

## Appendix 1

### Committee on Retirement Savings Plan and Retiree Health Benefits Membership 2013

<b>Members</b>	
Shapiro, Matthew D. (Chair)	Lawrence R. Klein Collegiate Professor of Economics, LS&A, and Research Professor, Survey Research Center, Institute for Social Research
Castillo, Paul A.	Chief Financial Officer, U-M Health System
Frumkin, Jeffery R.	Associate Vice Provost for Academic and Faculty Affairs, and Senior Director, Academic Human Resources
Grazier, Kyle L.	Chair and Richard Carl Jelinek Professor in Health Services Management and Policy, School of Public Health, and Professor of Psychiatry, Medical School
Hart, LaShon C.	Clinical Nurse, UMH East Ann Arbor MPU, Voices of the Staff
Hines, James R., Jr.	L. Hart Wright Collegiate Professor of Law, Law School, Richard A. Musgrave Professor of Economics, LS&A, and Professor of Business Economics, Stephen M. Ross School of Business
Holcomb, Richard S., Jr.	Senior Director for Benefits
Langa, Kenneth M.	Professor of Internal Medicine, and Associate Director and Research Professor, Institute of Gerontology, Medical School, Professor of Health Management and Policy, School of Public Health, Research Professor, Institute for Social Research, and Research Scientist, AA Veterans Affairs HSR&D Center
Levy, Helen G.	Research Associate Professor, Institute for Social Research, and Research Associate Professor and Adjunct Associate Professor of Public Policy, Gerald R. Ford School of Public Policy
Muir, Dana M.	Arthur F. Thurnau Professor of Business Law, Stephen M. Ross School of Business
<b>Staff</b>	
Jansen, Hinke	Compensation Manager, UMHS
MacDonagh-Dumler, Etta	Associate Director for Strategic Initiatives, UHR Strategy and Planning
Sindlinger, Steve	Assistant Director for Benefits Administration - Retirement
Buck, Jean	Administrative Assistant

## Appendix 2

### Committee Charge



<b>Committee</b>	<b>Committee on Retirement Savings Plan and Retiree Health Benefits</b>
<b>Sponsorship</b>	Ora Hirsch Pescovitz, Executive Vice President for Medical Affairs Martha Pollack, Provost and Executive Vice President for Academic Affairs Tim Slottow, Executive Vice President and Chief Financial Officer Laurita Thomas, Associate Vice President for Human Resources
<b>Background</b>	<p>Keeping U-M’s benefit programs viable and competitive requires ongoing review of operations, programs and services. This helps ensure that our benefit plans will continue to help attract and retain premier faculty and staff. The university’s benefit plan designs and cost-sharing policies should adhere to U-M’s guiding principles for benefits:</p> <ul style="list-style-type: none"> <li>• Provide quality programs at affordable cost</li> <li>• Provide market-competitive programs to recruit and retain faculty and staff</li> <li>• Serve as a responsible fiscal agent</li> <li>• Enable informed decision making</li> <li>• Leverage internal and external expertise in the development of innovative benefit designs and programs that promote a culture of health</li> </ul> <p>As a result of university efforts over the past several years to reduce and/or contain costs, U-M’s overall benefits package for the university, excluding Hospitals and Health Centers (HHC), has moved from top of market in 2009 to being at market position, according to the Aon Hewitt Benefit Index<sup>1</sup> that compares the university to a set of national provost peers. However, the index shows more specifically that U-M health benefits for retirees and the retirement savings plan continue to lead the market. Similar benchmarking for HHC staff indicates that, compared to a set of local labor market peers, the overall benefits package is considerably above market, with retirement income and retiree health care significantly above the market average.</p> <p>In calendar year 2012, 90 percent of eligible faculty and staff members were enrolled in the retirement savings plan, receiving approximately \$232 million in university contributions. To receive the 10 percent university retirement</p>

<sup>1</sup> A Hewitt Benefit Index value of 100 means the plan is the average of the comparator group’s benefit values.

