

**A STUDY TO COMPARE DU RETIREE BENEFITS
WITH BENEFITS FROM OTHER UNIVERSITIES**

Prepared for

The Board of Directors
Resource Center for Retired University Personnel

By

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INTRODUCTION

1. Purpose and Methodology

During the summer of 2001, the Board of Directors for the Resource Center for Retired Personnel at the University of Denver conducted an informal survey of retiree benefits at 15 colleges and universities. The purpose of the study was to compare DU retiree benefits with benefits from other institutions.

The project was conducted as a non-scientific informal study. Participants (even those within criteria classes) were not selected at random and the data gathering process was not performed uniformly. The institutions were pre-selected for either location or other criteria. Five Colorado schools were included in the survey because they compete with DU for local support staff, and whereas it was our initial intention to select schools outside of Colorado with whom DU competes for faculty and administrative staff, the information obtained for this purpose did not appear to be reliable. Each of the DU Departments queried named a different institution, and since no pattern developed, we chose to select 10 universities that varied from the poorly endowed to the well endowed as a way of examining a potential range of benefits. Also, we tried to select as many private institutions as possible with which to compare DU since most of the local schools were State universities. It should be noted, however, that once a school was chosen for inclusion, on whatever criteria, it was never removed from the pool on the basis of either its responses or difficulty getting information requested. Information was gathered in several different ways by two investigators: telephone and personal interviews, written and e-mail correspondence, and published and on-line policy documents.

A single data collection form was used by both investigators and this instrument was reviewed prior to its use by the Human Resources Department Director and Assistant Director, as well as by several Board members, all of whom made helpful suggestions. The two investigators collected data from the initial school together as a personal interview in order to somewhat standardize the data collection process. Although the information was gathered from many sources, all of the institutions had an opportunity to read and, where necessary, correct their information.

2. Summary of Results

It appears that the University of Denver has neither the most nor the least liberal retiree benefits package. Two thirds of the schools surveyed provided considerably more health insurance assistance, i.e., higher premium subsidy, many for both retiree and spouse, and more options, but a few of those surveyed provided access to group plans without any premium assistance, or assistance that ended at age 65. DU's eligibility for benefits requirement (currently 20 years of service) was one of the least flexible. Many schools required substantially less years of service, usually 10, some in combination with an age requirement, e.g., age plus 10 years of service equals 65. Most schools granted full campus privileges to retirees, as does DU, but not all provided computer access and e-mail accounts. Many provided free parking for their retirees. A few universities had negotiated liberal vendor discounts for their faculties and staff and extended those discounts to retirees. Unlike DU, access to fitness/wellness centers was generally without charge. Although some of these facilities were described in detail, it is not clear how extensive they were in comparison with the Ritchie Center, which charges a nominal fee for restricted-hours membership. Most, but not all, institutions granted tuition remission to their retirees and eligible family members. A few however, were more liberal with reciprocal agreements or outright portability of tuition benefits. Only three schools support a retiree-advocate organization such as DU's RCRUP, but many had specific counseling offices and extensive retirement resources and most maintained a connection with their retirees through mailings and school-wide faculty/staff support organizations. Asked about benefit trends, almost all of the respondents indicated they were aware of reports on national trends inside and mostly outside of academia to hold costs down by reducing or eliminating certain retiree benefits. Except for raising eligibility requirements at some schools during the 90's (DU included), most respondents indicated they did not reduce benefits and were not planning on any reductions; in fact, some indicated ongoing studies to consider liberalization of benefits at their schools, including the reduction of eligibility requirements..

A full listing of the questions and individual institutional responses along with a more detailed results section follows.

DATA AND CONCLUSIONS

1. Data

Tables 1 through 5 (at the end of this section) list each of the sixteen schools (including DU) in the survey with a brief recap of their responses to the survey questions. All of the schools received a draft of these tables and had an opportunity to correct or add to the information shown.

2. Conclusions

This section uses the data in Tables 1 through 5 to compare retiree benefits at DU to the other 15 schools from which data were collected.

Question 1 (see Table 1) asked respondents about their eligibility requirements for full retiree benefits. Two schools, both private, had the same eligibility requirement as DU (age 55 plus 20 years service), but 13 schools had lower, some substantially lower, length of service requirements, and among those schools two indicated they were considering making their requirements even more flexible. Faculty and staff at DU who were hired prior to 1992 needed only 10 years of service for eligibility and this benefit would compare more favorably with the other schools polled.

