



Board of Curators Meeting

**Total Rewards Task Force
Recommendations**

April 10-11, 2014

Total Rewards Task Force charge: Develop directional recommendations

➤ Concerns related to faculty and staff

- Even with competitive benefits, less competitive pay levels negatively affect employee perceptions of Total Rewards
- A significant number of employees rate themselves as “unhealthy,” with low participation in personal wellness, placing their engagement and productivity at risk

➤ Financial concerns

- More than \$1 billion unfunded pension and retiree medical liabilities
- Rising health costs and a looming 40% medical plan excise tax
- These factors among others are making it difficult to fund University priorities

➤ Further vetting with input from employees and retirees is required prior to any action

Task Force guiding principles

Retirement

- Retirement plan benefits should not be reduced for current employees and retirees
- Viability of retirement trust fund should be maintained

Competitiveness

- Pay should be competitive
- Benefit costs should be consistent with peers in each major employee group
- Impact on recruitment and retention must be considered

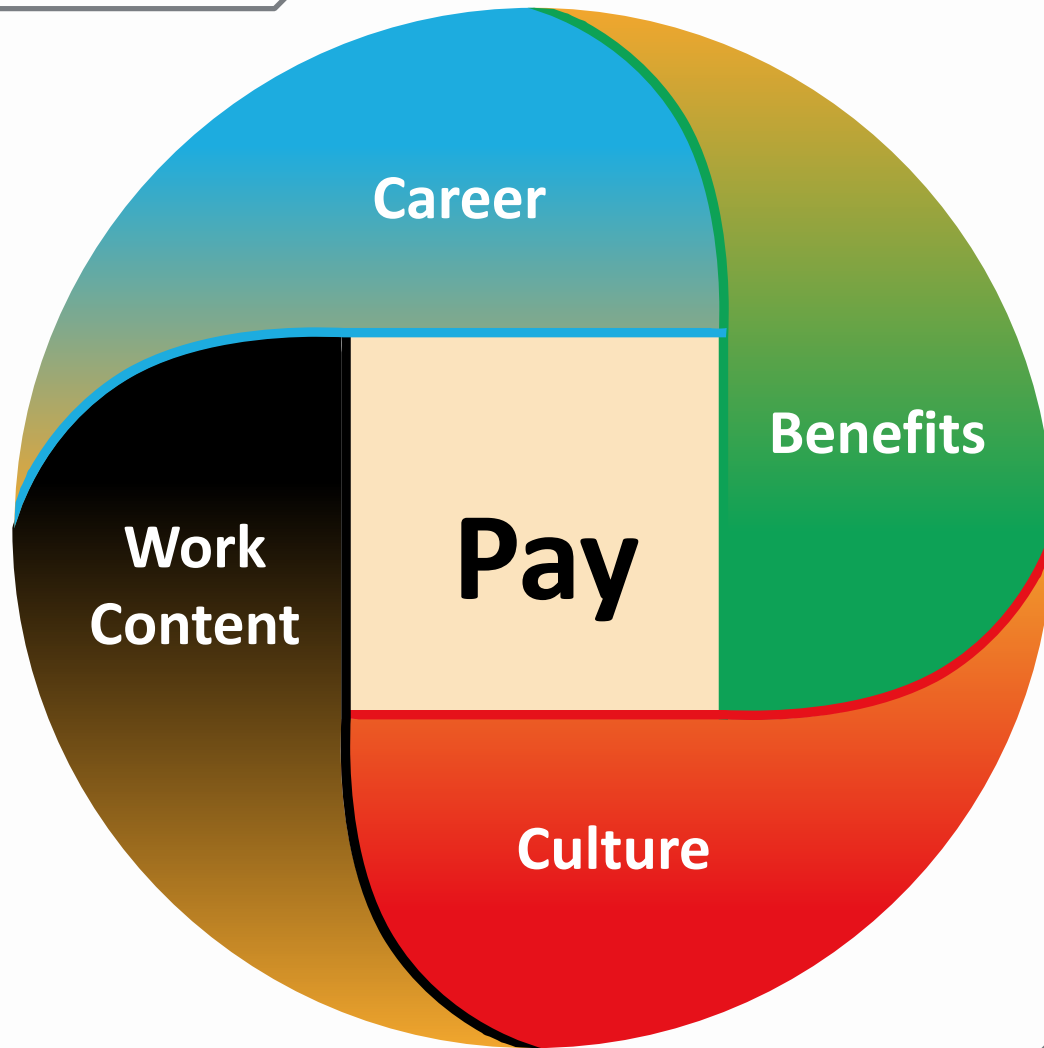
Value of Total Rewards

- Total Rewards should be perceived as valuable
- Package must achieve cost and competitiveness objectives
- Focus should be on goals, objectives and types, not design details

