

Did you know, your retirement healthcare benefits are not guaranteed?

ACERA Vested Retirement Benefits

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

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

ACERA Non-Vested Retirement Benefits

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

Healthcare Benefits

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

Death Benefits

- Lump Sum Death Benefit
- Active Death Equity Benefit

Financial Benefits

- Supplemental COLA

How Non-Vested Benefits Are Paid For

ACERA maintains a separate reserve account called the Supplemental Retiree Benefits Reserve (SRBR). The **Death Benefits** and **Financial Benefits** are paid directly from the SRBR. ACERA's participating employers pay the **Healthcare Benefits** (excluding the implicit subsidy) so they can be provided to retirees tax free; ACERA then uses an equal amount of money from the SRBR as the employers' mandatory retirement contributions, so that the Healthcare Benefits are not an additional cost for the employers.

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

How Long Will the Supplemental Retiree Benefits Reserve Last?

As of December 31, 2010, the Supplemental Retiree Benefits Reserve (SRBR) was valued at \$624 million. The SRBR grows when ACERA's investments earn excess funds, but because ACERA is currently making up for the losses incurred during the 2008 worldwide financial meltdown, the SRBR hasn't been growing.

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

Last year, when our Actuary evaluated the SRBR, they said it would last until 2026 if it received no new funds.

We Need Your Opinion
Return by June 8, 2011

What do you think?

In order for the Board of Retirement to ensure that the SRBR is there to pay benefits to current retirees and future retirees for more than just 15 years, changes may have to be made. Please take this survey and let ACERA know what changes you are willing to see happen in order to preserve this fund. Mail it back to ACERA in the enclosed self-mailing envelope by June 8, 2011.

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

1. Please rank which non-vested benefits are most important to you.

Please rank the following non-vested ACERA benefits in order from 1 to 7, with 1 being the most important to you and 7 being the least important to you. Use each number only one time.

Rank 1 - 7	Non-Vested Benefit	Cost to SRBR in 2010	% of Total Cost to SRBR
_____	Active Death Equity Benefit – State Law provides for a lifetime monthly allowance to be paid to an eligible beneficiary upon the death of an actively-employed, vested ACERA member. This monthly allowance is 60% of the allowance payable to the member had they survived. The Active Death Equity Benefit provides for an increase to this allowance based on the Option 2 retirement allowance (Member Handbook, p.43). It is only payable to an eligible spouse or state-registered domestic partner. It is paid from the SRBR.	\$ 828,274	2%
_____	Dental Coverage Subsidy – All ACERA retirees are enrolled in the dental plan and their monthly premiums are 100% paid for by ACERA.	\$ 2,802,242	7%
_____	Lump Sum Death Benefit – A lump sum amount paid to a beneficiary upon a retired ACERA member's death. Generally, this amount is \$5,000 (\$4,250 is funded by the SRBR).	\$ 810,675	2%
_____	Medicare Part B Reimbursement Plan – A monthly reimbursement of \$96.40 offsetting most or all of the cost of Medicare Part B, for qualified retired members.	\$ 3,555,575	9%
_____	Monthly Medical Allowance (MMA) – A medical plan subsidy for retirees enrolled in an ACERA-sponsored medical plan. The amount is based on years of service, not to exceed the amount of the premium cost. For 2011, the MMA monthly maximum subsidies to retirees are, \$522.16 for over 20 yrs. service, \$391.62 for over 15 yrs. service, and \$261.08 for over 10 yrs. service. See the next page for more details.	\$ 22,947,709	58%
_____	Supplemental Cost of Living Adjustment – Is paid in addition to any basic COLA in order to bring retirees within 15% of the original purchasing power of their retirement allowance.	\$ 2,984,499	8%
_____	Vision Coverage Subsidy – All ACERA retirees are enrolled in the vision plan and their monthly premiums are 100% paid for by ACERA.	\$ 424,633	1%
Do Not Rank	Implicit Subsidy – Retirees not yet eligible for Medicare who enroll in ACERA's medical insurance plans are grouped together in the same insurance company contracts with actively working County employees. The health plans charge more for retirees than for active employees. As a result, the monthly premiums go up for both groups. ACERA pays the difference in these costs to the County. This payment is called the "implicit subsidy." This is a stand alone item that the Board treats differently, so you don't need to rank it.	\$ 5,287,767	13%
Total Cost to SRBR in 2010:		\$39,641,374	100%

ACERA's Healthcare Benefits

ACERA's Monthly Medical Allowance (MMA)

The Monthly Medical Allowance is a non-vested ACERA benefit available to all eligible ACERA retired members to help offset the cost of ACERA-sponsored retiree monthly medical plan premiums only. The Monthly Medical Allowance does not cover monthly premiums of beneficiaries, survivors, former spouses, or dependents. The Monthly Medical Allowance amount is determined annually by the ACERA Board of Retirement. The retiree is responsible for payment of the medical premium which exceeds the Monthly Medical Allowance limit. The Monthly Medical Allowance only pays up to the premium amount, not over. The Monthly Medical Allowance varies based on years of ACERA service:

Years of ACERA Service	% of MMA	2011 MMA
0-9 Years	0%	\$0
10-14 Years	50% of MMA	\$261.08
15-19 Years	75% of MMA	\$391.62
20+ Years	100% of MMA	\$522.16

ACERA's Dental and Vision Subsidies

ACERA currently requires retirees to be enrolled in dental and vision coverage because it's cheaper for everyone for ACERA to run the plan that way. ACERA pays the full monthly premium amount for retirees' vision and dental plan coverage. This benefit is assessed annually by the ACERA Board of Retirement.

This benefit is only for ACERA retirees and does not cover spouses or dependents, although you can enroll them and pay their monthly premiums.

The current monthly cost for individual retirees is \$40.88 for dental (for the majority of retirees) and \$5.52 for vision.

2. **A.** If ACERA had to choose to eliminate the monthly **vision plan subsidies** it currently provides to all ACERA retirees, or make adjustments to the Monthly Medical Allowance, which do you think would be the better choice?

Please choose only one option:

- Eliminate the vision subsidy to help preserve the Monthly Medical Allowance
- Continue the vision subsidy, and reduce the Monthly Medical Allowance

B. If ACERA had to choose to eliminate the monthly **dental plan subsidies** it currently provides to all ACERA retirees, or make adjustments to the Monthly Medical Allowance, which do you think would be the better choice?