	<p>contribution, plan participants must contribute 5 percent of their eligible gross salary. Enrollment in the retirement savings plan is compulsory for employees at age 35 who have completed two years of service and hold a 100 percent appointment. If an employee who meets the compulsory criteria does not voluntarily contribute 5 percent, the university contribution is reduced to 5 percent. More than 1,400 employees are enrolled with this reduced contribution.</p> <p><b><u>Previous Plan Reviews</u></b></p> <p>The most recent comprehensive review of the retirement savings plan was conducted in 2008 and focused on vesting options and waiting periods. As a result, a one-year waiting period for university contributions was implemented for faculty and staff hired on or after January 1, 2010. This change resulted in annual recurring savings of approximately \$13 million.</p> <p>In 2011, the Committee on Retiree Health Benefits (CORHB) proposed changes in eligibility to receive retiree health benefits and changes to university contribution levels for current and future retirees and their dependents. The expected annual savings from CORHB is \$7.6 million by 2020 and \$142 million by 2040. During the roll-out of the policy changes to the campus community, a further review of eligibility and contribution changes was estimated for 2016 or beyond.</p> <p>In addition to its policy recommendations, the CORHB committee identified areas for on-going evaluation. These areas included:</p> <ul style="list-style-type: none"> <li>• <i>Monitoring of U-M benefits relative to those offered by peers</i></li> <li>• <i>Studying the feasibility of alternative tax-advantaged retiree health savings programs for new hires</i></li> <li>• <i>Assessing the impact of health care reform legislation on the cost and value of university retiree benefits</i></li> </ul> <p>Changes in the market and passage of the Affordable Care Act have resulted in potentially significant changes in the health benefit landscape, making the further review of retiree health benefits for new hires a timely task for the university.</p>
<p>Charge of the Committee</p>	<p>The Committee is charged to look at the market data and make recommendations that will identify annual recurring cost savings beginning in calendar year 2015 in the General Fund of at least \$5 million, other non-General Fund units of at least \$8.7 million, and annual recurring HHC cost savings of at least \$8.5 million, for a total savings target for CY 2015 of at least \$22 million. The Committee is encouraged to consider creative approaches that will result in even larger savings.</p>

	<p>Initiatives that lead to these savings should result in an overall (All Benefits) market position on the Aon Hewitt Benefits Index between 95 and 105 for the university, excluding HHC staff, and movement closer to the market average for HHC staff.</p> <p>Faculty and staff consider both their retirement savings and the availability of affordable health care coverage when planning their retirements. Therefore, the Committee needs to take an integrated and comprehensive approach to retirement savings and alternatives in retiree health benefits, providing advice, guidance and recommendations that consider both aspects.</p> <p>Using peer and market data, the Committee will examine the structure and design of U-M’s retirement savings plan, review eligibility options, application of waiting periods, and the level of university contribution. The Committee is further asked to consider impact on recruitment, changes in retirement contribution based on years of service, differential plans for faculty and staff, and other benefits such as paid time off and its impact on productivity.</p> <p>The Committee should make recommendations that better align the U-M retirement savings plan with the market, and should also make recommendations regarding retiree health benefits incorporating emerging trends and opportunities to best prepare U-M for current and anticipated changes in the health benefit landscape.</p> <p>The Committee is also asked to identify and propose approach(es) and timeline(s) for the implementation of the recommendations.</p>
<p>Scope and Boundaries</p>	<p>The Committee is to make recommendations in the areas of retirement savings and retiree health benefits. The scope for each is as follows:</p> <p><b>1. Retirement savings:</b> Scope includes current and future faculty and staff.</p> <p><b>2. Retiree health benefits:</b> As noted earlier in this charge document, further reviews of eligibility rules and contribution amounts for retiree health were slated for 2016 or later. Therefore, the Committee’s scope in terms of eligibility for and contributions toward retiree health benefits should be limited to future faculty and staff.</p> <p>The Committee should also assess the potential for providing future hires with the expanding options in the new health benefits marketplace, such as health insurance exchanges, health savings accounts (HSAs), retiree medical savings accounts (RMSAs), and personal or custodial care coverage through a long-term care plan. The Committee may include recommendations on the potential for</p>

	expanding the availability of any of the options to include current faculty and staff.
Membership	<p><b>Matthew D. Shapiro (Committee Chair)</b>, Lawrence R. Klein Collegiate Professor of Economics, LSA, and Research Professor, Survey Research Center, Institute for Social Research</p> <p><b>Paul Castillo</b>, Chief Financial Officer, U-M Health System</p> <p><b>Jeff Frumkin</b>, Associate Vice Provost for Academic and Faculty Affairs, and Senior Director, Academic Human Resources</p> <p><b>Kyle Grazier</b>, Chair and Richard Carl Jelinek Professor in Health Services Management and Policy, School of Public Health, and Professor of Psychiatry, Medical School</p> <p><b>LaShon Hart</b>, <i>Voices of the Staff</i>, Clinical Nurse, UMH East Ann Arbor MPU</p> <p><b>Jim Hines</b>, L. Hart Wright Collegiate Professor of Law, Law School, Richard A. Musgrave Professor of Economics, LSA, and Professor of Business Economics, Stephen M. Ross School of Business</p> <p><b>Rich Holcomb</b>, Interim Senior Director for Benefits, and Director of Total Compensation, U-M Health System</p> <p><b>Kenneth Langa</b>, Professor, Department of Internal Medicine, and Associate Director and Research Professor, Institute of Gerontology, Medical School, Professor of Health Management and Policy, School of Public Health, Research Professor, Institute for Social Research; Co-Investigator, Health and Retirement Study (HRS)</p> <p><b>Helen Levy</b>, Research Associate Professor, Institute for Social Research, and Research Associate Professor and Adjunct Associate Professor of Public Policy, Gerald R. Ford School of Public Policy</p> <p><b>Dana Muir</b>, SACUA, Arthur F. Thurnau Professor of Business Law, Stephen M. Ross School of Business</p> <p>The Committee may choose to establish concurrent subcommittees for retirement savings and retiree health benefits. Subcommittees could examine clearly defined areas such as optional retirement savings vehicles.</p>
Staff	<p>Hinke Jansen, Compensation Manager, U-M Health System</p> <p>Etta MacDonagh-Dumler, Associate Director for Strategic Initiatives and Senior Project Manager</p> <p>Steve Sindlinger, Assistant Director for Benefits Administration – Retirement</p> <p>Jean Buck, Administrative Assistant, Benefits Administration Office</p>
Timeline	<p>September 2013: Committee meetings begin</p> <p>December 2013: Draft recommendations due to the Committee sponsors</p>
Progress Reports	<ul style="list-style-type: none"> <li>• Agendas and meeting notes</li> <li>• Status updates</li> <li>• Final report</li> </ul>

