



October 2, 2013

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

**Subject: Summary of the October 2, 2013 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called the October 2, 2013 meeting to order at 10:40 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; Marguerite Malloy, Associate Counsel; Latrena Walker, Projects and Information Services Manager; and Harsh Jadhav, Internal Audit Manager.

### **ACTION ITEMS**

#### **1. Presentation and Acceptance of Supplemental Retiree Benefit Reserve (SRBR) Funding Report/Study**

The Segal Company (Segal), ACERA's Actuary, presented the annual GASB Statements No. 25 and 43 Actuarial Valuation of benefits provided through the Supplemental Retiree Benefit Reserve (SRBR) account as of December 31, 2012. Last May, Segal reported these benefits were projected to be paid through 2027. Due to subsequent decisions made by the Board of Retirement to maintain the current Monthly Medical Allowance and to change the eligibility requirements for vision and dental subsidies, the terminal year of the fund was extended by another year. Based on this valuation report, the terminal year of the "Other Post-Employment Benefit" (OPEB) and Non-OPEB is projected to be 2028.

It was moved by Annette Cain-Darnes and seconded by Dale Amaral that the Committee recommends to the Board of Retirement that it accepts the December 31, 2012 Supplemental Retiree Benefit Reserve (SRBR) Actuarial Valuation prepared by The Segal Company.

The motion passed unanimously as follows:

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

## **INFORMATION ITEMS**

### **1. Supplemental Retiree Benefit Reserve (SRBR) Financial Status**

Margo Allen, Fiscal Services Officer, presented a history of the Supplemental Retiree Benefit Reserve (SRBR) activity for the 10 ½ year period ending June 30, 2013. The ending balance of the SRBR as of June 30, 2013 was approximately \$569.5 million. The semi-annual interest crediting as of June 30, 2013 based on the rate of 2.9037% was completed on August 28, 2013. There was approximately \$16.6 million of interest credited and \$18.0 million deducted from the SRBR fund.

### **2. Update on 2014 Medicare Exchange Health Reimbursement Accounts (HRA) through Extend Health, Inc.**

Kathy Foster, Assistant Chief Executive Officer, reported that based on tax counsel's opinion, amending ACERA's contract with Extend Health, Inc. to prohibit covered retirees from receiving their Monthly Medical Allowance (MMA) through a Health Reimbursement Account (HRA) benefit upon return to work will allow us to keep the "Retiree Only Plan" status. This will enable the continuation of the MMA benefit to those enrolled through the Medicare Exchange for the 2014 calendar year.

### **3. Final Report on Open Enrollment Preparation and Communications Material and Health Fair Arrangements**

Sharen Stanek-Lowe, Assistant Benefits Manager and Mike Fara, Communications Manager, provided a report and sample communication materials regarding ACERA's annual Open Enrollment for plan year 2014 and the Retiree Health Fair.

### **4. Miscellaneous Updates**

Sharen Stanek-Lowe, Assistant Benefits Manager, provided an update on the Health Reimbursement Arrangement (HRA) through August 31, 2013. She also reported on the Superior Court's Voluntary Separation Incentive Program, calls received from Alameda Hospital Services nurses, mailing of a specific letter to dental and vision plans enrollees whose coverage will cease as of January 31, 2014 due to the change in the eligibility requirements, the annual mailing of the Medicare Part D Certificate of Coverage Notice, and Covered California going into effect October 1, 2013.

## **TRUSTEE/PUBLIC INPUT**

Ken Moresi, REAC Board President, reminded Trustees and Staff of its fall luncheon to be held on October 14, 2013 at Francesco's Restaurant.

Trustee Dale Amaral expressed his appreciation to Kathy Foster for her knowledge and responsiveness in addressing a number of issues he presented her.

**RECOMMENDATIONS**

**1. Presentation and Acceptance of Supplemental Retiree Benefit Reserve (SRBR) Funding Report/Study**

The Committee recommends, and I move that the Board of Retirement accepts the December 31, 2012 Supplemental Retiree Benefit Reserve (SRBR) Actuarial Valuation prepared by The Segal Company.

**FUTURE DISCUSSION ITEMS**

- Adoption of Medicare Part B Reimbursement Plan Benefit for 2014

**ESTABLISHMENT OF NEXT MEETING DATE**

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

**MEETING ADJOURNED**

The meeting adjourned at 11:40 a.m.