

University of Missouri-St. Louis

Retirees Association Newsletter

Volume 24 Fall 2010

Greetings from the President...

Dear Fellow Retirees,

Fall seems to be bringing winds of change to the University of Missouri and UMSL. In a surprise move, apparently necessitated by projected increases in payroll costs to fund the employees’ pension plan, the UM Board of Curators is seriously examining a change from a defined benefit (DB) to a defined contribution (DC) retirement plan. This issue has appeared frequently in past years, but in a time of severe budget restraint, it raised many concerns for faculty and staff. The administration emphasized that the potential conversion to a DC plan would not generate cost-savings in the short turn. A UMSL Senate committee produced a white paper on the subject. It focused on the “objectives set out by the University” and “whether there are lower cost ways to achieve those goals”. In my opinion, it was an excellent, lucid analysis of the issues.

At a presentation to the UMSL Senate on Sept. 7, which I attended, UM System Vice President for Human Resources Betsy Rodriguez presented some statistics about UM System employees and referenced a recent pay and benefits study/survey taken by approximately 1/3 of UM System employees. Rodriguez emphasized that there was no intention to cut the \$300 million spent each year on benefits, but to reposition the funds to meet current preferences. For example, the survey showed a strong preference for increases in base pay and in order of importance of benefits, retirement medical was listed sixth.

According to Rodriguez, some changes in current health benefits will be mandated by the new federal health program. Potential domestic partner benefits are another possible expense. Unhealthy lifestyles are a big issue for now and the future, with the average age of employees being 46 and an estimated 1/3 of employees failing to eat right, workout regularly, etc. This year, UM System health claims are 20 percent higher than last year, so expect an increase in premiums in 2011. This information and additional information will be posted on the UM benefits website, www.umsystem.edu/ums/departments/hr/benefits.

Will these changes have a major effect on current retirees? Most people I spoke with assumed that current campus retiree benefits would be protected. At the Sept. 23rd Board of Curators meeting, UM System President Gary Forsee stated that for retirees “there is no plan or agenda that would change the planned payout” and for current employees “it is one pot of money which has to deal with salary, health care costs and pension plan contributions.” The presentation can be heard at www.umsystem.edu/ums/curators/audio; the part I am quoting is 9-10 minutes into the audio. Members of each of the four UM Retirees Associations will closely monitor activities and Board of Curators’ decisions and speak to the importance of retiree health benefits. (I do that every chance I can.) The four Retirees Associations have recently put forth a list of retiree contributions to the UM System, activities as well as financial donations. We believe that such a presentation will encourage the Board of Curators, President Forsee, and campus Chancellors to consider retirees as active members of the university family.

At our June luncheon/business meeting, Don Phares and Gary Burger were elected to Board positions for the first time. Also elected were David Garin, Dave Ganz and Larry Friedman. Rick Blanton was elected to complete the term of treasurer. Board member Chuck Kuehl requested a leave and, after calling for volunteers to fill his remaining year, I appointed former board member Grace Kennedy.

We will have our annual holiday lunch at a new location (for us), Glen Echo Country Club. I hope you can attend this event, which will be held on Dec. 7.

Best wishes,

David Garin, President
UMSL Retirees Association

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UMSL Retirees Association website:
www.umsl.edu/retirees

Meeting with UM System President Gary Forsee
Reported by David Garin

Representatives from the four campus retirees associations met in Columbia on Oct. 13. Joining us were UM System President Gary Forsee, Vice President for Human Resources Betsy Rodriguez and Renetta Gallup, manager of retirement and deferred compensation in Human Resources. UMSL representatives were David Garin, Dave Ganz and Fred Wilke.

President Forsee was presented with an extensive list of retirees contributions to the UM System, which included annual financial contributions averaging at least \$2.4 million over the past five years.

President Forsee spent 45 minutes detailing current issues involving the UM System. Two facts that stand out are the addition of 14,000 students in the past decade with no increase in state funding, and that we currently have 600 open positions, which cannot be filled due to budget restraints.