## Appendix 3

### Summary Report of Survey Results

#### Retirement Benefits Strategy Survey Qualitative Results

##### I. Summary

On Monday, October 7, University of Michigan faculty and staff were asked to participate in a survey regarding proposed changes to the Retirement Savings Plan and retiree health benefits. The survey aimed to discover the function of the benefits program, and how possible changes to the program would impact university employees.

1,897 respondents included comments, which are categorized by most recurrent themes.

##### II. Trends and Examples

1. **The vast majority of responses (more than 1,300) touched on the belief that University of Michigan’s salaries are lower than peer institutions, and the benefits package was the main reason they chose and continue to work for the university. Without these benefits, many of these employees say they would consider leaving the university.**

##### Representative Comments:

- a. “Honestly, the retirement plan is what motivates me to continue working for the university. I have a 1-hour commute and would seek a closer commute if another organization had a retirement plan that would now be competitive to a changed plan.”
- b. “Benefits are the main draw for employment at the University of Michigan, and one of the biggest reasons the university is considered competitive from a professional perspective. If benefits are decreased (retirement/sick/vacation), many employees will look for more attractive employment outside of the university, even if it means relocating from the AA area.”
- c. “Due to my age, all extra savings that go into my retirement pay off a great deal more when I reach my retirement age, so I consider any loss in this benefit to be a huge pay cut. If balancing cost savings with retention rates is important, my own personal input is this: my salary is average for my position, but less than my skills warrant; the University gives minimal amounts of money for further education; the medical benefits are very good; and the retirement contribution is very good. Should the retirement contribution disappear I only have one very good

## Appendix 3 (continued)

### Summary Report of Survey Results

benefit at this institution. Therefore, if I find another offer that has, say, two very good benefits and all others equal, I cannot figure out why I would stay when I calculate my overall benefit from the organization.”

- d. “If U of M were to reduce its retirement contribution, I would look for job in other health care systems. This is major reason that I work here. Other health care systems pay more money and I would be able to put more in retirement savings elsewhere if I made more money.”
- e. “For many of us, the current retirement plan is a main form of employee retention. In my field, Interventional Radiology, other institutions pay much better, so the retirement plan here is what keeps us here. Without the current retirement plan, the long drive here everyday would no longer be worth it. I realize the position the university is in, but please consider that many of us will no longer have a good reason to choose U of M as our home.”

#### 2. Responses also conveyed the desire that these changes only affect incoming employees and that existing employees receive a grandfather clause (approx. 190 responses).

##### Representative Comments:

- a. “I hope I am correct in assuming that any changes would not affect current employees, but would be directed at new hires.”
- b. “I think current staff should be grandfathered into the old plan. We choose to work at U-M based on the benefits and retirement offered to us at the time of hire. Any changes to these plans should affect new/incoming staff only.”
- c. “Consider grandfathering longer-term faculty and staff, applying changes to those with less seniority, <10 years and new hires. Consider a graduated contribution plan based on years of service and years of participation—for staff who enroll prior to age 35.”
- d. “My hope would be that anticipated changes to the UM Retirement Savings Plan would apply to new employees only -- those being hired today who would choose to work for the University because of, or in spite of, the RSP package available to them at the time of their arrival. It does not seem fair to impose drastic changes on staff and faculty who have made their retirement plans based on past and present benefits.”
- e. “Any changes to the plan should impact future employees only. I personally stayed in higher ed because of the retirement benefits and in doing so have forfeited higher corporate salaries.”

