

# Inter Faculty Organization

BEMIDJI - MANKATO - METROPOLITAN - MOORHEAD - SOUTHWEST - ST. CLOUD - WINONA

## Faculty Update

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by [Nancy J. Black](#), President

As we enter mid-fall, the IFO is working at a brisk pace. Negotiations

Negotiations

On Saturday, October 15, 2005, the IFO and MnSCU negotiating teams reached a tentative agreement on a 2005-2007 contract. The details of the contract cannot be released at this time, pending review by the IFO Board. The Board will make a recommendation to the IFO membership who must ultimately vote on whether or not to ratify the agreement. See the [article by Rod Henry](#), IFO Lead Negotiator, regarding the ratification process and timelines.

This is one of the earliest dates in recent memory by which a tentative agreement has been reached. I want to thank Rod Henry and the IFO negotiating team for their hard work on this agreement. I think they got the best agreement possible given the financial and political realities we face.

### Open Enrollment for Insurance

We are approaching open enrollment time in early November for the state health plans. This is your time to make changes in your health, dental, disability, long term care, and flexible spending plans. The good news is that under the newly negotiated health plan for 2006, rates did not go up this year. Under the dental plan, some coverages are being increased. For more information on open enrollment and the employee benefits plan, see the [article](#) in this issue by our health care ombudsman, Wil Harri.

### Retirement

Russ Stanton has finished his retirement workshops and individual meetings with faculty. The turnout was particularly heavy this year, especially at St. Cloud, Bemidji, and Moorhead. More than 200 faculty nearing retirement attended the individual meetings designed to help faculty learn about, and take advantage of, contractual benefits relating to retirement. About 170 new faculty attended meetings to help them choose between IRAP and TRA as a basic pension plan. I hope faculty appreciate these IFO services, and I am always open to suggestions for other services we can provide our members.

## New Retirement Vendors

Another important retirement issue is coming to the fore soon—MnSCU has begun the process of selecting new vendors for the Supplemental Retirement Plan, Individual Retirement Account Plan, and the Tax Sheltered Annuity (TSA) Plan. ***MnSCU is actually restructuring the plan, and some of funds that faculty have been investing in will probably be dropped, forcing some faculty into new funds.*** Of particular concern is access to TIAA-CREF and State Board of Investment Funds - of the \$655 million of Supplemental/IRAP funds invested by participants, 44% is invested with TIAA-CREF and 46% with the State Board of Investment. Of the \$112 million of funds invested by participants in the Tax Sheltered Annuity Program, 91% is with TIAA-CREF and 9% is with Wells Fargo. We will be monitoring this issue very carefully over the next few months as the selection process proceeds. ***This is a huge issue that involves hundreds of millions of dollars and it will affect every faculty member.*** See Russ Stanton's [article](#) in this issue.

## IFO Board

The IFO Board held its first meeting on September 15<sup>th</sup> and 16<sup>th</sup>. It was exciting to see many new faces on the Board. You can find a list of your representatives on the IFO Board by clicking [here](#). Please contact these people with your union concerns—they are here to represent you. The IFO Board elected new officers at its meeting. Steve Bohnenblust was elected Vice-Chair, Annette Schoenberger was elected Treasurer, and Becky Omdahl was elected Secretary.

## IFO Web Page

For the latest news regarding IFO, and for information on all aspects of IFO operations, visit the IFO web page at [www.ifo.org](http://www.ifo.org). We are here to serve you.

## IFO/MNSCU REACH TENTATIVE CONTRACT AGREEMENT

by [Rod Henry](#), Lead Negotiator, Bemidji State University

On Saturday morning, October 15<sup>th</sup>, the IFO and MnSCU negotiating teams reached a tentative agreement on a contract for the 2005-07 biennium. Details of the agreement cannot be released at this time because the IFO Board needs to review the tentative agreement and make a recommendation to the IFO membership. The IFO Board will be meeting on October 28<sup>th</sup>.

Soon after the IFO Board makes a recommendation, settlement information will be distributed to the campuses, and informational meetings will be held on campuses between November 7<sup>th</sup> and 10<sup>th</sup>. We are expecting to have a faculty vote on ratification on Wednesday, November 16<sup>th</sup>.

If the faculty vote to approve the contract, it will be reviewed and voted upon by the MnSCU Board and forwarded on to the Legislative Subcommittee on Employee Relations (LSER) in early December. LSER has the authority to implement the contract immediately, subject to ratification by the full legislature next session. If LSER does not act within 30 days of receiving the contract, it will be implemented at the end of the 30 day period—subject to final ratification by the legislature next session.

If all goes as expected, faculty should see the new contract reflected in their paychecks (along with back pay) in January of 2006.