Please choose only one option:

- Eliminate the dental subsidy to help preserve the Monthly Medical Allowance
- Continue the dental subsidy, and reduce the Monthly Medical Allowance

3. Instead of elimination of the dental and vision subsidies to retirees in question 2, ACERA could institute a reduction in these subsidies as well as a reduction in the Monthly Medical Allowance. Would you be willing to share in these costs?

A. I would be willing to pay more out of pocket costs for my monthly medical plan premium:

- Yes No

B. I would be willing to pay more out of pocket costs for my monthly dental plan premium:

- Yes No

C. I would be willing to pay more out of pocket costs for my monthly vision plan premium:

- Yes No

4. Are you willing to see **no** annual increase to the Monthly Medical Allowance (MMA) benefit amount in order to prolong the life of the SRBR?
- Yes, I am willing to see the MMA amount stay the same, which could extend the life of the SRBR.
 - No, I am not willing; I would like the MMA amount to go up annually, which could shorten the life of the SRBR.

5. Instead of ACERA's current practice of providing a Monthly Medical Allowance that can only be used for ACERA's medical plans, ACERA could provide a monthly stipend that is not tied to ACERA's medical plans. It would be paid to all retirees, including members outside of the current health plan service areas, based on the years of service structure in the table below (similar to the current Monthly Medical Allowance). The amount of the stipend would be roughly \$400 per month for 2012 for members with 20 or more years of service. It would save the SRBR roughly \$110,000 in the first year. This benefit may have to be taxable. Would you support this approach?

Years of ACERA Service	% of Stipend	Taxable Monthly Stipend
0-9 Years	0%	\$0
10-14 Years	50%	\$200
15-19 Years	75%	\$300
20+ Years	100%	\$400

- Yes, I support this approach
- No, I do not support this approach

6. What type of ACERA member are you?

Please choose only one option:

- Active or Deferred member (not yet retired)
- Retired, but not Medicare eligible (under age 65 or not eligible for Medicare)
- Medicare Eligible Retiree

Questions 7-9 for Retirees Only

7. Do you have medical coverage with an ACERA-sponsored plan?

Please choose only one option:

- Yes. I am enrolled in an ACERA-sponsored medical plan.
- No, but I have other medical coverage.
- No. I don't have any medical coverage.

8. Do you have double medical coverage?

- Yes. I am enrolled in a separate medical insurance plan in addition to being enrolled in an ACERA-sponsored medical plan.
- No. I am enrolled in only one medical plan **-OR-** I don't have medical coverage.

9. ACERA currently provides all ACERA retirees with paid vision and dental coverage. Do you have additional dental and/or vision insurance with another provider in addition to your ACERA-sponsored plan?

- A.** I have other Dental Insurance (not through ACERA) Yes No
- B.** I have other Vision Insurance (not through ACERA) Yes No

Thank you for your time and contribution to your colleagues and fellow ACERA members!

Please mail your completed survey to ACERA using the enclosed self-mailing envelope by June 8, 2011.



2011 Non-Vested Benefits Survey

Results

Survey Conducted May-June 2011

	Conducted	Amount Sent	Amount Responded	Response Rate	2010 Survey Response Comparison
Retirees	By mail	7625	2881	38%	45%
Actives	Online	8776	1547	18%	16%
Total		16401	4428	27%	29%



Question 1



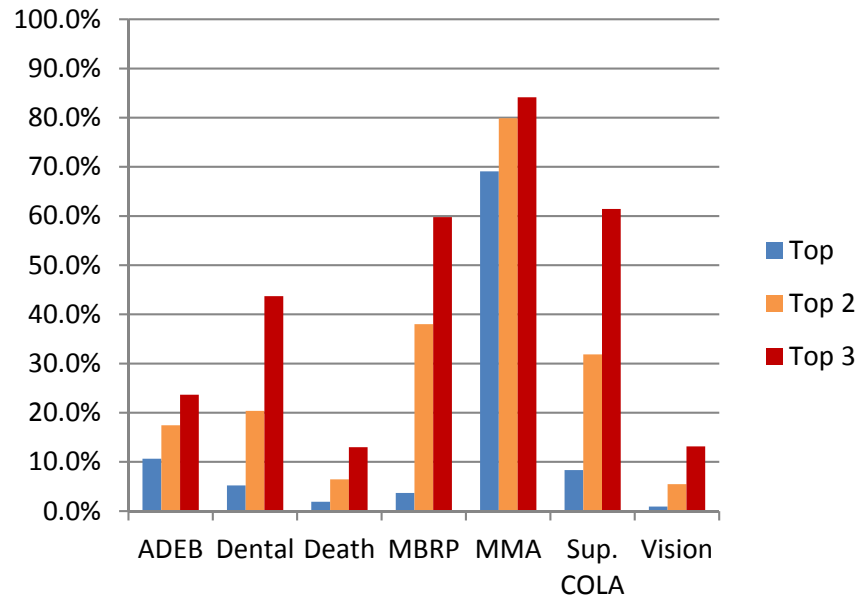
Please rank which non-vested benefits are most important to you.

Please rank the following non-vested ACERA benefits in order from 1 to 7, with 1 being the most important to you and 7 being the least important to you. Use each number only one time.

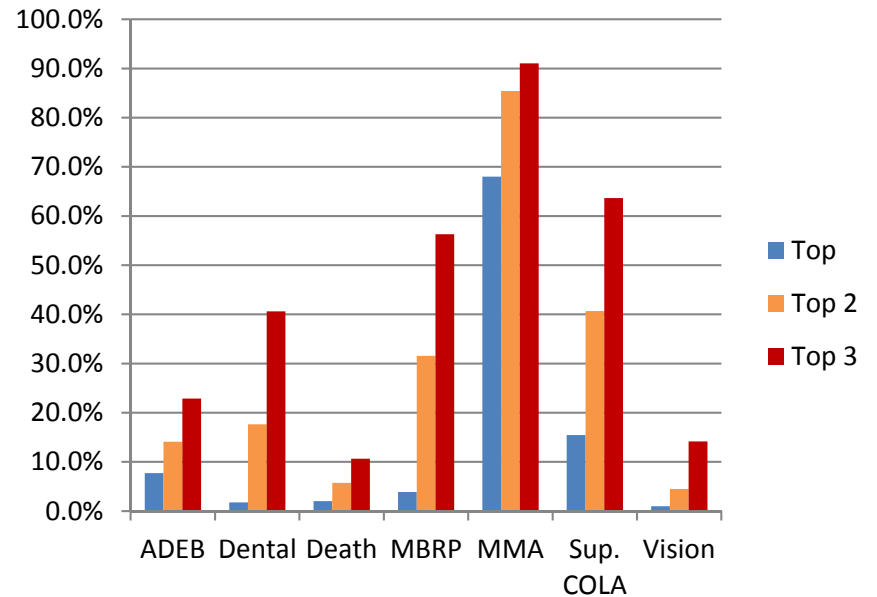
- Active Death Equity Benefit
- Dental Coverage Subsidy
- Lump Sum Death Benefit
- Medicare Part B Reimbursement Plan
- Supplemental Cost of Living Adjustment
- Monthly Medical Allowance (MMA)
- Vision Coverage Subsidy

