities, those who are more often the physician-scientists. She said she has looked for pockets where everyone took longer to be promoted but did not find any. The important thing is that the University establish a culture of movement toward promotion to professor as the ultimate goal.

One concern is the case of the person who feels he or she should be evaluated for promotion to professor but the faculty in the unit say "wait," Dr. Carney said. The procedures that accompany the tenure regulations provide that a faculty member may request evaluation for promotion, and if the person is dissatisfied with the response, he or she may talk with the dean or with her office. Some 7.12 statements require regular evaluations of associate professors to see how they are doing and what progress they are making. That review is done routinely for probationary assistant professors but has not been institutionalized for associate professors, Dr. Carney commented, but as a best practice, it is something departments should do. In a few cases, she has had to gently twist arms, because an individual faculty member did not believe he or she was ready for promotion, but they clearly were. Some of this may be a Minnesota hesitancy, Dr. Carney said, but without taking any votes, a department can provide feedback every couple of years. There is also a need for more mentoring for associate professors—from the very time they are promoted to associate professor to the time they are promoted to professor.

Professor Sheets commented that the trend seems to be encouraging and the change in culture is an excellent development that the institution should continue to foster. He asked if the apparent improvement might be due in part to retirement of older associate professors. Some, but that is not a large number, Dr. Carney said.

It is the case, at least in some departments, Professor Sheets commented, that associate professors long in rank are viewed as having a higher bar to clear simply in order to overcome the long time in rank. There is a prejudice that should be taken into account in the mentoring process. Dr. Carney agreed that long-term associate professors could face more difficulties. She has had a group of former associate professors who made promotion talk to those who are long in rank and how they overcame the hurdles. Her message to associate professors is "don't give up," but she acknowledged there could be hidden barriers.

There could also be some confusion among faculty members, Professor Beeman said. Faculty members have asked him if there is a set number of years they must wait before they can be considered for promotion to professor. Four or five years is seen as too soon, but he said he did not know of any set number. There is not, Dr. Carney said; the decision is criterion-referenced and time in rank is not one of the criteria. There may be cultural factors in a unit, such as the belief that it is "uppity" to go up for promotion too soon. But the decision must be based on the criteria; if someone has achieved an international reputation in a short time, they could be considered for promotion—and the drawback to not doing so is that the University could lose an outstanding scholar.

Professor Beeman said that in addition, as a department chair, he wants to be able to get the maximum salary increases possible for the faculty—and the professor has a more open top level. There is a problem when associate professor salaries eclipse those of professors; the rank of associate professor puts a damper on how much of a salary increase someone can be granted. That point can also be turned to advantage, Professor Sheets said: Counseling for long-term associate professors can point out the effective cap on salaries within a unit, which could create a disincentive to remain in rank. Long-term associate professors may not realize they are boxing themselves in on salary increases.

Dr. Carney said she has discussed this point with associate professors. Some have said that the money involved is not worth the effort to obtain the promotion, but she points out that it is a great deal of money when multiplied by the number of years one is at a lower rank—and lower salary.

Professor Sheets thanked Dr. Carney for her report.

## **4. Faculty Attitudes About Retirement Options**

Professor Sheets now asked Vice President Brown to speak to the issue she wished to raise. He noted that one of the three questions referred from FCC is focused on the question of retirement options.

Vice President Brown told Committee members that the issue for discussion, when the University has a number of employees who are 55 or older, is ways to make people comfortable considering moving from full employment to retirement. This is a question more for the employee than the institution, she said, and noted that she herself is in the category; she has tried to think about what would make her want to move from employment to retirement.

In her view, Ms. Brown said, what concerns most people are two questions. One, "what will I do with myself" or "how will I find meaning in life"; and two, "how will I afford it?" From a human-resources perspective, her question for the Committee is what they in Human Resources and the University generally can do to help support individuals as they think about retiring. There are programs on the books, such as phased retirement for faculty members and terminal (buyout) program. There are perhaps other programs the University could consider, but most focus on the buyout. She said she was not sure that is the biggest concern about retiring; the two questions she posed are likely more important.

Last year, Vice President Brown recalled, Human Resources offered a program in conjunction with the College of Continuing Education, "Encore Transitions: Preparing for Post-Career Life," a semester-long series of courses that discussed these kinds of questions. Of the cohort who enrolled in the courses last year, about half moved toward retirement after taking the courses because the sessions helped people achieve a comfort level with the idea of retirement. It is not easy and these are big questions for people.

What can the institution do to help people through the process, Vice President Brown asked?

The prospect of severance from the University adds to the anxiety surrounding the transition, Professor Sheets said. If it were clear there were ways to preserve one's identity as a former professor, the anxiety might be reduced. He said he knew that the title Emeritus Professor is given to those after a phased retirement but did not know about those who accept a buyout. Ms. Brown said she thought the title was awarded automatically; Professor Hanna agreed, except for faculty members who go to another academic institution; Dr. Carney added that one does not receive the title if removed for cause. It is symbolic but a small way to retain the identity, Professor Sheets said.

Vice President Brown said it was a good point and agreed that many people have their identity tied up in their work, and it is a big shift both emotionally and intellectually to leave.

What the University needs to think about, as do prospective retirees, Professor Litman said, is that this is a terrible time to retire. The value of retirement plans has declined and expenses are higher. The University of Minnesota Retirees Association (UMRA) is seeking answers and encourages participation of its members in University events. The question that Vice President Brown has posed is being asked and discussed all over the country, Professor Litman said. (The context of the question passed to this Committee from FCC is not welcome to the many who have retired; it is focused on pushing someone out so someone else can be hired. He said he has seen that view expressed in a number of articles.) Things have changed so much in the last couple of years that the situation has become more difficult; to help people prepare for the transition would help.

