



October 7, 2015

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

**Subject: Summary of the October 7, 2015 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called the October 7, 2015 meeting to order at 10:32 a.m. Committee members present were Liz Koppenhaver, Tarrell Gamble, Dale Amaral, Annette Cain-Darnes, and George Wood. Also present were Elizabeth Rogers, and alternate members David Safer and Darryl Walker. Staff present were Kathy Foster, Interim Chief Executive Officer; Joseph Fletcher, Chief Counsel; Margo Allen, Fiscal Services Officer; Sandra Dueñas-Cuevas, Benefits Manager; Latrena Walker, Projects and Information Services Manager; and Harsh Jadhav, Chief of Internal Audit.

### **ACTION ITEMS**

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

Segal Consulting (Segal), ACERA's Actuary, presented the annual GASB Statement No. 43 (OPEB) and non-OPEB Actuarial Valuation of the Benefits Provided by the Supplemental Retiree Benefit Reserve, Including Sufficiency of Funds, as of December 31, 2014. Based on this valuation report, the terminal year of the "Other Post-Employment Benefit" (OPEB) is projected to be 2037, with full benefits paid through 2036 for a total of 22 full years and 1 partial year. The terminal year of Non-OPEB benefits is projected to be 2034, with full benefits paid through 2033 for a total of 19 full years and 1 partial year. Segal reported that the prolonged projections for the OPEB's are mainly due to the high rate of return on the SRBR assets, fewer than expected retirements during 2014, and lower than expected premium rates for 2016. These projections were offset somewhat by changes in actuarial assumptions and new provisions to provide the Monthly Medical Allowance to a new group of retirees living outside the HMO plan service areas.

It was moved by Liz Koppenhaver and seconded by Tarrell Gamble that the Committee recommends to the Board of Retirement that it accepts the GASB Statement No. 43 (OPEB) and non-OPEB Actuarial Valuation of the Benefits Provided by the Supplemental Retiree Benefit Reserve, Including Sufficiency of Funds, as of December 31, 2014, prepared by Segal Consulting.

The motion carried 6 yes (*Amaral, Cain-Darnes, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

## **INFORMATION ITEMS**

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

Staff presented a history of the Supplemental Retiree Benefit Reserve (SRBR) activity for the 10 ½ year period ending June 30, 2015. The ending balance of the SRBR as of June 30, 2015 was approximately \$840.0 million. The semi-annual interest crediting as of June 30, 2015 based on the rate of 9.4418% was completed on August 27, 2015. There was approximately \$74.6 million of interest credited and \$25.0 million deducted from the SRBR fund.

### **2. Health Care Reform Update – 3<sup>rd</sup> Quarter**

Keenan & Associates, ACERA's Benefits Consultant, provided information on the King v. Burwell case, Cadillac Tax and tax projections, Health Care Reform reporting requirements, and retiree-only Health Reimbursement Arrangements. Trustees directed Staff to provide the percentage increase of the prescription drug costs based on the Federal Blue Cross/Blue Shield standard benefit from 2010 to the most current period.

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

Keenan & Associates, ACERA's Benefits Consultant, provided a presentation on ACERA's Wellness Program, which included the current Program strategy highlights, interest survey, results of Kaiser Permanente's chronic conditions report for 2014, and Kaiser's support to the Program and its Health Sleep Toolkit promotional campaign.

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

Staff provided a presentation with sample communication materials regarding ACERA's annual Open Enrollment for plan year 2016 and the Retiree Health Fair.

### **5. Miscellaneous Updates**

Staff provided information regarding the annual Medicare Part D Certification of Coverage Notice mailing, and OneExchange Balance Reminder Statement mailing.

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

None.

## **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 GASB Statement No. 43 (OPEB) and non-OPEB Actuarial Valuation of the Benefits Provided by the Supplemental Retiree Benefit Reserve, Including Sufficiency of Funds, as of December 31, 2014, prepared by Segal Consulting.

## **FUTURE DISCUSSION ITEMS**

- Adoption of Medicare Part B Reimbursement Plan Benefit for 2016

## **ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for November 4, 2015 at 10:30 a.m.

## **MEETING ADJOURNED**

The meeting adjourned at 11:48 a.m.