

SCFA RETIREMENT SUBCOMMITTEE  
MINUTES OF MEETING  
JUNE 6, 2005

[In these minutes: Financial Calculator, Proposed Changes by the Federal Joint Committee on Taxation Impacting the 403(b) and 457 Plans]

[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, Carol Siegel, Gavin Watt, Barry Melcher, Jackie Singer, Chris Suedbeck, Gordon Alexander, Dian Lopez, Michael Murphy, Herbert Pick, Burt Sundquist

ABSENT: Richard Goldstein, Kathryn Hanna

OTHERS: Vice President, Retirement Plan Services, Securian Financial Group Dick Manke

I). Professor Feeney called the meeting to order.

II). A sample financial calculator was distributed to members to facilitate today's discussion. Members spent time discussing with Richard Manke, Vice President, Retirement Plan Services, Securian Financial Group, the features they considered important for a financial calculator. The following items were mentioned:

- Easy to use and understand. The financial calculator should be a tool to help those currently not managing their retirement accounts.
- Self-populating fields (to the extent possible).
- The calculator should be based on benchmarks.
- The calculator should have fields for spouse/same sex domestic partner information in order to understand the family's complete financial picture.

Next, members discussed how to market the calculator. The following suggestions were made:

- Develop a communication plan to promote the advantages of the University's customized financial calculator e.g. mass mailing, mass voice mail, mass email, etc.
- Sell the privacy aspect of the calculator. Employees, in the privacy of their own homes, can manage their retirement accounts.
- Alert employees to the fact that many individuals are not saving enough for retirement. This approach will hopefully spur employees to use the calculator to manage their accounts.
- Convene focus groups to test the financial calculator and solicit their input. Use their testimonials to promote the calculator.

- Promote the calculator by word of mouth.
- Incorporate MSRS participation, if possible, as a means to increase visibility and use of the calculator.

A Retirement Calculator Subcommittee comprised of Professor Dan Feeney, Barry Melcher, Professor Mike Murphy, Jackie Singer and Chris Suedbeck was established to bring this idea to fruition.

III). Jackie Singer reported that the Federal government's Joint Committee on Taxation (JCT) is proposing changes would impact the University's 403(b) and 457 plans as follows:

- Eliminate the 15-year catch-up provision to the 403(b).
- Impose the 10% early withdrawal (pre-age-59 ½) penalty on distributions from 457(b) plans.
- Eliminate pick-up provisions, which would radically change the tax consequences of the 2.5% mandatory employee contribution to the Faculty Retirement Plan.
- Make the 403(b) plan subject to discrimination testing.

Ms. Singer noted that the University's counsel, Gray Plant Mooty Mooty & Bennett, PA is following the developments to these proposed changes.

IV). Hearing no further business, Professor Feeney adjourned the meeting.

Renee Dempsey  
University Senate