

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
RETIREMENT PLAN COMMITTEE  
MARCH 28, 2018  
MINUTES**

**I. Call to Order**

Michael Odinlo called the meeting to order at 10:50 a.m.

**II. Roll Call**

<b>Present</b>	<b>Absent</b>	<b>Guests</b>
Joe Illuminate, Associate Director, Accounting & Finance (voting)	Iris Ramirez, Board Chair (non-voting)	Dennis DeYoung, Certified Financial Planner
Jonathan Navarro, Executive Secretary (non-voting)	Debra Hammond, Executive Director (voting)	
Michael Odinlo, Committee Chair (voting)		
Kristen Pichler, Human Resources Officer (voting)		
Shelly Ruelas-Bischoff, Associate Vice President of Student Life Student Affairs (voting)		
Avi Stewart, Student Board Representative (voting)		

*Avi Stewart departed at 11:10 a.m. Dennis DeYoung departed at 11:55 a.m.*

**III. Approval of Agenda**

M/S/P (J. Illuminate /K. Pichler) motion to approve the agenda for March 28, 2018.

*Motion approved by general consensus.*

**IV. Approval of Minutes**

M/S/P (D. Stewart/ J. Illuminate) motion to approve the minutes for December 14, 2017.

*Motion passes 3-0-1*

**V. Chair's Report**

None

**VI. Action Items**

None

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
RETIREMENT PLAN COMMITTEE  
MARCH 28, 2018  
MINUTES**

**VII. Discussion Items**

**A. Fourth Quarter 2017 Retirement Plan Review**

Financial advisor, Dennis DeYoung, presented the Fourth Quarter 2017 Retirement Plan Review reporting the plan's cash balances, asset allocations, and the FI360 Fiduciary Score Breakdown report as of December 31, 2017.

The following table summarizes the cash balances and asset allocations of the 403(b) and pension plans:

	<b>403(b) Plan</b>	<b>Pension Plan</b>
Cash Balance*	\$2,720,428	\$2,252,084
Asset Allocation – Stocks	74.06%	77.33%
Asset Allocation – Bonds**	25.94%	22.67%

\*"The Cash Balance" for the 403(b) plan includes \$131,215 in loans to participants.

\*\*"The Asset Allocation – Bonds" category includes the Stable Asset Fund.

D. DeYoung noted that The U.S. stock market performed strongly in the fourth quarter. Large U.S. companies, measured by the S&P 500 index, increased 6.64% in the quarter and closed at 21.83% for calendar year 2017. This increase has been driven by positive economic and company earnings data. Small U.S. companies, measured by the Russell 2000 index, increased 3.34% during the fourth quarter of 2017 and 14.65% year-to-date. Equity markets continued their 2017 ascent through the end of December.

DeYoung then discussed the FI360 Fiduciary Score Breakdown report that rates all the investment options in the two retirement plans. The FI360 report uses a color scoring methodology to determine if the investments are meeting the eleven FI360 Fiduciary Score criteria. Funds with scores from zero to 50 are green; funds with scores from 51-74 are yellow; and funds with scores from 75 to 100 are red. The highest score a fund can receive is zero and the lowest score is 100.

As of December 31, 2017, all funds are in the green zone! The USU has a total of 24 investments options in both the 403(b) and pension plan respectively. The 2017 calendar years was a great year that yielded some of the highest returns in recent years, it will be a tough act to follow in calendar year 2018.

**B. Retirement Health Benefits Plan (RHBP) Update**

Joe Illuminate provided the current status of updating the Retirement Health Benefits Plan using a "question and answer" format.

**What is the Retirement Health Benefits Plan and why was it created?**

The USU's RHBP Policy was approved by the Board of Directors in March 2007 in order to provide employees post-retirement health benefits comparable (though not necessarily equal) to those received by employees of other CSU auxiliaries and the University.

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
RETIREMENT PLAN COMMITTEE  
MARCH 28, 2018  
MINUTES**

**What are the eligibility requirements for employees and qualified spouses/domestic partners to participate in the RHBP?**

An employee must be at least 60 years of age and have 20 years of continuous service. Employees hired prior to July 01, 2008 are eligible to participate in the plan if they are at least 65 years of age and have 10 years of continuing service.

The employee's spouse/domestic partner is also eligible to participate in the plan if they are at least 60 years of age and legally married or have legal registry as of the employee's retirement date.

