



**Alameda County Employees' Retirement Association
BOARD OF RETIREMENT**

***RETIREEES COMMITTEE/BOARD MEETING
NOTICE and AGENDA***

ACERA MISSION:

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

**Wednesday, August 7, 2019
10:30 a.m.**

LOCATION	COMMITTEE MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14 TH STREET, 10 TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574	LIZ KOPPENHAVER, CHAIR	ELECTED RETIRED
	DALE AMARAL, VICE CHAIR	ELECTED SAFETY
	KEITH CARSON	APPOINTED
	JAIME GODFREY	APPOINTED
	ELIZABETH ROGERS	ELECTED GENERAL

Should a quorum of the Board attend this meeting, this meeting shall be deemed a joint meeting of the Board and Committee.

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes are available online at www.acera.org.

Note regarding public comments: Public comments are limited to four (4) minutes per person in total.

Note regarding accommodations: The Board of Retirement will provide reasonable accommodations for persons with special needs of accessibility who plan to attend Board meetings. Please contact ACERA at (510) 628-3000 to arrange for accommodation.

RETIREES COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 3 – August 7, 2019

Call to Order: 10:30 a.m.

Public Input (Time Limit: 4 minutes per speaker)

Action Items: Matters for Discussion and Possible Motion by the Committee

1. Adoption of Dental Plan Contributions for 2020

Motion to continue dental plan contributions for Plan Year 2020. ACERA currently provides a contribution to cover the single retiree premium for retirees with ten or more years of ACERA service, service connected disability recipients, or grandfathered as of January 31, 2014 non-service connected disability recipients.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to continue the dental plan contributions for Plan Year 2020, which provides a monthly subsidy equal to the single-party dental plan coverage premium of \$42.04 for the PPO plan and \$22.18 for the DeltaCare USA plan for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014. This is a non-vested benefit funded by contributions from the ACERA employers to the 401(h) account. After contributions are made in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

2. Adoption of Vision Plan Contributions for 2020

Motion to continue vision plan contributions for Plan Year 2020. ACERA currently provides a contribution to cover the single retiree premium for retirees with ten or more years of ACERA service, service connected disability recipients, or grandfathered as of January 31, 2014 non-service connected disability recipients.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to continue the vision plan contributions for Plan Year 2020, which provides a monthly subsidy equal to the single-party vision plan coverage premium of \$4.24 for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014. This is a non-vested benefit funded by contributions from the ACERA employers to the 401(h) account. After contributions are made in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

RETIREES COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 3 of 3 – August 7, 2019

Information Items: These items are not presented for Committee action but consist of status updates and cyclical reports

1. Review of Dental and Vision Plans Premiums for 2020

Staff and ACERA's Benefits Consultant will review the dental and vision plans premiums for Plan Year 2020.

- Kathy Foster
- Segal Consulting

2. Draft Supplemental Retiree Benefit Reserve Benefits Survey

Staff will provide a draft of the Supplemental Retiree Benefit Reserve benefits survey to be sent to active members and retirees for Trustees' feedback.

- Kathy Foster
- Mike Fara

3. Miscellaneous Updates

Staff will update the Committee on any recent benefit issues affecting ACERA retirees.

- Ismael Piña

Trustee Remarks

Future Discussion Items

- Presentation and Acceptance of Supplemental Retiree Benefit Reserve Funding Report/Valuation
- Supplemental Retiree Benefit Reserve Policy Update

Establishment of Next Meeting Date

October 2, 2019, at 10:30 a.m.


Adjournment



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: August 7, 2019

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer 

SUBJECT: **Adoption of Dental Plan Contributions for 2020**

Currently, there are two dental plan options available for retiree enrollment: Delta Dental PPO and DeltaCare USA. The dental contracts are managed by ACERA; and therefore, are separate from the County of Alameda. In order to keep premium amounts at a minimal cost, dental plan enrollment is mandatory for retirees with ten or more years of ACERA service credit, retirees receiving a service connected disability, or retirees receiving a non-service connected disability effective January 31, 2014. A contribution is provided to cover the single retiree premium for this group. Contracts are reviewed by Staff and ACERA's Benefits Consultant, Segal Consulting (Segal), as contract terms end or rates need to be negotiated. Presentations are made annually to the Retirees Committee for review and possible recommendation for approval by the Board of Retirement. Retirees with less than 10 years of service may enroll themselves and their dependents as long as the premium cost can be deducted from their monthly retirement allowance. The current annual cost, using July 23, 2019 enrollment numbers (8,223) who receive the subsidized dental benefit is approximately \$4,289,581.