## INSURANCE OPEN ENROLLMENT NOVEMBER 3-16

by [Wil Harri](#), Office Administrator

All insurance-eligible faculty have the opportunity to change insurance and related options for 2006 during the open enrollment period which runs from November 3 to 16. All changes must be made online at [www.doer.state.mn.us/oe](http://www.doer.state.mn.us/oe) during these dates. Employees may change health insurance carriers (i.e. Blue Cross Blue Shield, Preferred One or Health Partners), add or drop family insurance coverage, change dental insurance plans, add or drop single or family dental coverages, increase life insurance for employee or spouse without evidence of insurability (for those who already have optional life insurance) and add long-term disability coverage. In addition, employees may change the amount for payroll deductions for the medical dental expense account (see [article](#) in this issue) for reimbursement of out-of-pocket medical expenses on a pre-tax basis. During open enrollment the payroll deductions in 2006 for the dependent care expense account may be changed as well.

You will receive a flyer from the State at the end of October at your home address informing you of the open enrollment procedure. Do not discard this flyer. It contains the instructions for accessing the open enrollment website.

Remember except for certain "life events" such as divorce or change in job status of spouse, no changes in your insurance and related benefits can take place outside of the open enrollment period. Failure to make desired changes during the open enrollment period automatically continues your existing plan, coverages, etc.

### Health Assessment Survey

All state bargaining unions agreed to health assessment surveys to be completed by employees during the open enrollment process. Completion of the health assessment survey (which should take about 15 minutes to complete online) is voluntary and all responses are private and confidential. No individual data is shared with the employer or the employee's clinic. However, those employees who do not complete the survey will pay an additional \$5 co-pay for each office visit for themselves and all family members during the year.

### Insurance Changes for 2006

Dependent health insurance premiums for 2006 are not changing and will remain at \$107.32 per month or \$53.66 per paycheck. Office co-pays, first dollar deductibles, prescription co-pays, maximum annual out-of-pockets for the year are all unchanged from 2005.

Employee dental insurance premiums increased from \$2.80 per month in 2005 to \$5.00 per month in 2006. Similarly, dependent dental premiums increased from \$22.36 per month to \$24.82 per month. All dental plans will have a \$1,000 annual maximum payout for 2006.

On a positive note, reimbursement for dental restorative procedures will increase from 50% to 60% for 2006 after the annual deductible has been met.

## MnSCU Seeks New Vendors for Supplemental Retirement Plan, IRAP, and TSA Plan

by [Russ Stanton](#), Director of Government Relations

MnSCU has begun a process to reorganize the Supplemental Retirement Plan (SRP), Individual Retirement Account Plan (IRAP), and Tax Sheltered Annuity (TSA) plan and to select new investment options under these plans. Faculty should pay attention to this process because vendors and investment options under these plans are likely to change, and faculty may lose access to some of the current vendors (TIAA-CREF, the State Board of Investment, and Wells Fargo) and investment funds (on the bright side, they may gain access to other good funds). In most cases, if the fund lineup is changed, faculty will have to move their funds to the new vendors and funds, or the funds will be moved (mapped) to the new funds by MnSCU.

On October 10, 2005, MnSCU published a Request for Proposal (RFP) for a single record keeper that will provide recordkeeping and informational services for the three programs (SRP, IRAP and TSA). The deadline for proposals is November 7, 2005, and a new record keeper will be chosen by January 9, 2006. One of the motivations of a single record keeper is that participants would have one place to go (one stop shopping) for issues relating to their IRAP, SRP, and TSA plans.

The second part of the part of the process is that the State Board of Investment will select investment funds that will be offered under the plan. This will take place on March 9, 2006. The implementation date for the newly reorganized plan is July 1, 2006.

The structure of the investment fund offerings will change substantially under the MnSCU proposal. Currently the fund lineup consists of a total of 23 funds: seven offered by the State Board of Investment (SBI), ten offered by TIAA-CREF, and six mutual funds offered by Wells Fargo. The current lineup consists of an array of asset types (fixed interest, money market, bonds, balanced funds, stock, growth and international funds) with the vendors offering competing funds in each asset category. The new fund lineup will offer six asset categories, with an active and passively managed fund in each category. The categories include: Large Cap Blend, Mid-Cap Blend, Small Cap Blend, Balanced, Fixed Income, and International Equity. In addition, there would be a stable value fund. There would be a single fund provider (vendor) in each category.

