



February 6, 2019

To: Members of the Retirees Committee

From: Dale Amaral, Vice Chair

**Subject: Summary of the February 6, 2019 Retirees Committee Meeting**

Committee Vice Chair Dale Amaral called the February 6, 2019 meeting to order at 10:28 a.m. Committee members present were Dale Amaral, Keith Carson, Jamie Godfrey and Elizabeth Rogers. Also present were Ophelia Basgal, Tarrell Gamble, Henry Levy, George Wood and alternate member Nancy Reilly. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Kathy Mount, Chief Counsel; Betty Tse, Chief Investment Officer; Sandra Dueñas-Cuevas, Benefits Manager; and Jessica Huffman, Benefits Manager.

### **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 2018, there were approximately 458 retirees/payees receiving this benefit at a cost of \$1,133,655.92. Based on the accumulated loss of purchasing power as of December 31, 2018, those Tier 1 members who retired on or before April 1, 1981, and those Tier 2 members who retired on or before April 1, 1999, will receive the Supplemental COLA increase effective with their April 1, 2019 monthly allowance.

It was moved by Elizabeth Rogers and seconded by George Wood that the Retirees Committee recommend to the Board of Retirement that it adopts 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, 1999, effective with the April 1, 2019 monthly retirement allowance.

The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Levy, Reilly, Rogers, Wood*), 0 no, 0 abstentions.

## **INFORMATION ITEMS**

### **1. Annual Cost of Living Adjustment for 2019**

Staff reported that based on information provided by Segal Consulting, ACERA's actuaries, the Cost of Living Adjustment effective April 1, 2019 results in the maximum increase of 3.00% for all Tier 1 and Tier 3 retirees/payees, and all Tier 2 and Tier 4 retirees/payees will receive 2.0%. The Consumer Price Index (CPI) calculation resulted in a change of 4.50%. According to Government Code Sections 31870 and 31870.1, the percentage change should be rounded to the nearest one-half percent, which is 4.50%. The difference between the 4.50% and the maximum COLA adjustment allowed for each Tier group will be banked.

### **2. 2019 Annual Retirees Committee Work Plan Review**

Staff provided a proposed 2019 Retirees Committee Work Plan highlighting three changes from last year's work plan: 1) scheduling the Annual Retirees Health Care Planning Meeting for April rather than March; 2) removing the semi-annual report on Via Benefits Health Reimbursement Arrangement Balances from August, resulting in one annual year-end report in May; and 3) scheduling the first Wellness presentation in April. At the April Committee meeting, Staff will provide a revised proposed work plan reflecting the meeting dates after coordinating meeting schedules with the Operations Committee Chair and Staff liaison. Trustees directed Staff to provide additional information related to the County of Alameda's calculation of the Implicit Subsidy cost considering the amount of the health care premiums paid by active employees.

### **3. Annual Health Care Planning Meeting with Retiree Representatives/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 scheduled for April 3, 2019.

### **4. Report on 1099-R Processing**

Staff reported that the 2018 1099-R forms were mailed to retirees the week of January 21<sup>st</sup>, prior to the IRS deadline of January 31<sup>st</sup>.

### **5. Report on Results of the Retiree Health and Wellness Fair and Open Enrollment Activity**

Staff provided survey results, which included questions about the Retiree Health Fair, ACERA's Wellness Plan, and customer service. In addition, information on the Plan Year 2019 Open Enrollment activity for ACERA and Via Benefits was provided.

## **6. Miscellaneous Updates**

Staff introduced ACERA's new benefits consultant, Stephen Murphy, Vice President, with Segal Consulting. Trustees directed Staff to work with Segal Consulting: 1) to keep Trustees updated timely on the most current information related to health care discussions in the Congress, proposed changes and legislation; and 2) regarding considerations for active member wellness in an effort to prevent higher retiree costs associated with health.

## **RECOMMENDATIONS**

### **1. Annual Supplemental Cost of Living Adjustment**

The Committee recommends, and I move that the Board of Retirement adopts the Supplemental Cost of Living Adjustment increase for Tier I members who retired on or before April 1, 1981, and Tier 2 members who retired on or before April 1, 1999, effective with the April 1, 2019 monthly retirement allowance. This annual supplemental benefit is non-vested and is funded by the Supplemental Retiree Benefit Reserve.

## **TRUSTEE REMARKS**

In response to Trustee Gamble's inquiry, Staff stated that discussions regarding the next ACERA Wellness Walk are under way, and is tentatively scheduled for some time in late spring.

## **PUBLIC INPUT**

None.

## **ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for April 3, 2019 at 10:30 a.m.

## **MEETING ADJOURNED**

The meeting adjourned at 10:57 a.m.