1965

REPORT OF THE FACULTY WELFARE COMMITTEE. Provisions for additional retirement options incorporating the TIAA plan.

University of Rhode Island Faculty Senate

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Transmittal Form for Bills Approved by the Faculty Senate

From: The Chairman, Faculty Senate
To: The President, Dr. Francis H. Horn
Enclosure

1. The attached bill, entitled REPORT OF THE FACULTY WELFARE COMMITTEE.

Provisions for additional retirement options incorporating the TIAA plan.
is hereby forwarded to you for your consideration.

2. The official original and 2 copies for your use are attached.

3. This bill was approved by vote of the Faculty Senate on March 18, 1965
   (date)

4. After your consideration, will you kindly indicate your approval or disapproval, as appropriate, and return it, completing the appropriate endorsement below.

March 25, 1965
   (date) (Signature) Chairman, Faculty Senate.

Endorsement 1.

From: The President, University of Rhode Island
To: The Chairman, Faculty Senate

1. Returned. 2. Approved. Disapproved
3. (If approved) In my opinion, transmittal to the Board of Trustees would not be desired by the Board and is unnecessary.

   (date) (Signature) President, Univ. of R.I.

Received
   (date) (Signature) Chairman, Faculty Senate

Original forwarded to Secretary of the Senate and Registrar, E. Farrell, for filing in the archives of the University.

   (date) (Signature) Chairman, Faculty Senate
Draft of Retirement Resolution (Revised)

I. Participation. A retirement plan is hereby established for the University of Rhode Island, Rhode Island College and Rhode Island Junior Colleges, or any other agencies under the Board of Trustees of State Colleges, hereinafter referred to as the Employer. Classes of employees eligible for participation are: a) all full-time members of the faculty, and; b) administrative staff members whose salary is $8,000 per year or over. A. Eligible employees employed on or after the effective date of this plan will be members of TIAA except that: present or future members of the faculty who are members of the Rhode Island Employees Retirement System (ERS) may elect to remain in that system.

B. Present or future members of the faculty who are members of ERS and have fewer than ten years of ERS credit, may elect to transfer their membership to TIAA and retain their ERS credit for years of service completed in ERS, subject to completion of ten years of State service.

C. Eligible staff members employed on or after the effective date may participate on a voluntary basis on completion of two years service. Participation will become required after completion of two years and attainment of age 50. The preliminary service period will be waived for an eligible employee who already owns a retirement annuity issued by TIAA.

II. Contributions. Each participant in this retirement plan shall contribute 5 per cent of his regular bi-weekly compensation; the Employer of such participant shall deduct each such contribution from compensation payments, add 9 per cent of each participant’s regular monthly compensation as its contribution, and apply the combined sum to the purchase of retirement benefits for the participant as follows:

(a) At the election of the participant, either 100 per cent, 75 per cent, 66 2/3 per cent, or 50 per cent of such combined sum will be forwarded to Teachers Insurance and Annuity Association as a premium for a TIAA retirement annuity contract on the participant’s life.

(b) The balance, if any, of such combined sum will be forwarded to the College Retirement Equities Fund as a premium for a CREF retirement annuity certificate for the participant’s life.

III. Leave of Absence. During leave of absence, the Employers will continue contributions on the basis of the employee’s contractual salary for the period of his leave if the participants do likewise.
IV. **Contracts.** Each TIAA retirement annuity contract and CREF certificate issued in accordance with Section II of this plan is for the sole purpose of providing a retirement and/or death benefit and is the property of the individual participant.

V. **Repurchase.** In the event a participant in TIAA or TIAA-CREF leaves the employ of an Employer for reasons other than retirement or disability and requests repurchase of his annuity, the Employer will approve such repurchase provided it meets the conditions under which TIAA-CREF will repurchase annuities automatically, and provided that the participant consents, and that the portion of the repurchase value attributable to the Employer's contributions shall be paid to the Employer by TIAA-CREF.

VI. **Retirement Age.** Except as provided in Section VII, all participants in this retirement plan shall retire at the end of the academic year in which they attain age 65, herein called normal retirement age. Staff members who participated in the Employees' Retirement System of the State of Rhode Island immediately prior to becoming participants in this plan may continue in service to the end of the academic year in which they attain age 70.