**How many retirees are currently participating in the RHBP?**

One (1)

**The current RHBP is a "Direct Retiree Reimbursement Plan". What does that mean?**

Few, if any, CSU auxiliaries have a direct reimbursement type plan similar to the USU.

With a direct retiree reimbursement RHBP, retirees and spouse/domestic partners are allotted a fixed dollar amount each calendar year to use for allowable healthcare-related expenses. Retirees submit proof of payment for eligible healthcare-related expenses to the USU's Post-Retirement Plan Administrator, Foy & Associates, who reviews the receipts for compliance to the RHBP Policy. Upon approval, the administrator reimburses the retiree from a trust account funded by the USU.

**What is a "Non-Reimbursement RHBP"?**

Employees who retire prior to age 65 remain on the same medical, dental, and vision plans as active employees until becoming eligible for Medicare. This USU pays health insurance premiums directly to the healthcare providers on behalf of retirees.

**What are the advantages of Non-Reimbursement RHBP?**

1. The Auxiliary Organizations Associations Voluntary Employees Benefit Plan, which I will refer to as the AOA VEBA, can be used to prefund and pay for retiree healthcare-related insurance premiums. The VEBA is managed by legal and investment professionals which means that investment earnings can be used to offset and pay for postretirement expenses.
2. The retiree and spouse/domestic partner are not required to pay upfront and submit proof of payment.
3. The retiree and spouse/domestic partner can remain on the same health plans as active employees until age 65 when they become Medicare eligible.

**Why was not the RHBP initially set up as a Non-Reimbursement Plan?**

Anthem Blue Cross, the USU medical health insurer at the time the RHBP was original created, did not allow retirees to participate in the same health plan as active employees.

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
RETIREMENT PLAN COMMITTEE  
MARCH 28, 2018  
MINUTES**

**What Non-Reimbursement RHBP's has the USU Considered?**

1. The CalPERS (California Employees Public Retirement System) RHBP
2. The AOA RHBP

**What are the advantages and disadvantages of the CalPERS Plan?**

<b>Advantages</b>	<b>Disadvantages</b>
This option provides stability for retirees by allowing retirees to remain on the same health plans as active employees until age 65.	CalPERS does not offer the Cigna healthcare plan which would require that all active employees and retirees change healthcare plans.
CalPERS offers up to ten different healthcare plans.	The USU would be required to change its age and years of service eligibility requirements to match CalPERS. The eligibility is 55 years of age with only ten years of service. More retirees would be eligible to receive benefits significantly increasing the annual cost of the plan.
The retiree would not be required to submit proof of payment since healthcare expenses are paid directly by the USU.	
CalPERS offers group supplemental health plans.	
The VEBA can be used as a pre-funding mechanism for post-retirement expenses.	

**What are the advantages and disadvantages of the AOA Plan?**

<b>Advantages</b>	<b>Disadvantages</b>
This option provides stability for retirees by allowing retirees to remain on the same health plans as active employees until age 65.	This option would require that the USU change its benefits broker from Foy & Associates to the California State University Risk Management Authority (CSURMA). The USU has a very effective business relationship with Foy & Associates. We are very pleased with the services they provide. Foy & Associates currently administers our RHBP and COBRA programs.
The USU RHBP eligibility requirements remain unchanged.	AOA does not offer Cigna health plans which would require that all active employees and retirees

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
RETIREMENT PLAN COMMITTEE  
MARCH 28, 2018  
MINUTES**

<b>Advantages</b>	<b>Disadvantages</b>
	change health plans.
The retiree would not be required to submit proof of payment since healthcare expenses are paid directly by the USU.	
The VEBA can be used as a pre-funding mechanism for post-retirement expenses.	

**Which RHBP is recommended to be considered for approval?**

The recommendation is to enhance the USU’s current RHBP by increasing the base annual maximum benefit for retirees and spouse/domestic partners. This enhanced plan has both direct reimbursement and non-reimbursement components.

The annual benefit would increase from \$7,477 per year to \$9,000 per year for each retiree and for each spouse/domestic partner who are 65 years and older. The annual benefit would increase from \$14,954 per year to \$18,000 per year for retirees and domestic partners who are under 65 years of age.

The desired outcome of enhancing the current RHBP is to provide sufficient resources so that retirees and spouse/domestic partners under age 65 can remain on the USU’s current health plan assuming the current healthcare providers allows it.