Segal will review the attached presentation and discuss renewal information, premiums, and plan design change considerations.

Provided below are the current 2019 rates for the Delta Dental PPO and DeltaCare USA plans for the current contract, and the 2020 premiums without any coverage changes. Segal was able to negotiate a 3.33 % decrease for the PPO contract rates, and a 4.78% decrease for the billed rates. There is no change for the DeltaCare USA premiums.

CURRENT PREMIUMS - 2019

Delta Dental (PPO) - February 1, 2019 through January 31, 2020:

	<u>Single</u>		<u>2-Party</u>		<u>Family</u>	
	<u>Less than Ten Years</u>	<u>Ten or More Years</u>	<u>Less than Ten Years</u>	<u>Ten or More Years</u>	<u>Less than Ten Years</u>	<u>Ten or More Years</u>
Contract Rates	N/A	\$46.29	N/A	\$87.25	N/A	\$151.62
Billed Rates	\$63.69	\$44.15	\$103.99	\$85.11	\$167.26	\$149.48

RENEWAL PREMIUMS - 2020

Delta Dental (PPO) - February 1, 2020 through January 31, 2021:

	<u>Single</u>		<u>2-Party</u>		<u>Family</u>	
	<u>Less than Ten Years</u>	<u>Ten or More Years</u>	<u>Less than Ten Years</u>	<u>Ten or More Years</u>	<u>Less than Ten Years</u>	<u>Ten or More Years</u>
Contract Rates	N/A	\$44.75	N/A	\$84.35	N/A	\$146.59
Billed Rates	\$61.58	\$42.04	\$100.54	\$81.04	\$161.71	\$142.33

2019 and 2020 PREMIUMS

DeltaCare USA:

	<u>Single</u>		<u>2-Party</u>		<u>Family</u>	
	<u>Less than Ten Years</u>	<u>Ten or More Years</u>	<u>Less than Ten Years</u>	<u>Ten or More Years</u>	<u>Less than Ten Years</u>	<u>Ten or More Years</u>
Total Rate (no subsidy applied)	\$31.05	\$22.18	\$45.51	\$36.64	\$63.00	\$54.13

Using the same enrollment numbers and the 2020 premiums, the annual cost to provide the subsidized dental benefit for retirees enrolled in the PPO plan (7,969) is approximately \$4,020,201. The annual cost to provide the subsidized dental benefit for retirees enrolled in the DeltaCare USA plan (254) is approximately \$67,605 resulting in a total cost for both plans, of approximately \$4,087,806. This results in an estimated annual decrease of \$201,775.

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to continue the dental plan contributions for Plan Year 2020, which provides a monthly subsidy equal to the single-party dental plan coverage premium of \$42.04 for the PPO plan and \$22.18 for the DeltaCare USA plan for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014. This is a non-vested benefit funded by contributions from the ACERA employers to the 401(h) account. After contributions are made in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

Attachment

Delta Dental Renewal Effective February 1, 2020

ACERA Retirees Committee Meeting

August 7, 2019



Delta Dental Renewal

Executive Summary

- Delta Dental initially proposed rate passes for ACERA's DHMO and DPPO plans, effective February 1, 2020
 - DHMO plan is guaranteed for 36 months
 - DPPO plan is guaranteed for 12 months
- After negotiations with Segal, Delta Dental reduced DPPO Billed Rates by 4.8% through lower trend and using ACERA's Premium Stabilization Reserve (PSR)
 - Delta Dental projects the PSR to be \$550,000 effective February 1, 2020, or approximately 10% of projected incurred claims
 - Delta Dental anticipates using 52% of the PSR to provide the rate reduction
 - Claims are limited by the Annual Maximum Benefit feature for DPPO (\$1,300), and Premier and Non-Contracted (\$1,000) providers
- The blended annual DPPO premiums are projected to decrease by 4.7% to \$5.8 million
- Segal is also presenting additional plan design changes for the Committee's consideration

