

Unmarried America



Press Release
May 16, 2002

For further information:
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Organization for Unmarried and Single Americans Urges UC Regents to Remove Marital Status Bias from Benefits Plans

Thomas F. Coleman, executive director of the American Association for Single People, appeared before the Regents of the University of California today urging them to make the University's health and pension plans more fair to unmarried individuals and couples.

The Board of Regents is meeting today and tomorrow at UCLA (Covell Commons) to take action on proposals by President Richard Atkinson to reform the University's retirement plan to make it more equitable to all employees regardless of their marital status.

Regents are scheduled to take action on three pension reform proposals: (1) item 503 which would make same-sex partners eligible for pension benefits; (2) item 504 which would make opposite-sex partners eligible as well; and (3) item 505 which would allow unmarried retirees without a domestic partner eligible to designate a beneficiary for survivor continuation benefits.

President Atkinson's report on item 504 also suggests that Regents may in the near future want to expand the University's health benefits plan to include opposite-sex partners of employees. The plan currently is limited to same-sex partners.

AASP's executive director has been communicating with the Regents since 1997 when he urged that health benefits be extended to all domestic partners and not just same-sex couples. Coleman's presentation today encourages the Regents to make all benefits programs at the University conform to principles of fairness and equity: equal pay for equal work, respect for personal privacy, and recognition of family diversity.

Coleman's full presentation, and supporting materials, may be found on the Internet at:
www.unmarriedamerica.org/Regents/coleman-presentation.pdf

Coleman's presentation and background materials are attached to this press release.

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THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

May 16, 2002

Amendment of the University of California Retirement Plan – To Provide Relative Equity of Retirement Benefits for University of California Retirement Plan Members with Opposite-Sex Domestic Partners

- (1) The University of California Retirement Plan (UCRP or Plan) be amended to provide Preretirement Survivor Income, the death while eligible to retire benefit, and Postretirement Survivor Continuance to eligible opposite-sex Domestic Partners of UCRP Members, effective July 1, 2002.
- (2) The definition of opposite-sex Domestic Partner for purposes of UCRP be defined as UC employees over the age of 18 in a long-term committed relationship.
- (3) Implementation of these provisions be delegated to the President.



Presentation of Thomas F. Coleman
to the Finance Committee of the Board of Regents
University of California / May 16, 2002

Unmarried University Employees Deserve Full Benefits and Fair Treatment

My name is Thomas F. Coleman. I am the executive director of the American Association for Single People.

AASP is the nation's leading provider of information and resources for unmarried and single Americans, whether they live with a family member or partner, a roommate, or alone. We are a nonprofit and nonpartisan organization, with headquarters in Glendale, California.

The issue of "equal pay for equal work" is an ongoing concern to AASP because it is of interest to so many unmarried Americans. Forty percent of the nation's workforce is unmarried. Part of AASP's mission is to encourage and promote the fair treatment of all employees regardless of their marital status.

My remarks today focus primarily on the three pension reform proposals made by President Richard Atkinson: items [503](#), [504](#), and [505](#). AASP supports all three of these proposals because they recognize that equity in benefits compensation is a matter of basic fairness – and equal benefits should not depend on marital status, gender, or sexual orientation. By adopting these three proposals, you will create a greater degree of fairness in the University's Retirement Plan.

I also call to your attention a section of the President's report on item 504 which discusses the possible [inclusion of opposite-sex domestic partners](#) in the University's health benefits plan. Since 1997, AASP has been communicating with the Board of Regents about the health plan, urging the Regents to include all domestic partners, regardless of gender or sexual orientation. Opposite-sex domestic partners are currently excluded from the health plan. We hope that in the near future you will allow employees to obtain health benefits for an opposite-sex domestic partner.

I recently wrote to each of you about [Vic Pelton](#), a retiree of the University of California and a member of AASP. Vic currently cannot obtain health benefits for Jean Lovetang, his partner of 18 years, even though they are registered as domestic partners with the Secretary of State. We urge you to remedy this by making all opposite-sex domestic partners eligible for health benefits.

The meeting here today is discussed in the [cover story](#) of our upcoming June newsletter. The University of California Retirement Plan is a part of our ongoing focus on how unmarried workers fare under public and private retirement plans. (Continued on other side.)

Presentation to UC Regents
Full and Fair Retirement Benefits
May 16, 2002

As you deliberate and vote on the three proposals before you today, I encourage you to keep several principles and key facts in mind:

- * Equal pay for equal work should be the bedrock principle on which all benefits plans are built.
- * An employee's compensation, including benefits, should hinge on merit, productivity, and loyalty, and not on the marital status of the employees or whether their family structures conform to a traditional model based on the way most people lived in the 1950s.
- * Unmarried employees who live alone, who live with unmarried relatives, or who have domestic partners, should not be paid less than married workers who do the same job.
- * The right of privacy in the California Constitution protects the freedom of choice to marry or not to marry. Employees should not be rewarded or penalized for how they exercise that choice.
- * Family diversity is now the norm. The "Ozzie and Harriet" nuclear family form is currently only one of many types of family structures. The University's health and pension plans should show respect for family diversity.
- * Most employers in the nation which have adopted domestic partner benefits programs have created inclusive and gender neutral plans open to all unmarried couples, same and opposite sex partners alike.
- * Just last week, bills were passed in Connecticut and New York which show a growing trend toward inclusiveness. The Legislature in the State of Connecticut has made basic legal and humanitarian protections available to all unmarried adults, not just same-sex couples. The New York Legislature has authorized 9-11 survivor funds to go to all surviving domestic partners, not just same-sex survivors.