The second question asked respondents, all of whom were from Human Resources Departments, to describe the assistance they provided faculty and staff at retirement (Table 2). Since almost all of the institutions hosted financial retirement planning seminars from TIAA or from State retirement plans, annuity planning activities from these sources were excluded from the answers. There was not a great deal of difference in the responses from the 16 schools. With the exception of one (private) school HR director who indicated his department averages 3 personal meetings with each retiree, most provided on-line and written materials and offered individual counseling only on request, as does DU. Ten schools had the same or approximately the same benefits as DU and five were only slightly better. The retiree resource center at DU frequently makes it known that it is available to retirees but few retirees avail themselves of this service.

There was considerable variation in medical insurance benefits, see Table 3. Subsidies ranged from 0 to \$318 per month (DU currently offers

\$55 per month for retiree only). Several provide spouse and dependent children with equal amounts and they continue to subsidize the surviving spouse. One school pays Medicare Part B (about \$50 per month) for both retiree and spouse over 65 in addition to its private premium subsidy. Yet five schools (almost one third) gave no premium contribution. Among the eleven schools that did, DU's \$55 per month contribution was the smallest. Of those who gave "portable" premium assistance or "defined contributions" DU was the only school whose contribution was not tied to some sort of inflation variable. All of the institutions offered group plans for their retirees. Three of those who offered premium assistance and group plans to their under-65 retirees, gave premium reimbursements to their Medicare retirees, i.e., portable subsidies. Two restricted the subsidy to out-of-area retirees who were not eligible for the group plans offered. Several schools offered dental coverage (outside of limited HMO benefits), but only two provided dental subsidies. Life insurance coverage was offered by most, and only five continued to pay premiums after retirement. None of the schools had subsidized long term care insurance.

Campus privileges for retirees are usually the same as for active faculty and staff, see Table 4. Some of the State schools do not give bookstore or events discounts to either active or retired staff and five schools gave no or very limited tuition benefits to retirees. Two schools, however, had tuition exchange programs and/or portability of benefits, and a few schools negotiated substantial vendor discounts for faculty, staff and retirees. About one half of those surveyed had free parking for their retirees. DU, however, with its tuition benefits, computer access benefits, and modest fees for (limited access) fitness center use, ranked as well as most schools on campus privileges.

Although most schools prided themselves on retiree contact through mailings, e-mails and campus publications and invited their retirees to many campus functions, DU's support of RCRUP, a retiree support and advocacy organization dedicated as well to University service, stands out among retiree benefits, see Table 5. Only two other schools sponsored such an organization with campus space and financial support.

Investigators asked for the respondents' perceptions of trends in retiree benefits at the specific request of DU's HR Department. All but two of the respondents (again, all from Human Resources Departments) indicated that they had heard of a national trend to reduce retiree benefits

outside of academia, and to some extent inside educational institutions. Most of those who responded affirmatively to knowledge of the issue of reduced benefits cited a report from the GAO (May, 2001) and from comments made by representatives of the Employee Benefits Research Institute (EBRI). Both agencies point to a change in accounting rules effective December, 1992 that requires companies to project all future costs of providing retiree health benefits and to report any unfunded liabilities in their annual financial statements. This requirement, taken together with the rising costs of health benefits and the general trend toward diminished loyalties between employee and employer, was said to be the cause of corporate retiree benefits becoming more fragile. It was pointed out to us, though, that the GAO report also indicated that employer sponsored coverage has remained fairly stable and that retirees and soon to be retirees have, for the most part, been grandfathered into existing plans. When asked specifically about their own plans, only one school reported that it was “somewhat concerned” about its high premium subsidy (many times that of DU) but hoped that there would be no changes, and three schools reported that they had current plans to liberalize benefits and provide for more flexibility regarding eligibility.

The reason most schools gave as to why their benefits, specifically health care benefits, are not threatened is that although medical costs, especially prescription costs, were still rising, most institutions pay a fixed amount of the cost of insurance. Therefore, while not avoiding the issue of escalating costs, they can at least control the size of their contributions. And whereas many corporations are quoted as viewing retirees as a “burden”, this is not so at Universities where retirees are said to represent an intellectual and frequently a financial asset as university contributors.

Although the University of Denver has not reduced or rescinded employee benefits (and in fact has liberalized health insurance premium rules for some retirees) there has been some concern on campus about benefits because the most recent revision of the DU personnel manual no longer gives a blanket statement of privileges (i.e. retirees have same campus privileges as active faculty) nor is the latest version of the retiree identification card so worded.

Eligibility for benefits (20 years of service regardless of age) was the only area in which DU appeared to be much more restrictive than most other institutions. DU’s health insurance benefits are considerably below what

most schools offer, but better than some. All of the State institutions in Colorado have much better health insurance benefits since many of their faculty and staff members fall under State benefits and compensation rules, and even those appointments that are not part of the State personnel system are nonetheless affected by it.

