



MINUTES OF FEBRUARY 7, 2024 RETIREES COMMITTEE MEETING

To: Members of the Retirees Committee

From: Elizabeth Rogers, Chair

Subject: Summary of the February 7, 2024 Retirees Committee Meeting

Committee Chair Elizabeth Rogers called the February 7, 2024 Committee meeting to order at 9:36 a.m.

ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE

Committee members present were Elizabeth Rogers and Kellie Simon. Also present were Ophelia Basgal, Jaime Godfrey, George Wood and alternate members Cynthia Baron and Kevin Bryant. Committee member Keith Carson and Tarrell Gamble joined the meeting after roll call.

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

PUBLIC INPUT

None.

INFORMATION ITEMS

Chair Rogers 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 items:

1. Annual Cost of Living Adjustment (COLA)

Staff reported that based on information provided by Segal, ACERA's actuaries, the Cost of Living Adjustment effective April 1, 2024 results in the maximum increase of 3.0% for Tier 1 and Tier 3 retirees/payees who retired on or before April 1, 2023, due to carry over banked from prior years. Tiers 1 and 3 retirees/payees who retired on or after April 2, 2023 will receive a COLA increase of 2.5%. All Tier 2 and Tier 4 retirees/payees will receive a COLA increase of 2.0%. The Consumer Price Index (CPI) calculation resulted in a change of 2.62%. 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 (COLA)

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 2023, there were approximately 622 retirees/payees receiving this benefit at a cost of \$1,124,944.65. Based on the accumulated loss of purchasing power as of December 31, 2023, those Tier 1 members who retired on or before April 1, 1982, and those Tier 2 members who retired on or before April 1, 2007, will receive the Supplemental COLA increase effective with their April 1, 2024 monthly allowance.

In response to Trustee Simon's question regarding the increase in the number of Tier 2 retirees/payees eligible for the Supplemental COLA, Staff will provide a 10-year history of the changes in the number of retirees/payees receiving this benefit and the cost. Staff will also provide the link to the page in the SRBR valuation report, by the actuaries, that shows the projections for the Supplemental COLA, and what would be coming out of the SRBR.

It was moved by Ophelia Basgal and seconded by Kellie Simon that the Retirees Committee recommend to the Board of Retirement that it adopt the Supplemental Cost of Living Adjustment increase for Tier I members who retired on or before April 1, 1982, and Tier 2 members who retired on or before April 1, 2007, effective with the April 1, 2024 monthly retirement allowance. This annual supplemental benefit is non-vested and is funded by the Supplemental Retiree Benefit Reserve.

The motion carried 8 yes (*Basgal, Bryant, Carson, Gamble, Godfrey, Rogers, Simon, Wood*), 0 no, 0 abstentions

INFORMATION ITEMS

2. 2024 Annual Retirees Committee Work Plan Review

Staff provided a proposed 2024 Retirees Committee Work Plan highlighting three changes from last year's work plan: 1) a report regarding the implementation of the Death Benefit Equity Policy; 2) an action item to review recommended changes to the Supplemental Retiree Benefit Reserve Policy; and 3) a review of the hearing aid reimbursement procedure options and information.

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. This meeting will be held virtually, and is scheduled for April 9, 2024.

4. Report on 1099-R Processing

Staff reported that the 2023 1099-R forms were mailed to all retirees/payees on January 19th, prior to the IRS deadline of January 31st. This year, ACERA made three changes to the 1099-R processing: 1) used a third party vendor to print and mail all 1099-Rs instead of printing in-house; 2) transitioned to using a new form, 4-Up 1099-R; and 3) truncated the Social Security numbers to display only the last four digits to enhance the security of member's data.

5. Implementation of the Death Benefit Equity Policy Update

Staff reported that during the implementation planning of the Death Benefit Equity Policy, it was decided to combine the "Pre-Filed Disability Retirement Application" form and the "Active or Deferred Member Beneficiary Designation Form" into one form. This combined form has a place for members to make their election. Having one form streamlines the process, and makes it easier for members to understand. Also, originally the members would complete the Pre-Filed Disability Retirement Application form to make this benefit election. The benefit election name is now changed to Advance Death Benefit Election, which will be a more familiar concept for the members.

Chief Counsel Jeff Rieger also stated that some minor changes to the Death Benefit Equity Policy will need to be made based on the administrative changes described above.

Staff's original plan was a semi-soft rollout at the end of the month that includes posting the information and a DocuSign version of the form on ACERA's website, and only notifying the Sheriff's Office first. By notifying a small group of members, Staff would get an idea of the demand to ensure sufficient resources to send acknowledgement of receipt and process the elections in a timely manner. Based on the number of responses received, Staff would be better able to determine how to notify all of the other departments.

Based on Trustees Wood and Simon's concerns, and additional feedback from Trustees Rogers and Basgal, Staff will send an email to all active members advising them of the availability to make this new election. A video will be included explaining this new election and how to complete the form. The information and video will also be posted on ACERA's website. The communications to the members will clearly state that the response time to acknowledge receipt of their forms may be delayed depending on the volume of forms ACERA receives. Once ACERA receives the election form, it will be valid whether the confirmation of receipt has been processed.

Alicia Baptista, President of the Retired Employees of Alameda County, Inc. (REAC) retiree association, suggested that ACERA notify the Human Resources departments, so they are aware of this new benefit election and the process in order to be able to answer members' questions.

At a future meeting, Staff will bring back the necessary amendments to the Policy reflecting the changes in the process.

6. Report on Open Enrollment Activity

Staff provided information on the Plan Year 2024 Open Enrollment activity for ACERA and Via Benefits. Out of the total 328 group change forms the members submitted, 77% were submitted via DocuSign.

7. Semi-Annual Report on ACERA's Wellness Program

Staff provided a report on ACERA's 2023 wellness email campaign performance covering various key metrics, which indicate that the frequency and content of the wellness emails were well-received and enjoyed by the majority of recipients. Staff also reviewed the 2024 wellness initiatives, which include chronic conditions tracking, and virtual resources provided by ACERA's insurance carriers.

In response to Trustee Basgal's question, Staff will find out if Kaiser Permanente's April health talk on bone health includes information on how to prevent falls. Trustee Basgal also suggested that Staff ask Kaiser Permanente about a new initiative being rolled out for members who reach 80 years of age or have a chronic condition to participate in its "life care planning" process.

The 2024 Health and Wellness Fair is scheduled for late October, and will be a hybrid event, combining an in-person event with virtual presentations.

TRUSTEE REMARKS

None

FUTURE DISCUSSION ITEMS

- Revisions to the Supplemental Retiree Benefit Reserve Policy

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for April 3, 2024 at 9:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:16 a.m.