The proposed new fund structure looks remarkably like the fund lineup of the State Deferred Compensation Plan (DCP) run by the Minnesota State Retirement System, and from all appearances the new plan specifications seem to be tailored with MSRS DCP model in mind. The MSRS DCP does offer an impressive line-up of Vanguard index funds and brand name mutual funds at very low fees, but there would be some serious consequences of such a change, including:

- Since the new plan offers far fewer funds, some of the funds in the current lineup will obviously be dropped, and participants will be forced to move their investments to new funds. The proposed fund structure of the new plan does not provide for some types of funds currently offered, such as the CREF Real Estate Fund and the CREF Inflation-Linked Bond Fund, so these would probably not be offered in the future. The RFP specifications could also eliminate the TIAA Traditional Annuity, as it is currently offered in the IRAP/SRP plans, as an option for future contributions.
- Faculty could lose access to TIAA-CREF funds in the future if there is only one vendor at each fund category. Past contributions to TIAA-CREF funds could stay with TIAA-CREF because these accounts are individually owned, but contributions to the TIAA-CREF funds may not be an option after July 1, 2006. There is also a strong possibility that the new fund line-up will not include the State Board of Investment funds. A few years ago the MSRS DCP plan dropped the SBI funds and replaced them with a line-up of Vanguard funds. The SBI funds, which have incredibly low investment fees, are quite popular with faculty. There is currently a total of \$665,806,168 invested by IRAP and SRP participants: \$304,923,457 is with the State Board of Investment, \$293,641,071 is with TIAA-CREF, and \$67,241,640 is with Wells Fargo. The TSA program has a total of \$112,038,450 in voluntary employee contributions: \$101,605,899 with TIAA-CREF and \$10,432,561 with Wells Fargo.
- Under the new structure there will only be one vendor at each asset category, compared to competing vendors under the current system. This will reduce vendor competition and the ability of participants to “vote with their feet” if they don’t like the service they get from a vendor.

Now is the time to speak up if you have concerns about the proposed new pension plan structure and access to vendors. There is still time to change the structure of the investment line-up. The MnSCU

official who is coordinating this restructuring process is [Gary Janikowski](#), MnSCU System Director of Personnel. IFO has two representatives on the MnSCU DCR Advisory Committee that is providing input on this process. They are [Tom Fauchald of BSU](#) and [Gloria McVay of WSU](#). You can also communicate your concerns to your [local Faculty Association President](#), who can communicate your concerns to the Chancellor at Meet and Confer. Please copy me on your e-mails: [stanton@ifo.org](mailto:stanton@ifo.org). I like to stay on top of faculty concerns regarding these issues.

## Paying for Out-of-Pocket (Non-Covered) Medical/Dental/Eyewear Expenses

by [Wil Harri](#), Office Administrator

Plan	Medical Dental Expense Account (MDEA)	Health Reimbursement Arrangement Account (HRA)
How Established	Faculty member must sign up during open enrollment period <u>each</u> year (Nov 3-16 this year) for the following calendar year.	Automatically created by employer for each insurance-eligible faculty member
Source of Funds	Deducted in equal installments (based upon the total amount authorized during open enrollment) from faculty member's paycheck throughout the calendar year.	Employer deposit at beginning of calendar year.
Amount	Deductions limited to \$5,000 for any calendar year	\$500 (subject to negotiations)
Tax Consequence?	Reimbursement for out-of-pocket medical expenses paid with pre-tax dollars	Reimbursement for out-of-pocket medical expenses with tax-free dollars
Can Unclaimed balance in account carry forward to next year?	No. Any unclaimed balance in account is forfeited at year-end	Yes. However, balances in excess of \$1,000 are transferred to the post-separation health care savings plan account
How are reimbursements claimed?	Eide Bailly administers the accounts. <a href="http://www.eidebailly.com/benefits">www.eidebailly.com/benefits</a> Submit MDEA/HRA form to them.	Eide Bailly administers the accounts. <a href="http://www.eidebailly.com/benefits">www.eidebailly.com/benefits</a> Submit MDEA/HRA form to them.
What can I get the reimbursement form?	Go to the Eide Bailly Website: <a href="http://www.eidebailly.com/benefits">www.eidebailly.com/benefits</a> and select the "Forms" tab and then click on the "State of Minnesota Forms" link on the right-hand side of the screen	Go to the Eide Bailly Website: <a href="http://www.eidebailly.com/benefits">www.eidebailly.com/benefits</a> and select the "Forms" tab and then click on the "State of Minnesota Forms" link on the right-hand side of the screen
In what order are funds in the accounts paid out?	Funds are first paid out of MDEA until entire amount authorized has been exhausted for this year. Not all payroll deductions need to have taken place for the calendar year (i.e. reimbursements may be paid out before payroll deductions have taken place)	Funds are paid out after entire authorized amount in MDEA has been paid out (except for long term care premiums, see below).
What is reimbursable from each account?	All medical expenses that are deductible under medical expenses for purposes of itemized federal deductions EXCEPT health/dental insurance premiums and long term care premiums	All medical expenses that are deductible under medical expenses for purposes of itemized federal deductions including long term care premiums but not other health/dental insurance premiums
Are there fees for submitting reimbursement claims?	No	Yes, a one-time fee of \$31 for 2005 only is automatically deducted from your \$600 (2005 amount) employer deposit. There is no per claim fee.