This study did not purport to compare DU retiree benefits to the average for all schools nationwide. To our knowledge such a study has not been done, or at least is not available in the literature. However, by looking at 15 other schools, 5 of which are in Colorado, we found that DU's benefits are below most others on eligibility and health insurance premium contributions and about average on campus privileges and retiree counseling. DU is one of only a few schools that supports a retiree advocate and service organization, and indeed has offered to pay for the expenses associated with this study.

Table 1.. Who is eligible for full retiree benefits?

1. Baylor University	<1983 >1983	age 55 and 10 years service age 55 and 20 years service
2. Boston University		10 years service
3. Colorado College		age 60, and 10 years of service
4. Colo School of Mines		age 50, and age plus length of service = 80 for full benefits as little as 5 years for reduced benefits
5. Colorado University (5 campuses)		age 60, 10 years of service
6. Denver University	<1992 >1992	age 55, and 10 years service age 55 and 20 years service
7. Harvard University	<1986 >1986	age plus service = 75 age 55 plus 10 years or age plus service = 75
8. Lehigh University		age 59 ½ and 10 years of service
9. Colorado State University		age 55 and 20 years of service age 60 and 5 years of service
10. Northwestern University		age 55 and 10 years or age 65 and 3 years
11. Puget Sound Univ.		age 55 and 20 years of service
12. Regis University		10 years of service
13. Rice University		10 years of service plus age = 65
14. Stanford University	<1992 >1992	age 55 and 10 years age 55 and age plus service = 75
15. Washington University at St. Louis		age 55 and 10 years
16. Wyoming University		25 years service or age 60 and 15 years age 50 and 4 years of service to keep insurance as a retiree

Table 2. What assistance do you provide at retirement?

1. Baylor University	Written materials and on-line information
2. Boston University	Retiree association organizes seminars and social events
3. Colorado College	Optional Senior Status program after 17 years and age 59.5 (reduced workload and reduced compensation).
4. Colo School of Mines	Financial planning through State plan. HR director meets individually with retiring employees on request..
5. Colorado University	Detailed written information on-line. One-on-one counseling is offered.
6. Denver University	Written materials and/or referral to Resource Center for Retired Personnel
7. Harvard Univ	Written materials and on-line information
8. Lehigh University	Individual personal counseling, retirement and financial planning, in addition to written materials and on-line information
9. Colorado State Univ	Benefits counseling is available on request.
10. Northwestern U	Retirement Planning Guide, on-line planning, Institute for Learning in Retirement
11. Puget Sound U	Employee Assistance Center and Counseling and Wellness Center Provide Assistance
12. Regis University	On request counseling
13. Rice University	On-line information
14. Stanford University	Written materials and on-line information
15. Washington University at St.Louis	Written materials and on-line information
16. Wyoming University	Written and on-line materials and one-on-one counseling, with assistance to enroll in retirement and insurance plans.

Table 3. What insurance benefits are available to retirees?

	<u>Premium Subsidy</u>	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>LTC</u>
1. Baylor Univ	Reimbursed for Medicare Part B + Medigap or use toward different plan if out of state	PPC	available at cost	provided or can convert for more at cost	can convert no subsidy
2. Boston University	Under age 65 only	HMO,PPO	only as part of medical coverage	\$3000 death benefit paid, retiree pays balance	none
3. Colorado College	Retiree and spouse \$60 each	HMO,PPO; Indemnity for retirees out of state	only as part of medical coverage	\$5000 life @ CC's cost	can convert no subsidy
4. Colo School of Mines	Under 65 up to \$300/month Over 65, State subsidy varies by age and classification up to \$115/month.	HMO,PPO Indemnity	included in medical coverage	State policy includes small death benefit	available, no subsidy
5. Colorado University	Between \$138 and \$313 monthly (depends on family size); surviving spouse \$138.	HMO,PPO Medigap	Subsidy for under 65	\$3000 term	none
6. Denver University	<u>Premium Subsidy</u> Up to \$55 for retiree	<u>Medical</u> HMO Indemnity	<u>Dental</u> Group plan no subsidy	<u>Life</u> after 30 years	<u>LTC</u> Group plan no subsidy
7. Harvard University	<1996 full cost retiree and spouse >1996 fixed subsidy up to 80% of premium	HMO, Indemnity for out of state	none	after 20 years \$20,000	none
8. Lehigh University	Retiree and spouse subsidy equals amount of major medical Currently \$56/mo each for retiree, spouse and dependent children	HMO Indemnity for under 65 plan of choice for over 65	none	retiree can convert	none
9. Colorado State U	actual up to \$200/mo	HMO Indemnity or plan of choice	available no subsidy	available no subsidy	available no subsidy
10. Northwestern U	no subsidy-group rates	HMO	group rates no subsidy	group rates no subsidy	not available
11. Puget Sound U	no subsidy, group rates	HMO Indemnity	indemnity no subsidy	can convert	no
12. Regis University	no subsidy, group rates	HMO	group rates no subsidy	can convert no subsidy	no

