Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

RETIREES COMMITTEE/BOARD MEETING NOTICE and AGENDA

ACERA MISSION:
To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

Wednesday, October 4, 2023
9:30 a.m.

LOCATION AND TELECONFERENCE	COMMITTEE MEMBERS	
ACERA **C.G. "BUD" QUIST BOARD ROOM** **475 14TH STREET, 10TH FLOOR** **OAKLAND, CALIFORNIA 94612-1900** **MAIN LINE: 510.628.3000** **FAX: 510.268.9574**	**ELIZABETH ROGERS, CHAIR**	**ELECTED RETIRED**
	HENRY LEVY, VICE CHAIR	**TREASURER**
The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number.	**OPHELIA BASGAL**	**APPOINTED**
Link: https://zoom.us/join **Call-In: 1 (669) 900-6833 US** **Webinar ID: 879 6337 8479** **Passcode: 699406** **For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193**	**KEITH CARSON**	**APPOINTED**
	KELLIE SIMON	**ELECTED GENERAL**

The Alternate Retired Member votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General members, or the Safety Member and an Elected General member, are absent.

The Alternate Safety Member votes in the absence of the Elected Safety Member, either of the two Elected General Members, or both the Retired and Alternate Retired members.

This is a meeting of the Retirees Committee if a quorum of the Retirees Committee attends, and it is a meeting of the Board if a quorum of the Board attends. This is a joint meeting of the Retirees Committee and the Board if a quorum of each attends.

Note regarding accommodations: If you require a reasonable modification or accommodation for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. at least 72 hours before the meeting at accommodation@acera.org or at 510-628-3000.

Public comments are limited to four (4) minutes per person in total. The order of items on the agenda is subject to change without notice. Board and Committee agendas and minutes and all documents distributed to the Board or a Committee in connection with a public meeting (unless exempt from disclosure) are posted online at www.acera.org and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1900.

Call to Order: 9:30 a.m.

Roll Call

Public Input (Time Limit: 4 minutes per speaker)

Action Items: Matters for discussion and possible motion by the Committee

1. Presentation and Acceptance of Supplemental Retiree Benefit Reserve Funding Report/Valuation

Discussion and possible motion to recommend that the Board of Retirement accept Segal's Actuarial Valuation of the OPEB and Non-OPEB Benefits Provided by the Supplemental Retiree Benefit Reserve, Including Sufficiency of Funds, as of December 31, 2022.

- Carlos Barrios
- Andy Yeung, Segal
- Eva Yum, Segal

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to accept the December 31, 2022 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal.

2. Supplemental Retiree Benefit Reserve Policy Update

Review, discussion and possible motion to recommend that the Board of Retirement adopt the amendments, if any, to the Supplemental Retiree Benefit Reserve Policy.

- Carlos Barrios

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement that it adopt the Supplemental Retiree Benefit Reserve Policy without revisions.

Information Items: These items are not presented for Committee action but consist of status updates and cyclical reports

1. Proposal to Align Assets to Equalize Sufficiency Periods to Pay OPEB and Non-OPEB Benefits

Segal, ACERA's Actuary, will provide a proposal to align assets to equalize sufficiency periods to pay OPEB and non-OPEB benefits.

- Carlos Barrios
- Andy Yeung, Segal
- Eva Yum, Segal

2. Benefits Consultant Services Request for Proposal Timeline

Staff will present plans and a timeline to conduct a Request for Proposal for Benefits Consulting Services.

- Carlos Barrios

3. Substantive Plan Definition Under GASB 43 History and Background Information

Staff will present historical and background information regarding the policy for the Monthly Medical Allowance contribution increases on an amount equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary.

- Carlos Barrios

4. Final Report on Open Enrollment Preparation and Communications Materials, and Virtual Retiree Health and Wellness Fair Arrangements

Report on the final stages of preparing the communications pieces for ACERA's annual Open Enrollment for the Plan Year 2024 as well as the Virtual Retiree Health and Wellness Fair.

- Mike Fara
- Ismael Piña

5. Report on Medicare Part D Certificate of Creditable Coverage and Updates for 2024

Staff will update the Committee on the annual Medicare Part D Certificate of Coverage Notice mailing and posting to ACERA'S website.

- Ismael Piña
- Michael Szeto, Segal

6. Via Benefits Updates

Staff will update the Committee on Via Benefits' mailing of the newsletters and balance reminder statements for the Health Reimbursement Accounts.

- Ismael Piña

Trustee Remarks

Future Discussion Items

- Adoption of Medicare Part B Reimbursement Plan Benefit for 2024
- Adoption of Updates to Appendix A of 401(h) Account Resolutions
- Report and Possible Recommendation on Benefits Consultant Request for Proposal and Awarding Contract for Plan Year 2024

Establishment of Next Meeting Date

December 6, 2023, at 9:30 a.m.

Adjournment

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: October 4, 2023

TO: Members of the Retirees Committee

FROM: Carlos Barrios, Assistant Chief Executive Officer CB

SUBJECT: **Actuarial Valuation of the OPEB and Non-OPEB Benefits Provided by the Supplemental Retiree Benefit Reserve, Including Sufficiency of Funds, as of December 31, 2022**

Attached is the Supplemental Retiree Benefit Reserve (SRBR) Valuation prepared by Segal, ACERA's actuary. This valuation is based on projections using substantive plan and medical inflation trends, as well as other assumptions consistent with our pension valuation. It conforms to the disclosure requirements of Government Accounting Standards Board (GASB) Statement 74, which establishes accounting standards for "Other Post-Employment Benefit" (OPEB) plans of state and local governments.

Last year it was reported that the SRBR fund for OPEB benefits would exhaust in 2046 and Non-OPEB benefits in 2043. The results of this December 31, 2022 valuation indicate that the terminal year of OPEB benefits is projected to be 2050, with full benefits paid through 2049 for a total of 27 full years and one partial year. The terminal year of Non-OPEB benefits is projected to be 2038, with full benefits paid through 2037 for a total of 15 full years and one partial year.

Segal reported during their preliminary presentation in June that the terminal year of OPEB benefits was projected to be 2050, and the terminal year for the non-OPEB benefits was projected to be 2038, which is the same as this final valuation.

Andy Yeung and Eva Yum, with Segal, will present this information in detail at the meeting.

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to accept the December 31, 2022 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal.

Attachment

Alameda County Employees' Retirement Association

Actuarial Valuation of the OPEB and Non-OPEB Benefits Provided by the Supplemental Retiree Benefits Reserve Including Sufficiency of Funds as of December 31, 2022

This report has been prepared at the request of the Board of Retirement to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety unless expressly authorized by Segal. The measurements shown in this actuarial valuation may not be applicable for other purposes.

Segal

Segal

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September 25, 2023

Board of Retirement
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612

Dear Members of the Board:

We are pleased to submit this report on our actuarial valuation of the sufficiency of funds for benefits provided by the Supplemental Retiree Benefits Reserve (SRBR) as of December 31, 2022. ACERA's accounting disclosure requirements under Statement No. 74 of the Governmental Accounting Standards Board (GASB) for retiree health benefits provided by the SRBR were included in our GASB 74 report dated May 22, 2023. ACERA's accounting disclosure requirements under GASB Statement No. 67 for non-vested supplemental COLA and retired member death benefits provided by the SRBR were included in our GASB 67 report dated May 22, 2023, together with the statutory pension benefits.

The December 31, 2022 census and financial information was prepared by ACERA. We gratefully acknowledge that assistance. The actuarial projections were based on the assumptions and methods described in Exhibit 1 and on the plan of benefits as summarized in Exhibit 2.

The actuarial calculations were completed under the supervision of Eva Yum, FSA, MAAA, Enrolled Actuary and Mary Kirby, FSA, MAAA, FCA. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We look forward to discussing this material with you at your convenience.

Sincerely,

Segal

Andy Yeung
Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

Eva Yum
Eva Yum, FSA, MAAA, EA
Vice President and Actuary

Mary Kirby
Mary Kirby, FSA, MAAA, FCA
Senior Vice President and Consulting Actuary

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Segal

Section 1: Introduction

Purpose

Other Postemployment Benefits (OPEB)

This report presents the results of our actuarial valuation as of December 31, 2022 of the Alameda County Employees' Retirement Association (ACERA) postretirement medical, dental and vision benefits provided through ACERA's 401(h) account. ACERA has allocated a portion of the Supplemental Retiree Benefits Reserve (SRBR) to be treated as pension contributions if the employers make contributions to the 401(h) account.[1] The results of this report have been prepared with the goal of determining sufficiency of funds. Actuarial calculations for other purposes may differ significantly from the results reported here.

The actuarial calculations used to prepare this report have been made on a basis consistent with our understanding of the "substantive plan designs" of the OPEB Plan provided by ACERA using guidelines provided by the Board. The most important plan design assumption incorporated in our valuation is that the future monthly medical allowance (MMA) will increase at one-half of our anticipated medical trend assumptions for all years after 2024. However, the SRBR OPEB Plan will reimburse the fully indexed premium required for dental, vision, and enrollment in the Medicare Part B program.

In Section 2 of this report, we show the unlimited OPEB liabilities (i.e., the liabilities not limited by the current SRBR assets). The unlimited liabilities in this report will be used as the basis when we roll forward the liabilities for the next GASB 74 valuation report as of December 31, 2023.

Non-OPEB Benefits

The SRBR currently provides benefits in addition to those that qualify as OPEB. These "non-OPEB" benefits include supplemental COLAs and death benefits related to the underlying statutory defined benefit pension plan.[2]

In Section 2 of this report, we show the unlimited non-OPEB liabilities. The unlimited liabilities in this report will be used as the basis when we roll forward the liabilities for the next GASB 67 valuation report as of December 31, 2023.

[1] It is our understanding that GASB requires such benefits to be reported under GASB Statement No. 74 and, accordingly, they have been included in our December 31, 2022 GASB 74 report dated May 22, 2023.

[2] It is our understanding that GASB requires such benefits to be reported under GASB Statement No. 67 together with the underlying statutory defined benefit pension plan and, accordingly, they have been included in our December 31, 2022 GASB 67 report dated May 22, 2023.

Special Note Pertaining to OPEB and Non-OPEB Benefits

The calculation of benefit obligations pursuant to prescribed accounting requirements included in the above mentioned GASB reports does not, in and of itself, imply that ACERA has any legal liability to provide the benefits valued.

Actuarial valuations involve estimates of benefit amounts and assumptions about the probability of their payment far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Important Information about Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of an OPEB and non-OPEB Plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare an actuarial valuation, Segal relies on a number of input items. These include:

Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Participant information	An actuarial valuation for a plan is based on data provided to the actuary by ACERA. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial information	This valuation is based on the fair value of assets as of the valuation date, as provided by ACERA. The Association uses an "actuarial value of assets" that differs from fair value to gradually reflect six-month changes in the fair value of assets in determining the sufficiency of funds to pay the benefits provided by the SRBR.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of participants in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to health care trends and member enrollment in retiree health benefits for the OPEB Plan, and actuarial assumptions as to salary increases and cost-of-living adjustments for the non-OPEB Plan. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary. Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The valuation is prepared at the request of the Board to determine sufficiency of funds related to the payments of OPEB and non-OPEB benefits out of the SRBR. Segal is not responsible for the use or misuse of its report, particularly by any other party.
An actuarial valuation is a measurement at a specific date - it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of future financial measures, except where otherwise noted.
If ACERA is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.
Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
Segal's report shall be deemed to be final and accepted by ACERA upon delivery and review. Trustees should notify Segal immediately of any questions or concerns about the final content.

As Segal has no discretionary authority with respect to the management or assets of ACERA, it is not a fiduciary in its capacity as actuaries and consultants with respect to ACERA.

Section 2: Valuation Results

Highlights of the Valuation

- The actuarial assumptions used in this study are consistent with those assumptions approved by the Retirement Board for the December 31, 2022 pension valuation, including the use of a 7.00% investment return assumption.
- In the last SRBR valuation, we utilized the following medical trend assumptions:
  - All non-Medicare plans: starting at 7.50%, reduced by 0.25% for each year until it reaches 4.50% after 12 years.
  - All Medicare Advantage plans: starting at 6.50%, reduced by 0.25% for each year until it reaches 4.50% after 8 years.

  For this valuation, we recommended to the Board in our letter dated May 17, 2023 that the medical trend assumptions be changed as follows:
  - All non-Medicare plans: starting at 7.50%,[1] reduced by 0.25% for each year until it reaches 4.50% after 12 years.
  - All Medicare Advantage plans: starting at 6.25%[1], reduced by 0.25% for each year until it reaches 4.50% after 7 years.
- The Board approved an increase in the 2024 Monthly Medical Allowance (MMA) on July 20, 2023. The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans has been increased from $616.12 to $635.37 and the maximum MMA for individual Medicare plans has been increased from $471.99 to $486.74 for 2024.
- For years after 2024 we have assumed that the MMA will increase with 50% of the lowest medical trend.
- These and the other OPEB assumptions are provided in Exhibit 1.
- The determination of the "substantive plan" underlying ACERA's OPEB was based upon prior directions provided by ACERA, its auditors, as well as the administrative staff, auditors and consultants representing the County of Alameda, along with changes to the plan adopted by the Board on July 19, 2012 to allow retirees to select medical benefits available through the Medicare Exchange. These directions are provided in Exhibit 3.
- Based on action taken by the Board in February 2014, we continue to exclude the non-OPEB lump sum retiree death benefit from the pension valuation and have included this death benefit in the results presented herein.
- For this valuation, the Association has continued to provide to us the breakdown of the OPEB and non-OPEB assets as of December 31, 2022.

[1] After we released our preliminary high-level summary letter dated May 30, 2023, the Association approved premiums for 2024. We have used those actual 2024 premiums in this study in lieu of estimating those premiums by using the 7.50% assumption for non-Medicare plans and the 6.25% assumption for Medicare plans.

Section 2: Valuation Results

- The terminal year of the SRBR was determined by projecting how long the SRBR can provide for all OPEB and non-OPEB benefits under the substantive plan outlined in Exhibit 3. OPEB benefits can be paid through 2050[1], while non-OPEB benefits can be paid through 2038[1]. Last year, it was projected that OPEB benefits could be paid through 2046 and non-OPEB benefits could be paid through 2043.
- Note that the OPEB sufficiency period included in this report of through 2050 is the same as originally provided in our May 30, 2023 preview letter of through 2050.[1] Our preview letter estimated medical plan premiums and subsidies for 2023 and future years using our trend assumption. Subsequent to our issuing the preview letter, ACERA reported the 2024 medical plan premium renewals and subsidies and we have used the actual 2024 premiums and subsidies in our updated projection shown herein.

  There is an approximate four-year increase in the sufficiency period to pay OPEB benefits between the last study and current study mainly due to the following factors:

  – The demographic and investment experience on an actuarial value of assets basis caused the sufficiency period to increase by 5 months.

  – The unblended non-Medicare premiums (that is, premium rates unblended from the actives) decreased while the blended premiums increased. Additionally, the implicit subsidy was adjusted to the 2023 estimate provided by Newfront. Other changes include updating the 2023 Medicare Part B premium and per capita costs for Via Benefits. The combined effects these changes caused the sufficiency period to increase by 3 years and 11 months.

  – Increasing the first year non-Medicare trend and reflecting actual 2024 premiums lowered the sufficiency period by 8 months.
- There is an approximate five-year decrease in the sufficiency period to pay the non-OPEB benefits between the last study and the current study mainly due to the high actual inflation of 4.88% in the Bay Area for 2022[2] (versus the inflation assumption of 2.75%), which increased the supplemental COLA costs. For supplemental COLA benefits, the excess of inflation over the cost of living allowance (i.e., 3% for Tiers 1 and 3, and 2% for Tiers 2, 2C, 2D, and 4) is banked for future years when inflation may be less than the cost of living allowance. In years when inflation is less than the cost of living allowance, the bank is reduced by the excess of the cost of living allowance over inflation, but to no less than zero percent. A supplemental COLA benefit would be paid whenever a member's COLA bank exceeds 15%. Due to the actual inflation of 4.88% in 2022, the April 1, 2023 COLA banks increased by 2.00% for Tiers 1 and 3 and increased by 3.00% for Tiers 2, 2C, 2D, and 4 over the banks as of the prior year. However, based on the inflation assumption of 2.75%, the April 1, 2023 COLA banks were expected to decrease by 0.25% for Tiers 1 and 3 and to increase by 0.75% for Tiers 2, 2C, 2D and 4. Since the actual April 1, 2023 COLA banks have either increased unexpectedly (for Tiers 1 and 3) or increased by a higher than expected amount (for Tiers 2, 2C, 2D, and 4), it is expected to take less time for members to accumulate a bank in excess of 15%, which results in an increase in the present value of providing supplemental

[1] Assets would only be sufficient to pay benefits for a part of the year indicated.
[2] Based on a comparison of the December 2022 Consumer Price Index (CPI) to the December 2021 CPI, as published by the Bureau of Labor Statistics.

COLA benefits. Moreover, the supplemental COLA benefit is increased for retired members and beneficiaries who already have a COLA bank in excess of 15% (i.e., an increase of 2.00% for Tiers 1 and 3 and an increase of 3.00% for Tiers 2, 2C, 2D and 4). These increases are greater than our assumption.

- The funded ratio of the OPEB liabilities is 96.1% and the funded ratio of the non-OPEB liabilities is 29.0% as of December 31, 2022. The comparable funded ratios were 90.8% and 38.7% for the OPEB and non-OPEB liabilities, respectively, as of December 31, 2021.
- The terminal years the SRBR can be paid as well as the funded ratios have been developed to reflect only the actuarial value of assets allocated to the SRBR through December 31, 2022. As we indicated on page 23 of our December 31, 2022 actuarial valuation report for the Pension Plan, the Association had deferred investment losses of $794.1 million that were not yet recognized in determining the combined actuarial value of assets for the Pension Plan and the SRBR Plan as of that date. The deferred losses of $794.1 million represent 7.7% of the market value of assets as of December 31, 2022. If a proportion of the net deferred loss that is commensurate with the size of the SRBR reserves were recognized immediately in the valuation value of assets, there would be a decrease in the SRBR Reserve of approximately $74.0 million to pay OPEB benefits and $3.6 million to pay non-OPEB benefits.[1]
- The funded ratio for the non-OPEB benefits is lower than for OPEB benefits because the Actuarial Value of Assets was initially allocated based on the benefit outflows for the OPEB and non-OPEB benefits. The benefit outflows for non-OPEB (in particular, the supplemental COLA) are “back loaded”, i.e., they are expected to be larger in later years than in earlier years. This results in a smaller asset allocation relative to liabilities for the non-OPEB benefits.
- Since there is a gap between the sufficiency periods of paying OPEB and non-OPEB benefits, we have addressed in a side letter what action may be considered by the Board before we complete the next sufficiency study as of December 31, 2023.
- Note that in preparing the 401(h) contribution letter for 2023/2024, we had included an additional allocation for expense related to the administration of the health benefits for retirees. However, as we previously demonstrated to the Association during our discussion with the Board on SB 1479, the values in both the employer reserves and the SRBR would remain unchanged relative to the values prior to that allocation, through the operation of SB 1479. For that reason, we have not included the explicit payment of administrative expense out of the 401(h) in preparing the cash flow requirements of the SRBR.
- As stated earlier in this report, it is our understanding that GASB requires the OPEB benefits to be reported under GASB Statement No. 74 and accordingly they have been included in our GASB 74 report dated May 22, 2023. Similarly, we understand that GASB requires the non-OPEB benefits to be reported under GASB Statement No. 67 together with the underlying statutory defined benefit pension plan and accordingly they have been included in our GASB 67 report dated May 22, 2023.

[1] It is important to note that this actuarial valuation is based on plan assets as of December 31, 2022. The Plan’s actuarial status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the Plan Year. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after December 31, 2022 due to COVID-19. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

Summary of OPEB Valuation Results

Without Limiting Liabilities to Current Assets	December 31, 2022	December 31, 2021
Actuarial Present Value of Projected Benefits		
• Medical	$1,289,873,000	$1,346,214,000
• Dental and Vision	138,523,000	141,026,000
• **Total**	**$1,428,396,000**	**$1,487,240,000**
Actuarial Accrued Liability[1]		
• Medical[2]	$1,046,564,000	$1,077,575,000
• Dental and Vision[3]	112,883,000	115,152,000
• **Total**	**$1,159,447,000**	**$1,192,727,000**
Actuarial Value of Assets (Exhibit B)	$1,114,705,000	$1,082,704,000
Unfunded Actuarial Accrued Liability	44,742,000	110,023,000
Funded Ratio	96.1%	90.8%
Year Current Assets will be Exhausted[4]	2050	2046

Note: The above results have been calculated using our understanding of the "substantive plan" as described in Exhibits 2 and 3. The liabilities provided in this report will have to be revised if our understanding of the "substantive plan" is inaccurate.

[1] These results will be used as the basis for the next GASB 74 valuation report based on a measurement date of December 31, 2023.

[2] Of the amount shown, $576.1 million is attributable to members currently receiving this benefit as of December 31, 2022 and $571.7 million is attributable to members receiving this benefit as of December 31, 2021. For treatment of implicit subsidy, see page 26.

[3] Of the amount shown, $65.6 million is attributable to members currently receiving this benefit as of December 31, 2022 and $65.5 million is attributable to members receiving this benefit as of December 31, 2021.

[4] Full benefits will be paid through the year prior to the year shown in the table. Full benefits will be paid for part of the year indicated.

Summary of Non-OPEB Valuation Results

Without Limiting Liabilities to Current Assets	December 31, 2022	December 31, 2021
Actuarial Present Value of Projected Benefits		
• Supplemental COLA	$205,679,000	$149,266,000
• Retiree Death Benefit	4,909,000	4,798,000
• **Total**	**$210,588,000**	**$154,064,000**
Actuarial Accrued Liability[1]		
• Supplemental COLA[2]	$184,796,000	$129,614,000
• Retiree Death Benefit	4,518,000	4,409,000
• **Total**	**$189,314,000**	**$134,023,000**
Actuarial Value of Assets (Exhibit B)	$54,901,000	$51,921,000
Unfunded Actuarial Accrued Liability	134,413,000	82,102,000
Funded Ratio	29.0%	38.7%
Year Current Assets will be Exhausted[3]	2038	2043

[1] These results will be used as the basis for the next GASB 67 valuation report based on a measurement date of December 31, 2023.
[2] Of the amount shown, $14.1 million is attributable to members currently receiving this benefit as of December 31, 2022 and $10.4 million is attributable to members receiving this benefit as of December 31, 2021.
[3] Full benefits will be paid through the year prior to the year shown in the table. Full benefits will be paid for part of the year indicated.

Projected Cash Flow and Present Value of Projected Benefits

Provided by the Supplemental Retiree Benefits Reserve as of December 31, 2022

Year Ending December 31	Annual Benefit Cash Flows: Medical[1]	Dental and Vision	Non-OPEB[2]	Present Value as of December 31, 2022 of Projected Benefits through Year End: OPEB[3]	Non-OPEB	Total
2023	$46,149,455	$5,866,797	$1,406,863	$50,286,009	$1,360,066	$51,646,075
2024	50,820,793	5,960,484	1,568,088	101,587,441	2,776,821	104,364,262
2025	54,364,329	6,056,299	1,730,968	152,605,718	4,238,424	156,844,142
2026	58,245,571	6,388,868	2,250,350	203,611,659	6,014,277	209,625,936
2027	62,055,030	6,726,820	2,927,964	254,339,555	8,173,705	262,513,260
2028	65,795,215	7,071,530	3,869,523	304,564,399	10,840,850	315,405,249
2029	69,610,898	7,421,067	4,887,367	354,186,645	13,989,181	368,175,826
2030	73,444,138	7,783,866	6,020,419	403,088,739	17,613,683	420,702,422
2031	77,331,823	8,157,315	7,138,568	451,189,154	21,630,195	472,819,349
2032	81,182,726	8,542,976	8,373,616	498,370,571	26,033,382	524,403,953
2033	85,319,500	8,937,420	9,693,737	544,692,174	30,797,270	575,489,444
2034	89,290,143	9,324,669	11,029,197	589,984,925	35,862,865	625,847,790
2035	93,193,773	9,706,801	12,291,130	634,154,232	41,138,741	675,292,973
2036	96,749,594	10,078,574	13,546,049	677,009,555	46,572,891	723,582,446
2037	100,319,834	10,456,808	15,130,578	718,541,610	52,245,603	770,787,213
2038	104,022,075	10,827,772	7,578,852[4]	758,783,824	54,901,156	813,684,980
2039	107,468,596	11,199,009	-	797,643,560	54,901,156	852,544,716
2040	110,891,118	11,554,163	-	835,117,206	54,901,156	890,018,362
2041	114,249,226	11,911,961	-	871,202,137	54,901,156	926,103,293
2042	117,524,659	12,262,161	-	905,895,542	54,901,156	960,796,698
2043	120,817,633	12,603,099	-	939,227,120	54,901,156	994,128,276
2044	123,904,064	12,934,441	-	971,176,108	54,901,156	1,026,077,264
2045	126,647,267	13,252,948	-	1,001,703,055	54,901,156	1,056,604,211
2046	129,163,309	13,555,749	-	1,030,807,760	54,901,156	1,085,708,916
2047	131,723,128	13,852,198	-	1,058,552,791	54,901,156	1,113,453,947
2048	133,599,488	14,130,672	-	1,084,866,547	54,901,156	1,139,767,703
2049	135,530,425	14,390,459	-	1,109,823,526	54,901,156	1,164,724,682
2050	28,354,062[4]	3,023,137[4]	-	1,114,705,105	54,901,156	1,169,606,261

[1] Includes Medicare Part B and Implicit Subsidy Reimbursement made to the County. For treatment of implicit subsidy, see page 26.
[2] Includes Supplemental COLA and $1,000 Lump Sum Death Benefit.
[3] Includes Medical, Dental and Vision.
[4] Benefits will be paid through the year prior to the year shown in the table. Full benefits will be paid for part of the year indicated.

Actuarial Certification

September 25, 2023

This is to certify that Segal has conducted an actuarial valuation of certain benefit obligations of the Alameda County Employees' Retirement Association provided by the Supplemental Retiree Benefits Reserve for the year ending December 31, 2022, in accordance with generally accepted actuarial principles and practices. The actuarial valuation is based on the plan of benefits verified by the ACERA and on participant, claims and expense data provided by ACERA.

The actuarial computations made are for purposes of determining sufficiency of funds. Determinations for other purposes may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes such as judging benefit security at plan termination.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to determine the sufficiency of funds with respect to the benefit obligations addressed. The undersigned are members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion herein.

Eva Yum

Eva Yum, FSA, MAAA, EA
Vice President and Actuary

Mary Kirby

Mary Kirby, FSA, MAAA, FCA
Senior Vice President and Consulting Actuary

Section 3: Valuation Details

Exhibit A – Table of Plan Coverage – Members Receiving SRBR Benefits as of December 31, 2022

	Current Retirees
Category 1 – Medical	
• Number	6,876
• Average in force monthly medical reimbursements for 2023 (excluding Medicare Part B)	$388
• Average maximum (based on service at retirement) monthly medical reimbursements for 2023 (excluding Medicare Part B)	$533
• Monthly Medicare Part B premium reimbursements for 2023	$165
Category 1 - Supplemental COLA	
• Number	508
• Average monthly supplemental COLA for 2023[1]	$156
Category 2 – Dental and Vision	
• Number	8,272
• Average monthly medical reimbursements for 2023	$56
Category 2 – Retiree Death Benefit	
• Number[2]	Not Available
• Average lump sum benefits for 2023	$1,000

[1] Estimate of supplemental COLA payable as of December 31, 2022. The average benefit does not take into account any adjustments to the members' COLA banks as of April 2023.
[2] Beneficiaries who received the $1,000 lump sum retiree death benefit were not separately identified in the data provided for the pension valuation.

