Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

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

LOCATION	COMMITTEE MEMBERS	
ACERA **C.G. "BUD" QUIST BOARD ROOM** **475 14TH STREET, 10TH 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.

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. **Presentation and Acceptance of Supplemental Retiree Benefit Reserve Funding Report/Valuation**
   Segal Consulting, ACERA's Actuary, will present the annual Actuarial Valuation of the OPEB and Non-OPEB Benefits Provided by the Supplemental Retiree Benefit Reserve, Including Sufficiency of Funds, as of December 31, 2018.

   - Kathy Foster
   - Segal Consulting

   Recommendation
   Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to accept the December 31, 2018 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal Consulting.

2. **529 College Savings Plan**
   Staff and 1st United Credit Union will provide information on a tax deferred savings plan for college and education that may be offered to retirees.

   - Kathy Foster
   - 1st United Credit Union

   Recommendation
   Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to approve ACERA as an employer sponsor of the 529 College Savings Plan to be offered to retirees by the 1st United Credit Union effective January 1, 2020.

3. **Supplemental Retiree Benefit Reserve Policy Update**
   Review, discussion and possible motion to adopt the amendments, if any, to the Supplemental Retiree Benefit Reserve Policy.

   - Kathy Foster

   Recommendation
   Staff recommends that the Retirees Committee recommend to the Board of Retirement that it adopts the Supplemental Retiree Benefit Reserve Policy with or without revisions.

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

1. **Supplemental Retiree Benefit Reserve Financial Status**
   Statement of additions and deductions to the Supplemental Retiree Benefit Reserve for the period ending June 30, 2019.

   - Margo Allen

2. **Changes to Medicare Plan F Eligibility and Coverage**
   Staff and Segal Consulting, ACERA's Benefits Consultant, will provide information on the changes to the eligibility and coverage to Medicare Plan F for the 2020 Plan Year.

   - Kathy Foster
   - Segal Consulting

3. **Final Report on Open Enrollment Preparation and Communications Material, and Retiree Health and Wellness Fair Arrangements**
   Report on the final stages of preparing the communications pieces for ACERA's annual Open Enrollment for the Plan Year 2020 as well as the Retiree Health and Wellness Fair.

   - Ismael Piña
   - Mike Fara

4. **Miscellaneous Updates**
   Staff will update the Committee on any recent benefit issues affecting ACERA retirees.

   - Ismael Piña
   - Segal Consulting

Trustee Remarks

Future Discussion Items

- Adoption of Medicare Part B Reimbursement Plan Benefit for 2020
- Adoption of Updates to Appendix A of 401(h) Account Resolutions

Establishment of Next Meeting Date

November 21, 2019, at 11:00 a.m.

Adjournment

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: October 2, 2019

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer

SUBJECT: **Actuarial Valuation of the OPEB and Non-OPEB Benefits Provided by the Supplemental Retiree Benefit Reserve, Including Sufficiency of Funds, as of December 31, 2018**

Attached is the Supplemental Retiree Benefit Reserve (SRBR) Valuation prepared by Segal Consulting (Segal), ACERA's actuary. This valuation is based on projections using substantive plan and medical inflation trends, as well as other assumptions consistent with our pension valuation. It conforms to the disclosure requirements of Government Accounting Standards Board (GASB) Statement 74, which establishes accounting standards for "Other Post-Employment Benefit" (OPEB) plans of state and local governments.

Last year it was reported that the SRBR fund for OPEB benefits would exhaust in 2039 and Non-OPEB benefits in 2038. The results of this December 31, 2018 valuation indicate that the terminal year of OPEB benefits is projected to be 2040, with full benefits paid through 2039 for a total of 21 full years and one partial year. The terminal year of Non-OPEB benefits is projected to be 2036, with full benefits paid through 2035 for a total of 17 full years and one partial year.

As Segal reported during their preliminary presentation in June, the three main factors which resulted in extending the sufficiency period by one year were: 1) there were lower than expected number of members retiring and electing health plans; 2) the 2019 Implicit Subsidy was lower than projected; and 3) excess earnings were added for the June 30, 2018 crediting period. The main reason the terminal year for the non-OPEB benefits is projected to be two years earlier than last year's projection is the high actual inflation in the Bay Area from 2017 to 2018, which increased the Supplemental COLA.

Andy Yeung, with Segal, will present this information in detail at the October 2nd Retirees Committee meeting.

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to accept the December 31, 2018 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal Consulting.

Attachment

Alameda County Employees' Retirement Association

Actuarial Valuation of the OPEB and non-OPEB Benefits Provided by the Supplemental Retiree Benefits Reserve Including Sufficiency of Funds as of December 31, 2018

Segal Consulting
180 Howard Street, Suite 1100 San Francisco, CA 94105-6147
T 415.263.8200 www.segalco.com

September 23, 2019

Board of Retirement
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612

Dear Members of the Board:

We are pleased to submit this report on our actuarial valuation of the sufficiency of funds for benefits provided by the Supplemental Retiree Benefits Reserve (SRBR) as of December 31, 2018. ACERA's accounting disclosure requirements under Statement No. 74 of the Governmental Accounting Standards Board (GASB) for retiree health benefits provided by the SRBR were included in our GASB 74 report dated May 20, 2019. ACERA's accounting disclosure requirements under GASB Statement No. 67 for non-vested supplemental COLA and retired member death benefits provided by the SRBR were included in our GASB 67 report dated May 20, 2019, together with the statutory pension benefits.

The December 31, 2018 census and financial information was prepared by ACERA. We gratefully acknowledge that assistance. The actuarial projections were based on the assumptions and methods described in Exhibit I and on the plan of benefits as summarized in Exhibit II.

The actuarial calculations were completed under the supervision of Eva Yum, FSA, MAAA, Enrolled Actuary and Thomas Bergman, ASA, MAAA, Enrolled Actuary. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We look forward to discussing this material with you at your convenience.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:

Andy Yeung, ASA, MAAA, FCA, EA	*Eva Yum, FSA, MAAA, EA*	*Thomas Bergman, ASA, MAAA, EA*
Vice President and Actuary	*Senior Actuary*	*Retiree Health Actuary*

DNA/jl

SECTION 1

INTRODUCTION

SECTION 2

VALUATION RESULTS

SECTION 3

VALUATION DETAILS

SECTION 4

SUPPORTING INFORMATION

PURPOSE

I. Other Postemployment Benefits (OPEB)

This report presents the results of our actuarial valuation as of December 31, 2018 of the Alameda County Employees' Retirement Association (ACERA) postretirement medical, dental and vision benefits provided through ACERA's 401(h) account.[1] ACERA has allocated a portion of the Supplemental Retiree Benefits Reserve (SRBR) to be treated as pension contributions if the employers make contributions to the 401(h) account. The results of this report have been prepared with the goal of determining sufficiency of funds. Actuarial calculations for other purposes may differ significantly from the results reported here.

The actuarial calculations used to prepare this report have been made on a basis consistent with our understanding of the "substantive plan designs" of the OPEB Plan provided by ACERA using guidelines provided by the Board. The most important plan design assumption incorporated in our valuation is that the future monthly medical allowance (MMA) will increase at one-half of our anticipated medical trend assumptions for all years after 2020. However, the SRBR OPEB Plan will reimburse the fully indexed premium required for dental, vision, and enrollment in the Medicare Part B program.

In Section 2 of this report, we show the unlimited OPEB liabilities (i.e., the liabilities not limited by the current SRBR assets). The unlimited liabilities in this report will be used as the basis when we roll forward the liabilities for the next GASB 74 valuation report as of December 31, 2019.

[1] *It is our understanding that GASB requires such benefits to be reported under GASB Statement No. 74 and, accordingly, they have been included in our December 31, 2018 GASB 74 report dated May 20, 2019.*

II. Non-OPEB Benefits

The SRBR currently provides benefits in addition to those that qualify as OPEB. These "non-OPEB" benefits include supplemental COLAs and death benefits related to the underlying statutory defined benefit pension plan.[2]

In Section 2 of this report, we show the unlimited non-OPEB liabilities. The unlimited liabilities in this report will be used as the basis when we roll forward the liabilities for the next GASB 67 valuation report as of December 31, 2019.

Special Note Pertaining to OPEB and Non-OPEB Benefits

The calculation of benefit obligations pursuant to prescribed accounting requirements included in the above mentioned GASB reports does not, in and of itself, imply that ACERA has any legal liability to provide the benefits valued.

Actuarial valuations involve estimates of benefit amounts and assumptions about the probability of their payment far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

[2] *It is our understanding that GASB requires such benefits to be reported under GASB Statement No. 67 together with the underlying statutory defined benefit pension plan and, accordingly, they have been included in our December 31, 2018 GASB 67 report dated May 20, 2019.*

Important Information about Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of an OPEB and non-OPEB Plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare an actuarial valuation, Segal Consulting ("Segal") relies on a number of input items. These include:

- **Plan of benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by the Association. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
- **Assets** This valuation is based on the market value of assets as of the valuation date, as provided by the Association.
- **Actuarial assumptions** In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, termination, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to health care trends and member enrollment in retiree health benefits for the OPEB Plan, and actuarial assumptions as to salary increases and cost-of-living adjustments for the non-OPEB Plan. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The valuation is prepared at the request of the Board to determine sufficiency of funds related to the OPEB and non-OPEB Plan. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- If the Association is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

As Segal has no discretionary authority with respect to the management or assets of the Retirement Association, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Retirement Association.

HIGHLIGHTS OF THE VALUATION

- The actuarial assumptions used in this study are consistent with those assumptions applied by the Retirement Board for the December 31, 2018 pension valuation, including the use of a 7.25% investment return assumption.
- In the last SRBR valuation, we utilized the following medical trend assumptions:
  - All non-Medicare plans: starting at 7.00% for 2018 to 2019, reduced by 0.25% for each year until it reaches 4.50% after 10 years.
  - All Medicare Advantage plans: starting at 6.50% for 2018 to 2019, reduced by 0.25% for each year until it reaches 4.50% after 8 years.

  For this valuation, we have recommended to the Board in our letter dated May 16, 2019 that the medical trend assumptions be revised to the following:
  - All non-Medicare plans: starting at 8.20% (7.00% plus 1.20% for the Health Insurance Tax[3] (HIT)) for 2019 to 2020[4], reduced by 1.45% the first year, then 0.25% for each year until it reaches 4.50% after 10 years.
  - All Medicare Advantage plans: starting at 7.40% (6.50% plus 0.90% for the HIT) for 2019 to 2020[4], reduced by 1.15%, then 0.25% for each year until it reaches 4.50% after 8 years.
- The Board acted to increase the 2019 MMA for 2020. The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans becomes $578.65 and the maximum MMA for individual Medicare plans becomes $443.28, for 2020.
- For years after 2020 we have assumed that the MMA will increase with 50% of medical trend.
- These and the other OPEB assumptions are provided in Exhibit I.
- The determination of the "substantive plan" underlying ACERA's OPEB was based upon prior directions provided by ACERA, its auditors, as well as the administrative staff, auditors and consultants representing the County of Alameda, along with changes to the plan adopted by the Board on July 19, 2012 to allow retirees to select medical benefits available through the Medicare Exchange. These directions are provided in Exhibit III.
- Based on action taken by the Board in February 2014, we continue to exclude the non-OPEB lump sum retiree death benefit from the pension valuation and have included this death benefit in the results presented herein.
- For this valuation, the Association has continued to provide to us the breakdown of the OPEB and non-OPEB assets as of December 31, 2018.
- The terminal year of the SRBR was determined by projecting how long the SRBR can provide for all non-

[3] *The HIT was imposed by the Affordable Care Act (ACA) on some health insurance companies. Congressional budgetary actions placed a moratorium on these fees for calendar years 2017 and 2019. Segal understands that these fees have been reflected in premiums again for calendar year 2020.*

[4] *After we released our preliminary high-level summary letter dated May 28, 2019, the Association approved premiums for 2020. We have used those actual 2020 premiums in this study in lieu of estimating those premiums by using the 8.20% assumption for non-Medicare plans and the 7.40% assumption for Medicare plans.*

OPEB and OPEB benefits under the substantive plan outlined in Exhibit III. OPEB benefits can be paid through 2040[5], while non-OPEB benefits can be paid through 2036[5]. Last year, it was projected that OPEB benefits could be paid through 2039 and non-OPEB benefits could be paid through 2038.

Three factors behind the extension of the sufficiency period by one year for OPEB benefits were:

- There was a lower than expected number of members retiring and electing an MMA during the past year,
- The implicit subsidy for 2019 was lower than projected in the prior valuation, and
- There were some excess earnings allocated to the SRBR during 2018.

Note that the OPEB sufficiency period also did not change from that shown in our May 28, 2019 preview letter. Our preview letter estimated medical plan premiums for 2020 and future years using our trend assumption. Subsequent to our issuing of the preview letter, ACERA reported the 2020 medical plan premium renewals and we have used the actual 2020 premiums in our updated projection shown herein. On average, the premium increases for non-Medicare plans (2.84%) were lower than our expected 8.20% increase from 2019 to 2020, and the premium increase (4.43%) for the Medicare plan (Kaiser Senior Advantage) was also lower than our expected 7.40% increase from 2019 to 2020.

- The main reason the terminal year of the SRBR for non-OPEB benefits is projected to be two years earlier than it was in last year's study is the high actual inflation in the Bay Area from 2017 to 2018, which increased the supplemental COLA costs. For supplemental COLA benefits, the excess of inflation over the cost of living allowance (i.e., 3% for Tiers 1 and 3, and 2% for Tiers 2, 2C, 2D, and 4) is banked for future years when inflation may be less than the cost of living allowance. A supplemental COLA benefit would be paid when a member's COLA bank exceeds 15%. Due to the actual inflation of 4.5% in 2018 for the San Francisco-Oakland-Hayward Area, the April 1, 2019 COLA banks increased by 1.5% for Tiers 1 and 3 and by 2.5% for Tiers 2, 2C, 2D, and 4 over the banks as of the prior year. By increasing the COLA banks, it is expected to take less time for members to accumulate a bank in excess of 15%, which results in an increase in the present value of providing supplemental COLA benefits. Moreover, the supplemental COLA benefit is increased for retired members and beneficiaries who already have a COLA bank in excess of 15% because the increase in that COLA bank (i.e., 1.5% for Tiers 1 and 3, and 2.5% for Ties 2, 2C, 2D, and 4) is greater than expected.
- The funded ratio of the OPEB liabilities is 87.6%. The funded ratio of the non-OPEB liabilities is 21.7%. The comparable funded ratios were 85.7% and 25.1% for the OPEB and non-OPEB liabilities, respectively, as of December 31, 2017.
- The terminal years the SRBR can be paid as well as the funding ratios have been developed to reflect only the actuarial value of assets allocated to the SRBR through December 31, 2018. As we indicated on page 21 of our

[5] *Assets would only be sufficient to pay benefits for a part of the year indicated.*

December 31, 2018 actuarial valuation report for the Pension Plan, the Association had deferred investment losses of $569.1 million that were not yet recognized in determining the combined actuarial value of assets for the Pension Plan and the SRBR Plan as of that date. The deferred losses of $569.1 million represent 7.5% of the market value of assets as of December 31, 2018. If a proportion of the net deferred loss that is commensurate with the size of the SRBR reserves were recognized immediately, there would be a decrease in the SRBR Reserve of approximately $61.6 million to pay OPEB benefits and $2.7 million to pay non-OPEB benefits.

