

AAUP-UMDNJ

JULY 9, 2010

NEWSFLASH

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Impact Of Recent Legislation On Health Insurance And Pension Benefits

Annual UMDNJ Pension Maximum Contribution Reduced From \$19,600 To \$11,280

On June 29, the New Jersey State Legislature passed a law that modified faculty retirement benefits under the Alternate Benefits Program (ABP) effective July 1, 2010. The ABP is a defined contribution pension system whose members are the faculty of New Jersey public institutions of higher education. Currently, the State contributes 8% of the ABP member's salary and the member contributes 5%. The new law establishes a limit on the State's (UMDNJ) employer contribution to the ABP by explicitly excluding contributions on any portion of salary that is in excess of the statutory maximum salary of the Governor's Cabinet, currently set at \$141,000. This will create a maximum annual contribution of \$11,280. The previous cap was set at the federal limit of \$245,000, or a maximum annual contribution of \$19,600.

The 8% UMDNJ contribution is calculated on total compensation, including the academic base salary, patient service component and faculty practice guarantee. Effective July the employer contribution will be limited to total compensation up to a maximum of \$141,000 or \$11,280 annually.

These legislated changes to the ABP do not constitute a breach of the AAUP-UMDNJ contract because the contract expressly provides for a pension that is tied to the State ABP Plan. Therefore, any modifications (for better or worse) to the State ABP Plan are consistent with the University's contractual obligations to you.

Legislated Changes To Health Benefits Plan Effective May 21

Legislation enacted in May alters the eligibility requirements for inclusion in the State Health Benefits Plan (SHBP) as well as mandates a minimum 1.5% percent salary contribution for all participants.

The legislated minimum contribution is set at 1.5% of salary for all participants regardless of the medical plan chosen or level of coverage. This contribution is calculated on total compensation, including academic base salary, patient service component and faculty practice guarantee. The implementation date for the 1.5% contribution for members of the AAUP bargaining unit will be July 1, 2011. Please note that unlike other employees who have been contributing 1.5% as far back as July 1, 2008, because of our contract language and a strategic decision to extend the AAUP contract to June 30, 2011, AAUP bargaining unit members are exempt from the 1.5% contribution through the expiration of the current AAUP collective bargaining agreement (June 30, 2011).

This legislation also sets minimum hourly requirements for health benefits eligibility. As of May 21, 2010 all faculty and librarians hired on or after May 21, 2010 must be appointed at .87 FTE or more to be eligible for health insurance benefits.

Please note that all AAUP bargaining unit members hired prior to May 21, 2010 at .5 FTE or above will continue to be eligible for health insurance benefits provided there is NO break in service or their FTE is not reduced below 50%.

Legislated Changes To Retiree Health Benefits Effective May 21

AAUP bargaining unit members who retire after May 21, 2010 with 25 or more years of credited service in the State administered retirement system will be required to contribute 1.5% of their pension plan towards the cost of their retiree medical and/or prescription drug coverage. However, a waiver of the 1.5% contribution can be obtained provided the retiree enrolls in the Retiree Wellness Program.

Savings at What Cost?

The AAUP did not support these legislated changes. Members of AAUP's State Conference, its lobbyist, and our colleagues at Rutgers Council of AAUP Chapters worked hard to stop and/or amend this legislation—unfortunately to no avail.

These are undoubtedly very difficult times for all. The leadership of the AAUP understands that these legislated changes to the Alternate Benefits Plan and the State Health Benefits Plan amount to a substantial decrease in compensation for many AAUP bargaining unit members. Of particular concern is the impact these benefit reductions and new eligibility requirements will have on UMDNJ's ability to recruit and retain qualified faculty.

To that end, we will continue to make efforts on your behalf with UMDNJ and the State Legislature to reduce the impact of these legislated modifications to your benefits and limit any further deterioration through our lobbying efforts and through the collective bargaining process. We need your continued support and involvement to have an impact.

If you have any questions about the above, please contact our office at either 732-235-4196 or 973-972-5875.

Please join! We urge you to become a voting member of the AAUP. WE NEED YOUR SUPPORT!

If you are paying \$22.10 per pay period, you are paying a representation fee, not AAUP dues. AAUP dues are \$26.00 per pay period (only \$3.90 more per pay period for full membership) for 26 pay periods per year.

Dues include local, state and national AAUP membership fees. Members can vote in chapter elections and on contract ratification. Members also learn about **AAUP member benefits** through *Academe*, the AAUP's national magazine.

Once you join, the AAUP will send you a gift to express our appreciation to you for becoming a member.

To join the AAUP, just fill out this authorization form and return it to us at the address below.

UNIVERSITY OF MEDICINE AND DENTISTRY OF NEW JERSEY
AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS (AAUP)
PAYROLL DEDUCTION AUTHORIZATION

Please print clearly:

NAME _____
(last) (first) (middle)

ADDRESS _____
(street) (city) (state) (zip)

HOME PHONE _____ OFFICE PHONE _____

ACADEMIC RANK _____ DEGREE _____

SCHOOL _____ DEPARTMENT _____

CAMPUS ADDRESS _____
(building) (city)

PERCENTAGE OF FULL TIME EMPLOYED BY UMDNJ _____ SEX: M F

UMDNJ I.D. NUMBER _____ DATE HIRED _____

EMAIL ADDRESS _____ BIRTH DATE _____

(All of the above information will remain in the strictest confidence unless we are otherwise instructed by you.)

I hereby authorize my AAUP Chapter to have deducted from my earnings twenty-six dollars (\$26.00) dues per pay period, which includes national, state and local AAUP membership dues.

This authorization shall remain in effect unless terminated by me upon written notice of withdrawal or by termination of my employment. The filing of notice of withdrawal shall be effective to halt deductions as of the July 1st or January 1st next succeeding the date on which the notice of withdrawal was filed.

While contributions or gifts to the UMDNJ Council of AAUP Chapters are not tax deductible as charitable contributions for Federal income tax purposes, they may be tax deductible under other provisions of the Internal Revenue Code.

SIGNED _____ DATE _____

PLEASE RETURN TO:

**American Association of University Professors
Council of Chapters, UMDNJ
30 Bergen Street
ADMC Bldg. 14, Rm. 1426
Newark, NJ 07103**
