



October 3, 2018

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

**Subject: Summary of the October 3, 2018 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called the October 3, 2018 meeting to order at 10:32 a.m. Committee members present were Liz Koppenhaver, George Wood, Dale Amaral, Keith Carson, and Jamie Godfrey. Also present were Tarrell Gamble, and Elizabeth Rogers, and alternate member Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Margo Allen, Fiscal Services Officer; Kathy Mount, Chief Counsel; Sandra Dueñas-Cuevas, Benefits Manager; and Harsh Jadhav, Chief of Internal Audit.

### **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, 2017. Based on this valuation report, the terminal year of the "Other Post-Employment Benefits" (OPEB) is projected to be 2039, with full benefits paid through 2038 for a total of 21 full years and one partial year. The terminal year of non-OPEB benefits is projected to be 2038, with full benefits paid through 2037 for a total of 20 full years and one partial year. As Segal reported during its preliminary presentation in May, the projected terminal year for the OPEB benefits is the same as last year mainly because the combined experience of the OPEB plan did not change significantly from the prior valuation's assumptions. The four year increased projection for the non-OPEB's is mainly due to the change in the actuarial assumptions, specifically, the decrease in the inflation assumption from 3.25% to 3.00% per year.

It was moved by Dale Amaral and seconded by Tarrell Gamble that the Committee recommend to the Board of Retirement that it accepts the December 31, 2017 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal Consulting.

The motion carried 7 yes (*Amaral, Carson, Gamble, Godfrey, Koppenhaver, Rogers, 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, 2018. The ending balance of the SRBR as of June 30, 2018 was approximately \$911.5 million. The semi-annual interest crediting as of June 30, 2018 based on the rate of 4.9832% was completed on August 29, 2018; slightly more than \$44.5 million in interest was credited. During that same six-month period, approximately \$27.4 million was deducted from the SRBR.

### **2. Final Report on Open Enrollment Preparation and Communication Materials, and Retiree Health and Wellness Fair Arrangements**

Staff provided information regarding the preparations being made for Open Enrollment for Plan Year 2019. Updates were also given on Via Benefits' preparations for its Open Enrollment period and the Retiree Health and Wellness Fair.

### **3. Miscellaneous Updates**

Staff reported on four benefit items affecting ACERA retirees. First, ACERA will be sending out its annual Medicare Part D coverage certification by October 15<sup>th</sup>. Second, in the individual plan marketplace, beginning in 2019, there will be a new Medicare Advantage open enrollment period (test drive period) from January 1 through March 31. Third, Via Benefits' Medicare Fall Newsletters were mailed starting mid-August, and the Pre-65 Fall Newsletters will be mailed starting mid-October. Last, Via Benefits mailed Balance Reminder Statements to Health Reimbursement Account holders in waves starting late September.

## **RECOMMENDATIONS**

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

The Committee recommends, and I move that the Board of Retirement accept the December 31, 2017 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal Consulting.

## **TRUSTEE REMARKS**

None.

**PUBLIC INPUT**

Pete Albert, President of the Alameda County Retired Employees retiree association announced that its annual holiday luncheon is tentatively scheduled for Friday, November 30, 2018 at the Hilton Oakland Airport. The date and location of the luncheon will be confirmed once the arrangements have been finalized.

**FUTURE DISCUSSION ITEMS**

- Adoption of Medicare Part B Reimbursement Plan Benefit for 2019
- Adoption of Updates to Appendix A of 401(h) Account Resolutions

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for December 5, 2018 at 10:30 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 11:00 a.m.