- The funding ratio for the non-OPEB benefits is lower than for OPEB benefits because the Actuarial Value of Assets was initially allocated based on the benefit outflows for the OPEB and non-OPEB benefits. The benefit outflows for non-OPEB (in particular, the supplemental COLA) are "back loaded", i.e., they are expected to be larger in later years than in earlier years. This results in a smaller asset allocation relative to liabilities for the non-OPEB benefits.
- Note that in preparing the 401(h) contribution letter for 2019/2020, we had included an additional allocation for expense related to the administration of the health benefits for retirees. However, as we previously demonstrated to the Association during our discussion with the Board on SB 1479, the values in both the employer reserves and the SRBR would remain unchanged relative to the values prior to that allocation, through the operation of SB 1479. For that reason, we have not included the explicit payment of administrative expense out of the 401(h) in preparing the cash flow requirements of the SRBR.
- The projected payments do not include any excise tax on high cost medical plans that may be imposed by the Affordable Care Act and related statutes.[6] Under these acts, health plans that provide a subsidy above certain thresholds beginning in 2022 may be subject to a 40% excise tax. We have not included any excise tax because the MMA subsidy is expressed in terms of a dollar amount (and not as a percent of the premium required to obtain medical coverage) and the future MMA, when adjusted by 50% of medical trend, would result in an amount that would fall below the cost thresholds for a "Cadillac" plan (i.e., a plan subject to the excise tax) for all future years.
- As stated earlier in this report, it is our understanding that GASB requires the OPEB benefits to be reported under GASB Statement No. 74 and accordingly they have been included in our GASB 74 report dated May 20, 2019. Similarly, we understand that GASB requires the non-OPEB benefits to be reported under GASB Statement No. 67 together with the underlying statutory defined benefit pension plan and accordingly they have been included in our GASB 67 report dated May 20, 2019.

[6] *We understand that Congress is considering a repeal of the excise tax on high-cost health plans. As of September 13, 2019, the proposed legislation has not been signed into law.*

SUMMARY OF OPEB VALUATION RESULTS

	December 31, 2018[1]	December 31, 2017
Without Limiting Liabilities to Current Assets		
Actuarial Present Value of Projected Benefits		
Medical	$1,119,902,000	$1,127,803,000
Dental and Vision	108,777,000	121,183,000
Total	$1,228,679,000	$1,248,986,000
Actuarial Accrued Liability		
Medical[2]	$918,842,000	$905,269,000
Dental and Vision[3]	88,739,000	96,373,000
Total	$1,007,581,000	$1,001,642,000
Actuarial Value of Assets (Exhibit B)	883,013,000	858,005,000
Unfunded Actuarial Accrued Liability	124,568,000	143,637,000
Funded Ratio	87.6%	85.7%
Year Current Assets will be Exhausted[4]	2040	2039

[1] These results will be used as the basis for the next GASB 74 valuation report based on a measurement date of December 31, 2019.

[2] Of the amount shown, $517.8 million is attributable to members currently receiving this benefit as of December 31, 2018 and $505.5 million is attributable to members receiving this benefit as of December 31, 2017. For treatment of implicit subsidy, see page 22.

[3] Of the amount shown, $50.8 million is attributable to members currently receiving this benefit as of December 31, 2018 and $53.4 million is attributable to members receiving this benefit as of December 31, 2017.

[4] Full benefits will be paid through the year prior to the year shown in the table. Full benefits will be paid for part of the year indicated.

Note: The above results have been calculated using our understanding of the "substantive plan" as described in Exhibits II and III. The liabilities provided in this report will have to be revised if our understanding of the "substantive plan" is inaccurate.

SUMMARY OF NON-OPEB VALUATION RESULTS

	December 31, 2018[1]	December 31, 2017
Without Limiting Liabilities to Current Assets		
Actuarial Present Value of Projected Benefits		
Supplemental COLA	$216,613,000	$184,005,000
Retiree Death Benefit	4,510,000	4,400,000
Total	$221,123,000	$188,405,000
Actuarial Accrued Liability		
Supplemental COLA[2]	$177,506,000	$145,601,000
Retiree Death Benefit	4,134,000	4,020,000
Total	$181,640,000	$149,621,000
Actuarial Value of Assets (Exhibit B)	39,366,000	37,517,000
Unfunded Actuarial Accrued Liability	142,274,000	112,104,000
Funded Ratio	21.7%	25.1%
Year Current Assets will be Exhausted[3]	2036	2038

[1] These results will be used as the basis for the next GASB 67 valuation report based on a measurement date of December 31, 2019.

[2] Of the amount shown, $9.9 million is attributable to members currently receiving this benefit as of December 31, 2018 and $6.0 million is attributable to members receiving this benefit as of December 31, 2017.

[3] Full benefits will be paid through the year prior to the year shown in the table. Full benefits will be paid for part of the year indicated.

PROJECTED CASH FLOW AND PRESENT VALUE OF PROJECTED BENEFITS PROVIDED BY THE SUPPLEMENTAL RETIREE BENEFITS RESERVE AS OF DECEMBER 31, 2018

Year Ending December 31	Annual Benefit Cash Flows			Present Value as of December 31, 2018 of Projected Benefits through Year End		
	Medical[1]	Dental and Vision	Non-OPEB[2]	OPEB[3]	Non-OPEB	Total
2019	$46,216,205	$4,647,688	$1,307,896	$49,114,638	$1,262,916	$50,377,554
2020	48,683,768	4,538,039	1,281,457	97,032,084	2,416,657	99,448,741
2021	52,127,236	4,810,055	1,267,762	144,829,404	3,480,909	148,310,313
2022	55,659,651	5,094,869	1,277,324	192,383,512	4,480,703	196,864,215
2023	59,566,922	5,389,579	1,291,026	239,789,671	5,422,911	245,212,582
2024	63,373,051	5,696,555	1,301,323	286,790,101	6,308,435	293,098,536
2025	67,034,257	6,006,555	1,434,025	333,132,993	7,218,294	340,351,287
2026	70,633,512	6,323,072	1,684,045	378,659,678	8,214,557	386,874,235
2027	74,147,882	6,645,801	2,404,053	423,225,339	9,540,628	432,765,967
2028	77,452,320	6,974,656	3,525,721	466,647,044	11,353,945	478,000,989
2029	80,777,095	7,305,213	4,883,515	508,886,374	13,695,804	522,582,178
2030	84,184,750	7,644,116	6,380,368	549,945,553	16,548,640	566,494,193
2031	87,669,099	7,980,951	7,952,244	589,822,229	19,863,945	609,686,174
2032	90,929,949	8,313,376	9,615,460	628,400,054	23,601,663	652,001,717
2033	94,421,122	8,650,143	11,275,934	665,757,463	27,688,540	693,446,003
2034	97,575,150	8,975,116	12,867,933	701,765,245	32,037,152	733,802,397
2035	100,237,161	9,291,339	14,608,897	736,277,368	36,640,375	772,917,743
2036	102,677,714	9,600,691	9,275,711[4]	769,264,418	39,365,550	808,629,968
2037	104,937,985	9,906,565	-	800,724,534	39,365,550	840,090,084
2038	107,212,189	10,200,188	-	830,713,847	39,365,550	870,079,397
2039	109,098,461	10,484,725	-	859,192,894	39,365,550	898,558,444
2040	97,794,346[4]	9,479,103[4]	-	883,013,361	39,365,550	922,378,911

[1] Includes Medicare Part B and Implicit Subsidy Reimbursement made to the County. For treatment of implicit subsidy, see page 22.

[2] Includes Supplemental COLA and $1,000 Lump Sum Death Benefit.

[3] Includes Medical, Dental, and Vision.

[4] Full benefits will be paid through the year prior to the year shown in the table. Full benefits will be paid for part of the year indicated.

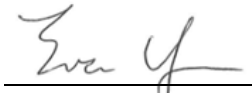
ACTUARIAL CERTIFICATION

September 23, 2019

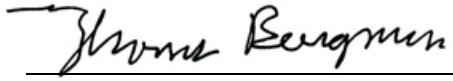
This is to certify that Segal Consulting has conducted an actuarial valuation of certain benefit obligations of the Alameda County Employees' Retirement Association provided by the Supplemental Retiree Benefits Reserve for the year ending December 31, 2018, in accordance with generally accepted actuarial principles and practices. The actuarial valuation is based on the plan of benefits verified by the ACERA and on participant, claims and expense data provided by the ACERA.

The actuarial computations made are for purposes of determining sufficiency of funds. Determinations for other purposes may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes such as judging benefit security at plan termination.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to determine the sufficiency of funds with respect to the benefit obligations addressed. The undersigned are members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion herein.



Eva Yum, FSA, MAAA, EA
Senior Actuary



Thomas Bergman, ASA, MAAA, EA
Retiree Health Actuary

EXHIBIT A

Table of Plan Coverage – Members Receiving SRBR Benefits as of December 31, 2018

	Current Retirees
Category 1 – Medical	
Number	6,385
Average in force monthly medical reimbursements for 2019 (excluding Medicare Part B)	$412
Average maximum (based on service at retirement) monthly medical reimbursements for 2019 (excluding Medicare Part B)	$484
Monthly Medicare Part B premium reimbursements for 2019	$136
Category 1 - Supplemental COLA	
Number	460
Average monthly supplemental COLA for 2019[1]	$197
Category 2 – Dental and Vision	
Number	7,519
Average monthly medical reimbursements for 2019	$46
Category 2 – Retiree Death Benefit	
Number[2]	Not Available
Average lump sum benefits for 2019	$1,000

(1) *Estimate of supplemental COLA payable as of December 31, 2018. The average benefit does not take into account any adjustments to the members' COLA banks as of April 2019.*

(2) *Beneficiaries who received the $1,000 lump sum retiree death benefit were not separately identified in the data provided for the pension valuation.*

EXHIBIT B

Determination of Actuarial Value of Assets

	December 31, 2018	December 31, 2017
Reserves Supporting SRBR Benefits		
401(h) Account (Allocated to OPEB)	$ 9,830,000	$ 7,582,000
Supplemental Retiree Benefits Reserve		
OPEB	$873,183,000[1]	$850,423,000[2]
Non-OPEB	39,366,000	37,517,000
SRBR Total	$912,549,000	$887,940,000
Total	$922,379,000	$895,522,000
Present Value of Projected OPEB Payable Through Terminal Year of the SRBR		
Medical	$808,482,000	$779,989,000
Dental and Vision	74,531,000	78,016,000
Total	$883,013,000	$858,005,000
Present Value of Projected Non-OPEB Payable Through Terminal Year of the SRBR		
Supplemental COLA	$ 36,297,000	$ 34,214,000
Retiree Death Benefit	3,069,000	3,303,000
Total	$ 39,366,000	$ 37,517,000
Total Present Value of Projected SRBR Benefits Payable Through Terminal Year of the SRBR	$922,379,000	$895,522,000

[1] *Adjusted to reflect estimated transfer of $6,939,808 (provided by ACERA) from SRBR to employer advance reserve for reimbursement of implicit retiree health benefit subsidy for calendar year 2018.*

[2] *Adjusted to reflect estimated transfer of $5,830,283 (provided by ACERA) from SRBR to employer advance reserve for reimbursement of implicit retiree health benefit subsidy for calendar year 2017.*

EXHIBIT I

Actuarial Assumptions and Actuarial Cost Method

Data:	Detailed census data and summary plan descriptions for postretirement benefits were provided by ACERA.
Rationale for Assumptions:	The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the December 1, 2013 through November 30, 2016 Actuarial Experience Study report dated September 6, 2017, and in our letters both dated May 16, 2019 regarding the health trend assumptions and regarding the recommended parameters to reflect the demographic driven changes, for the December 31, 2018 SRBR retiree health actuarial valuation. Unless otherwise noted, all actuarial assumptions and methods shown below apply to all tiers. These assumptions were adopted by the Board.

Post-Retirement Mortality Rates - Healthy

General Members and All Beneficiaries:	Headcount-Weighted RP-2014 (RPH-2014) Healthy Annuitant Mortality Tables, with no setback for males and females, projected generationally with the two-dimensional MP-2016 projection scale.
Safety Members:	Headcount-Weighted RP-2014 (RPH-2014) Healthy Annuitant Mortality Tables, with no setback for males and females, projected generationally with the two-dimensional MP-2016 projection scale.

Post-Retirement Mortality Rates - Disabled

General Members:	Headcount-Weighted RP-2014 (RPH-2014) Healthy Annuitant Mortality Tables, set forward seven years for males and set forward four years for females, projected generationally with the two-dimensional MP-2016 projection scale.
Safety Members:	Headcount-Weighted RP-2014 (RPH-2014) Healthy Annuitant Mortality Tables, set forward two years for males and with no set forward for females, projected generationally with the two-dimensional MP-2016 projection scale.

The RPH-2014 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement Mortality Rates

General and Safety Members: Headcount-Weighted RP-2014 (RPH-2014) Employee Mortality Tables times 80%, projected generationally with the two-dimensional MP-2016 projection scale.

Termination Rates Before Retirement[1]:

	Rate (%) Mortality			
	General[2]		Safety[2]	
Age	Male	Female	Male	Female
20	0.05	0.02	0.05	0.02
25	0.05	0.02	0.05	0.02
30	0.05	0.02	0.05	0.02
35	0.05	0.03	0.05	0.03
40	0.06	0.04	0.06	0.04
45	0.10	0.07	0.10	0.07
50	0.17	0.11	0.17	0.11
55	0.27	0.17	0.27	0.17
60	0.45	0.24	0.45	0.24
65	0.78	0.36	0.78	0.36

(1) Note that generational projections beyond the base year (2014) are not reflected in the above mortality rates. All pre-retirement deaths are assumed to be non-service connected.

(2) Based on the Headcount-Weighted RP-2014 (RPH-2014) Employee Mortality Tables times 80%, projected generationally with the two-dimensional MP-2016 projection scale.

Termination Rates Before Retirement (continued):

	Rate (%)	
	Disability	
Age	General[1]	Safety[2]
20	0.00	0.00
25	0.01	0.03
30	0.03	0.26
35	0.05	0.58
40	0.08	0.73
45	0.19	0.78
50	0.31	1.52
55	0.38	2.00
60	0.43	2.60

(1) 60% of General disabilities are assumed to be service connected disabilities. The other 40% are assumed to be non-service connected disabilities.

(2) 100% of Safety disabilities are assumed to be service connected disabilities.

Termination Rates Before Retirement (continued):

	Rate (%)	
	Termination (< 5 Years of Service)[1]	
Years of Service	General	Safety
0 – 1	11.00	4.00
1 – 2	9.00	3.50
2 – 3	8.00	3.50
3 – 4	6.00	2.50
4 – 5	6.00	2.00

	Termination (5+ Years of Service)[2]	
Age	General	Safety
20	6.00	2.00
25	6.00	2.00
30	5.40	2.00
35	4.40	1.70
40	3.40	1.20
45	3.00	1.00
50	3.00	1.00
55	3.00	1.00
60	3.00	0.40

(1) 60% of all terminated members are assumed to choose a refund of contributions. The other 40% are assumed to choose a deferred vested benefit.

(2) 35% of all terminated members are assumed to choose a refund of contributions. The other 65% are assumed to choose a deferred vested benefit. No termination is assumed after a member is eligible for retirement (as long as a retirement rate is present).