Question 1

All Retired *



Active

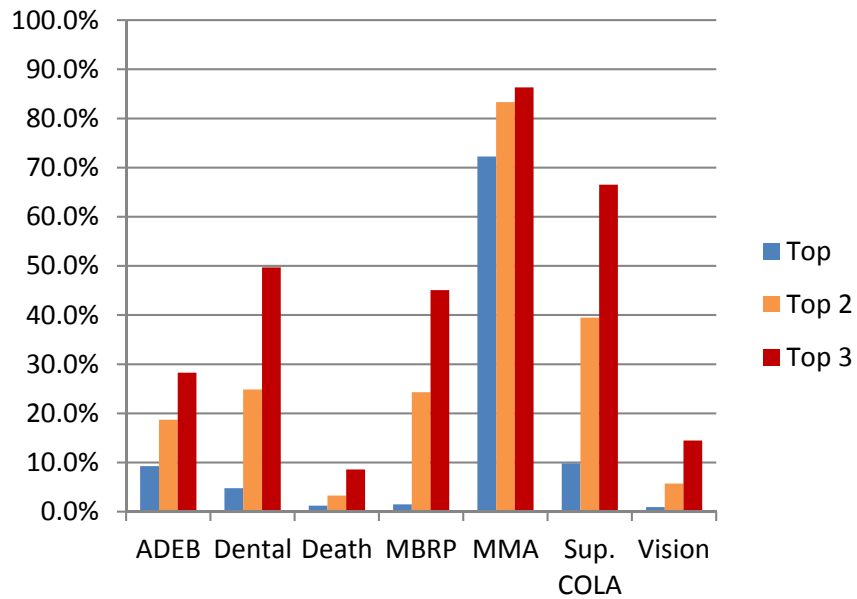


*385 out of 2881 Retirees who responded to the survey ranked multiple benefits using duplicate ranking numbers. These 385 responses to this question were not included in the results, as they would add weight to the response to certain categories of benefits.

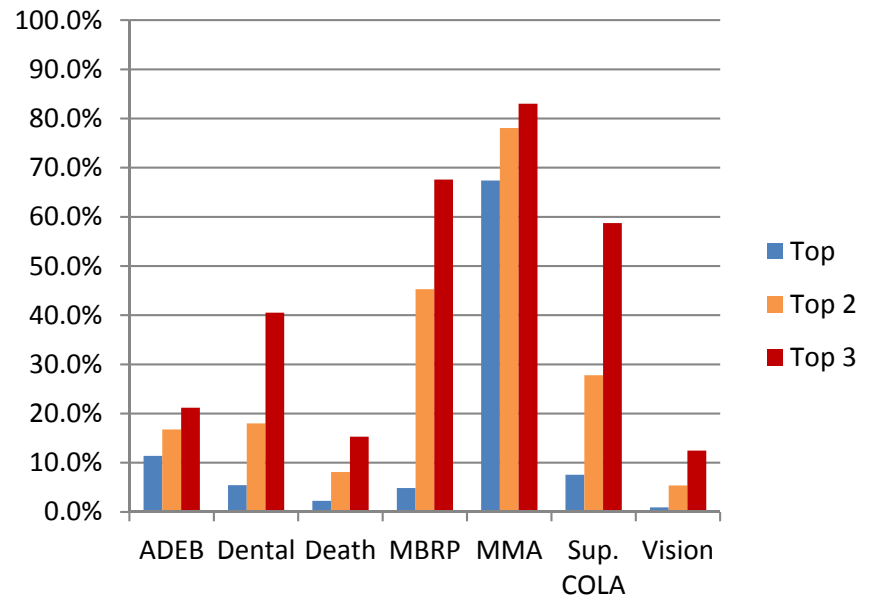
** For the full sets of percentages, please see the final slide.

Question 1

Non-Medicare Retired *



Medicare Retired *





Question 2A



A. If ACERA had to choose to eliminate the monthly vision plan subsidies it currently provides to all ACERA retirees, or make adjustments to the Monthly Medical Allowance, which do you think would be the better choice?

Please choose only one option:

- Eliminate the vision subsidy to help preserve the Monthly Medical Allowance
- Continue the vision subsidy, and reduce the Monthly Medical Allowance



