Benefits Committee Meeting: 4pm December 14, IMU Redbud Room

Present:
Committee members:
    Bruce Solomon (Chair)
    Jim Sherman
    Sameer Patil
    Lynda Clendenning

Guests:
    Elizabeth Pear
    John Whelan
    Susan McCammon
    Eliza Pavalko

Vesting

IU retirement contributions to faculty members do not currently vest until the employee has completed three full years of service. Committee members expressed these concerns about that:

• Many postdocs are hired on appointments that expire before 3 full years of employment. They can watch funds accrue in their names, while knowing they’ll almost certainly lose those funds when they leave.
• Those same employees may not understand that despite appearances, their appointment at IU will end without any IU contributions to a retirement plan.
• PI’s who hire postdocs on their grants have to make the retirement contributions, but if the appointment never vests (and it won’t if less than 3 years) neither they nor the postdoc ever sees that money.
• Vesting makes postdoctoral positions at IU less competitive versus universities that put lesser vesting restrictions on their appointments.

Eliza Pavalko (Vice Provost for Faculty and Academic Affairs), her Assistant Vice Provost Susan McCammon and John Whelan (Associate Vice President for University Human Resources) were invited to the meeting partly to discuss these concerns.

Susan McCammon told us that a review of postdoc compensation had recently been completed. They found that the majority of postdoc
appointments do ultimately vest. In the School of Medicine and some of the sciences, for instance, appointments typically run for 5 years. But that is discipline specific: Psychology and SICE, for instance, typically appoint postdocs for terms shorter than 3 years.

Sameer suggested that IU should try to make sure Principal Investigators on grants know that structuring appointments to last even an extra day or two past 3 years makes a critical difference. Why not relax the requirement so that vesting occurs whenever the appointee stays for the full term of their appointment? That way it would still fulfill its function as a retention-inducement, and it would then also be a recruiting inducement for shorter-term postdocs.

Jim pointed out that when such appointments fall short of the vesting period, retirement contributions from the grant are returned to the university—not back to the PI. This seems like an unfair tax on the PI’s grant.

We were told that vesting was only introduced within the last 10 years. It was part of IU’s effort to keep the fringe-benefit rate from rising with other benefit costs (e.g. health insurance rates). Further, removal of vesting for shorter-term postdocs might exert pressure to offer retirement contributions for visitors, etc.

As for the PI contributions, our guests suggested that the funds go back into a larger benefit pool and toward other costs that might otherwise have to be taken from grants, so there is some benefit for the PI.

Ultimately, it seems, relaxing the vesting conditions in any of these ways would have significant additional cost for the university. This makes it unlikely in the current economic environment.

What about removing the contributions (and hence “vesting”) entirely for postdoc appointments of less than 3 years? That would at least remove the misleading illusion that IU is contributing to their requirement. But we were told that this would create bureaucratic complications; all appointments of a given type (e.g. “Postdoc”) have to be treated alike in matters of compensation/benefits.

Could payroll identify on the paycheck whether funds are vested or not-yet
vested? Might Fidelity or TIAA statements indicate that?

Overall, we believe IU’s benefits are competitive, but it would be interesting to compare IU’s postdoc vesting policy with that of its Big 10 peers.

**Family/Medical Leave (Update)**

In principal, the trustees passed the change we endorsed several meetings ago: Faculty should only have to be employed by IU for one year to be eligible for FMLA benefits. But President McRobbie hasn’t enacted it yet. The existing policy, having been created before same-sex marriage was legal, includes same-sex domestic partners, and he hasn’t yet decided how to deal with the domestic partner question now that same-sex marriage is legal.

A separate concern pertaining to FMLA is that when both parents are IU employees, both cannot take leave for different non-summer semesters—only in the same semester. The restriction is undesirable, but in practice, not often a problem: department chairs are usually able to seek alternate ways (e.g. redistributing teaching assignments over time) to accommodate such situations. Also, childbirth can count as either medical or family leave, so there is flexibility to choose if more than two events occur within the stipulated period.

It was also noted that IU’s family life policy for faculty is equivalent to or better than other Big10 institutions, but that IU faculty, unlike IU staff, don’t get vacation time or paid time off (“sick days”).

Finally, on a related note, it was pointed out that faculty do not understand that medicare calculations lag 2 years and they may overpay if the calculations are based on higher (pre-retirement) income. If no appeal is filed, they won’t get the money back.