Retirement Rates:

	Rate[1] (%)							
Age	General Tier 1	General Tier 2	General Tier 3	General Tier 4	Safety Tier 1[2]	Safety Tier 2, 2D[2]	Safety Tier 2C[2]	Safety Tier 4
49	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00
50	4.00	2.00	6.00	0.00	35.00	15.00	4.00	4.00
51	4.00	2.00	3.00	0.00	30.00	15.00	2.00	2.00
52	4.00	2.00	5.00	4.00	25.00	15.00	2.00	2.00
53	4.00	2.00	6.00	1.50	35.00	15.00	3.00	3.00
54	4.00	2.00	6.00	1.50	45.00	15.00	6.00	6.00
55	6.00	2.00	12.00	2.00	45.00	15.00	10.00	10.00
56	8.00	3.00	13.00	2.50	45.00	15.00	12.00	12.00
57	10.00	4.00	13.00	3.50	45.00	15.00	20.00	20.00
58	12.00	4.00	14.00	3.50	45.00	20.00	10.00	10.00
59	14.00	5.00	16.00	4.50	45.00	20.00	15.00	15.00
60	20.00	7.00	21.00	6.00	45.00	30.00	60.00	60.00
61	20.00	9.00	20.00	8.00	45.00	30.00	60.00	60.00
62	35.00	15.00	30.00	18.00	45.00	30.00	60.00	60.00
63	30.00	16.00	25.00	15.00	45.00	30.00	60.00	60.00
64	30.00	18.00	25.00	17.00	45.00	50.00	60.00	60.00
65	35.00	25.00	30.00	22.00	100.00	100.00	100.00	100.00
66	35.00	25.00	25.00	25.00	100.00	100.00	100.00	100.00
67	30.00	25.00	25.00	25.00	100.00	100.00	100.00	100.00
68	30.00	30.00	25.00	30.00	100.00	100.00	100.00	100.00
69	35.00	35.00	50.00	35.00	100.00	100.00	100.00	100.00
70	65.00	50.00	65.00	50.00	100.00	100.00	100.00	100.00
71	65.00	50.00	65.00	50.00	100.00	100.00	100.00	100.00
72	65.00	50.00	65.00	50.00	100.00	100.00	100.00	100.00
73	65.00	50.00	65.00	50.00	100.00	100.00	100.00	100.00
74	65.00	50.00	65.00	50.00	100.00	100.00	100.00	100.00
75	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

(1) The retirement rates only apply to members that are eligible to retire at the age shown.
(2) Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

Retirement Age and Benefit for Deferred Vested Members:	General Retirement Age: 61 Safety Retirement Age: 56 Future deferred vested members who terminate with less than five years of service and who are not vested are assumed to retire at age 70 for both General and Safety if they decide to leave their contributions on deposit. 30% of future General and 60% of future Safety deferred vested members are assumed to continue to work for a reciprocal employer. For reciprocals, 3.90% and 4.30% compensation increases are assumed per annum for General and Safety, respectively.
Measurement Date:	December 31, 2018
Discount Rate:	7.25%
Future Benefit Accruals:	1.0 year of service per year of employment plus 0.003 year of additional service for General members and 0.006 year of additional service for Safety members, to anticipate conversion of unused sick leave for each year of employment.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Inclusion of Deferred Vested Members:	All deferred vested members are included in the valuation.
Data Adjustments:	Data as of November 30 has been adjusted to December 31 by adding one month of age and, for active members, one month of service.
Consumer Price Index:	Increase of 3.00% per year. Retiree COLA increases due to CPI are subject to a 3% maximum change per year for General Tier 1, General Tier 3, and Safety Tier 1 and 2% maximum change per year for General Tier 2, General Tier 4, Safety Tier 2, Safety Tier 2C, Safety Tier 2D, and Safety Tier 4.
Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit:	Increase of 3.00% per year from the valuation date.

Increase in Section 7522.10 Compensation Limit: Increase of 3.00% per year from the valuation date.

Actuarial Cost Method: Entry Age Actuarial Cost Method.

Salary Increases: The annual rate of compensation increase includes: inflation at 3.00%, plus "across the board" salary increases of 0.50% per year, plus the following merit and promotion increases:

Years of Service	General	Safety
0 - 1	4.80%	7.80%
1 - 2	4.80	7.80
2 - 3	3.90	7.00
3 - 4	2.40	4.40
4 - 5	1.90	3.50
5 - 6	1.60	2.30
6 - 7	1.50	1.60
7 - 8	1.10	1.00
8 - 9	0.80	1.00
9 - 10	0.80	0.90
10 - 11	0.50	0.80
11 & Over	0.40	0.80

Terminal Pay Assumptions: Additional pay elements are expected to be received during a member's final average earnings period. The percentages, added to the final year salary, used in this valuation are:

	Service Retirement	Disability Retirement
General Tier 1	8.0%	6.5%
General Tier 2	3.0%	1.4%
General Tier 3	8.0%	6.5%
General Tier 4	N/A	N/A
Safety Tier 1	8.5%	6.4%
Safety Tier 2	3.5%	2.1%
Safety Tier 2C	3.5%	2.1%
Safety Tier 2D	3.5%	2.1%
Safety Tier 4	N/A	N/A

Per Capita Health Costs:

The combined monthly per capita dental and vision claims cost for plan year 2019 was assumed to be $48.39. The monthly Medicare Part B premium reimbursement for 2019 is $135.50. For calendar year 2019, medical costs for a retiree were assumed to be as follows:

Medical Plan[1]	Election Assumption	Monthly Premium	Maximum Monthly Medical Allowance[2]
Under Age 65[3]			
Kaiser HMO	80%	$765.06	$558.00
United Healthcare HMO Current Network	10%	$1,047.16	$558.00
Via Benefits Individual Insurance Exchange[4]	10%	N/A[4]	$558.00
Age 65 and Older			
Kaiser Senior Advantage	75%	$394.07	$558.00
Via Benefits Individual Insurance Exchange	25%	$314.19[5]	$427.46

(1) There are other plans available to retirees under age 65, and age 65 and older, that have a range of premiums. We have assumed the same costs as Kaiser HMO and Kaiser Senior Advantage for current non-Medicare and Medicare retirees, respectively.

(2) The Maximum Monthly Medical Allowance of $558.00 ($427.46 for retirees purchasing individual insurance from the Medicare exchange) is subject to the following subsidy schedule:

Completed Years of Service	Percentage Subsidized
10-14	50%
15-19	75%
20+	100%

(3) Current retirees under 65 are assumed to elect medical plans in the same proportion as future retirees upon age 65.

(4) Via Benefits individual insurance coverage is available to retirees under age 65 residing outside of ACERA medical plans' coverage area. We have assumed that these current retirees under 65 will draw the Maximum Monthly Subsidy ($558.00).

(5) The derivation of amount expected to be paid in 2019 from the Health Reimbursement Account for members with 20 plus years of service is shown in the table on the following page. We have also derived the amount expected to be paid for members with 10-14 and 15-19 years of service.

Per Capita Health Costs (continued):

Derivation of Via Benefits Monthly Per Capita Costs

	(Years of Service Category)	10-14	15-19	20+
1.	Maximum MMA for 2018	$207.00	$310.50	$414.00
2.	Total of Maximum MMA (From Jan. 2018 to Dec. 2018)	$428,904	$721,688	$4,497,500
3.	Total of Actual Reimbursement (From Jan. 2018 to Dec. 2018)	$325,204	$525,411	$2,821,789
4.	Ratio of Actual Reimbursement to Maximum 2018 MMA [(3) / (2)]	75.82%	72.80%	62.74%
5.	Average Monthly Per Capita Cost for 2018 [(1) x (4)]	$156.95	$226.05	$259.75
6.	Maximum MMA for 2019	$213.73	$320.59	$427.46
7.	Increase in Average Monthly per Capita Cost due to the Change in Maximum MMA from 2018 to 2019 [(6) / (1)] x (5)	$162.05	$233.40	$268.19
8.	Increased for Expected Medical Trend (6.50%) from 2018 to 2019 [(7) x 1.065]	$172.59	$248.57	$285.63
9.	Increase for Additional 10% Margin for 2018 Expenses Incurred in 2018 but Reimbursed after December 2018 [(8) x 1.10]	**$189.85**	**$273.43**	**$314.19**

Per Capita Health Costs (continued): Implicit Subsidy

We have estimated the average per capita premium for retirees under age 65 to be $9,557 per year. Because premiums for retirees under age 65 include active participants for purposes of underwriting, the retirees receive an implicit subsidy from the actives. Had the retirees under age 65 been underwritten as a separate group, their age-based premiums would be higher for most individuals. The excess of the age-based premium over the per capita premium charged makes up the subsidy. Below is a sample of the age-based costs for the retirees under age 65.

Average Medical

	Retiree		Spouse	
Age	Male	Female	Male	Female
50	$10,222	$11,643	$7,140	$9,349
55	12,140	12,533	9,554	10,821
60	14,417	13,509	12,790	12,551
64	16,540	14,331	16,146	14,126

Not all ACERA employers are receiving an implicit subsidy reimbursement from the Association. For SRBR sufficiency purposes, we have adjusted (by about a 2% reduction of the costs shown above) our projected implicit subsidy payments to account for this fact, based on data provided by the County of Alameda's health consultant.

For calculating the Actuarial Present Value of Projected Benefits and Actuarial Accrued Liability, we have not applied the adjustment.

Participation and Coverage Election:

Retired members and beneficiaries as of valuation date:

MMA	**Under Age 65**	**Upon Attaining Age 65**
MMA on Record		
Current Retirees Under 65 on Valuation Date	100%	100% and assumed to choose carrier in same proportion as future retirees
Current Retirees 65 and Over on Valuation Date	N/A	100%
No MMA on Record		
Less than 10 Years of Service	0%	0%
10+ Years of Service		
Current Retirees Under 65 on Valuation Date	0%	50%
Current Retirees 65 and Over on Valuation Date	N/A	0%

Medicare Part B Premium Subsidy	**Under Age 65**	**Upon Attaining Age 65**
MMA on Record		
Current Retirees Under 65 on Valuation Date	N/A	100%
Current Retirees 65 and Over on Valuation Date	N/A	100% if Part B reimbursement on record or purchasing individual insurance from the Medicare exchange
No MMA on Record		
Less than 10 Years of Service	N/A	0%
10+ Years of Service		
Current Retirees Under 65 on Valuation Date	N/A	50%
Current Retirees 65 and Over on Valuation Date	N/A	0%

Implicit Subsidy	Current retirees, married dependents and surviving beneficiaries under age 65 and enrolled in an ACERA non-Medicare plan are assumed to have an implicit subsidy liability.
Dental and Vision Subsidy	Current retirees not self-paying ("Voluntary" or "Under 10 YOS" dental or vision code).

Active and inactive vested members as of the valuation date:

	Under Age 65	**Upon Attaining Age 65**
Medical Plan Subsidy (i.e., MMA)	80% of eligible members.	90% of eligible members.

	Under Age 65	**Upon Attaining Age 65**
Part B Subsidy	80% of eligible members. (disabled only)	90% of eligible members.
Implicit Subsidy	80% of eligible members under age 65 are assumed to have an implicit subsidy liability.	
Dental and Vision Subsidy	100% of eligible members.	

Health Care Cost Trend Rates:

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are "net" and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is to be applied to the premium for the shown calendar year to calculate the next calendar year's projected premium. For example, the projected 2020 calendar year premium for Kaiser (under age 65) is $785.44 per month ($765.06 increased by 2.66%).

	Non-Medicare Plans	Medicare Advantage Plan	Dental, Vision and Medicare Part B	
Calendar Year	United Healthcare HMO & Kaiser HMO Early Retiree	Via Benefits & Kaiser Senior Advantage	Dental and Vision	Medicare Part B
2019	7.00%[1],[2]	6.50%[1],[2]	4.00%[1]	4.00%[3]
2020	6.75	6.25	4.00	4.00
2021	6.50	6.00	4.00	4.00
2022	6.25	5.75	4.00	4.00
2023	6.00	5.50	4.00	4.00
2024	5.75	5.25	4.00	4.00
2025	5.50	5.00	4.00	4.00
2026	5.25	4.75	4.00	4.00
2027	5.00	4.50	4.00	4.00
2028	4.75	4.50	4.00	4.00
2029 & Later	4.50	4.50	4.00	4.00

[1] The actual trends are shown below, based on premium renewals for 2020 as reported by ACERA.

Kaiser HMO Early Retiree	United Healthcare HMO Early Retiree	Kaiser Senior Advantage	Dental and Vision
2.66%	3.88%	4.43%	-4.36%

[2] Before adjusting the first-year non-Medicare trend by 1.20% and the first-year Medicare trend by 0.90% to reflect the reinstatement of the Health Insurance Tax (HIT).

[3] Based on the 3.00% inflation assumption used in the pension valuation, we expect the Social Security COLA from 2019 to 2020 will be large enough to cover the dollar increases in the Medicare Part B premium for most retirees. We assume that the standard premium for all retirees in 2020 will be $140.92 ($135.50 in 2019 increased by 4.00%) per month.

Assumed Increase in Annual Maximum Benefits:

For the "substantive plan design" shown in this report, we have assumed:

a) Maximum medical allowance for 2020 will increase to $578.65 per month, then increase with 50% of trend for medical plans, or 3.125%, graded down to the ultimate rate of 2.25% over 7 years.

b) Dental and vision premium reimbursement will increase with full trend.

c) Medicare B premium reimbursement will increase with full trend.

Dependents:

Demographic data was available for spouses of current retirees. For future retirees, male members were assumed to be three years older than their wives, and female members were assumed to be two years younger than their husbands. Of the future retirees who elect to continue their medical coverage at retirement, 35% males and 20% females were assumed to have an eligible spouse who also opts for health coverage at that time.

Please note that these assumptions are only used to determine the cost of the implicit subsidy.

Plan Design:

Development of plan liabilities was based on the plan of benefits in effect as described in Exhibits II and III.

Administrative Expenses:

An administrative expense load was not added to projected incurred claim costs in developing per capita health costs.

Missing Participant Data:

Any missing census items for a given participant was set to equal to the average value of that item over all other participants of the same membership status for whom the item is known.

EXHIBIT II

Summary of Benefits

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plan provisions as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Eligibility:

Service Retirees: Retired with at least 10 years of service (including deferred vested members who terminate employment and receive a retirement benefit from ACERA)

Disabled Retirees: A minimum of 10[1] years of service is required for non-duty disability.

There is no minimum service requirement for duty disability.

Other Postemployment Benefits (OPEB):

1. Monthly Medical Allowance

Service Retirees: For retirees, a Maximum Monthly Medical Allowance of $558.00 per month is provided, effective January 1, 2019 and through December 31, 2019. For the period January 1, 2020 through December 31, 2020, the maximum allowance will increase to $578.65 per month for retirees who are not purchasing individual insurance through the Medicare exchange. For those purchasing individual insurance through the Medicare exchange, the Monthly Medical Allowance will be $427.46 per month for 2019 and will increase to $443.28 per month for 2020. These Allowances are subject to the following subsidy schedule:

Completed Years of Service	Percentage Subsidized
10-14	50%
15-19	75%
20+	100%

[1] *The 10 years of service requirement is only used for determining eligibility for health benefits. For pension benefits, the eligibility requirement is 5 years of service.*

Disabled Retirees: Non-duty disabled retirees receive the same Monthly Medical Allowance as service retirees.

Duty disabled retirees receive the same Monthly Medical Allowance as those service retirees with 20 or more years of service.

2. Medicare Benefit Reimbursement Plan:

The SRBR reimburses the full Medicare Part B premium to qualified retired members.