In closing, I commend President Atkinson for proposing these changes in the retirement plan and for raising the possibility of extending health benefits to all domestic partner in the near future. The Academic Senate should also be commended for recommending pension equity for all unmarried employees, including all domestic partners.

Finally, it is encouraging that, ever since the Board of Regents voted to extend health benefits to same-sex partners in 1997, you have continued to explore ways to bring more fairness into the benefits compensation system. Achieving equity is an ongoing process.

I urge you to adopt all three proposals before you today. Bring pension equity to University employees whose needs are currently not being met. Create equity for all your faculty and staff.

By adopting items 503, 504, and 505, you will send a clear signal to University employees, and to the public, that the promise of equality belongs to everyone regardless of marital status.

Unmarried America



Newsletter of the AMERICAN ASSOCIATION FOR SINGLE PEOPLE

National USA Week: September 15-21, '02

National Unmarried and Single Americans Week, formerly commemorated by AASP as "National Singles Week," begins this year on September 15.

National USA Week is a time to celebrate the lives and contributions of unmarried Americans as valuable employees, dutiful taxpayers, good neighbors, community volunteers, and loving family members.

There are commemorative days, weeks, and even months, for parents, secretaries, women, racial and ethnic minorities, and others. It is only fitting that 82 million unmarried and single Americans be recognized in such a manner too.

AASP is planning a variety of activities for National USA Week, including a Speakers Bureau, appearances on radio talk shows, interviews with newspaper feature and lifestyle writers, stopping by the offices of each member of Congress, and conferring awards to single people who are great role models, as well as to elected officials for positive leadership and to members of the media for excellence in reporting.

You can help us secure a proclamation from the mayor of your city acknowledging USA Week in your area.

For more details on what you can do to participate in these events, visit our website at:

www.nationalUSAweek.org

Unmarried Workers Question Pension Plans



"Unmarried workers sue state, say retirement law discriminates" was the headline of a story in the Milwaukee Journal Sentinel on August 3, 1999.

The article explained that Secretary of State Douglas LaFollette and other state employees were suing Wisconsin over a state law that discriminated against workers who are not married.

The law being challenged only allowed spouses or dependents of state workers to receive full retirement benefits if an employee died before retiring. But if the employee's designated beneficiary is not a spouse or dependent, the employer's contributions to the retirement fund are forfeited.

LaFollette has since become a member of AASP.

A similar complaint was recently raised by an AASP member who works for American Airlines (see story, page 12).

A preliminary investigation by AASP has found that forfeiture of employer contributions to traditional pension plans is a problem faced by many employees working for both public and private employers.

The problem is compounded by the fact that unmarried employees who die before retirement also forfeit all contributions made by them and by their employers to Social Security. That is why proposals to partially privatize social security look attractive to many

younger workers. Being able to own up to one-third of their contributions would mean they could designate a beneficiary to receive those assets if they were to die before retiring. A surviving domestic partner, parent, or adult child might desperately need such a financial boost for economic survival.

The issue of pension equity for government workers was taken up by the Regents of the University of California at their meeting on May 16, 2002. University administrators presented the Regents with proposals to eliminate marital status discrimination in the university's pension system.

AASP Executive Director, Thomas F. Coleman, appeared at the hearing. He advised the Regents that it was time to reassess U.C. health benefits as well as pension benefits.

AASP member Vic Pelton, a retiree of the university, is still waiting for the Regents to open up the same-sex-only domestic partner health benefits plan to heterosexual domestic partners.

"Equal pay for equal work should be the bedrock principle on which all benefits plans operate," Coleman said. "An employee's overall compensation, including benefits pay, should hinge on merit, productivity, and loyalty."

"Unmarried employees who live alone, who live with unmarried relatives, or who have domestic partners, should not be second-class workers," Coleman stressed. "They are currently shortchanged by the pension plan."

AASP will keep pension benefits discrimination on its long-term agenda and make periodic reports to our members on further developments. This is an issue which sorely needs attention. ΔΔ

see other side 7

AASP Assists California Members Seeking Equal Retirement Benefits

AASP Asks University to Give Retirement Benefits to Heterosexual Partners

AASP Executive Director Thomas F. Coleman recently sent a letter to the University of California Board of Trustees asking that heterosexual retirees no longer be excluded from receiving domestic partner benefits. It was sent to reinforce a similar request made by AASP member Vic Pelton.

In 1997, the Trustees voted to expand the University's health benefits plan – which was then limited to spouses of employees and retirees – to cover domestic partners as well. However, as a cost saving device, a decision was made to limit participation to same-sex domestic partners and to exclude unmarried heterosexual couples.

At the time, AASP (then known as Spectrum Institute), told the Trustees that the new program would be inconsistent with the uniform practice by local governments in California to adopt gender-neutral domestic partner programs. The Trustees were also advised that the state Labor Commissioner had ruled that limiting benefits to same-sex couples would violate state law prohibiting sexual orientation discrimination.