Is there a minimum amount per form?	\$50 except at year-end when remaining balance may be less	\$50 except at year-end when remaining balance may be less
What documentation is required to accompany reimbursement form	Statement from provider indicating date, service and amount or insurance statement. Cancelled or copies of checks, credit card receipts or statements are not acceptable.	Statement from provider indicating date, service and amount or insurance statement. Cancelled or copies of checks, credit card receipts or statements are not acceptable.

## HEALTH CARE SAVINGS PLAN

by [Wil Harri](#), IFO Office Administrator

The Health Care Savings Plan (HCSP) is an employer-funded account created to assist Minnesota state university faculty and other public employees with the payment of medical costs incurred after separation from employment with the state. Severance monies payable to faculty upon retirement or separation are automatically deposited in the HCSP account on behalf of the employee. Faculty members who retire before age 65 and who qualify for an early separation incentive payment under the IFO/MnSCU Agreement will have a dollar amount equivalent to a year's health insurance premiums deposited in the HCSP account by MnSCU.

Faculty members who have permitted the funds in their Health Reimbursement Arrangement account (HRA) to accumulate will have funds exceeding a \$1,000 balance at calendar year-end transferred to their HCSP account automatically by the employer.

If an HCSP account does not already exist, an account will be created as a result of the contributing events above. The dollars deposited in the HCSP account are invested as directed by the faculty member. The account is administered by the Minnesota State Retirement System (MSRS) and is subject to an annual fee of less than 1 percent of the account balance. The dollars in the account can be used to reimburse the separated faculty member for out-of-pocket medical expenses including health insurance premiums until the balance in the account is exhausted. No income taxes are imposed on the deposits made into the account or reimbursements paid from the account.

So, what's the catch? Sound too good to be true? First, you must be separated from service before you can access any money in your account. Second, as currently structured faculty members cannot directly contribute to the account. Third, for the account to exist, one of the qualifying events (severance pay, early separation incentive eligibility or excess accumulations in your HRA account) must have taken place.

For those faculty members within ten years of retirement using the optional employee-funded Medical Dental Expense Account (MDEA) to cover out-of-pocket medical expenses would automatically invoke the "spillover" of excess HRA dollars into the HCSP account and accumulate for post-separation use. Consult the provisions of the MDEA and HRA accounts as explained elsewhere in this issue of the IFO Update.

## CAMPUS ASSISTANCE TRAINING ON GRIEVANCES

by [Tiffany Nelson](#), Paralegal

On Friday, September 30<sup>th</sup>, grievance officers, Faculty Association Presidents, and interested faculty members participated in a two-day program designed to offer training to grievance officers and other campus representatives so they may better serve faculty members. Hosted by the IFO Executive Committee, the IFO Campus Assistance Training (CAT) workshop, organized by Cindy Phillips, FA

President from MSU, Moorhead, provided a chance for union staff and grievance officers to get together and share their experiences. The participants shared ideas concerning grievance recordkeeping at the local campus and staff office level. In addition to the opportunity to discover what issues are being grieved on other campuses, CAT offered informative sessions on special topics. Print materials from each session were collected and provided in a basic reference manual for CAT participants to take back to their campuses.

Presenters at the training included IFO staff members, Frank Conroy, Director of Labor Relations, Patrice Arseneault, Equity Advocate, and Tiffany Nelson, IFO Paralegal. Other presenters were Connie Howard, a labor and employment law attorney with the firm of Metcalf, Kaspari, Howard, Engdahl & Lazarus, P.A and Jessica Kuchta-Miller, mediator and supervising attorney for the Mediation Clinic at Hamline University School of Law.

In addition to discussions on the mechanics of the grievance procedure, presenters lectured on a wide variety of issues such as: the duty to represent, confidentiality, and the Minnesota Government Data Practices Act (MGDPA), and how the laws impact our collective bargaining agreement with MnSCU. Discussion on alternatives to contract grievances was explored.

Thanks to everyone who participated in the CAT workshop. If you are interested in more information regarding CAT, or for general questions regarding grievance or discrimination matters, please contact [Tiffany Nelson](#), IFO Paralegal at 651-227-8442 (ext. 13).

## CONTACT US

The IFO *Faculty Update* is published and distributed by the [Inter Faculty Organization](#). If you need to contact the Inter Faculty Organization, our address is 165 Western Avenue North, Suite 8, Saint Paul, MN 55102, or you can reach us by phone at 800/325-9644 or 651/227-8442. You can send us an email by clicking [here](#).