Delta Dental Renewal Proposed Monthly Premiums

DPPO Rates	Current	Proposed	% Change from Current	Negotiated	% Change from Current
<10 Years of Service - Unsubsidized					
Retiree	\$63.69	\$63.69	0.0%	\$61.58	-3.3%
Two-Party	\$103.99	\$103.99	0.0%	\$100.54	-3.3%
Family	\$167.26	\$167.26	0.0%	\$161.71	-3.3%
10+ Years of Service Subsidized					
Total Rates					
Retiree	\$46.29	\$46.29	0.0%	\$44.75	-3.3%
Two-Party	\$87.25	\$87.25	0.0%	\$84.35	-3.3%
Family	\$151.62	\$151.62	0.0%	\$146.59	-3.3%
Billed Rates					
Retiree	\$44.15	\$44.15	0.0%	\$42.04	-4.8%
Two-Party	\$85.11	\$85.11	0.0%	\$81.04	-4.8%
Family	\$149.48	\$149.48	0.0%	\$142.33	-4.8%

DHMO Rates	Current	Proposed	% Change from Current	Negotiated	% Change from Current
<10 Years of Service					
Retiree	\$31.05	\$31.05	0.0%	\$31.05	0.0%
Two-Party	\$45.51	\$45.51	0.0%	\$45.51	0.0%
Family	\$63.00	\$63.00	0.0%	\$63.00	0.0%
10+ Years of Service					
Retiree	\$22.18	\$22.18	0.0%	\$22.18	0.0%
Two-Party	\$36.64	\$36.64	0.0%	\$36.64	0.0%
Family	\$54.13	\$54.13	0.0%	\$54.13	0.0%

Delta Dental Renewal

Initial Proposed Rate Build-Up Effective February 1, 2020

	Delta Dental	Segal
Total Adjusted Premium	\$6,164,784	\$6,164,105
Incurred Claims	\$5,151,124	\$5,104,653
Experience Loss Ratio	83.6%	82.8%
Trend	3.00%	3.00%
Months Trended	21	21
Applied Trend	5.31%	5.31%
Trended Loss Ratio	87.99%	87.21%
Admin	12.05%	12.05%
Target Loss Ratio	87.95%	87.95%
Required Renewal Rate Action	0.05%	-0.84%
Proposed Renewal Rate Action	0.00%	0.00%

- Delta Dental's Total Adjusted Premiums differ from Segal's calculations due to assumptions
- Based on Trended Loss Ratio, ACERA's DPPO plan experience is trending favorably when compared to Delta Dental's Target Loss Ratio of approximately 88%
- Premium Stabilization Reserve effective February 1, 2020 is projected to be \$550,000, or 10% projected incurred claims

Delta Dental Renewal

Annualized Premiums & Plan Design Changes

Dental Plans	Annualized Premiums			
	Proposed	Negotiated	Cost/(Savings)	% Change
DPPO	\$6,066,000	\$5,782,000	(\$284,000)	-4.7%
DHMO	\$90,000	\$90,000	\$0	0.0%
Total	\$6,156,000	\$5,872,000	(\$284,000)	-4.6%
Plan Design Options for DPPO		% Impact to Negotiated Premiums	\$ Impact to Negotiated Premiums	Total Projected Negotiated Premiums
Option 1 - Diagnostic & Preventive (D&P) Waiver				
Waives (D&P) procedures from Annual Maximum		6.70%	\$406,000	\$6,278,000
Option 2 - Increase Annual Maximum				
Increase DPPO Maximum to \$1,500, Premier Maximum to \$1,300; No Change to Non-Contracted Provider Maximum		6.50%	\$394,000	\$6,266,000
Option 3 - Periodontics Cleanings at D&P				
Covers Periodontal Cleanings under D&P Services		1.40%	\$85,000	\$5,957,000
Option 4 - Smileway				
Preventive benefit, increases coverage for cleanings related to diabetes, heart disease, etc.		2.00%	\$121,000	\$5,993,000

The projections in this report are estimates of future costs and are based on unaudited information available to Segal Consulting at the time the projections were made. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, changes in group demographics, overall inflation rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period increases.