Coleman's recent letter to the Trustees notes that expanding the benefits program to include heterosexuals would be appropriate now, considering that:

- The State Legislature gives domestic partner benefits to its own employees, regardless of gender;
- Heterosexual retirees may register as partners with the Secretary of State;
- Heterosexual retirees of the California State University system are eligible for domestic partner benefits;
- All other state agencies under the jurisdiction of the Governor and the Legislature provide domestic partner benefits to heterosexual retirees.

Coleman's letter stresses that by adopting gender-neutral benefits for retirees, UC's program will conform with state law, and will show respect for family diversity and honor the right of personal privacy of retirees. ▲▲



Vic Pelton and Jean Lovetang

January 21, 2002

Ms. Judith Boyette
Associate Vice President
Human Resources and Benefits
University of California

Dear Ms. Boyette,

I retired from the Lawrence Livermore National Laboratory in 1990 and receive my retirement benefits through your office. I have had an opposite sex Domestic Partner for over 18 years. We are registered with the Secretary of State (see attached declaration) and qualify as Domestic Partners under California Family Code, Section 297. Since the University offers benefits to same sex Domestic Partners, I believe that under the terms of AB25 I should be able to obtain benefits for my partner.

All other state agencies and departments and all other state-operated institutions of higher learning provide health and other benefits to domestic partners of retirees. It appears that the University of California is the only agency of state government which denies such benefits to retirees with an opposite-sex domestic partner. This does not seem fair to me.

But perhaps my information is out of date. It would be a pleasure to learn that the UC system has recently updated its benefits program to make it consistent with the Secretary of State's registration system and with the policy and practices of all other state agencies. I'm sure the Regents never intended to deprive UC retirees of benefits which all other state employees and retirees receive.

Please advise what form I can fill out to obtain these benefits. Thank you.

Sincerely,
V.P. Pelton

Relative Equity of Pension Benefits

Excerpts from the President's Report to the Finance Committee of the Board of Regents of the University of California

May 16, 2002

Item 503: (same-sex domestic partners)

Action requested:

The President recommends that the Committee on Finance recommend to The Regents that: (1) The University of California Retirement Plan (UCRP or Plan) be amended to provide Preretirement Survivor Income, the death while eligible to retire benefit, and Postretirement Survivor Continuance to eligible same-sex Domestic Partners of UCRP Members, effective July 1, 2002.

This proposed amendment has the support of the Academic Senate.

Details of Item 503 recommendation:

Under this proposed amendment:

Eligible same-sex domestic partners of UCRP Members and their eligible children would be eligible for UCRP benefits on the same basis that such benefits are currently provided to surviving spouses, Eligible Spouses, and their Eligible Children. This would include Preretirement Survivor Income, the death while eligible to retire benefit, and the Postretirement Survivor Continuance. Consistent with current Plan provisions for an Eligible Spouse, a Domestic Partner would be required to have established a relationship with the UCRP Member one full year before the Member's date of death to be a surviving Domestic Partner or Eligible Domestic Partner for UCRP purposes. Consistent with current Plan provisions for payment of Postretirement Survivor Continuance to a spouse, a Domestic Partner would be required to have established a relationship with the Member for one year before retirement and continuously until the Member's death.

To be considered an Eligible Child under the Plan:

A child of the Domestic Partner would be required to meet the same requirements as an Eligible Child of the Member. Currently, an Eligible Child of the Member must have been receiving significant support from the Member for the one year preceding the Member's date of death, Disability Date, or Retirement Date and be under the age of 18, or under the age of 22 if attending an educational institution on a full time basis, or disabled while qualified as an Eligible Child for as long as the disability continues. In addition, to be considered an Eligible Child under the Plan, a child of the Domestic Partner would be required to have been residing with or in the care of the Member immediately before the Member's date of death, Disability Date, or Retirement Date. This is consistent with the requirements for a stepchild of a Member.

Item 504: (opposite-sex domestic partners)

Action requested:

The President recommends that the Committee on Finance recommend to The Regents that: (1) The University of California Retirement Plan (UCRP or Plan) be amended to provide Preretirement Survivor Income, the death while eligible to retire benefit, and Postretirement Survivor Continuance to eligible opposite-sex Domestic Partners of UCRP Members, effective July 1, 2002.

The definition of opposite-sex Domestic Partner for purposes of UCRP be defined as determined by The Regents to be either:

- a. all opposite-sex domestic partners, or
- b. only opposite-sex domestic partners as currently defined by the State of California under Family Code Section 297, i.e., one partner must be 62 years of age or older and eligible for Social Security benefits, who otherwise meet UCRP's eligibility requirements.

The Academic Senate supports the extension of benefits to all opposite-sex domestic partners.

Details of Item 504 recommendation:

Under this proposed amendment:

Eligible opposite-sex domestic partners of UCRP Members and their eligible children would be eligible for UCRP benefits on the same basis that such benefits are currently provided to surviving spouses, Eligible Spouses, and their Eligible Children.

Based on a weighted average, the Plan's consulting actuary, Towers Perrin, estimated that approximately 83% of current UCRP Members, both those not yet eligible to retire and those eligible to retire, were already eligible for survivor income benefits.

