



April 2, 2014

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

Subject: Summary of the April 2, 2014 Retirees Committee Meeting

Committee Chair Liz Koppenhaver called the April 2, 2014 meeting to order at 11:10 a.m. Committee members present were Liz Koppenhaver, Dale Amaral, Keith Carson, and George Dewey. Also present were Annette Cain-Darnes and George Wood; and alternate member David Safer. Staff present were Vincent Brown, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Marguerite Malloy, Associate Counsel; Rose Kwong, Benefits Manager; Latrena Walker, Projects and Information Services Manager; and Harsh Jadhav, Internal Audit Manager.

ACTION ITEMS

1. Supplemental Retiree Benefit Reserve (SRBR) Policy Update

Kathy Foster, Assistant Chief Executive Officer, provided suggested revised language for the Supplemental Retiree Benefit Reserve (SRBR) Policy to reflect the reinstatement of the Retired Member (Lump Sum) Death Benefit of \$1,000.00, effective January 1, 2013; and to make other minor consistency and clarifying changes for consideration.

It was moved by George Dewey and seconded by Dale Amaral 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 reinstatement of the vested \$1,000.00 Retired Member (Lump Sum) Death Benefit, effective January 1, 2013; and the other language changes including the additional revisions requested by the Trustees at the April 2nd Retirees Committee meeting.

The motion passed unanimously as follows:

Ms. Koppenhaver, yes; Captain Amaral, yes; Supervisor Carson, yes; Mr. Dewey, yes; Ms. Cain-Darnes, yes; George Wood, yes.

INFORMATION ITEMS

1. Healthcare Reform Update – 1st Quarter 2014

Keenan & Associates, ACERA's Benefits Consultant, provided updates to the Affordable Care Act (ACA); and information regarding Public and Private Exchanges, Cadillac Tax, and enrollment statistics for Covered California and the federal marketplace.

2. Status Update on Project Plan for Early Retiree Medical Coverage through Health Exchange (Covered California)

Kathy Foster, Assistant Chief Executive Officer, provided a status update on the Covered California project, reporting that a Request for Proposal (RFP) for an exchange facilitator service provider was issued in February. A comprehensive report on the results and information on private and public health care exchanges will be provided at the May Retirees Committee meeting.

3. Supplemental Retiree Benefit Reserve (SRBR) Financial Status

Margo Allen, Fiscal Services Officer, presented a 10-year history of the Supplemental Retiree Benefit Reserve (SRBR) activity through December 31, 2013. Approximately \$97.3 million of interest was credited to the SRBR fund for the second half of 2013, using a semi-annual interest crediting rate of 17.0831%. The total interest credited to the SRBR for 2013 was approximately \$113.9 million. The December 31, 2013 ending balance was approximately \$643.1 million.

4. Report on Annual Health Plan Meeting with Retiree Groups

Sharen Stanek-Lowe, Assistant Benefits Manager, provided a report on the participants, topics, and follow-up items from the Annual Health Planning meeting, which was held on March 5, 2014.

5. Miscellaneous Updates

Sharen Stanek-Lowe, Assistant Benefits Manager, provided an update on the Health Reimbursement Arrangement (HRA) claims for 2013 that have been paid through February 28, 2014. She also reported that Extend Health, a Towers Watson Company, has changed its name to Towers Watson's OneExchange.

TRUSTEE/PUBLIC INPUT

None.

RECOMMENDATIONS

1. 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 reinstatement of the vested \$1,000.00 Retired Member (Lump Sum) Death Benefit, effective January 1, 2013; and the other language changes including the additional revisions requested by the Trustees at the April 2nd Retirees Committee meeting.

FUTURE DISCUSSION ITEMS

- 401(h) Account Resolution Request to ACERA Participating Employers
- Approval of Payment for Implicit Subsidy Cost for 2013
- Possible Declaration of Intent to Fund Implicit Subsidy Program for 2015

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for May 7, 2014 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 12:10 p.m.