Question 2B

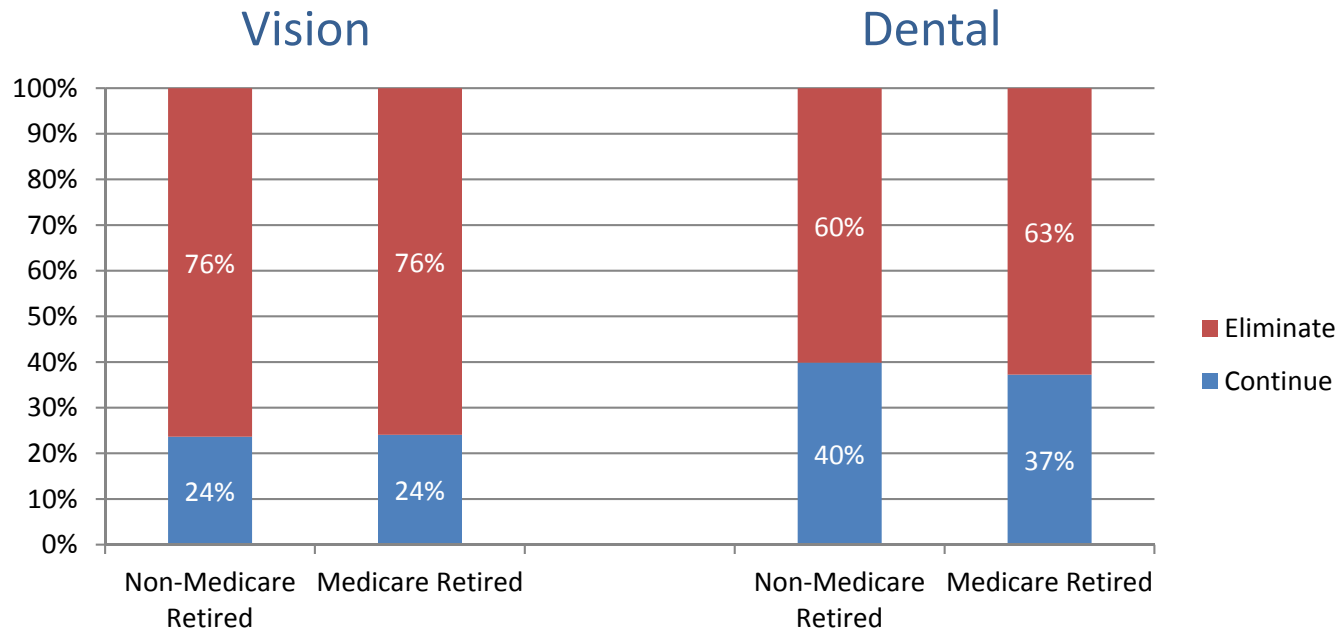
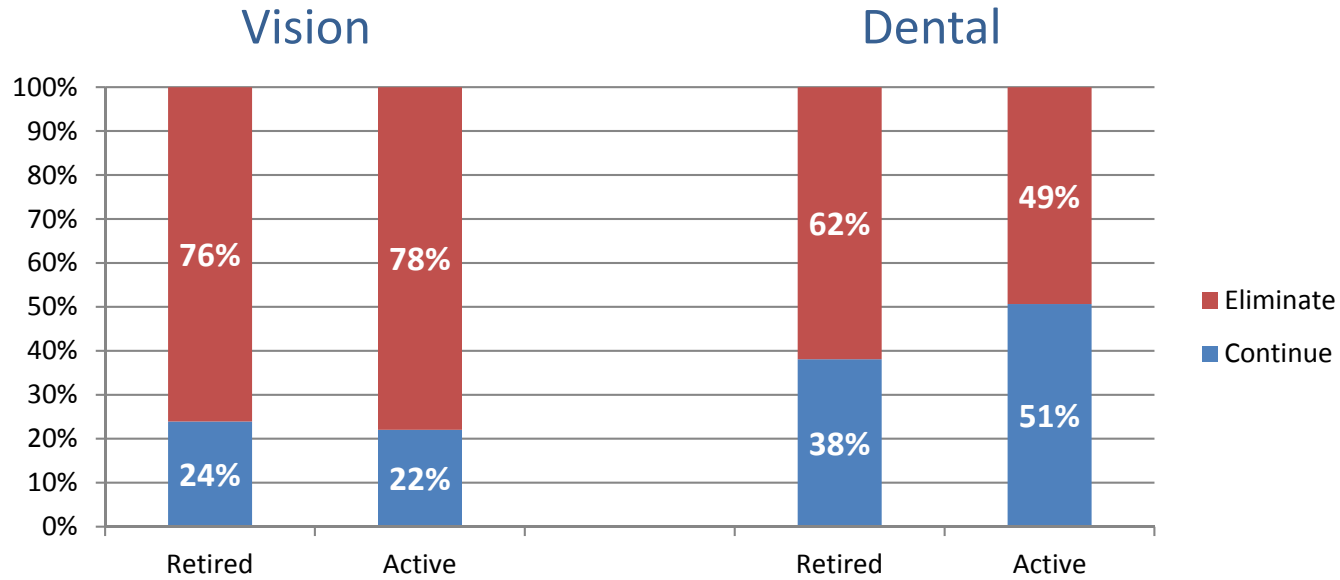


B. If ACERA had to choose to eliminate the monthly dental plan subsidies it currently provides to all ACERA retirees, or make adjustments to the Monthly Medical Allowance, which do you think would be the better choice?

Please choose only one option:

- Eliminate the dental subsidy to help preserve the Monthly Medical Allowance
- Continue the dental subsidy, and reduce the Monthly Medical Allowance

