

February 1, 2012

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

Subject: Summary of the February 1, 2012 Retirees Committee Meeting

Committee Chair Liz Koppenhaver called the February 1, 2012 meeting to order at 10:00 a.m. Committee members present were Liz Koppenhaver, Annette Cain-Darnes, Dale Amaral, George Dewey, and Elizabeth Rogers. The other Board members present were Keith Carson and George Wood, and alternate members David Safer and Darryl Walker. Staff present were Vincent Brown, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Robert Gaumer, Chief Counsel; Rose Kwong, Benefits Manager; JP Singh, Chief Financial Officer; and Harsh Jadhav, Internal Audit Manager.

ACTION ITEMS

1. Annual Supplemental Cost of Living Adjustment (Supplemental COLA)

Rose Kwong, Benefits Manager, provided information regarding the Supplemental Cost of Living Adjustment (COLA) benefit. For 2011, there were approximately 600 retirees/payees receiving this benefit at a cost of \$2,556,221.48. This annual supplemental benefit is non-vested and is funded by the Supplemental Retiree Benefits Reserve (SRBR).

It was moved by Elizabeth Rogers and seconded by Dale Amaral that the Committee recommends to the Board of Retirement to adopt the Supplemental COLA increase for Tier 1 members who retired on or before April 1, 1981 and Tier 2 members who retired on or before April 1, 1991, effective with the April 1, 2012 monthly retirement allowance.

INFORMATION ITEMS

1. Annual Cost of Living Adjustment (COLA)

Rose Kwong, Benefits Manager, reported that based on information provided by The Segal Company, ACERA's actuaries, the Cost of Living Adjustment (COLA) effective April 1, 2012 results in an increase of 3% for Tier 1 and Tier 3 retirees/payees and 2% for Tier 2 retirees/payees.

2. Annual Health Plan Meeting with Retiree Representative/Date Announcement

Sharen Stanek-Lowe, Assistant Benefits Manager, discussed the purpose and plans for ACERA's annual health plan meeting with Trustees, retiree representatives, Benefits Consultants, and Alameda County scheduled for March 7, 2012.

3. Request for Proposal (RFP) for Medicare Advisory

Kathy Foster, Assistant Chief Executive Officer, and Keenan & Associates, ACERA's Benefits and Communications Consultant, provided information on the potential benefits to proceed with conducting a Request for Proposal (RFP) for Medicare Advisory services. In addition, a timeline of the RFP process and a list of firms to whom an RFP would be distributed were provided. Staff will provide its analysis of the RFP responses to the Committee at the May 2012 meeting.

4. Report on Reciprocal Membership and Eligibility for Supplemental Retiree Benefit Reserve (SRBR) Benefits

Kathy Foster, Assistant Chief Executive Officer, provided applicable Code Sections of the '37 Act, descriptions of the benefits funded by the Supplemental Retiree Benefit Reserve (SRBR) and reciprocity impacts to eligibility for benefits. The Trustees expressed concern about providing benefits to members with a short period of service. The Trustees directed staff to provide additional information to the Committee for further discussion at a future meeting.

5. Miscellaneous Updates

Sharen Stanek-Lowe, Assistant Benefits Manager, provided information on: 1) the upcoming Wells Fargo Bank's check/advice printing changes; 2) the cancellation and reinstatement of Kaiser contracts for Georgia and Colorado; 3) reminder of UnitedHealthcare Group Medicare Advantage Plan prescription co-pay increase; 4) potential impact to Kaiser healthcare premiums for the 2013 plan year as a result of the custodial care coverage for autism, effective July 1, 2012 (SB 946); and 5) issues raised by a few Operating Engineers members regarding healthcare premium increase.

TRUSTEE/PUBLIC INPUT

Trustees and Ken Moresi, REAC Board President, expressed concerns regarding a recent newspaper article published in the Contra Costa Times.

Janet Waring, REAC Director, reminded Trustees and Staff of its Spring Annual Membership meeting and luncheon to be held at Francesco's Restaurant in Oakland on March 12, 2012. Invitations to the meeting/luncheon were sent to Trustees and certain ACERA Staff members as guests of REAC.

RECOMMENDATIONS

1. Annual Supplemental Cost of Living Adjustment (Supplemental COLA)

The Committee recommends, and I move that the Board of Retirement adopts the Supplemental COLA increase for Tier 1 members who retired on or before April 1, 1981 and Tier 2 members who retired on or before April 1, 1991 effective with the April 1, 2012 monthly retirement allowance. This annual supplemental benefit is non-vested and is funded by the Supplemental Retiree Benefits Reserve (SRBR).

FUTURE DISCUSSION ITEMS

None.

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for March 7, 2012 at 10:00 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:15 a.m.