



February 6, 2013

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

**Subject: Summary of the February 6, 2013 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called the February 6, 2013 meeting to order at 10:00 a.m. Committee members present were Liz Koppenhaver, Annette Cain-Darnes, Keith Carson, Elizabeth Rogers, and George Wood. Also present were Dale Amaral; and alternate members David Safer and Darryl Walker. Staff present were Vincent Brown, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Rose Kwong, Benefits Manager; and Latrena Walker, Projects and Information Services Manager.

### **ACTION ITEMS**

#### **1. Annual Supplemental Cost of Living Adjustment (Supplemental COLA)**

Rose Kwong, Benefits Manager, provided information regarding the Supplemental Cost of Living Adjustment (COLA) benefit. For 2012, there were approximately 600 retirees/payees receiving this benefit at a cost of \$2,345,526.96. This annual supplemental benefit is non-vested and is funded by the Supplemental Retiree Benefit Reserve (SRBR).

It was moved by Elizabeth Rogers and seconded by George Wood that the Committee recommends to the Board of Retirement to adopt the Supplemental COLA increase for Tier 1 members who retired on or before April 1, 1981 and Tier 2 members who retired on or before April 1, 1991, effective with the April 1, 2013 monthly retirement allowance. The motion passed unanimously.

#### **2. Supplemental Retiree Benefit Reserve (SRBR) Policy Update**

Kathy Foster, Assistant Chief Executive Officer, provided recommended changes to the Supplemental Retiree Benefit Reserve (SRBR) Policy to reflect the elimination of the Active Death Equity Benefit (ADEB) and the Retired Member (Lump Sum) Death Benefit effective January 1, 2013.

It was moved by Annette Cain-Darnes and seconded by Elizabeth Rogers that the Committee recommends to the Board of Retirement that it adopts the revisions to the Supplemental Retiree Benefit Reserve (SRBR) Policy that reflect the elimination of the Active Death Equity Benefit (ADEB) and the Retired Member (Lump Sum) Death Benefit effective with deaths that occur on or after January 1, 2013. The motion passed unanimously.

## **INFORMATION ITEMS**

### **1. Annual Cost of Living Adjustment (COLA)**

Rose Kwong, Benefits Manager, reported that based on information provided by The Segal Company, ACERA's actuaries, the Cost of Living Adjustment (COLA) effective April 1, 2013 results in an increase of 3% for Tier 1 and Tier 3 retirees/payees who retired on or before April 1, 1985. Tier 1 and Tier 3 retirees/payees who retired after April 1, 1985 through on or before April 1, 2013 will receive 2%, and all Tier 2 retirees/payees will receive 2%.

### **2. Report on Timeline to Complete Review of Reciprocal Status of Retirees**

Kathy Foster, Assistant Chief Executive Officer, reported that in order to update retirees' accounts to accurately reflect reciprocal membership information, Staff would need to review approximately 7,000 retiree files, which is estimated to take three months to complete. The Trustees directed Staff to proceed with the retiree file review.

### **3. Report on Benefits Funded by the Supplemental Retiree Benefit Reserve (SRBR) Based on Years of Service**

Kathy Foster, Assistant Chief Executive Officer, provided information on the benefits provided by the Supplemental Retiree Benefit Reserve (SRBR), number of recipients, and costs for each benefit based on years of service. In addition, estimated costs savings based on a prorated years of service structure for Medicare Part B Reimbursement Plan (MBRP) benefits, and vision and dental subsidies; as well as a five-year service eligibility requirements were provided. The Trustees directed Staff to bring back information on the MBRP benefit based on the years of service structure and any Staff administrative impacts at the April Retirees Committee meeting. Also, the Trustees directed Staff to provide information on the impact to the negotiated carriers' premiums and cost for subsidies if an eligibility requirement of five or ten years for dental and vision plan benefits were implemented.

### **4. Report on Project Plan for Early Retiree Medical Coverage through Health Exchange**

Kathy Foster, Assistant Chief Executive Officer, provided a report on a project plan and timeline to determine feasibility of providing early retirees medical coverage through the California Health Benefit Exchange.

### **5. Annual Health Plan Meeting with Retiree Representative/Date Announcement**

Sharen Stanek-Lowe, Assistant Benefits Manager, presented information regarding the purpose and plans for ACERA's annual health plan meeting with Trustees, retiree representatives, Benefits Consultants, and Alameda County scheduled for March 6, 2013.

## **6. Status Update Regarding Retirees Obtaining Medical Coverage through the Medicare Exchange**

Kathy Foster, Assistant Chief Executive Officer; Sharen Stanek-Lowe, Assistant Benefits Manager; and Andrea Comporato, Regional Vice President with Extend Health, Inc.; presented information on the enrollment status, plans selected, average costs, and coverage issues for retirees losing coverage through UnitedHealthcare and enrolling in Individual Plans through Extend Health.

## **7. Semi-Annual Report on ACERA's Wellness Program**

Sharen Stanek-Lowe, Assistant Benefits Manager, gave a presentation on ACERA's Wellness Program, which included the 2013 Wellness Program Work Plan, 2013 changes, goals for 2013, carrier measurements for the period 2008 through August 2012, and 2012 accomplishments.

## **8. Miscellaneous Updates**

Sharen Stanek-Lowe, Assistant Benefits Manager, provided an overview of the strategic meeting with Keenan & Associates, ACERA's Benefits Consultant, and recent Delta Dental regulatory enterprise practices postings to ACERA's website.

## **TRUSTEE/PUBLIC INPUT**

Ken Moresi, REAC Board President, reminded Trustees and Staff of its Spring Annual Membership meeting and luncheon to be held on March 11, 2013. Invitations to the meeting/luncheon were sent to Trustees and certain ACERA Staff members as guests of REAC.

## **RECOMMENDATIONS**

### **1. Annual Supplemental Cost of Living Adjustment (Supplemental COLA)**

The Committee recommends, and I move that the Board of Retirement adopts the Supplemental COLA increase for Tier 1 members who retired on or before April 1, 1981 and Tier 2 members who retired on or before April 1, 1991, effective with the April 1, 2013 monthly retirement allowance. This annual supplemental benefit is non-vested and is funded by the Supplemental Retiree Benefit Reserve (SRBR).

### **2. Supplemental Retiree Benefit Reserve (SRBR) Policy Update**

The Committee recommends, and I move that the Board of Retirement adopts the revisions to the Supplemental Retiree Benefit Reserve (SRBR) Policy that reflect the elimination of the Active Death Equity Benefit (ADEB) and the Retired Member (Lump Sum) Death Benefit effective with deaths that occur on or after January 1, 2013.

**FUTURE DISCUSSION ITEMS**

None.

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for March 6, 2013 at 10:00 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 12:00 p.m.