



February 5, 2020

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

Subject: Summary of the February 5, 2020 Retirees Committee Meeting

Committee Chair Liz Koppenhaver called the February 5, 2020 meeting to order at 10:30 a.m. Committee members present were Liz Koppenhaver, Dale Amaral, Keith Carson, Jaime Godfrey, and Elizabeth Rogers. Also present were Ophelia Basgal and Henry Levy, and alternate members Nancy Reilly and Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Kathy Mount, Chief Counsel; Sandra Dueñas-Cuevas, Benefits Manager; Jessica Huffman, Benefits Manager; Harsh Jadhav, Chief of Internal Audit; and Vijay Jagar, Chief Technology Officer.

PUBLIC INPUT

A member of the public stated that the County of Alameda's active members currently have a supplemental life insurance benefit and suggested that ACERA consider providing retirees with a similar benefit.

INFORMATION ITEMS

Chair Koppenhaver moved the following information item to the top of the agenda at the request of Staff to provide for more complete background before considering the action item:

1. Annual Cost of Living Adjustment for 2020

Staff reported that based on information provided by Segal Consulting, ACERA's actuaries, the Cost of Living Adjustment effective April 1, 2020 results in an increase of 3.0% for Tier 1 and Tier 3 retirees/payees who retired on or before April 1, 2019, due to carry-over banked from prior years. Tier 1 and Tier 3 retirees/payees who retired on or after April 2, 2019 will receive 2.5%, and all Tier 2 and Tier 4 retirees/payees will receive 2.0%. The Consumer Price Index (CPI) calculation resulted in a change of 2.45%. According to Government Code Sections 31870 and 31870.1, the percentage change should be rounded to the nearest one-half percent, which is 2.5%. The difference between the 2.5% and the maximum COLA adjustment allowed for Tier 2 and Tier 4 will be banked.

ACTION ITEMS

1. Annual Supplemental Cost of Living Adjustment

Staff provided information regarding the Supplemental Cost of Living Adjustment (COLA) benefit. The Supplemental COLA is provided to retirees who have an accumulated loss of purchasing power of 15% due to inflation. For 2019, there were approximately 538 retirees/payees receiving this benefit at a cost of \$1,183,357.43. Based on the accumulated loss of purchasing power as of December 31, 2019, those Tier 1 members who retired on or before April 1, 1981, and those Tier 2 members who retired on or before April 1, 2000, will receive the Supplemental COLA increase effective with their April 1, 2020 monthly allowance.

It was moved by Ophelia Basgal and seconded by Jaime Godfrey that the Retirees Committee recommend to the Board of Retirement that it adopt the Supplemental Cost of Living Adjustment increase for Tier 1 members who retired on or before April 1, 1981, and Tier 2 members who retired on or before April 1, 2000, effective with the April 1, 2020 monthly retirement allowance. This annual supplemental benefit is non-vested and is funded by the Supplemental Retiree Benefit Reserve.

The motion carried 8 yes (*Amaral, Basgal, Carson, Godfrey, Koppenhaver, Levy, Rogers, Walker*), 0 no, 0 abstentions.

2. Health Reimbursement Arrangement Overpayments Resolution

Staff provided the results of the research completed on the 23 Health Reimbursement Arrangement (HRA) overpayments for Plan Years 2013 through 2018, which was reported at the December 4, 2019 Retirees Committee meeting. Based on the research, nine cases were determined not to be overpayments. The remaining 14 cases are actual overpayments, totaling \$5,424.72. Trustees discussed two options to resolve these 14 overpayments: 1) make one more attempt to collect the overpayments; and 2) discharge the overpayments.

It was moved by Henry Levy and seconded by Dale Amaral that the Retirees Committee recommend to the Board of Retirement that it approve the discharge of 14 Health Reimbursement Arrangement overpayments for prior years 2013 through 2018 totaling \$5,424.72.

The motion carried 5 yes (*Amaral, Koppenhaver, Levy, Rogers, Walker*), 3 no (*Basgal, Carson, Godfrey*), 0 abstentions.

INFORMATION ITEMS

2. 2020 Annual Retirees Committee Work Plan Review

Staff provided a proposed 2020 Retirees Committee Work Plan highlighting two changes from last year's work plan: 1) items to be presented at the Board of Retirement meetings have been listed for the months in which no Committee meeting is scheduled; and 2) a report on the results and recommendation of the dental and vision request for proposals process will be presented at the June meeting.

3. Annual Health Care Planning Meeting with Retiree Representative/Date Announcement

Staff presented information regarding the purpose and plans for ACERA's annual health care planning meeting with Trustees, retiree representatives, Benefits Consultants, and the County of Alameda, which is tentatively scheduled for April 1, 2020.

4. Report on 1099-R Processing

Staff reported that the 2019 1099-R forms were mailed to retirees/payees the week of January 29th prior to the IRS deadline of January 31st. Trustees directed Staff to consider changing the process to only provide electronic copies of the 1099-R forms via Web Member Services, unless the retirees/payees opt out and choose paper copies mailed to them.

5. Report on Open Enrollment Activity

Staff provided information on the Plan Year 2020 Open Enrollment activity for ACERA and Via Benefits.

6. Report on Results of the Supplemental Retiree Benefit Reserve Benefits Survey

Staff provided information and observations on the results of the Supplemental Retiree Benefit Reserve (SRBR) online benefits survey, which was provided to active and deferred members and retirees. The survey was conducted during November 2019. Pete Albert, President of Alameda County Retired Employees (ACRE) retiree association expressed his appreciation to the Trustees and Staff for conducting the survey again, and for not only including a postcard regarding the survey in the Open Enrollment packet, but also following-up with an email.

7. Miscellaneous Updates

Staff announced that ACERA is hosting a Wellness Champion reception to recognize 17 retirees who participated in three or more ACERA wellness events in 2019.

TRUSTEE REMARKS

None.

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for April 1, 2020 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:33 a.m.