To qualify for reimbursement, a retiree must:

- Have at least 10 years of ACERA service,
- Be eligible for Monthly Medical Allowance,
- Provide proof of enrollment in Medicare Part B.

3. Dental and Vision Plans:

The SRBR provides dental and vision benefits for retirees only. The maximum combined monthly dental and vision premiums will be $48.39 in 2019 and $46.28 in 2020. The eligibility for these premiums is as follows:

Service Retirees: Retired with at least 10 years of service.

Disabled Retirees: For non-duty disabled retirees, 10 years of service is required. For grandfathered non-duty disabled retirees (with effective retirement dates on or before January 31, 2014), there is no minimum service requirement.

For duty disabled retirees, there is no minimum service requirement.

Note about Monthly Medical Allowance:

The maximum levels of subsidy are reviewed by the Board annually and are not indexed to increase automatically.

In addition, the Monthly Medical Allowance can only be used to pay for retiree medical benefits. There is no benefit payable to beneficiaries, current spouses, former spouses or dependents.

If the actual cost of coverage is less than the Monthly Medical Allowance, the difference is not paid in cash or applied towards the coverage for beneficiaries, current spouses, former spouses or dependents.

Deferred Benefit: Members who terminate employment with 10 or more years of service before reaching Pension eligibility commencement age may elect deferred MMA and/or dental/vision benefits.

Death Benefit: Surviving spouses/domestic partners of members who die before the member commences retiree health benefits may enroll in an ACERA group medical plan on the date that the member would have been eligible to commence benefits. The surviving spouse/domestic partner must pay 100% of the premium. Because premiums for surviving spouses/domestic partners under age 65 include active participants for purposes of underwriting, the surviving spouses/domestic partners receive an implicit subsidy from the actives, which creates a liability for the SRBR.

Non-OPEB Benefits:

1. Supplemental COLA

   When inflation is higher than the ACERA cost of living allowance for a year, the excess of inflation over the cost of living allowance (3% for Tier 1 and Tier 3, and 2% for Tier 2, Tier 2C, Tier 2D, and Tier 4) is banked for future years when inflation may be less than the cost of living allowance. In 1998, the Board of Retirement approved a supplemental COLA payable through the SRBR for members whose COLA banks exceeded 15%. The supplemental COLA for a year is equal to the percentage of excess of the member's COLA bank over 15% times the member's current annual retirement allowance.

   The cost of living adjustment and any supplemental COLA must be approved yearly by the ACERA Board of Retirement. For this valuation, we have assumed the Board will maintain its current level of supplemental COLA (i.e., COLA banks will not exceed 15%) during the projection period.

2. Retired Member Death Benefit

   A one-time $1,000 lump sum retiree death benefit is payable to the beneficiary of a retiree. This benefit is only paid upon the death of a retiree; it is not paid upon the death of a beneficiary.

EXHIBIT III

Assumptions About the "Substantive Plan"

The determination of the "substantive plan" underlying ACERA's OPEB was based upon prior directions provided by ACERA, its auditors, as well as the administrative staff, auditors and consultants representing the County of Alameda. Those directions are provided below.

1. *Commitment to provide benefits currently paid out of the SRBR*

We understand that health and other supplemental benefits currently paid out of the SRBR will continue to be paid as long as there are assets available in the SRBR. However, when the assets in the SRBR are fully depleted, no additional health and other supplemental benefits will be paid by the Association and the employer. To our knowledge, the employer has not made any implicit or explicit commitment to continue those benefits.

2. *Continuation of coverage in the employer's active employee medical plans for the Association's retirees*

Currently, the Association's retirees are enrolled in the same medical plans as the employer's active employees. The retiree experience is pooled and used in setting the medical plan premium rates for active employee. The Association has begun in 2007 to reimburse the employer for the adverse premium experience created by the retirees.

In this study, for purposes of determining sufficiency of funds we have included the liability associated with reimbursing the employer for the adverse premium experience but only through the period up to the exhaustion of assets in the SRBR. In other words, there may be a residual liability to the employer if the Association's retirees continue to participate, and are rated together in the employer's active employee medical plans.

3. *Fully indexed subsidies for dental, vision and Medicare Part B premium and increase at one-half of the rate of increase for monthly medical allowance (MMA)*

Following guidelines provided by the Board and ACERA, we have assumed in this study that the OPEB Plan will reimburse the fully indexed premium required for dental, vision and for a retiree to enroll in Medicare Part B. In addition, we have assumed in this study that future MMA will increase at one-half of the rate of our anticipated medical inflation assumptions.

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: October 2, 2019

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer

SUBJECT: **529 College Savings Plan Information**

Representatives from 1st United Credit Union will review the information in the attached presentation and discuss the following:

- Information related to the 529 College Savings Plan
- Enrolling in the plan
- Investment strategy
- Plan roll out
- ACERA's role and liability as employer sponsor
- Resources

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to approve ACERA as an employer sponsor of the 529 College Savings Plan to be offered to retirees by the 1st United Credit Union effective January 1, 2020.

Attachment

ACERA Retirees Committee Meeting

Let's Talk 529

October 2, 2019

Rahil Machiwalla, Financial Advisor
CUSO Financial Services, L.P.* at 1st United Credit Union

Disclosure

*Non-deposit investment products and services are offered through CUSO Financial Services, L.P. (“CFS”), a registered broker-dealer (Member FINRA/SIPC) and SEC Registered Investment Advisor. Products offered through CFS: **are not NCUA/NCUSIF or otherwise federally insured, are not guarantees or obligations of the credit union, and may involve investment risk including possible loss of principal.** Investment Representatives are registered through CFS. The credit union has contracted with CFS to make non-deposit investment products and services available to credit union members.

Disclosure

There are fees associated with 529 savings plans. Investments in 529s involve investment risks. You should consider your financial needs, goals, and risk tolerance prior to investing. More information about 529 plans can be found in the issuer's official statement or plan disclosure document which should be read carefully prior to investing. Most 529 plans are sponsored and administered by states. State tax benefits vary among the states and some offer residents additional tax benefits if they invest in their own state plan. Consult a qualified tax professional for more information.

1st United CREDIT UNION

College & Education Savings Plan…

For kids
For grandkids
For a friend
For themselves

Simple for **You**

- No cost for ACERA to set up
- No cost for ACERA to maintain
- No minimum participation
- No administrative burden
- Dedicated support from our CFS* Financial Advisor at 1st United and directly through American Funds/Capital Group

Simple for **Retirees & Employees**

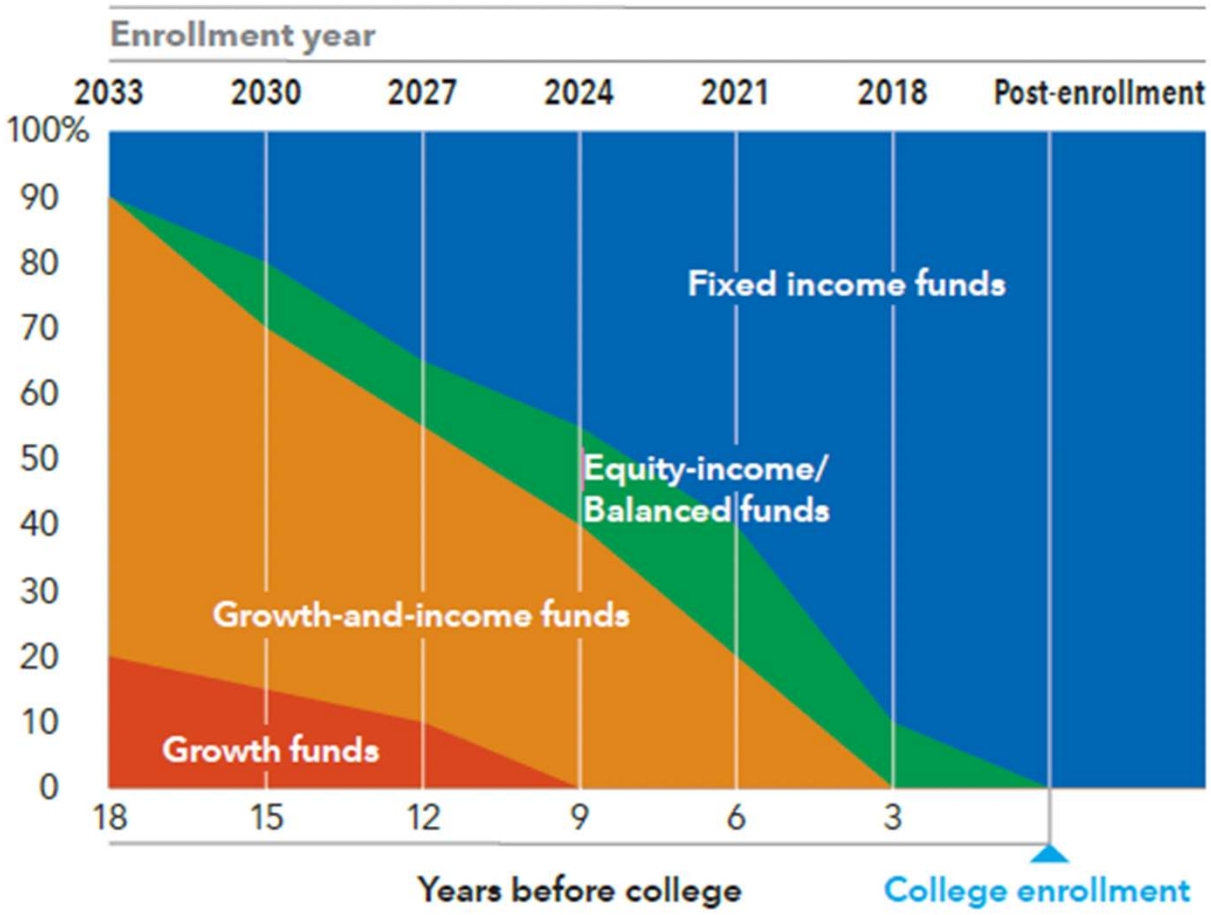
- Quick 2-page enrollment form
- Contributions made via automatic withdrawal from checking account or ACH
- Flexibility – start and stop as needed
- Dedicated support from our CFS* Financial Advisor at 1st United and directly through American Funds/Capital Group

The **Plan**

- No up-front sales charge — Because they invest in Class 529-E shares offered only through an employer-sponsored plan, retirees & employees don't incur up-front sales fees
- Lowest fund fee share class available^
- Investment options tailored to retiree's & employee's needs
  - *Do it yourself-ers* –customizable investment options
  - *I need help-ers* – turn-key, self-adjusting portfolios

^Based on a 2012 Morningstar study of 529 college savings plans.

College Date
Investment Strategy



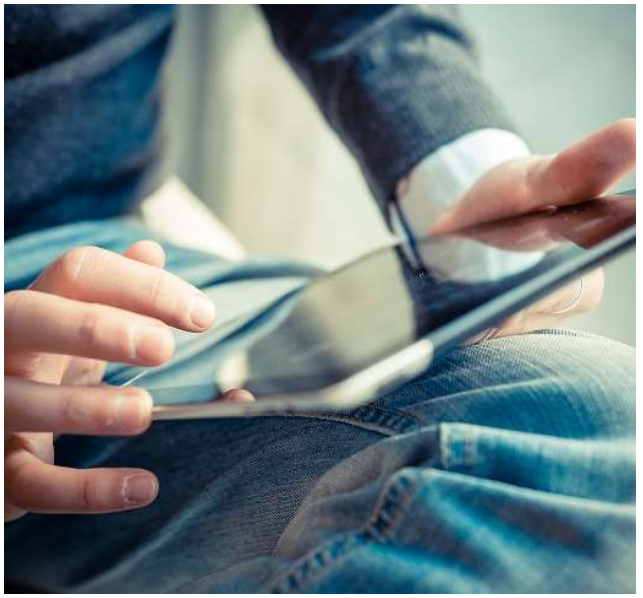
Source: American Funds Distributors, Inc.

Plan **Roll Out**

- On-site assistance
  - Help with plan details and investment options
  - Help with enrollment
  - Answer questions
- Dedicated webpage at 1stunitedcu.org
  - 529 Overview
  - Frequently Asked Questions
  - Steps to Get Started

Working with 1st United

- ACERA knows 1st United; 1st United has a long-time relationship with CFS*
- Customized support and assistance for participants – where they bank
- Plenty of online resources offered by CFS* at 1st United and from American Funds/Capital Group



1st United CREDIT UNION

Questions?

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: October 2, 2019

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer

SUBJECT: **Supplemental Retiree Benefit Reserve Policy Update**

The Supplemental Retiree Benefit Reserve Policy (Policy) is reviewed by the Retirees Committee at least every two years to ensure that it remains relevant, accurate and appropriate, and provides the Committee with the opportunity to discuss potential revisions. The Policy was last revised by the Board of Retirement on May 3, 2017.

After review of the Policy, Staff does not recommend any changes to the Policy. However, Staff welcomes any suggestions from the Committee. Attached is the current Policy for your reference.

Recommendations

Staff recommends that the Retirees Committee recommend to the Board of Retirement that it adopts the Supplemental Retiree Benefit Reserve Policy with or without revisions.

Attachment

SUPPLEMENTAL RETIREE BENEFIT RESERVE POLICY (SRBR)

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

MAY 2017

PURPOSE

The purpose of this policy is to set forth the Alameda County Employees Retirement Association (ACERA) Board of Retirement's (The BOARD) overall strategy regarding management of the Supplemental Retiree Benefit Reserve (SRBR). The SRBR is a reserve established pursuant to Article 5.5 of the 1937 County Employees' Retirement Law (CERL). The CERL allows the sequential distributions of retirement earnings to employers, employees and retired members.

The BOARD has the sole and exclusive authority and discretion to distribute funds in the SRBR to provide benefits. The distribution of these funds shall be determined solely by The BOARD and shall be used only for the benefit of retired members and their beneficiaries.

All benefits funded by the SRBR are non-vested. They are individually reviewed annually for appropriateness, eligibility, and to ensure they can be adequately funded. Only the Retired Member Death Benefit is considered vested, per Government Code Section 31789.12, as long as there are funds available in the SRBR.

Through specific programs such as medical, dental and vision insurance, Medicare Part B reimbursement, supplemental cost-of-living adjustments and death benefits, The BOARD may provide benefits to eligible retired members and their beneficiaries.

In designing and administering these programs, The BOARD may provide adequate funding, maximize the tax-efficiency of benefits to recipients in accordance with 401(h) regulations, provide participants' access to medical care, and minimize the impact of inflation on retirement allowances over time.

PROGRAM OBJECTIVES

1. Through the achievement of long term investment goals, provide for the long-term consistent payment and adequate funding of all SRBR benefits.
2. Annually assess, review, analyze and determine the ability to provide each benefit, at the discretion of The BOARD. Generally, benefits are subject to modification or elimination by The BOARD at any time with adequate notice. Should Objective #1 not be met and the SRBR ever be depleted, benefits will cease.
3. Determine eligibility for benefits, and make benefits available to eligible retired members. This does not mean that benefits will be distributed on a "per capita" basis, but simply that access to SRBR benefits will not be denied on the basis of protected status (e.g., race, sex, etc.) or place of residence.
4. Determine and administer payments made on behalf of eligible retired members to ACERA medical insurance coverage programs on a basis that is proportional to service with ACERA. The maximum contribution will be paid to those retired members with 20 years or more of qualified ACERA service credit, and members awarded a service connected disability retirement.