VII. **Extension of Service.** By special vote of the Board of Trustees, extension of service beyond normal retirement age may be made for definite periods not to exceed one year each, but no such extensions shall postpone retirement beyond the end of the academic year in which age 70 is attained.

VIII. **Amendment.** While it is expected that this plan will continue indefinitely, the Board of Trustees reserves the right to modify or discontinue it at any time.

IX. **Effective Date.** The effective date of this retirement plan shall be upon adoption by the Board of Trustees of State Colleges.

3/9/65
Dr. H. Perry Jeffries  
Chairman, Faculty Senate  
Narragansett Bay Campus  

Dear Perry:

I sometimes find Bob Harrison's approach to problems just the opposite from what he intended. In order to simplify actions of the Senate, which had to come to me for some kind of action, he developed his forms which, in effect, provide only two alternatives; approved or disapproved. But action on decisions of the Senate are often like life itself; pretty complicated and scarcely decided in terms of a yes-no, black-white, good-bad distinction. Such is the case with Bills 57 and 58. In both cases, of course, I do not have final approval. In the case of at least Bill 58, even the Board of Trustees doesn't have final approval, since legislation will be required to implement the provision. So let me tell you what action I have taken with regard to these two bills.

With regard to Bill 57, although I am in favor of this, I did not present it to the Board of Trustees at its meeting on April 7. I am convinced that to try to get too many faculty fringe benefits through at one time can only result in unfavorable reaction if not, indeed, unfavorable action upon the various proposals. Consequently, I decided to hold up the recommendation on tax shelter annuities until I knew what the Board's position was on the TIAA proposal which, in my opinion, is the most important fringe benefit before us at this particular time. I recognize that it can be argued that the tax sheltered annuity is not a new benefit so far as the state is concerned, but merely a bookkeeping transaction. Yet it will raise a whole group of questions from the Legislature and perhaps from other state employees. I feel that we cannot jeopardize favorable action on the TIAA, therefore, by proposing this to the Board at this time.

The recommendations regarding the TIAA plan were presented with the endorsement of the three presidents. The Board received the report and will give it careful consideration. My impression is that the members of the Board are in favor of the proposal, but recognize certain problems in getting it implemented by legislation. There is, of course, the matter of obtaining an additional appropriation, estimated to be $300,000. This at a time in which the state budget is in a rather precarious balance. I recognize that the net cost is estimated to be only $135,000, but the $300,000 figure is the one that will be seen. In addition, we suspect that without considerable preparation in advance, by way of explanation and support, we may run into some difficulties with other state employees and, consequently, in the Legislature. The Board
Dr. H. Perry Jeffries

April 9, 1965

I note in your report to me of March 22 that the Senate also passed a resolution requesting the University to provide medical insurance for the faculty and that families should be included along with the individual. You will recall that when the matter was discussed on the Senate floor, Mr. Duhamel made a rough estimate that the proposal would cost the state, for our faculty alone, $130,000. I assume that the resolution is presented to me for whatever action I care to take. Right now, I shall take no action. I haven't even reported this to the Board. I can assure you that to have done so on top of the TIAA request, would not have been received very sympathetically. I find it difficult, incidentally, to follow faculty reasoning in a matter of this nature. On top of fairly substantial salary increases, to expect to get the TIAA plus the entire contribution for Blue Cross and Blue Shield and major medical insurance for all members of our faculty and the administration, including their families, is just too much of a package to expect to be received favorably.

I'm not sure when I shall report this action of the Senate to the Board of Trustees officially, although since I am sending a copy of this letter to the chairman of the Board he will know that the matter has been proposed. I should point out, incidentally, that there is legislation before the General Assembly which would raise the salary limit to $8,000 as the cut-off point at which the state pays the Blue Cross-Blue Shield costs. I suspect that, in time, this will be raised still further and eventually some sort of medical provision included, but unlike the provision for TIAA, where I don't think we're going to get any major opposition after we take the preliminary educating steps for the other state employees, I do feel that we would run into opposition to the proposal for medical coverage. Incidentally, there are all kinds of major medical proposals. I would ask the Faculty Senate to make a specific proposal as to the type of major medical coverage that it wishes to have considered.

Cordially,

Francis H. Horn
President

cc: Mr. George W. Kelsey