

# USAC Retirement Plan Proposal

## 2017-18

### Opening statement

Vanderbilt University's excellence and reputation in the greater academic arena and in Nashville rests on three legs: students, faculty and staff. Without three sturdy legs, the reputation, efficient functioning, and success of our institution suffers. One way to maintain the strength of each leg is to offer appropriate recognition for work well done.

In this document we'll look at how Vanderbilt stands among its peer institutions and local competition in regard to retirement benefits and offer suggestions for upgrading our position in the marketplace. We will focus on Vanderbilt's retirement plan, one of the most effective tools the institution has to show appreciation for the excellent work done by its staff.

*The rewards given to employees must be meaningful in order to impact their perception of the organization and therefore have a marked influence on its retention efforts. Moreover, if an organization promises a reward, it should keep that promise.<sup>2</sup>*

In order to retain the best employees, benefits offered must reflect the values and needs of the employees. Staff express their happiness with their employer, enhancing its reputation by engendering goodwill in the community.

*...the [benefits] package should meet the needs of those employees most likely to leave the company. All too often, very senior managers think about what is important to them, not the 30-somethings who are considering changing jobs.<sup>1</sup>*

It is our understanding that Human Resources regularly evaluates the benefits package provided to employees to ensure that Vanderbilt keeps up with changes in the

marketplace. Our recommendations, listed below, have been developed based on conversations with various staff members across the University and our own research. Please consider these suggestions during your next review.

### Recommendations

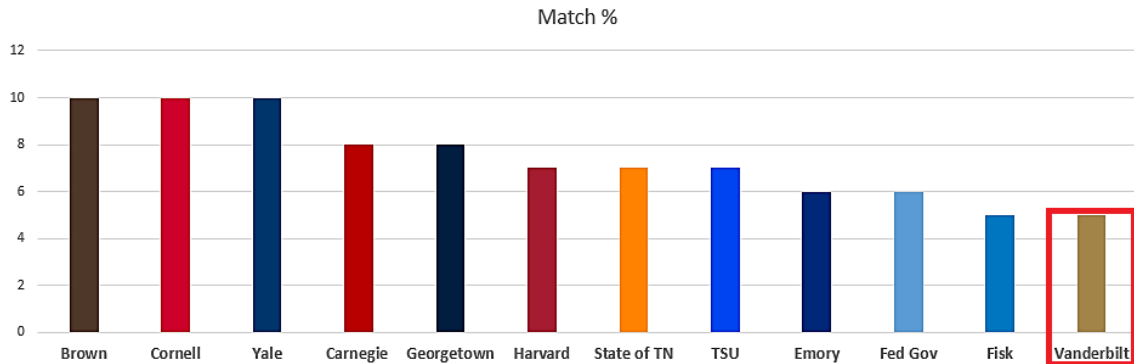
#### 1. Adjust current staff retirement contribution plan

Staff retention is an important element in ensuring continuity of service and preserving institutional knowledge at Vanderbilt. As such, both USAC and Vanderbilt have an incentive to encourage employees to remain as long as

Many studies show that the total cost of losing an employee can range from tens of thousands of dollars to **1.5-2X annual salary**.<sup>3</sup>

possible. Our research indicates that Vanderbilt lags behind several of its peer institutions in retirement contributions.

**Chart 1**



See **Appendix A** for direct links to employer retirement pages online.  
 See **Appendix B** for basic data on retirement contributions by employer.

USAC is suggesting Vanderbilt institute a stepped matching contribution system similar to other peer institutions that rewards longevity as an improvement on the current system. The current 3% mandatory contribution would be retained.

The following table of maximum matching contributions is proposed:

- a. 0-5 years: 6%
- b. 5-10 years: 7%
- c. 10-15 years: 8%
- d. 15+ years 10%

**2. Early Retirement Health Insurance Coverage and Medicare Supplement Plans**

Optional continued enrollment in Vanderbilt health care plans between retirement and Medicare eligibility, with staff paying the expense. Peer institutions, such as Harvard and MIT, offer this benefit. In addition, they offer Medicare supplement plans to their retirees over 65 years of age. <sup>4</sup>

**3. Creation of Retired Staff status (20 years of service minimum).** This new status would be similar to the Retired Faculty Status already offered by Vanderbilt. Retired Staff would be eligible for the following:

- a. Vanderbilt ID issued indicating “Retired Staff”
- b. Library access and borrowing privileges
- c. Continued discounts as afforded current staff for:
  - i. Campus Dining
  - ii. Recreation & Wellness Center

- iii. Event tickets (to include athletics, theatre, exhibits)
  - d. Continued listing in People Finder or subsequent iterations indicating retired status and contact information provided by retiree.
- 4. **Creation of formal auxiliary retirement organization.** We recognize and appreciate that some programs are already available for Vanderbilt University staff and retirees such as the Osher Lifelong Learning Institute (OLLI)<sup>5</sup> and we hope Vanderbilt continues to support and expand these programs. USAC will continue to encourage partnerships with those groups, however, a formal auxiliary retirement organization would:
  - a. Foster camaraderie amongst retirees
  - b. Act as a conduit for VU communication to retirees which could provide ready access as needed for Vanderbilt Temporary Service (VTS) employees, event volunteers, guides, etc.
  - c. Provide an online links resource for employee retirement planning similar to Brown University.<sup>6</sup>
- 5. **Unity across the University in honoring retirees.** It's a regular topic of conversation amongst staff that some retirees are well honored and some barely recognized. Some will get a full on event and others a barely perceptible note of appreciation in the last minute rush to train their replacement. It seems good to consider a University wide recognition event where Administration can demonstrate to retirees, and those planning on staying long enough to retire, that their service is appreciated at the very highest levels.