5. Structure dental and vision programs to minimize adverse selection through the mandatory enrollment of all eligible retired members.
6. Structure supplemental cost-of-living programs so as to benefit those members who have suffered the greatest erosion of their purchasing power, in a manner that sustains the ability to do so projected into the future.
7. Administer the SRBR program in accordance with the provisions of the applicable laws. Net earnings, account crediting, benefit costing and funding adequacy are to be determined according to law and using the same assumptions utilized by The BOARD for account administration and actuarial purposes or assumptions consistent with those activities.

SUPPLEMENTAL COST-OF-LIVING

ACERA provides two different cost-of-living (COLA) allowances: 1) the Basic COLA, which is based on statute and is paid from the pension fund; and 2) the Supplemental COLA, which is paid for from the SRBR. Any changes made to the Basic COLA, which require no further approval, shall be effective April 1 and payable with the warrant issued at the end of April.

In addition to the statutory Basic COLA, ACERA may pay a Supplemental COLA, which provides a supplemental monthly payment designed to preserve 85% of the purchasing power of ACERA retired members and beneficiaries as calculated by the actuary pursuant to the methodology described in Government Code Section 31870.

The BOARD shall review the ACERA COLA program each year and shall normally make any adjustments or recommendations at its February meeting.

IMPLICIT SUBSIDY

The BOARD believes that the ability of retired members to continue to participate in County-sponsored medical benefit plans following retirement is a critical factor in maintaining a reasonable post-retirement quality of life.

The BOARD recognizes that continued retired member participation increases the cost to the plan sponsors and members. In times of fiscal difficulty, this additional cost may create pressures which may impact the participation of retired members in County-sponsored medical insurance plans.

The BOARD finds that the use of SRBR funds to support the ability of retired members to participate in the County-sponsored medical insurance plans is an appropriate use of the reserve benefiting retired members, dependents, and beneficiaries.

CURRENT BENEFIT GUIDELINES

In allocating the funds available through the SRBR, The BOARD will be guided by the following program guidelines:

1. MEDICAL INSURANCE BENEFITS
   A. The BOARD shall review the ACERA retired member medical insurance program each year and shall, at the appropriate meeting, make any adjustments. Any change in medical insurance contribution amounts, out-of-area reimbursement amounts or Medicare Part B premium reimbursement amounts will be effective with the warrants issued at the end of the next January.
   B. To the extent possible, all medical insurance benefits will be paid through a 401(h) account exchange with participating employers in order to minimize the tax consequences for ACERA members.

2. Any BOARD changes to the current ACERA SRBR benefit levels will take into consideration the advice of ACERA's actuary, tax counsel, active and retired employees and their representatives, employers and/or consultants as may be advisable.

3. The BOARD retains the authority to add or delete programs or modify this Policy or these guidelines at any time, following public notice.

LONG TERM GOAL FUNDING POLICY

It is the intent of The BOARD to closely monitor the expenditures and contributions to the SRBR.

The BOARD will monitor the long-term funding implications of all of the existing programs, which provide benefits outlined in this Policy and any others that may be appropriate.

In managing the relationship between assets and liabilities, The BOARD shall manage approved SRBR benefits with a goal towards meeting the projected liabilities of the fund over a 15-year period, as determined by the actuary. If it is reported that current SRBR programs, which provide benefits, will not sustain for 15 years, benefit adjustments may be made based on the amount of funds needed in order to attain a prolonged lifespan of the fund without causing undue harm to beneficiaries.

PRIORITY OF FUNDING

In the event The BOARD, in its opinion, determines that the assets available in the SRBR are, at any point, insufficient to fund the projected liabilities of all of the benefits approved by The BOARD, then available SRBR assets shall be used to fund benefits in accordance with the following priorities:

CATEGORY I

First priority for funding shall be given to the following Category I benefits:

A. Retired Member Death Benefit
B. ACERA Monthly Medical Allowance
C. Supplemental Cost-of-Living Benefit
D. Medicare Part B Premium Reimbursement
E. Employer Reimbursement for Implicit Subsidy

If it becomes necessary to prioritize or allocate funds among Category I or Category II benefits, The BOARD shall make that determination when required.

CATEGORY II

Category II benefits shall be funded only when The BOARD, in its opinion, believes that adequate assets are available to fund the projected liabilities of all Category I benefits and additional assets remain to fund some or all of the following Category II benefits:

A. Dental Care Coverage Contribution
B. Vision Care Coverage Contribution

POLICY REVIEW

The Retirees Committee shall review the SRBR Policy at least every two years to ensure it remains relevant, accurate and appropriate.

CURRENT SRBR BENEFITS

The following benefits have been approved by The BOARD provided that sufficient funds are available. This is a general description of the benefit elements including eligibility requirements for each benefit. If there is any conflict with the ’37 Act or formal BOARD actions, the ’37 Act or those actions prevail.

CATEGORY I

RETIRED MEMBER DEATH BENEFIT

Eligibility: Beneficiaries of ACERA retired members. There is no minimum ACERA service credit requirement for this benefit.

Benefit Amount: A one-time payment of $1000 will be paid upon the death of an ACERA retired member, if that member retired from ACERA as their last employer. If a reciprocal agency was the last employer and that agency pays less than a $1000 death benefit, ACERA will supplement that benefit at a level which ensures the reciprocal retired member will receive at least a $1000 death benefit when considering the amount of death benefit paid by all reciprocal retirement systems combined.

Effective Date: January 1, 2013[1]

ACERA MONTHLY MEDICAL ALLOWANCE

Eligibility: Retired members with 10 or more years of ACERA service credit or members retired based on service connected disability benefits. See chart on page 7 for years of service structure.

Benefit Amount: GROUP PLANS

A Monthly Medical Allowance (MMA) is paid towards a retired member's medical plan premium when enrolled in an ACERA-sponsored group medical plan. The MMA is based on an amount determined by The BOARD. The maximum MMA amount is limited to the single-party premium or one hundred percent (100%) of the MMA amount, whichever is lower, for a retired member with 20 or more years of ACERA service credit or a retired member receiving service connected disability benefits. The amount is prorated for retired members with less than 20 years of ACERA service credit. Plan premium costs that exceed the contribution are deducted from the retired member's monthly retirement allowance. Premium costs for enrolled dependents are deducted from the retired member's monthly allowance.

[1]BOR adopted Government Code Section 31789.12 in 1992

INDIVIDUAL PLANS FOR EARLY (NON-MEDICARE) RETIREES LIVING OUTSIDE THE HMO SERVICE AREA (Effective January 1, 2016)

A Monthly Medical Allowance (MMA) is provided to eligible retired members as reimbursement for medical plan costs when they are enrolled in an Individual Plan through the Health Exchange. The reimbursement is paid to the eligible retired member by the Exchange through a Health Reimbursement Account (HRA). The MMA is set as a monthly amount based on years of ACERA service credit. Reimbursements may be made for premiums, co-pays and deductibles.

In order to be eligible to receive this category of MMA, the retiree must live outside the ACERA-sponsored medical plan HMO service areas.

Retired members enrolled in the Health Exchange, who return to work for a participating employer, lose eligibility for reimbursements during the period of employment based on Federal regulations.

INDIVIDUAL PLANS FOR MEDICARE ELIGIBLE RETIREES

A Monthly Medical Allowance (MMA) is provided to eligible retired members as reimbursement for medical plan costs when they are enrolled in an Individual Plan through the Medicare Exchange. The reimbursement is paid to the eligible retired member by the Exchange through a Health Reimbursement Account (HRA). The MMA is set as a monthly amount based on years of ACERA service credit. Reimbursements may be made for premiums, co-pays and deductibles.

Retired members enrolled in the Medicare Exchange, who return to work for a participating employer, lose eligibility for reimbursements during the period of employment based on Federal regulations.

YEARS OF ACERA SERVICE CREDIT STRUCTURE FOR MMA

The chart below demonstrates the percentage of MMA provided to eligible retired members in group plans and individual plans. Service connected disability recipients are eligible for the 20 + years of ACERA service credit contribution level.

YEARS OF ACERA SERVICE CREDIT	CONTRIBUTION PERCENTAGE UP TO
20 +	100%
15 through 19	75%
10 through 14	50%
Under 10	0%

SUPPLEMENTAL COST-OF-LIVING BENEFIT

Eligibility: Retired members of ACERA or their surviving beneficiaries who are receiving an ACERA allowance, and whose purchasing power, as measured by the Consumer Price Index (CPI), has eroded by 15% or more as defined by the '37 Act. There is no minimum ACERA service credit requirement for this benefit.

Benefit amount: As determined by the above formula.

Effective Date: April 1, 1999 for 1999 COLA Year
(To be paid with the warrant issued at the end of April)

MEDICARE PART B PREMIUM REIMBURSEMENT

Eligibility: Retired members with 10 years or more of ACERA service credit or members retired based on service connected disability who are enrolled in Medicare Part B.

Benefit Amount: Lowest Standard Medicare Part B premium amount

Effective Date: January 1, 1999
(Requires proof of Medicare Part B enrollment to be provided to ACERA)

EMPLOYER REIMBURSEMENT FOR IMPLICIT SUBSIDY

Eligibility: Any ACERA employer providing medical benefits coverage to ACERA retired members or beneficiaries through County-sponsored active employee medical benefit plans.

Benefit Amount: To be determined each year by The BOARD based on the cost of retired member participation and the availability of funding.

Effective Date: April 21, 2005

Funding Policy: In March of each year, ACERA staff shall independently verify the cost associated with retired member participation. The BOARD shall review the program in May and determine the amount, if any, of employer reimbursement based on the funding available and the overall SRBR program goals. Any reimbursement established by The BOARD shall be implemented as a credit against employer retirement contributions due ACERA.

CATEGORY II

DENTAL CARE COVERAGE CONTRIBUTION

Eligibility: Retired members of ACERA who are receiving ACERA allowances with ten or more years of ACERA service credit, members retired based on service connected disability, or members retired based on non-service connected disability with effective retirement dates on or before January 31, 2014.

Benefit Amount: Retired member-only Dental plan premium in accordance with the established 401(h) account mechanism.

Effective Date: February 1, 2014

VISION CARE COVERAGE CONTRIBUTION

Eligibility: Retired members of ACERA who are receiving ACERA allowances with ten or more years of ACERA service credit, members retired based on service connected disability, or members retired based on non-service connected disability with effective retirement dates on or before January 31, 2014.

Benefit Amount: Retired member-only Vision plan premium in accordance with the established 401(h) account mechanism.

Effective Date: February 1, 2014

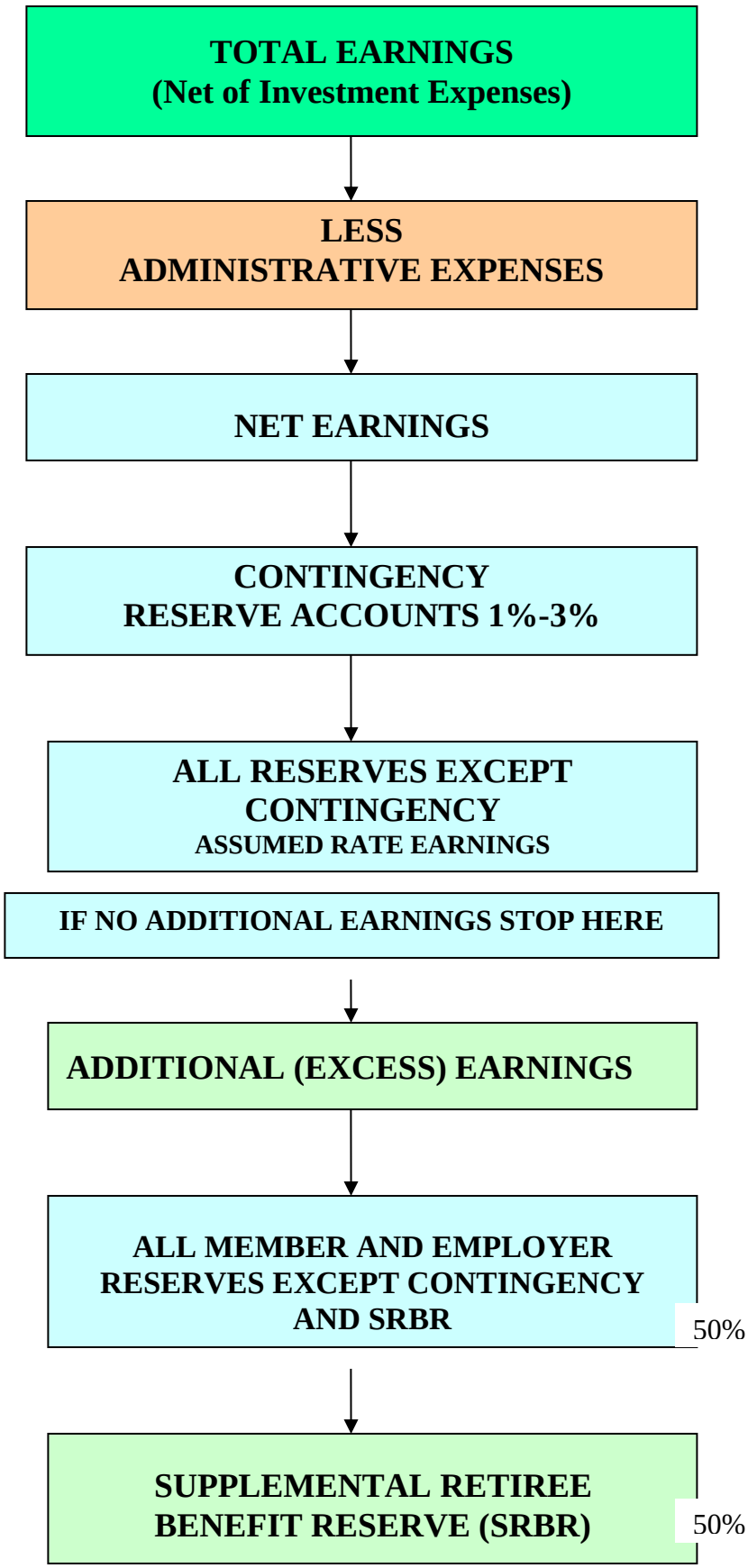
CLOSED BENEFIT PLANS

The following benefit plans are closed to new recipients.

- Emergency Subsidy – July 1, 1997 to March 1, 2001
- Health Equity Location Plan (HELP) – July 1, 1997 to March 1, 2001
- Retired Member Death Benefit – August 20, 1998 to December 31, 2012; benefit amount of $5,000.
- Active Death Equity Benefit (ADEB) – July 1, 1999 to December 31, 2012
- Dental Care Coverage Contribution – February 1, 1999 to January 31, 2013 for retired members with less than ten years of ACERA service credit, unless a member retired based on service connected disability, or a member retired based on non-service connected disability with an effective retirement date on or before January 31, 2014.
- Vision Care Coverage Contribution – February 1, 1999 to January 31, 2013 for retired members with less than ten years of ACERA service credit, unless a member retired based on service connected disability, or a member retired based on non-service connected disability with an effective retirement date on or before January 31, 2014.

POLICY HISTORY

A. The BOARD modified this policy on September 16, 2010.
B. The BOARD modified this policy on May 19, 2011.
C. The BOARD modified this policy on September 20, 2012.
D. The BOARD modified this policy on February 21, 2013.
E. The BOARD modified this policy on September 19, 2013.
F. The BOARD modified this policy on April 17, 2014.
G. The BOARD modified this policy on September 17, 2015.
H. The BOARD modified this policy on May 25, 2017.