Funding of Total Rewards

- Cost predictability should be increased for both UM and employees

What faculty and staff value

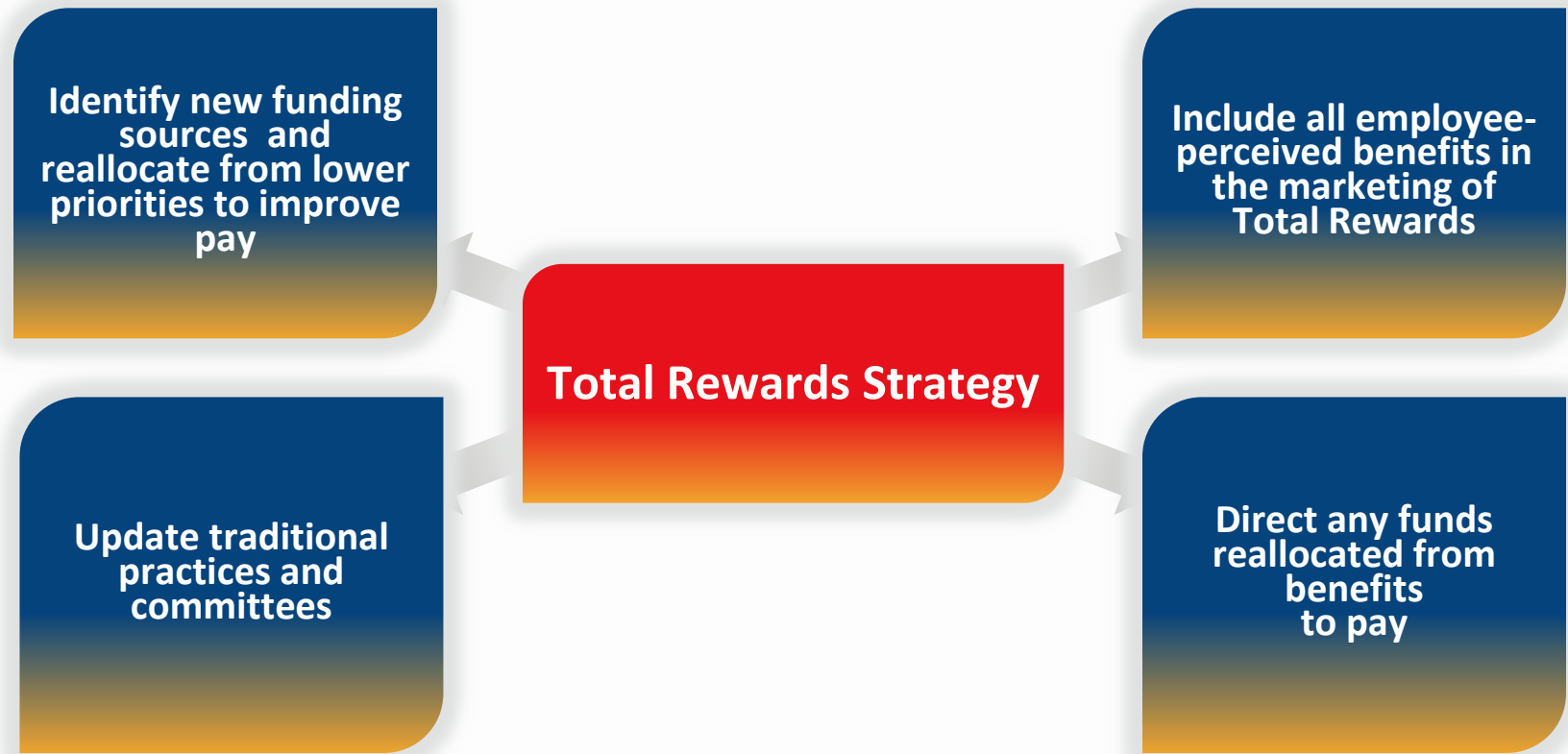


Key themes for enriching our University experience



Treat benefits and pay as interrelated parts of overall Total Rewards strategy

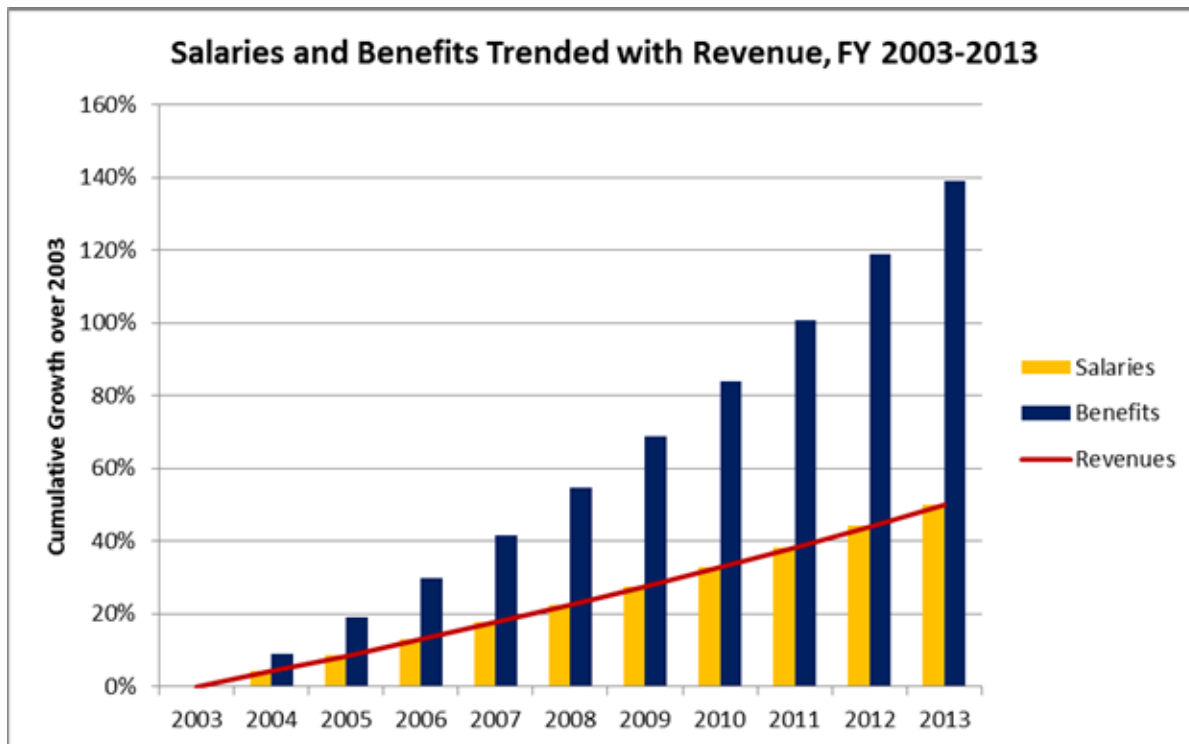
RECOMMENDATION 1



Establish a benefits rate cap

RECOMMENDATION 2

- Set cap as a % of pay to ensure the appropriate balance between benefits and pay
- Benchmark benefit offerings, plan designs, and pay on a systematic basis



Increases in both employees, and the number of students they serve, have far outpaced any upward trend in revenue and salaries.

Increase flexibility within Total Rewards programs

RECOMMENDATION 3

Flexibility for *Individuals*

- Recognize our population is increasingly diverse; what is valued differs among workforce segments and life stages
- Revise “one size fits all” approach to benefits

Flexibility for *Campuses*

- Align Total Rewards to support campus strategic priorities for recruitment and retention
 - Competitive pay
 - Targeted recruitment and retention by campus
 - Part-time staffing needs of MU Health Care

Utilize medical plan options to encourage healthy behavior and efficient use of health care services

RECOMMENDATION 4

- Improve access to primary care and health management
- Provide tools for cost and quality transparency
- Take advantage of new care delivery and pricing models

Medical plan cost trend

Incentives for healthy behavior

- Link employee health behaviors to medical plan premiums
- Engage line managers in creating a supportive environment for health and well-being
- Embed healthy practices across the campuses

Leverage marketplace opportunities for retiree medical benefits

RECOMMENDATION 5

Align practices with peer institutions to better serve retirees