Vice President Brown said she saw the conversation around retirement as part of the natural progression of a career. Most people reach the point where they are not able to work at 100% and might like to be on campus only two days per week, for example. The University has many faculty members who have been highly productive over their careers; the question is how the institution can support them into the next phase. She agreed that there must be a way for people to be involved with the University in a meaningful way, and there are many possibilities that need to be made more attractive. She agreed, however, with Professor Litman that the economy has made retirement more challenging.

Professor Litman said that Vice President Brown could approach UMRA. At the same time, he pointed out, there are some people who can't wait to get away from work; others, however, see the pace of work and are reluctant to stay—but cannot, for financial reasons, retire.

On the financial side, many lack a sound financial analysis of whether they have enough resources, Ms. Brown said. And some people save every penny in anticipation of retiring—and then cannot bring themselves to begin spending the money they have worked so hard to save.

What is important that the University understand is that phased retirement is great for the purposes of recruiting and hiring, Professor Beeman said—but it is very hard on departments. The department loses the "saved" salary, while the individual is on phased retirement, so does not have enough money for a replacement. That is not fair, because colleges are essentially benefiting budgetarily while not replacing people. Once someone retires fully, the department can make a replacement—but not before.

Vice President Brown said that five years feels like a long time and it strikes her that for both the individual and the department, a shorter time period to bring the phased retirement to closure might be better. She said she did not know if that would mean two, three, or four years.

One thing that would encourage people to retire would be a number of years of University-supported health benefits, Professor Beeman maintained, something that has been offered to administrators (P&A staff) but not faculty members. (Mr. Chapman corrected this statement: The Retirement Incentives Option, or RIO, is available to everyone at the University, including faculty members.) At his former institution, there was an offer of two years' salary when someone was 66 years old—and the offer was off the table once one turned 67. That kind of program may be illegal now, Ms. Brown commented; Professor Sheets agreed that it might be a violation of federal law. Vice President Brown said, however, that she appreciated the point and that it might be appropriate to make offers at different times in people's careers.

A more appropriate way to approach this question is to admit that faculty members have a calling, not a job, Professor Kulacki said. The University should design a program so that the calling is extended, which would be a philosophical and policy shift in how it is presented. Then the issue is how to involved people in internal and external communities. There are a number of faculty members over 70 around the University who do not want to leave and who love their work. He said the University will have a problem because of the economy and because people love their work. The question is how to deal with the calling.

Professor Hanna recalled that this Committee looked at a proposal from UMRA for a retirees' center on campus. She recommended to Vice President Brown that she revisit that report. Professor Litman said that President Kaler would be informed about the proposal as well, but the economic situation may make it difficult to implement. Professor Hanna pointed out that the proposal is tied to the questions about staying connected and active. And looking at retired faculty members as a resource for the University, Professor Litman added.

In terms of the financial situation, Professor Hanna said, the last decade of the stock market has been described as the lost decade. She serves on the Retirement Subcommittee, and learned that many faculty members choose the General Account for their retirement account. If one is a new faculty member at the University who chooses to invest all his or her retirement funds (the 15% of salary) in the General Account Limited, now paying about 3.5% interest, at the end of 30-35 years the person will probably not have enough money to retire. But the University provides no advice on what to do with the funds; these are self-directed plans. The University must educate the faculty about how to choose wisely. If there is not enough money in the retirement savings "pot," the faculty member will not retire. The financial element is a big issue, she concluded.

In response to Vice President Brown's query, Professor Hanna also commented that she has just started a phased retirement, and would not have done so had it not been for five years. She would still be full time. She also said that whether the phased-retirement salary savings stays in the department varies by college. She agreed that the fact a faculty member goes on phased retirement should not be punishment for the department. The phased retirement plan is a good plan. Professor Beeman said it is one of the greatest benefits offered by the University.

Professor Sheets said it is his understanding, from reports from Vice President Carrier, that a large number of those who take phased retirement opt for five years—but then accelerate it. That is why it is better to keep the option of five years and allow faculty members to shorten the period, Professor Hanna said; one cannot lengthen the period if it were only two years. (Phased retirements can, however, be lengthened by mutual agreement as long as they do not exceed five years total.)

Professor Sheets also noted that Employee Benefits has a useful web tool, a retirement calculator (which can be found here:
https://umnplans.securian.com/UofMWebDyn/faces/jsp/public/calculators.jsp).

The University self-insures on health coverage, Professor Sheets noted; it might be worth considering whether it could undertake another form of self-insurance by selling annuities to faculty retirees and thereby providing an incentive to retire. If someone were provided a guaranteed annuity, that could provide financial security at little or no risk and the risk of uncertain investments would be minimized. The University might even make a profit from selling annuities, just as private annuity vendors do. Professor Beeman said that many non-profits offer them and they pay quite well. They could benefit the University, he agreed. Ms. Singer reported that the University of Minnesota Foundation does offer them and information about them is provided at every pre-retirement talk. The Foundation, as an independent, non-profit entity, can offer them; the University, as a governmental entity, cannot.

Ms. Singer's report goes to the point about getting information out, Vice President Brown commented. She said she would be glad to talk later in the year to the Committee about ideas they would like to pursue.

Professor Sheets thanked Vice President Brown for the discussion and adjourned the meeting at 4:15.

-- Gary Engstrand

University of Minnesota