Questions 2A and 2B





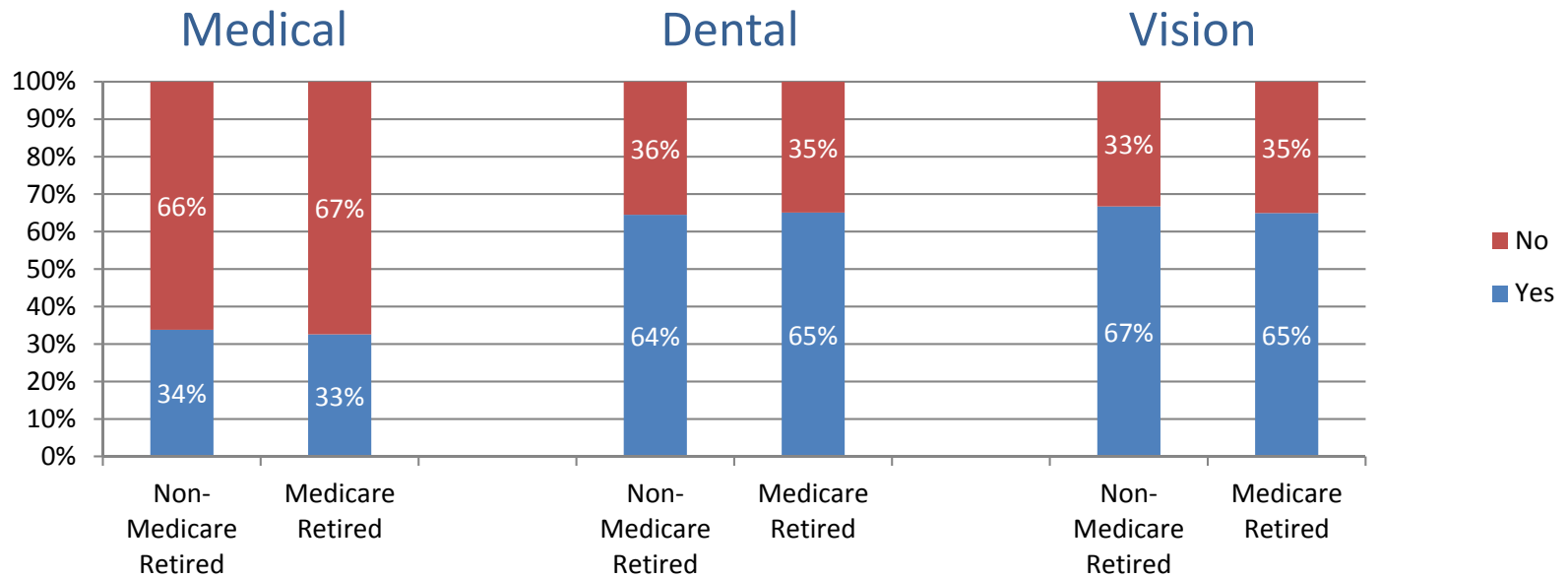
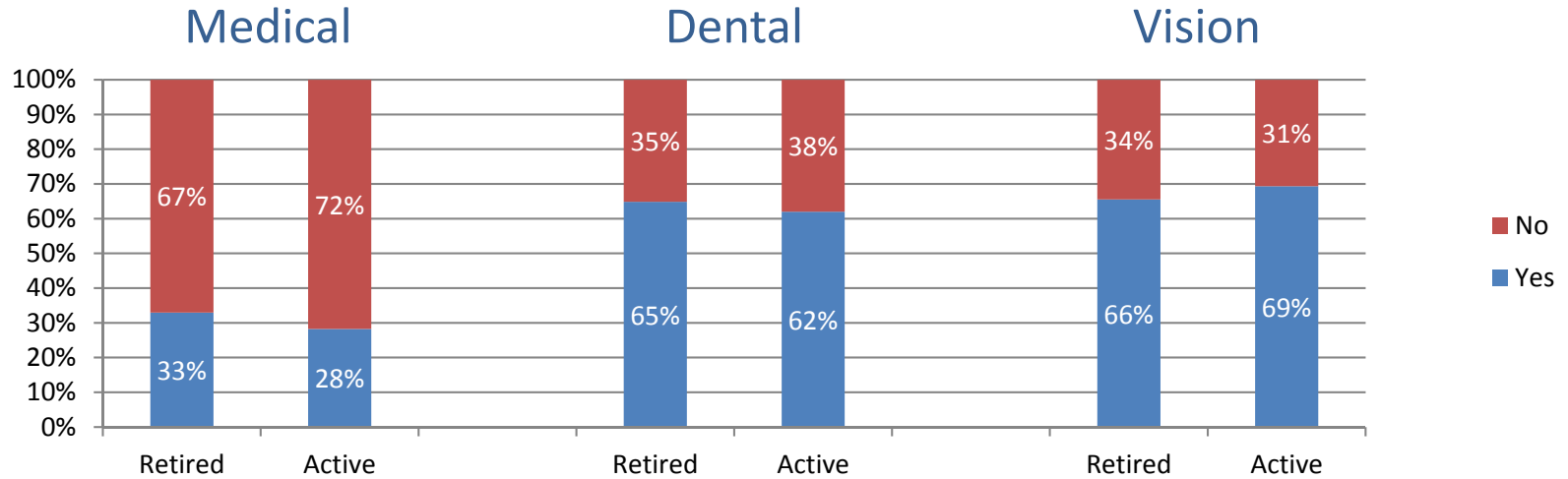
Question 3



Instead of elimination of the dental and vision subsidies to retirees in question 2, ACERA could institute a reduction in these subsidies as well as a reduction in the Monthly Medical Allowance. Would you be willing to share in these costs?

- A. I would be willing to pay more out of pocket costs for my monthly medical plan premium: Yes No
- B. I would be willing to pay more out of pocket costs for my monthly dental plan premium: Yes No
- C. I would be willing to pay more out of pocket costs for my monthly vision plan premium: Yes No

Question 3





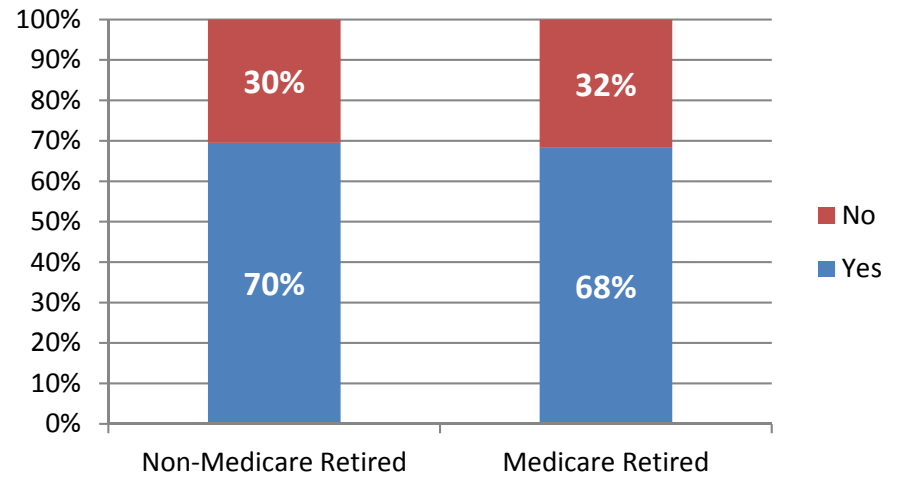
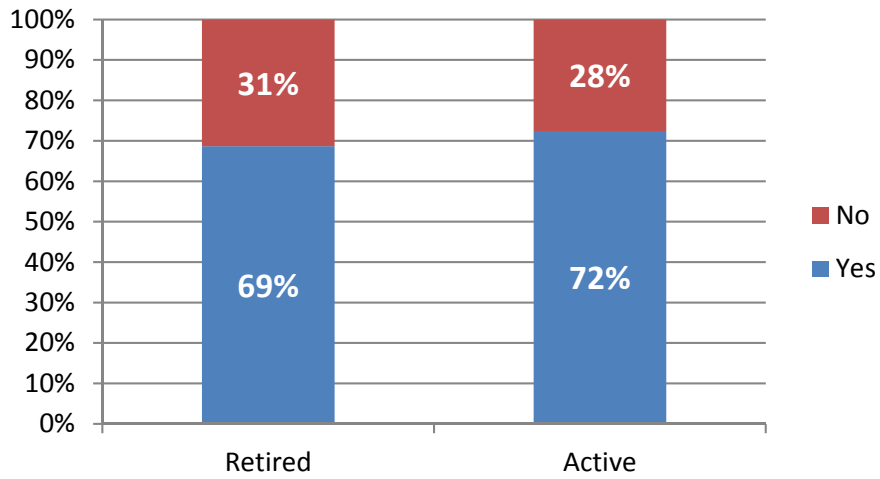
Question 4



Are you willing to see no annual increase to the Monthly Medical Allowance (MMA) benefit amount in order to prolong the life of the SRBR?