Ensure the availability of accessible and affordable retiree medical coverage

Continue to guide and support retirees with education and personal support

Evaluate additional retirement plan options

RECOMMENDATION 6

Maintain
commitment to a
financially viable
retirement trust
fund

Consider
simplifying the
retirement plan for
future employees

Consider allowing
current employees
to opt out of the
DB plan to another
plan

Evaluate time-off plans for staff

RECOMMENDATION 7

- Align the leave benefits with the Total Rewards strategy and healthy campus initiatives
- Simplify leave policies as much as possible
- Provide short-term disability income replacement
- Emphasize value and flexibility through an integrated time-off benefit program
- Encourage appropriate use of time-off benefits

Invest in communication and education about Total Rewards that promotes informed decision-making

RECOMMENDATION 8

Increase employee understanding/appreciation for value of Total Rewards

Provide tools to help employees make optimal choices at times of key decisions

Tailor resources to diverse needs, learning styles, and behaviors

Coach managers to support employees in leveraging Total Rewards

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Summary of recommendations

1. *Treat pay and benefits as interrelated parts of the overall Total Rewards strategy*
2. *Establish a benefits rate cap*
3. *Increase flexibility within Total Rewards programs*
4. *Utilize medical plan options to encourage healthy behavior and efficient use of health care services*
5. *Leverage marketplace opportunities for retiree medical benefits*
6. *Evaluate additional retirement plan options*
7. *Evaluate time-off plans for staff*
8. *Invest in communication and education about Total Rewards that promotes informed decision-making*

Next steps