Delta Dental Renewal

July Committee Meeting – Follow-Up Topics

Diagnostic and Preventive (D&P) Waiver

- D&P treatment improves oral health by mitigating the risk of future major dental treatments
- The waiver encourages D&P treatment by excluding covered expenses from accumulating towards the Annual Maximum Benefit
 - 1,598 members or 18% of utilizing members reached their Annual Maximum Benefit in the prior plan year
 - Less than five percent of these members (71) did not utilize D&P services during the plan year

Dental Opt-Out Benefit


- Eligible retirees opting out of dental coverage would receive cash in lieu of their dental contribution
 - Approximately 25% of members do not regularly utilize dental coverage
 - Non-utilizers electing cash-in-lieu of dental coverage could increase average claim costs per covered member, which may lead to higher premium rates and retiree contributions
 - The variance between ACERA's subsidized and unsubsidized dental premium rates (see page 2) can serve as an illustration of the potential financial impact of a cash-in-lieu scheme



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: August 7, 2019

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer 

SUBJECT: **Adoption of Vision Plan Contributions for 2020**

ACERA currently provides vision coverage to retirees through the Vision Service Plan (VSP). The vision plan contract is managed by ACERA; and therefore, is separate from the County of Alameda. In order to keep premium amounts at a minimal cost, VSP enrollment is mandatory for retirees with ten or more years of ACERA service credit, retirees receiving a service connected disability, or retirees receiving a non-service connected disability effective January 31, 2014. A contribution is provided to cover the single retiree premium for this group. The contract is reviewed by Staff and ACERA's Benefits Consultant, Segal Consulting (Segal), as contract terms end or rates need to be negotiated. Presentations are made annually to the Retirees Committee for review and possible recommendation for approval by the Board of Retirement. Retirees with less than 10 years of service may enroll themselves and their dependents as long as the premium cost can be deducted from their monthly retirement allowance. The current annual cost, using July 23, 2019 enrollment numbers (6,917) who receive the subsidized vision benefit is approximately \$351,937.

Segal will review the attached presentation and discuss renewal information and premiums.

Provided below are the current 2019 VSP rates based on the current contract. VSP has proposed no change to these rates; therefore, they will also be in effect for 2020.

2019 and 2020 PREMIUMS

	<u>Single</u>		<u>2-Party</u>		<u>Family</u>	
	<u>Less than Ten Years</u>	<u>Ten or More Years</u>	<u>Less than Ten Years</u>	<u>Ten or More Years</u>	<u>Less than Ten Years</u>	<u>Ten or More Years</u>
Contract Rates	\$6.12	\$4.24	\$8.88	\$6.16	\$15.94	\$11.06

Since the 2020 premiums will be the same as the current rates and using the same enrollment numbers, the estimated 2020 annual cost to provide the subsidized vision benefit is approximately \$351,937.

VOLUNTARY BUY UP PLAN OPTION

In addition, ACERA offers a Voluntary Buy Up plan option in which retirees would pay the difference in premiums to enroll in a richer plan. The following is a breakdown of the premiums for the current 2019 Voluntary Buy Up plan. VSP has proposed no change to these premiums; therefore, they will also be in effect for 2020.

2019 and 2020 VOLUNTARY BUY UP PLAN PREMIUMS

Retiree Groups	Retiree Cost for Voluntary Buy Up Plan	Total 2020 Renewal Rates
10 + Years	\$10.54 / \$15.30 / \$27.48	\$14.78 / \$21.46 / \$38.54
Under 10 Years	\$10.26 / \$14.92 / \$26.78	\$16.38 / \$23.80 / \$42.72

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to continue the vision plan contributions for Plan Year 2020, which provides a monthly subsidy equal to the single-party vision plan coverage premium of \$4.24 for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014. This is a non-vested benefit funded by contributions from the ACERA employers to the 401(h) account. After contributions are made in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

Attachment

VSP Renewal Effective February 1, 2020

ACERA Retirees Committee Meeting

August 7, 2019



VSP Renewal

Executive Summary

- VSP's Standard and Buy-Up plans are under rate guarantee at the current levels through January 31, 2021
- Enrollment in Vision plans have been gradually increasing over the past three plan years
 - Standard Plan's enrollment has remained steady
 - Buy-Up Plan's enrollment has steadily increase since inception in 2016
- As of May 2019, overall year to date claims experience is trending at 85%, slightly lower than VSP's target of 86%
 - Standard plan's YTD 2019-20 loss ratio is 71%
 - Buy-Up plans YTD 2019-20 loss ratio is 105%

VSP Renewal Monthly Premiums

Standard Plan	Feb19 – Jan20	Feb20 - Jan21
<10 Years of Service - Unsubsidized		
Retiree	\$6.12	\$6.12
Two-Party	\$8.88	\$8.88
Family	\$15.94	\$15.94
10+ Years of Service - Subsidized		
Retiree	\$4.24	\$4.24
Two-Party	\$6.16	\$6.16
Family	\$11.06	\$11.06