Exhibit B – Determination of Actuarial Value of Assets

Reserves Supporting SRBR Benefits	December 31, 2022	December 31, 2021
401(h) Account (Allocated to OPEB)	$8,979,000	$9,229,000
Supplemental Retiree Benefits Reserve		
• OPEB	$1,105,726,000[1]	$1,073,475,000[2]
• Non-OPEB	54,901,000	51,921,000
• SRBR Total	$1,160,627,000	$1,125,396,000
Total	**$1,169,606,000**	**$1,134,625,000**

Total Present Value of Projected SRBR Benefits Payable Through Terminal Year of the SRBR	December 31, 2022	December 31, 2021
Present Value of Projected OPEB Payable Through Terminal Year of the SRBR		
Medical	$1,006,774,000	$979,814,000
Dental and Vision	107,931,000	102,890,000
Total	**$1,114,705,000**	**$1,082,704,000**
Present Value of Projected Non-OPEB Payable Through Terminal Year of the SRBR		
Supplemental COLA	$51,920,000	$48,284,000
Retiree Death Benefit	2,981,000	3,637,000
Total	**$54,901,000**	**$51,921,000**
Grand Total	**$1,169,606,000**	**$1,134,625,000**

[1] Adjusted to reflect estimated transfer of $7,981,476 (provided by ACERA) from SRBR to employer advance reserve for reimbursement of implicit retiree health benefit subsidy for calendar year 2022.

[2] Adjusted to reflect estimated transfer of $5,652,613 (provided by ACERA) from SRBR to employer advance reserve for reimbursement of implicit retiree health benefit subsidy for calendar year 2021.

Section 4: Supporting Information

Exhibit 1 – Actuarial Assumptions and Actuarial Cost Method

Data:	Detailed census data and summary plan descriptions for postretirement benefits were provided by ACERA.
Rationale for Assumptions:	The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the December 1, 2016 through November 30, 2019 Actuarial Experience Study report dated September 9, 2020, the non-trend retiree health assumption letter dated May 22, 2023, and the health trend assumptions letter dated May 17, 2023. Unless otherwise noted, all actuarial assumptions and methods shown below apply to all tiers. These assumptions were adopted by the Board.

Post-Retirement Mortality Rates - Healthy	*Healthy* • **General Members:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019. • **Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019. *Disabled* • **General Members:** Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables (separate tables for males and females) with rates decreased 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019. • **Safety Members:** Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Tables (separate tables for males and females) with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019. *Beneficiaries* • **All Beneficiaries:** Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019. The above tables are used for the projection of non-OPEB benefits. The headcount weighted instead of the benefit (or amount) weighted mortality tables were used in the projections of OPEB benefits. The Pub-2010 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement Mortality Rates

- **General Members:** Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.
- **Safety Members:** Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Tables (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.

	Rate (%)			
	General[1]		Safety[1]	
Age	Male	Female	Male	Female
20	0.04	0.01	0.04	0.02
25	0.02	0.01	0.03	0.02
30	0.04	0.01	0.04	0.02
35	0.04	0.02	0.04	0.03
40	0.06	0.03	0.05	0.04
45	0.09	0.05	0.07	0.06
50	0.13	0.08	0.10	0.08
55	0.19	0.11	0.15	0.11
60	0.28	0.17	0.23	0.15
65	0.41	0.27	0.35	0.20

All pre-retirement deaths are assumed to be non-service connected.

[1] Generational projections beyond the base year (2010) are not reflected in the above mortality rates.

The above tables are used for the projection of non-OPEB benefits. The headcount weighted instead of the benefit (or amount) weighted mortality tables were used in the projections of OPEB benefits.

Section 4: Supporting Information

Disability Incidence:

Age	Rate (%) General	Rate (%) Safety
20	0.00	0.00
25	0.01	0.03
30	0.03	0.26
35	0.07	0.64
40	0.09	1.22
45	0.16	1.50
50	0.26	2.10
55	0.33	2.65
60	0.38	3.80

65% of General disabilities are assumed to be service connected disabilities. The other 35% are assumed to be non-service connected disabilities.

100% of Safety disabilities are assumed to be service connected disabilities.

Termination:

Years of Service	Rate (%) General	Rate (%) Safety
0-1	12.00	4.00
1-2	9.00	4.00
2-3	8.00	4.00
3-4	6.00	3.50
4-5	6.00	3.00
5-6	6.00	2.00
6-7	5.25	1.80
7-8	4.25	1.70
8-9	3.75	1.60
9-16	3.50	1.50
16-17	3.40	1.40
17-18	3.30	1.30
18-19	3.20	1.20
19-20	3.10	1.10
20 or more	3.00	1.00

For members with less than five years of service, 55% of all terminated members are assumed to choose a refund of contributions and the other 45% are assumed to choose a deferred vested benefit. For members with five or more years of service, 30% of all terminated members are assumed to choose a refund of contributions and the other 70% are assumed to choose a deferred vested benefit.

No termination is assumed after a member is eligible for retirement.

Retirement Rates:

	Rate (%)[1]									
	General					Safety				
		Tier 2[2]					Tier 2, 2D[2]			
Age	Tier 1	< 30	30+	Tier 3	Tier 4	Tier 1[3]	< 30	30+	Tier 2C[3]	Tier 4
49	0.0	0.0	0.0	0.0	0.0	0.0	12.0	18.0	0.0	0.0
50	2.0	2.0	4.0	10.0	0.0	35.0	12.0	18.0	4.0	4.0
51	4.0	2.0	4.0	10.0	0.0	30.0	10.0	24.0	2.0	2.0
52	4.0	2.0	4.0	10.0	4.0	25.0	10.0	24.0	2.0	2.0
53	5.0	2.0	4.0	10.0	2.0	35.0	10.0	25.0	3.0	3.0
54	5.0	2.0	4.0	10.0	2.0	45.0	12.0	27.0	6.0	6.0
55	6.0	2.0	4.0	12.0	5.0	45.0	12.0	29.0	10.0	10.0
56	10.0	2.5	4.5	14.0	2.5	45.0	14.0	32.0	12.0	12.0
57	12.0	4.0	5.0	16.0	3.5	45.0	16.0	32.0	20.0	20.0
58	12.0	4.0	5.0	18.0	3.5	45.0	18.0	30.0	10.0	10.0
59	14.0	4.5	8.0	20.0	4.5	45.0	18.0	30.0	15.0	15.0
60	20.0	8.0	8.5	20.0	5.0	45.0	25.0	30.0	60.0	60.0
61	20.0	9.0	13.5	20.0	5.0	45.0	25.0	30.0	60.0	60.0
62	35.0	15.0	22.5	30.0	18.0	45.0	25.0	30.0	60.0	60.0
63	30.0	15.0	22.5	25.0	15.0	45.0	25.0	30.0	60.0	60.0
64	30.0	18.0	27.0	25.0	17.0	45.0	30.0	30.0	60.0	60.0
65	30.0	25.0	27.5	50.0	25.0	100.0	100.0	100.0	100.0	100.0
66	30.0	30.0	33.0	50.0	30.0	100.0	100.0	100.0	100.0	100.0
67	30.0	30.0	33.0	50.0	30.0	100.0	100.0	100.0	100.0	100.0
68	30.0	30.0	33.0	50.0	30.0	100.0	100.0	100.0	100.0	100.0
69	35.0	35.0	38.5	50.0	35.0	100.0	100.0	100.0	100.0	100.0
70	40.0	40.0	40.0	65.0	25.0	100.0	100.0	100.0	100.0	100.0
71	40.0	40.0	40.0	65.0	25.0	100.0	100.0	100.0	100.0	100.0
72	40.0	40.0	40.0	65.0	25.0	100.0	100.0	100.0	100.0	100.0
73	40.0	40.0	40.0	65.0	25.0	100.0	100.0	100.0	100.0	100.0
74	40.0	40.0	40.0	65.0	25.0	100.0	100.0	100.0	100.0	100.0
75 & Over	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] The retirement rates only apply to members that are eligible to retire at the age shown.

[2] Different retirement rates are assumed for General Tier 2 and Safety Tier 2 & 2D members who have accrued less than 30 years of service and those who have accrued at least 30 years of service.

[3] Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

Section 4: Supporting Information

Retirement Age and Benefit for Deferred Vested Members:	General Retirement Age: 61 Safety Retirement Age: 55 Future deferred vested members who terminate with less than five years of service and are not vested are assumed to retire at age 70 for both General and Safety if they decide to leave their contributions on deposit. 25% of future General and 50% of future Safety deferred vested members are assumed to continue to work for a reciprocal employer. For reciprocals, 3.65% and 4.05% compensation increases are assumed per annum for General and Safety, respectively.
Measurement Date:	December 31, 2022
Discount Rate:	7.00%
Future Benefit Accruals:	1.0 year of service per year of employment, plus 0.003 years of additional service for General members and 0.007 years of additional service for Safety members, to anticipate conversion of unused sick leave for each year of employment.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Inclusion of Deferred Vested Members:	All deferred vested members are included in the valuation.
Data Adjustments:	Data as of November 30 has been adjusted to December 31 by adding one month of age and, for active members, one month of service.
Percent Married for Pension:	70% of male members; 50% of female members.
Age and Gender of Spouse for Pension:	For all active and inactive members, male members are assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have a male spouse who is 2 years older than the member.
Consumer Price Index:	Increase of 2.75% per year. Retiree COLA increases due to CPI are subject to a 2.75% maximum change per year for General Tier 1, General Tier 3, and Safety Tier 1, and 2% maximum change per year for General Tier 2, General Tier 4, Safety Tier 2, Safety Tier 2C, Safety Tier 2D, and Safety Tier 4. (For General Tier 1, General Tier 3, and Safety Tier 1 members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3% per year.) The actual COLA granted by ACERA on April 1, 2023 has been reflected in the December 31, 2022 valuation for nonactive members.
Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit:	Increase of 2.75% per year from the valuation date.

Section 4: Supporting Information

Increase in Section 7522.10 Compensation Limit:	Increase of 2.75% per year from the valuation date.
Actuarial Cost Method:	Entry Age Actuarial Cost Method.
Salary Increases:	The annual rate of compensation increase includes: • Inflation at 2.75%, plus • “Across the board” salary increases of 0.50% per year, plus • The following merit and promotion increases:

Years of Service	Rate (%) General	Rate (%) Safety
0-1	5.10	8.00
1-2	5.10	8.00
2-3	4.50	8.00
3-4	2.90	4.90
4-5	2.10	3.70
5-6	1.60	2.10
6-7	1.50	1.30
7-8	1.50	1.20
8-9	1.00	0.90
9-10	0.90	0.90
10-11	0.70	0.80
11 & Over	0.40	0.80

Additional Cashout Assumptions:	Additional pay elements are expected to be received during a member’s final average earnings period. The percentages, added to the final average salary, used in this valuation are:

	Service Retirement	Disability Retirement
General Tier 1	7.5%	6.5%
General Tier 2	3.0%	1.4%
General Tier 3	7.5%	6.5%
General Tier 4	N/A	N/A
Safety Tier 1	7.5%	6.4%
Safety Tier 2	2.5%	1.9%
Safety Tier 2C	2.5%	1.9%
Safety Tier 2D	2.5%	1.9%
Safety Tier 4	N/A	N/A

Section 4: Supporting Information

Per Capita Health Costs:

The combined monthly per capita dental and vision claims cost for plan year 2023 was assumed to be $55.87. The monthly Medicare Part B premium reimbursement for 2023 is $164.90. For calendar year 2023, medical costs for a retiree were assumed to be as follows:

Medical Plan[1]	Election Assumption	Monthly Premium	Maximum Monthly Medical Allowance[2]
Under Age 65[3]			
Kaiser HMO	75%	$909.74	$616.12
Via Benefits Individual Insurance Exchange[4]	13%	N/A	616.12
United Healthcare HMO Current Network	7%	1,290.92	616.12
United Healthcare HMO SVA Network	5%	843.94	616.12
Age 65 and Older			
Kaiser Senior Advantage	75%	$316.81	$616.12
Via Benefits Individual Insurance Exchange	25%	323.40[5]	471.99

(1) There are other plans available to retirees under age 65, and age 65 and older, that have a range of premiums. We have assumed the same costs as Kaiser HMO and Kaiser Senior Advantage for current non-Medicare and Medicare retirees, respectively.

(2) The Maximum Monthly Medical Allowance of $616.12 ($471.99 for retirees purchasing individual insurance from the Medicare exchange) is subject to the following subsidy schedule:

Completed Years of Service	Percentage Subsidized
10-14	50%
15-19	75%
20+	100%

(3) Current retirees under age 65 as well as future retirees are assumed to elect medical plans in the same proportion upon age 65 as current retirees who are age 65 and over.

(4) Via Benefits individual insurance coverage is available to retirees under age 65 residing outside of ACERA medical plans' coverage area. We have assumed that these current retirees under 65 will draw the Maximum Monthly Subsidy ($616.12).

(5) Derivation of the amount expected to be paid in 2022 from the Health Reimbursement Account for members with 20 plus years of service is shown in the table on the following page. We have also derived the amount expected to be paid for members with 10-14 and 15-19 years of service.

Section 4: Supporting Information

Per Capita Health Costs (continued):

	(Years of Service Category)	10-14	15-19	20+
		Derivation of Via Benefits Monthly Per Capita Costs		
1.	Maximum MMA for 2022	$228.57	$342.85	$457.13
2.	Total of Maximum MMA (From Jan. 2022 to Dec. 2022)	$511,893	$815,401	$5,136,604
3.	Total of Actual Reimbursement (From Jan. 2022 to Dec. 2022)	$374,455	$564,457	$3,101,877
4.	Ratio of Actual Reimbursement to Maximum 2022 MMA [(3) / (2)]	73.15%	69.22%	60.39%
5.	Average Monthly Per Capita Cost for 2022 [(1) x (4)]	$167.20	$237.32	$276.06
6.	Maximum MMA for 2023	$236.00	$353.99	$471.99
7.	Increase for Expected Medical Trend (6.50%) from 2022 to 2023 [(7) x 1.0650]	$178.07	$252.75	$294.00
8.	Increase for Additional 10% Margin for 2022 Expenses Incurred in 2022 but Reimbursed after December 2022 [(8) x 1.10]	**$195.88**	**$278.03**	**$323.40**

Per Capita Health Costs (continued):

Implicit Subsidy

We have estimated the average per capita premium for retirees under age 65 to be $11,240 per year. Because premiums for retirees under age 65 include active participants for purposes of underwriting, the retirees receive an implicit subsidy from the actives. Had the retirees under age 65 been underwritten as a separate group, their age-based premiums would be higher for most individuals. The excess of the age-based premium over the per capita premium charged makes up the subsidy. Below is a sample of the age-based costs for the retirees under age 65.

	Average Medical[1]	
	Retiree and Spouse	
Age	Male	Female
50	$11,435	$12,075
55	12,904	13,108
60	14,857	14,209
64	18,056	15,426

(1) Not all ACERA employers are receiving an implicit subsidy reimbursement from the Association. For SRBR sufficiency purposes, we have applied an adjustment of 0.86 (14% reduction of the costs shown above) for our projected implicit subsidy payments to account for this fact, based on data provided by the County of Alameda's health consultant. For calculating the Actuarial Present Value of Projected Benefits and Actuarial Accrued Liability, we have not applied the adjustment.

Per Capita Health Costs (continued):

2023 medical and prescription drug age-based claims costs for retirees age 65 and over are shown below at selected ages:

Kaiser Senior Advantage

	Retiree		Spouse	
Age	**Male**	**Female**	**Male**	**Female**
65	$3,614	$3,002	N/A[2]	N/A[2]
70	4,059	3,358	N/A[2]	N/A[2]
75	4,484	3,530	N/A[2]	N/A[2]
80+	4,695	3,768	N/A[2]	N/A[2]

Via Benefits

	Retiree		Spouse	
Age	**Male**	**Female**	**Male**	**Female**
65	$3,613	$3,001	N/A[2]	N/A[2]
70	4,058	3,357	N/A[2]	N/A[2]
75	4,483	3,529	N/A[2]	N/A[2]
80+	4,694	3,767	N/A[2]	N/A[2]

(2) Spouses are only eligible for the implicit subsidy while under age 65.

Participation and Coverage Election Retired Members & Beneficiaries:			
MMA	**MMA on Record**		
		Under Age 65	**Upon Attaining Age 65**
	Current Retirees Under 65 on Valuation Date	100%	100% and assumed to choose carrier in same proportion as future retirees
	Current Retirees 65 & Over on Valuation Date	N/A	100%
	No MMA on Record		
		Under Age 65	**Upon Attaining Age 65**
	Less than 10 Years of Service	0%	0%
	10+ Years of Service		
	• Current Retirees Under 65 on Valuation Date	0%	50%
	• Current Retirees 65 & Over on Valuation Date	N/A	0%
Medicare Part B Premium Subsidy	**MMA on Record**		
		Under Age 65	**Upon Attaining Age 65**
	Current Retirees Under 65 on Valuation Date	N/A	100%
	Current Retirees 65 & Over on Valuation Date	N/A	100% if Part B reimbursement on record or purchasing individual insurance from the Medicare exchange
	No MMA on Record		
		Under Age 65	**Upon Attaining Age 65**
	Less than 10 Years of Service	N/A	0%
	10+ Years of Service		
	• Current Retirees Under 65 on Valuation Date	N/A	50%
	• Current Retirees 65 & Over on Valuation Date	N/A	0%
Implicit Subsidy	Current retirees, married dependents and surviving beneficiaries under age 65 and enrolled in an ACERA non-Medicare plan are assumed to have an implicit subsidy liability.		
Dental and Vision Subsidy	Current retirees not self-paying ("Voluntary" or "Under 10 YOS" dental or vision code).		

Participation and Coverage Election – Active & Inactive Vested Members:	
Medical Plan Subsidy (i.e., MMA)	**Under Age 65**: 80% of eligible members **Upon Attaining Age 65**: 90% of eligible members
Part B Subsidy	**Under Age 65**: 80% of eligible members (disabled only) **Upon Attaining Age 65**: 90% of eligible members
Implicit Subsidy	70% of eligible members under age 65 are assumed to have an implicit subsidy liability. In other words, 87% of the non-Medicare retirees who receive a Medical Plan Subsidy (which equals the sum of the percentages of members enrolled in all except the Via Benefits Individual Exchange of 13% as provided on page 24) were assumed to enroll in an ACERA sponsored health plan.
Dental and Vision Subsidy	100% of eligible members.

Health Care Cost Trend Rates:

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are "net" and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is to be applied to the premium for the shown calendar year to calculate the next calendar year's projected premium. For example, the projected 2024 calendar year premium for Kaiser (under age 65) is $1,037.76 per month ($909.74 increased by 14.07%).

Calendar Year	United Healthcare HMO & Kaiser HMO Early Retiree[(2)]	Via Benefits & Kaiser Senior Advantage[(3)]	Dental[(4)]	Vision[(5)]	Medicare Part B
2023	7.50%[(1)]	6.25%[(1)]	4.00%[(1)]	0.00%	4.50%
2024	7.25	6.25	0.00	0.00	4.50
2025	7.00	6.00	4.00	4.00	4.50
2026	6.75	5.75	4.00	4.00	4.50
2027	6.50	5.50	4.00	4.00	4.50
2028	6.25	5.25	4.00	4.00	4.50
2029	6.00	5.00	4.00	4.00	4.50
2030	5.75	4.75	4.00	4.00	4.50
2031	5.50	4.50	4.00	4.00	4.50
2032	5.25	4.50	4.00	4.00	4.50
2033	5.00	4.50	4.00	4.00	4.50
2034	4.75	4.50	4.00	4.00	4.50
2035 & Later	4.50	4.50	4.00	4.00	4.50

(1) The actual trends are shown below, based on premium renewals for 2024 as reported by ACERA.

Kaiser HMO Early Retiree	United Healthcare HMO Signature Value Early Retiree	United Healthcare HMO Signature Value Advantage Early Retiree	Kaiser Senior Advantage	Dental	Vision
14.07%	18.02%	18.01%	11.84%	-0.37%	0.00%

(2) Non-Medicare plans.

(3) Medicare plans.

(4) Second year reflects two-year rate guarantee, premiums fixed at 2024 level.

(5) First two years reflect five-year rate guarantee, premiums fixed at 2021 level.

Section 4: Supporting Information

Assumed Increase in Annual Maximum Benefits:	For the “substantive plan design” shown in this report, we have assumed: 1. Maximum medical allowance for ACERA sponsored plans and individual out-of-area non-Medicare plans for 2024 will increase to $635.37 per month ($486.74 for individual Medicare plans), then increase with 50% of trend for medical plans, or 3.125%, graded down to the ultimate rate of 2.25% over 7 years. If different types of medical plans have different initial trend rates, we assume that the future increase in MMA will be linked to the plan with the lowest projected medical trend. 2. Dental and vision premium reimbursement will increase with full trend. 3. Medicare B premium reimbursement will increase with full trend.
Dependents:	Demographic data was available for spouses of current retirees. For future retirees, male members were assumed to be three years older than their wives, and female members were assumed to be one year younger than their husbands. Of the future retirees who elect to continue their medical coverage at retirement, 40% males and 20% females were assumed to have an eligible spouse who also opts for health coverage at that time. These assumptions are based on historical and current demographic data, adjusted to reflect the plan design, estimated future experience and professional judgment. Please note that these assumptions are only used to determine the cost of the implicit subsidy.
Plan Design:	Development of plan liabilities was based on the plan of benefits in effect as described in Exhibits 2 and 3.
Administrative Expenses:	An administrative expense load was not added to projected incurred claim costs in developing per capita health costs.
Missing Participant Data:	Any missing census items for a given participant was set to equal to the average value of that item over all other participants of the same membership status for whom the item is known.

Exhibit 2 – Summary of Benefits

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plan provisions as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Eligibility:	
Service Retirees:	Retired with at least 10 years of service (including deferred vested members who terminate employment and receive a retirement benefit from ACERA).
Disabled Retirees:	A minimum of 10[1] years of service is required for non-duty disability. There is no minimum service requirement for duty disability.
Other Postemployment Benefits (OPEB):	
Monthly Medical Allowance	
Service Retirees:	For retirees, a Maximum Monthly Medical Allowance of $616.12 per month is provided, effective January 1, 2023 and through December 31, 2023. For the period January 1, 2024 through December 31, 2024, the maximum allowance will increase to $635.37 per month for retirees who are not purchasing individual insurance through the Medicare exchange. For those purchasing individual insurance through the Medicare exchange, the Monthly Medical Allowance is $471.99 per month for 2023 and will increase to $486.74 per month in 2024. These Allowances are subject to the following subsidy schedule:
Disabled Retirees:	Non-duty disabled retirees receive the same Monthly Medical Allowance as service retirees. Duty disabled retirees receive the same Monthly Medical Allowance as those service retirees with 20 or more years of service.

Completed Years of Service	Percentage Subsidized
10-14	50%
15-19	75%
20+	100%

[1] The 10 years of service requirement is only used for determining eligibility for health benefits. For pension benefits, the eligibility requirements is 5 years of service.

Medicare Benefit Reimbursement Plan:	The SRBR reimburses the full Medicare Part B premium to qualified retired members. To qualify for reimbursement, a retiree must: • Have at least 10 years of ACERA service, • Be eligible for Monthly Medical Allowance, • Provide proof of enrollment in Medicare Part B.
Dental and Vision Plans:	The SRBR provides dental and vision benefits for retirees only. The maximum combined monthly dental and vision premiums are $55.87 in 2023 and $55.68 in 2024. The eligibility for these premiums is as follows.
Service Retirees:	Retired with at least 10 years of service.
Disabled Retirees:	For non-duty disabled retirees, 10 years of service is required. For grandfathered non-duty disabled retirees (with effective retirement dates on or before January 31, 2014), there is no minimum service requirement. For duty disabled retirees, there is no minimum service requirement.
Note about Monthly Medical Allowance:	The maximum levels of subsidy are reviewed by the Board annually and are not indexed to increase automatically. In addition, the Monthly Medical Allowance can only be used to pay for retiree medical benefits. There is no benefit payable to beneficiaries, current spouses, former spouses or dependents. If the actual cost of coverage is less than the Monthly Medical Allowance, the difference is not paid in cash or applied towards the coverage for beneficiaries, current spouses, former spouses or dependents.
Deferred Benefit:	Members who terminate employment with 10 or more years of service before reaching Pension eligibility commencement age may elect deferred MMA and/or dental/vision benefits.
Death Benefit:	Surviving spouses/domestic partners of members who die before the member commences retiree health benefits may enroll in an ACERA group medical plan on the date that the member would have been eligible to commence benefits. The surviving spouse/domestic partner must pay 100% of the premium. Because premiums for surviving spouses/domestic partners under age 65 include active participants for purposes of underwriting, the surviving spouses/domestic partners receive an implicit subsidy from the actives, which creates a liability for the SRBR.

Non-OPEB Benefits:	
Supplemental COLA	When inflation is higher than the ACERA cost of living allowance for a year, the excess of inflation over the cost of living allowance (3% for Tier 1 and Tier 3, and 2% for Tier 2, Tier 2C, Tier 2D, and Tier 4) is banked for future years when inflation may be less than the cost of living allowance. In 1998, the Board of Retirement approved a supplemental COLA payable through the SRBR for members whose COLA banks exceeded 15%. The supplemental COLA for a year is equal to the percentage of excess of the member's COLA bank over 15% times the member's current annual retirement allowance. The cost of living adjustment and any supplemental COLA must be approved yearly by the ACERA Board of Retirement. For this valuation, we have assumed the Board will maintain its current level of supplemental COLA (i.e., COLA banks will not exceed 15%) during the projection period.
Retired Member Death Benefit	A one-time $1,000 lump sum retiree death benefit is payable to the beneficiary of a retiree. This benefit is only paid upon the death of a retiree; it is not paid upon the death of a beneficiary.

Exhibit 3 – Assumptions About the "Substantive Plan"

The determination of the "substantive plan" underlying ACERA's OPEB was based upon prior directions provided by ACERA, its auditors, as well as the administrative staff, auditors and consultants representing the County of Alameda. Those directions are provided below.

1. **Commitment to provide benefits currently paid out of the SRBR**

   We understand that health and other supplemental benefits currently paid out of the SRBR will continue to be paid as long as there are assets available in the SRBR. However, when the assets in the SRBR are fully depleted, no additional health and other supplemental benefits will be paid by the Association and the employer. To our knowledge, the employer has not made any implicit or explicit commitment to continue those benefits.

2. **Continuation of coverage in the employer's active employee medical plans for the Association's retirees**

   Currently, the Association's retirees are enrolled in the same medical plans as the employer's active employees. The retiree experience is pooled and used in setting the medical plan premium rates for active employee. The Association has begun in 2007 to reimburse the County for the adverse premium experience created by the retirees.

   In this study, for purposes of determining sufficiency of funds we have included the liability associated with reimbursing the County for the adverse premium experience but only through the period up to the exhaustion of assets in the SRBR. In other words, there may be a residual liability to the employer if the Association's retirees continue to participate, and are rated together in the employer's active employee medical plans.