If the current healthcare provider does not allow the retiree to remain on the same health plan as active employees, the USU would pay for the retiree’s COBRA premiums for up to three years. If COBRA coverage terminates prior to age 65, the retiree and spouse/domestic partner would use their annual benefit to purchase their own personal healthcare policies until the time they are Medicare eligible.

The \$18,000 annual benefit would provide pre-65 retirees and spouse/domestic partners with sufficient resources to purchase the Anthem PPO Gold plan which is one of the best personal healthcare plans on the market as of March 2018.

The \$9,000 annual benefit provides post-65 retirees and spouse/domestic partners sufficient resources to purchase the Anthem RX Gold Part D Plan which is one of the best supplemental plans on the market as of March 2018.

The annual premium for both pre-65 and post-65 even provides sufficient resources for both retirees and spouse/domestic partner pay for other care healthcare expenses such as co-payments and any procedures not covered by the dental and vision policies.

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
RETIREMENT PLAN COMMITTEE  
MARCH 28, 2018  
MINUTES**

Once the retiree and spouse/domestic partner reach age 65, Medicare becomes their primary health insurance provider. They could use their RHBP benefits to purchase a supplemental health plan. Supplemental plans provide coverage that Medicare does not provide. The supplemental plans can also provide dental and vision coverage and even pay for Medicare insurance premiums.

<b>Retiree - 60 to 64 years</b>	Monthly	Annual
RHBP Benefit - Pre 65	\$ 1,500	\$ 18,000
Less: Anthem Gold PPO Plan Premium	\$ 1,226	\$ 14,715
Less: Medicare Premium	\$ 134	\$ 1,608
Subtotal	\$ 1,360	\$ 16,323
Funds Available for Other Healthcare Expenses	\$ 140	\$ 1,677
<b>Retiree - 65 years and Older</b>	Monthly	Annual
RHBP Benefit	\$ 750	\$ 9,000
Less: Anthem RX Gold Part D*	\$ 170	\$ 2,039
Less: Anthem Gold Premium Plus Package Part F	\$ 226	\$ 2,714
Less: Medicare Premium	\$ 134	\$ 1,608
Subtotal	\$ 530	\$ 6,360
Funds Available: Other Healthcare Expenses	\$ 220	\$ 2,640
<i>*Anthem RX Gold is a supplemental policy which includes dental and vision insurance.</i>		

**What are advantages and disadvantages of the recommended RHBP?**

<b>Advantages</b>	<b>Disadvantages</b>
Provides cost control because the Board of Directors sets the annual benefit and the inflation factor amounts. The inflation factor is currently 4.5%.	Retirees must submit receipts in order to be reimbursed for healthcare expenses. This is a serious issue if a retiree and spouse/domestic partner do not have a caregiver to manage their RHBP benefits when they no longer have the capacity to do so for themselves.

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
RETIREMENT PLAN COMMITTEE  
MARCH 28, 2018  
MINUTES**

<b>Advantages</b>	<b>Disadvantages</b>
Provides sufficient funding to pay for the cost of superior individual and supplemental health plans.	The VEBA cannot be used as a funding mechanism to reimburse <i>non-insurance</i> healthcare-related expenses.
Retirees and spouse/domestic partners under age 65 may stay on the same health plan as active employees or be eligible for COBRA. The USU would pay the healthcare or COBRA insurance premiums directly to the healthcare provider eliminating the need to submit proof of payment for reimbursement.	
Cigna would continue to be the USU's healthcare provider for active employees and retirees until age 65. Cigna has lower deductibles and copayments than the AOA health plans.	
The VEBA can be used as a pre-funding mechanism to reimburse retirees for healthcare-related <i>insurance premiums</i> .	

**What other additional enhancement to the RHBP is being considered?**

We are proposing that the retiree be allowed to cash out one-third of their accrued sick time balance up to a maximum of 500 hours as of their retirement date. The campus allows certain retirees to cash out sick time upon retirement.

**What are the estimated costs of the recommended RHBP?**

We have been working diligently with Carlos Diaz from Demsey-Filliger Associates (DFA) to develop cost projections for all the variations to the RHBP that have been considered. The recommended RHBP is slightly more costly than the current plan over a fifteen (15) year period; however, it is less costly than the CalPERS and AOA plans.

**VIII. Announcements**

None

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
RETIREMENT PLAN COMMITTEE  
MARCH 28, 2018  
MINUTES**

**IX. Adjournment**

The meeting was adjourned by Chair, Michael Odinlo, at 12:09 p.m.

Respectfully submitted by,

Jonathan Navarro  
Accounting Manager