

December 7, 2011

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

Subject: Summary of the December 7, 2011 Retirees Committee Meeting

Committee Chair Liz Koppenhaver called the December 7, 2011 meeting to order at 10:30 a.m. Committee members present were Liz Koppenhaver, Annette Cain-Darnes, Dale Amaral, George Dewey, and Elizabeth Rogers. The other Board members present were Darryl Walker and George Wood, and alternate Board member David Safer. Staff present were Vincent Brown, Chief Executive Officer, Kathy Foster, Assistant Chief Executive Officer; Catherine Walker, Assistant Chief Executive Officer; Robert Gaumer, Chief Counsel; Rose Kwong, Benefits Manager; and Harsh Jadhav, Internal Audit Manager.

ACTION ITEMS

1. Adoption of Medicare Part B Reimbursement Plan Benefit for 2012

Kathy Foster, Assistant Chief Executive Officer, provided information on ACERA's Medicare Part B Reimbursement Plan benefit (MBRP), and information regarding the 2012 Medicare Part B premiums provided by Keenan & Associates, ACERA's Benefits and Communications Consultant. The MBRP benefit is a non-vested benefit funded by contributions from ACERA Employers to the 401(h) account.

It was moved by George Dewey and seconded by Annette Cain-Darnes that the Committee recommends to the Board of Retirement to continue to provide the Medicare Part B Reimbursement Plan benefit (MBRP) to eligible retirees in 2012, and approve an increase to the reimbursement based on the lowest standard monthly Medicare Part B premium at the rate of \$99.90. The motion passed unanimously.

2. Adoption of Active Death Equity Benefit (ADEB) Continuation for 2012

Kathy Foster, Assistant Chief Executive Officer, provided information on the eligibility and current practice of how the Active Death Equity Benefit (ADEB) is paid to a member's qualified beneficiary. This benefit is funded by the Supplemental Retiree Benefit Reserve (SRBR) and is subject to future reduction or elimination if funds are unavailable; however, the benefit shall be pre-funded for the lifetime of each beneficiary at the time each supplemental benefit is established. The Trustees discussed internal audit's finding that questioned whether ACERA should pay an ADEB upon the death of a deferred member who establishes a reciprocal membership with another public retirement agency and dies while an active member of that agency. The Trustees directed Staff to

provide additional information regarding reciprocal members to the Committee for discussion at the February 2012 meeting. The Trustees agreed to continue to provide the ADEB under the current practice.

It was moved by Elizabeth Rogers and seconded by Dale Amaral that the Committee recommends to the Board of Retirement to adopt the continuation of the Active Death Equity Benefit (ADEB) for 2012. The motion passed unanimously.

3. Adoption of Retired Member (Lump Sum) Death Benefit Continuation for 2012

Kathy Foster, Assistant Chief Executive Officer, provided information on the eligibility and amount of the Retired Member Death Benefit. This benefit is funded by the Supplemental Retiree Benefit Reserve (SRBR) and is a non-vested benefit subject to future reduction or elimination if funds are unavailable. The Trustees discussed that the intent of this benefit is to help the deceased member's family with funeral expenses. Concerns were raised that a few of the payments were made to entities other than the member's family. The Trustees directed Staff to provide additional information to the Committee for further discussion at the February or March 2012 meeting.

It was moved by Elizabeth Rogers and seconded by George Dewey that the Committee recommends to the Board of Retirement to adopt the continuation and payment of the Retired Member (lump sum) Death Benefit for 2012. Annette Cain-Darnes opposed this motion.

4. Adoption of Updates to Appendix A of 401(h) Account Resolutions

Kathy Foster, Assistant Chief Executive Officer, stated that in order for Resolution No. 07-29 to remain current for the upcoming Plan Year, Appendix A must be amended to reflect the decisions regarding the Monthly Medical Allowance (MMA) and medical, dental, and vision premium amounts as adopted by the Board of Retirement.

It was moved by Annette Cain-Darnes and seconded by Dale Amaral that the Committee recommends to the Board of Retirement to approve the revised Appendix A of the 401(h) Resolution No. 07-29, which reflects the updated changes approved by the Board of Retirement to the Monthly Medical Allowance (MMA) and Retiree Health Benefit premiums for Plan Year 2012. The motion passed unanimously.

INFORMATION ITEMS

1. Report on Delta Dental Stabilization Fund

Kathy Foster, Assistant Chief Executive Officer and Keenan & Associates, ACERA's Benefits and Communications Consultant provided information regarding options offered by Delta Dental if ACERA were to acquire the funds in the Delta Dental Rate Stabilization Account. After some discussion, it was agreed to provide additional information to the Committee at the August 2012 meeting when contract renewals are discussed.

2. Retiree Health Fair Results and Open Enrollment Activity

Sharen Stanek-Lowe, Assistant Benefits Manager, provided detailed results of the Retiree Health Fair and Wellness Center. There were a total of 355 attendees and the feedback received was positive. In addition, she provided information on the Open Enrollment activity for Plan Year 2012.

3. Miscellaneous Updates

Sharen Stanek-Lowe, Assistant Benefits Manager, provided information on the minor changes to ACERA's retiree check stubs/remittance advices effective November 30, 2011, as a result of a change in printing houses made by Wells Fargo.

TRUSTEE/PUBLIC INPUT

None.

RECOMMENDATIONS

1. Adoption of Medicare Part B Reimbursement Plan Benefit for 2012

The Committee recommends, and I move that the Board of Retirement continues to provide the Medicare Part B Reimbursement Plan benefit (MBRP) to eligible retirees in 2012, and approve an increase to the reimbursement based on the lowest standard monthly Medicare Part B premium at the rate of \$99.90. The MBRP benefit is a non-vested benefit funded by contributions from ACERA Employers to the 401(h) account. After contributions are made, in accordance with the County Employee Retirement Law (CERL), ACERA treats an equal amount of Supplemental Retiree Benefit Reserve (SRBR) assets as employer contributions for pensions.

2. Adoption of Active Death Equity Benefit (ADEB) Continuation for 2012

The Committee recommends, and I move that the Board of Retirement adopts the continuation of the Active Death Equity Benefit (ADEB) for 2012. This benefit is funded by the Supplemental Retiree Benefit Reserve (SRBR) and is subject to future reduction or elimination if funds are unavailable; however, the benefit shall be pre-funded for the lifetime of each beneficiary at the time each supplemental benefit is established.

3. Adoption of Retired Member (Lump Sum) Death Benefit Continuation for 2012

The Committee recommends, and I move that the Board of Retirement adopts the continuation and payment of the Retired Member (lump sum) Death Benefit for 2012. This benefit is funded by the Supplemental Retiree Benefit Reserve (SRBR) and is a non-vested benefit subject to future reduction or elimination if funds are unavailable.

4. Adoption of Updates to Appendix A of 401(h) Account Resolutions

The Committee recommends, and I move that the Board of Retirement approves the revised Appendix A of the 401(h) Resolution No. 07-29, which reflects the updated changes approved by the Board of Retirement to the Monthly Medical Allowance (MMA) and Retiree Health Benefit premiums for Plan Year 2012.

FUTURE DISCUSSION ITEMS

None.

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for January 4, 2012 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:45 p.m.