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Board of Trustees Ad Hoc Committee November 13, 1988

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UNIVERSITY OF MAINE SYSTEM
Board of Trustees

University of Maine at Farmington
November 13, 1988

Ad hoc Committee on Retiree Benefits

PRESENT: Geneva Kirk, Chair; Patricia Collins. Staff: William Sullivan, Samuel D'Amico. Others: Trustee George Wood, Chancellor Woodbury, UM Professor Melvin McClure, and UM retiree Dr. Edgar McKay. Also: University Presidents James Roach, Patricia Plante, Barbara Leondar and Frederic Reynolds; Carol Ann Hall, Ralph Jans, Sharon Zimmer-Boucher and John Zaner.

Miss Geneva Kirk, Chair, convened the meeting. The Committee was appointed to review retiree benefits in response to recommendations from retired Professor Edgar McKay who sought adjustments to benefits for Orono faculty who retired prior to 1975. Associate Vice Chancellor Samuel D'Amico presented some data he had collected at the request of the Committee at its last meeting, which compared benefit treatment of retirees at institutions similar to the University System in New England and elsewhere. He reported that no single pattern emerged, and he elaborated on the specific provisions noting that the University of Maine System falls about mid-point in the comparison with the other institutions. Miss Kirk had questions about the provision for cost of living adjustments (COLAs) in benefits offered by the other New England States. Mr. D'Amico said that institutions that provide COLAs participate in their State's retirement plan. There was discussion of University System retirement benefits and of the McKay recommendations for adjustments which include, among others, an automatic cost-of-living allowance based on the CPI. In response to a question from Miss Kirk about the value of the System's paid health plan to retirees, Professor McKay indicated that while the health benefit was all to the good the UM faculty who retired before 1975 constituted a special class that needs attention. Mr. Sullivan said that the problem for this particular group is that career salaries were low and there was not an adequate retirement plan in place throughout their entire term of service in the University. He pointed out, however, that the Board made up the discrepancy in 1982 when the pensions for this group of retirees were supplemented to provide the same benefit levels that would have obtained if they had participated in TIAA-CREF for the full length of their service. He reported that these retirees also receive social security. Professor McClure said that both the salaries and the University contribution were very low during this group's working years and, further, no tax sheltering was available, leaving these individuals with few resources to save for the future. He said what was needed was a foundation that would provide a reasonable standard of living, based on years of service. Professor McKay suggested that the University should ask the Legislature for the necessary funds to improve benefits for these retirees. Miss Kirk noted that in the past the State has in fact made adjustments to provide equity for retirees

whose career salaries were low, and she also asked about the rationale for the University's not participating in the State's retirement since that plan provides for cost of living allowances. Mr. Sullivan explained that the University's plan had advantages that the State plan lacks and he reported that those whose benefits have been adjusted by the State were not eligible for social security, as retirees are under the University's plan. Committee support was mixed for a recommendation from Professor McKay for establishment of a permanent oversight committee. Mrs. Collins said a separate committee would not be necessary since the Board's standing Committee on Personnel exercises responsibility for oversight of retirement issues. Given the Board's efforts in 1982 to address the problems, Mrs. Collins said she thought the retirees had been treated fairly and she expressed concern for the precedents that supplemental increases would set. Dr. Wood concurred with this view. After further discussion, Mr. Sullivan, acknowledging that there are differences of opinion, summed up the University's position, that is that the institution has taken pains to provide equity, to address the needs and to stay current. He said it would be very costly to equalize benefits for retirees on a dollar basis, and indicated that it was not always possible to make the adjustment from one generation to another. Miss Kirk announced that at its next meeting the Committee would receive the results of a survey the staff is conducting of retirees to determine their satisfaction with the health and pension benefits provided by the University System.

Miss Kirk thanked Professors McClure and McKay for coming and the meeting was adjourned.

JoAnne R. Magill
Clerk of the Board