TOTAL EARNINGS
(Net of Investment Expenses)
LESS
ADMINISTRATIVE EXPENSES
NET EARNINGS
CONTINGENCY
RESERVE ACCOUNTS 1%-3%
ALL RESERVES EXCEPT
CONTINGENCY
ASSUMED RATE EARNINGS
IF NO ADDITIONAL EARNINGS STOP HERE
ADDITIONAL (EXCESS) EARNINGS
ALL MEMBER AND EMPLOYER
RESERVES EXCEPT CONTINGENCY
AND SRBR
50%
SUPPLEMENTAL RETIREE
BENEFIT RESERVE (SRBR)
50%

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 02, 2019

TO: Members of the Operations and Retiree Committee

FROM: Margo Allen, Fiscal Services Officer

SUBJECT: Statement of Reserves and Supplemental Retirees Benefit Reserve (SRBR) Status as of June 30, 2019

Statement of Reserves

The Statement of Reserves as of June 30, 2019, is attached for your review. The semi-annual interest crediting as of June 30, 2019, was completed on August 27, 2019.

For the six-month period ended June 30, 2019, approximately $216.1 million of total interest was credited to all the valuation reserve accounts, including the 401(h) account and the SRBR.

- Regular earnings of $216.1 million were credited to the valuation reserve accounts, the 401(h) account and the SRBR at the rate of return of 2.6474%, short of one half of the assumed crediting rate of return of 3.6250%.
- The earnings were below the expected rate of return and as a result there was no crediting of earnings above the assumed rate of return (excess earnings).

The total interest crediting rate to the valuation reserve accounts and the 401(h) account as well as the SRBR was 2.6474% (see table below).

Earnings Classification	Valuation Reserve & 401(h) Accounts			SRBR	
	Amount	Rate		Amount	Rate
Regular Earnings	$191,713,133	2.6474%		$24,342,488	2.6474%
Excess Earnings	0	0.0000%		0	0.0000%
Total Interest Credited	**$191,713,133**	**2.6474%**		**$24,342,488**	**2.6474%**

The process for crediting interest as of June 30, 2019, is presented in the table on the next page. Note that for this semi-annual interest crediting period, the Contingency Reserve Account (CRA) was restored to 1% of total assets as of June 30, 2019, and the entire balance of $86,767,591 was subsequently withdrawn from the CRA to fund the interest crediting shortfall. Without the use of the CRA funds the interest crediting rate would've been 1.5842%.

Interest Crediting Methodology as of June 30, 2019	
Expected Actuarial Earnings for the period	$ 274,040,816.14
10 % Amortization of deferred amounts – (Sum of the last 10 periods)	(57,985,194.66)
Actuarial earnings on a smoothed basis	**216,055,621.48**
CRA adjustment to 1% of total assets as of 06/30/2019	(86,767,591.12)
Actuarial earnings available for interest crediting at the rate 1.5842%	***129,288,030.36***
CRA usage to cover the interest crediting shortfall	86,767,591.12
Total amount to credit interest at 2.6474%	**$ 216,055,621.48**

There was a market ***gain*** of approximately $854.8 million for the six-month period ended June 30, 2019, which was higher than the expected actuarial earnings of approximately $274.0 million. As a result, $580.8 million in ***gains*** were added to the market stabilization reserve (the difference of the actual market gain and the expected actuarial earnings). In addition, $58.0 million of net ***losses*** from the previous ten (10) interest crediting cycles were recognized in the current interest crediting period. Thus, the market stabilization reserve increased from deferred ***losses*** of $569.1 million as of December 31, 2018, to $69.7 million in deferred ***gains*** as of June 30, 2019.

Supplemental Retiree Benefit Reserve (SRBR) Status Report

The 10-year history of SRBR activity through December 31, 2018, and the six-month period ended June 30, 2019, is attached for your review. The June 30, 2019, ending balance of the SRBR account is approximately $914.0 million.

The break-down of the total interest crediting rate is as follows:

- Regular earnings were credited at the assumed rate of return of 2.6474%.
- No earnings above the assumed rate of return (excess earning) were credited.

The total interest credited to the SRBR for the six-month period ended June 30, 2019, was approximately $24.3 million of regular earning and $0.0 of excess earnings.

For the six-month period ended June 30, 2019, the net deductions from SRBR were approximately $29.8 million. These deductions include the net transfer to/from the employer advance reserve for 401(h) contributions of $29.1 million as wells as payments of supplemental COLA and retired death benefits of $0.7 million.

Attachments:

- Statement of Reserves as of June 30, 2019.
- SRBR Status as of June 30, 2019.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF RESERVES
For the Six Months Ended June 30, 2019

	Beginning Balances 1/1/2019	Net Contributions Benefits, Refunds & Transfers 1/1 - 6/30/2019	Interest Crediting Process 1/1 - 6/30/2019 (2.6474%)	Allocation of Excess Earnings 1/1 - 6/30/2019 (0.0000%)	Ending Balances 6/30/2019
Member Reserves:					
Active Member Reserves	$ 1,532,151,840	$ (38,536,083)	$ 37,738,963 [1]	- [1]	$ 1,531,354,720
Employer Advance Reserve	1,045,827,592	2,157,558	25,050,854	-	1,073,036,004
401(h) Account - OPEB	9,830,102	634,937	260,241	-	10,725,280
Total Employer Reserves	1,055,657,694	2,792,495	25,311,095 [1]	- [1]	1,083,761,284
Retired Member Reserves	4,654,407,918	(4,961,149)	128,663,075 [1]	- [1]	4,778,109,844
Supplemental Retiree Benefit Reserve:	919,488,617	(29,816,381)	24,342,488 [1]	- [1]	914,014,724
Contingency Reserve	-		- [2]		-
Market Stabilization Reserve	(569,119,500)			638,781,021	69,661,521
Total Reserves at Fair Value	$ 7,592,586,569	$ (70,521,118)	$ 216,055,621	$ 638,781,021	$ 8,376,902,093

Notes: 1. Interest credited as of 06/30/19 includes $216,055,621.48 of regular earnings and no excess earning allocation to either the SRBR Reserve or Non-SRBR reserves.

2. Amount includes an increase of the CRA by $86,767,591.12 to restore the balance at 1% total assets as of 06/30/19; and subsequent withdrawal of the entire $86,767,591.12 to cover the semi-annual interest crediting shortfall at 06/30/19. As a result, the CRA balance at 06/30/19 was 0.0% of total assets.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUPPLEMENTAL RETIREES' BENEFIT RESERVE (SRBR)
For the Ten Years Ended December 31, 2009 - December 31, 2018 and the Six Months Ended June 30, 2019

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	6/30/2019
Beginning Balance	$ 677,383,980	$ 658,702,779	$624,166,664	$ 602,906,726	$570,878,929	$643,056,500	$789,826,877	$853,842,371	$874,385,246	$893,770,614	$919,488,617
Deductions:											
Transferred to Employers Advance Reserve	27,934,980	29,459,690	31,858,291	33,353,151	32,240,449	34,039,593	36,528,264	33,818,832	38,327,914	43,777,409	22,856,063
Employers Implicit Subsidy	4,149,463	5,287,767	4,402,603	4,411,206	7,370,466	6,992,822	5,320,953	6,021,451	8,787,596	5,800,563	6,899,139
Supplemental Cost of Living	3,534,754	2,984,499	2,556,221	2,345,527	2,067,218	1,849,140	1,555,924	1,350,784	1,231,500	1,134,613	587,012
Death Benefit - Burial - SRBR	747,163	810,675	746,102	791,492	5,525	223,529	213,909	187,081	187,060	196,576	101,167
ADEB (Active Death)	107,544	828,274	936,133	426,640	-	-	-	-	-	-	-
Total Deductions	36,473,903	39,370,904	40,499,351	41,328,016	41,683,658	43,105,084	43,619,050	41,378,148	48,534,070	50,909,161	30,443,381
Additions:											
Interest Credited to SRBR	17,792,703	4,834,790	19,239,412	9,300,219	38,786,516	54,031,947	62,722,797	60,730,023	66,715,938	64,827,682	24,342,488
Excess Earnings Allocation	-	-	-	-	75,074,713 (1)	132,455,002	43,770,247	-	-	10,574,982	-
Transferred from Employers Advance Reserve			-	-	-	3,388,512 (2)	1,141,500	1,191,000	1,203,500	1,224,500	627,000
Total Additions	17,792,703	4,834,790	19,239,412	9,300,219	113,861,229	189,875,461	107,634,544	61,921,023	67,919,438	76,627,164	24,969,488
Ending Balance	$ 658,702,779	$ 624,166,664	$602,906,726	$ 570,878,929	$643,056,500	$789,826,877	$853,842,371	$874,385,246	$893,770,614	$919,488,617	$914,014,724

Notes

(1) The Excess Earnings allocation of $75,074,713.03 is a total of $72,013,436.53 from investment earning above the assumed rate of return and $3,061,276.50 from additional excess earning made available from the dispersal of the Death Benefit-Burial Reserve as of 12/31/13.

(2) These amounts include reclassification of OPEB Administrative Expense contribution reimbursement activities and interest from January 2012 through June 2014; and normal activities for the six month period of July 2014 through December 2014. The SB 1479 reimbursements from the Employer Advance Reserve were inadvertently booked to the 401(h) account instead of SRBR. A total misclassified balance of $2,649,500 and regular credited interest of $182,511.54 were

Amounts are rounded to the nearest dollar and include <$1 rounding differences.

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: October 2, 2019

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer

SUBJECT: **Changes to Medicare Plan F Eligibility and Coverage for Plan Year 2020**

On January 1, 2020, Medicare Plans F and C will no longer be available for those who become Medicare eligible as of that date. Many of ACERA's retirees who are enrolled through Via Benefits' individual medical plans are based on Plan F coverage since that is the richest coverage available.

Steve Murphy, with Segal Consulting, will present the attached letter providing more information on this topic. This information will also be communicated to retirees.

Attachment

Segal Consulting

330 North Brand Boulevard Suite 1100 Glendale, CA 91203-2308
T 818.956.6726 www.segalco.com

Stephen E. Murphy
Vice President & Benefits Consultant
smurphy@segalco.com

September 23, 2019

Ms. Kathy Foster
Assistant Chief Executive Officer
ACERA
475 14th Street, Suite 1000
Oakland, CA 94612

Dear Kathy:

In 2015, Congress passed the Medicare Access and CHIP Reauthorization Act (MACRA). MACRA's intent is to protect and sustain the Medicare Trust Fund by implementing a variety of program changes to control costs. One of the many changes involved modifications to provider reimbursements that emphasize quality and value over volume of services.

Effective January 1, 2020, another MACRA cost containment provision will prohibit the future sale of Medicare Supplement Plans that pay the Part B deductible (Plans C and F). This change only applies to individuals eligible for Medicare on or after January 1, 2020. The following chart compares key features of Medicare Supplemental Plan Options C, D, F and G.

Medicare Supplement Benefits	**Plan C**	**Plan D**	**Plan F**	**Plan G**
Part A coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up	✓	✓	✓	✓
Part B coinsurance or copayment	✓	✓	✓	✓
Blood (first 3 pints)	✓	✓	✓	✓
Part A hospice care coinsurance or copayment	✓	✓	✓	✓
Skilled nursing facility care coinsurance	✓	✓	✓	✓
Part A deductible	✓	✓	✓	✓
Part B deductible	✓	×	✓	×
Part B excess charge	×	×	✓	✓
Foreign travel exchange (up to plan limits)	✓	✓	✓	✓

For more information on comparing Medicare Supplemental Plans, retirees can contact Via Benefits at 1-888-427-8730 or see https://www.medicare.gov/supplements-other-insurance/how-to-compare-medigap-policies.

Because Medicare Beneficiaries currently enrolled in Plan C or Plan F, as well as those that will become eligible and enroll in Plan C or Plan F before January 1, 2020, are not impacted by this change, we prepared the following matrix outlining the Medicare Supplement Plan options available to Medicare Beneficiaries based on their eligibility status.

Medicare Beneficiary Status	Medicare Supplement Plan Options
Eligible Now	• Continue enrollment in Plan C or F in order to maintain future eligibility. *(Note: Future premium rates for these plans may increase as the number of covered lives decreases and the age of participants increases.)*
Eligible Before 1/1/2020	• Enroll in Plan C or F in order to establish future eligibility. *(Note: Future premium rates for these plans may increase as the number of covered lives decreases and the age of participants increases.)*
Eligible On or After 1/1/2020	• Evaluate alternative Medicare Supplemental Plans. For example Plan D, mirrors the Plan C benefit features, and Plan G mirrors the Plan F benefit features, with the exception of the Part B Deductible.
All Beneficiaries	• Annually evaluate Medicare Supplement Plans and insurers to ensure your coverage and costs align with your individual needs.[1]

1. In some states, including California, individuals with Medicare Supplement policies have a short annual window for 30 days after their birthday to change to an equal or lesser Medicare Supplement policy without a medical screening or a new waiting period. *See, e.g.*, https://www.insurance.ca.gov/0200-industry/0120-notices/upload/NoticeMedigapChanges2010.pdf

Please let us know if you have any questions regarding this material.

Sincerely,

Stephen E. Murphy
Vice President and Benefits Consultant

MEMORANDUM TO THE RETIREES COMMITTEE

DATE:	October 2, 2019
TO:	Members of the Retirees Committee
FROM:	Ismael Piña, Assistant Benefits Manager Mike Fara, Communications Manager
SUBJECT:	**Final Report on Open Enrollment Preparation and Communications Materials, and Health and Wellness Fair Arrangements**

ACERA's Open Enrollment period is approaching for our group plans. The attached presentation will be reviewed at the Retirees Committee meeting.

Attachment

Open Enrollment & Retiree Health and Wellness Fair

STATUS REPORT

Retirees Committee Meeting
October 2, 2019

CERA

Open Enrollment Details

- Sept. 20 – Open enrollment packet materials finalized and sent to printer
- Sept. 26 – Health Fair email blast/web news release
- Sept. 30 – Health Fair "Save the Date" postcard
- Oct. 9 – Open enrollment packets targeted mailing date
  - Visit www.acera.org/OE for e-copies of full packet
  - Enrollment forms (medical, dental, vision) available at www.acera.org

Open Enrollment Details (continued)

- Oct. 15 to Dec. 15 – Via Benefits open enrollment period
  - Oct. 15 to Dec. 7 – Medicare O/E
  - Nov. 1 to Dec. 15 – Non-Medicare O/E
  - Representatives ready for influx of calls
- Oct. 30 – Retiree Health and Wellness Fair
- Nov. 1 to Nov. 30 – Group plan open enrollment period
- Jan. 1 – Via Benefits plans effective date
- Feb. 1 – ACERA group plans effective date

Open Enrollment Packet

- Envelope
- Intro Letter
- Retiree Enrollment Guide
- Making your Via Benefits Reimbursements Easier pamphlet
- 3 Carrier Flyers (Kaiser, Delta Dental, VSP)
- Benefits Survey Postcard

Retiree Health and Wellness Fair

- Vendors are excited to meet and interact with our members at the event
- Attend a Qigong presentation and participate in Qigong exercises afterwards in the Active Room
- Kaiser's wellness nurses to provide screenings
- Learn how to exercise safely from Qigong instructors
- Get assistance to create your ACERA WMS Log-in
- Raffle prizes
- Free parking
- Photo opportunities with friends
- Receive a gift for completing the ACERA Survey

ACERA Retiree Health and Wellness Fair

- **When:** Wednesday, October 30, 2019
- **Time:** 9:00 AM – 2:00 PM
- **Location:**
  Albert H. DeWitt Officers' Club
  641 West Redline Ave
  Alameda, CA 94501

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

475 14th Street, Suite 1000
Oakland, CA 94612

ATTN: Open Enrollment

Presorted Standard
U.S. Postage
PAID
Oakland, CA
Permit NO. 2285

2020 Healthcare Enrollment Packet

Open Immediately to:

- [ ] Check out the 23.5% cheaper UHC HMO for early retirees
- [ ] See if you need to make changes to your healthcare plan
- [ ] Read through our healthcare changes for 2020
- [ ] Make arrangements to drop by our 2019 Health Fair

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

475 14th Street, Suite 1000
Oakland, CA | 94612

Dear ACERA Member,

This is your annual opportunity to review your healthcare options provided by ACERA. In this packet, you'll find the ACERA 2020 Retiree Enrollment Guide containing information about the ACERA-sponsored healthcare plans. Review the new monthly healthcare premiums for the next year starting on page 2. The Monthly Medical Allowance will increase by 3.70% for the 2020 plan year.