- Yes, I am willing to see the MMA amount stay the same, which could extend the life of the SRBR.
- No, I am not willing; I would like the MMA amount to go up annually, which could shorten the life of the SRBR.

Question 4



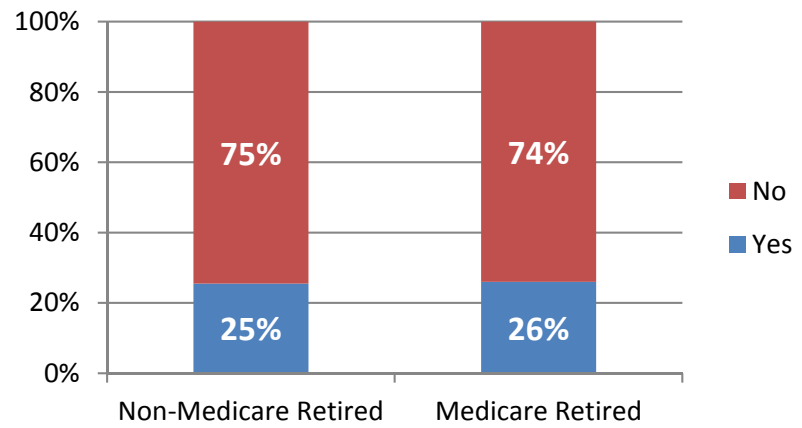
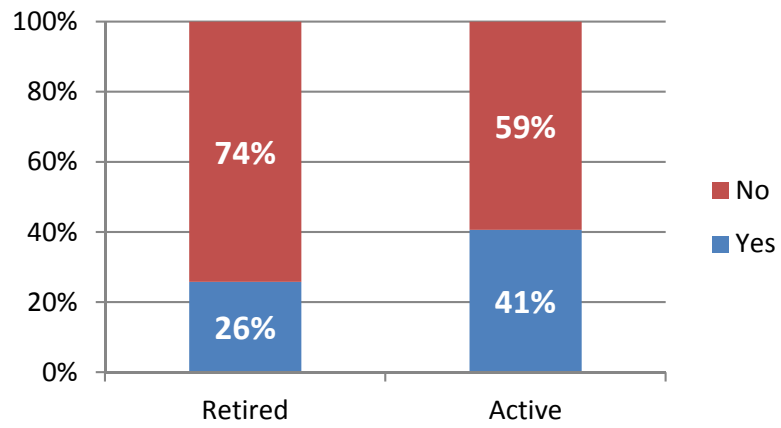
Question 5

Instead of ACERA's current practice of providing a Monthly Medical Allowance that can only be used for ACERA's medical plans, ACERA could provide a monthly stipend that is not tied to ACERA's medical plans. It would be paid to all retirees, including members outside of the current health plan service areas, based on the years of service structure in the table below (similar to the current Monthly Medical Allowance). The amount of the stipend would be roughly \$400 per month for 2012 for members with 20 or more years of service. It would save the SRBR roughly \$110,000 in the first year. This benefit may have to be taxable. Would you support this approach?

- Yes, I support this approach
- No, I do not support this approach

Years of ACERA Service	% of Stipend	Taxable Monthly Stipend
0-9 Years	0%	\$0
10-14 Years	50%	\$200
15-19 Years	75%	\$300
20+ Years	100%	\$400

Question 5





Question 6 [Demographic Question]



What type of ACERA member are you?

Please choose only one option:

- Active or Deferred member (not yet retired)
- Retired, but not Medicare eligible (under age 65 or not eligible for Medicare)
- Medicare Eligible Retiree



Question 7 (Retirees Only)

