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.

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

...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. 1

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. 2

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.

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.

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. 3
possible. Our research indicates that Vanderbilt lags behind several of its peer institutions in retirement contributions.

**Chart 1**

![Chart showing retirement contributions by institution.](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.

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)\(^5\) 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.\(^6\)

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”\(^7\) 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
4. https://hr.harvard.edu/retiree-health and
   http://hrweb.mit.edu/benefits/retirees/health
5. https://www.vanderbilt.edu/olli/

All links known to be accurate as of 2018-01-03
# APPENDIX A

## Chart 1: Direct Links to Employer Retirement Pages

<table>
<thead>
<tr>
<th>Employer</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brown University</td>
<td><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></td>
</tr>
<tr>
<td>Carnegie Mellon University</td>
<td><a href="https://www.cmu.edu/hr/benefits/retirement-savings/">https://www.cmu.edu/hr/benefits/retirement-savings/</a></td>
</tr>
<tr>
<td>Cornell University</td>
<td><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></td>
</tr>
<tr>
<td>Emory University</td>
<td><a href="http://www.hr.emory.edu/eu/benefits/403b/contributions.html">http://www.hr.emory.edu/eu/benefits/403b/contributions.html</a></td>
</tr>
<tr>
<td>Fisk University</td>
<td><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></td>
</tr>
<tr>
<td>Georgetown University</td>
<td><a href="https://benefits.georgetown.edu/saving">https://benefits.georgetown.edu/saving</a></td>
</tr>
<tr>
<td>Harvard University</td>
<td><a href="https://hr.harvard.edu/retirement">https://hr.harvard.edu/retirement</a></td>
</tr>
<tr>
<td>State of Tennessee</td>
<td><a href="http://treasury.tn.gov/tcrs/">http://treasury.tn.gov/tcrs/</a></td>
</tr>
<tr>
<td>Tennessee State University</td>
<td><a href="http://www.tnstate.edu/hr/benefits.aspx">http://www.tnstate.edu/hr/benefits.aspx</a></td>
</tr>
<tr>
<td>Vanderbilt University</td>
<td><a href="https://hr.vanderbilt.edu/benefits/retirement/">https://hr.vanderbilt.edu/benefits/retirement/</a></td>
</tr>
<tr>
<td>Yale University</td>
<td><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></td>
</tr>
</tbody>
</table>
## APPENDIX B

### Basic data on retirement contributions by employer

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