

March 2, 2011

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

Subject: Summary of the March 2, 2011 Retirees Committee Meeting

Committee Chair Liz Koppenhaver called the March 2, 2011 meeting to order at 10:46 a.m. Committee members present were Liz Koppenhaver, Annette Cain-Darnes, Elizabeth Rogers, Dale Amaral and George Dewey. Other Board member present was Keith Carson, and alternate members David Safer and Darryl Walker. Staff present was Catherine Walker, Acting Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Robert Gaumer, Chief Counsel; Rose Kwong, Benefits Manager; Mike Fara, Communications Manager; and Harsh Jadhav, Internal Audit Manager.

ACTION ITEMS

There were no action items up for discussion.

INFORMATION ITEMS

1. SRBR Policy Update Review

In 2010, the Board of Retirement changed the Supplemental Retiree Benefits Reserve (SRBR) Policy in order to meet projected liabilities of the plan over a 15-year period. In addition to this change, staff presented an approach for the Board to set limits on potential adjustments that may be needed in order to meet their SRBR funding objective.

The objective of setting adjustment limits is to ensure that the SRBR program will at all times have enough funding available to pay the expected benefit liabilities over a rolling period of 15 years. The policy intent would be to adjust the benefit level at each valuation date to ensure current assets will be sufficient to make payments for the intended period. The suggestion is that the Board continues its procedure of yearly SRBR valuations and, based on the result of those valuation, make whatever adjustments are necessary to maintain a 15-year funding horizon.

The recommended approach consists of a benefits change mitigation rule that no changes made in any one year will increase or decrease total yearly benefit payments by more than 5%. Consideration of implementing a trigger to take more aggressive action may be necessary in the event that after making a number of 5% changes, the program funding horizon has not reached a desired lifespan goal.

The Committee directed staff to provide additional options for policy language regarding setting parameters for benefit adjustments.

2. 2011 Supplemental Cost-of Living Allowance Adjustment

Staff provided an update to the Committee's request regarding Tier 1 Retirees who retired after April 1, 1981 through April 1, 1982 and who will no longer receive a Supplemental COLA benefit as their accumulated carry-over balance is now less than 15%.

Staff provided a detail breakdown of these payees and how their benefits are impacted. Staff's review shows a total of 94 payees (63 retirees and 31 continuances) who will no longer receive a Supplemental COLA. Their Supplement COLA ranged from \$0.25 to \$87.96 a month, of which 96% of payees receive less than \$50.00 a month. After the posting of the annual COLA, the affected payees will continue to receive an increase to their retirement allowance, which range from \$.49 to \$175.92 a month. In the future, if the affected payee's accumulated carry-over balance goes over 15%, they will again receive a Supplement COLA.

Payees who were affected will receive a letter informing them of their Supplement COLA.

3. Miscellaneous Update Review

1) ACERA Retiree Seminar

On Thursday, February 24th, the first Wellness/Disease Management seminar was conducted entitled, "Healthy Teeth, Eyes & You". Delta Dental and Vision Services Plan were the presenters.

Results of the survey taken by the attendees of the seminar stated that the presenters were very knowledgeable and the information provided was helpful. Attendees agreed that they were more informed about the covered subject than before the presentation.

2) VSP

ACERA made a request of the Vision Service Plan (VSP) Plan Year to be changed from January to the month of February beginning with 2011. The change was made to align the Dental, Vision and Medical Plan years. The Committee had concerns if there would be any impact to the members. The change in the Plan Year does not impact benefits.

3) Benefits & Communications Consultant RFP

ACERA has contacted 13 consulting firms inviting them to respond to the Benefits and/or Communications Consultant Request For Proposal (RFP) that was posted on the website on February 16. Responses are due to ACERA by 4:00 pm March 11, 2011.

4. Delta Dental Coverage for January 2011

A number of ACERA's members were affected by a Delta Dental programming oversight. Recently ACERA moved from a "calendar year" renewal to a "plan year" renewal. This change would align ACERA's plan year with the County's plan year which begins February 1st vs. January 1st.

Delta Dental is currently working through the list of members to have their claims for an exam and cleaning reprocessed. If a member happened to pay for the services directly to their dentist, the dentist will be reimbursed by Delta Dental and then the dentist would refund our member.

Ileana DaSilva of Delta Dental provided a status on the process for correcting the programming problem. Also, after review of the list for members affected, it was determined by Delta Dental that there were 218 members affected. A letter will be sent out to the members explaining the reimbursement process.

STAFF INPUT

None.

TRUSTEE/PUBLIC INPUT

None.

RECOMMENDATIONS

None.

FUTURE DISCUSSION ITEMS

- SRBR Policy

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for April 6, 2011 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:41 a.m.