Timeline to Make Changes

Annual benefit enrollment decisions can only be made during the Open Enrollment period outlined on the back of this letter unless you experience a qualifying event. For qualifying events, you must notify ACERA in writing within 30 days of the event. To find out more about qualifying events, visit www.acera.org/enrollment.

Check out the back of this letter for a quick start guide. Detailed instructions on how to make changes are contained in the enclosed Enrollment Guide. We hope you find this packet of information useful and a resource throughout 2020. Next year, we'll be looking into allowing you to receive the enrollment packet via email by opting-out of paper in order to save resources.

(800) 838-1932
(510) 628-3000
fax: (510) 268-9574
www.acera.org

Sincerely,

Dave Nelsen

Chief Executive Officer
October 2019

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Quick Start Guide

Who DOES need to take action?

ACERA members who want to make changes to their medical, dental, and/or vision plan(s).

Who MAY WANT to take action?

- UnitedHealthcare SignatureValue HMO members: the recently added SignatureValue Advantage network, which is a select group of high-quality and cost-effective providers, has experienced a considerable premium reduction, making it 23.5% cheaper than your current plan. You may want to consider changing to this plan—see page 2.
- Newly Medicare-eligible members with 10+ years ACERA service credit: you will probably want to enroll in the Medicare Part B Reimbursement Plan for help with your Medicare costs—see page 24.
- Medicare-eligible members in a Via Benefits plan may want to review whether their drug plan is still the best option based on changes in cost and their current needs—see page 14.

Who DOES NOT need to take action?

Members who don't want to make changes to their medical, dental, and/or vision plan(s).

Open Enrollment Periods and Plan Years

ACERA Healthcare Plans	Open Enrollment Period	Plan Year
Kaiser Permanente HMO California (non-Medicare)	November 1, 2019 - November 30, 2019	February 1, 2020 - January 31, 2021
Kaiser Permanente Senior Advantage California (Medicare)		
UnitedHealthcare SV HMO and SVA HMO (non-Medicare)		
Delta Dental		
Vision Service Plan (VSP)		
Via Benefits Non-Medicare Plans	November 1, 2019 - December 15, 2019	January 1, 2019 - December 31, 2020
Via Benefits Medicare Plans	October 15, 2019 - December 7, 2019	

Skip the Line

RSVP at
www.acera.org/fair
for expedited entrance.

Exhibitors:
Giveaways, Snacks,
& Expert Knowledge

Join Us
Halloween Theme

We encourage you, your spouse/domestic partner, and your caregivers to attend this social, informative event. Representatives from all of our medical, dental, and vision plans will be there to answer all of your wellness questions. Wear your Halloween costume for extra mirth, but don't feel obligated.

October 30th, 2019
Wednesday, 9:00 am — 2:00 pm

Albert H. DeWitt Officer's Club
641 West Red Line Ave ∗ Alameda, CA 94501

Plenty of **Free Parking** in lot on the corner of W Red Line Ave. and Pam Am Way

Directions from the Webster Street Tube:

1. Right on Willie Stargell Ave. and go 1 mi.
2. Straight at Main St. where Stargell becomes W Midway Ave.
3. Right at Pam Am Way
4. Enter parking lot at corner of W Red Line Ave. across from the blue awning

Your Healthcare Plans

- Kaiser Permanente
- UnitedHealthcare
- Via Benefits
- Delta Dental
- Vision Service Plan (VSP)

Your Financial Wellness

- 1st United Credit Union
- County Deferred Compensation Plan
- Wells Fargo Advisors

Programs, Opportunities, & Fun

- 211 Alameda County (housing info + critical health & human services
- ACRE
- AC Transit
- Alice Home Care
- California Telephone Access Program
- CASA – Court Appointed Special Advocate for Children (Volunteering)
- Center for Independent Living
- East Bay Regional Park District (hiking & other programs
- Elder Financial Abuse
- Food and Drug Administration (FDA)
- Health Insurance Counseling & Advocacy Program (HICAP)
- Mastick Senior Center, Alameda
- Meals on Wheels
- Neptune Society (Family Planning
- Qigong (Chi Gong) with Wudang West of Oakland
- Retired Employees of Alameda County (REAC)
- And Much More!

2019 Retiree Health Fair

ACERA

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Breakfast With Retired Colleagues

Over 400 ACERA retirees attend our health fair each year. Reunite with colleagues you haven't seen in a long time, while enjoying a complimentary continental breakfast.

Seminars and Activities

9:30 – 10:15	**Feel Great With Qi-Gong** PRESENTED BY: **David Wei of Wudang West** Try some of the healing movements, gentle stretches, and breathing techniques of the art of Qigong (Chi-Gung).
10:45 – 11:45	**Wellness Seminar To Be Announced** PRESENTED BY: **Kaiser Permanente** Visit www.acera.org/fair to see the up-to-date schedule.
12:15 – 1:00	**Maintain Your Financial Wellness** PRESENTED BY: **1st United Credit Union** Get expert tips on maintaining your financial wellness throughout retirement.
1:15 – 2:00	**Wellness Seminar To Be Announced** PRESENTED BY: **Kaiser Permanente** Visit www.acera.org/fair to see the up-to-date schedule.

Get Your Health Screened For Free!

Everyone who drops by the Wellness Center at the Health Fair will receive a free health screening from Kaiser Permanente (even if you're not a Kaiser enrollee).

Tests include:

- Blood Pressure & Pulse
- Total Cholesterol
- Body Mass Index (BMI)
- HDL Numbers

Bring Your Old Glasses

Donate your old glasses to VSP's Eyes of Hope campaign. VSP will refurbish them for people in need.

Speak Directly to ACERA Staff

Take this opportunity to ask all of your questions directly to ACERA Retirement Specialists who can access our database with your healthcare information and can answer detailed questions. Bring your picture ID to ensure confidentiality.

Talk to Your Healthcare Providers in Person

Open Enrollment Packets will be mailed in mid-October. Representatives of all of ACERA's healthcare plans will be present to answer your in-depth questions.

Qigong Makes You Feel Great!

Enjoy trying Qigong from Wudang West throughout the Health Fair from 9 am to 2 pm.

2020 Retiree Enrollment Guide

Alameda County Employees' Retirement Association

Table of Contents

Introduction

Health Plan Information You Need to Know

This annual guide provides information about the ACERA-sponsored health plans available to retired members, non-member payees (e.g., surviving spouses/domestic partners), and their eligible dependents. It includes details about medical, dental, and vision plan premiums and subsidies, changes to coverage options, dependent documentation requirements, as well as information about the 2020 plan year Open Enrollment period, process, and deadlines.

Review Your Materials—It's Up to You

We encourage you to take the time to carefully review this guide and share it with your family as you consider your benefit needs for the coming year. It's up to you to understand your benefits, how they work, and how to take action. Keep it for ongoing reference about your health plan benefits should you have questions or need information. Also, be sure to refer to the back page of this guide—it lists ACERA's and our health plan providers' contact information.

Open Enrollment for Plan Year 2020

ACERA's Open Enrollment period provides retirees, eligible dependents, and COBRA participants the annual opportunity to enroll in a health plan or change coverage for medical, prescription drug (with Medicare), dental, and/or vision plans for the upcoming plan year. Review the inside cover of the guide to see what the Open Enrollment period dates are for each healthcare plan.

Additionally, review the inside cover of the guide to see if you need to take action. If you're enrolled in an individual Medicare plan through Via Benefits, you may want to take this time to review how well your Medicare Part D plan covers your prescription drugs and review any changes in coverage or cost for 2020. You may also take the opportunity to change Medicare supplement plans.

Instructions on how to take action and whether you need to submit enrollment forms are on page 5.

What's New For 2020

Dental and Vision Premium Changes

Dental and Vision Monthly Premiums (Retiree Only)				
Dental & Vision	**0-9 Yrs. of ACERA Service** (Voluntary Enrollment)		**10+ Yrs. of ACERA Service** (Mandatory Enrollment)	
	2019	**2020**	**2019**	**2020**
Delta Dental PPO	$63.69	$61.58	$44.15	$42.04
DeltaCare USA	$31.05	$31.05	$22.18	$22.18
VSP Standard	$6.12	$6.12	$4.24	$4.24
VSP Premium (Buy-Up)	$16.38	$16.38	$14.78	$14.78

Medical Monthly Premium Changes

Medical Monthly Premiums (Retiree Only)			
Plans	**2019**	**2020**	**% Change**
Kaiser HMO	$765.06	$785.44	2.66%
Kaiser Senior Advantage	$394.07	$411.54	4.43%
UHC SV HMO	$1,047.16	$1,087.80	3.88%
UHC SVA HMO	$980.94	$831.92	-15.19%
Via Benefits plans	Premiums for individual plans through Via Benefits depend on which plan you select.		

The new premiums for group plans will be withheld from your January 2020 retirement check. See page 26-28 for more premium information.

Monthly Medical Allowance Will Increase

The Monthly Medical Allowance (MMA) is increasing by 3.70% for all plans. See page 22-23 for the MMA amounts.

Reminder:

Delta Dental PPO Maximum Renews February 1, 2020 (NOT January 1, 2020). See page 19 for more information.

Check Your Service Credit

To see the amount of ACERA service credit you earned during your career, use Web Member Services by visiting www.acera.org and clicking on the Account Login button.

Significant Rate Decreases for UHC Advantage Plan

Non-Medicare-eligible UnitedHealthcare participants are enrolled in either the SignatureValue Plan or the SignatureValue Advantage Plan, which is a less expensive plan that has a narrower network of high-performing healthcare providers. The SignatureValue Advantage Plan—already the less expensive of the two—will experience a 15.19% decrease in premiums for the 2020 plan year. Premiums for the SignatureValue Plan, which are already higher, will increase 3.88% for 2020. All in all, this means the SignatureValue Advantage Plan is 23.5% cheaper than the higher plan, so enrollees may want to consider switching to this plan.

The SignatureValue Advantage Plan includes the Canopy Health alliance of nearly 5,000 doctors, dozens of care centers, and numerous renowned local hospitals, spanning eight Bay Area counties. Visit www.canopyhealth.com to search for doctors and services. (The higher-priced plan does not include Canopy Health.) If you are currently

Wellness Tools

You want to feel like a million dollars. You want to breathe easy. You want to move. Yes, finding the motivation to make healthy choices can be challenging. The single best thing you can do to find motivation is to find help—establish relationships with communities that inspire and sustain hope, and use those relationships to help you to learn, practice, and master the new ways of thinking, habits, and skills that you need to thrive.

Explore ACERA Wellness

www.acera.org/well

Access a wealth of information on how to be the best you. Read an ever-growing treasure-trove of 60+ articles written in-house with cutting-edge tips on staying active, eating cleanly, thinking clearly, and living well. Learn how to beat your sugar addiction, how to achieve the best sleep of your life, and how to find emotional balance in what can sometimes feel like a turbulent life. Access powerful healthcare provider tools that are already free to you. Join our Meetup to connect and find activities with fellow retirees.

Healthcare Resources Available Right Now

Your healthcare providers offer a ton of resources to help you find some of those new ways of thinking, discover the information you need, and connect with others.

It may seem hard, but you are really successful in a lot of other areas of your life, so you absolutely have wellness success within you.

All Kaiser Members Get $25 Gym Memberships

www.choosehealthy.com

$25 memberships at select gyms through Kaiser's Active & Fit. Create a login to search for gyms by zip code.

Easy Meditation Podcasts; Just Click and Listen

www.acera.org/kp-podcast

Guided imagery meditations to help you deal with common conditions like anger, grief, anxiety, stress, quitting smoking, weight loss, menopause, pain, cancer, and many more.

Healthier You Toolkit

www.acera.org/kp-toolkit

Toolkit to help you lose weight, quit smoking, eat better, and feel better.

Healthier You Video Library

www.acera.org/kp-videos

Check out these short videos and watch your health improve.

How Stressed Am I? Take the Quiz

www.acera.org/stress-quiz

Gauge your stress level based on the number of life changes you've had recently.

Am I Depressed? Take the Quiz

www.acera.org/dep-quiz

Depression is a real—and common—medical illness that can affect your mind, body and spirit. It isn't always easy to recognize, but depression has certain symptoms that are different from the "blues," which everyone gets from time to time. Take the quiz to find out if you might be depressed.

Kaiser Wellness Central

www.acera.org/kp-health

Kaiser Permanente's comprehensive website with all of their health and wellness resources for Kaiser members.

Kaiser $25 Gym Memberships

www.choosehealthy.com

$25 memberships at select gyms through Kaiser's Active & Fit. Create a login to search for gyms by zip code.

Kaiser Healthy Living Classes

www.acera.org/kp-classes

Over 1,400 classes for Kaiser members in the Bay Area including yoga, acupressure, diabetes management, fall prevention, headache management, qigong, and weight management. Some are free and others have a discounted fee.

Kaiser Discounts

www.choosehealthy.com

Provider discounts on fitness clubs, acupuncture, chiropractic, massage therapy, physical therapy, products, and more.

UHC Real Appeal Weight Loss Program

www.realappeal.com

Free weight loss program for UnitedHealthcare members. Based on clinical weight loss research. Provides you a personalized weight loss coach, 24/7 online support, mobile app, goal trackers, fun and easy streaming workout videos and DVDs, recipes, group support, and more.

UHC Rally App

www.acera.org/rally

App and online health tracker for UnitedHealthcare members. Monitor weight loss, physical activity, and more. Connect with online health communities. Get sent on personal exercise missions. Earn up to $200 with SimplyEngaged.

UHC Live and Work Well Mental Health Support Program

www.liveandworkwell.com

Gives UnitedHealthcare members access to personalized support services to help you take steps toward feeling healthier, happier, and more in control of your life, finances, and well-being. Get private appointments from the comfort of home through video-calling.

Making Your Via Benefits Reimbursements Easier

IF YOU'RE ENROLLED in a medical insurance plan—and often a prescription drug coverage plan—through Via Benefits, you pay a monthly premium for each plan to each insurance company. If you use your coverage to go to the doctor or get a prescription, you may have to pay deductibles or copays to the doctor or pharmacy.