	<u>Premium Subsidy</u>	<u>Medical</u>	<u>Dental</u>	<u>Life</u>	<u>LTC</u>
13. Rice University	no subsidy, group rates	HMO	group rates	can convert	no
14. Stanford Univ	100% premium for retiree 82% premium for retiree and partner (low cost plan)	HMO Indemnity	retiree & partner subsidized	can convert no subsidy	can convert no subsidy
15. Washington U at St. Louis	no subsidy, group plans can opt in & out	HMO	group plan no subsidy	can convert	TIAA no subsidy
16. Wyoming U	3 years state contribution accrued sick leave applies toward state contribution thereafter ½ premium	PPO	group rates	½ premium	none

Table 4. What campus privileges are available to retirees, e.g. tuition remission, library, computer access, events discounts, health and recreational facilities, parking, invitation to campus social events.

1. Baylor University	Same as active faculty. No tuition except to finish program.
2. Boston University	All of the above except no events discounts except for annual free Red Sox game, no tuition for retiree or spouse but dependent children under 27 get 8 semester undergraduate hours, discounted campus parking
3. Colorado College	All of the above except no bookstore discount. Free tuition for retirees and dependents (after 17 years service) at CC and also at 15 other private colleges in consortium, free parking
4. Colo School of Mines	No bookstore discounts, events are generally free, no tuition benefits, no social events Retirees use fitness center, spa and swimming pool either free or same as active faculty.
5. Colorado University	Varies by campus. CU Boulder (main campus) sponsors events that include retirees. Tuition benefits for all retirees but benefits for spouse and dependents determined by each chancellor.
6. Denver University	Same as active faculty, no free parking, nominal charge for fitness center
7. Harvard University	Same as active faculty, including discounts at area entertainment venues, no free parking
8. Lehigh University	All of the above, same as active faculty including fitness & athletic facilities.
9. Colorado State Univ	Library, athletic events discounts, parking (\$80 annually), computer access (\$5 monthly), no tuition no bookstore or gift shop discounts for retired or active faculty
10. Northwestern U.	Same as active faculty, including free parking, plus credit union, travel office, hotel and airline discounts
11. Puget Sound U.	Same as active faculty, tuition benefit includes tuition exchange program, free parking
12. Regis University	Same as active faculty, no computer access, n/c wellness center, tuition for retiree, up to 3 years for dependents, free parking
13. Rice University	Same as active faculty. Tree planted for those with over 20 years service, free parking
14. Stanford University	Same as active faculty. Can join credit union. No free parking
15. Washington U at St. Louis	Same as active faculty plus vendor discounts on hotels, entertainment and computer purchases. Tuition for retiree and spouse 50%, for dependent children 100% (50% portable)
16. Wyoming University	Same as active faculty. Fitness facilities free, parking free, discounted athletic tickets plus COOP agency.

Table 5. Do you support a retiree service/advocate organization?

1. Baylor University	no, but university newsletter sent to retirees
2. Boston University	yes, campus space and financial support are provided. BU pays for quarterly organized events.
3. Colorado College	no organization, no campus newsletter
4. Colorado School of Mines	no
5. Colorado University	main campus (Boulder) has an active retiree organization which attempts to provide some outreach to other campuses.
6. Denver University	yes, since 1980. Campus space and financial support are provided.
7. Harvard University	no, but newsletters are mailed to retirees.
8. Lehigh University	no, but retirees receive Lehigh News biweekly and may receive departmental and campus notices
9. Colorado State University	yes, but group leaders have recently recommended disbanding for lack of interest among retirees
10. Northwestern University	no, but Northwestern Institute for Learning in Retirement is available to retirees
11. Puget Sound University	no
12. Regis University	no, but retirees are kept on mailing list and are given departmental secretarial support
13. Rice University	no
14. Stanford University	All University organization, Stanford Staffers, but not exclusively for retirees
15. Washington University at St. Louis	no, but on mailing list for general information, benefits updates and publications
16. University of Wyoming	no, but retirees on mailing lists for all campus events.