3. **Fully indexed subsidies for dental, vision and Medicare Part B premium and increase at one-half of the rate of increase for monthly medical allowance (MMA)**

   Following guidelines provided by the Board and ACERA, we have assumed in this study that the OPEB Plan will reimburse the fully indexed premium required for dental, vision and for a retiree to enroll in Medicare Part B. In addition, we have assumed in this study that future MMA will increase at one-half of the rate of our anticipated medical inflation assumptions.

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MEMORANDUM TO THE RETIREES COMMITTEE

DATE: October 4, 2023

TO: Members of the Retirees Committee

FROM: Carlos Barrios, Assistant Chief Executive Officer

SUBJECT: **Supplemental Retiree Benefit Reserve Policy Update**

The Supplemental Retiree Benefit Reserve Policy (Policy) is reviewed by the Retirees Committee at least every two years to ensure that it remains relevant, accurate and appropriate, and provides the Committee with the opportunity to discuss potential revisions. The Policy was last revised by the Board of Retirement on October 21, 2021.

After review of the Policy, Staff does not recommend any changes to the Policy. However, Staff welcomes any suggestions from the Committee. Attached is the current Policy for your reference.

Recommendations

Staff recommends that the Retirees Committee recommend to the Board of Retirement that it adopt the Supplemental Retiree Benefit Reserve Policy without revisions.

Attachment

Supplemental Retiree Benefit Reserve (SRBR) Policy

I. Purpose

The purpose of this policy is to set forth the Alameda County Employees' Retirement Association (ACERA) Board of Retirement's (the Board) overall strategy regarding management of the Supplemental Retiree Benefit Reserve (SRBR). The SRBR is a reserve established pursuant to Article 5.5 of the County Employees Retirement Law of 1937 (CERL). The CERL allows the sequential distributions of retirement earnings to employers, employees and retired members.

The Board has the sole and exclusive authority and discretion to distribute funds in the SRBR to provide benefits. The distribution of these funds shall be determined solely by the Board and shall be used only for the benefit of retired members and their beneficiaries.

All benefits funded by the SRBR are non-vested. They are individually reviewed annually for appropriateness, eligibility, and to ensure they can be adequately funded. Only the Retired Member Death Benefit is considered vested, per Government Code Section 31789.12, as long as there are funds available in the SRBR.

Through specific programs such as medical, dental and vision insurance, Medicare Part B reimbursement, supplemental cost-of-living adjustments and death benefits, the Board may provide benefits to eligible retired members and their beneficiaries.

In designing and administering these programs, the Board may provide adequate funding, maximize the tax-efficiency of benefits to recipients in accordance with 401(h) regulations, provide participants' access to medical care, and minimize the impact of inflation on retirement allowances over time.

II. Program Objectives

A. Through the achievement of long term investment goals, provide for the long-term consistent payment and adequate funding of all SRBR benefits.

B. Annually assess, review, analyze and determine the ability to provide each benefit, at the discretion of the Board. Generally, benefits are subject to modification or elimination by the Board at any time with adequate notice. Should Objective A. not be met and the SRBR ever be depleted, benefits will cease.

C. Determine eligibility for benefits, and make benefits available to eligible retired members. This does not mean that benefits will be distributed on a "per capita" basis, but simply that access to SRBR benefits will not be denied on the basis of protected status (e.g., race, sex, etc.) or place of residence.

D. Determine and administer payments made on behalf of eligible retired members to ACERA medical insurance coverage programs on a basis that is proportional to service with ACERA. The maximum contribution will be paid to those retired members with 20 years or more of qualified ACERA service credit, and members awarded a service connected disability retirement.

E. Structure dental and vision programs to minimize adverse selection through the mandatory enrollment of all eligible retired members.

F. Structure supplemental cost-of-living programs so as to benefit those members who have suffered the greatest erosion of their purchasing power, in a manner that sustains the ability to do so projected into the future.

G. Administer the SRBR program in accordance with the provisions of the applicable laws. Net earnings, account crediting, benefit costing and funding adequacy are to be determined according to law and using the same assumptions utilized by the Board for account administration and actuarial purposes or assumptions consistent with those activities.

III. Supplemental Cost-of-Living

ACERA provides two different cost-of-living (COLA) allowances: 1) the Basic COLA, which is based on statute and is paid from the pension fund; and 2) the Supplemental COLA, which is paid for from the SRBR. Any changes made to the Basic COLA, which require no further approval, shall be effective April 1 and payable with the warrant issued at the end of April.

In addition to the statutory Basic COLA, ACERA may pay a Supplemental COLA, which provides a supplemental monthly payment designed to preserve 85% of the purchasing power of ACERA retired members and beneficiaries as calculated by the actuary pursuant to the methodology described in Government Code Section 31870.

The Board shall review the ACERA COLA program each year and shall normally make any adjustments or recommendations at its February meeting.

IV. Implicit Subsidy

The Board believes that the ability of retired members to continue to participate in the County of Alameda (County)-sponsored medical benefit plans following retirement is a critical factor in maintaining a reasonable post-retirement quality of life.

The Board recognizes that continued retired member participation increases the cost to the plan sponsors and members. In times of fiscal difficulty, this additional cost may create pressures which may impact the participation of retired members in County-sponsored medical insurance plans.

The Board finds that the use of SRBR funds to support the ability of retired members to participate in the County-sponsored medical insurance plans is an appropriate use of the reserve benefiting retired members, dependents, and beneficiaries.

V. Current Benefit Guidelines

In allocating the funds available through the SRBR, the Board will be guided by the following program guidelines:

A. Medical Insurance Benefits

1. The Board shall review the ACERA retired member medical insurance program each year and shall, at the appropriate meeting, make any adjustments. Any change in medical insurance contribution amounts, out-of-area reimbursement amounts or Medicare Part B premium reimbursement amounts will be effective with the warrants issued at the end of the next January.

2. To the extent possible, all medical insurance benefits will be paid through a 401(h) account exchange with participating employers in order to minimize the tax consequences for ACERA members.

B. Any Board changes to the current ACERA SRBR benefit levels will take into consideration the advice of ACERA's actuary, legal counsel, tax counsel, active and retired employees and their representatives, employers and/or consultants as may be advisable.

C. The Board retains the authority to add or delete programs or modify this Policy or these guidelines at any time, following public notice.

VI. Long Term Goal Funding Policy

It is the intent of the Board to closely monitor the expenditures and contributions to the SRBR.

The Board will monitor the long-term funding implications of all of the existing programs, which provide benefits outlined in this Policy and any others that may be appropriate.

In managing the relationship between assets and liabilities, the Board shall manage approved SRBR benefits with a goal towards meeting the projected liabilities of the fund over a 15-year period, as determined by the actuary. If it is reported that current SRBR programs, which provide benefits, will not sustain for 15 years, benefit adjustments may be made based on the amount of funds needed in order to attain a prolonged lifespan of the fund without causing undue harm to beneficiaries.

VII. Priority of Funding

In the event the Board, in its opinion, determines that the assets available in the SRBR are, at any point, insufficient to fund the projected liabilities of all of the benefits approved by the Board, then available SRBR assets shall be used to fund benefits in accordance with the following priorities:

A. Category I

First priority for funding shall be given to the following Category I benefits:

1. Retired Member Death Benefit
2. ACERA Monthly Medical Allowance
3. Supplemental Cost-of-Living Benefit
4. Medicare Part B Premium Reimbursement
5. Employer Reimbursement for Implicit Subsidy

If it becomes necessary to prioritize or allocate funds among Category I or Category II benefits, the Board shall make that determination when required.

B. Category II

Category II benefits shall be funded only when the Board, in its opinion, believes that adequate assets are available to fund the projected liabilities of all Category I benefits and additional assets remain to fund some or all of the following Category II benefits:

1. Dental Care Coverage Contribution
2. Vision Care Coverage Contribution

If it becomes necessary to prioritize or allocate funds among Category I or Category II benefits, the Board shall make that determination when required.

VIII. Policy Review

The Retirees Committee shall review the SRBR Policy at least every two years to ensure it remains relevant, accurate and appropriate.

Current Benefits

The following benefits have been approved by the Board provided that sufficient funds are available. This is a general description of the benefit elements including eligibility requirements for each benefit. If there is any conflict with the CERL or formal Board actions, the CERL or those actions prevail.

Category I

RETIRED MEMBER DEATH BENEFIT

Eligibility: Beneficiaries of ACERA retired members. There is no minimum ACERA service credit requirement for this benefit.

Benefit Amount: A one-time payment of $1,000 will be paid upon the death of an ACERA retired member, if that member retired from ACERA as their last employer. If a reciprocal agency was the last employer and that agency pays less than a $1,000 death benefit, ACERA will supplement that benefit at a level which ensures the reciprocal retired member will receive a $1,000 death benefit when considering the amount of death benefit paid by all reciprocal retirement systems combined.

Effective Date: January 1, 2013[1]

MONTHLY MEDICAL ALLOWANCE

Eligibility: Retired members with 10 or more years of ACERA service credit or members retired based on service connected disability benefits. See chart on page 9 for years of service structure.

[1] The Board adopted Government Code Section 31789.12 in 1992

Benefit Amount: **GROUP PLANS**

A Monthly Medical Allowance (MMA) is paid towards a retired member's medical plan premium when enrolled in an ACERA-sponsored group medical plan. The MMA is based on an amount determined by the Board. The maximum MMA amount is limited to the single-party premium or one hundred percent (100%) of the MMA amount, whichever is lower, for a retired member with 20 or more years of ACERA service credit or a retired member receiving service connected disability benefits. The amount is prorated for retired members with less than 20 years of ACERA service credit. Plan premium costs that exceed the contribution are deducted from the retired member's monthly retirement allowance. Premium costs for enrolled dependents are deducted from the retired member's monthly allowance.

INDIVIDUAL PLANS FOR EARLY (NON-MEDICARE) RETIREES LIVING OUTSIDE THE HMO SERVICE AREA (Effective January 1, 2016)

A Monthly Medical Allowance (MMA) is provided to eligible retired members as reimbursement for medical plan costs when they are enrolled in an Individual Plan through the Health Exchange. The reimbursement is paid to the eligible retired member by the Exchange through a Health Reimbursement Account (HRA). The MMA is set as a monthly amount based on years of ACERA service credit. Reimbursements may be made for premiums, co-pays and deductibles.

In order to be eligible to receive this category of MMA, the retiree must live outside the ACERA-sponsored medical plan HMO service areas.

Retired members enrolled in the Health Exchange, who return to work for a participating employer, lose eligibility for reimbursements during the period of employment based on Federal regulations.

INDIVIDUAL PLANS FOR MEDICARE ELIGIBLE RETIREES

A Monthly Medical Allowance (MMA) is provided to eligible retired members as reimbursement for medical plan costs when they are enrolled in an Individual Plan through the Medicare Exchange. The reimbursement is paid to the eligible retired member by the Exchange through a Health Reimbursement Account (HRA). The MMA is set as a monthly amount based on years of ACERA service credit. Reimbursements may be made for premiums, co-pays and deductibles.

Retired members enrolled in the Medicare Exchange, who return to work for a participating employer, lose eligibility for reimbursements during the period of employment based on Federal regulations.

YEARS OF ACERA SERVICE CREDIT STRUCTURE FOR MMA

The chart below demonstrates the percentage of MMA provided to eligible retired members in group plans and individual plans. Service connected disability recipients are eligible for the 20 + years of ACERA service credit contribution level.

YEARS OF ACERA SERVICE CREDIT	CONTRIBUTION PERCENTAGE UP TO
20 +	100%
15 through 19	75%
10 through 14	50%
Under 10	0%

SUPPLEMENTAL COST-OF-LIVING BENEFIT

Eligibility: Retired members of ACERA or their surviving beneficiaries who are receiving an ACERA allowance, and whose purchasing power, as measured by the Consumer Price Index (CPI), has eroded by 15% or more as defined by the CERL. There is no minimum ACERA service credit requirement for this benefit.

Benefit Amount: As determined by the above formula.

Effective Date: April 1, 1999 for 1999 COLA Year
(To be paid with the warrant issued at the end of April)

MEDICARE PART B PREMIUM REIMBURSEMENT

Eligibility: Retired members with 10 years or more of ACERA service credit or members retired based on service connected disability who are enrolled in Medicare Part B.

Benefit Amount: Lowest Standard Medicare Part B premium amount

Effective Date: January 1, 1999
(Requires proof of Medicare Part B enrollment to be provided to ACERA)

EMPLOYER REIMBURSEMENT FOR IMPLICIT SUBSIDY

Eligibility: Any ACERA employer providing medical benefits coverage to ACERA retired members or beneficiaries through County-sponsored active employee medical benefit plans.

Benefit Amount: To be determined each year by the Board based on the cost of retired member participation and the availability of funding.

Effective Date: April 21, 2005

Funding Policy: In March of each year, ACERA staff shall independently verify the cost associated with retired member participation. The Board shall review the program in May and determine the amount, if any, of employer reimbursement based on the funding available and the overall SRBR program goals. Any reimbursement established by the Board shall be implemented as a credit against employer retirement contributions due ACERA.

Category II

DENTAL CARE COVERAGE CONTRIBUTION

Eligibility: Retired members of ACERA who are receiving ACERA allowances with ten or more years of ACERA service credit, members retired based on service connected disability, or members retired based on non-service connected disability with effective retirement dates on or before January 31, 2014.

Benefit Amount: Retired member-only Dental plan premium in accordance with the established 401(h) account mechanism.

Effective Date: February 1, 2014

VISION CARE COVERAGE CONTRIBUTION

Eligibility: Retired members of ACERA who are receiving ACERA allowances with ten or more years of ACERA service credit, members retired based on service connected disability, or members retired based on non-service connected disability with effective retirement dates on or before January 31, 2014.

Benefit Amount: Retired member-only Vision plan premium in accordance with the established 401(h) account mechanism.

Effective Date: February 1, 2014

Closed Benefit Plans

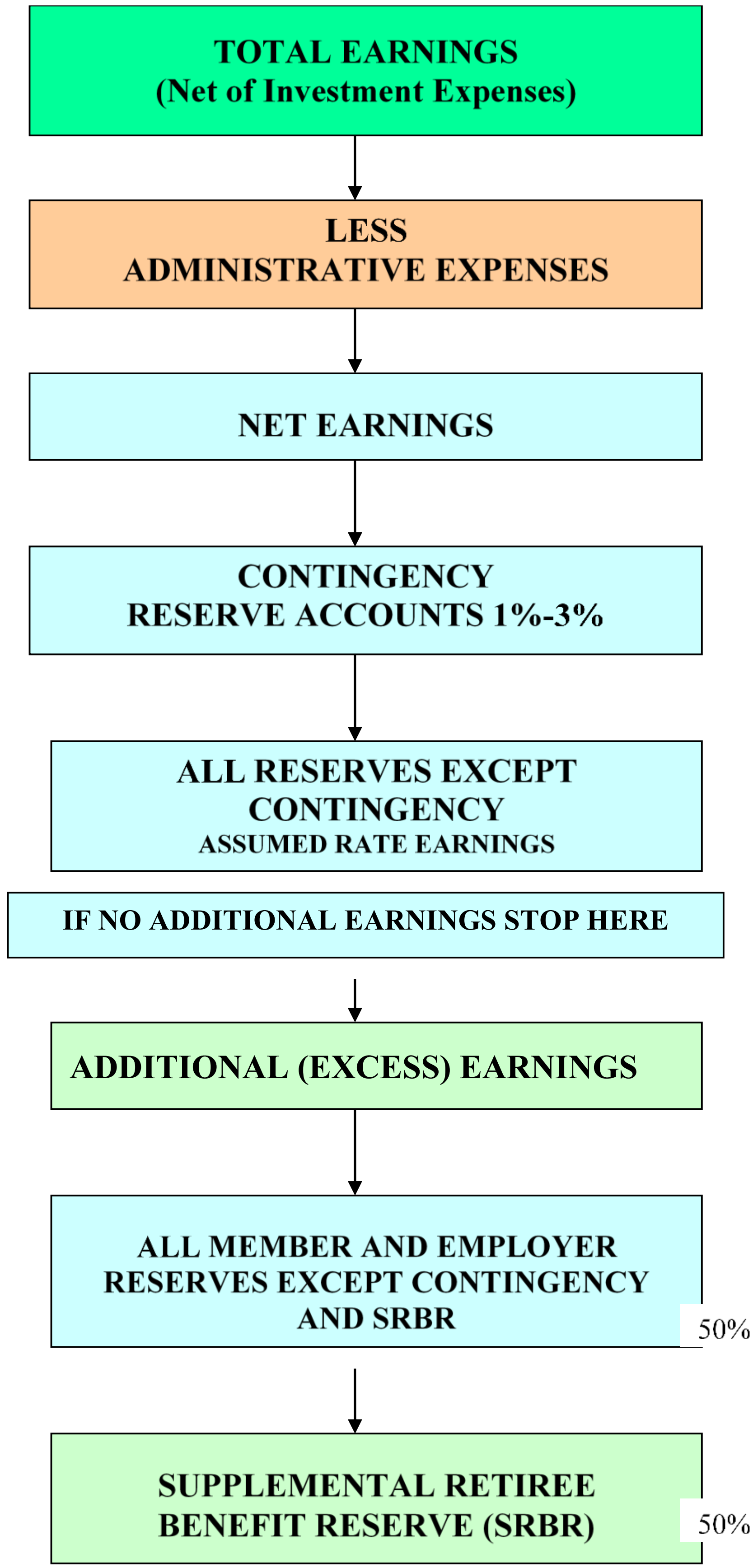
The following benefit plans are closed to new recipients.

- Emergency Subsidy – July 1, 1997 to March 1, 2001
- Health Equity Location Plan (HELP) – July 1, 1997 to March 1, 2001
- Retired Member Death Benefit – August 20, 1998 to December 31, 2012; benefit amount of $5,000.
- Active Death Equity Benefit (ADEB) – July 1, 1999 to December 31, 2012
- Dental Care Coverage Contribution – February 1, 1999 to January 31, 2013 for retired members with less than ten years of ACERA service credit, unless a member retired based on service connected disability, or a member retired based on non-service connected disability with an effective retirement date on or before January 31, 2014.
- Vision Care Coverage Contribution – February 1, 1999 to January 31, 2013 for retired members with less than ten years of ACERA service credit, unless a member retired based on service connected disability, or a member retired based on non-service connected disability with an effective retirement date on or before January 31, 2014.

IX. Policy History

A. The Board reviewed and affirmed this policy, with revisions, on October 21, 2021[2]

[2] *Previous amendment dates all with revisions: September 16, 2010; May 19, 2011; September 20, 2012; February 21, 2013; September 19, 2013; April 17, 2014; September 17, 2015; and May 25, 2017; and affirmed without revisions October 17, 2019.*


TOTAL EARNINGS
(Net of Investment Expenses)
LESS
ADMINISTRATIVE EXPENSES
NET EARNINGS
CONTINGENCY
RESERVE ACCOUNTS 1%-3%
ALL RESERVES EXCEPT
CONTINGENCY
ASSUMED RATE EARNINGS
IF NO ADDITIONAL EARNINGS STOP HERE
ADDITIONAL (EXCESS) EARNINGS
ALL MEMBER AND EMPLOYER
RESERVES EXCEPT CONTINGENCY
AND SRBR
50%
SUPPLEMENTAL RETIREE
BENEFIT RESERVE (SRBR)
50%

MEMORANDUM TO THE RETIREES COMMITTEE

DATE:	October 4, 2023
TO:	Members of the Retirees Committee
FROM:	Carlos Barrios, Assistant Chief Executive Officer
SUBJECT:	**Align Assets to Equalize Sufficiency Periods to Pay OPEB and Non-OPEB Benefits**

At the June 7, 2023 Retirees Committee meeting, Trustees requested Segal to report back with information on equalizing the sufficiency periods of paying benefits between the OPEB and non-OPEB. Andy Yeung and Eva Yum will present the attached proposal to align assets to equalize the sufficiency periods to pay OPEB and non-OPEB benefits at the meeting.

Attachment

Segal

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September 25, 2023

Mr. Carlos Barrios
Assistant Chief Executive Officer, Benefits
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612-1900

Re: Alameda County Employees' Retirement Association (ACERA) Supplemental Retiree Benefits Reserve (SRBR) — proposal to align assets to equalize sufficiency periods to pay OPEB and non-OPEB benefits

Dear Carlos:

As we pointed out in our SRBR sufficiency preview letter dated May 30, 2023 and our SRBR final valuation report dated September 25, 2023, we have provided in this letter our proposal to align the assets available to provide the OPEB and non-OPEB SRBR benefits before we complete the next sufficiency preview letter and final report as of December 31, 2023.

In this letter, we outline several reasons why the Board may want to consider such alignment as of that date. However, for illustration purposes, we have provided the amount of assets that would be transferred from the OPEB SRBR to the non-OPEB SRBR if the alignment were to happen as of December 31, 2022.

Background

The SRBR is a reserve established pursuant to Article 5.5 of the County Employees Retirement Law of 1937 (CERL) and the SRBR is funded by both regular and excess earnings. Regular earnings are credited up to the current assumed investment return and when the total ACERA smoothed portfolio return is greater than the assumed investment return, 50% of the excess earnings are transferred to the SRBR. Those transfers are allocated to the OPEB and non-OPEB SRBR programs commensurate with the size of the OPEB and non-OPEB SRBR reserves, respectively.

In accordance with the Board's SRBR policy, "the Board manages approved SRBR benefits with a goal towards meeting the projected liabilities of the fund over a 15-year period, as determined by the actuary. If it is reported that current SRBR programs, which provide benefits, will not sustain for 15 years, benefit adjustments may be made based on the amount of funds needed in order to attain a prolonged lifespan of the fund without causing undue harm to beneficiaries."

In the above SRBR preview letter and final valuation report, the OPEB and non-OPEB related assets in the SRBR as of December 31, 2022 are projected to be sufficient to pay OPEB benefits through 2050 (27 full years and 1 partial year) and non-OPEB benefits through 2038 (15 full years and 1 partial year). The OPEB and non-OPEB assets were about $1,104.7 million* and $54.9 million, respectively as of December 31, 2022.

Since there is a gap between the sufficiency periods of paying OPEB and non-OPEB benefits, we have provided a proposal that may be considered by the Board to equalize the periods.

Proposed alignment of OPEB and non-OPEB SRBR assets

As stated in the SRBR Policy, the Board has the sole and exclusive authority and discretion to distribute funds in the SRBR to provide benefits for retirees. After consulting with ACERA's outside auditor, we believe it is reasonable from an actuarial standpoint for the Board to consider an ad-hoc transfer of assets from the OPEB SRBR to the non-OPEB SRBR with the goal of equalizing the sufficiency periods to pay benefits for both programs. We note that if approved by the Board, this will be the first time for such transfer since the Board allocated SRBR assets between the OPEB and the non-OPEB programs in the December 31, 2005 valuation to offset the OPEB and non-OPEB liabilities under the two separate sets of accounting reporting requirements. In order to avoid the need to make frequent transfers, we also propose that this determination be made as part of the next sufficiency study as of December 31, 2023. This means that any such change in the sufficiency periods and the resultant change in the accounting reporting results be determined as of December 31, 2023.

The sufficiency period for the non-OPEB SRBR is highly dependent on actual inflation. There has been a spike in short-term inflation that started in the second quarter of 2021 and continued into 2022. Because of the high one-year actual inflation of 4.88% in the Bay Area for 2022 (versus the inflation assumption of 2.75%), there is an increase in the supplemental COLA costs. As a result, there is an approximate five-year decrease in the sufficiency period to pay non-OPEB benefits between the last study as of December 31, 2021 and the current study as of December 31, 2022. While the rate of inflation has leveled off and started to decline around the second half of 2022, we propose that the transfer amount be calculated after the December 2023 Bay Area consumer price index is published so that the transfer amount would reflect the supplemental COLA benefit for 2024.

Illustration

As an illustration, we have calculated the asset transfer amount based on the December 31, 2022 SRBR valuation results.

* The OPEB related assets used for the determination of the sufficiency period includes about $9 million in the 401(h) reserve.

We determined that if an amount of $54.8 million were to be transferred from the OPEB SRBR to the non-OPEB SRBR, both the OPEB and non-OPEB benefits would have a sufficiency period of 25 full years and 1 partial year. The $54.8 million transfer represents about 5% of the OPEB SRBR assets. This transfer would have an effect of decreasing the OPEB SRBR sufficiency period by 2 years and increasing the non-OPEB SRBR sufficiency period by 10 years.

Actuarial assumptions and methods

All results shown in this letter are based on the data and actuarial assumptions used in the December 31, 2022 actuarial valuation. That valuation and these calculations were completed under the supervision of Eva Yum, FSA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of actuaries to render the actuarial opinion herein.

Please let us know if you need any additional information and we look forward to discussing this letter with you.

Sincerely,

Andy Yeung

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

Eva Yum

Eva Yum, FSA, MAAA, EA
Vice President and Actuary

EZY/jl

cc: Dave Nelsen
Lisa Johnson

Segal

MEMORANDUM TO THE RETIREES COMMITTEE

DATE:	October 4, 2023
TO:	Members of the Retirees Committee
FROM:	Carlos Barrios, Assistant Chief Executive Officer
SUBJECT:	**Benefits Consultant Request for Proposal Timeline**

Our current Benefits Consultant, Segal's contract comes up for renewal on December 31, 2023. We first entered into a contract with Segal for benefits consulting services effective January 1, 2019. Per the Board of Retirement's Service Provider Policy (Policy), this contract is for a Board Approved Service Provider. Based on the Policy, Staff issued a Request for Proposal (RFP) to potential benefit consulting firms. The RFP is also posted on ACERA's website.

Attached are the Statement of Services and a timeline with high level milestones for this RFP process. In addition, attached is an updated list of 14 potential consultants who could provide benefits consulting services. These firms have been identified as possible fit for ACERA, based on their knowledge and expertise in handling retirement and public sector benefits and communication materials.

Attachments

EXHIBIT A TO CONSULTANT SERVICES AGREEMENT
BETWEEN ACERA AND BENEFIT CONSULTANT
FOR BENEFITS CONSULTING SERVICES

Statement of Services -- Consulting Services

The Benefit Consultant agrees to provide the following Benefits Consulting Services:

GENERAL BENEFITS CONSULTANT SERVICES

MONTHLY:

a) Attend monthly ACERA Retirees Committee meetings and debrief meetings afterward.

b) Attend conference call to discuss deliverables/Committee meeting planning.

c) Provide accurate, monthly deliverables from Retirees Committee Work Plan on specified dates to ACERA.

d) As notices become available, provide information and assess impact of any legislative updates concerning health care plan policies and procedures, including Medicare plans.

e) Track benefit plans design ideas for future discussion with carriers and renewal letters.

QUARTERLY:

a) Participate in ACERA's quarterly meetings with Kaiser Permanente to review quarterly utilization, and discuss the wellness program and other topics as necessary.

SEMI-ANNUALLY:

a) Create a PowerPoint presentation on Health Care Reform; including but not limited to: Medicare, Affordable Care Act, Covered California, Multi-State Exchanges, California Legislation, and Federal Legislation; and present it at the Retirees Committee meetings.

b) Review and analyze Delta Dental and Vision Service Plan member utilization and claims experience.

c) Work with ACERA and the County of Alameda to gain access to medical carriers' claim information to review and calculate the reimbursement to employers for the adverse experience (Implicit Subsidy) cost of retirees. Provide a written report concerning the Implicit Subsidy for past plan year amount for medical plans and the estimated Implicit Subsidy amount for current year.