Buy-Up Plan	Feb19 – Jan20	Feb20 - Jan21
<10 Years of Service - Unsubsidized		
Retiree	\$16.38	\$16.38
Two-Party	\$23.80	\$23.80
Family	\$42.72	\$42.72
10+ Years of Service - Subsidized		
Retiree	\$14.78	\$14.78
Two-Party	\$21.46	\$21.46
Family	\$38.54	\$38.54

Note: Premiums listed above are guaranteed through January 31, 2021



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: August 7, 2019

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer *Kathy Foster*
Mike Fara, Communications Manager *mf*

SUBJECT: **Draft of Supplemental Retiree Benefit Reserve Benefits Survey**

At the July Retirees Committee meeting, Staff provided a timeline with targeted dates of events and actions for developing and administering a survey on the Supplemental Retiree Benefit Reserve (SRBR) benefits that will gauge active, deferred, and retired members' perspectives on the importance of these benefits. The results of this survey can be considered when the Board of Retirement finds it appropriate or necessary to reduce or increase benefits. That timeline is reproduced below.

Attached to this memo is a draft of the content of the survey. The survey will be conducted in an online survey tool. A link to the survey will be distributed to active, deferred, and retired members in mid-October.

The draft survey consists of a short review of current benefits, a table showing the cost of each benefit in 2018, and three survey questions.

The primary question, which asks respondents to rate the current benefits, will be a different type of question than we asked in 2011. In 2011, we used a Rank Order type question where respondents were asked to rank the benefits in order of importance. The results of this type of question were challenging to assess because the respondents could not communicate the weight of their preferences using the rankings. For the 2019 survey, we will ask a Constant Sum type question where respondents will be asked to assign 100 points between the six current benefits, which will allow them to assign weight and will give us a clear set of results.

The second question will gather respondents' opinions of previous benefits that were eliminated or reduced. The third question will allow us to report results based on membership type and allow us to remove survivor, beneficiary, and payee responses from the results, since these groups are not eligible for these benefits.

To see an online preview of the draft survey, visit www.acera.org/survey.

Survey Timeline

- **Draft Survey Presentation:** August 7th Retirees Committee Meeting
- **Summer What's Up Newsletter Article:** Late August
- **Final Draft Presentation:** September 19th Board of Retirement Meeting
- **Open Enrollment Packet – Survey Announcement:** Mid-October
- **Survey Active Period:** Mid-October to end of November
- **Review Results:** December
- **Present Results:** January Committee or Board of Retirement Meeting

Attachment

Your Opinion on ACERA's Non-Vested Benefits

ACERA's Board of Retirement would like your opinion on ACERA's non-vested benefit options.
But first ...

A Short Summary of the Current Benefits

ACERA Vested Retirement Benefits

As an Alameda County Employees' Retirement Association (ACERA) retiree, you are guaranteed the following vested benefits upon eligibility:

- A monthly service retirement allowance for your lifetime
- An annual Cost of Living Adjustment (COLA) to that allowance

ACERA Non-Vested Retirement Benefits

ACERA also currently offers retirees a variety of non-vested (non-guaranteed) benefits, based on annual approval by the Board of Retirement and eligibility requirements. These benefits currently are:

Healthcare Benefits

- Monthly Medical Allowance (MMA)
- Dental Coverage Subsidy
- Vision Coverage Subsidy
- Medicare Part B Reimbursement Plan
- Implicit Subsidy

Non-Healthcare Benefits

- Lump Sum Death Benefit (vested while funds last)
- Supplemental COLA

How ACERA Pays For Non-Vested Benefits

ACERA maintains a separate reserve account called the Supplemental Retiree Benefit Reserve (SRBR). The **Non-Healthcare Benefits** are paid directly from the SRBR. ACERA's participating employers pay the **Healthcare Benefits** (excluding the Implicit Subsidy) so they can be provided to retirees tax free; ACERA then uses an equal amount of money from the SRBR as the

employers' mandatory retirement contributions, so that the Healthcare Benefits are not an additional cost for the employers.

Consequently, ACERA's ability to maintain these non-vested benefits relates directly to how much money is in the SRBR.

How Long Will the Supplemental Retiree Benefit Reserve Last?

