



MINUTES OF FEBRUARY 2, 2022 RETIREES COMMITTEE MEETING

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair

Subject: Summary of the February 2, 2022 Retirees Committee Meeting

Committee Chair Liz Koppenhaver called the February 2, 2022 Committee meeting to order at 10:31 a.m.

ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE

Committee members present were Liz Koppenhaver, Henry Levy, Dale Amaral, and Kellie Simon. Also present were Tarrell Gamble, Jamie Godfrey, George Wood and alternate members Nancy Reilly and Darryl Walker. Ophelia Basgal joined the meeting after roll call.

Staff present were Sandra Dueñas-Cuevas, Benefits Manager; Mike Fara, Communications Manager; Kathy Foster, Assistant Chief Executive Officer; Erica Haywood, Fiscal Services Officer; Jessica Huffman, Benefits Manager; Harsh Jadhav, Chief of Internal Audit; Vijay Jagar, Chief Technology Officer; David Nelsen, Chief Executive Officer; Ismael Piña, Assistant Benefits Manager; Jeff Rieger, Chief Counsel and Betty Tse, Chief Investment Officer.

PUBLIC INPUT

Towards the end of the meeting, Pete Albert, President of Alameda County Retired Employees (ACRE) retiree association, expressed his appreciation to the Committee for approving the recommendation to adopt the Supplemental Cost of Living Adjustment increase.

INFORMATION ITEMS

Chair Koppenhaver moved the following information item to the top of the agenda at the request of Staff to provide for more complete background before considering the action item:

1. Annual Cost of Living Adjustment (COLA)

Staff reported that based on information provided by Segal, ACERA's actuaries, the Cost of Living Adjustment effective April 1, 2022 results in the maximum increase of 3.0% for all Tier 1 and Tier 3 retirees/payees, and all Tier 2 and Tier 4 retirees/payees will receive

2.0%. The Consumer Price Index (CPI) calculation resulted in a change of 4.24%. According to Government Code Sections 31870 and 31870.1, the percentage change should be rounded to the nearest one-half percent, which is 4.0%. The difference between the 4.0% and the maximum COLA adjustment allowed for each Tier group will be banked. Trustee Wood requested Staff to provide information on how often the COLA bank has been used over the last 10-year period.

ACTION ITEMS

1. Annual Supplemental Cost of Living Adjustment (COLA)

Staff provided information regarding the Supplemental Cost of Living Adjustment (COLA) benefit. The Supplemental COLA is provided to retirees who have an accumulated loss of purchasing power of 15% due to inflation. For 2021, there were approximately 578 retirees/payees receiving this benefit at a cost of \$939,406.87. Based on the accumulated loss of purchasing power as of December 31, 2021, those Tier 1 members who retired on or before April 1, 1981, and those Tier 2 members who retired on or before April 1, 2001, will receive the Supplemental COLA increase effective with their April 1, 2022 monthly allowance.

It was moved by Ophelia Basgal and seconded by Kellie Simon that the Retirees Committee recommend to the Board of Retirement that it adopt the Supplemental Cost of Living Adjustment increase for Tier 1 members who retired on or before April 1, 1981, and Tier 2 members who retired on or before April 1, 2001, effective with the April 1, 2022 monthly retirement allowance. This annual supplemental benefit is non vested and is funded by the Supplemental Retiree Benefit Reserve.

The motion carried 8 yes (*Amaral, Basgal, Gamble, Godfrey, Koppenhaver, Levy, Simon, Wood*), 0 no, 0 abstentions.

INFORMATION ITEMS

2. 2022 Annual Retirees Committee Work Plan Review

Staff provided a proposed 2022 Retirees Committee Work Plan highlighting two changes from last year's work plan: 1) a discussion regarding the retired member lump sum death benefit, and a report on hearing aid benefits were added to the February meeting; and 2) a placeholder was added to schedule a meeting in September, if needed.

3. Annual Health Care Planning Meeting with Retiree Representative/Date Announcement

Staff presented information regarding the purpose and plans for ACERA's annual health care planning meeting with Trustees, retiree representatives, Benefits Consultants, and the County of Alameda, which will be held virtually and is tentatively scheduled for April 6, 2022.

4. Report on 1099-R Processing

Staff reported that the 2021 1099-R forms were mailed to retirees/payees the week of January 17th prior to the IRS deadline of January 31st.

5. Discussion Regarding Retired Member (Lump Sum) Death Benefit

Staff provided information on the lump sum death benefits paid by the other 1937 Act systems, and estimated annual costs based on last year's total deaths at various benefit amounts. There was discussion to consider increasing this benefit back to the \$5,000 level, which was the amount prior to 2013. Since that time, the Supplemental Retiree Benefit Reserve (SRBR) projected sufficiency payment period has increased, and the fund balance has also increased.

The Trustees directed Staff to send a benefits survey to members and retirees, as was done in 2019, so they can indicate the priority of the benefits paid from the SRBR. Staff will send the Trustees the results of the 2019 benefits survey for further discussion at the February Board of Retirement meeting.

Further discussion regarding possibly increasing the lump sum death benefit will be brought back at a future Committee meeting. Trustee Wood requested that the discussion include retirees' designating the death benefit to be donated to a charitable organization,

Pete Albert, President of Alameda County Retired Employees (ACRE) retiree association, stated that since the Trustees are considering providing the retirees other benefits, such as the hearing aid benefit, asked about the timing of having a decision made to include in our renewal request to the County of Alameda (County). Staff responded that the deadline to make an official request to the County is mid-April.

6. Report on Hearing Aid Benefits

Segal, ACERA's Benefits Consultant, provided information on the impact of hearing loss nationally, current hearing aid utilization, medical coverage provided, costs, and alternative sources available to ACERA retirees. Based on the discussion to possibly provide hearing aid benefits to non-Medicare eligible retirees, and enhancing the benefit for the Medicare eligible retirees, Staff will get specific cost information to present at the April Committee meeting.

7. Report on Open Enrollment Activity

Staff provided information on the Plan Year 2022 Open Enrollment activity for ACERA and Via Benefits. ACERA's medical, dental and vision enrollment forms were revised to allow members to complete and sign forms online using fillable DocuSign forms, and submitting them securely.

8. Miscellaneous Updates

Staff provided information on ACERA's plans to promote the one-year trial of the Silver&Fit® Healthy Aging and Exercise Program for Kaiser Permanente Senior Advantage (KPSA) members. In addition to posting information about this program on ACERA's website, Staff proposed to send email blasts and a postcard to KPSA members. Trustee Basgal requested that a list of participating gyms be included in the information to be provided to the members.

In July, an electronic survey will be sent via email blast and/or via postcard, which would provide the link to the survey. The results of the survey will be presented at the August Committee or Board of Retirement meeting.

TRUSTEE REMARKS

None.

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for April 6, 2022 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:44 a.m.