ANNUALLY:

a) Create a PowerPoint document to present at the annual retiree association health care planning meeting. Subject matter for presentation to be determined a month in advance of the meeting, normally held in the month of April.

b) Prepare a letter for ACERA's consideration in drafting the annual medical plans renewal letter to the County of Alameda. Add specific plan impact questions on regulation changes such as CMS Mandates or Affordable Care Act as well as adding specific pricing requests, new carrier Disease Management/Wellness initiatives, and plan design changes adding benefit/cost savings to retiree plans. Letters should include discussion points over the plan year, which may have been addressed at Retirees Committee meetings as well as monthly Benefits Consultant/ACERA meetings.

c) Provide written annual reports with observations and recommendations related to Delta Dental and Vision Service Plan member utilization and claims experience. Draft separate Request for Information (renewal) letters for both Delta Dental and for Vision Services Plan each year by April 1st. Letters should include discussion points over the plan year, which may have been addressed at Retirees Committee meetings as well as monthly Benefits Consultant/ACERA meetings.

d) Work with ACERA and the County of Alameda to enhance ACERA's current wellness program.

e) Review and negotiate provider renewal rates/contracts, plan design, funding arrangements (*i.e.,* fully insured or self funded) and performance guarantees with Delta Dental and Vision Service Plan carriers. Provide written reports explaining the analysis and recommendations.

f) Attend the annual medical plan renewal meeting between the County of Alameda and ACERA.

g) Provide a written report on the annual health care trend information including pre-65 and post-65 medical, dental (both plans), and vision plans to assist ACERA in funding recommendations.

h) Provide in a written report, the Social Security Administration Cost of Living Adjustment amount and the impact this may or may not have on the Medicare Part B monthly premiums. The written report should state what the standard Medicare Part B monthly premium is for the current year and the new premiums for the next year.

i) Provide the CMS Part D Annual Notice of Creditable Coverage two weeks after its release by CMS; the required date the notice must be received by all of ACERA's members; and a written report on the Part D Standard Benefit changes for the next year, which includes a side by side comparison of the current benefits and the new ones. The report should also include the drug manufacturer's percentage coverage of cost for brand-name drugs, as well as the Part D Income Related Monthly Adjustment amounts.

j) Make determination of ACERA's compliance with Medicare Part D coverage.

Benefits Consultant

Request for Proposal (RFP) Timeline

ACTION	TARGET DATE	RESPONSIBILITY
Create RFP and Cover Letter	September 20	Staff
Send RFP & Cover Letter to Consultants	September 27	Staff
Due Date for Proposals	October 30	Consultant
Review submitted Proposals	November 3	Staff
Notify Finalists	November 6	Staff
Check Consultant References	November 6	Staff
Interviews	November 13-17	Staff
Score Consultants	November 17	Staff
Present Recommendations to Retirees Committee	December 6	Staff
Recommendation from Retirees Committee to Board of Retirement	December 21	Staff
Notify Finalists of Consultant Selection	December 21	Staff
Negotiate Contract	December 21	Staff/ Consultant
Send Termination Letter to Current Consultant (if applicable)	December 22	Staff
Send Consultant of Record Letter to all Vendors	December 22	Staff
New Consultant meets with Staff to review plans and outline service expectations	January 4	Staff/ Consultant
CONTRACT EFFECTIVE DATE:	**January 1, 2024**	

2023 List of Benefits Consulting Firms

Alliant Benefits

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MEMORANDUM TO THE RETIREES COMMITTEE

DATE:	October 4, 2023
TO:	Members of the Retirees Committee
FROM:	Carlos Barrios, Assistant Chief Executive Officer CB
SUBJECT:	**Substantive Plan Definition Under GASB Statement 43 History and Background Information**

At the August 2, 2023, Retirees Committee Meeting, Trustee Clippinger asked how the Substantive Plan Definition was set to 50% of the Healthcare Inflationary rate. This memo includes a brief background of the Substantive Plan Definition and the issues that were occurring during its inception. Also included is background on the 15-year Sustainability Policy, which can influence decisions related to the Substantive Plan Definition and the benefits provided through the Supplemental Retiree Benefit Reserve (SRBR).

GASB 43

In 2005, the Governmental Accounting Standards Board (GASB) began requiring, under the GASB Statement 43, that, "[p]lans in which the sole or largest participating employer is a phase 1 government (those with total annual revenues of $100 million or more) are required to implement this Statement in financial statements for periods beginning after December 15, 2005." However, ACERA's actuary stated "that GASB Statement 43 was issued to increase public awareness of the magnitude and obligations incurred by governmental entities for post employment benefits other than pensions" and was not about funding but rather about disclosing liabilities. The Board has the sole and exclusive authority and discretion to distribute funds from the SRBR to provide benefits to its beneficiaries.

The Board assembled a GASB Ad Hoc Committee to review and implement the requirements under GASB Statement 43. The implementation of the GASB Statement 43 would lead to the Substantive Plan Definition we have today, which defines the level of funds to be allocated for funding Other Post Employment Benefits other than pensions.

Concurrent Issues

Prior to the Substantive Plan Definition, the Monthly Medical Allowance (MMA) was increased each year at the full inflationary rate. However, higher than normal increases in healthcare premiums raised concerns about the longevity of the benefits distributed through the SRBR. The County also began to request that ACERA pay an Implicit Subsidy to cover the adverse cost experience resulting from retirees under age 65 being included in the active County Kaiser Permanente health plan. At the same time, the SRBR had received excess earnings almost every year from 1995 through 2001 but did not receive excess earnings thereafter while the Substantive Plan Definition was under development in 2006, furthering concerns that the funds in the SRBR could run out.

Actuarial Valuation Report

On August 28, 2006, ACERA's actuary, the Segal Company, provided the, "GASB Statements No. 25 and 43 Actuarial Valuation of Benefits Provided by the Supplemental Retiree Benefits Reserve as of December 31, 2005", which reports results of the goal to conform with the disclosures required by Statement 43. The report showed that the SRBR would be exhausted by a certain year based on the trajectory at the time if there were no excess earnings added to the SRBR. The actuary recommended three alternatives for a substantive plan design to aid the Board in its discussions with administrative staff, auditors, consultants, and employers in formulating the final design for the substantive plan requirements required by GASB Statement No. 43. The three options included:

1) Maintain the MMA at the same level as established for calendar year 2006 with no further increases, with benefits payable through part of 2026,
2) Increase the MMA at half of the health care inflationary rate, with benefits payable through part of 2023, or
3) Increase the MMA at the full inflationary rate, with benefits payable through part of 2021.

Under the advice of ACERA's actuary, a Substantive Plan Definition of half of the health care inflationary rate was recommended because it was a reasonable assumption based on the past 10 years of history. At its meeting on January 18, 2007, the Board adopted Option #2.

Longevity of the SRBR

Excess earnings play an important role in extending the longevity of the SRBR but excess earnings are not guaranteed. Since 1995, the SRBR received excess earnings 14 of the 28 years between 1995 and 2022.

Year	Excess Earnings to SRBR	Year	Excess Earnings to SRBR
1995	$ 13,540,606	2007	$116,782,806
1997	$ 42,045,027	2013	$ 75,074,713
1998	$104,042,348	2014	$132,455,002
1999	$122,142,329	2015	$ 43,770,247
2000	$ 85,855,261	2018	$ 10,574,982
2001	$ 12,177,094	2021	$184,050,056
2006	$ 44,771,948	2022	$ 10,749,534

The SRBR currently provides the following benefits to its beneficiaries:

1. Monthly Medical Allowance
2. Dental Care Coverage Contribution
3. Vision Care Coverage Contribution
4. Medicare Part B Premium Reimbursement
5. Supplemental Cost-of-Living Benefit
6. Retired Member Death Benefit
7. Employer Reimbursement for Implicit Subsidy

15-Year Sustainability Policy

The Sustainability Policy defines a threshold of 15 years over which the SRBR should maintain sufficient funds to pay for OPEB benefits. The threshold helps to identify if the Substantive Plan Definition utilizes the funds from the SRBR such that it addresses the fund's sustainability and does not cause undue harm to its beneficiaries. It serves as a guide if benefit adjustments are necessary to attain a prolonged lifespan of the fund.

In 2010, when the 15-year Sustainability Policy was under consideration, it was noted that without additional excess earnings paid into the SRBR, it would have exhausted if the program had continued based on the liabilities at that time. The actuary described—even without taking deferred investment losses into account—that increasing the monthly medical allowance yearly by half of the medical inflation assumption rate, the SRBR would last approximately 18 to 20 years, and if investment losses were considered, the SRBR would last only 12 to 13 years.

In 2010, the Board adopted a 15-year Sustainability Policy to maintain sufficient funding to pay for benefits through the SRBR. At that time, the SRBR was projected to be exhausted by 2028 excluding robust economic growth and investment earnings. The reasoning given for 15 years was to maintain some level of benefits for younger employees when they retired, and 15 years approximated the average service career of an ACERA member.

Current MMA

The majority of ACERA retirees are enrolled in the Kaiser Senior Advantage Plan, and, therefore, most members with 15 or more years of service have their premiums fully covered under the group health plans.

Group Retiree Health Plan Costs

2024	Premium	MMA	20+	15+	10+	Total Members
Kaiser Senior Advantage	$ 336.61	$336.61	$0	$0	$ 18.92	4259
Kaiser HMO (under 65)	$ 977.97	$635.37	$342.60	$501.44	$ 660.28	853
United Healthcare SV	$1,387.74	$635.37	$752.37	$911.21	$1,070.05	75
United Healthcare SVA	$ 907.24	$635.37	$271.87	$430.71	$ 589.55	82

Attachments (4):

- Board of Retirement Meeting Minutes, January 19, 2006
- Board of Retirement Meeting Minutes, January 18, 2007
- GASB Statements No. 25 and 43 Actuarial Valuation of Benefits Provided by the Supplemental Retiree Benefits Reserve as of December 31, 2005
- Board of Retirement Meeting Minutes, September 16, 2010

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

Thursday, January 19, 2006

Chair Keith Carson called the regular meeting to order at 2:10 p.m.

Trustees Present:	Dale Amaral Ophelia Basgal Keith Carson L. Darryl Gray David Safer Sandre Swanson Donald White Trevor White Liz Koppenhaver *(Alternate)* Darryl Walker *(Alternate)*
Trustees Excused:	Annette Cain-Darnes
Staff Present:	Victoria Arruda, Human Resources Officer Charles F. Conrad, General Manager Kathy Foster, Benefits Manager Robert Gaumer, Acting General Counsel Martha Richardson, Executive Secretary Betty Tse, Chief Investment Officer Catherine Walker, Deputy General Manager Latrena Walker, Information Systems Manager

Mr. Carson began the Board meeting with the annual election of Board officers.

06-01

It was moved by Donald White, and seconded by Sandre Swanson to nominate L. Darryl Gray as Board Chair.

There were no further nominations. The nominations were closed.

L. Darryl Gray was elected as Board Chair by a vote of 8 yes, 0 no and 0 abstentions.

The remainder of the meeting was conducted by Mr. Gray.

06-02

It was moved by Keith Carson, and seconded by Trevor White to nominate Ophelia Basgal as Board First Vice Chair.

There were no further nominations. The nominations were closed.

Ophelia Basgal was elected as Board First Vice Chair by a vote of 8 yes, 0 no and 0 abstentions.

06-03

It was moved by David Safer, and seconded by Donald White to nominate Dale Amaral as Board Second Vice Chair.

There were no further nominations. The nominations were closed.

Dale Amaral was elected as Board Second Vice Chair by a vote of 8 yes, 0 no and 0 abstentions.

06-04

The minutes of the regular meeting of December 16, 2005 were accepted as presented on a motion by Ophelia Basgal, and seconded by Dale Amaral, and passed by a vote of 8 yes, 0 no, and 0 abstentions.

CONSENT CALENDAR
REPORTS AND ACTION ITEMS

APPLICATION FOR SERVICE RETIREMENT
Appendix A

APPLICATION FOR RETIREMENT, DEFERRED
Appendix B
Appendix B-1

APPLICATION FOR DEFERRED TRANSFER
Appendix C

LIST OF DECEASED MEMBERS
Appendix D

REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT
Appendix E

DISABILITIES, CURRENT, RECOMMENDATIONS
Appendix F

DISABILITIES STATUS REPORT

MISCELLANEOUS

It was moved by David Safer, and seconded by Dale Amaral, and approved by a vote of 8 yes, 0 no and 0 abstentions, that the following Resolution is adopted:

06-05

BE IT RESOLVED BY THIS BOARD that the Consent Calendar is approved.

REGULAR CALENDAR
REPORTS AND ACTION ITEMS

DISABILITIES, CURRENT, RECOMMENTATIONS AND MOTIONS

The following disability cases will be heard in Closed Executive Session:

- Chu, Anthony, Deputy Sheriff, Sheriff's Department
- Carol Raugust, Microbiologist, Heath Care Services
- Jacquelyn Scott, Social Worker II, Social Services Agency

DISABILITIES, CONTINUING, RECOMMENDATIONS AND MOTIONS

None.

COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS

*Note: Per Committee Chairs, detailed copies of the Committee meeting minutes were available to the attendees. All Committee meeting minutes for the month of January will be posted on the ACERA website (**www.acera.org**) after approval at the Board meeting.*

Governance:

L. Darryl Gray reported that the Governance Committee met on November 21, 2005, at 10:30 am. Mr. Gray highlighted the following information regarding the meeting:

> The General Manager gave an overview of the current Senior Management Contingency Plan. After discussion, the Committee deferred action to the January committee meeting.
>
> The General Manager advised the Committee that amendments made to the Liability Management Policy should be initiated by the Actuarial Committee. The Committee deferred action on amending policy to the Actuarial Committee.

The General Manger presented a GASB Ad Hoc Committee Charter for approval by the Committee. The Board Chair advised that he had been in contact with the Board members and has proposed a list of those who would be interested in serving on the Committee. There was considerable discussion regarding the creation of this Ad Hoc Committee, its relation to the County's own GASB compliance and any implications the implementation may have on other standing committees.

The General Manager advised that the essence of the Ad Hoc Committee is to implement GASB 43.

06-06

It was moved by L. Darryl Gray, and seconded by David Safer that the Board establish the GASB Ad Hoc Committee based on the provisions provided by the GASB Ad Hoc Committee Charter. The motion carried 8 yes, 0 no and 0 abstentions.

06-07

It was moved by L. Darryl Gray, and seconded by Ophelia Basgal that the Board approve the November 21, 2005, Governance Committee minutes. The motion carried 8 yes, 0 no and 0 abstentions.

L. Darryl Gray reported that the Governance Committee met on January 6, 2006 at 1 p.m. Mr. Gray highlighted the following information regarding the meeting:

The committee proposed several language changes to the Senior Management Contingency Plan. The Committee also suggested that the word "acting" be used when describing the authority of the Deputy General Manager or a member of senior management who assumes the responsibility of General Manager in the interim. In addition, references to his should now reflect his/her.

In response to the Committee's inquiry about establishing a three-year policy review schedule based upon the cycle of the Board of Retirement elections, Staff advised that patterns of use for each policy and the number of policies to be reviewed would pose a challenge in creating one specific cycle for all policies. Staff noted that ACERA's legal unit will provide a policy review schedule to the Committee.

The Committee and Staff discussed the importance of ACERA developing a succession plan to pass down existing knowledge to new management in time of transition. A Committee member suggested that ACERA research the plan Sonoma County established.

06-08

It was moved by L. Darryl Gray, and seconded by David Safer that the Board adopt the amendments to the Senior Management Contingency as set forth in the January 6, 2006 Governance Committee minutes. The motion carried 8 yes, 0 no and 0 abstentions.

06-09

It was moved by L. Darryl Gray, and seconded by David Safer that the Board approve the January 6, 2006, Governance Committee minutes. The motion carried 8 yes, 0 no and 0 abstentions.

Operations:

Ophelia Basgal reported that the Operations Committee met on January 6, 2006 at 9:00 a.m. Ms. Basgal highlighted the following information regarding the Committee meeting:

ACERA's General Counsel presented a memo that outlined ACERA's practices regarding the approval of requests for actuarial studies. The Governance Committee previously decided that it was the authority of ACERA's General Manager to approve such requests. The General Manager highlighted the elements ACERA look at when approving a request. He also listed the prior and major requests for actuarial studies.

Information item updates included:

Provisions of SB 973 – More information regarding this issue will be sent to members at the end of January and updates will be posted on the ACERA website and in the What's Up newsletter.

Disability Hearing Cases – Updates were presented on a plan of action to decrease the backlog as well as establish a process to resolve current issues.

Insurance Consultants Update – Bickmore Risk Management Services is in the process of identifying ACERA's exposures as well as any coverage gaps or overlaps. A presentation will be given at the February meeting.

Survey of '37 Act Survey – LACERA is the only county that has fiduciary counsel on retainer. Further discussion regarding the practicality/importance or retaining counsel as opposed to obtaining fiduciary counsel only on an as needed basis will take place at the regular board meeting.

The regular monthly information items included: Member Service Request, ACERA Operating Budget and Financial Statements.

06-10

It was moved by Ophelia Basgal, and seconded by Dale Amaral that the Board approve the January 6, 2006, Operations Committee minutes as presented. The motion carried 8 yes, 0 no and 0 abstentions.

Retirees:

David Safer reported that the Retirees Committee met on January 6, 2006 at 1 p.m. Mr. Safer highlighted the following information regarding the Committee meeting:

> The ACERA retired death benefit is a one-time payment of $5,000 that will be paid upon the death of an ACERA retiree, if ACERA was their last employer. (In the case a reciprocating agency was the last employer and that agency pays less than a $5,000 benefit, ACERA supplements the benefit up to a total of $5,000.) $4,250 of this benefit is funded by the Supplemental Retiree Benefits Reserve (SRBR) and $750 is paid for from employer contributions as a statutorily defined benefit.

06-11

It was moved by David Safer, and seconded by Dale Amaral that the Board approve the continuation of the payment of the retired member death benefit as a non-vested benefit subject to assets available from the SRBR for 2006. The motion carried 8 yes, 0 no and 0 abstentions.

> The Active Death Equity Benefit is a continuance benefit paid to a qualified spouse, domestic partner or minor child upon the death of a vested active member and is funded by the SRBR. The ADEB benefit is a supplement to the 60% continuance which would otherwise be provided. In total the two amounts will permit a qualified spouse, domestic partner or minor child to receive a benefit equal to the reduced Option 2 – 100% continuance benefit.

06-12

It was moved by David Safer, and seconded by Sandre Swanson that the Board approve the continuation of the payment of the active member death equity benefit as a non-vested benefit subject to assets available from the SRBR for 2006. The motion carried 8 yes, 0 no and 0 abstentions.

> Information items included: SB 973, Open Enrollment and Health Plan Update, 2005 1099-R Update, 2006 Retirees Committee Work plan, taxability of $5,000 lump sum Death Benefit, Revised 2006 Retiree Survey Timeline and Adverse Experience Report.

> Staff reported on status of the December payroll distributed via EFTs (Electronic Funds Transfers) from our credit union to members' bank accounts.

06-13

It was moved by David Safer, and seconded by Dale Amaral that the Board approve the January 6, 2006, Retirees Committee minutes as presented. The motion carried 8 yes, 0 no and 0 abstentions.

Investment:

David Safer reported that the Investment Committee met on January 11, 2006 at 9 a.m. Mr. Safer highlighted the following information regarding the meeting:

> SIS presented its analysis of recommended optimized asset allocation mixes including basic mixes, release small cap mixes, and private market mixes. SIS also explained the results of its asset-liability simulations for ACERA and the implication of these results. The Committee requested SIS to provide an education session on private markets and to conduct asset mix optimization analyses by un-constraining the real estate asset class. SIS agreed.

06-14

It was moved by David Safer, and seconded by Sandre Swanson that the Board adopt asset allocation Mix 4 - Release Small Cap (34% US large cap, 7% US small cap, 22% international equities, 28% fixed income, and 9% real estate) as ACERA's new target asset allocation. The motion carried 8 yes, 0 no and 0 abstentions.

> State Street Global Markets (SSGM) presented its post-trade analysis on ACERA's asset transition of about $320 million from Pacific Financial Research, Inc. to Pzena Investment Management, LLC. The transition took about four business days and was completed on December 30, 2005.
>
> SSGM compared the post-trade analysis with the pre-trade analysis, and reported an implementation shortfall of approximately 87 bps, roughly $2.8 million. The Committee expressed satisfaction with the transition result given the investment characteristics of the two portfolios, timing of the transition and liquidity of the market.
>
> Information items: Proposed Investment Committee Work plan for 2006 and Update on Directed Brokerage Program Implementation.

06-15

It was moved by David Safer, and seconded by Keith Carson that the Board accept the January 11, 2006, Investment Committee minutes as presented. The motion carried 8 yes, 0 no and 0 abstentions.

GASB Ad-Hoc:

Donald White reported that the GASB Committee met on January 11, 2006 at 12:30 p.m. Mr. White highlighted the following information from the meeting:

> The Committee Chair stated that the purpose of the GASB Ad Hoc Committee was for the discussion and education of the Board and its constituencies regarding GASB 43 based on information that is currently available.

One of the objectives of the GASB Ad Hoc Committee was to include the participation of ACERA's auditor and actuary as well as County Staff and their auditor and actuary.

ACERA's auditor stated that GASB Statement 43 was issued in order to increase public awareness of the magnitude of obligations incurred by governmental entities for post employment benefits other than pensions.

GASB 43 will basically require the same accounting and reporting approach for the post employment benefits that is currently required for pension benefits. This could involve an actuarial valuation to determine the future obligations for the benefits and the development of a funding approach (annual cash contributions).

According to GASB rules, ACERA will need to implement GASB 43 by the fiscal year ending December 31, 2006. In contrast, the county won't need to implement GASB 45 until the County's fiscal year ending June 30, 2008.

ACERA's actuary stated that the Government Accounting Standards Board issued a Q&A booklet ("Implementation Guide") for GASB 43 & 45 in order to provide further guidance. The actuary focused on three areas that are addressed in the Implementation Guide: 1) A valuation of the "substantive" plan for the post-employment benefits. 2) Non-vested and discretionary heath and insurance benefits. 3) Certain non-health benefits, such as the supplemental COLA.

Three actuarial assumptions that will pose a challenge for the GASB evaluation are: 1) The discount rate to be applied to the projected future obligations. 2) Projected medical cost trend assumption. 3) Coverage assumption(s).

ACERA's auditor was asked to review GASB 43 and give an opinion of the applicability of GASB 43 to ACERA based on current practice. After review of GASB 43 and consideration of other factors, the auditor concluded that GASB 43 currently applies to ACERA.

The County Auditor-Controller noted that he believes that the County does not have a liability under GASB 45 and says that the County's auditors tend to agree.

ACERA's actuary emphasized that the GASB 43/45 statements are not about funding but rather about disclosing liabilities. The question is who is responsible for disclosing the liabilities.

ACERA's auditor stated that whoever is deemed to be the employer for OPEB purposes would have to disclose the liabilities as stipulated under GASB 45.

A joint meeting of the County Staff, auditor, and actuary, along with ACERA Staff, auditor, and actuary, is set for January 25, 2006.

06-16

It was moved by Donald White, and seconded by Trevor White that the Board approve the January 11, 2006, GASB Ad-Hoc Committee minutes as modified *(in italics)*. The motion carried 8 yes, 0 no and 0 abstentions.

OLD BUSINESS

None.

NEW BUSINESS

A. First United Services Credit Union Presentation

After introductions and a brief summary of the issues regarding the December payroll transmission EFT presented by Credit Union representatives, the Board tabled this item for in-depth discussion and follow-up at the February 1, 2006, Operations Committee meeting.

B. Prerogatives Group Meeting

The General Manager highlighted several issues discussed at the January 11, 2006 group meeting. The issues included:

1) Negotiation of rates and benefits for county health plans; 2) The timing of the presentation of the GASB 43 liability scenarios to the ACERA GASB Ad-Hoc Committee. The thought was that the policy implications should be discussed before any liability estimates are finalized; 3) The concept of having the ACERA General Manager inform the Board after any requests for actuarial costs estimates are approved or denied.

The group expressed the desire to meet more frequently to discuss these issues as they are being considered.

The next meeting of the group is tentatively scheduled for March in the afternoon following the ACERA Ad-Hoc GASB Committee meeting.

There was in-depth discussion at the Board meeting regarding clarification of the nature and role of the Prerogatives Group and members who comprise the group. There was also discussion regarding staff responsibility with respect to scheduling, attendance and reporting of action items as a result of the meeting. These issues will be referred to the Governance Committee for follow-up.

C. General Manager's Report

The General Manager reported on the following ACERA-related items:

- Survey of 37 Act Counties
  ACERA is looking into practicality of retaining permanent fiduciary counsel as opposed to obtaining fiduciary counsel on an as needed basis only. Of the '37 Acts surveyed, LACERA is the only county that retains fiduciary counsel. ACERA will invite David Muir, General Counsel of LACERA, to the February Board meeting to address the Board. After presentation, the Board will consider whether this merits further consideration.

- SB 973
  Staff noted that letters regarding domestic partner death benefit election (SB 973) will be mailed to impacted members on January 17, 2006. The letter outlines eligibility requirements and deadline for registration.

- Open Enrollment Health Plan Transition
  Staff continues to work with members and health plan providers regarding the transition of health insurance providers for 2006. Staff is still attempting to contact members who have not yet submitted their change of enrollment form. A plan is in place to monitor this process.

CONFERENCE REPORTS/ORAL REPORTS

None.

ANNOUNCEMENTS

None.

PUBLIC INPUT

None.

BOARD INPUT

None.

ESTABLISHMENT OF THE NEXT MEETING

Thursday, February 16, 2006, at 2 p.m.

ADJOURNMENT INTO CLOSED EXECUTIVE SESSION

The meeting was adjourned at 3 p.m.

EXECUTIVE SESSION

Pursuant to Government Code Sections 54957.1 and 54956.9, the Board went into Closed Session to discuss and make recommendations regarding the disability applications for:

Discussion and Possible Motion Regarding the Disability for Anthony Chu.
Discussion and Possible Motion Regarding the Disability for Carol Raugust.
Discussion and Possible Motion Regarding the Disability for Jacquelyn Scott.

Pursuant to Government Code Section 54957, the Board went into Closed Session to discuss and possibly finalize the General Manager Performance Evaluation Process.

RECONVENE INTO OPEN SESSION TO ANNOUNCE ANY ACTION TAKEN INTO CLOSED SESSION

The Board reconvened and reported the following action regarding the disability applications:

Anthony Chu: The Board accepted the Hearing Officer's recommendation and approved a non-service connected disability and to waive future annual examinations and questionnaires.

Carol Raugust: The Board accepted the Hearing Officer's recommendation and approved a service connected disability and to waive future annual examinations and questionnaires.

Jacquelyn Scott: The Board accepted the Hearing Officer's recommendation and approved a service connected disability and to waive future annual examinations and questionnaires.

The Board reconvened and reported that no action was taken regarding finalizing the General Manager Performance Evaluation Process.

ADJOURNMENT

The meeting was adjourned at 4:30 p.m.

