



**MINUTES OF APRIL 3, 2024 RETIREES COMMITTEE MEETING**

To: Members of the Retirees Committee

From: Elizabeth Rogers, Chair

**Subject: Summary of the April 3, 2024 Retirees Committee Meeting**

Committee Chair Elizabeth Rogers called the April 3, 2024 Committee meeting to order at 9:34 a.m.

**ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE**

Committee members present were Elizabeth Rogers (Remote Location) and Henry Levy. Also present were Jaime Godfrey (via Zoom for “just cause”), George Wood and alternate members Cynthia Baron and Kevin Bryant. Committee member Keith Carson joined the meeting after roll call.

Staff present were Carlos Barrios, Assistant Chief Executive Officer; Sandra Dueñas-Cuevas, Benefits Manager; Erica Haywood, Fiscal Service Officer; Jessica Huffman, Benefits Manager; Harsh Jadhav, Chief of Internal Audit; Lisa Johnson, Assistant Chief Executive Officer; David Nelsen, Chief Executive Officer; Jeff Rieger, Chief Counsel; and Betty Tse, Chief Investment Officer.

**PUBLIC INPUT**

None.

**ACTION ITEMS**

**1. Potential Revisions to the Death Benefit Equity Policy**

Chief Counsel Jeff Rieger stated that this matter was brought before the Board of Retirement (Board) after some questions were raised about possibly providing a similar benefit to the discontinued Active Death Equity Benefit (ADEB) to help active members maximize benefits for their beneficiaries. After several meetings regarding this benefit, Staff presented to the Retirees Committee and the Board the Death Benefit Equity Policy, which was approved.

In developing the procedures, forms, and communication materials to implement this Policy, Staff identified ways to make the program better. One improvement is that the revised process takes account of contingent beneficiaries. The previous standalone form that allowed members to designate beneficiaries did not allow members to designate contingent beneficiaries. The new form leverages the current Active or Deferred Member Beneficiary Designation Form by adding the Advance Death Benefit Election designation section, allowing members to designate contingent beneficiaries. Also, Staff believes that

changing the program name to Advance Death Benefit Election better communicates the intent of the program to the members.

Additional improvements relate to making Staff's administration of the program more efficient. The main change is that instead of having a standalone form for members to make their Advance Death Benefit Election, a new section for this election was added to the Active or Deferred Member Beneficiary Designation Form

In response to Trustee Rogers' question, Mr. Rieger stated that the reason members cannot designate a trust as their beneficiary is that the optional settlement is a combined allowance that is an actuarial equivalent to the allowance without the election of the optional settlement, and actuarial equivalence is based on the age of the member and the age of the beneficiary, with an expectation that the benefit will stop someday.

In response to Trustee Woods' question about beneficiaries' ability to pursue a service-connected disability on the member's behalf, Mr. Rieger stated that the form refers to the Death Benefit Equity Policy, which is clear that making this election does not preclude beneficiaries from pursuing a service-connected disability. Staff will ensure that this is also clearly stated on ACERA's website regarding the Advance Death Benefit Election.

Trustee Rogers expressed the Trustees' appreciation again to Jeff Rieger, Carlos Barrios and everyone who worked on this project, stating that everyone put a great deal of effort into implementing this program and did a great job.

It was moved by Henry Levy and seconded by George Wood that the Retirees Committee recommend to the Board of Retirement that it adopt the revisions to the Death Benefit Equity Policy shown in the redline included with this agenda packet.

The motion carried 7 yes (*Baron, Bryant, Carson, Godfrey, Levy, Rogers, Wood*), 0 no, 0 abstentions

## **INFORMATION ITEMS**

### **1. Via Benefits 2023 Year in Review**

Lisa Starr with Via Benefits provided information on Medicare and pre-65 retirees related to enrollment/plan statistics and activity, call statistics, customer satisfaction survey results, Health Reimbursement Arrangement (HRA) account activity, and 2023 and 2024 enhancements. Additional information was provided specific to the Medicare retirees regarding the number of retirees enrolling in plans online and those contacting Via Benefits for assistance with their plan enrollment.

In response to Trustee Carson's question, Ms. Starr stated that the Medicare retirees are a little less comfortable with using technology, and that in 2023, 58% of ACERA's members preferred to talk to a live person.

Trustee Carson asked that with technology changing at a fast pace on a regular basis, what method is being used to monitor, evaluate, and to make decisions about integrating the

different changes and advancements in technology, and how employees are able to adapt in getting the information. Chief Executive Officer David Nelsen responded that in general, from ACERA's standpoint, when it comes to technology and service enhancements, Staff is always looking at what new technologies are available, and whether or not that will add value to our customers. Staff is always in the process of evaluating whether new technology will or will not add value and what it would look like to roll that out.

ACERA rolled out some new technology to our customers during COVID to meet their needs, and they are choosing to continue to use those options rather than coming into our office to conduct business. Based on the retiree surveys, our members have indicated that they are satisfied with the service we provide. ACERA does not survey our active membership specifically around technology and service. Generally, we do not interact with active customers extensively until the time of retirement.

In response to Trustee Rogers' question, Staff will follow-up to find out how many people are represented in the 9,179 HRA claims that were submitted in paper form.

## **2. Hearing Aid Reimbursement Options and Information**

As requested at the December 6, 2023 Retirees Committee meeting, Staff provided a response from Via Benefits' representative regarding its fee to administer the hearing aid benefit through a separate HRA account. In addition, Staff provided information regarding the feasibility of internally processing hearing aid claims taking into account various considerations. Staff also showed a cost comparison of providing the hearing aid benefit at the \$1,000 and \$2,000 levels between Kaiser and Via Benefits.

In response to Trustee Rogers' question, Staff will find out how many of the 119 average claims for hearing aid benefits Kaiser reported were for dependents versus the members.

Trustee Levy suggested coordinating communications with the County of Alameda to advise active employees to save for future medical expense needs after retirement while they are still working. Mr. Nelsen stated that active employees can enroll in and contribute to the deferred compensation plan accounts to save for medical expenses after retirement.

Staff will bring this item back for discussion and possible motion in July or August, after we receive the hearing aid benefit premiums from Kaiser, and cost information to administer the hearing aid benefit from Via Benefits for the 2025 Plan Year.

## **3. Supplemental Retiree Benefit Reserve Financial Status**

Staff presented a 10-year history of the Supplemental Retiree Benefit Reserve (SRBR) activity through December 31, 2023. The total interest credited to the SRBR for 2023 was approximately \$74.6 million of regular earnings, using the assumed rate of return of 3.5000%. No excess earnings were credited. Net deductions were approximately \$56.8 million. The December 31, 2023 ending balance was approximately \$1.2 billion.

**TRUSTEE REMARKS**

None

**FUTURE DISCUSSION ITEMS**

- Approval of Payment for Implicit Subsidy Cost for 2023
- Possible Declaration of Intent to Fund Implicit Subsidy Program for 2025

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for June 5, 2024 at 9:30 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 10:35 a.m.