

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Human Resources, Benefits Office - UW Voluntary Investment ProgramRECOMMENDED ACTION:

It is the Recommendation of the Academic and Student Affairs Committee that the Board of Regents approve changes in section 2.4 of the UW Voluntary Investment Program (VIP) to allow participation in the VIP for those Academic Student Employees covered under the new collective bargaining agreement.

BACKGROUND:Section 2.4 – Definition of Eligible Employees

The UW VIP is an Internal Revenue Code Section 403(b) supplemental retirement savings plan. VIP is designed to provide employees with tax-deferred retirement savings in any of four Fund Sponsors (Calvert, Fidelity, TIAA-CREF, or Vanguard), and does not include any employer matching funds.

Currently participation in the VIP is limited to those faculty, staff, and students who are required to pay FICA taxes. Under federal Internal Revenue Code (IRC), employers must offer such plans widely to employees including students. However IRC allows plans to limit participation to those employees who pay federal FICA taxes.

Those utilizing VIP who are not subject to FICA taxes, will still receive the benefits of the convenience saving via payroll deduction; retirement savings that are tax-deferred from federal income tax; and which continue to grow tax deferred until withdrawn.

Section 2.4 currently reads as follows:

2.4 Eligible Employee means any employee of the University of Washington except students whose wages are exempt from FICA, nonresident aliens who receive no U.S. – source earned income, and employees who are normally working less than half time.

The recent contract negotiated with GSEAC-UAW provides that the UW will make a 403(b) retirement savings account available to all members of the bargaining unit, including those earnings are not subject to FICA.

Accordingly Section 2.4 would be amended to read as follows:

2.4 Eligible Employee means any employee of the University of Washington *except* students whose wages are exempt from FICA, nonresident aliens who receive no U.S. – source earned income, and employees who are normally working less than half time. Academic Student Employees covered by a bargaining agreement which provides for their participation may participate regardless of whether or not they are exempt from FICA.