Respectfully Submitted,

____________________________ _______________________
Charles F. Conrad, Secretary Date Adopted

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

ALTMAN, Gordon P.
Effective: 11/16/2005
Sheriff's Department

ALVELAIS, Leo V.
Effective: 9/10/2005
Superior Court

APRILE, Ann B.
Effective: 9/10/2005
Social Services Agency

CHEW,William S.
Effective: 11/2/2005
Probation Department - DEF

COOPER, Joyce
Effective: 9/24/2005
Social Services Agency

DAVIS, Edward W.
Effective: 10/8/2008
Information Technology Department

DONOVAN, Patricia
Effective: 9/17/2005
Social Services Agency

DUREN, Glen
Effective: 9/24/2005
District Attorney's Office

ESTES, Harold J.
Effective: 1/16/2005
Sheriff's Department

FEATHERS, Marguerite E.
Effective: 8/27/2005
Social Services Agency

FORD, Ladine
Effective: 9/24/2005
Health Care Services Agency

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

GOOD, Merle
Effective: 8/4/2005
Social Services Agency

GUTHRIE, Linda A.
Effective: 8/20/2005
LARPD

HERRERA, Linda
Effective: 11/5/2005
Public Works Agency

HORNBECK, Yvonne R.
Effective: 10/18/2005
Sheriff's Department

KWOK, Kam S.
Effective: 10/2/2005
Social Services Agency - DEF

MILLER, Gloria
Effective: 10/8/2005
Social Services Agency

MORGAN, John T.
Effective: 12/3/2005
General Services Agency

ROSSI, Sharon
Effective: 10/29/2005
District Attorney's Office

SARGENT, Martha
Effective: 11/4/2005
Community Development Agency

APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT

DE PIETRO, James Anthony
Social Services Agency
Effective: 2/12/2004

APPENDIX B-1
APPLICATION FOR NON-VESTED DEFERRED

BANKETT, Linder
Health Care Services Agency
Effective: 3/14/2004

DORSEY-SMITH, Yvette
ACMC
Effective: 8/3/2004

MADISON, Mary
Social Services Agency
Effective: 6/9/2005

MERLO, Caitlin
Public Health
Effective: 6/4/2005

PASCUAL, Cheryl
Supervisorial District No. 3
Effective: 7/16/2004

SHAHEEN, Sohi
ACMC
Effective: 10/9/2004

APPENDIX D
LIST OF DECEASED MEMBERS

ADAMS, Williams
12/27/2005
General Services Agency

BAILLARGEON, Harris
12/13/2005
Sheriff's Department

BROWN, George
8/31/2005
Non-Mbr. Survivor of Barbara Brown

CAIRNS, Faye
10/9/2005
Non-Mbr. Survivor of George Cairns

CHECCHI, Milton
12/15/2005
Non-Mbr. Survivor of Marian Checchi

CRAIN, Dorothy
12/7/2005
Superior Court

HUND, Gilbert
12/13/2005
Non-Mbr. Survivor of Gertrude Hunt

JACKSON, Ruth
12/5/2005
Non-Mbr. Survivor of Nathaniel Jackson

MC CARTHY, William
12/20/2005
Health Care Services Agency

APPENDIX D
LIST OF DECEASED MEMBERS

MIGLIORE JR., JOHN
12/28/2005
Sheriff's Department

MOSIER, Marilyne
12/29/2005
Assessor's Office

REGO, Joseph
12/15/2005
General Services Agency

SEIGLER, Alva
11/25/2005
Non-Mbr. Survivor of Thomas Holland

SENDAYDIEGO, Licerio
12/5/2005
Public Works Agency

SHOMBER, Gloria
12/23/2005
ACMC

TRAN, Viet
12/12/2005
Social Services Agency

WILLIAMS, Zola
12/17/2005
Assessor's Office

WITTS, Aileen
12/30/2005
Non-Mbr. Survivor of Richard Hosman

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Byndloss, Frank**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Mr. Byndloss a service connected disability retirement and to waive future annual medical examinations and questionnaires.

Name: **Irvin, Sammie**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Mr. Irvin a service connected disability retirement and to waive future annual medical examinations and questionnaires.

Name: **Richards, Cynthia**
Type of Claim: Non- Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Ms. Richards a non-service connected disability retirement.

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Sadiq, Saritun**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Ms. Sadiq a service connected disability retirement and to require future annual medical examinations and questionnaires.

Name: **Thissell, Linda**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Ms. Thissell a service connected disability retirement and to waive future annual medical examinations and questionnaires..

Name: **Truffer-Harr, Denise**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Ms. Truffer-Harr a service connected disability retirement and to waive future annual medical examinations and questionnaires.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

Thursday, January 18, 2007

First Vice Chair Ophelia Basgal called the regular meeting to order at 2:20 p.m.

Trustees Present:	Dale Amaral Ophelia Basgal L. Kenneth Brooks Annette Cain-Darnes Keith Carson Liz Koppenhaver *(alternate)* Elizabeth Rogers David Safer Darryl Walker *(alternate)* Donald White Trevor White
Staff Present:	Victoria Arruda, Human Resources Officer Charles F. Conrad, Chief Executive Officer Kathy Foster, Benefits Manager Robert Gaumer, Acting Chief Counsel Martha Richardson, Executive Secretary J. P. Singh, Chief Financial Officer Betty Tse, Chief Investment Officer Catherine Walker, Assistant Chief Executive Officer Latrena Walker, Project and Information Services Manager

Ms. Basgal began the Board meeting with the annual election of Board Officers.

07-01

It was moved by Keith Carson, and seconded by Annette Cain-Darnes to nominate Ophelia Basgal as Board Chair.

There were no further nominations. The nominations were closed.

Ophelia Basgal was elected as Board Chair by a vote of 9 yes, 0 no and 0 abstentions.

07-02

It was moved by Trevor White, and seconded by Keith Carson to nominate Dale Amaral as Board First Vice Chair.

There were no further nominations. The nominations were closed.

Dale Amaral was elected as Board First Vice Chair by a vote of 9 yes, 0 no and 0 abstentions.

07-03

It was moved by Dale Amaral, and seconded by Annette Cain-Darnes to nominate Trevor White as Board Second Vice Chair.

There were no further nominations. The nominations were closed.

Trevor White was elected as Board Second Vice Chair by a vote of 9 yes, 0 no and 0 abstentions.

07-04

The minutes of the regular meeting of December 21, 2006 were accepted *(with a correction on page 222, par 5 to change 1090 Tax Code to Government Code)* on a motion by Dale Amaral, seconded by David Safer, and approved by a vote of 9 yes, 0 no, and 0 abstentions.

CONSENT CALENDAR

REPORTS AND ACTION ITEMS

APPLICATION FOR SERVICE RETIREMENT
Appendix A

APPLICATION FOR RETIREMENT, DEFERRED
Appendix B
Appendix B-1

APPLICATION FOR DEFERRED TRANSFER
Appendix C

LIST OF DECEASED MEMBERS
Appendix D

REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT
Appendix E

DISABILITIES, CURRENT, RECOMMENDATIONS
Appendix F

DISABILITIES STATUS REPORT

MISCELLANEOUS

It was moved by Trevor White, seconded by Keith Carson, and approved by a vote of 9 yes, 0 no, and 0 abstentions, that the following Resolution is adopted:

07-05

BE IT RESOLVED BY THIS BOARD that the Consent Calendar is approved.

REGULAR CALENDAR

REPORTS AND ACTION ITEMS

DISABILITIES, CURRENT, RECOMMENDATIONS AND MOTIONS
(Some item(s) below may be heard in Closed Executive Session.)

Finney, Cathy	Child Supp. Case Worker II	Child Support Svcs.
Age: 50	Service: 2 Years 11 Months 23 Days	

Staff presented a memo to the Board discussing Ms. Finney's request that her effective date of retirement be deemed to be effective following her last day of compensation. Dr. Wagner reviewed Ms. Finney's case and opined that she was permanently and continuously disabled from her last day of employment on October 1, 2003. Therefore, Staff recommends that Ms. Finney's effective date of disability retirement be determined to be October 2, 2003.

07-06

It was moved by David Safer, and seconded by Trevor White that the Board accept Staff's recommendation and approve a retroactive date of disability retirement for Ms. Finney effective October 2, 2003. The motion carried 9 yes, 0 no, and 0 abstentions.

Shaw, Kenneth	Vector Control Officer	Environmental Health
Age: 50 ¾	Service: 3 Years 8 Months 7 Days	

Staff presented a memo to the Board discussing Mr. Shaw's request that his effective date of retirement be deemed to be effective following his last day of compensation. Dr. Wagner reviewed Mr. Shaw's case and opined that he was permanently and continuously disabled from his last day of employment on June 10, 2004. Therefore, Staff recommends that Mr. Shaw's effective date of disability retirement be determined to be June 11, 2004.

07-07

It was moved by David Safer, and seconded by Trevor White that the Board accept Staff's recommendation and approve a retroactive date of disability retirement for Mr. Shaw effective June 11, 2004. The motion carried 9 yes, 0 no, and 0 abstentions.

(This case will be heard in Closed Session.)

Cao, The-Anh	Patient Services Technician	Medical Center
Age: 66 ¾	Service: 13 Years 5 Months 17 Days	

(This case will be heard in Closed Session.)

Gonzalez, Jeannise	Group Counselor III	Probation Department
Age: 44 ¼	Service: 18 Years 9 Months 1 Day	

(This case was tabled to the February Board meeting.)

Johns, Dolores	Specialist Clerk	Medical Center
Age: 59 ¼	Service: 14 Years 2 Months 13 Days	

(This case was tabled to the February Board meeting.)

Vazquez, Victor	Heavy Truck Driver	Public Works Agency
Age: 59	Service: 22 Years 9 Months 2 Days	

DISABILITIES, CONTINUING, RECOMMENDATIONS AND MOTIONS

(This case was suspended pending review of policy.)

Hightower-Sullen, Aleasher	Clerk II	Social Services Agency
Age: 45	Granted: 10/20/2005	

(This case was suspended pending review of policy)

Jenson, Annette	Eligibility Support Clerk	Social Services Agency
Age: 38 ¾	Granted: 10/20/2005	

COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS

Note: Per Committee Chairs, detailed copies of the Committee meeting minutes were available for attendees. All ***January*** *Committee meeting minutes are posted on the ACERA website (****www.acera.org****) after approval at the January 18, 2007, Board meeting. This month's Committee reports were presented in the following order:*

Operations:

Ophelia Basgal reported that the Operations Committee met on January 3, 2007 at 9:05 a.m. Ms. Basgal highlighted the following information from the meeting:

> Report on Contribution Payments by Participating Employers for 2006 – Staff reported on contributions and late payments by participating employers. Up to now there has been no mechanism for collecting from employers who are late in their payments any

additional funds to offset lost interest. Staff has been working with participating employers, especially ACMC, to eliminate inaccuracies. The new MOAs will also address this problem.

Participating Employer Memoranda of Agreement (MOA) – The MOAs have gone to participating employers for comments. The agreements are expected to be signed in the next 60 days.

Financial Highlights – ACERA saw an increase of about $90 million in net assets in November. Total net assets were approximately $5.2 billion as of November 30, 2006.

Operating Expenses – Year-to-date expenses were about $11.2 million as of November 30, 2006. Year-end expenses are projected to be $300,000 to $400,000 under budget, mostly attributable to legal fees being substantially under budget.

The Committee requested that after the year-end closing Staff prepare a list of vendor expenditures showing services and goods purchased during the year.

The Committee asked Staff to provide estimates of the amount not spent in 2006 as a result of staff positions that were not filled; and the number of positions that remain vacant and how long they have been vacant.

ACERA Provisional Exam Update – Staff thanked the County Human Resource Services staff for their support in the provisional exam process. ACERA staff provided a report on the number of applications processed for Retirement Support Specialist, Retirement Accountant III, Retirement Accountant II and Retirement Accountant I. Oral exams for those positions will be held in the next two weeks.

Member Request Update – Staff presented its written report and gave a brief overview on the reason for tracking member service backlogs. In 2007 the website may be upgraded to provide better estimates online, but data security needs may limit the types of information available through the website.

07-08

It was moved by Dale Amaral, and seconded by Trevor White that the Board adopt the January 3, 2007, Operations Committee minutes as presented. The motion carried 9 yes, 0 no, and 0 abstentions.

Retirees:

David Safer reported that the Retirees Committee met on January 3, 2007 at 1 p.m. Mr. Safer highlighted the following information regarding the meeting:

Federal Pension Protection Act (PPA) – Public Safety Officer Benefit (Update) – Staff continues to work with outside tax counsel for guidance regarding the PPA benefit. Staff will provide a written report at the Feb. 7 Committee meeting that will include Staff's analysis and implementation decisions to-date, input from tax counsel, and any substantiating legal material regarding the benefit.

Report on Issuance of 2006 1099(R)'s – Staff expects to issue 2006 1099R forms to ACERA payees on January 28 in order to meet the January mailing deadline set by the IRS. The 1099R is the form ACERA uses to report payee income to the State and the IRS.

Annual Work Plan Review – The Committee Chair introduced the 2007 Retirees Committee Work Plan, which lists items to be brought before the Committee this coming year.

Revisions to Retiree Check Stub – Preliminary changes to the check stub format were presented to the Committee in December. At the February 7 Committee Meeting, Staff will present the final version of the check stub and advise on which pay period it will be implemented.

ACERA's ACH/EFT Transmissions for Retiree Payroll through Wells Fargo Bank – Last year, ACERA moved from the Credit Union to Wells Fargo for electronic transmission of payroll deposits. Staff reported that ACH transmissions (payroll distributions) are running smoothly.

Alameda County 401(h) Account Update – Staff reported that the Board of Supervisors unanimously approved the additional $1.3 million in funds needed to meet the County contribution to the 401(h) Account through December 31, 2006. The County Administrator and Staff reported that the 401(h) Account will now be funded on a monthly basis until the 401(h) Resolutions are adopted.

07-09

It was moved by David Safer, and seconded by Trevor White that the Board approve the January 3, 2007, Retirees Committee minutes as presented. The motion carried 9 yes, 0 no and 0 abstentions.

Investment:

Annette Cain-Darnes reported that the Investment Committee met on January 10, 2007 at 9:09 a.m. Ms. Cain-Darnes highlighted the following information regarding the meeting:

Staff presented the highlights of PRISA II, an open-end commingled fund. PRISA II's one year gross return as of 9/30/06 was 20.8%, out-performing its account benchmark – NPI + 150 bps by 170 bps. For the year 2006, the manager did not change its investment strategy and was in compliance with ACERA's reporting requirements. As of 9/30/06, ACERA's net assets in PRISA II was approximately $23 million, representing 0.6% of PRISA II's total assets.

Townsend recommended to the Committee that ACERA invest up to $25 million additional capital in PRISA II. Investment Staff concurred with the recommendation upon completion of the due diligence procedures in accordance with ACERA's Real Estate Strategic Plan.

Representatives from Prudential Real Estate Investors (PREI) outlined PRISA II's portfolio profile and PREI's organizational structure. They discussed PRISA II's general investment strategy, approach, and challenges for the next three years. They also discussed the fund's performance, acquisition and disposition strategies.

07-10

It was moved by Annette Cain-Darnes, and seconded by Trevor White that the Board adopt an additional investment of up to $25 million in PRISA II Fund. The motion carried 9 yes, 0 no and 0 abstentions.

SIS reviewed the recent investment environment and large plan fund investment environment. SIS also reviewed the methodology behind asset mix optimization and explained their capital market expectations. SIS further discussed ACERA's current portfolio asset allocation targets and commented that ACERA's portfolio is positioned well in terms of its risk/return trade-off.

07-11

It was moved by Annette Cain-Darnes, and seconded by Dale Amaral that the Board approve the January 10, 2007, Investment Committee minutes as presented. The motion carried 9 yes, 0 no and 0 abstentions.

GASB Ad Hoc:

Donald White reported that the GASB Ad Hoc Committee met on January 10, 2007 at 1:08 p.m. Mr. White highlighted the following information from the meeting:

The Chief Executive Officer (CEO) stated GASB Statement No. 43 reporting will be incorporated within ACERA's Comprehensive Annual Financial Report (CAFR). There may be some technical changes based on input from ACERA's Actuary and Auditors. Staff recommended the Committee adopt Option #2 as presented by ACERA's Actuary in the 'GASB Statements No. 25 and 43 Actuarial Valuation of Benefits Provided by the Supplemental Retiree Benefit Reserve (SRBR) as of December 31, 2005.' Option #2 shows the monthly medical allowance will be increased to match 50% of future medical care inflation. This will establish the substantive plan. GASB requires a plan definition and a cost to be associated with the plan description.

The CEO reiterated that this is an assumption that is being set for the purposes of this reporting and the assumption can be revised. Option #2 is recommended, because ACERA's Actuary states this is a reasonable assumption based on the past 10 years of history.

Under the Schedule of Employer Contributions, there is a $0 Annual Required Contribution (ARC) for OPEB and Non-OPEB for the employer. A condition under the $0 ARC is that ACERA reach agreement with the County on the Adverse Experience Implicit Subsidy issue. If the County ends up owning the implicit subsidy, ACERA's Actuary will require ACERA to post a liability and Annual Required Contribution to make up for the unfunded liability associated with the implicit subsidy. The County

Administrator and ACERA staff will be finalizing the reimbursement of implicit subsidy arrangement in February.

07-12

It was moved by Donald White, and seconded by Trevor White that the Board Adopt Option #2 for Projected Future Healthcare Expenditures as Contained in the GASB Statements No. 25 and 43 OPEB and Non-OPEB Actuarial Valuation of Benefits. The motion carried 9 yes, 0 no and 0 abstentions.

07-13

It was moved by Donald White, and seconded by Annette Cain-Darnes that the Board approve the January 10, 2007, GASB Ad Hoc Committee minutes as presented. The motion carried 9 yes, 0 no and 0 abstentions.

OLD BUSINESS

None.

NEW BUSINESS

Motions Relating to the Special SACRS Business Meeting, February 5, 2007

The CEO presented his memo dated January 10, 2007 which noted that the purpose of the special meeting is to consider proposed Articles of Incorporation, the 2005-2006 Audit Report, two legislative proposals dealing with trustee compensation and a request for sponsorship of a vision care bill. The CEO presented recommendations to the Board with respect to these issues.

After discussion, the Board took the following action regarding the recommendations:

Motion to Consider the Adoption of the Articles of Incorporation to Permit SACRS to File for File for Formal 501 (c) (4) Tax-Exempt.

07-14

It was moved by Annette Cain-Darnes, and seconded by David Safer that the Board support the adoption of the Articles of Incorporation to permit SACRS to file for formal 501 (c) (4) tax-exempt status. The motion carried 9 yes, 0 no and 0 abstentions.

Motion to Consider the Independent Auditor's Opinion as to SACRS 2005-2006 Financial Condition.

07-15

It was moved by Annette Cain-Darnes, and seconded by Donald White that the Board accept the independent auditor's unqualified opinion as presented and to recommend that future audits be performed by an external independent auditor. The motion carried 9 yes, 0 on and 0 abstentions.

Motion to Consider the Orange County and Santa Barbara County Legislative Proposals to Increase Trustee Compensation to $500 per Board or Committee Meeting.

07-16

It was moved by David Safer, and seconded by Keith Carson that the Board oppose the Orange County and Santa Barbara County proposals to increase trustee compensation to $500 per Board or Committee Meeting. The motion carried 7 yes, 0 no and 2 abstentions (Cain-Darnes and Brooks).

Motion to Consider the Proposal to have SACRS Sponsor a Bill to Permit '37 Act Retirees to Enroll in the Sate Retiree Vision Care Program Being Created by the State Department of Personnel Administration (DPA).

07-17

It was moved by Annette Cain-Darnes, and seconded by Dale Amaral that the Board support the proposal to have SACRS sponsor a bill to per '37 Act retirees to enroll in the State Retiree Vision Care Program being created by the State Department of Personnel Administration. The motion carried 9 yes, 0 no and 0 abstentions.

The Board discussed ACERA's representation and voting delegate at upcoming business meeting and made the following motion:

07-18

It was moved by Keith Carson, and seconded by Dale Amaral that the Board authorize ACERA Board officers to vote at the SACRS business meeting in the following order: Board Chair, Board First Vice Chair and Board Second Vice Chair. If for any reason, the Board officers are unable to attend the business meeting, the CEO would vote on ACERA's behalf. The motion carried 9 yes, 0 no and 0 abstentions.

CEO's Report

The CEO congratulated the newly-elected Board officers. ACERA staff looks forward to a productive year in working with the Board.

CONFERENCE REPORTS/ORAL REPORTS

None.

ANNOUNCEMENTS

Susan Muranishi announced several ACMC Board members to the Board of Retirement. Ms. Muranishi noted that a Medical Center staff member will attend ACERA's Board and Committee meetings in continued efforts to improve working relationships with ACERA.

A Board member suggested that Staff members consider holding joint ACERA and ACMC meetings to work on resolving issues.

PUBLIC INPUT

None.

BOARD INPUT

None.

ESTABLISHMENT OF THE NEXT MEETING

Thursday, February 15, 2007, at 2 p.m.

ADJOURNMENT INTO CLOSED EXECUTIVE SESSION

Pursuant to Government Code Sections 54957.1 and 54956.9, the Board went into Closed Executive Session to discuss and make recommendations regarding the disability applications for:

- The-Anh Cao
- Jeannise Gonzalez

RECONVENE INTO OPEN SESSION TO ANNOUNCE ACTION TAKEN IN CLOSED EXECUTIVE SESSION

The Board reconvened and reported the following action regarding the disability applications:

- The Board adopted the Hearing Officer's recommendation regarding the disability case of The-Anh Cao to deny the application for service-connected disability.

- The Board adopted the Hearing Officer's recommendation regarding the disability case of Jeannise Gonzalez to grant the service-connected disability and to require an annual exam.

ADJOURNMENT

The meeting adjourned at 4:30 p.m.

Respectfully Submitted,

Charles F. Conrad, Secretary	Date Adopted

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

ABRAMSON, Dean M.
Effective: 10/7/2006
Social Services Agency

CUMMINGS, Timothy J.
Effective: 9/20/2006
Sheriff's Department

DUPLESSIS, Anita S.
Effective: 11/4/2006
Social Services Agency

FENSTERMACHER, John W.
Effective: 10/7/2006
Public Works Agency

GODLEWSKI, Patricia M.
Effective: 9/22/2006
Sheriff's Department

JOHNSON, Harry B.
Effective: 4/1/2006
District Attorney's Office

JONES, Jacqueline M.
Effective: 10/1/2006
Health Care Services Agency

KUMLER, Sherrill A.
Effective: 8/13/2006
Library- DEF

MICHAEL, Cynthia
Effective: 118/2006
Superior Courts

RICHARD, Eddie
Effective: 9/13/2006
ACMC

SILVA, William
Effective: 11/18/2006
Sheriff's Department

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

SMITH, Brenda
Effective: 3/18/2006
Social Services Agency

THOMPSON, Elizabeth
Effective: 9/14/2006
ACMC

APPENDIX B-1
APPENDIX FOR NON-VESTED DEFERRED

HARPT, Katie
ACMC
Effective: 8/2/2006

APPENDIX C
APPLICATION FOR DEFERRED TRANSFER

MORRIS, Ethylene
Health Care Services Agency
Effective: 6/14/2006

OGUL, Michael
Public Defender's Office
Effective: 11/4/2005

SANCHEZ, Manuel
Social Services Agency
Effective: 11/1/2006

TORRES, Jennifer
Sheriff's Department
Effective: 8/5/2006

APPENDIX D
LIST OF DECEASED MEMBERS

CALDWELL, Lawrence
10/18/2006
Sheriff's Department

CARBAJAL, Manuel
11/18/2006
ACMC

FORD, Ladine
12/2/2006
Health Care Services Agency

GRISSOM, Vivian
11/25/2006
Social Services Agency

KING, Lucy
11/3/2006
Probation Department

LAVENDER, Jessie
11/29/2006
ACMC

SMALL, Albert
11/19/2006
ACMC

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: Fortuna, Soledad
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Ms. Fortuna a service connected disability retirement and to waive future annual medical examinations and questionnaires.

Name: Poole, Jr., Raymond
Type of Claim: Non-Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Mr. Poole a non-service connected disability retirement and to waive future annual medical examinations and questionnaires. In addition, staff recommends approval of Mr. Poole's request to pursue a service connected disability retirement.

Alameda County Employees' Retirement Association

GASB Statements No. 25 and 43 Actuarial Valuation of Benefits Provided by the Supplemental Retiree Benefit Reserve as of December 31, 2005

SEGAL

THE SEGAL COMPANY
120 Montgomery Street, Suite 500 San Francisco, CA 94104
T 415.263.8200 F 415.263.8290 www.segalco.com

August 28, 2006

Board of Retirement
Alameda County Employees' Retirement Association
475 – 14th Street, Suite 1000
Oakland, CA 94612

Dear Members of the Board:

We are pleased to submit this report on our actuarial valuation of benefits provided by the Supplemental Retiree Benefit Reserve (SRBR) to assist in ACERA's implementation of Statements No. 25 and 43 of the Government Accounting Standards Board (GASB). GASB No. 43 will become effective for ACERA in its financial statements for the year ended December 31, 2006.

The December 31, 2005 census and financial information was prepared by ACERA. We gratefully acknowledge that assistance. The actuarial projections were based on the assumptions and methods described in Exhibit I and on the plan of benefits as summarized in Exhibit II.

We look forward to discussing this material with you at your convenience.

Sincerely,

THE SEGAL COMPANY

By: Andy Yeung

Andy Yeung, ASA, EA, MAAA
Associate Actuary

Paul Angelo

Paul Angelo, FSA, EA, MAAA
Senior Vice President & Actuary

TXB/hy

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SECTION 1

INTRODUCTION

SECTION 2

VALUATION RESULTS

SECTION 3

VALUATION DETAILS

SECTION 4

SUPPORTING INFORMATION

PURPOSE

I. Other Postemployment Benefits (OPEB)

This report presents the results of our actuarial valuation of the Alameda County Employees' Retirement Association (ACERA) post retirement medical, dental and vision benefits provided through the Supplemental Retiree Benefits Reserve (SRBR) for the year ending December 31, 2005. The results have been prepared with the goal of conforming with those disclosures required by Statement 43 of the Governmental Accounting Standards, which establishes accounting requirements for all "Other Postemployment Benefit" (OPEB) Plans of state and local governments. Among its other requirements, GASB No. 43 prescribes an accrual methodology for accumulating the value of other postemployment benefits (OPEB) over participants' active working lifetimes.

The actuarial calculations used to prepare this report have been made on a basis consistent with our understanding of GASB No. 43 and using three alternative "substantive plan designs" of the OPEB Plan, as requested by ACERA. These calculations and results will aid the Board in its discussions with administrative staff, auditors, consultants and employers in formulating the final design of the substantive plan required for preparing the final GASB No. 43 disclosure. Actuarial calculations for other purposes may differ significantly from the results reported here.

Calculations are based on the following three alternatives substantive plans outlined below.

Plan #1

Future Monthly Medical Allowance (MMA), dental and vision plan subsidies will be kept at the same level established for calendar year 2006. In other words, there will be no increase to reflect healthcare inflation. However, the SRBR OPEB Plan will reimburse the full indexed premium required for a retiree to enroll in the Medical Part B program.