## Appendix 3 (continued)

### Summary Report of Survey Results

3. **Because the benefits package is such a selling point for the University, responses argued that the cuts would impair the recruitment of experienced, desirable candidates (approx. 100 responses).**

#### Representative Comments:

- a. “One of the primary draws to the university is the retirement savings/benefit plan. As a manager here, it will make it difficult to draw and retain talented individuals at the university if this were to be reduced significantly.”
  - b. “As a hiring manager with limited ability to provide market level salaries for the (increasingly complex) positions I hire, the retirement savings is my primary compensation based argument to help sway candidates to accept "market" salaries.”
  - c. “An excellent retirement and benefits program is a competitive advantage that the University leverages to attract and retain top talent. Please be extremely careful and extremely thoughtful when considering these changes.”
4. **Responses came in the form of suggestions, explaining how to save money while retaining benefits (approx. 100 responses).**

#### Representative Comments:

- a. “Please consider a vesting period, say 5 years where if the employee leaves before the vesting period he/she leaves behind the university contribution to retirement savings.
- b. Also, consider increasing the university match with years of service, similar to non-exempt vacation accrual.”
- c. “I think that the University should think about a "banded" type of contribution for retirement savings that it presently uses for health insurance premiums. Those who make less should have larger contributions made by the University compared to those who are more compensated. This way, those with lower salaries would be more likely to save for retirement if they received more subsidies for it.”
- d. “If changes are required, I also think some sort of sliding scale for contribution percent based on salary is fair (with a lower percent for higher salary). Those with higher salaries are already gaining more, as a percentage of their salary, so perhaps some scale along this way might be fair (similar to how contributions to health insurance are decided).”  
“Develop a graduated contribution schedule.”



## **Appendix 3 (continued)**

### **Summary Report of Survey Results**

- e. “Set a yearly cap and when it is reached U-M should quit contributing,”  
“perhaps capping University contributions based on salary (like social security taxes) would be something to consider.”
- f. “University matching contribution of 10% of eligible gross salary  
change up to a maximum salary of \$225,000 to \$100,000 max.”

## Appendix 3 (continued)

### Summary Report of Survey Results

#### Survey Results

<b>Total responses*</b>		<b>8,518</b>	<b>100%</b>
	Faculty	1,538	18%
	Staff	6,980	82%
<b>Ann Arbor Campus</b>		<b>4,522</b>	<b>53% of total</b>
	Faculty	958	21%
	Staff	3,564	79%
<b>U-M Hospitals and Health</b>		<b>3,526</b>	<b>41% of total</b>
	Faculty	370	10%
	Staff	3,156	90%
<b>Flint Campus</b>		<b>293</b>	<b>3% of total</b>
	Faculty	124	42%
	Staff	169	58%
<b>Dearborn Campus</b>		<b>177</b>	<b>2% of total</b>
	Faculty	86	49%
	Staff	91	51%

\*Results in this report are based on 100% completed surveys. 8,529 at least started the survey and 8,518 completed it.

#### RESPONSE RATES FOR EACH POPULATION:

Ann Arbor Campus: 18% of campus participated  
 (24,972 total population)  
 U-M Hospitals & Health Centers: 21%  
 participation rate (16,731 population)  
 Flint Campus: 26% participation rate (1,098 population)  
 Dearborn Campus: 17% participation rate (1,050 population)

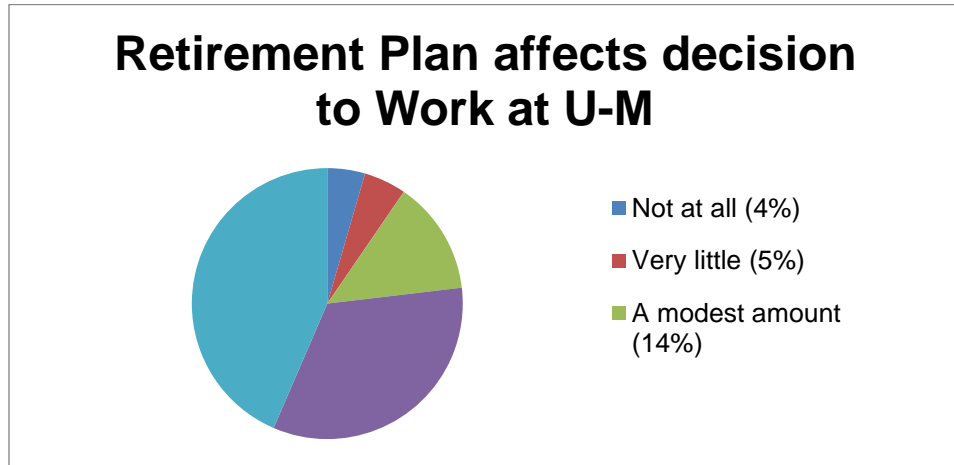
#### NOTES:

- Survey data were gathered between Oct. 7 and Oct. 13.
- Participation rate is nearly double the rate of participation of 4,300 in the previous university-wide survey for the Committee on Retiree Health Benefits.