Among suggestions taken from Fortune Magazine's "Best Companies to Retire From"<sup>7</sup> could be: a breakfast to include guest(s), certificate of service and the conferring of Retired Staff Status mentioned above.

- 6. **Reinstatement of 30 days of Grandfathered sick time payout at retirement.** This long time benefit was eliminated during the 2013 transition to Personal Time Off and while there is a dwindling number of employees with grandfathered sick, this small but employee valued payout is sorely missed. These employees did the prudent thing of ensuring they earned and banked sufficient sick time and are now denied it. This is a small step toward making that good.

## Sub-Committee Members

Andy Richter, Senior System Administrator  
Jeff Loudon, Senior Relationship Manager  
Kay Brooks, Senior Executive Secretary  
Joanna Clark, Project Consultant  
Aletha Karls, Senior Auditor  
Jordan Marshall, Administrative Assistant II

## ENDNOTES:

1. <https://www.forbes.com/sites/billconerly/2013/12/11/quits-are-up-7-employee-retention-strategies-your-company-must-have/#1b7eac9d7ed4>
2. <https://hr.blr.com/whitepapers/Staffing-Training/Employee-Turnover/Strategies-for-Retaining-Employees-and-Minimizing-> (Gberevbie, 2008)
3. <https://www.linkedin.com/pulse/20130816200159-131079-employee-retention-now-a-big-issue-why-the-tide-has-turned/>
4. <https://hr.harvard.edu/retiree-health> and <http://hrweb.mit.edu/benefits/retirees/health>
5. <https://www.vanderbilt.edu/olli/>
6. <https://www.brown.edu/about/administration/human-resources/benefits/retirement-plans-faculty-and-non-union-staff/faculty-considering-retirement>
7. <http://fortune.com/2015/03/18/best-companies-to-retire-from/>

*All links known to be accurate as of 2018-01-03*

## APPENDIX A

Chart 1: Direct Links to Employer Retirement Pages	
Employer	Website
<b>Brown University</b>	<a href="https://www.brown.edu/about/administration/human-resources/benefits/retirement-plans-faculty-and-non-union-staff">https://www.brown.edu/about/administration/human-resources/benefits/retirement-plans-faculty-and-non-union-staff</a>
<b>Carnegie Mellon University</b>	<a href="https://www.cmu.edu/hr/benefits/retirement-savings/">https://www.cmu.edu/hr/benefits/retirement-savings/</a>
<b>Cornell University</b>	<a href="https://hr.cornell.edu/benefits-pay/retirement-finances/retirement-and-savings">https://hr.cornell.edu/benefits-pay/retirement-finances/retirement-and-savings</a>
<b>Emory University</b>	<a href="http://www.hr.emory.edu/eu/benefits/403b/contributions.html">http://www.hr.emory.edu/eu/benefits/403b/contributions.html</a>
<b>Federal Government</b>	<a href="https://www.opm.gov/retirement-services/publications-forms/pamphlets/ri90-1.pdf">https://www.opm.gov/retirement-services/publications-forms/pamphlets/ri90-1.pdf</a>
<b>Fisk University</b>	<a href="https://www.fisk.edu/about/administration/division-of-human-resources/employee-benefits">https://www.fisk.edu/about/administration/division-of-human-resources/employee-benefits</a>
<b>Georgetown University</b>	<a href="https://benefits.georgetown.edu/saving">https://benefits.georgetown.edu/saving</a>
<b>Harvard University</b>	<a href="https://hr.harvard.edu/retirement">https://hr.harvard.edu/retirement</a>
<b>State of Tennessee</b>	<a href="http://treasury.tn.gov/tcrs/">http://treasury.tn.gov/tcrs/</a>
<b>Tennessee State University</b>	<a href="http://www.tnstate.edu/hr/benefits.aspx">http://www.tnstate.edu/hr/benefits.aspx</a>
<b>Vanderbilt University</b>	<a href="https://hr.vanderbilt.edu/benefits/retirement/">https://hr.vanderbilt.edu/benefits/retirement/</a>
<b>Yale University</b>	<a href="https://your.yale.edu/work-yale/benefits/financial-wellness/yale-retirement-programs/retirement-plans-managerial-and">https://your.yale.edu/work-yale/benefits/financial-wellness/yale-retirement-programs/retirement-plans-managerial-and</a>

## APPENDIX B

<b>Basic data on retirement contributions by employer</b>			
<b>Employer</b>	<b>Mandatory Employee contribution</b>	<b>Employer Contribution</b>	<b>Vested</b>
<b>Brown U.</b>	2%	10% under 55 years 12% over 55 years	Immediate
<b>Carnegie Mellon</b>	0%	8%	3 years
<b>Cornell</b>	0%	10%	Immediate
<b>Emory</b>	0%	6% employer matches 1% with 1.5%; 2% with 3%	Employee: Immediate Employer: 3 years
<b>Federal Gov</b>		6%	5 years
<b>Fisk</b>		5%	
<b>Georgetown</b>	0%	5%; match up to 3% up to 10% employee contribution	Immediate
<b>Harvard</b>	0%	5% under age 40; 10% over 40	3 years
<b>State of TN</b>	5% (TCRS) 9% (ORP)	5% (ORP)	5 years Immediate
<b>TSU</b>	5% (TCRS) 9% (ORP)	4% (TCRS) 5% (ORP)	5 years Immediate
<b>Vanderbilt</b>	3%	3%; 4% or 5% match also available for 4 or 5% contribution	Immediate
<b>Yale</b>	5%	10% (matches 5% and adds 5%)	Immediate