If you're eligible for ACERA's Monthly Medical Allowance (MMA)*, you can get reimbursed for some or all of those premiums, deductibles, and copays, depending on how much MMA you're eligible for. Instructions and reimbursement forms are available from Via Benefits, but here are some helpful hints from ACERA, as well as some frequently asked questions.

How do I know if I am eligible for the Monthly Medical Allowance (MMA)?

Eligibility for the Medicare Exchange Monthly Medical Allowance is based on how many years of ACERA service credit you earned before you retired:

		Non-Medicare Plans		Medicare Plans	
Years ACERA Service	Portion of MMA	2020 MMA Amount	Annual Total for 2020	2020 MMA Amount	Annual Total for 2020
0-9 yrs.	No MMA	-	-	-	-
10-14 yrs.	1/2	$289.33	$3,471.96	$221.64	$2,659.68
15-19 yrs.	3/4	$433.99	$5,207.88	$332.46	$3,989.52
20+ yrs.	Full	$578.65	$6,943.80	$443.28	$5,319.36

* Just a reminder, the MMA is a non-guaranteed (non-vested) benefit that may be adjusted or eliminated at any time by the Board of Retirement to ensure sustainability of non-vested benefits.

The dollar amount you're eligible for every month can be used for medical premiums, deductibles, and copays for both your medical insurance plan and prescription drug plan (if you're in a separate prescription drug plan). Dependents such as your spouse or domestic partner are not eligible for the MMA.

How do I pay my monthly premiums?

There are two ways to pay your monthly premiums:

1. **DIRECT PAY** Pay it directly from your bank account automatically each month. You probably set this up already when you called Via Benefits to enroll. If you didn't, but want to set it up now, there's a "coupon" in the "coupon book" your insurance carrier sent you that is called something similar to "Auto Pay Form." You simply mail the completed form with a voided check to your insurance carrier.

2. **MAIL A CHECK TO YOUR INSURANCE CARRIER EACH MONTH.** If you didn't set up direct pay from your bank account, you received a "coupon book" from your insurance carrier; the "coupons" are monthly reminders of the premium amount you owe that you need to mail to your insurance carrier each month to continue your insurance coverage. Some carriers don't provide coupon books, but simply provide a statement every month. Don't forget to mail your payment in each month to your carrier, or they may drop your coverage.

How do I get reimbursed for the money I'm paying for premiums, deductibles, and copays?

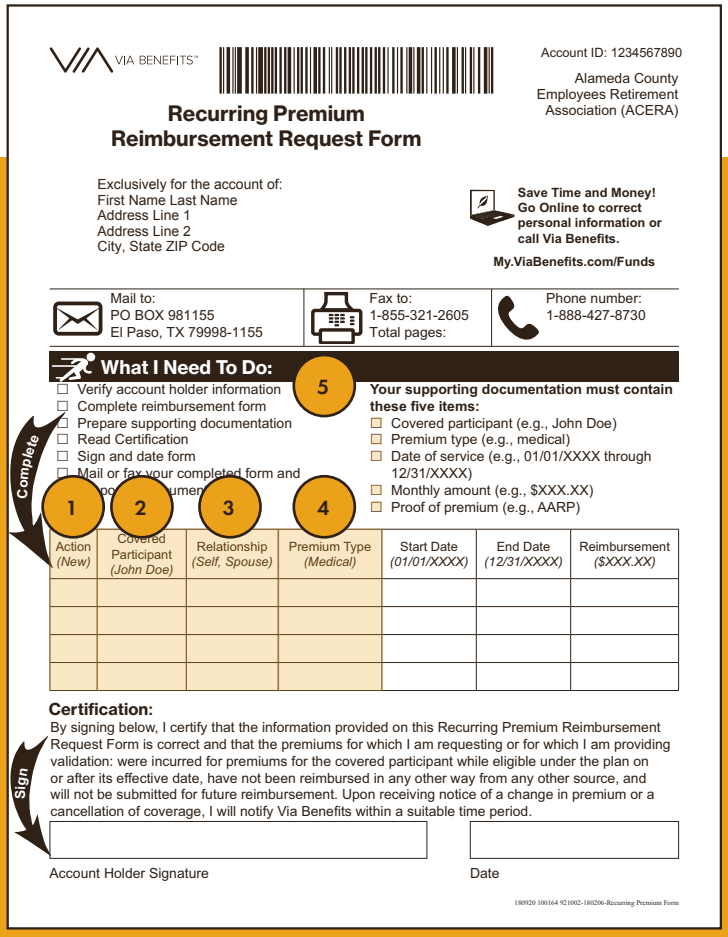
If you're eligible for the MMA, you can get reimbursed for medical premiums (the monthly cost of your plan), deductibles, and copays for both your medical insurance plan and prescription drug plan up to your annual limit. Reimbursements are paid to you out of a Health Reimbursement Account (HRA) at Via Benefits. Via Benefits manages your HRA because they have the administrative capability to work with hundreds of types of healthcare plans. ACERA provides the funds for your HRA. There are 3 types of reimbursement options: automatic reimbursements, recurring reimbursements, and one-time reimbursements.

Automatic Reimbursements

If you're eligible for the MMA, you can get reimbursed for your monthly premium payments automatically each month. The easiest option is an automatic reimbursement. If your insurance carrier offers this reimbursement option, they'll communicate with Via Benefits each month to automatically process your reimbursement—no paperwork needed. Ask your Via Benefits Representative to set this up.

Recurring Reimbursements

If your carrier doesn't offer automatic reimbursement, you can set up a recurring reimbursement with Via Benefits. Simply fill out a Via Benefits **Recurring Premium Reimbursement Request Form**, attach backup documentation, and mail or fax it to Via Benefits.



VIA BENEFITS

Account ID: 1234567890

Alameda County Employees Retirement Association (ACERA)

Recurring Premium Reimbursement Request Form

Exclusively for the account of:
First Name Last Name
Address Line 1
Address Line 2
City, State ZIP Code

Save Time and Money! Go Online to correct personal information or call Via Benefits.
My.ViaBenefits.com/Funds

Mail to: PO BOX 981155 El Paso, TX 79998-1155
Fax to: 1-855-321-2605 Total pages:
Phone number: 1-888-427-8730

What I Need To Do:

- ☐ Verify account holder information
- ☐ Complete reimbursement form
- ☐ Prepare supporting documentation
- ☐ Read Certification
- ☐ Sign and date form
- ☐ Mail or fax your completed form and supporting documents

5

Your supporting documentation must contain these five items:

- ☐ Covered participant (e.g., John Doe)
- ☐ Premium type (e.g., medical)
- ☐ Date of service (e.g., 01/01/XXXX through 12/31/XXXX)
- ☐ Monthly amount (e.g., $XXX.XX)
- ☐ Proof of premium (e.g., AARP)

Complete

1 Action *(New)*	2 Covered Participant *(John Doe)*	3 Relationship *(Self, Spouse)*	4 Premium Type *(Medical)*	Start Date *(01/01/XXXX)*	End Date *(12/31/XXXX)*	Reimbursement *($XXX.XX)*

Certification:
By signing below, I certify that the information provided on this Recurring Premium Reimbursement Request Form is correct and that the premiums for which I am requesting or for which I am providing validation: were incurred for premiums for the covered participant while eligible under the plan on or after its effective date, have not been reimbursed in any other way from any other source, and will not be submitted for future reimbursement. Upon receiving notice of a change in premium or a cancellation of coverage, I will notify Via Benefits within a suitable time period.

Sign

Account Holder Signature

Date

180920 100164 921002-180206-Recurring Premium Form

How to Get Forms

Get all of these personalized, barcoded forms by logging into your Via Benefits account:

Early Retirees:
www.acera.org/via

Medicare Retirees:
www.acera.org/via-med

Or call: **1-888-427-8730**

1. **Action:** Enter "New Policy", "Premium Change", or "End of Policy".
2. **Covered Participant:** Always write "Self" here. ACERA does not cover spouses.
3. **Relationship:** Write "N/A" here. ACERA does not cover spouses.
4. **Premium Type:** Write "Medical" or "Prescription" here.
5. **Supporting Documentation:** Attach documentation containing the 5 items.

Help ACERA Rank Your Benefits on This Important Survey

go to www.acera.org/survey

ACERA needs your help. We need to know how you rank your non-guaranteed retiree benefits like subsidies for medical, dental, vision, and Medicare Part B. Your rankings can help the Board of Retirement set the benefits and benefit levels.

# of Questions: **3**

Survey Time: **< 20 min.**

Survey Ends: **Nov. 30**

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

475 14th Street | Oakland, CA 94612

What do your eyes say about you?

A WellVision Exam® from a VSP® network doctor helps detect the signs of health conditions like high blood pressure, diabetes, and high cholesterol—along with other eye and health issues.

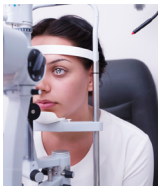
Here are a few key elements you can expect during an eye exam:

Provide your medical and eye history.

This will help your eye doctor evaluate your risk for vision problems, eye diseases, and other medical conditions.

Which is clearer? One or two?

You'll be asked to view the same letters at different prescription strengths to see which one is the most clear to you. This helps estimate your eyewear prescription.



Expect a little puff of air.

The "puff test"—a common test for glaucoma—measures the fluid pressure inside your eyes. It takes just a quick puff of air in each eye.

See the big picture.

Your eye doctor gets a magnified view of the front and inside of your eyes using a slit lamp, or biomicroscope.

What's that letter chart?

This chart with rows of letters in different sizes is called a Snellen chart. It tests how well you can see far away.

Cover the left, then the right.

This tests how well your eyes work together. You will cover one eye and look at an object across the room, to determine how your eye moves to see an object.

Prepare for a few drops to your eyes.

Dilating drops enlarge your pupils to help detect signs of health conditions. The drops may make your vision temporarily blurry and your eyes sensitive to light.

Learn more. **vsp.com** | **800.877.7195**

Get more from your health plan

Good health goes beyond the doctor's office. That's why we offer so many convenient resources to our members. Explore them all, and choose the ones that fit your life.

Tools and resources for good health

Online wellness tools	Visit **kp.org/healthyliving** for wellness information, health calculators, fitness videos, podcasts, and recipes from world-class chefs.
Healthy lifestyle programs	Connect to better health with programs to help you lose weight, quit smoking, reduce stress, and more – all at no cost. Learn more at **kp.org/healthylifestyles**.
Health classes	Sign up for health classes and support groups at many of our facilities. See what's available near you at **kp.org/classes** – some may require a fee.
Personal wellness coaching	Get help reaching your health goals. Work one-on-one with a wellness coach by phone at no cost. Find out more at **kp.org/wellnesscoach**.
Special rates for members	Enjoy reduced rates on products and services that can help you stay healthy – like gym memberships, massage therapy, and more. Explore your options at **kp.org/choosehealthy**.
Seasonal farmers markets	Enjoy shopping for local produce, fresh flowers, and more at farmers markets hosted at many of our facilities. Learn more and find healthy recipes at **kp.org/foodforhealth**.

Services covered under your health plan are provided and/or arranged by Kaiser Permanente health plans: Kaiser Foundation Health Plan, Inc., in Northern and Southern California and Hawaii • Kaiser Foundation Health Plan of Colorado • Kaiser Foundation Health Plan of Georgia, Inc., Nine Piedmont Center, 3495 Piedmont Road NE, Atlanta, GA 30305, 404-364-7000 • Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc., in Maryland, Virginia, and Washington, D.C., 2101 E. Jefferson St., Rockville, MD 20852 • Kaiser Foundation Health Plan of the Northwest, 500 NE Multnomah St., Suite 100, Portland, OR 97232 • Kaiser Foundation Health Plan of Washington or Kaiser Foundation Health Plan of Washington Options, Inc., 320 Westlake Ave. N., Suite 100, Seattle, WA 98109 • Self-insured plans are administered by Kaiser Permanente Insurance Company, One Kaiser Plaza, Oakland, CA 94612

KAISER PERMANENTE®

DELTA DENTAL

Preventing Gum Disease May Reduce Alzheimer's Risk

Research suggests that exercising regularly and drinking vegetable and fruit juices may delay the onset of Alzheimer's disease. But can improving your dental health also help?

The connection between gum disease and Alzheimer's

A study[1] of over 100 pairs of identical twins in Sweden found that those with gum inflammation and periodontal disease[2] early in life were four times more likely to develop Alzheimer's disease.

While more research is needed to understand the inflammation-Alzheimer's connection, this confirms what many dentists have already known: A healthy mouth contributes to a health mind and body.

What is gum disease?

Gum disease (or periodontal disease) is an inflammation of the gums due to plaque buildup. When plaque isn't removed, it hardens into tartar and produces toxins that break down gum tissue. This causes gums to pull away from your teeth and form pockets that fill with bacteria. If the disease progresses, the plaque and bacteria move further down into your gums, destroying the supporting bone that holds teeth in place and causing teeth to fall out.

Reduce your risk of gum disease and Alzheimer's by adopting these practices:

- Visit your dentist regularly for cleanings and gum exams.
- Get tips from your dentist or dental hygienist about how to improve your oral care regimen.
- Brush your teeth twice a day.
- Floss daily.
- Eat a healthy, balanced diet.
- Avoid tobacco products.

Did you know nearly 5 million Americans have Alzheimer's disease? This number is expected to nearly triple to 14 million by 2060.[3]

[1] Source: 2006 study "Potentially modifiable risk factors for dementia in identical twins."
[2] Periodontal disease in this study was defined by lost or loose teeth.
[3] Source: Centers for Disease Control and Prevention article "Alzheimer's Disease and Related Dementias"

deltadentalins.com/enrollees

EF18_ACERA #121515 (05/19)

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: October 2, 2019

TO: Members of the Retirees Committee

FROM: Ismael Piña, Assistant Benefits Manager

SUBJECT: **Miscellaneous Updates**

This memo is to provide the Retirees Committee information on various monthly topics, which impact both retirees and ACERA Staff. This month's report provides information regarding: 1) the annual Medicare Part D Certificate of Coverage Notice mailing and posting to ACERA's website; 2) Medicare Part D update; and 3) Via Benefits updates.

Annual Medicare Part D Certificate of Coverage Notice

The Medicare Modernization Act (MMA) requires entities to annually notify Medicare eligible policyholders whether their prescription drug coverage is "creditable coverage", which means the coverage is expected to pay on average as much as the standard Medicare prescription drug coverage. The Centers for Medicare and Medicaid Services (CMS) requires all plan sponsors, such as ACERA, of health plans that provide prescription drug benefits to provide a Certificate of Creditable Coverage Notice to all plan participants prior to the Part D enrollment period. Due to the Patient Protection and Affordable Care Act (PPACA), the open enrollment period for Medicare Part D is from October 15th through December 7th. This Notice will be mailed and received prior to the October 15th deadline. A PDF copy of the Certificate of Creditable Coverage Notice will also be available for download from ACERA's website prior to the October 15th deadline. Retirees enrolled in individual medical plans through Via Benefits will also receive this Notice directly from their individual medical carriers.

Medicare Part D Update

The maximum Initial Deductible for Medicare Part D will increase by $20 to $435 for 2020.

Via Benefits Updates

- The New Mobile App is gaining popularity with the tech savvy enrollees.
- Online enrollment capabilities during the open enrollment period for Medicare retirees have increased from 70% of plans to 90% of plans.
- The Via Benefits Medicare Fall Newsletters were mailed starting August 26th. The Pre-65 Fall Newsletters will be mailed starting October 2nd.
- Balance Reminder Statements for Health Reimbursement Account holders were mailed in waves starting late September.