Appendix 3 (continued)

Summary Report of Survey Results

1. Did the U-M Retirement Savings Plan affect your decision to work for the university?

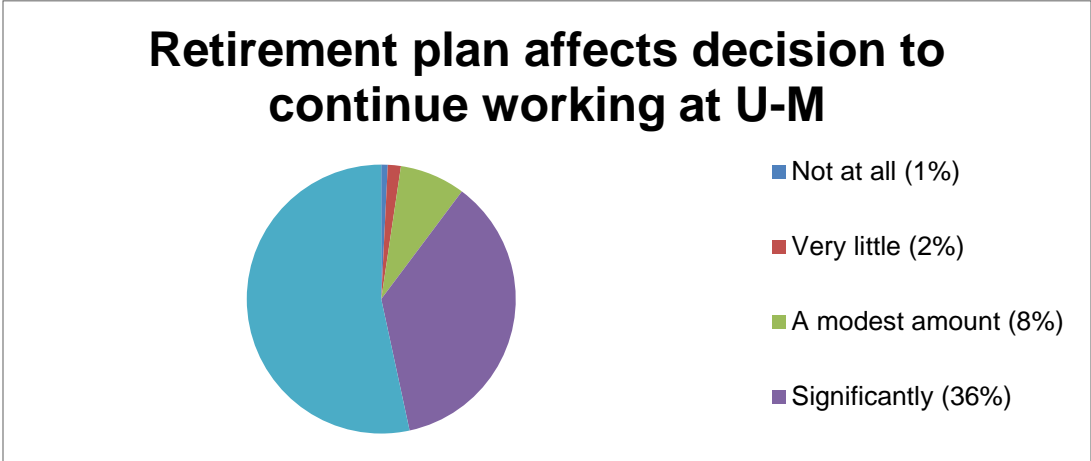


#	Answer	Response	%
1	Not at all	348	4%
2	Very little	431	5%
3	A modest amount	1,157	14%
4	Significantly	2,845	34%
5	One of the top factors	3,711	44%
	Total	8,492	100%

Appendix 3 (continued)

Summary Report of Survey Results

2. How does the retirement savings plan affect your desire to continue working for U-M?



#	Answer	Response	%
1	Not at all	66	1%
2	Very little	133	2%
3	A modest amount	669	8%
4	Significantly	3,085	36%
5	One of the top factors	4,527	53%
	Total	8,480	100%

### Appendix 3 (continued)

#### Summary Report of Survey Results

#### 3. To what extent do you agree or disagree with the statement: U-M's retirement savings plan is the primary way I save for retirement.

#	Answer	Response	%
1	Strongly Disagree	203	2%
2	Disagree	126	1%
3	Neither Agree or Disagree	202	2%
4	Agree	900	11%
5	Strongly Agree	7,044	83%
6	Don't know	16	0%
	Total	8,491	100%

#### 4. To what extent do you agree or disagree with the statement: Social Security and the U-M's current retirement saving plan will provide sufficient resources for my wants and needs in retirement.

#	Answer	Response	%
1	Strongly Disagree	301	4%
2	Disagree	1,117	13%
3	Neither Agree nor Disagree	1,144	14%
4	Agree	2,637	31%
5	Strongly Agree	2,592	31%
6	Don't know	676	8%
	Total	8,467	100%

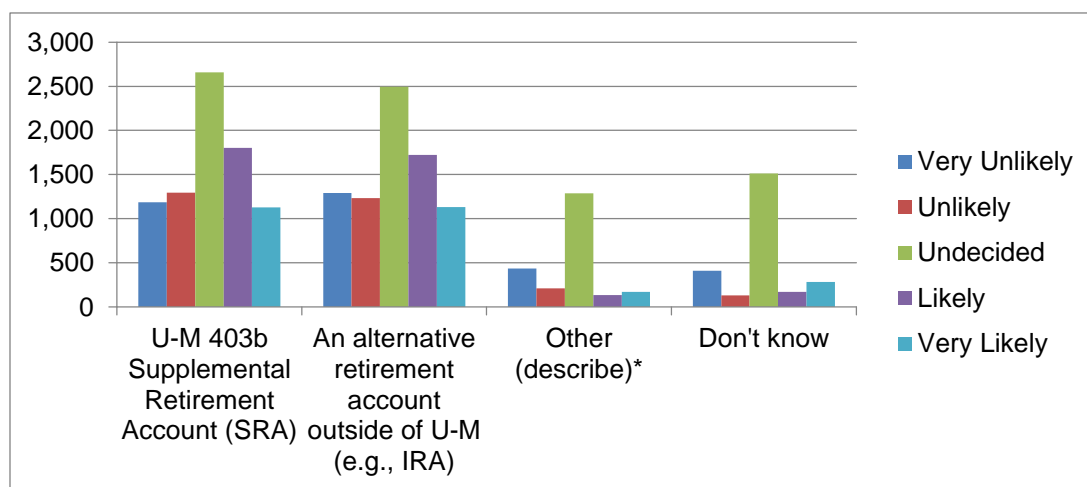
#### 5. If you had to choose, which would you prefer?