Plan #2

Future MMA, dental and vision plan subsidies will increase at one-half of the rate of our anticipated healthcare inflation assumptions. However, the SRBR OPEB Plan will reimburse the full indexed premium required for a retiree to enroll in the Medical Part B program.

Plan # 3

Future MMA, dental and vision plan subsidies and reimbursement for enrollment in the Medical Part B program will increase at the same rate as our anticipated healthcare inflation assumptions.

A key assumption in the projection of benefits is that ACERA's OPEB liabilities are limited to the portion of the December 31, 2005 SRBR expected to be used to provide post retirement medical, dental and vision benefits. Our summary of results show the liabilities before and after this limit.

II. Non-OPEB Benefits

The SRBR currently provides benefits in addition to those that qualify as OPEB. These "non-OPEB" benefits include supplemental COLAs and death benefits related to the underlying defined benefit pension plan. It is our understanding that GASB requires such benefits to be reported under GAS 25 and they have been included in this study.

Similar to the OPEB, a key assumption in the projection of the benefits is that ACERA's non-OPEB liabilities are limited to the portion of the December 31, 2005 SRBR expected to be used to provide supplemental COLA, active equity death benefits and death (burial) benefits.

Special Note

The calculation of benefit obligations pursuant to prescribed accounting requirements does not, in and of itself, imply that ACERA has any legal liability to provide the benefits valued.

Actuarial valuations involve estimates of benefit amounts and assumptions about the probability of their payment far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

ACCOUNTING REQUIREMENTS

OPEB

The Governmental Accounting Standards Board (GASB) has issued Statement Number 43 -- *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* This statement provides the financial reporting requirements for all plans of state and local government entities that provide OPEB. The effective date of these requirements for ACERA is in its financial statement for the year ended December 31, 2006.

The statement applies to plans that provide postemployment benefits such as health, prescription drug, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are *not* offered as part of a pension plan; and long-term disability insurance for employees. These benefits, referred to as OPEB , are typically financed on a pay-as-you-go basis. GASB No. 43 introduces an accrual-basis accounting requirement; thereby, recognizing OPEB cost over an employee's working career. The standard applies accounting requirements for OPEB plans consistent with those that apply to pension plans.

Non - OPEB

The accounting standard that governs the non-OPEB benefits (i.e. GASB No. 25) is the same standard that currently governs the statutory retirement benefit. As part of the GASB No. 43/45 pronouncements, GASB made it clear that liabilities associated with the non-OPEB benefits provided by the SRBR should be disclosed as part of the Association's pension liabilities consistent with GASB No. 25.

The total cost of providing future postemployment benefits is projected, taking into account various actuarial assumptions such as plan demographics (e.g., turnover, mortality, disability and retirement) and health care trends. The future cost is then discounted to determine an actuarial present value of projected benefits (APB). The actuarial accrued liability (AAL) is the portion of the present value of the total projected benefits allocated to years of employment prior to the measurement date. The unfunded actuarial accrued liability (UAAL) is the difference between the AAL and actuarial value of assets in the Plan allocated to these benefits.

Once the UAAL is determined, the Annual Required Contribution (ARC) is determined as the normal cost (the APB allocated to the current year of service) and the amortization of the UAAL. This ARC is compared to actual contributions made and any difference is reported as the net OPEB obligation (NOO). In addition, required supplementary information (RSI) is required. This information includes historical information about the UAAL and the progress in funding the Plan.

HIGHLIGHTS OF THE VALUATION

- The actuarial assumptions used in this study are consistent with those assumptions applied by the Retirement Board for the December 31, 2005 pension valuation. These and the other OPEB assumptions are provided in Exhibit I.
- The determination of the "substantive plan" underlying ACERA's OPEB was based upon directions provided by ACERA, its auditors, as well as the administrative staff, auditors and consultants representing the County of Alameda. These directions are provided in Exhibit III.
- The portions of the SRBR allocated to OPEB and non-OPEB are set equal to the present value of projected OPEB and non-OPEB payments from December 31, 2005 until the SRBR is theoretically exhausted. The terminal year of the SRBR was determined by projecting how long the SRBR can provide for all OPEB benefits under each of the three "substantive plan" alternatives. The allocation of assets is documented in Exhibit B. Benefits can be paid through 2021 (fully indexed medical allowance) or 2026 (no indexing for medical allowance).
- Before applying the cap to limit the Actuarial Accrued Liability (AAL) to no greater than the Actuarial Value of Assets (AVA), the funding ratios of the OPEB liabilites range from 65.5% (fully indexed medical allowance) to 95.8% (no indexing for medical allowance) while the funding ratios of the non-OPEB liabilities range from 32.9% to 46.0%.

  The funding ratios for the non-OPEB benefits are lower than for the OPEB benefits because the AVA is allocated in this study based on the relative cashflows between the OPEB and the non-OPEB benefits and the cashflows for the non-OPEB (in particular, the supplemental COLA) are "back loaded", i.e., they are larger in later years than in earlier years. This results in a smaller asset allocation to the non-OPEB liabilities.
- When applying the cap to limit the AAL to the AVA, the Actuarial Present Value of Projected Benefits (APB) cannot be greater than the AVA. Since the AAL and the APB are both capped at the AVA, the plan's future normal cost is zero. The Annual Required Contribution (ARC) is zero because there is no unfunded AAL to amortize and no normal cost to accrue.
- The funding ratio is 100.0% after limiting the AAL to the AVA.

SUMMARY OF GASB NO. 43 (OPEB) VALUATION RESULTS

	As of December 31, 2005		
Before Applying Limit on Liability[1]	Maximum Medical Allowance Fully Indexed for Health Care Inflation	Maximum Medical Allowance Indexed for 50% of Health Care Inflation	Maximum Medical Allowance Not Indexed for Health Care Inflation
Actuarial Present Value of Projected Benefits			
Medical	$867,137,000	$684,799,000	$534,948,000
Dental and Vision	82,268,000	56,973,000	42,232,000
Total	$949,405,000	$741,772,000	$577,180,000
Actuarial Accrued Liability			
Medical	$635,788,000	$524,109,000	$418,567,000
Dental and Vision	59,976,000	43,848,000	33,848,000
Total	$695,764,000	$567,957,000	$452,415,000
Actuarial Value of Assets (Exhibit B)	455,708,000	449,119,000	433,302,000
Unfunded Actuarial Accrued Liability	240,056,000	118,838,000	19,113,000
GASB No. 43 Funded Ratio	65.5%	79.1%	95.8%
After Applying Limit on Liability			
Year Assets will be Exhausted[2]	2021	2023	2026
Unfunded Actuarial Accrued Liability	$0	$0	$0
GASB 43 Funded Ratio	100%	100%	100%
Annual Required Contribution After Applying Limit on Liability			
Normal cost	$ 0	$ 0	$0
Amortization of unfunded actuarial accrued liability	$0	$0	$0
As a percentage of pay	0.0%	0.0%	0.0%

(1) Before limiting the actuarial present value of projected benefits and the actuarial accrued liability to the actuarial value of assets. With the limit, the actuarial present value of projected benefits and the actuarial accrued liability are equal to each other and the unfunded actuarial accrued liability is $0.

(2) Full benefits will be paid through the year prior to the year shown in the table. Full benefits will be paid for part of the year indicated.

Note: The above results have been calculated using our understanding of the "substantive plan" as described in Exhibit III. The liabilities provided in this report will have to be revised if our understanding of the "substantive plan" is inaccurate.

SUMMARY OF GASB NO. 25 (NON-OPEB) VALUATION RESULTS

	As of December 31, 2005		
Before Applying Limit on Liability[1]	Maximum Medical Allowance Fully Indexed for Health Care Inflation	Maximum Medical Allowance Indexed 50% for Health Care Inflation	Maximum Medical Allowance Not Indexed for Health Care Inflation
Actuarial Present Value of Projected Benefits			
Supplemental COLA	$208,654,000	$208,654,000	$208,654,000
Death (Burial) Benefit	14,475,000	14,475,000	14,475,000
Active Equity Death Benefit	35,552,000	35,552,000	35,552,000
Total	$258,681,000	$258,681,000	$258,681,000
Actuarial Accrued Liability			
Supplemental COLA	$139,098,000	$139,098,000	$139,098,000
Death (Burial) Benefit	11,429,000	11,429,000	11,429,000
Active Death Equity Benefit	20,298,000	20,298,000	20,298,000
Total	$170,825,000	$170,825,000	$170,825,000
Actuarial Value of Assets (Exhibit B)	56,207,000	62,796,000	78,613,000
Unfunded Actuarial Accrued Liability	114,618,000	108,029,000	92,212,000
GASB No. 25 Funded Ratio	32.9%	36.8%	46.0%
After Applying Limit on Liability			
Year Assets will be Exhausted[2]	2021	2023	2026
Unfunded Actuarial Accrued Liability	$0	$0	$0
GASB No. 25 Funded Ratio	100.0%	100.0%	100.0%
Annual Required Contribution After Applying Limit on Liability			
Normal cost	$0	$0	$0
Amortization of unfunded actuarial accrued liability	$0	$0	$0
As a percentage of pay	0.0%	0.0%	0.0%

(1) Before limiting the actuarial present value of projected benefits and the actuarial accrued liability to the actuarial value of assets. With the limit, the actuarial present value of projected benefits and the actuarial accrued liability are equal to each other and the unfunded actuarial accrued liability is $0.

(2) Full benefits will be paid through the year prior to the year shown in the table. Full benefits will be paid for part of the year indicated.

PROJECTED CASH FLOW AND PRESENT VALUE OF PROJECTED BENEFITS

MAXIMUM MEDICAL ALLOWANCE FULLY INDEXED FOR HEALTH CARE INFLATION

	Annual Benefit Cashflows			Present Value as of December 31, 2005 of Projected Benefits through Year End		
Year Ending December 31	Medical(1)	Dental and Vision	Non-OPEB (2)	OPEB(3)	Non-OPEB(2)	Total
2006	$23,877,650	$2,704,249	$4,242,419	$25,590,294	$4,084,161	$29,674,455
2007	26,988,116	2,793,849	4,520,275	52,162,107	8,117,202	60,279,309
2008	30,536,206	3,013,867	4,777,561	79,904,241	12,067,707	91,971,948
2009	34,298,339	3,256,065	4,980,885	108,683,911	15,884,789	124,568,700
2010	38,182,201	3,520,864	5,194,516	138,302,985	19,574,128	157,877,113
2011	42,205,931	3,811,381	5,406,340	168,593,266	23,132,779	191,726,045
2012	46,114,645	4,128,443	5,665,935	199,243,721	26,589,245	225,832,966
2013	49,951,446	4,470,856	5,961,388	230,012,912	29,959,684	259,972,596
2014	53,617,513	4,838,487	6,232,839	260,642,899	33,225,590	293,868,489
2015	57,443,226	5,218,989	6,649,525	291,072,904	36,454,730	327,527,634
2016	61,442,553	5,609,900	7,327,226	321,250,837	39,752,455	361,003,292
2017	65,516,447	6,004,641	8,066,829	351,083,190	43,117,232	394,200,422
2018	69,660,611	6,403,439	8,890,166	380,487,526	46,553,933	427,041,459
2019	73,893,414	6,816,703	9,892,099	409,403,544	50,097,976	459,501,520
2020	78,203,900	7,227,506	11,032,519	437,770,099	53,761,202	491,531,301
2021(4)	53,356,918	4,935,874	7,947,257	455,708,448	56,206,799	511,915,247

(1) *Includes Medicare Part B.*

(2) *Includes Supplemental COLA, Active Death Equity Benefit and Death (Burial) Benefit.*

(3) *Includes Medical, Medicare Part B, Dental, and Vision.*

(4) *Full benefits will be paid through the year prior to the year shown in the table. Full benefits will be paid for part of the year indicated.*

PROJECTED CASH FLOW AND PRESENT VALUE OF PROJECTED BENEFITS
MAXIMUM MEDICAL ALLOWANCE INDEXED FOR 50% OF HEALTH CARE INFLATION

Year Ending December 31	Annual Benefit Cashflows			Present Value as of December 31, 2005 of Projected Benefits through Year End		
	Medical[1]	Dental and Vision	Non-OPEB [2]	OPEB[3]	Non-OPEB[2]	Total
2006	$23,877,650	$2,704,249	$4,242,419	$25,590,294	$4,084,161	$29,674,455
2007	26,988,116	2,793,849	4,520,275	52,162,107	8,117,202	60,279,309
2008	30,335,209	2,942,108	4,777,561	79,678,702	12,067,707	91,746,409
2009	33,471,070	3,102,860	4,980,885	107,706,990	15,884,789	123,591,779
2010	36,525,518	3,275,314	5,194,516	135,975,027	19,574,128	155,549,155
2011	39,676,566	3,461,151	5,406,340	164,369,853	23,132,779	187,502,632
2012	42,720,118	3,659,815	5,665,935	192,663,617	26,589,245	219,252,862
2013	45,686,942	3,868,994	5,961,388	220,681,470	29,959,684	250,641,154
2014	48,376,870	4,087,441	6,232,839	248,171,910	33,225,590	281,397,500
2015	51,096,344	4,303,906	6,649,525	275,075,361	36,454,730	311,530,091
2016	53,838,557	4,516,127	7,327,226	301,338,737	39,752,455	341,091,192
2017	56,546,795	4,718,812	8,066,829	326,893,399	43,117,232	370,010,631
2018	59,191,890	4,912,397	8,890,166	351,674,409	46,553,933	398,228,342
2019	61,823,708	5,104,922	9,892,099	375,652,933	50,097,976	425,750,909
2020	64,407,536	5,283,695	11,032,519	398,793,137	53,761,202	452,554,339
2021	67,024,885	5,460,593	12,319,953	421,098,978	57,552,402	478,651,380
2022	69,501,882	5,638,481	13,797,568	442,528,844	61,487,438	504,016,282
2023[4]	23,071,692	1,861,280	4,951,492	449,119,047	62,796,200	511,915,247

[1] *Includes Medicare Part B*

[2] *Includes Supplemental COLA, Active Death Equity Benefit and Death (Burial) Benefit.*

[3] *Includes Medical, Medicare Part B, Dental, and Vision.*

[4] *Full benefits will be paid through the year prior to the year shown in the table. Full benefits will be paid for part of the year indicated.*

PROJECTED CASH FLOW AND PRESENT VALUE OF PROJECTED BENEFITS
MAXIMUM MEDICAL ALLOWANCE NOT INDEXED FOR HEALTH CARE INFLATION

Year Ending December 31	Annual Benefit Cashflows			Present Value as of December 31, 2005 of Projected Benefits through Year End		
	Medical(1)	Dental and Vision	Non-OPEB (2)	OPEB(3)	Non-OPEB(2)	Total
2006	$23,877,650	$2,704,249	$4,242,419	$25,590,294	$4,084,161	$29,674,455
2007	26,988,116	2,793,849	4,520,275	52,162,107	8,117,202	60,279,309
2008	29,719,218	2,870,349	4,777,561	79,110,010	12,067,707	91,177,717
2009	31,869,263	2,953,347	4,980,885	105,796,181	15,884,789	121,680,970
2010	33,855,958	3,041,455	5,194,516	132,002,101	19,574,128	151,576,229
2011	35,781,403	3,135,632	5,406,340	157,618,720	23,132,779	180,751,499
2012	37,586,590	3,234,743	5,665,935	182,521,498	26,589,245	209,110,743
2013	39,102,284	3,336,222	5,961,388	206,515,310	29,959,684	236,474,994
2014	40,581,572	3,438,622	6,232,839	229,581,171	33,225,590	262,806,761
2015	42,034,142	3,532,417	6,649,525	251,709,188	36,454,730	288,163,918
2016	43,409,176	3,616,192	7,327,226	272,873,641	39,752,455	312,626,096
2017	44,731,561	3,686,329	8,066,829	293,069,356	43,117,232	336,186,588
2018	45,978,829	3,743,958	8,890,166	312,290,862	46,553,933	358,844,795
2019	47,197,942	3,795,796	9,892,099	330,560,391	50,097,976	380,658,367
2020	48,373,394	3,832,901	11,032,519	347,894,915	53,761,202	401,656,117
2021	49,572,735	3,864,610	12,319,953	364,339,104	57,552,402	421,891,506
2022	50,711,216	3,893,178	13,797,568	379,912,157	61,487,438	441,399,595
2023	51,877,386	3,912,685	15,451,869	394,658,409	65,571,626	460,230,035
2024	52,895,058	3,921,110	17,376,736	408,576,357	69,828,310	478,404,667
2025	53,921,820	3,924,468	19,574,783	421,709,156	74,272,359	495,981,515
2026(4)	51,427,210	3,671,161	20,629,738	433,302,245	78,613,002	511,915,247

(1) *Includes Medicare Part B.*

(2) *Includes Supplemental COLA, Active Death Equity Benefit and Death (Burial) Benefit.*

(3) *Includes Medical, Medicare Part B, Dental, and Vision.*

(4) *Full benefits will be paid through the year prior to the year shown in the table. Full benefits will be paid for part of the year indicated.*

ACTUARIAL CERTIFICATION

August 28, 2006

This is to certify that The Segal Company has conducted an actuarial valuation of certain benefit obligations of the Alameda County Employees' Retirement Association provided by the Supplemental Retiree Benefit Reserve for the year ending December 31, 2005, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements No. 25 and 43.

The actuarial valuation is based on the plan of benefits verified by the ACERA and on participant, claims and expense data provided by the ACERA.

The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes such as judging benefit security at termination plan.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to comply with the plan's GASB Statements No. 25 and 43 requirements with respect to the benefit obligations addressed.

Andy Yeung

Andy Yeung, ASA, MAAA, EA
Associate Actuary

Patrick Twomey

Patrick Twomey, ASA, MAAA, EA
Assistant Actuary

EXHIBIT A

Table of Plan Coverage – Members Receiving SRBR Benefits as of January 1, 2006

	Current Retirees
Category 1 - Medical	
Number	4,320
Average monthly medical reimbursements for 2006 (excluding Medicare Part B)	$330
Monthly Medicare Part B premium	$89
Category 1 - Supplemental Cola	
Number	1,266
Average monthly Supplemental Cola for 2006(1)	$321
Category 2 – Dental and Vision	
Number	5,662
Average monthly medical reimbursements for 2006	$36
Category 2 – ADEB	
Number(2)	Not Available
Average monthly benefits for 2006(2)	Not Available
Category 2 – Death Benefit	
Number(3)	Not Available
Average lump sum benefits for 2006	$4,250

(1) *Estimate of Supplemental Cola payable as of January 1, 2006.*
(2) *Beneficiaries who were receiving ADEB benefits were not separately identified in the data provided for the pension valuation.*
(3) *Beneficiaries who received the $4,250 death benefit were not separately identified in the data provided for the pension valuation*

EXHIBIT B

Determination of GASB No. 25 and 43 Actuarial Value of Assets

	Maximum Medical Allowance Fully Indexed for Health Care Inflation[1]	Maximum Medical Allowance Indexed for 50% of Health Care Inflation[2]	Maximum Medical Allowance Not Indexed for Health Care Inflation[3]
Reserves Supporting SRBR Benefits			
401(h) Account	$3,185,000	$3,185,000	$3,185,000
Death benefit – Burial Reserve	5,200,000	5,200,000	5,200,000
Supplemental Retiree Benefit Reserve	503,530,000	503,530,000	503,530,000
Total	**$511,915,000**	**$511,915,000**	**$511,915,000**
Present Value of Projected OPEB			
Medical	$416,634,000	$412,692,000	$398,766,000
Dental and Vision	39,074,000	36,427,000	34,536,000
Total	$455,708,000	$449,119,000	$433,302,000
Present Value of Projected Non-OPEB			
Supplemental COLA	$35,513,000	$39,510,000	$50,047,000
Active Death Equity Benefit	11,648,000	13,629,000	17,765,000
Death Benefit – Burial Reserve	9,046,000	9,657,000	10,801,000
Total	$56,207,000	$62,796,000	$78,613,000
Total Present Value of Projected SRBR Benefits	$511,915,000	$511,915,000	$511,915,000
Actuarial Asset Allocation			
GAS 43 Actuarial Assets Allocated to OPEB	$455,708,000	449,119,000	$433,302,000
Reserves Allocated to Non-OPEB	56,207,000	62,796,000	78,613,000
Total	**$511,915,000**	**$511,915,000**	**$511,915,000**

[1] *Full OPEB and non-OPEB benefits payable only through part of calendar year 2021.*

[2] *Full OPEB and non-OPEB benefits payable only through part of calendar year 2023.*

[3] *Full OPEB and non-OPEB benefits payable only through part of calendar year 2026.*

EXHIBIT I

Actuarial Assumptions and Actuarial Cost Method

Data: Detailed census data and summary plan descriptions for Postretirement benefits were provided by ACERA.

Measurement Date: December 31, 2005

Discount Rate: 7.90%

Post – Retirement Mortality Rates:

Healthy:

For General Members and Beneficiaries: 1994 Group Annuity Mortality Table.

For Safety Members and Beneficiaries: 1994 Group Annuity Mortality Table.

Disabled:

For General Members: 1981 General Disability Mortality Table set back seven years.

For Safety members: 1981 Safety Disability Mortality Table set back two years.

Employee Contribution Rates and Optional Benefits:

For General members, 1994 Group Annuity Mortality Table weighted 30% male and 70% female.

For Safety members, 1994 Group Annuity Mortality Table weighted 75% male and 25% female.

Termination Rates Before Retirement:

	Rate (%)			
	Mortality			
	General		Safety	
Age	Male	Female	Male	Female
25	0.07	0.03	0.07	0.03
30	0.08	0.04	0.08	0.04
35	0.09	0.05	0.09	0.05
40	0.11	0.07	0.11	0.07
45	0.16	0.10	0.16	0.10
50	0.26	0.14	0.26	0.14
55	0.44	0.23	0.44	0.23
60	0.80	0.44	0.80	0.44
65	1.45	0.86	1.45	0.86

All pre-retirement deaths are assumed to be non-service connected.

Termination Rates Before Retirement (Continued):

	Rate (%)	
	Disability	
Age	General[1]	Safety[2]
20	0.00	0.00
25	0.01	0.00
30	0.07	0.24
35	0.22	0.46
40	0.36	0.62
45	0.46	0.94
50	0.56	1.16
55	0.78	1.20
60	1.02	0.48

(1) 80% of General disabilities are assumed to be duty disabilities. The other 20% are assumed to be ordinary disabilities.

(2) 100% of Safety disabilities are assumed to be duty disabilities.

Termination Rates Before Retirement (Continued):

Rate (%)

Withdrawal (< 5 Years of Service)

Years of Service	General	Safety
0	12.00	5.00
1	10.00	5.00
2	9.00	5.00
3	7.00	4.00
4	4.00	4.00

Withdrawal (5+ Years of Service) *

Age	General	Safety
20	4.00	3.00
25	4.00	3.00
30	4.00	3.00
35	4.00	2.10
40	3.40	1.20
45	2.40	1.00
50	2.00	1.00
55	2.00	1.00
60	1.40	0.40

* 25% of all terminated members will choose a refund of contributions and 75% will choose a deferred vested benefit. No withdrawal is assumed after a member is eligible for retirement.

Retirement Rates:

	Rate(%)			
Age	General Tier 1	General Tier 2	Safety Tier 1	Safety Tier 2
50	3.00	2.00	33.00	4.00
51	2.00	2.00	25.00	2.00
52	2.00	2.00	25.00	2.00
53	3.00	2.00	33.00	3.00
54	3.00	2.00	33.00	8.00
55	7.00	3.00	50.00	15.00
56	7.00	4.00	50.00	12.00
57	8.00	5.00	50.00	25.00
58	10.00	6.00	50.00	11.00
59	15.00	6.00	50.00	27.00
60	20.00	8.00	100.00	100.00
61	20.00	10.00	100.00	100.00
62	30.00	20.00	100.00	100.00
63	25.00	16.00	100.00	100.00
64	25.00	20.00	100.00	100.00
65	30.00	25.00	100.00	100.00
66	25.00	20.00	100.00	100.00
67	25.00	35.00	100.00	100.00
68	25.00	45.00	100.00	100.00
69	50.00	55.00	100.00	100.00
70	100.00	100.00	100.00	100.00

Retirement Age and Benefit for Deferred Vested Members	For current deferred vested members, retirement assumptions are as follows: General: Age 58 Safety: Age 55 We assume that 40% of future General and Safety deferred vested members will continue to work for a reciprocal employer. For these, we assume 5.40% compensation increases per annum.
Future Benefit Accruals:	1.0 year of service per year of employment plus 0.008 year of additional service to anticipate conversion of unused sick leave for each year of employment.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Inclusion of Deferred Vested Members:	All deferred vested members are included in the valuation.
Consumer Price Index:	Increase of 3.75% per year, retiree COLA increases due to CPI subject to a 3% maximum change per year for General and Safety Tier 1 and 2% maximum change per year for General and Safety Tier 2.
Actuarial Value of Assets:	The Association has provided us with the balance in the SRBR and related assets supporting SRBR benefits as of December 31, 2005. The portion of SRBR allocated to OPEB (i.e., GASB No. 43 "Actuarial Assets") is set equal to the present value of projected OPEB payments from December 31, 2005 until the SRBR is theoretically exhausted. The terminal year of the SRBR was determined by projecting how long the SRBR can provide for all current SRBR benefits (including non-OPEB.)
Actuarial Cost Method:	Entry Age Actuarial Cost Method.

Per Capita Health Costs:

The combined monthly per capita dental and vision claims cost for plan year 2006 was assumed to be $36. Medicare Part B premium is $89. For calendar year 2006 medical costs were assumed to be as follows:

Age	Service	Monthly Per Capita Cost
Under 65	10 – 14	$227.69
	15 – 19	$341.54
	20+	$385.86
Over 65 and Eligible for Medicare	10 – 14	$227.45
	15 – 19	$306.89
	20+	$323.07
Over 65 and Not Eligible For Medicare	10 – 14	$226.83
	15 – 19	$339.02
	20+	$384.96

Last year, we used $2 million (indexed in the future with medical inflation) to estimate the annual cost associated with pooling the actives with those retirees not yet eligible for Medicare. We understand that the employer has updated that calculation this year and the estimated cost has increased to about $4.8 million. The Association will be working with the employer to obtain the information necessary to reach agreement on this new cost over the next several months. As we previously discussed with the Association, we have applied the $2 million (adjusted with medical inflation) to approximate the cost of pooling until the higher cost of $4.8 million can be validated.

Terminal Pay Assumptions:

Additional pay elements are expected to be received during a member's final average earnings period. The percentages, added to the final year salary, used in this valuation are:

	Service Retirement	Disability Retirement
General Tier 1	8.8%	7.0%
General Tier 2	3.0%	2.8%
Safety Tier 1	9.5%	8.5%
Safety Tier 2	3.0%	2.8%

Health Care Cost Trend Rates: Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are "net" and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that must be applied to that year's cost to yield the next year's projected cost.

	Rate (%)		
Year Ending December 31,	Medical	Dental and Vision	Medicare Part B
2006	12	5	6
2007	11	5	6
2008	10	5	6
2009	9	5	6
2010	8	5	6
2011	7	5	6
2012	6	5	6
2013 & Later	5	5	6

Participation and Coverage Election: Based on prorportion of current retirees receiving a medical benefit subsidy, we estimate that 80% of employees eligible to retire and receive subsidized postretirement medical coverage will elect to participate in the plan.