As of December 31, 2018, the Supplemental Retiree Benefit Reserve (SRBR) was valued at \$919 million. When ACERA's investments earn money, earnings are regularly posted to the SRBR. Additionally, when ACERA's investments earn more money than our annual 7.25% projected earnings rate, half of the additional earnings goes into the SRBR.

ACERA's SRBR Policy states that the Board of Retirement must annually review the SRBR to ensure it will be continually sustainable for at least 15 years into the future. If it is reported that the lifespan of the fund will be less than 15 years, the Board may adjust benefits until the fund again is at 15 years sustainability.

Last year, when our Actuary evaluated the SRBR, they said it would last through 2039 if it received no new funds, which is 21+ years.

What Is Each Benefit and How Much Does It Cost the SRBR?

Non-Vested Benefit	Years ACERA Service Credit to Qualify	Cost to SRBR in 2018	% of Total Cost to SRBR
Monthly Medical Allowance (MMA) – A medical plan subsidy for retirees enrolled in an ACERA-sponsored medical plan. The amount is based on years of service credit, not to exceed the amount of the premium cost. For 2019, the MMA monthly maximum subsidies to retirees are, \$558.00 for over 20 yrs. service, \$418.50 for over 15 yrs. service, and \$279.00 for over 10 yrs. service.*	10 15 20	\$28,080,305	58.5%
Medicare Part B Reimbursement Plan – A monthly reimbursement of \$135.50 (the lowest standard premium amount) offsetting most or all of the cost of Medicare Part B.*	10	\$8,529,297	17.8%
Dental Coverage Subsidy – The full cost of the monthly premium (\$22.18 or \$44.15 depending on plan selection) is covered for members.*	10	\$3,885,919	8.1%
Supplemental Cost of Living Adjustment – Is paid in addition to any basic COLA in order to keep retirees at least 85% of the original purchasing power at their time of retirement.	0	\$1,134,613	2.4%

Vision Coverage Subsidy – The full cost of the \$4.24 monthly premium is covered for members.*	10	\$383,149	0.8%
Lump Sum Death Benefit – Currently a \$1000 lump sum amount paid to a beneficiary upon a retired ACERA member’s death. The \$1000 lump sum is considered vested as long as there are funds in the SRBR to pay it.**	0	\$196,576	0.4%
Implicit Subsidy – Retirees not yet eligible for Medicare who enroll in ACERA’s medical insurance plans are grouped together in the same insurance company contracts with actively working County employees. The health plans charge more for retirees than for active employees. As a result, the monthly premiums go up for the active employees. ACERA pays the difference in these costs to the County. This payment is called the “implicit subsidy.” This is a stand-alone item that the Board treats differently, so you won’t be asked to rank it in the survey below.	Not Applicable	\$5,800,563	12.1%
Total Cost to SRBR in 2018:		\$48,010,422	100%
<p>* The healthcare benefits are not paid directly out of the SRBR, but rather a 401(h) account funded by the participating employers. The SRBR fully reimburses the employers for the costs incurred to fund the healthcare benefits.</p> <p>**This amount is prorated if reciprocity exists with another retirement system and they also pay a similar benefit.</p>			

What Do You Think?

The Board of Retirement would like to know what you think about these benefits. This survey will aid in setting and potentially adjusting future benefit levels.

Please note that while the Board of Retirement has your interest at heart and values your opinion, final decisions may not be necessarily made on the outcome of this survey.

Question 1

* Please allocate 100 points in a way that reflects how important each non-guaranteed benefit is to you, giving more points to the more important benefits. You must allocate all 100 points. (?)

Monthly Medical Allowance (MMA)	<input type="range"/>	
Medicare Part B Reimbursement Plan	<input type="range"/>	
Dental Coverage Subsidy	<input type="range"/>	
Vision Coverage Subsidy	<input type="range"/>	
Supplemental Cost of Living Adjustment	<input type="range"/>	
Lump Sum Death Benefit	<input type="range"/>	
		0

[Note: Above is a screenshot showing how the question initially appears. All sliders start at zero. You can't go over 100. If you're at 100, you have to move a slider to reduce points on one before you can increase points on another. You must allocate all 100 points. Below is a screenshot showing after the respondent slides the sliders.]

* Please allocate 100 points in a way that reflects how important each non-guaranteed benefit is to you, giving more points to the more important benefits. You must allocate all 100 points. (?)