#	Answer	Response	%
1	University retirement savings plan contribution that increases as years of service increase.	5,929	72%
2	University retirement savings plan contribution that increases as age increases.	2,314	28%
	Total	8,243	100%

## Appendix 3 (continued)

### Summary Report of Survey Results

**6. If the university reduced its retirement savings plan contribution, how likely are you to make a contribution or increase an existing contribution to one of the following?**



	Question	Very Unlikely	Unlikely	Undecided	Likely	Very Likely	Total Responses
1	U-M 403b Supplemental Retirement Account (SRA)	1,185	1,294	2,658	1,802	1,129	8,068
2	An alternative retirement account outside of U-M (IRA)	1,291	1,234	2,493	1,722	1,132	7,872
3	Other (describe)	437	210	1,286	136	170	2,239
4	Don't know	410	131	1,513	170	282	2,506

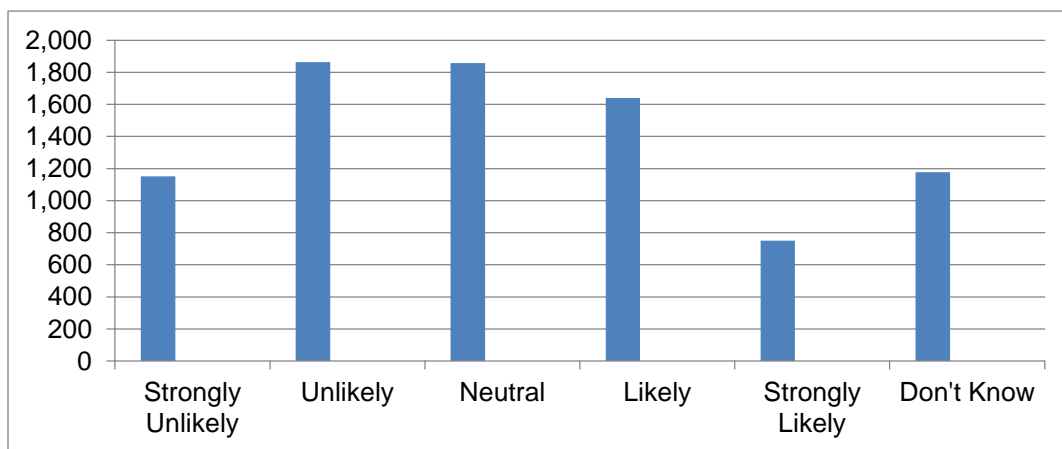
\*Other (describe): 207 text responses were submitted

## Appendix 3 (continued)

### Summary Report of Survey Results

#### 7. Tax Advantaged Plan

If the university were to add a new tax-advantaged savings plan, such as a medical savings account or a health savings account to save for and fund future health care expenses, to what extent would you be likely to use this type of plan?



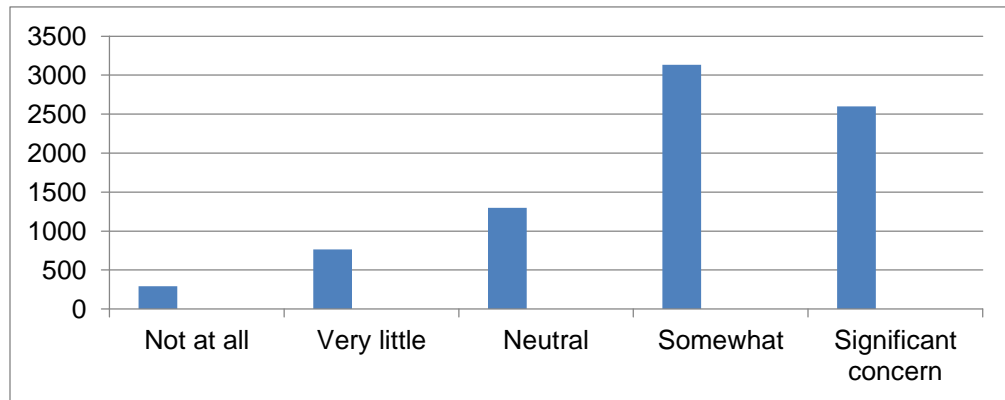
#	Answer	Response	%
1	Strongly Unlikely	1,152	14%
2	Unlikely	1,864	22%
3	Neutral	1,857	22%
4	Likely	1,641	19%
5	Strongly Likely	751	9%
6	Don't Know	1,178	14%
	Total	8,443	100%

**Appendix 3 (continued)**

**Summary Report of Survey Results**

**8. Long-Term Care Insurance**

Long-Term Care insurance is designed to cover such long-term services as personal and custodial care in a variety of settings like your home, a community organization, or other facilities. Long-Term Care policies reimburse policyholders a daily amount (up to a pre-selected limit) for services to assist them with activities of daily living such as bathing, dressing, and eating. As you evaluate your financial future, to what extent is providing for your own long-term care a concern for you?



