



October 2, 2019

To: Members of the Retirees Committee

From: Dale Amaral, Vice Chair

Subject: Summary of the October 2, 2019 Retirees Committee Meeting

Committee Vice Chair Dale Amaral called the October 2, 2019 meeting to order at 10:33 a.m. Committee members present were Dale Amaral, Keith Carson, Jaime Godfrey, and Elizabeth Rogers. Also present were Tarrell Gamble, and George Wood, and alternate member Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Kathy Mount, Chief Counsel; Sandra Dueñas-Cuevas, Benefits Manager; Jessica Huffman, Benefits Manager; and Harsh Jadhav, Chief of Internal Audit.

PUBLIC INPUT

None.

ACTION ITEMS

1. Presentation and Acceptance of Supplemental Retiree Benefit Reserve Funding Report/Valuation

Staff and Segal Consulting, ACERA's Actuary, presented 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. Based on this valuation report, the terminal year of the "Other Post-Employment Benefits" (OPEB) 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 its 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.

It was moved by Jaime Godfrey and seconded by Elizabeth Rogers that the Committee recommend to the Board of Retirement that it accepts the December 31, 2018 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal Consulting.

The motion carried 7 yes (*Amaral, Carson, Gamble, Godfrey, Rogers, Walker, Wood*), 0 no, 0 abstentions.

2. 529 College Savings Plan

Staff and 1st United Credit Union provided information on a college and education savings plan, which would allow retirees to enroll in a tax-advantaged savings plan for future college costs. Trustees directed Staff and 1st United Credit Union to provide information regarding this savings plan to the Alameda County Retired Employees (ACRE) and the Retired Employees of Alameda County, Inc. (REAC) retiree associations to get their feedback before moving forward. No action was taken on this item.

3. Supplemental Retiree Benefit Reserve Policy Update

Staff provided a copy of the current Supplemental Retiree Benefit Reserve (SRBR) Policy, and stated that after review of the Policy, no changes are recommended.

It was moved by Elizabeth Rogers and seconded by Jaime Godfrey that the Committee recommend to the Board of Retirement that it affirms the Supplemental Retiree Benefit Reserve Policy without revisions.

The motion carried 7 yes (*Amaral, Carson, Gamble, Godfrey, Rogers, Walker, Wood*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Supplemental Retiree Benefit Reserve Financial Status

Staff presented a history of the Supplemental Retiree Benefit Reserve (SRBR) activity for the 10-year period ending June 30, 2019. The ending balance of the SRBR as of June 30, 2019 was approximately \$914.0 million. The semi-annual interest crediting as of June 30, 2019 based on the rate of 2.6474% was completed on August 27, 2019; approximately \$24.3 million in interest was credited. During that same six-month period, the net deductions from the SRBR were approximately \$29.8 million.

2. Changes to Medicare Plan F Eligibility and Coverage

Staff and Segal Consulting, ACERA's Benefits Consultant, provided information regarding the changes to the eligibility and coverage to Medicare Plan F for the 2020 Plan Year. Staff will communicate the changes to retirees.

3. Final Report on Open Enrollment Preparation and Communications Materials, and Retiree Health and Wellness Fair Arrangements

Staff provided information regarding the preparations being made for Open Enrollment for Plan Year 2020. Updates were also given on Via Benefits' preparations for its Open Enrollment period and the Retiree Health and Wellness Fair.

4. Miscellaneous Updates

Staff reported on three benefit items affecting ACERA retirees. First, ACERA will be sending out its annual Medicare Part D coverage certificate by October 15th. Second, the maximum Initial Deductible for Medicare part D will increase by \$20 to \$435 for 2020. Last, regarding Via Benefits updates, Medicare Fall Newsletters were mailed starting August 26th, the Pre-65 Fall Newsletters will be mailed starting October 2nd, and Balance Reminder Statements for Health Reimbursement Account holders were mailed in waves starting late September.

TRUSTEE REMARKS

None.

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

The next meeting is scheduled for November 21, 2019 at 11:00 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:21 a.m.