Monthly Medical Allowance (MMA)	<input type="range" value="38"/>	38
Medicare Part B Reimbursement Plan	<input type="range" value="9"/>	9
Dental Coverage Subsidy	<input type="range" value="22"/>	22
Vision Coverage Subsidy	<input type="range" value="10"/>	10
Supplemental Cost of Living Adjustment	<input type="range" value="16"/>	16
Lump Sum Death Benefit	<input type="range" value="5"/>	5
		100

Question 2

In 2011, two prior benefits were eliminated or reduced in order to extend the lifespan of the SRBR. The Active Death Equity Benefit was eliminated, and the \$5,000 Lump Sum Death Benefit was reduced to \$1,000. Please consider the following questions regarding these two benefits.

1. Active Death Equity Benefit

Prior to its cancellation in 2011, the Active Death Equity Benefit provided a greater lifetime monthly payment (continuance) to the spouse or state-registered domestic partner of a vested active member who died before retirement. (Vested members are members who have earned at least 5 years of service credit. Active members are members who are currently employed and earning ACERA retirement.)

Currently, if an active member dies, their surviving spouse or state-registered domestic partner can choose to receive a lifetime monthly payment that is approximately 60% of what the member's Unmodified Option retirement allowance would have been. (See ACERA's [Death Benefits](#) page for more information.) This monthly payment is paid out of the general pension fund.

What the Active Death Equity Benefit did was provide an additional monthly amount, paid out of the SRBR, that would provide the beneficiary with the highest possible lifetime monthly payment based on [Retirement Option 2](#) rather than the unmodified option, increasing the monthly benefit by about 20%.

A very rough estimate shows that reinstatement of this benefit would cost the SRBR between \$108,000 and \$936,000 per year. More precise actuarial estimates will be conducted if the Board considers reinstating this benefit.

2. Lump Sum Death Benefit

Prior to 2011, the Lump Sum Death Benefit was a \$5,000 one-time payment to a retiree's beneficiary after the retiree dies. The Lump Sum Death Benefit was reduced to \$1,000 in 2011 and it remains at this amount currently. The \$1,000 amount is considered vested (guaranteed) as long as there are funds available in the SRBR to pay it out.

A rough estimate shows that the total cost to the SRBR for this benefit at the \$1,000 level for 2019 will be about \$204,000, and will cost an additional \$204,000 for every thousand dollars the benefit is increased. For example, if the Board increased the benefit to \$2,000, it would cost the SRBR \$408,000 for 2019.

Your Opinion

What is your preference regarding these two benefits?

- I prefer to increase BOTH the Lump Sum Death Benefit and reinstate the Active Death Equity Benefit. [Show question X next if selected.]
- I prefer to reinstate the Active Death Equity Benefit, but NOT increase the Lump Sum Death Benefit.
- I prefer to increase the Lump Sum Death Benefit, but NOT reinstate the Active Death Equity Benefit. [Show question X next if selected.]
- I prefer to NOT increase/reinstate EITHER of these two benefits, but instead, increase one or more of the current benefits. [Show question Z next if selected.]
- I prefer to NOT increase/reinstate EITHER of these two benefits and NOT increase any of the current benefits. (Not increasing benefits will preserve the lifespan of the SRBR for longer.)
- I don't know.

[These next two questions only show up if you select the linked response in the previous question.]

X. I'd like to see the Lump Sum Death Benefit increase from \$1000 to ____.

Z. Rather than reinstating the Active Death Equity Benefit and increasing the Lump Sum Death Benefit, I'd prefer to increase these current benefits instead. (Select all that apply):

- ☐ Monthly Medical Allowance (MMA)
- ☐ Dental Coverage Subsidy
- ☐ Vision Coverage Subsidy
- ☐ Supplemental COLA

Question 3

What type of ACERA member are you?

- Active member (actively working for an ACERA participating employer, and not retired yet)
- Deferred member (a former worker for an ACERA participating employer, and not yet retired)
- ACERA retiree, but not Medicare-eligible (under age 65 or not eligible for Medicare)
- Medicare-eligible ACERA retiree
- Survivor, beneficiary, former spouse/domestic-partner, or other payee of an ACERA member



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: August 7, 2019

TO: Members of the Retirees Committee

FROM: Ismael Piña, Assistant Benefits Manager

SUBJECT: **Miscellaneous Updates**

A handwritten signature in black ink, appearing to read "Ismael Piña", is placed to the right of the "FROM:" line.

An oral report will be provided on any recent benefit issues at the Retirees Committee meeting.