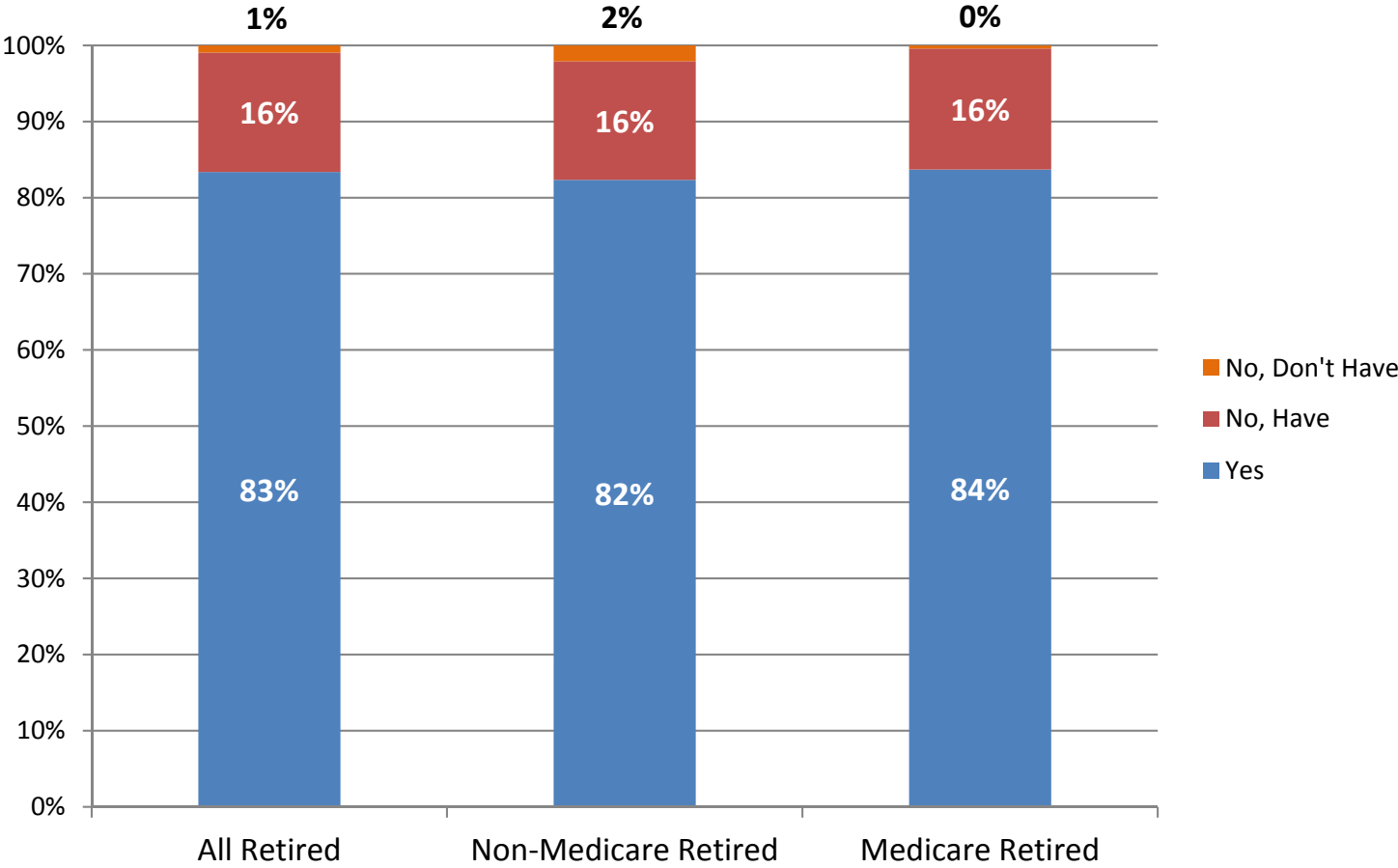


Do you have medical coverage with an ACERA-sponsored plan?

Please choose only one option:

- Yes. I am enrolled in an ACERA-sponsored medical plan.
- No, but I have other medical coverage.
- No. I don't have any medical coverage.

Question 7 (Retirees Only)





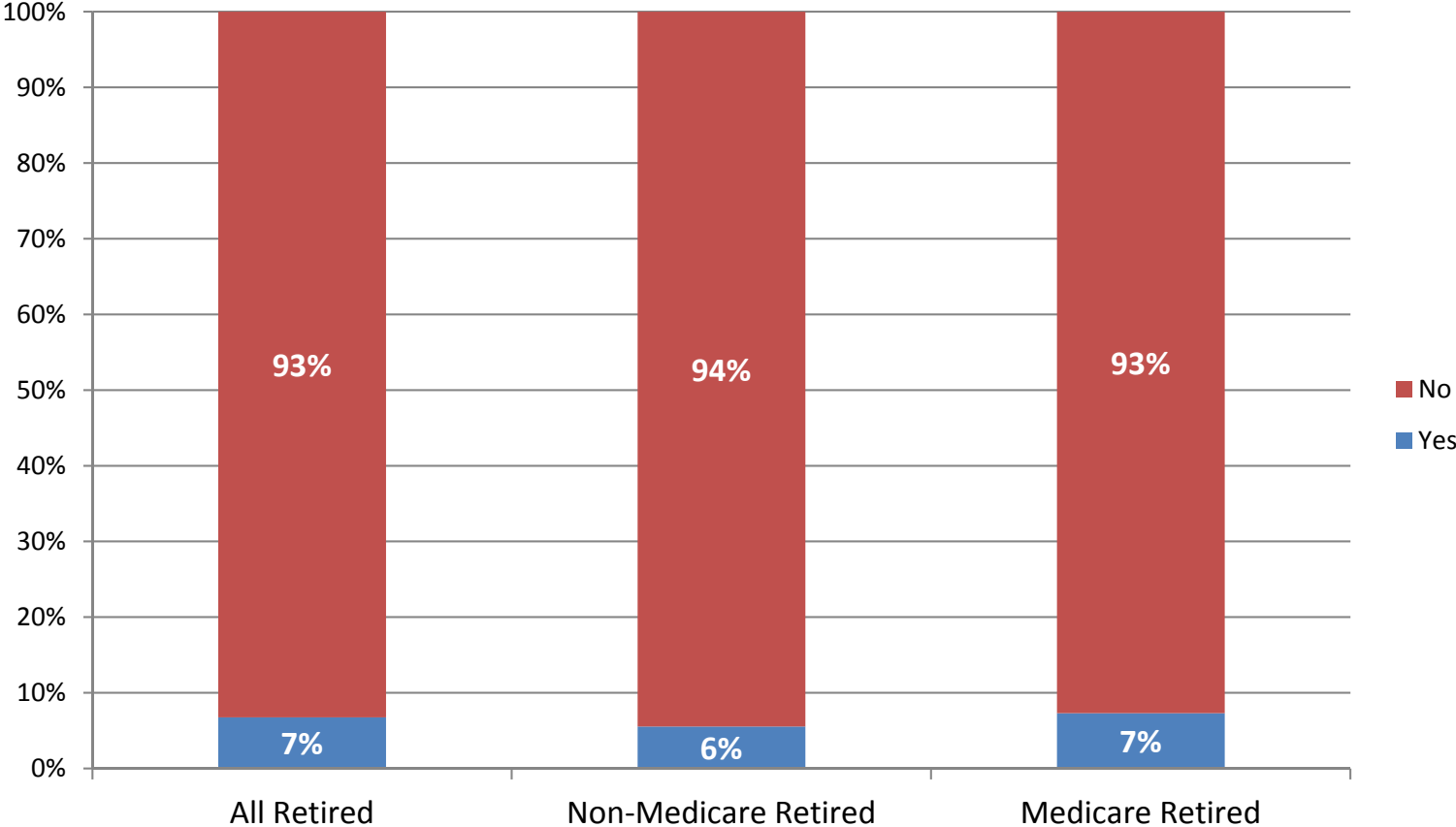
Question 8 (Retirees Only)



Do you have double medical coverage?

- Yes. I am enrolled in a separate medical insurance plan in addition to being enrolled in an ACERA-sponsored medical plan.
- No. I am enrolled in only one medical plan -OR- I don't have medical coverage.

Question 8 (Retirees Only)





Question 9 (Retirees Only)



ACERA currently provides all ACERA retirees with paid vision and dental coverage. Do you have additional dental and/or vision insurance with another provider in addition to your ACERA-sponsored plan?