Based on this estimation and on an analysis of statistics obtained from the 2000 U.S. Census regarding unmarried-partner households, the Plan's consulting actuary estimated that an additional 6% of the UCRP membership would become eligible for survivor income benefits if opposite-sex domestic partner benefits were approved for all opposite-sex domestic partners. Under this definition, the estimated increase in the Actuarial Accrued Liability associated with the change would be \$104.6 million. Normal Cost would increase by an estimated \$5.4 million, or 0.08 percentage points.

If opposite-sex domestic partner benefits were approved for opposite-sex domestic partners as defined by the State of California under Family Code Section 297, the Plan's consulting actuary assumed that the costs would be a percentage of the costs for benefits for all opposite-sex domestic partners. These assumptions were based on estimates of the Member's age at retirement, on the probability of death occurring in certain age ranges, and on the probability that one or both partners would be eligible for Social Security benefits in various age ranges. Under this definition, the estimated increase in the Actuarial Accrued Liability associated with the change would be \$68.4 million. Normal Cost would increase by an estimated \$3.0 million, or 0.05 percentage points.

Item 505: (unmarried employees without a domestic partner)

Action requested:

The President recommends that the Committee on Finance recommend to The Regents that: The University of California Retirement Plan (UCRP or Plan) be amended to provide Postretirement Survivor Continuance for unmarried Members with no Eligible Survivors or Eligible Domestic Partner, effective July 1, 2002.

Details of Item 504 recommendation:

Under this proposed amendment:

Unmarried Members with no Eligible Survivor or Eligible Domestic Partner would be allowed to name a Designated Survivor at the time of retirement to receive the Postretirement Survivor Continuance upon the Member's death. A Designated Survivor could be any natural person, but not a trust or an estate.

One of the goals of the Designated Survivor option is to provide a Postretirement Survivor Continuance benefit to a Designated Survivor that is not now available to an unmarried UCRP Member with no Eligible Survivors or Eligible Domestic Partner. If a Member names a Designated Survivor who is much younger than the Member, the Designated Survivor's benefit will be adjusted downwards in order to account for the expected longer lifetime payment. This provision would be effective July 1, 2002 for unmarried UCRP Active, Disabled, or Inactive Members with no Eligible Survivors or Eligible Domestic Partner. This provision would not apply to UCRP Retired Members with Retirement Dates of June 30, 2002 or earlier.

The UCRP defined benefit plan is based on the model of a family that was the norm when men worked in the paid labor force, people married once for a lifetime, and women stayed home and raised children. UCRP was designed to award special benefits to spouses and children in the case of a loss of income due to the death of the household provider.

Today, many families differ from the traditional nuclear family. A widow or widower, or a divorcee or divorcé may be supporting children who do not meet the definition of Eligible Child under current provisions.

Currently, an Eligible Child of the Member must have been receiving significant support from the Member for the one year preceding the Member's date of death, Disability Date, or Retirement Date and be under the age of 18, or under the age of 22 if attending an educational institution on a full time basis, or disabled while qualified as an Eligible Child for as long as the disability continues.

This proposed amendment would provide some flexibility for Members to provide a benefit to someone in an extended family relationship or for whom they have responsibility. A Member supporting an adult child, a sibling, or an aged parent would be able to designate such individual for survivor benefits at the time of retirement.

Background:

At the January 2002 Regents' meeting, a proposal to provide relative equity of retirement benefits to UCRP Members **regardless of marital status** was explored. At the request of The Regents, three items are being submitted for consideration and action.

One of the objectives of these proposed amendments is to parallel, to the extent possible, current UCRP provisions that provide survivor benefits to surviving spouses and Eligible Survivors.

Members without a surviving spouse or Eligible Survivors are not entitled to the following benefits:

(1) Under certain circumstances, Eligible Survivors (Eligible Spouses, Eligible Children, and Eligible Dependent Parents) of Active or Disabled Members are entitled to receive income continuation benefits (Preretirement Survivor Income) if the Member dies before retirement with at least two years of Service Credit.

(2) Under certain circumstances, surviving spouses of Active, Disabled, or Inactive Members are entitled to receive income continuation benefits if the Member dies while eligible to retire.

(3) If the Member dies after electing UCRP Retirement Income, UCRP provides Postretirement Survivor Continuance (that portion of the Basic Retirement Income payable as a monthly benefit upon the death of a Retired Member) to a surviving spouse (who was married to the Member for one year before retirement and continuously until death), Eligible Children, or Eligible Dependent Parents.

(4) In addition to the Postretirement Survivor Continuance payment described above, the Plan currently provides various payment options under which the Member may elect to reduce Basic Retirement Income and provide for a full or partial continuance benefit to a Contingent Annuitant. The reduction in Basic Retirement Income is based on the age of the Member and the Contingent Annuitant.

Based on a weighted average, the Plan's consulting actuary, Towers Perrin, estimated that approximately 83% of current UCRP Members, both those not yet eligible to retire and those eligible to retire, were already eligible for survivor income benefits.

Based on this estimation and on an analysis of statistics obtained from the 2000 U.S. Census regarding unmarried-partner households, the Plan's consulting actuary estimated that an additional 2% of the UCRP membership would become eligible for survivor income benefits if same-sex domestic partner benefits were approved.

