



November 5, 2014

To: Members of the Retirees Committee

From: Dale Amaral, Vice Chair

Subject: Summary of the November 5, 2014 Retirees Committee Meeting

Committee Vice Chair Dale Amaral called the November 5, 2014 meeting to order at 10:35 a.m. Committee members present were Dale Amaral, Keith Carson, George Dewey, and Elizabeth Rogers. Also present were alternate members David Safer and Darryl Walker. Staff present were Vincent Brown, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Betty Tse, Chief Investment 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. 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, 2013. Based on this valuation report, the terminal year of the "Other Post-Employment Benefit" (OPEB) is projected to be 2033 and the Non-OPEB is projected to be 2029. Segal reported that the prolonged projections are due to the high rate of return on the SRBR assets, lower than expected implicit subsidy, only half of the funds designated for individual plans Monthly Medical Allowance (MMA) being used, and the Board of Retirement's decision to maintain the current MMA.

It was moved by David Safer and seconded by George Dewey that the Committee recommends to the Board of Retirement that it accepts the December 31, 2013 Supplemental Retiree Benefit Reserve (SRBR) Actuarial Valuation prepared by The Segal Company.

The motion carried 5 yes (*Amaral, Carson, Dewey, Rogers, Safer*), 0 no, 0 abstentions.

2. Adoption of Medicare Part B Reimbursement Plan Benefit for 2015

Kathy Foster, Assistant Chief Executive Officer, provided information on the eligibility of ACERA's Medicare Part B Reimbursement Plan (MBRP) benefit with a recommendation to continue the benefit for 2015. Keenan & Associates, ACERA's Benefits Consultant, provided information regarding the 2015 cost of living adjustment and Medicare Part B premiums, which is available on the Medicare website.

It was moved by Elizabeth Rogers and seconded by George Dewey that the Committee recommends to the Board of Retirement to continue to provide the Medicare Part B Reimbursement Plan (MBRP) benefit to eligible retirees in 2015, and approve the reimbursement based on the lowest standard monthly Medicare Part B premium at the rate of \$104.90.

The motion carried 5 yes (*Amaral, Carson, Dewey, Rogers, Safer*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Status Update on Retirements Due to AB 197 Implementation

Rose Kwong, Benefits Manager, provided a status report on the work completed and amounts spent on overtime and temporary employees as of October 25, 2014, due to the implementation of AB 197.

2. Retiree Health Fair Results and Open Enrollment Activity

Kathy Foster, Assistant Chief Executive Officer, provided a report on the results of the Retiree Health Fair and Wellness Center. There were a total of 325 attendees compared to 385 attendees last year. In addition, she provided preliminary information on the Open Enrollment activity for plan year 2015. A report on ACERA's plan changes and OneExchange plan changes will be provided at the January 2015 Committee meeting.

3. Miscellaneous Updates

Kathy Foster, Assistant Chief Executive Officer, provided responses to questions raised at the October Committee meeting regarding the Kaiser data breach that impacted three ACERA members. In addition, in response to questions raised regarding the potential impact to premiums resulting from the Cadillac Tax, she gave information on the "Minimum Essential Benefits" that must be provided under the Affordable Care Act.

TRUSTEE/PUBLIC 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 December 31, 2013 Supplemental Retiree Benefit Reserve (SRBR) Actuarial Valuation prepared by The Segal Company.

2. Adoption of Medicare Part B Reimbursement Plan Benefit for 2015

The Committee recommends, and I move that the Board of Retirement continues to provide the Medicare Part B Reimbursement Plan (MBRP) benefit to eligible retirees in 2015, and approve the reimbursement based on the lowest standard monthly Medicare Part B premium at the rate of \$104.90. The MBRP benefit is a non-vested benefit funded by contributions from ACERA Employers to the 401(h) account. After contributions are made, in accordance with the County Employee Retirement Law (CERL), ACERA treats an equal amount of Supplemental Retiree Benefit Reserve (SRBR) assets as employer contributions for pensions.

FUTURE DISCUSSION ITEMS

- Adoption of Updates to Appendix A of 401(h) Account Resolutions

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for December 3, 2014 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:20 a.m.