



MINUTES OF JUNE 3, 2026 RETIREES COMMITTEE MEETING

To: Members of the Retirees Committee
From: Kellie Simon, Vice Chair
Subject: **Summary of the June 3, 2026 Retirees Committee Meeting**

Committee Chair Kellie Simon called the June 3, 2026 Committee meeting to order at 9:31 a.m.

ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE

Committee members present were Kellie Simon (as Committee Chair), Ophelia Basgal, and Keith Carson. Also present were Ross Clippinger, Scott Ford and alternate member Kathy Foster. Committee member Steven Wilkinson, and Board member Tarrell Gamble joined the meeting after roll call.

Staff present were Carlos Barrios, Assistant Chief Executive Officer; Mike Fara, Communications Manager; Jessica Huffman, Benefits Manager; Harsh Jadhav, Chief of Internal Audit; Lisa Johnson, Assistant Chief Executive Officer; Mario Martinez, Assistant Benefits Manager; David Nelsen, Chief Executive Officer; Jeff Rieger, Chief Counsel and Betty Tse, Chief Investment Officer.

PUBLIC INPUT

None.

ACTION ITEMS

1. Implicit Subsidy Cost for 2025

Staff provided a letter from the County of Alameda (County) stating that the final Implicit Subsidy amount for 2025 is \$9,375,256. This amount was verified by Segal, ACERA's Benefits Consultant.

A correction was made to the percentage difference between the estimated 2025 Implicit Subsidy and the 2024 actual amount. Staff clarified that the previously reported 117.13% was incorrect; the actual increase is 282%.

It was moved by Ross Clippinger and seconded by Keith Carson that the Retirees Committee recommend to the Board of Retirement that it authorize Staff to transfer \$9,375,256 from the Supplemental Retiree Benefit Reserve account to the County Advance Reserve to be amortized over 20 years as the Implicit Subsidy payment for Plan Year 2025.

The motion carried 6 yes (*Basgal, Carson, Clippinger, Ford, Simon, Foster*), 0 no, 1 abstentions (*Wilkinson*).

2. Declaration of Intent to Fund Implicit Subsidy for 2027

Staff recommended that ACERA state its intent to fund the Implicit Subsidy Program for Plan Year 2027. The Implicit Subsidy cost for Plan Year 2026 is estimated by the County of Alameda (County) to be \$7,552,893. The estimated cost of the Implicit Subsidy for Plan Year 2027 will not be known until the County has completed its medical plan contract negotiations.

It was moved by Ophelia Basgal and seconded by Ross Clippinger that the Retirees Committee recommend to the Board of Retirement that it adopt a Statement of Intent to continue the Implicit Subsidy Program for health Plan Year 2027, following a determination by ACERA at the end of Plan Year 2027 that the amount is not greater than the actual retiree Implicit Subsidy.

The motion carried 7 yes (*Basgal, Carson, Clippinger, Ford, Simon, Wilkinson and Foster*), 0 no, 0 abstention.

INFORMATION ITEMS

1. Presentation and Report on Health Care Inflation/Trends

Staff provided health care inflation factors for 2026 and 2027 based on the information provided by Segal, ACERA's Actuary. The trend assumptions provided will be set at 8.00% for non-Medicare plans and 7.50% for Medicare Advantage plans. The annual trend assumptions for dental will be updated to start at 5.00%. The vision trend assumption will remain at 3.00%. The trend used for Medicare Part B will be increased to 6.75%. Segal's benefits consulting team also provided health care trend information.

2. Preliminary Report on Projected Benefit Costs Funded through the Supplemental Retiree Benefit Reserve

Segal, ACERA's Actuary, provided a preliminary report of the Supplemental Retiree Benefit Reserve (SRBR) financial status, which indicates that the terminal year of Other Post-Employment Benefits (OPEB) is projected to be 2044 with full benefits paid through 2043, for a total of 18 full years and one partial year. The terminal year of the SRBR for non-OPEB is projected to be 2048, for a total of 22 full years and one partial year.

Staff stated that the preliminary review of the valuation is based on projections using substantive plan and medical inflation trends. This information is used in the decision making process to set the Monthly Medical Allowance (MMA), and the dental and vision benefit amounts for the 2027 Plan Year.

Trustee Foster suggested for Segal's future valuations that the projected premium for participants in the Medicare Exchange align more closely with the figures provided in the Health Reimbursement Arrangement Account Balances memo.

3. Discussion of Monthly Medical Allowance for 2027

This informational item has been postponed to the July 1, 2026 Retirees Committee meeting.

4. Report on Health Reimbursement Arrangement Account Balances and Reimbursements

Staff provided information on retirees' 2025 Health Reimbursement Arrangement (HRA) account balances categorized by years of service contribution levels and cost analysis as of May 14, 2026.

5. Plans for Open Enrollment and Retiree Health and Wellness Fair

Staff provided information on the planning for ACERA's annual Open Enrollment and Retiree Health and Wellness Fair, which will be held as a hybrid event where retirees can attend either in person or via Zoom. The on-site event will be held at the DoubleTree by Hilton Hotel Pleasanton at the Club on October 22, 2026.

TRUSTEE REMARKS

None.

FUTURE DISCUSSION ITEMS

- Adoption of 2027 Monthly Medical Allowance for Group Plans, Early Retiree Individual Plans and Medicare Eligible Retiree Individual Plans

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for July 1, 2026 at 9:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:16 a.m.