The estimated increase in the Actuarial Accrued Liability associated with the change would be \$34.9 million.

SURVIVOR BENEFITS CURRENTLY PROVIDED BY UCRP

Preretirement Survivor Income

If an Active Member dies with at least two years of Service Credit, or if a Disabled Member dies, monthly income is paid to the Member's Eligible Survivors – **Eligible Spouse**, or if none, **Eligible Children**, or if none, **Eligible Dependent Parents**.

For Members coordinated with Social Security, the amount paid to the Eligible Survivor(s) is 25% of the Member's Final Salary, less \$106.40 Social Security reduction. For Active or Disabled Members not coordinated with Social Security, the amount paid to the Eligible Survivors is a percentage of the Member's Final Salary, which varies according to the number of Eligible Survivors.

Death While Eligible to Retire Benefit

If an Active, Inactive or Disabled Member dies while eligible to retire (age 50 with at least five years of Service Credit), a lifetime retirement benefit is payable to the **surviving spouse**. This benefit is calculated as though the Member had elected to retire on the date of death and had chosen Option A (full continuance) with the spouse as Contingent Annuitant (the person designated to receive the entire continuance). This entire continuance includes the Postretirement Survivor Continuance (see below) and the option portion (this portion is reduced based on the age of the Member and the Contingent Annuitant).

If the deceased is an Active or Disabled Member and the spouse also qualifies as an Eligible Survivor, both the Preretirement Survivor Income and the Option A benefit are calculated and the higher benefit is paid. The benefit is payable beginning the day after the Member's death.

Postretirement Survivor Continuance

When a retired Member dies, part of the continuing retirement benefit is paid only to the **surviving spouse** (if the Member and spouse were married continuously for one full year before retirement until the Member's death) or if none, to the **Eligible Children**, or if none, to the **Eligible Dependent Parents**. If the Eligible Survivors die while receiving this benefit, or if the children become ineligible, benefits are paid to the next Eligible Survivor, for as long as someone is eligible.

The formula for Postretirement Survivor Continuance for the majority of UCRP Members, i.e., those coordinated with Social Security, is 25% of the Member's Basic Retirement Income. The formula for Postretirement Survivor Continuance for UCRP Members who are not coordinated with Social Security is 50% of the Member's Basic Retirement Income.

This benefit is paid without any reduction in the Member's benefit.

Information On The Impact On Health Care Benefits (#504, pages 3-4)

In addition to the proposed amendment to UCRP, information is provided below regarding the estimated annual cost of UC-sponsored medical, dental, and vision benefits if such benefits were extended at some time in the future to opposite-sex domestic partners.

In November 1997, The Regents authorized President Atkinson to extend UC-sponsored health care benefits (medical, dental, and vision), to UC employees' and retirees' same-sex domestic partners, same-sex domestic partners' children and grandchildren, and limited categories of adult dependent relatives. Other welfare benefits (dependent life, Accidental Death & Dismemberment (AD&D), and legal) were extended to these individuals January 1, 2001.

The University has received numerous requests from various UC constituents to extend UC sponsored health and welfare benefits to opposite-sex domestic partners.

The University cannot precisely predict the number of individuals who would elect these benefits. However, based on the experience of other institutions and businesses and enrollment ranges described in industry publications, the estimated annual cost of providing UC-sponsored medical, dental, and vision benefits to opposite-sex domestic partners would range from \$12 million to \$28.1 million. The estimated annual cost for providing coverage to the eligible children and grandchildren of opposite-sex domestic partners ranges from \$4.7 million to \$11.1 million. The total annual UC cost is therefore estimated to range from \$16.7 million to \$39.2 million. This increased cost would be an immediate cash flow issue to the locations, as these benefits are paid from current operating funds.

The University could choose to parallel the coverage currently offered by the state to opposite-sex domestic partners who register under the State Registry, which is much more limited in scope. This coverage is extended to opposite-sex domestic partners where one partner is at least age 62 and eligible for Social Security benefits. Children of domestic partners are not covered by the state at this time. The estimated annual cost for this alternative would range from \$3.26 million to \$6.52 million.

At the time health benefits were extended to same-sex domestic partners, health benefits were also extended to tax-dependent adult dependent relatives as an alternative to coverage for opposite-sex domestic partners. If the University were to add opposite-sex domestic partners, it is recommended that the adult dependent relative category be eliminated from coverage in the future. Those currently covered would be grandfathered for as long as they are eligible. Estimated annual savings for this action would be \$1.9 million.

There would be no cost to the University for extension of the dependent life, AD&D, and legal programs to opposite-sex domestic partners since they are employee-paid plans.

Generally, the same fund source covers an employee's salary and benefit costs. The State General Fund budget pays the employer's share of benefit costs for state-supported UC faculty and staff. UC Medical Center revenue pays the employer's share of benefit costs for Medical Center employees. Benefit costs for employees supported by other sources, such as contracts and grants, are paid by those sources. Support for funding the cost for retiree health benefits comes from a payroll tax charged against all fund sources. Such costs are included in the estimated range of expenses noted above.

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
MEETING AS A COMMITTEE OF THE WHOLE**

January 17, 2002

The Regents of the University of California met on the above date at Covel Commons, Los Angeles campus.

