SCFA RETIREMENT SUBCOMMITTEE
MINUTES OF MEETING
APRIL 30, 2002

[In these minutes: Welcome, Integral Government Trust]

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

PRESENT: Daniel Feeney, Chair, Barry Melcher, Richard Goldstein, George Seltzer

REGRETS: Gordon Alexander, Josef Altholz

ABSENT: Dwight Purdy, Michael Murphy

OTHERS: Carol Carrier, Joe Jameson, Gavin Watt

I). Professor Feeney called the meeting to order.

II). Committee members continued their discussion on designing an Integral Government Trust, also known as a Post Retirement Health Care Savings Plan. They spent a considerable amount of time formulating possible scenarios and discussing the selling points of the Post Retirement Health Care Savings Plan. Key elements of the discussion included:

- A proposal to cap the total principle contribution once an individual reaches a certain salary level. This would appease those concerned about over contribution.
- A suggestion that incremental percentage contributions into the plan be based on years of service and to correlate the start of each year's plan contribution with the yearly compensation increase.
- Possible resistance to mandatory contributions by recently hired faculty and P&A employees with lower incomes.
- Faculty and P&A should be informed that, regardless of age, should they leave the University, the money in their plan would be immediately available to them for health related expenses.
- Communicate to faculty and P&A that the plan allows for tax-sheltered monies going in and coming out of the account.
- Request that the University contribute a portion of its tax savings e.g. FICA and Medicare into the plan.
- Allow employees to supplement their tax-deferred savings by contributing to their 453 and 457 accounts.
- Top load plan for those close to retirement.
- Strongly recommend to the administration that the plan be designed so that contributions are taken out of an employee's gross salary rather than an

employee’s retirement account. If taken from an individual’s retirement account, FICA savings would be lost and graduated plans for different employee groups would not be possible.

- Base the contribution rate at a fixed percentage correlating it to an employee’s start date as opposed to years of service.

Professor Feeney agreed to distribute to members the electronic spreadsheet used to manipulate income and proposed contribution rates so the Committee can finalize its recommendations to the administration.

III). With no further business, Professor Feeney adjourned the meeting.

Renee Dempsey
University Senate