



February 1, 2017

To: Members of the Retirees Committee

From: Elizabeth Rogers, Acting Chair, Elected General

**Subject: Summary of the February 1, 2017 Retirees Committee Meeting**

Acting Committee Chair Elizabeth Rogers called the February 1, 2017 meeting to order at 11:08 a.m. Committee members present were Annette Cain-Darnes, Tarrell Gamble and Elizabeth Rogers. Also present were Dale Amaral, Ophelia Basgal, Keith Carson and alternate members Nancy Reilly and Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; and Harsh Jadhav, Chief of Internal Audit.

### **ACTION ITEMS**

#### **1. Annual Supplemental Cost of Living Adjustment**

Staff provided information regarding the Supplemental Cost of Living Adjustment (COLA) benefit. The Supplemental COLA is provided to retirees who have an accumulated loss of purchasing power of 15% due to inflation. For 2016, there were approximately 358 retirees/payees receiving this benefit at a cost of \$1,349,199.29. Based on the accumulated loss of purchasing power as of December 31, 2016, those Tier 1 members who retired on or before April 1, 1981, and those Tier 2 members who retired on or before April 1, 1993, will receive the Supplemental COLA increase effective with their April 1, 2017 monthly allowance.

It was moved by Annette Cain-Darnes and seconded by Nancy Reilly that the Retirees Committee recommend to the Board of Retirement that it adopts the Supplemental Cost of Living Adjustment increase for Tier I members who retired on or before April 1, 1981, and Tier 2 members who retired on or before April 1, 1993, effective with the April 1, 2017 monthly retirement allowance.

The motion carried 7 yes (*Basgal, Cain-Darnes, Carson, Gamble, Reilly, Rogers, Walker*), 0 no, 0 abstentions.

### **INFORMATION ITEMS**

#### **1. Annual Cost of Living Adjustment for 2017**

Staff reported that based on information provided by Segal Consulting, ACERA's actuaries, the Cost of Living Adjustment effective April 1, 2017 results in the maximum increase of 3.0% for all Tier 1 and Tier 3 retirees/payees, and all Tier 2 and Tier 4 retirees/payees will receive 2.0%. The Consumer Price Index (CPI) calculation resulted in a change of 3.53%.

According to Government Code Sections 31870 and 31870.1, the percentage change should be rounded to the nearest one-half percent, which is 3.50%. The difference between the 3.50% and the maximum COLA adjustment allowed for each Tier group will be banked.

## **2. Annual Health Planning Meeting with Retiree Representative/Date Announcement**

Staff presented information regarding the purpose and plans for ACERA's annual health planning meeting with Trustees, retiree representatives, Benefits Consultants, and the County of Alameda, tentatively scheduled for March 1, 2017.

## **3. Benefits Consultant Services Request for Proposal Timeline**

Staff presented the plans and a timeline to conduct a Request for Proposal (RFP) for Benefits Consulting Services. Staff has identified 13 potential firms who could provide benefits consulting services based on their knowledge and expertise in handling retirement and public sector benefits and communication materials. In addition to sending these firms an invitation to submit a bid on the RFP, the RFP will be posted on ACERA's website. Trustee Gamble expressed concern that Wells Fargo is included on the list of firms Staff will invite to bid on the Benefits Consultant RFP in light of its recent activities reported in the news.

## **4. Miscellaneous Updates**

Staff reported that about five early retirees enrolled in individual medical plans through the Health exchange experienced delays in receiving their medical expense reimbursements. This was due to Anthem merging its Anthem/WellPoint platforms together into one file, which is the file that is sent to OneExchange for reimbursing retirees. The carrier and OneExchange have been working together to resolve this issue. The recent test results of the combined file format for sending members' information to OneExchange have been successful.

## **RECOMMENDATIONS**

### **1. Annual Supplemental Cost of Living Adjustment**

The Committee recommends, and I move that the Board of Retirement adopts the Supplemental Cost of Living Adjustment increase for Tier I members who retired on or before April 1, 1981, and Tier 2 members who retired on or before April 1, 1993, effective with the April 1, 2017 monthly retirement allowance. This annual supplemental benefit is non-vested and is funded by the Supplemental Retiree Benefit Reserve.

## **TRUSTEE/PUBLIC/STAFF INPUT**

A public comment was made by an SEIU Local 1021 representative expressing concern regarding Wells Fargo's involvement in the Dakota Access Pipeline's funding, and the controversy it has caused within the SEIU Local 1021 membership. This comment was related to the above discussion regarding the benefits consultant services RFP.

**FUTURE DISCUSSION ITEMS**

None.

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for March 1, 2017 at 10:30 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 11:25 a.m.