#	Answer	Response	%
1	Not at all	290	3%
2	Very little	766	9%
3	Neutral	1,298	15%
4	Somewhat	3,132	37%
5	Significant concern	2,968	35%
	Total	8,454	100%



## Appendix 3 (continued)

### Summary Report of Survey Results

#### 9. To what extent is providing for your spouse/partner's long-term care needs a concern for you?

#	Answer		Response	%
1	Not at all		1,110	13%
2	Very little		649	8%
3	Neutral		1,427	17%
4	Somewhat		2,599	31%
5	Significant concern		2,573	31%
	Total		8,358	100%

#### 10. What additional comments would you like to share concerning possible changes to the U-M Retirement Savings Plan? Please comment below.

##### Text Response

1,897 Total written responses (includes comments from partially-competed surveys)

#### 11. Please indicate your role with the university.\*

#	Answer		Response	%
6	Faculty		1,538	18%
7	Staff member		6,980	82%
	Total		8,518	100%

\*Required response



#### 12. Please indicate your age range.

#	Answer		Response	%
1	under 25		117	1%
2	25 - 34		1,438	17%
3	35 - 44		1,966	23%
4	45 - 54		2,519	30%
5	55 - 65		2,171	26%
6	over 65		267	3%
	Total		8,478	100%





**Appendix 3 (continued)**

**Summary Report of Survey Results**

**13. Please indicate your gender.**

#	Answer		Response	%
1	Male		2,743	32%
2	Female		5,702	68%
	Total		8,445	100%

**14. Please select the campus area where you work.\***

#	Answer		Response	%
1	Ann Arbor Campus		4,522	53%
2	University of Michigan Hospitals and Health Centers		3,526	41%
3	Flint Campus		293	3%
4	Dearborn Campus		177	2%
	Total		8,518	100%

\*Required response

## **Appendix 4**

### **Provost Peer List** (in alphabetical order)

Columbia University  
Cornell University  
Duke University  
Emory University  
Harvard University  
Indiana University  
Johns Hopkins University  
Massachusetts Institute of Technology  
Northwestern University  
The Ohio State University  
Stanford University  
University of California  
The University of Chicago  
University of Maryland  
The University of North Carolina at Chapel Hill  
University of Pennsylvania  
The University of Southern California  
The University of Texas System  
University of Virginia  
University of Washington  
University of Wisconsin  
Washington University in St. Louis  
Yale University

## **Appendix 5**

### **Local and National Healthcare Peer List**

#### **Local Healthcare Organizations**

Beaumont Health System

Detroit Medical Center

Henry Ford Health System

Oakwood Healthcare, Inc.

St. Joseph Mercy Health System

The University of Toledo Medical Center

#### **National Academic Healthcare Organizations**

Baylor Health Care System

BJC Health System, Inc.

Cleveland Clinic

Duke University Health System

Indiana University Health, Inc.

Mayo Clinic

University of California San Francisco Medical Center

University Hospitals (Cleveland, OH)

UNC Health Care System

University of Pittsburgh Medical Center

WakeMed Health & Hospitals

## Appendix 6a

### Retirement Savings Plan Contribution Comparison of All 23 Provost Peers – Base Plan

<b>Alphabetical Order</b>	<b>Matching</b>	<b>DC</b>	<b>DB</b>	<b>Total</b>
Columbia University		9.0%		9.0%
Cornell University		10.0%		10.0%
Duke University		11.5%		11.5%
Emory University	3.0%	6.0%		9.0%
Harvard University		9.5%		9.5%
Indiana University		10.0%		10.0%
Johns Hopkins University		11.5%		11.5%
MIT	5.0%		6.0%	11.0%
Northwestern University	5.0%	5.0%		10.0%
Ohio State University		10.5%		10.5%
Stanford University	5.0%	4.5%		9.5%
University of California			15.0%	15.0%
University of Chicago		8.0%		8.0%
University of Maryland		7.2%		7.2%
University of North Carolina		6.8%		6.8%
University of Pennsylvania	5.0%	3.5%		8.5%
University of Southern California	5.0%	5.0%		10.0%
University of Texas		8.5%		8.5%
University of Virginia	0.5%	9.0%		9.5%
University of Washington		7.5%		7.5%
University of Wisconsin		5.9%		5.9%
Washington University		8.5%		8.5%
Yale University	5.0%	5.5%		10.5%
Average	1.5%	7.1%	0.9%	9.5%
Non-Zero Average	4.2%	7.8%	10.5%	9.5%
University of Michigan		10.0%		<b>10.0%</b>

Source: Aon Hewitt

**Notes:**

401(k) % = maximum employer contribution

Age, service, or pay related formulas are based on a rounded estimate of the average % of pay available to an entire workforce

While DC values translate easily to a % of pay, traditional pension plan values do not, and %'s here are estimated based on Benefit Index value