Plan Design: Development of plan liabilities was based on the plan of benefits in effect as described in Exhibit V.

Administrative Expenses: An administrative expense load was not added to projected incurred claim costs in developing per capita health costs.

Annual Maximum Benefits:

In the three alternatives "substantive plan designs" shown in this report, we have assumed:

a) Maximum medical allowances will increase with full medical inflation.

b) Maximum medical allowances will increase with 50% of medical inflation.

c) Maximum medical allowance will remain at 2006 levels.

Missing Participant Data:

Any missing census items for a given participant was set to equal to the average value of that item over all other participants of the same membership status for whom the item is known.

EXHIBIT II

Summary of Benefits

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plan provisions as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Eligibility:

Service Retirees — Retired with at least 10 years of service (including deferred vested members who terminate employment and receive a retirement benefit from ACERA)

Disabled Retirees — A minimum of 10[1] years of service is required for non-duty disability.

There is no minimum service requirement for duty disability.

Health Insurance Allowances:

1. Monthly Medical Allowance

Service Retirees: — For retirees, a maximum Health Insurance Allowance of $455.38 per month, is provided (effective January 1, 2006 and at least through December 31, 2006)[2] subject to the following vesting schedule:

Completed Years of Service	Vested Percentage
10-14	50%
15-19	75%
20+	100%

[1] *The 10 years of service requirement is only used for determining eligibility for health benefit. For pension benefits, the eligibility requirement is 5 years of service.*

[2] *In 2006, the Retirement Board decided to leave the Health Insurance Allowance of $455.38 per month unchanged for calendar year 2007.*

Disabled Retirees:	Non-duty disabled retirees receive the same Health Insurance Allowance as service retirees.
	Duty disabled retirees receive the same Health Insurance Allowance as those service retirees with 20 or more years of service.

2. Medicare Benefit Reimbursement Plan:

The SRBR reimburses the full Medicare Part B premium to qualified retired members.

To qualify for reimbursement, a retiree must:

- Have at least 10 years of ACERA service,
- Be eligible for Monthly Medical Allowance,
- Provide proof of enrollment in Medicare Part B.

3. Dental and Vision Plans:

The SRBR provides mandatory dental and vision benefits for retirees only. The same benefit is provided regardless of a member's years of service. The dental and vision premiums remain fixed through 2007.

Note About Health Insurance Allowances:

The maximum levels of subsidy are reviewed by the Board annually and are not indexed to increase automatically.

In addition, the Health Insurance Allowances can only be used to pay for retiree medical, dental and vision benefits. There is no benefit payable to beneficiaries, current spouses, former spouses or dependents.

If the actual cost of coverage is less than the Health Insurance Allowances, the difference is not paid in cash or applied towards the coverage for beneficiaries, current spouses, former spouses or dependents.

Other Non-Health Benefits

1. Supplemental COLA

   When inflation is higher than the ACERA cost of living allowance for a year, the excess of inflation over the cost of living allowance (3% for Tier 1 and 2% for Tier 2) is banked for future years when inflation may be less than the cost of living allowance. In 1998, the Board of Retirement approved a supplemental COLA payable through the SRBR for members whose COLA banks exceeded 15%. The supplemental COLA for a year is equal to the percentage of excess of the member's COLA bank over 15% times the member's current annual retirement allowance.

   The cost of living adjustment and any supplemental COLA must be approved yearly by the ACERA Board of Retirement. For this valuation, we have assumed the Board will maintain its current level of supplemental COLA (i.e., COLA banks will not exceed 15%) during the projection period.

2. Retired Member Death Benefit

   A one time $4,250 lump sum death benefit is payable to the beneficiary of a retiree. This benefit is only paid upon the death of a retiree; it is not paid upon the death of a beneficiary.

3. Active Death Equity Benefit

   If a member dies before retirement (Active member death), the SRBR will fund the difference between the member's vested ACERA surviving spouse annuity benefit and a 100% surviving spouse annuity benefit.

   The active member death benefit must be approved yearly by the ACERA Board of Retirement. For this valuation, we have assumed the Board will continue to provide this benefit during the projection period.

EXHIBIT III

Assumptions About the "Substantive Plan"

The determination of the "substantive plan" underlying ACERA's OPEB was based upon directions provided by ACERA, its auditors, as well as the administrative staff, auditors and consultants representing the County of Alameda. Those directions are provided below.

1. Commitment to provide benefits currently paid out of the SRBR

We understand that health and other supplemental benefits currently paid out of the SRBR will continue to be paid as long as there are assets available in the SRBR. However, when the assets in the SRBR are fully depleted, no additional health and other supplemental benefits will be paid by the Association and the employer. To our knowledge the employer has not made any implicit or explicit commitment to continue those benefits.

2. Continuation of coverage in the employer's active employee medical plans for the Association's retirees

Currently, the Association's retirees are enrolled in the same medical plans as the employer's active employees. The retiree experience is pooled and used in setting the medical plan premium rates for active employee. We understand that the Association is requesting guidance from the Internal Revenue Services that will permit the Association to reimburse the employer for the adverse premium experience created by the retiree.

In this study, we have included the liability associated with reimbursing the employer for the adverse premium experience but only through the period up to the exhaustion of assets in the SRBR. In other words, there may be a residual liability to the employer if the Association's retirees continue to participate and are rated together in the employer's active employee medical plans.

3. Actuarial value of assets available to offset the liabilities of the postretirement benefits other than pension

In this study, we have divided the total assets available in the SRBR to those available for paying OPEB and non-OPEB benefits. The allocation has been done strictly according to the present values of the OPEB and non-OPEB benefits through the date that the SRBR is exhausted. Even though the Board has divided the current SRBR benefits into Category 1 and Category 2 benefits (by order of importance to the retirees), we may need additional guidance from the Board so that an actual allocation can be made between the SRBR for OPEB and non-OPEB benefits. Such allocation may be necessary so that appropriate assets can be used in offsetting the OPEB and non-OPEB liabilities.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

Thursday, September 16, 2010

Chair Annette Cain-Darnes called the meeting to order at 2:00 p.m.

Trustees Present:	Dale Amaral Annette Cain-Darnes Ophelia Basgal George Dewey Liz Koppenhaver Elizabeth Rogers Darryl Walker *(Alternate)*
Trustees Excused:	Keith Carson David Safer *(Alternate)* Donald White George Wood
Staff Present:	Victoria Arruda, Human Resources Officer Robert Gaumer, Chief Counsel Harsh Jadhav, Internal Auditor Martha Richardson, Executive Secretary J. P. Singh, Chief Financial Officer Betty Tse, Chief Investment Officer Catherine Walker, Acting Chief Executive Officer Latrena Walker, Project and Information Services Manager
Staff Excused:	Charles Conrad, Chief Executive Officer Kathy Foster, Assistant Chief Executive Officer Rose Kwong, Benefits Manager

10-103

The minutes of the regular meeting of August 19, 2010 were accepted on a motion by Dale Amaral, seconded by Darryl Walker, and approved by a vote of 6 yes, 0 no and 0 abstentions.

CONSENT CALENDAR
REPORTS AND ACTION ITEMS

APPLICATION FOR SERVICE RETIREMENT
Appendix A

APPLICATION FOR RETIREMENT, DEFERRED
Appendix B
Appendix B-1

APPLICATION FOR DEFERRED TRANSFER
Appendix C

LIST OF DECEASED MEMBERS
Appendix D

REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT
Appendix E

APPLICATION FOR DISABILITY RETIREMENT – NON CONTESTED ITEMS:
Appendix F

APPLICATION FOR DISABILITY RETIREMENT – HEARING OFFICER RECOMMENDATIONS
Appendix G

DISABILITIES STATUS REPORT

APPROVAL OF COMMITTEE MINUTES

It was moved by Elizabeth Rogers, seconded by George Dewey, and approved by a vote of 6 yes (Amaral recused), 0 no, and 0 abstentions that the following Resolution is adopted:

10-104

BE IT RESOLVED BY THIS BOARD that the Consent Calendar is approved as presented.

REGULAR CALENDAR - REPORTS AND ACTION ITEMS

DISABILITIES, CURRENT AND CONTINUING RECOMMENDATIONS AND MOTIONS

(Items to be heard in Closed Executive Session.)

None.

COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS

*Note: Per Committee Chairs, detailed copies of the Committee meeting minutes were available for attendees. All **September** Committee meeting minutes are posted on the ACERA website (**www.acera.org**) after approval at the **September 16, 2010**, Board meeting. This month's Committee reports were presented in the following order:*

Operations:

Elizabeth Rogers noted that the Operations Committee met on September 1, 2010 at 9:06 a.m., and gave the following report:

Since 1992 ACERA has contracted with U.S. Healthworks for Dr. Robert Wagner's medical evaluation services regarding disability applications. The current contract will expire September 30, 2010. ACERA pays U.S. Healthworks $2,000 per disability case review and $250 for expert testimony and attendance at Board Meetings. Staff recommended that ACERA enter into a one-year contract with U.S. Healthworks in order to continue the services of Dr. Wagner. The cost of this contract will depend on the amount of disability cases that are reviewed. In 2011, Staff will conduct a Request for Proposal (RFP) for Medical Advisor Services next year to ensure that ACERA is receiving services at the most competitive cost.

10-105

It was moved by Elizabeth Rogers and seconded by Dale Amaral that the Board continue Dr. Robert Wagner's medical evaluation services for disability applications and approve a one-year contract with U.S. Healthworks effective September 30, 2010. The motion carried 7 yes, 0 no, and, 0 abstentions.

The Segal Company has been ACERA's actuary since 2003. During this time the Agreement for actuarial services was auto-renewed and extended to 2008. The current Agreement term ends December 31, 2010.

In 2007 Staff recommended and the Board approved that ACERA not issue a Request for Proposal (RFP) for actuarial services but to instead perform its due diligence by issuing an RFP for an actuarial valuation audit of Segal's December 31, 2005 valuation report. This actuarial audit was conducted by Milliman who found that Segal's actuarial study was accurate.

Staff recommended that ACERA not change actuarial firms at this time. Paul Angelo and Andy Yeung of The Segal Company have served as ACERA's actuaries for many years and are very knowledgeable about our processes, procedures and data. Furthermore, Staff recommended that the Agreement with The Segal Company be extended for five years, and that ACERA perform its due diligence by issuing a RFP for an actuarial valuation audit of Segal's December 31, 2010 valuation report.

During the discussion, the Committee asked that Staff identify the actuarial firms of the other '37 Act retirement systems and bring this information back to the Committee with The Segal Company contract.

10-106

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver Board authorize Staff to negotiate an extension of the current contract with The Segal Company to provide actuarial services to ACERA through December 31, 2015, and if negotiations are successful that an RFP be issued for an actuarial valuation audit of Segal's December 31, 2010 report. The motion carried 7 yes, 0 no, and 0 abstentions.

The Board Chair requested that the agenda for the 2010 Board Off-site be brought to the full Board for their approval at the September Board Meeting. The Board Off-site is schedule for October 28.

The Committee gave Staff several suggestions for the agenda:
a) Include the negotiations of fees that are paid to advisors in the discussion around investments,
b) From the March 30th SRBR Workshop, bring Segal's alternative SRBR valuation projections which include scenarios based on investment earnings assumptions of zero, 4%, 6%, 8%, 10%, and then 8% for each year through 2014 for the discussion around the SRBR sustainability,
c) For the discussion about the proposed 2011 budget, bring detailed department budgets which roll up into the overall budget,
d) The department presentations should be more interactive, and in their presentations the Senior Managers should present the challenges they are facing in their departments and how the Board can be more supportive.

10-107

It was moved by Elizabeth Rogers and seconded by George Dewey that the Board approve the agenda for the 2010 Board Off-site. The motion carried 7 yes, 0 no, and 0 abstentions.

For the month of July there was $244.8 million in net investment gains, generating a return of 5.5% for the month. However, on a year-to-date basis the net investment gains were $79 million. This is a 1.92% rate of return, outperforming the policy index by 34 basis points. The total additions are $207.8 million. Total deductions are $187.7 million. As of July 31, 2010, net assets held in trust for pension benefits total $4.70 billion, up from $4.46 billion in June.

As of July 31, 2010 actual expenditures were under budget by $218,900. The under spending was mainly in the General Accounts and Consultant Fees – Legal. Year-to-date the Payroll and Staff Training Accounts are $74,300 over budget, mainly due to the temporary staffing costs related to the EDMS project and other workload related staffing expenses.

For the six month period ending June 30, 2010, the interest crediting rate of 0% was used for all reserve accounts except for the Contingency Reserve Account (CRA) and the Market Stabilization Reserve. During the previous semi-annual interest crediting period the entire balance of the CRA was drawn down. Therefore, the entire $42.2 million of actuarially determined earnings were allocated to the CRA. This brought the contingency reserve to 0.84% of total assets as of June 30, 2010, which is insufficient to restore the CRA to 1.4% of total assets as adopted by the Board.

After applying the Board's 5-year asset smoothing policy (which includes a 60%-140% market value corridor), there was a market loss of $171.1 million for this period. The market loss when compare with the actuarial earning of $42.2 million results in earnings shortfall of $213.3 million. This amount of deferred loss was added to the previous balance in deferred loss in the Market Stabilization Reserve of $776.9 million. The ending balance as of June 30, 2010 in the Market Stabilization Reserve is a negative $990.2 million (22.2% of net assets), which represents accumulated losses that have yet to be recognized.

The Committee requested that a graph of the Market Stabilization Reserve be presented at the 2010 Board Off-site.

In April 2010, ACERA began providing all Participating Employers with a report on transmittal exceptions for each pay period. As a result, all Employers have reduced their exception volume. For example, Alameda County's volume has been reduced by half, while the Alameda County Medical Center's volume continues to decrease.

Staff is continuing to review and resolve all current exceptions each pay period. At the same time, prior pay period exceptions are being reviewed for the same members, thereby simultaneously reducing the backlog. In August one temporary staff person was assigned to work exclusively on the exception backlog. A second temporary staff person will be added to the project in the near future. Once the exceptions for 2009 are completely resolved, Staff will be able to estimate how long the remaining exception backlog will take to complete.

The Committee requested that Staff bring a report to the Committee on the number of errors found in the Member Statements and if there are any patterns in the findings.

10-108

It was moved by Elizabeth Rogers and seconded by Liz Koppenhaver that the Board approve the September 1, 2010 Operations Committee minutes. The motion carried 7 yes, 0 no, and 0 abstentions.

Retirees:

Liz Koppenhaver noted that the Retirees Committee met on September 1, 2010 at 10:45 a.m., and reported the following:

Andy Yeung of the Segal Company, ACERA's Actuary, presented the status on the annual GASB Statements No. 25 and 43 Actuarial Valuation of the post retirement medical, dental, and vision benefits as well as Non-Other Post Employment (Non-OPEBS) benefits provided through the Supplemental Retiree Benefits Reserve (SRBR) Pension account as of December 31, 2009. This report provides the current levels of the benefits and how long will we be able to pay out benefits to members. This report is also used to satisfy ACERA's accounting disclosure requirement.

There are two types of benefits that are funded by the SRBR fund:

- Tax-Free Health Benefits paid out of the 401(h) account.
    - MMA
    - Medicare Part B
    - Dental and Vision

- Non OPEB Benefits
    - Supplement cost of living benefit.
    - Active Death Equity Benefit
    - Retired Death Benefit

In the last SRBR valuation, Segal applied an assumption of 9% medical inflation from 2009 to 2010 which was reduced by 0.5% each year until it reached 5.0%. For this valuation, it was recommended to the Board that the medical inflation be modified so that a 10% medical inflation would be assumed from 2010 to 2011 and the inflation assumption reduced by 0.5% each year until reaches 5.0%.

With the exception that the 2011 Monthly Medical Allowance (MMA) is expected to be maintained at the same level as 2010, it is assumed that all future MMA's will increase at one-half of the rate of our anticipated medical inflation assumptions.

The terminal year of the SRBR was determined by projecting how long the SRBR can provide for all OPEB benefits under the substantive plan. OPEB benefits can be paid through 2026, while non-OPEB benefits can be paid through 2031. Last year, it was projected that both OPEB and non-OPEB benefits could be paid through 2028.

For OPEB benefits, the terminal year of the SRBR has been projected to be earlier than it was in last year's study, due to: (1) actual smoothed return on the actuarial value of assets less than the 8.0% rate assumed in the last valuation and (2) the 7.9% investment return assumption adopted for the December 31, 2009.

For non-OPEB benefits, the terminal year is expected to be later than it was in last year's valuation in spite of the above factors described for OPEB, due to the decrease in the inflation assumption from 3.75% to 3.50% adopted for the December 31, 2009 valuation, which results in lower expected Supplemental COLA cash flow.

10-109

It was moved by Liz Koppenhaver and seconded by Ophelia Basgal that the Board adopt the Report/Study of the Supplemental Retiree Benefits Reserve (SRBR) which estimates the depletion of the SRBR Fund funds in 2026 versus previously estimated depletion of funds in 2028. The motion carried 7 yes, 0 no, and 0 abstentions.

Staff requested the adopting of the non-substantive and substantive changes to the Supplemental Retiree Benefits Reserve (SRBR) Policy.

Staff identified several non-substantive changes related to terminology that is now used when discussing SRBR benefits. For example, the term "Part B Medicare" is now "Medicare Part B", the word "health" has been replaced by the word "medical", and the word "qualified" is replaced by the word "eligible". Some wording was changed for better flow or clarity.

The substantive changes include:

1. Long Term Funding Policy: The second paragraph was rewritten to state, "In managing the relationship between assets and liabilities, The BOARD shall manage approved SRBR benefits with a goal towards meeting the projected liabilities of the plan over a 15 year period, as determined by the actuary. It previously stated, "In managing the relationship between assets and liabilities, the Board shall manage approved SRBR benefits so as to provide a minimum of a 90% level of certainty of meeting the projected liabilities of the plan over a 20 year period, as determined by the actuary. The recommendation to change the period of 20 years to 15 years is based on the proposed Sustainability Policy which was presented to the Committee earlier this year. Also included in the proposal is a suggestion to consider a benefits mitigation rule that allows for an increase or decrease in benefits of no more than 5% if in any given year the SRBR Valuation provides a lifespan of more or less than 15 years. Staff recommends that further discussion take place before implementing this rule into the Policy.

2. Current SRBR Benefits: Header for "ACERA Health Insurance Premium Contribution" was changed to "ACERA Monthly Medical Allowance" Under Benefit Amount. The second sentence was changed from "The MMA is based on the Alameda county management employees health care contribution" to read, "The MMA is based on an amount determined by The BOARD. The maximum MMA amount is limited to the single-party premium or one hundred percent (100%) of the MMA amount, whichever is lower, for retirees with 20 or more years of service, and is prorated for retirees with less than 20 years of service." The amount of the current MMA was deleted as the Policy may not be updated annually.

3. Medicare Part B Reimbursement: Removed current amount as Policy may be updated annually. Restate that amount is based on Medicare Part B lowest standard premium.

4. Dental Care Coverage: Added word “contribution” to header. Under Eligibility, struck “or their surviving beneficiaries”. Under Benefit Amount, struck “Delta” in order to not restrict contribution to only be covered under Delta Dental Plan in the event dental plan carrier should change.

5. Vision Care Coverage: Added word “contribution” to header. Under Eligibility, struck “or their surviving spouses”. Under Benefit Amount, struck word “service” and “VSP” in order to not restrict contribution to only be covered under VSP plan in the event vision plan carrier should change.

The Board made recommendations for some wording additions and changes. The changes include:

Under Implicit Subsidy in the third paragraph, the word “right” was replaced with the word “ability”, along with the addition of the word “dependents” placed before the word “beneficiaries” at the end of the sentence.

Under ACERA Monthly Medical Allowance section, the words “up to” were added underneath the wording, Contribution Percentage.

10-110

It was moved by Liz Koppenhaver and seconded by George Dewey that the Board adopt the recommendation for the non-substantive and substantive changes to the Supplemental Retiree Benefits Reserve (SRBR) Policy along with the Board’s revision to the Implicit Subsidy and years of service and contribution percentage chart. The motion carried 7 yes, 0 no, and 0 abstentions.

A summary of the lifespan of the Supplemental Retiree Benefits Reserve fund based on prior actuarial valuations were covered starting from 2001 through 2009. Staff researched prior Supplemental Retiree Benefits Reserve fund valuations in order to provide a history of each year’s reported lifespan of the fund. Over the reviewed time period, the lifespan have ranged from 15 to 22 years for OPEBS and 15 to 21 years for Non-OPEBS.

The semi-annual interest posting as of July 31, 2010 was completed August 27, 2010. The interest crediting rate of 0% for this period was used for all the reserve accounts except for the Contingency Reserve Account (CRA) and the market stabilization reserve. During the previous semi-annual interest crediting period the entire balance of approximately $66.4 million in the CRA was drawn down. For this period there were insufficient actuarial determined earnings to restore the CRA to 1.4 % of total assets (per Board adopted policy), therefore, the entire approximately $42.2 million of actuarially determined earnings were allocated to the contingency reserve. This allocation makes the contingency reserve 0.84% of total assets as of June 30, 2010.

After applying the Board’s 5-year asset smoothing policy (which includes a 60%-140% market value corridor), there was a market loss of approximately $171.1 million for this period compared to actuarial earnings of approximately $42.2 million.

The ending balance as of June 30, 2010 for the Market Stabilization Reserve is negative $990.2 million (22.2% of the net market value) which represents accumulated losses that have yet to be recognized.

ACERA’s Annual Health Fair is scheduled Friday, October 29, 2010 from 10:00 am to 2:00 pm at the Oakland Airport Hilton. The Open Enrollment period will occur November 1 through November 30, 2010.

A Save the Date buck-slip for the Health Fair was included in the August payroll mailing. A flyer announcing the Health Fair, which will include a description of all activities to be held, will be included in the September payroll mailing.

New at the Health Fair this year will be the Wellness Center where Kaiser will be offering to our members a limited amount (600) free flu shots on a first come-first serve basis. United Health is providing health screening and VSP will be accepting old eye glasses to refurbish and provide to those in need.

The Healthcare Enrollment Brochure will be included in the Open Enrollment Packet along with the Retiree Annual Statement. A description of all ACERA's sponsored medical, dental and vision plan coverage and premiums for 2011 will be included in the brochure.

Staff will request that Delta Dental bring lists of providers for in-network and out-of-network coverage in Alameda County and the surrounding areas.

Announcements regarding the Health Fair and Open Enrollment will be placed on ACERA's website.

Staff's goal is to have sample Open Enrollment packet available to present at the next Retiree Committee Meeting on October 6, 2010.

10-111

It was moved by Liz Koppenhaver and seconded by George Dewey that the Board approve the September 1, 2010 Retirees Committee minutes. The motion carried 7 yes, 0 no, and 0 abstentions.

Governance:

Dale Amaral noted that the Governance Committee met on September 1, 2010 at 2:00 p.m. and submitted the following report:

The Committee reviewed Staff's September 1, 2010, memo and its recommendation regarding the Trustee Communications Policy. Staff advised the Committee that the content of the Policy continues to meet the needs of ACERA and should be renewed as recommended by Staff. Staff recommended a couple of grammatical changes, but otherwise suggested no substantive revisions to the policy.

Supervisor Keith Carson inquired as to whether all Board Members are receiving information (electronically) from ACERA Staff (*e.g.*, Legislative updates, Committee materials and/or other substantive issues). Staff informed the Committee that they seek to send electronic communications, as well as internal communications, to all Board Members, not just members of the Committees.

10-112

It was moved by Dale Amaral and seconded by George Dewey that the Board renew the Trustee Communications Policy, with revisions, as recommended by the Committee and Staff. The motion carried 7 yes, 0 no, and 0 abstentions.

The Committee reviewed Staff's September 1, 2010, memo and its recommendation regarding the Securities Litigation Policy. Staff advised the Committee that the content of the Policy continues to be appropriate in meeting the needs of ACERA and should be renewed as recommended by Staff.

Staff informed the Committee that they do not recommend any substantive revisions to the policy at this time.

10-113

It was moved by Dale Amaral and seconded by George Dewey that the Board renew the Securities Litigation Policy as recommended by Committee and Staff. The motion carried 7 yes, 0 no, and 0 abstentions.

The Committee reviewed Staff's September 1, 2010, memo and its recommendation regarding the Fiduciary Counsel Retention Policy. Staff advised the Committee that the content of the Policy continues to be appropriate in meeting the needs of ACERA and should be renewed as recommended by Staff.

Staff informed the Committee that they do not recommend any substantive revisions to the policy at this time.

10-114

It was moved by Dale Amaral and seconded by Liz Koppenhaver that the Board renew the Fiduciary Counsel Retention Policy as recommended by Staff. The motion carried 7 yes, 0 no, and 0 abstentions.

The Committee reviewed Staff's September 1, 2010, memo and its recommendation regarding the Revised Draft of the Record Retention Policy and Schedule. Staff advised the Committee that the content of the Policy continues to be appropriate in meeting the needs of ACERA and should be renewed as recommended by Staff.

This is the first time that this policy has been reviewed. The Legal Department checked with each department at ACERA in regards to ensuring that all documents were identified and specific to each department.

On Page 4 of 15 of the Schedule under the Accounting Department Staff recommended the following revisions:

(a) "~~Actuarial~~" was deleted as it was currently listed under the Administration Department;
(b) "**Bank Statement**" was added under Record Category and "**Current FY + 6 years**" was added under Retention Period/Bank Statement; and

(c) "~~Accounts payable~~," ~~Printing requisitions~~," and ~~Purchasing requisitions~~" was deleted under Record Category/Accounts Payable, "**(includes AP Module Posting Journals)**" and "**Check Authorization**" was added under Record Category/Accounts Payable and ~~Current FY + 4 years~~ ~~Current FY + 4 years~~ was deleted under Retention Period/Accounts Payable.

On Page 5 of 15 of the Schedule under the Accounting Department the following revisions were made:

(a) "…+ ~~2~~ was changed to + **6** years… under Retention Period/Miscellaneous;

(b) ~~General ledger Trial Balance Report~~ was deleted under Record Category/Miscellaneous and ~~Current FY + 2 years~~ was deleted under Retention Period/Miscellaneous;

(c) "…+ ~~2~~ was changed to **6** Years… and "… + ~~1~~ was changed to **6** Years" under Retention Period/Miscellaneous; and

(d) "~~Inventory~~" was changed to "**Records**", "**(including Depreciation Ledger Reports)"** was added under Record Category/Miscellaneous and "… + ~~1~~ was changed to **6** years… under Retention Period/Investment.

On Page 13 of 15 of the Schedule under the Investments Department Staff recommended the following revisions:

(a) "…**or life of fund**" was added under Retention Period/Wire Transfers.

On Page 15 of 15 of the Schedule under the Project and Information Services Department the following revision was made:

(a) ~~Emergency Evacuation Plans~~ was deleted under Record Category.

It was noted that personnel files are retained for current fiscal year of termination + 4 years, which is the law.

10-115

It was moved by Dale Amaral and seconded by Elizabeth Rogers that the Board renew the Record Retention Policy and Schedule, with revisions, as recommended by Committee and Staff. The motion carried 7 yes, 0 no, and 0 abstentions.

The Committee reviewed Staff's September 1, 2010, memo and its recommendations regarding the DRAFT Media Policy wherein Staff advised the Committee that the content of the Policy meets the needs of ACERA and should be adopted as recommended by Staff.