A. I have other Dental Insurance (not through ACERA)

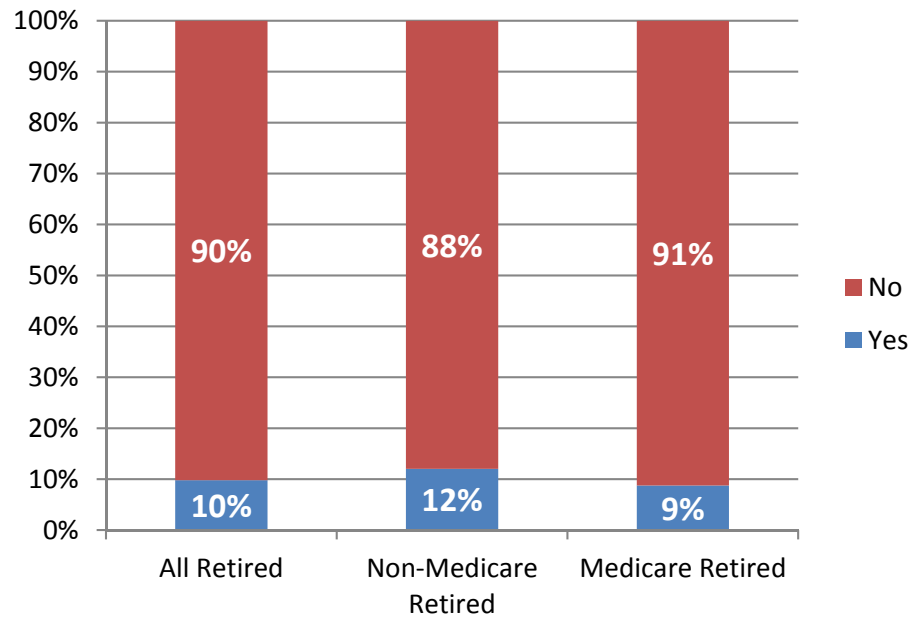
Yes No

B. I have other Vision Insurance (not through ACERA)

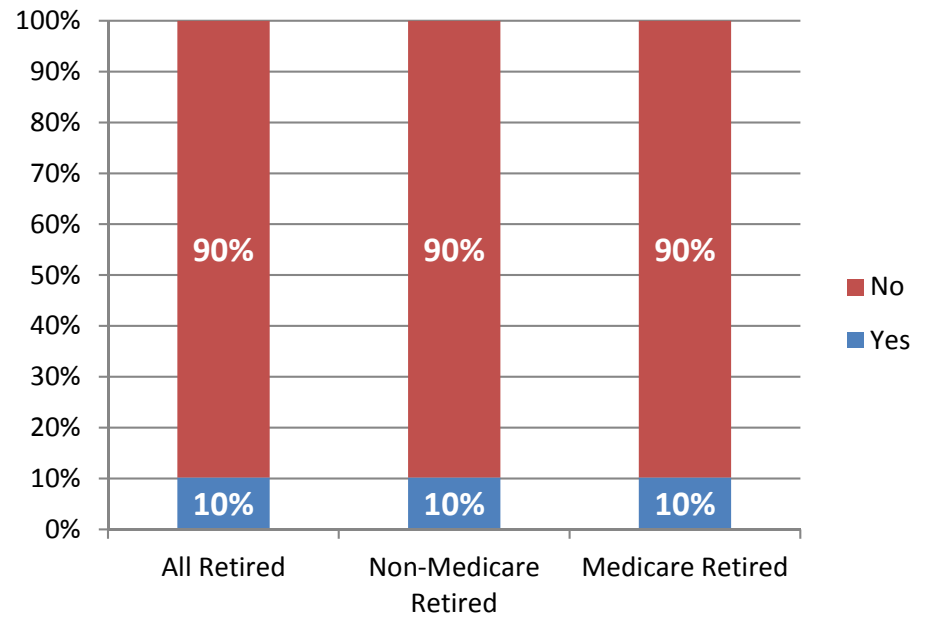
Yes No

Question 9 (Retirees Only)

Dental



Vision



Footnote: All Question 1 Percentages

All Retired

	ADEB	Dental	Death	MBRP	MMA	Sup. COLA	Vision
1	10.7%	5.2%	1.9%	3.7%	69.1%	8.3%	0.9%
2	6.8%	15.2%	4.6%	34.3%	10.8%	23.5%	4.6%
3	6.2%	23.3%	6.5%	21.8%	4.3%	29.6%	7.7%
4	6.3%	30.1%	12.8%	13.7%	2.5%	17.7%	15.6%
5	9.7%	15.3%	19.3%	12.0%	3.1%	11.6%	26.8%
6	15.7%	8.5%	33.8%	7.7%	3.7%	5.9%	21.6%
7	41.4%	1.7%	19.5%	4.1%	4.6%	2.6%	21.8%

Active

	ADEB	Dental	Death	MBRP	MMA	Sup. COLA	Vision
1	7.7%	1.8%	2.1%	3.9%	68.0%	15.5%	1.0%
2	6.4%	15.9%	3.7%	27.7%	17.4%	25.2%	3.5%
3	8.8%	23.0%	4.9%	24.8%	5.6%	23.0%	9.7%
4	9.1%	28.1%	9.3%	14.3%	3.8%	15.9%	19.0%
5	13.8%	16.5%	12.4%	15.6%	2.4%	11.3%	27.4%
6	24.2%	11.2%	34.7%	7.3%	1.1%	5.6%	15.1%
7	29.3%	3.2%	32.2%	5.9%	1.3%	3.2%	24.0%

Non-Medicare Retired

	ADEB	Dental	Death	MBRP	MMA	Sup. COLA	Vision
1	9.3%	4.8%	1.2%	1.5%	72.3%	9.8%	1.0%
2	9.4%	20.1%	2.0%	22.8%	11.1%	29.6%	4.8%
3	9.6%	24.9%	5.3%	20.8%	3.0%	27.0%	8.7%
4	7.0%	28.4%	11.3%	16.4%	2.3%	15.7%	17.5%
5	10.1%	14.8%	17.5%	17.6%	2.5%	10.7%	25.4%
6	17.5%	5.5%	34.7%	11.7%	2.2%	4.8%	21.0%
7	35.7%	0.8%	26.5%	6.6%	5.2%	1.9%	20.9%

Medicare Retired

	ADEB	Dental	Death	MBRP	MMA	Sup. COLA	Vision
1	11.4%	5.4%	2.3%	4.9%	67.4%	7.6%	0.9%
2	5.4%	12.6%	5.9%	40.5%	10.7%	20.3%	4.4%
3	4.4%	22.5%	7.2%	22.3%	4.9%	30.9%	7.1%
4	5.9%	31.0%	13.5%	12.3%	2.5%	18.8%	14.7%
5	9.5%	15.6%	20.2%	9.1%	3.4%	12.1%	27.6%
6	14.7%	10.1%	33.3%	5.5%	4.4%	6.5%	21.9%
7	44.5%	2.2%	15.8%	2.8%	4.4%	3.0%	22.3%