## Appendix 6b

### Retirement Savings Plan Contribution Comparison of All 23 Provost Peers – High Benefit

U-M Peer	High Benefit			
	Required Faculty Contribution	University Contribution	University & Employee (if any) Contribution	Trigger for Higher Benefit
Columbia University		17.5%	17.5%	FICA
Cornell University				
Duke University	3%	13.2%	16.2%	\$55,000
Emory University				
Harvard University		15%	15%	FICA
Indiana University				
Johns Hopkins University		12%	12%	Age 35
Massachusetts Institute of Technology				
Northwestern Core Plan				
Ohio State University				
Stanford Core Plan				
University of California				
University of Chicago				
University of Maryland				
University of North Carolina at Chapel Hill				
University of Pennsylvania				
University of Southern California Core				
University of Texas System				
University of Virginia				
University of Washington	7.5%	7.5%	15%	Age 35
University of Washington Option at 50	10%	10%	20%	Age 50
University of Wisconsin				
Washington University in St. Louis	5%	10%	15%	10 years & \$45,000
Yale University	5%	12.5%	17.5%	FICA

Source: U-M (Benefits Office)

## Appendix 7a

### Compensation Eligible for Retirement Contributions: U-M Provost Peers

The following peers provide retirement plan contributions on base pay only:

Columbia University  
Cornell University  
Indiana University  
Johns Hopkins University  
The Ohio State University  
Stanford University  
The University of Chicago  
University of Maryland  
The University of North Carolina at Chapel Hill  
University of Pennsylvania  
The University of Southern California  
The University of Texas System  
University of Virginia  
University of Washington  
Washington University in St. Louis  
Yale University

The following peers provide retirement plan contributions on base pay and additional forms of compensation, such as overtime and bonus pay:

Duke University  
Emory University  
Harvard University  
Northwestern University  
University of Wisconsin

The University of California and the Massachusetts Institute of Technology (MIT) both have a defined benefit pension plan instead of the 403(b) or 401(a) retirement plans maintained by the rest of the peer group. MIT does offer a 401(k) plan to supplement its pension plan; this plan provides matching employer contributions on base salary as well as additional forms of compensation.

## Appendix 7b

### Compensation Eligible for Retirement Contributions: Local and National Healthcare Peer List

#### Local Healthcare Peers

The following peers provide retirement plan contributions on base pay only:

Henry Ford Health System  
Oakwood Healthcare

The following peers provide retirement plan contributions on base pay and additional forms of compensation, such as overtime and bonus pay:

Beaumont Health System  
Detroit Medical Center  
St. Joseph Mercy Health System  
University of Toledo Medical Center

The majority of local peers offer a matched savings plan.

#### National Healthcare Peers

The following peers provide retirement plan contributions on base pay only:

Baylor Health Care System  
University Hospitals, Cleveland, Ohio  
Wake Medical Center

The following peers provide retirement plan contributions on base pay and additional forms of compensation, such as overtime and bonus pay:

BJC Health System  
Cleveland Clinic  
Duke University Health System  
Indiana University Health  
Mayo Clinic  
University of California San Francisco Medical Center  
UNC Health Care System  
University of Pittsburgh Medical Center

Indiana University Health did not specify what type of pay they match. The majority of national peers offer a matched savings plan.



## Appendix 8

### U-M Retiree Health Benefit Contributions (Implementation Effective January 1, 2013)

Retired On/After	University Contribution % for Health Care <sup>1</sup>			
	Single Contribution	Dependent Portion	Contribution Tied to Years of Service	Retirement Eligibility (Age + Years of Service)
January 1, 1987 <sup>2</sup>	93.0%	75.0% Children, 66.0% Adult, 70.0% Medicare	No	Pre-2013 Eligibility
January 1, 2000	90.0%	70.0%	No	Pre-2013 Eligibility
January 1, 2013	87.5%	65.0%	No	76 Points
January 1, 2015	85.0%	60.0%	No	77 Points
January 1, 2017	82.5%	55.0%	No	78 Points
January 1, 2019	80.0%	50.0%	No	79 Points
January 1, 2021	Maximum 80.0%	Maximum 50.0%	Yes (See below)	80 Points
<p><b>Part-Time Employees:</b> Starting January 1, 2013, benefits eligible part-time faculty and staff working between 20 and 31.9 hours per week (50% to 79.9% appointment) will earn 0.8 years of service for every full year worked as a part-time employee.</p>				
<p><b>New Hires:</b> For new hires, effective 1/1/2013, the maximum retiree University Contribution will be 68% for the single contribution and 26% for the dependent portion.</p>				
<p><b>For Faculty and Staff Retiring on/after January 1, 2021:</b> Retirees with less than 20 years of service will have a reduced University Contribution towards retiree health benefits.  Retirees with 10 years of service will receive 50% of the maximum University Contribution and can earn an additional 10% of the Maximum Contribution with every 2 years of additional service.  With 20 years of service, a retiree will have earned 100% of the Maximum Contribution.</p>				

<sup>1</sup> % based on the Enrollment Weighted Average Premium of the two lowest cost comprehensive plans. Retirees who were hired on or after July 1, 1988 will continue to pay the full cost of the benefits up to the first of the month following the month they turn age 62.

<sup>2</sup> Pre-1987 retirees are part of a closed group receiving 100% University Contribution.