Present: Regents Atkinson, Bagley, Connerly, Davies, T. Davis, Hertzberg, Hopkinson, O. Johnson, S. Johnson, Kozberg, Lansing, Lee, Lozano, Marcus, Montoya, Morrison, Parsky, Pattiz, Preuss, Sayles, and Seymour

In attendance: Regents-designate Ligot-Gordon, Sainick, and Terrazas, Faculty Representatives Binion and Viswanathan, Secretary Trivette, General Counsel Holst, Treasurer Russ, Provost King, Senior Vice President Mullinix, Vice Presidents Broome, Doby, Drake, Gomes, Gurtner, and Hershman, Chancellors Berdahl, Bishop, Carnesale, Cicerone, Dynes, Greenwood, Tomlinson-Keasey, Vanderhoef, and Yang, and Recording Secretary Nietfeld

The meeting convened at 9:50 a.m. with Chairman S. Johnson presiding.

PUBLIC COMMENT

Chairman Johnson explained that the Board had been convened as a Committee of the Whole in order to permit members of the public an opportunity to address matters on the morning's open session agendas. The following persons addressed the Board concerning the items noted.

B. Committee on Finance, Item 505: *University of California Retirement Plan: Proposal on Relative Equity of Benefits*

(1) Ms. Shane Snowden, chair of the systemwide UC Lesbian, Gay, Bisexual, Transgender, and Intersex Association (LGBTIA) also spoke on behalf of Ms. Sarah Archibald, Mr. Robert Anderson, and Ms. Kathleen Eiler. Ms. Snowden believed that the equalization of retirement benefits for UC employees with same-sex domestic partners would be extremely beneficial. She recalled that The Regents had extended only health benefits to domestic partners in 1997, which resulted in continued inequities for domestic partners when they retire. For example, if a married UCRP member dies before becoming eligible to retire, his or her spouse receives a full pension, while unmarried partners receive no benefits. Since 1997, all of the University's Comparison 8 institutions have equalized retirement benefits for domestic partners. A Kaiser Foundation survey found that 77 percent of the American public support same-sex benefits. Ms. Snowden observed that, if a tragedy were to occur at a UC campus, bereaved spouses would be treated differently from bereaved same-sex partners.

(2) Dr. Pat Alford-Keating, a psychologist at UCLA, introduced her same-sex domestic partner and discussed some of the details of their life together. She believed that the retirement benefits afforded to married UCRP members should be extended to employees' domestic partners.

(3) Dr. Mark Litwin, an Associate Professor of Medicine at UCLA, informed the Committee that he had been awarded a \$50 million grant to study prostate cancer, the

largest award in the campus' history. He pointed out that, while UC states that it does not discriminate on the basis of sexual orientation, it continues to discriminate with respect to retirement benefits, and asked that these benefits be equalized.

(4) Mr. Thomas Wortham, chair of the Department of English at UCLA, discussed some of his academic achievements and those of his department. He believed that his life partner of 25 years should be eligible for survivor retirement benefits.

(5) Mr. Shaun Travers, director of the San Diego campus LGBTIA resource office, urged The Regents to support the equalization of retirement benefits for domestic partners.

(6) Ms. Pat Walsh, assistant dean of students at UC Irvine and founder of the campus' LGBTIA resource center, expressed concern that her domestic partner would not have access to her pension were she to die.

(7) Ms. Carol Miller, chair of the Council of UC Staff Assemblies, reported that the delegates had requested that she convey to the Board the council's unanimous support for relative equity in the University of California Retirement Plan.

(8) Dr. Rose Maly, a cancer researcher at UCLA, recalled that in 1997 she had addressed the Board concerning the death of her same-sex partner. She urged support for the equalization of retirement benefits for domestic partners.

C. Committee on Grounds and Buildings and Committee on Finance, Item 5-GF: ***Authorization to Establish a Limited Liability Company with Virginia Smith Trust, Merced Campus***

Mr. Bob Smith, former planning director for the County of Merced, reported that he had had the opportunity to work closely with the UC Merced physical planning and environmental permitting teams. The County and the campus have developed a close partnership for the development of UC Merced and have worked to ensure extensive public participation in all of their planning efforts, which will lead to the establishment of a world-class university while protecting the environment.

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Office of the President

January 9, 2002

TO MEMBERS OF THE COMMITTEE ON FINANCE:

ITEM FOR DISCUSSION

For Meeting of January 17, 2002

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN: PROPOSAL ON RELATIVE EQUITY OF RETIREMENT BENEFITS

Included in the discussion at the January 2001 Regents' meeting on University of California Retirement System proposed benefit improvements was a proposal to provide relative equity of retirement benefits to all Members of the University of California Retirement Plan (UCRP or Plan). Under this proposal, Members would be eligible for relatively equivalent retirement benefits regardless of marital status. University of California Human Resources and Benefits (HR/Benefits) is evaluating a variety of alternatives for providing relative equity of retirement benefits to unmarried UCRP Members. Also being evaluated is a proposal to provide for a lump sum payment in certain instances when a Member who is eligible to retire dies before electing retirement.