Forsee added that we have had a good pension outlook in the past, but the defined benefit (DB) program is unpredictable and there is at least one problem: namely the current DB program is based on an anticipated 8 percent rate of return on funds. The rate of return for 30 years was 9 percent, but in the past 10 years it was only 4 percent. What rate should we anticipate? How do we fund the pension in a volatile market? The predicted state contribution is in the range of 7-12 percent annually. Should we stop the current plan, grandfather in current retirees and faculty/staff and change the program for new hires? What do active employees think? The defined contribution (DC) alternative provides more flexibility and portability. According to Forsee, the thrust of the discussion is for new employees, not existing employees. The pension fund contains \$2.4 billion and is "fully funded", which apparently takes into account that 25 percent of current faculty/staff are age 55 or older. The issue of a revised pension plan is scheduled to be presented to the Board of Curators at its December meeting in St. Louis. I plan to be there.

There will be a 4 percent increase in medical premiums for retiree's post-65 but for pre-65 retirees premiums will increase 13 percent (same as active employees). To the question of what retirees can do to assist the UM System, President Forsee answered that we need to promote an awareness of the unique position of the public research university and its importance to the state's economy; and determine how to get more kids to complete high school, since we will need to have a larger percentage of students obtaining college degrees for a healthy state economy. Ironically, scholarship funds are shrinking.

**University of Missouri-St. Louis
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One University Blvd
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Events and Programs

Retirees' Holiday Luncheon
Dec. 7, 11:30 a.m.
Glen Echo Country Club
Invitations will be mailed in November

There is a wealth of wonderful student and student-sponsored programs at the Touhill this fall – to see the list go to: www.Touhill.org – click on Events—click on Events by Genre—click on Academic Events.

The Touhill also has a great line-up of outside performers coming in as well—check it out—from "Oliver" to Martin Short to "Opera on the Go" to Amy Grant, to bid band/swing, to Ambassadors of Harmony to "The Nutcracker." Something for everyone!!

Legislative Update

Keep informed of legislative actions that impact the University of Missouri by subscribing to the "free" government Relations e-newsletter, go to: www.umsystem.edu/subscribe.

John Perry—"moving kind of slow"
By David R. Ganz

On Nov. 14, John Perry will turn 90! Many of us have had the pleasure of knowing, and in some instances, working with John during his tenure at the University of Missouri-St. Louis. He, Verna and family came to St. Louis in 1963 to help establish the UMSL campus as part of a reorganization of the university in a year that added campuses in Kansas City, Rolla and St. Louis. The Perrys have two sons.

While in the U.S. Army (1942-1946), John received the Bronze Star during service in Europe. He earned a bachelor's degree in business in 1947 from the University of Missouri, and subsequently earned a master's degree in hospital administration from Northwestern University in Evanston, IL. in 1960. Prior to his arrival in St. Louis, John worked at University of Missouri-Columbia from 1947 to 1963 in a number of different capacities: as an examiner in the UM System's auditor's office, as assistant to the auditor, assistant comptroller, assistant to the director of the University Hospital and as associate director of the university's Medical Center.

He served as UMSL's business officer from 1963 to 1975, at which time he became vice chancellor for administrative services, a position he held until his retirement in 1987. He oversaw the construction of virtually all buildings on the north campus starting with Benton Hall, which opened in the fall of 1965. The state appropriation in the first year of operations (1963-64) was a total of \$230,750; at his retirement in 1987 it had grown to \$40,321,196—a 115 times increase. John successfully ushered the campus through ongoing financial challenges that continue to this day. His contributions to this campus cannot be overstated. Even now he regularly attends the four campus Retiree's Association meetings with the UM System President and speaks on behalf of the pre-1990 retirees, whose pension benefits were capped.

Whenever one greets John and asks how he is doing, his standard response is "I'm moving kind of slow."

Kudos to John and best wishes for many more years of good health and happiness. Thanks for all you have done to build this great campus!

Sum of Motion: UMSL Dance 2010
Nov. 11-13, 8 p.m., \$10 general public
Lee Theater

UMSL Holiday Jazz Concert
Dec. 5, 2 p.m. – no charge
Anheuser-Busch Performance Hall