One of the objectives in evaluating the alternatives is to parallel, to the extent possible, current UCRP provisions that provide survivor benefits to Eligible Survivors. Under certain circumstances, Eligible Survivors (Eligible Spouses, Eligible Dependent Children, and Eligible Dependent Parents) of Active or Disabled Members are entitled to receive income continuation benefits (Preretirement Survivor Income) if the Member dies before retirement with at least two years of Service Credit. If the Member dies after electing UCRP Retirement Income, UCRP provides Postretirement Survivor Continuance (that portion of the Basic Retirement Income payable as a monthly benefit upon the death of a Retired Member) to Eligible Survivors. Members without Eligible Survivors are not entitled to these benefits.

To provide relative equity of retirement benefits to UCRP Members with domestic partners and their children, an option under consideration is to provide eligible domestic partners and their eligible children with UCRP benefits on the same basis that such benefits are currently provided to Eligible Spouses and their Eligible Children. This would include Preretirement Survivor Income and Postretirement Survivor Continuance. This would not affect the Member's ability to designate a Beneficiary to receive the UCRP death benefit or to designate a Contingent Annuitant under the Plan to receive monthly retirement benefits on the death of the UCRP Member.

Consistent with current Plan provisions for an Eligible Spouse, a domestic partner would be required to establish a relationship with the UCRP Member one full year before the Member's retirement date or the Member's date of death to be an eligible domestic partner for UCRP purposes. This one-year requirement is similar to the provisions for establishing a domestic partnership with the City and County of San Francisco and the Los Angeles City Employees' Retirement System. The California Public Employees' Retirement System (CalPERS) does not currently provide domestic partner retirement benefits.

To provide relative equity of retirement benefits to unmarried UCRP Members with no Eligible Survivor(s) or eligible domestic partner, an alternative being considered would be to allow the

Member to name a designated survivor at the time of retirement to receive the Postretirement Survivor Continuance upon the Member's death. A designated survivor could be any natural person, but not a trust or an estate. The Member's ability to designate a beneficiary to receive the UCRP death benefit and to designate a Contingent Annuitant under the Plan to receive retirement benefits on the death of the UCRP Member would not be affected.

One of the goals of the designated survivor option is to provide a cost comparable Postretirement Survivor Continuance benefit to a designated survivor to that which is currently provided to an Eligible Spouse. Various alternatives are being considered that would adjust the Postretirement Survivor Continuance for a designated survivor in the event a significant age difference exists between the Member and designated survivor.

Currently, the Plan provides that if an Active Member, Disabled Member, or Inactive Member dies while eligible to retire, benefits are payable to the surviving spouse as if the Member had retired on the date of death and had elected Retirement Income under a full joint and last survivor payment with the Member's surviving spouse named as Contingent Annuitant. If the Member does not have a surviving spouse, it is deemed that such Member had not elected to retire on the date of death; and for many long service UC employees this means there is no retirement payable.

HR/Benefits is evaluating the possibility of providing a survivor benefit for unmarried Active Members, Disabled Members, or Inactive Members who die while eligible to retire. Under this proposal, the Member would be deemed to have retired on the date of death and to have elected a lump sum payment. Such benefit would be payable to the person or persons designated by the Member as the Member's beneficiary or, if no beneficiary has been designated, the benefit would be payable in accordance with the Plan's provisions. If UCRP benefits are extended to domestic partners, this benefit would not be available to an unmarried Member with an eligible domestic partner.

Also under consideration would be to treat a Member with a surviving spouse who dies while eligible to retire and whose spouse dies within 30 days of such Member as not having a surviving spouse, and to be deemed to have retired on the date of death and elected a lump sum payment. Such benefit would be payable to the person or persons designated by the Member as the Member's beneficiary or, if no beneficiary has been designated, the benefit would be payable in accordance with the Plan's provisions. If UCRP benefits are extended to domestic partners, this option would also be available to the Member with an eligible domestic partner.

Estimated Cost of Providing Relative Equity of Retirement Benefits

The cost of UCRP benefits is identified in two parts:

- *Actuarial Accrued Liability* – is the portion of the Actuarial Present Value of plan benefits and expenses allocated to years prior to the valuation date by a particular actuarial cost method (the cost to provide the benefit improvement based on all service accrued to date by current Plan Members) and

- *Normal Cost* – the portion of the Actuarial Present Value of plan benefits and expenses which is allocated to the current year by the actuarial cost method (the permanent increase in yearly cost to provide the benefit improvement, expressed as a percentage of total covered pay for all Members).

The Plan Actuary, Towers Perrin, has estimated that based on a weighted average, 83% of all current UCRP Members, including Active, Disabled, and Inactive Members, both those eligible to retire (age 50 or older) and those not yet eligible to retire (under age 50), have eligible

dependents for purposes of UCRP survivor benefits. The remaining 17% of all current UCRP Members who are Active, Disabled, or Inactive, both eligible to retire and not eligible to retire, are assumed to have no eligible dependents for purposes of survivor benefits and, thus, could be considered for survivor benefits if this proposal were to be approved.

The estimated increase in Actuarial Accrued Liability associated with these changes would be \$344 million. The estimated increase in Normal Cost would be \$17 million. There would be an estimated 0.26 percentage point increase in Normal Cost as a percentage of covered payroll, bringing Normal Cost to 15.17% from 14.91%. This information is based on the UCRP Actuarial Valuation as of July 1, 2001. Towers Perrin expects to formally update the UCRP Asset/Liability Study to determine the effect these proposals would have on the funded status of the Plan. This information will be available in the future upon completion of the study.

**Office of the President
January 9, 2002**

TO MEMBERS OF THE COMMITTEE ON FINANCE:

ITEM FOR DISCUSSION

For Meeting of January 17, 2002

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN: PROPOSAL ON RELATIVE EQUITY OF RETIREMENT BENEFITS

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Tom Coleman

From: Tom Coleman [coleman@unmarriedamerica.org]
Sent: Wednesday, May 22, 2002 10:34 AM
To: 'Vicpelton@aol.com'
Subject: follow up with Judith Boyette

Vic,

I have been thinking about the next steps to take to get health benefits for retirees with opposite-sex domestic partners.

Now that the Regents have created a precedent for retirement survivor benefits which includes opposite sex couples, and now that the President has raised the possibility of the Regents revisiting the health benefits issue for employees and retirees, I think we should move forward.

I think it would be good for you to write another letter to Judith Boyette asking when the health benefits issue might be placed on the Regent's agenda now that the pension definition issue has been resolved.

I will also write to President Atkinson and to all of the Regents, again mentioning your case.

Let's keep the issue alive. It may take several more months, perhaps even a year or two for a health benefits victory, but it can be done.

Please send me a draft of any letter you plan to send to Judith and I will be glad to give you my feedback.



Thomas F. Coleman
Executive Director
American Association for Single People
www.unmarriedAmerica.org
(818) 242-5100
(818) 242-5103 FAX

5/22/2002

Tom Coleman

From: Judy Boyette [Judy.Boyette@ucop.edu]
Sent: Tuesday, June 04, 2002 8:30 AM
To: coleman@unmarriedamerica.org
Subject: Health Benefits for Retirees with Opposite-sex Domestic Partners

Dear Mr. Coleman:

Thank you for your email messages of April 3 and April 28, in which you ask some specific questions about health benefits for University of California retirees with opposite-sex domestic partners.

The report of the President to the Regents Finance Committee is for information purposes for the Regents.

The agenda item on Relative Equity of Retirement Benefits addressed retirement only, it did not address health and welfare issues. By now, I imagine you are aware that the UC Regents, at their meeting on May 15-16 at UCLA, voted to extend to eligible UC employees with domestic partners, a set of retirement benefits mirroring those now offered to married UC employees. The new benefits will be effective July 1, 2002 for eligible UCRP members and will not apply to UCRP retired members with retirement dates of June 30, 2002, or earlier. Where appropriate, extension of these benefits is subject to collective bargaining agreements.

At this time, we have not developed a proposal for health and welfare benefits for opposite-sex domestic partners. As I explained to you in my letter of March 25, the University of California regularly evaluates its benefits programs and we continue to work towards increased equity in our benefits coverages. As you know, the University is facing significant restraints in the state budget and a generally weaker economy which is impacting our resources. Unfortunately, at the same time costs for health care and health care coverage are rapidly escalating. These and other issues will receive close attention in the coming months as we continue to monitor our benefits programs. We will continue to examine our benefits programs and make necessary changes in order to meet the diverse needs of the UC community, taking into account the current budget situation.

Again, thank you for taking the time contact us.

Sincerely,
Judith W. Boyette
Associate Vice President
Human Resources and Benefits

Unmarried America



June 3, 2002

President Richard Atkinson
University of California
1111 Franklin St.
Oakland, CA 94607

Re: Pension Benefits and Health Benefits

Dear President Atkinson,

Thank you for presenting the Board of Regents with the three proposals to make pension benefits more equitable for unmarried employees and retirees at the University of California.

Due to your leadership and the excellent way that Judith Boyette answered questions posed by the Regents, employees will be able to secure survivor benefits for their same-sex and opposite-sex domestic partners.

Although you knew the timing on the third proposal was premature for action, you again showed leadership by raising the issue of equity for unmarried employees who do not have a spouse or domestic partner, but who may have relatives or other loved ones for whom they care. With further education on this issue, someday the Regents may see the wisdom of making the retirement plan more equitable to this category of University employees.

AASP member, Vic Pelton, saw the Regents actions in the news. He asked me what effect, if any, the broadening of the definition of eligible domestic partner would have on health benefits for employees and retirees. I advised him that since the action was limited to retirement survivor benefits, it would have no immediate or direct effect. However, a major political precedent was established when a majority of Regents voted to include all heterosexual domestic partners and by making their eligibility governed by the same rules that apply to same-sex domestic partners.

I told Mr. Pelton that you included a discussion of health benefits in your report to the Regents on the heterosexual domestic partner proposal for retirement survivor benefits. You raised the possibility that the Regents may want to include opposite-sex partners in the health benefits plan in the future.

I am wondering when such a specific proposal might be placed on the agenda of the Finance Committee. Might it be taken up at their next meeting? I would appreciate any information you could provide me on this, as I would like to submit a memo to the Regents in advance and would like to appear at such a meeting to make a presentation to them.

Again, thank you for proposing more equitable benefits for unmarried employees and retirees.

Very truly yours,

Thomas F. Coleman
Executive Director

cc: Judith Boyette