The Committee instructed Staff to amend the Policy to state that any and all statements made by ACERA Staff be forwarded to the Legal Department for review prior to those statements being released to the media or anyone outside of ACERA. All requests for information will also be forwarded to the Legal Department of review and approval.

The Committee suggested the following minor revisions to the policy:

On Page 1, first paragraph, revise the policy to read: "… media inquiries are communicated through a**n** ~~controlled~~, **authorized** informed representative…";

On Page 1, Section III.2. of the policy, revise the policy to read as follows: "One informed message will be presented to the media **after review by the Legal Department**…";

On Page 1, Section III.4. of the policy, revise the policy to read as follows: "…directed to the CEO or his/her Designee **and the Legal Department** immediately."

It was noted that the Legal Department has reviewed several Media Policies from other agencies; ACERA's Draft Media Policy is consistent with those policies.

The Committee will review and make comments regarding the policy and bring it back to the Governance Committee for discussion at the October meeting.

10-116

It was moved by Dale Amaral and seconded by Darryl Walker that the Board approve the September 1, 2010 Governance Committee minutes. The motion carried 7 yes, 0 no, and 0 abstentions.

Actuarial:

Ophelia Basgal noted that the Actuarial Committee met on September 7, 2010 at 12:33 p.m. and gave the following report:

> The Committee considered the motion to recommend to the Board of Retirement to accept the Actuarial Valuation for the year ended December 31, 2009 for the proposed new Safety Tiers of the Sheriff's Department and adopt the recommended contribution rates for the proposed new Safety Tiers.
>
> The new Safety Tiers are already part of a tentative side-letter agreement between the union and the County, but the agreement cannot be finalized, nor can the Board of Supervisors act until ACERA adopts contribution rates. The new tiers are for new safety employees in the Sheriff's Department (excluding Probation Officers) hired on or after July 1, 2010.
>
> Andy Yeung and Paul Angelo of the Segal Company presented the highlights of Segal's study and recommendations, including demographic assumptions and recommended contribution rates. For the first time new Safety employees will have the opportunity to choose between two different retirement benefits: a 2% at age 50 formula, or a 3% at age 55 formula. Those electing 2% at 50 will not make cost-sharing contributions, while those electing 3% at 55 will make cost-sharing contributions of 5% for their first 5 years of employment and 3% after that.
>
> In preparing this study Segal assumed that the demographic profile of new employees entering these tiers would match the profile of new safety employees, excluding probation officers, hired by the Sheriff's Department in the 3 years prior to the actuarial valuation as of December 31, 2009.
>
> Segal explained the difference between the percentage of the cost-sharing contributions deducted from the employees and the percentage paid to the employer as shown in tables in the report. For instance, on page iii the aggregate member rate for new employees choosing 3% at 55 includes a 5% cost-sharing contribution, but the offset amount shown going to employers is only 4.85%. This is because the contribution by the employee is refundable to the employee along with other employee contributions if the employee leaves our pension fund and chooses to withdraw his or her contributions. Since some employees will elect to do so, the withdrawal of those funds has to be accounted for in the actuarial projections and is then reflected in the rates. Segal also noted that, since the new tier employees will pay 5% only for the first 5 years of their employment and then pay 3% for the remainder of their employment period, the net offset rate for the population as a whole will gradually decline as the proportion of employees paying the lower rate will increase over time. As this happens, the employer's contribution rate will go up, and in 5 years the rate will be roughly 36.3% which is very close to what the employer will now pay for employees under the 2% at 50 formula who pay no cost-sharing contribution.
>
> Looking at the different employer contribution rates for the safety tiers, the current tier and the two new ones, the savings to the employer with the new tiers will come from the lower "normal cost" and in the case of the 3% at 55 rate, the offset from the employees cost-sharing contribution. The portion of the employer's contribution rate attributable to payment toward the unfunded accrued actuarial liability (UAAL) is the same for all three tiers, because the practice is to spread the UAAL across total payroll.

<u>10-117</u>

It was moved by Ophelia Basgal and seconded by Dale Amaral that the Board accept the Actuarial Valuation for the year ended December 31, 2009 for the proposed new Safety Tiers of the Sheriff's Department and adopt the recommended contribution rates for the proposed new Safety Tiers. The motion carried 7 yes, 0 no, and 0 abstentions.

There was discussion about the status of Juvenile Institutional Officers (JIO's) with respect to the tentative side-letter agreement between the union and the County. As noted above, Probation Officers are excluded in the agreement, but there was no mention of JIO's. Staff will research the language of the agreement for clarity regarding this issue.

Catherine Walker summarized conversations that she has had with Segal regarding the frequency of review and adoption of the economic actuarial assumptions used for ACERA's annual actuarial evaluation. Some Trustees have asked Staff to look into whether these assumptions should be considered triennially at the same time the non-economic assumptions are reviewed. The change would probably result in some savings for ACERA.

Paul Angelo spoke for Segal. Many years ago some systems reviewed economic assumptions annually, but most actuarial firms and most pension systems have viewed these assumptions, along with the non-economic demographic assumptions, as long-term assumptions and most systems review them triennially. A change to 3-year review would be consistent with industry practice. Responding to a question from the Committee, Segal said that 3 to 5 years is the actuarial industry standard to review actuarial assumptions, but that the '37 Act requires review to be every 3 years or more frequently.

Segal also said that market volatility also is a reason to consider the longer review period. For instance, last year as a result of the market volatility of 2008 and 2009, rather than increase review of the assumptions, the Board elected to skip a year and use the same economic assumptions for the 2009 valuation as for 2008. Treating the economic assumption as a long-term assumption helps to maintain more stable rates. Segal noted that considering rate-of-return as a long term phenomenon, the question then is whether we learn anything significant about the rate of return in just one year, and the answer to that question is probably no.

The Committee asked about changes in GASB's thinking in light of pension funds' large losses, and high rates of unrealized losses and unfunded liabilities. Segal said that GASB is looking for systems to adopt long-term, realistic earnings rates, and that a 3-year review period is consistent with that. Mr. Angelo said that the actuaries, even on a longer review period such as 3 years, are never going to recommend a large, radical jump in the earnings rate assumption. Historically this Board has usually moved in .10% increments and it is very unlikely that the Board would approve a change of more than .25% even on a 3-year basis; and Segal would certainly not recommend anything like a .75% change.

The Committee expressed concern based on comments by some experts and analysts that "6% is the new 8%." It is likely that we will know if that is the case over the next few years. Even if a 2% shift were phased in over 3 years, it would still be a massive change. Segal said that in the event that there is a large shift in earnings rate, with a corresponding need to change contribution rates, the same result can be achieved by phasing in the change in contribution rates as would be achieved by phasing in the change in earnings rate.

The Committee, Segal and Staff discussed whether there would be a need for triggering events to be included in policy if there is a change to triennial review. County CAO Muranishi said that the County is generally supportive of the longer review period, but would favor a policy with some flexibility in the event of a major change in circumstances. She emphasized that if ACERA considers policy changes such as including triggering events, employers, including the County, should be provided notice of the discussions and be given adequate opportunity to provide their input for consideration.

After considerable discussion the Committee directed Staff to consider the 3-year review period as part of the review of the Liability Management Policy which Staff is recommending undertaking. The Committee said that assuming the motion to review the policy passes Staff should include the review of economic assumptions on a triennial basis, and the review should consider whether triggering events should be included. Staff is to provide adequate notice and opportunity for discussion with the County and other participating employers.

Segal said that it would be necessary for them to begin the process of reviewing the economic assumptions very soon if the Board does not take action to change the review period. The Committee suggested that as an alternative to deciding immediately whether to change to triennial review the Board could decide to skip the review of economic assumptions this year and use the same assumptions for the 2011 valuation that were used this year. Staff then will have time to make their recommendation and the Board can act before the valuation the year following.

10-118

It was moved by Ophelia Basgal and seconded by Dale Amaral that the Board adopt for the Actuarial Valuation as of December 31, 2010, the same economic actuarial assumptions, including the assumed rate of return, used for the valuation as of December 31, 2009. The motion carried 7 yes, 0 no, and 0 abstentions.

Staff has recommended a comprehensive review of the Liability Management Policy. Because of the complexity of the issues and the potential fiscal impact of some changes to be considered Staff requested authorization to use the services of the Segal Company in conducting the policy review and developing recommendations for the Committee.

10-119

It was moved by Ophelia Basgal and seconded by Darryl Walker that the Board authorize staff review of the Liability Management Policy with the assistance of ACERA's Actuary. The motion carried 7 yes, 0 no, and 0 abstentions.

In the July 2010 Actuarial Committee meeting the Committee and the County asked Staff and Segal to begin providing projections of future contribution rates. Segal presented the first of their projections. Segal said that it should be remembered that these projections are illustrations, not predictions. They are sensitivity studies that show how rates would vary under various assumptions about earnings rates. The year-to-date earnings rate was 1.39% as of July. In the future this type of projection will be included in the annual review and actuarial valuation.

Staff presented a timeline for the RFP process for the next Actuarial Audit. The proposed timing of the audit will allow the auditors to review the actuarial valuation as of December 31, 2010 and recommended contribution rates before the recommended rates would go into effect in 2012. It is expected that there will be a pool of 5 or 6 firms that may be interested in responding to the RFP. The pool will include firms that have audited Segal in the past.

10-120

It was moved by Ophelia Basgal and seconded by Darryl Walker that the Board approve the September 7, 2010 Actuarial Committee minutes. The motion carried 7 yes, 0 no, and 0 abstentions.

Investment:

George Dewey noted that the Investment Committee met on September 8, 2010 at 9:08 a.m. and reported the following:

Staff completed its second review of ACERA's DB Policy since adoption and made necessary changes to the Policy. Some of the changes included the following: 1) update the two Appendices to the Policy and permit Staff to update these two Appendices quarterly or as needed; 2) reference Federal and California laws which apply to directed brokerage and soft dollar activities of investment managers and brokers/dealers; 3) clarify some terms in the DB Policy and/or reflect the current practice of the DB Program.

10-121

It was moved by George Dewey and seconded by Dale Amaral that the Board adopt amendments to the Directed Brokerage Policy. The motion carried 7 yes, 0 no and 0 abstentions.

Staff presented a comprehensive review of ACERA's DB Program since inception. Upon completion of the review, Staff concluded that, to date, ACERA has achieved all four goals as set forth in the DB Policy: (1) ACERA has recaptured 68% of its total directed commissions since inception of the DB Program in a timely manner; (2) all participating Investment Managers found that their necessary investment research had not been compromised due to the flexibility in the target percentages as assigned by ACERA's Trading Cost consultant – Zeno Consulting Group, LLC (Zeno); (3) ACERA's Investment Managers are actively seeking Best Execution; and (4) the brokers on the CAPIS Global Trading Network (GTN) have consistently provided ACERA's Investment Managers with a variety of brokerage firms to choose from including local and emerging brokers. In addition, Staff provided the Committee with a cost-benefit analysis which shows, as of the second quarter of 2010, a net gain of approximately $444K since inception (approximately $126K annually).

Staff and the Committee noted that none of the local and emerging brokers on CAPIS' Correspondent Broker list have actively participated in ACERA's DB Program to date. After much discussion (see Trustee/Public Input below), the Committee recommended and Staff agreed to the following actions: 1) post additional information regarding ACERA's DB Program on the ACERA website; 2) develop an Investment Manager directional letter with assistance from ACERA Legal Staff and CAPIS (ACERA's Third-Party DB Administrator) to define "local" and "emerging" brokers in compliance with California law; 3) finalize all amendments to the DB Policy; and 4) monitor the DB Program in accordance with the amended DB Policy. Staff also agreed to update the Committee on its progress of these four actions in a couple of months.

Zeno discussed recent developments and trends in the directed brokerage and commission recapture environment and provided an overview of the ACERA Investment Manager's participation. Zeno expressed its satisfaction with ACERA's DB Program and with CAPIS. Zeno also stated that Staff continues to perform exceptional due diligence work on the Program compared to its peers.

10-122

It was moved by George Dewey and seconded by Ophelia Basgal that the Board continue ACERA's Directed Brokerage Program. The motion carried 7 yes, 0 no and 0 abstentions.

Staff and SIS presented the process used to independently evaluate and rank the eight Request For Proposal (RFP) responses to ACERA's International Small Cap Equity manager search. Applying the Board-adopted Evaluation Matrix, Staff and SIS agreed on the same top four ranking managers who have demonstrated over-all excellence in both Staff's and SIS' evaluations as the short-listed candidates for this search. The top four candidates (in alphabetical order) are: American Century Investments, Franklin Templeton Investments, Pyramis Global Advisors, LLC, and William Blair & Company, LLC.

10-123

It was moved by George Dewey and seconded by Darryl Walker that the Board adopt American Century Investments, Franklin Templeton Investments, Pyramis Global Advisors, LLC, and William Blair & Company, LLC as the short-listed candidates for ACERA's International Small Cap Equity manager search. Upon completion of the site visits to these four candidates, Staff and SIS will recommend three finalists to the Committee for its interview and selection. The motion carried 7 yes, 0 no and 0 abstentions.

Staff conducted the second service review of ACERA's Third-Party DB Administrator – Capital Institutional Services, Inc. (CAPIS) and concluded that CAPIS fulfilled its roles and responsibilities as set forth in the DB Policy as well as its contractual obligations since inception with ACERA.

CAPIS answered Trustees' questions regarding various issues such as CAPIS' current process for adding brokers to the Global Trading Network, the utilization of step-out trades by some of ACERA's participating Investment Managers, and total commissions CAPIS has captured from ACERA's DB Program in 2009 and since inception of the Program. It also reported that commission rates appear to have stabilized in recent months after falling in previous years.

ACERA's total Fund returned -6.9% in the second quarter of 2010 and was ranked in the 97th percentile among public funds greater than $100 million. The Fund outperformed its Policy Index by 0.7% but underperformed the median public fund by 1.8%. Longer term, the three-year gross return of -4.8% (77th percentile) underperformed its Policy Index by 1.3% and five-year gross return of 2.7% (49th percentile) underperformed its Policy Index by 0.6%. The market value of the total Fund as of 6/30/10 was $4,456,445,546.

ACERA's real estate portfolio returned 1.3% in the second quarter of 2010, underperforming its benchmark NPI of 3.3% by 2.0%. Longer term, the three-year and five-year gross returns of -10.8% and -1.1% underperformed the benchmark by 6.1% and 4.9%, respectively. As of 6/30/10, the total market value of ACERA's real estate portfolio was about $245.0 million, approximately 5.5% of ACERA's total Fund.

Staff presented the first quarterly report on ACERA's securities lending activities. In the second quarter of 2010, ACERA's consolidated earnings from Securities Lending activities was $737,376.03. The Non-U.S. Equity program generated the highest earnings ($441,448.99). As of June 30, 2010, the market value of securities on loan was $561,764,464.60. Goldman Sachs & Co. was the largest borrower of ACERA's securities (33.85%).

In the second quarter of 2010, ACERA paid approximately $4.14 million in investment manager fees, about 9.30 bps of ACERA's total market value of about $4.45 billion. ACERA also paid approximately $294K in consultant and custodian fees, about 0.66 bps of ACERA's total market value.

In the second quarter of 2010, the total recaptured dollar amount for ACERA's Directed Brokerage (DB) Program was $37,417.44. For the quarter, TCW directed the highest percentage (26.22%) of trading volume and Pzena generated the largest directed commission dollar amount ($26,776.00). CAPIS received the highest total percentage of ACERA's directed trades (64.31%) among all correspondent brokers within the network. The program continues to operate in compliance with ACERA's DB Policy.

Staff has distributed a copy of the Investment Committee Workplan (Workplan) for the year 2010. This Workplan is subject to change without prior notice. An updated Workplan will be provided to the Committee on a quarterly basis.

In the second quarter of 2010, Staff received a total of 33 inquiries from prospective investment vendors and met with 12.

10-124

It was moved by George Dewey and seconded by Liz Koppenhaver that the Board adopt the September 8, 2010 Investment Committee minutes. The motion carried 7 yes, 0 no, and 0 abstentions.

NEW BUSINESS

Motion to Finalize Acting Chief Executive Officer's Compensation:

The Board took the following action regarding a salary compensation for ACERA's Acting CEO Catherine Walker:

10-125

It was moved by Annette Cain-Darnes and seconded by Darryl Walker that the Board approve a 7% increase in current salary from $178,630.40 to $191,134.52, and a $350 per month car allowance for ACERA's Acting CEO Catherine Walker. The motion carried 7 yes, 0 no, and 0 abstentions.

Acting Chief Executive Officer Report dated September 16, 2010:

Staff Accomplishments
ACERA HR Director Victoria Arruda and ACERA Associate Counsel Marguerite Malloy have enrolled in the HR Certificate Academy (10 courses) sponsored by the Alameda County Training & Education Center. The academy will begin on September 15, 2010 and end on June 9, 2011.

Major Project Updates
ACERA's Assistant Benefits Manager Sandra Duenas-Cuevas and ACERA's Assistant Benefits Manager Sharen Stanek-Lowe graduated from the CALAPRS Management/Supervisory Training with the Class of 2010.

As of August 26, 2010 all ACERA Departments completed their customized EDMS/OnBase training sessions. Currently, the Benefits department is successfully utilizing the EDMS system to access member electronic files to process work. All retired member files will be scanned by the end of September. The scanning of Active member files will begin in the 4th quarter.

Trustee-related issues
The ACERA Board of Retirement election is currently in the nomination period, which will end September 20, 2010.

Legislation
SB 1479 signed by the Governor: "(a) The board shall annually transfer, from the administrative budget established pursuant to Article 5 (commencing with Section 31580), an amount sufficient to fund the administrative costs of the programs reimbursed by the Supplemental Retiree Benefits Reserve."

Challenge: The Executive Team's challenge has been to understand and identify all of the impact to ACERA by this legislation.

Strategy: The Executive team met with Hanson and Bridget (ACERA's tax counsel) and The Segal Company (ACERA's actuary) to discuss the impact of this legislation and develop a plan to address them. The Board has asked Staff to conduct a legal analysis of AB 1479 for clarification and report its findings to the Operations Committee in a timely manner.

SACRS bill AB 609 (Conway) is currently on the Governor's desk. SACRS is requesting that all SACRS member systems write a letter, before September 30, 2010, urging the Governor to sign the bill into law. Specifically, AB 609 changes the administrative expenditure formula from 18/100 of 1% of total assets to 21/100 of 1% of accrued actuarial liability. In addition, the bill establishes a minimum administrative level of $2,000,000 or higher, if assets support a higher amount. This provision is necessary to ensure that very small county systems have a dependable funding level.

Staff presented ACERA AB 609 Administrative Cost Cap Information. Staff also shared a sample letter regarding ACERA's request for the Governor to sign AB 609. Since this item was presented to the Board as information only and does not require Board action, Staff can send a letter in support of the Assembly Bill.

CONFERENCE REPORTS

None.

ANNOUNCEMENTS / PUBLIC /BOARD INPUT

Board members reiterated the importance of receiving all information from ACERA in a timely manner. It was noted, however, that if for some reason information is received later than usual, Staff should still communicate with the Board that information will be available as soon as possible.

A Board member inquired of Staff regarding a recent court case mandating CalPERS to disclose information about a failed investment. Staff informed the Board that it was aware of the case and assured the Board that it did not materially impact how ACERA handles disclosure of traditional or alternative investment information.

ESTABLISHMENT OF THE NEXT MEETING

Thursday, October 21, 2010 at 2 p.m.

ADJOURNMENT INTO CLOSED EXECUTIVE SESSION

Conference with Legal Counsel – Anticipated Litigation
Significant exposure to litigation pursuant to Government Code Section 54956.9 (b)(3)(c): (1 case)

RECONVENE INTO OPEN SESSION TO ANNOUNCE ANY ACTION TAKEN IN CLOSED EXECUTIVE SESSION

The Board reconvened and reported the following:

Chief Counsel updated the Board regarding a development that posed significant exposure to litigation. No action was taken by the Board.

ADJOURNMENT

The meeting adjourned at 3 p.m.

Respectfully Submitted,

__________________________ __________________________

Catherine Walker Date Adopted
Acting Chief Executive Officer

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

ARTEAGA, Robert M.
Effective: 7/17/2010
Alameda County Fire Department

CHEW, Cindy C.
Effective: 3/20/2010
Alameda County Medical Center

COHEN, Lora
Effective: 4/1/2010
Livermore Area Recreation & Park District

COOPER, Shirley J.
Effective: 7/3/2010
Superior Court

COPENHEAVER, William K.
Effective: 6/27/2010
Community Development Agency - DEF

DRUCKER, Laura R.
Effective: 5/29/2010
Health Care Services

ERICKSON, Kelly J.
Effective: 6/3/2010
Social Services Agency-DEF

FERBER, Catherine
Effective: 7/1/2010
DRO

GREEN, Shirley A.
Effective: 6/3/2010
Social Services Agensy -DEF

HOLLAND, Angela J.
Effective: 4/3/2010
Alameda County Medical Center

HOWARD, Bertha L.
Effective: 5/27/2010
Superior Court

LIGH, Wilbert L.
Effective: 7/10/2010
Superior Court - DEF

LYTLE, GLENDA R.
Effective: 7/17/2010
Alameda County Medical Center

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

MARTINEZ, Kenneth E.
Effective: 1/16/2010
Sheriff's Office

NALIWSKI, Christine A.
Effective: 6/25/2010
Sheriff's Office

PANELO, Milagros
Effective: 4/1/2010
Social Services Agency

PICETTI, Cynthia J.
Effective: 4/1/2010
Auditor-Controller's Agency

RANTZMAN, Jon A.
Effective: 3/31/2010
Superior Court

RESUELLO, Amparo M.
Effective: 5/15/2010
Social Services Agency

SECREASE, Stephanie E.
Effective: 5/1/2010
Social Services Agency

SMITH, Robert J.
Effective: 5/8/2010
Public Works Ageny

TAYLOR, Ethert M.
Effective: 5/29/2010
Superior Court

TOM, Philip J.
Effective: 6/28/2010
Public Works Agency - DEF

WARD, William C.
Effective: 5/15/2010
Information Technology Department

WINTHERS, Pamela W.
Effective: 4/1/2010
Social Services Agency

APPENDIX D
LIST OF DECEASED MEMBERS

ARMSTRONG, Thomas E.
7/26/2010
Social Services Agency

BORBA, Joy Lou
8/5/2010
District Attorney

COTTER, Cecilia L.
7/30/2010
Non-Mbr Survivor of William T. Cotter

DOWNS, Lilla
7/23/2010
Alameda County Medical Center

GARDINER, Clarence I.
8/4/2010
Health Care Services

GRAY, Paula K.
7/30/2010
Superior Court

GROVE, Magdalene A.
8/14/2010
Alameda County Medical Center

JOHNSON, Charles K.
8/4/2010
General Services Agency

KLEINMAN, Goldy D.
6/17/2010
Non-Mbr Survivor of David S. Kleinman

LUM, Philip W.
7/29/2010
Sheriff's Office

MATTHEWS, James V.
8/8/2010
Sheriff's Office

MC KINNEY, James J.
8/8/2010
Auditor-Controller's Agency

MORANTON, Marcel
8/14/2010
Public Works Agency

APPENDIX D
LIST OF DECEASED MEMBERS

MURRI, Ina M.
7/17/2010
Alameda County Medical Center

OSTRAND, Carl R.
8/30/2010
Sheriff's Office

PILKER, James W.
8/24/2010
Alameda County Employees' Retirement Association

REGO, Gladys A.
8/6/2010
Alameda County Medical Center

STEWARD, Dorothy
8/13/2010
Non-Mbr Survivor of Morris E. Steward

SUTTON, James A.
7/23/2010
Sheriff's Office

THOMPSON, Erma J.
8/24/2010
Alameda County Medical Center

THOMPSON, Esther
8/25/2010
Public Works Agency

TREAN, Tony
8/3/2010
Sheriff's Office

APPENDIX D
LIST OF DECEASED MEMBERS

TWIST, Barbara L.
8/5/2010
Library

U'REN, Jeanette
8/21/2010
Non-Mbr Survivor of Robert M. U'Ren

WILLIAMSON, Robert T.
7/31/2010
Public Works Agency

APPENDIX E
REQUEST FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT

TERRY, David A.
Government Code §31652

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Bryant, Siandra**
Type of Claim: Annual Review for SCD (Granted on 6/18/2009)

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to continue the allowance for service connected disability and to not require future annual medical examinations and questionnaires at this time.

Name: **Joubert, Christopher**
Type of Claim: Annual Review for SCD (Granted on 5/22/2008)

Staff's Recommendation:

Approve the recommendation contained in Dr. Belfer's report, to continue the allowance for service connected disability and to require future annual medical examinations and questionnaires.

Name: **Little, Douglas**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Mr. Little a service connected disability retirement. Since Mr. Little is over 55 years old, future annual medical examinations and questionnaires will not be required.

MEMORANDUM TO THE RETIREES COMMITTEE

DATE:	October 4, 2023
TO:	Members of the Retirees Committee
FROM:	Ismael Piña, Assistant Benefits Manager Mike Fara, Communications Manager MF
SUBJECT:	**Final Report on Open Enrollment Preparation and Communications Materials, and Virtual Health and Wellness Fair Arrangements**

ACERA's Open Enrollment period is approaching for our group plans. The attached presentation will be reviewed at the Retirees Committee meeting.

Attachment

Open Enrollment Preparations

STATUS REPORT

Retirees Committee Meeting
October 4, 2023

ACERA

Open Enrollment Details

- Sept. 26 – Open enrollment packet materials finalized and sent to printer
- Oct 2. – Health Fair postcard mailing date
- Oct. 8 – Health Fair email blast/web news release targeted date
- Oct. 12 – Open enrollment packets targeted mailing date
  - Visit www.acera.org/OE for e-copies of full packet
  - DocuSign and PDF versions of Enrollment forms (medical, dental, vision) available at www.acera.org/enroll

Open Enrollment Details (continued)

- Oct. 15 to Dec. 15 – Via Benefits open enrollment period
  - Oct. 15 to Dec. 7 – Medicare O/E
  - Nov. 1 to Dec. 15 – Non-Medicare O/E
- Oct. 26 – Virtual Retiree Health and Wellness Fair
- Nov. 1 to Nov. 30 – Group plan open enrollment period
- Jan. 1 – Via Benefits plans effective date
- Feb. 1 – ACERA group plans effective date

Open Enrollment Packet

- Envelope
- Intro letter
- Retiree Enrollment Guide
- “Making your Via Benefits Reimbursements Easier” pamphlet
- “Getting Your Affairs in Order” end-of-life planning flyer
- Health Fair flyer
- 3 Carrier flyers (Kaiser, Delta Dental, VSP)

ACERA Virtual Retiree Health and Wellness Fair

- **When:**

  Thursday, October 26, 2023

- **Start Time:**

  10:00 AM

  Event will be available for On-Demand for later viewing at your leisure

- **Location:**

ACERA’s website:
www.acera.org/healthfair

Virtual Retiree Health and Wellness Fair

- Visit virtual health fair watch live presentations from carriers and vendors
- Access vendor virtual resources and learn about their services and benefits offered
- “Back Care” presentation from Kaiser
- Learn how to safely perform exercises by clicking on the links and watching videos
- View event from any internet-connected device anywhere
- Complete the ACERA Survey to be entered into a drawing for a chance to receive a gift

ACERA ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
475 14th Street, Suite 1000
Oakland, CA 94612
ATTN: Open Enrollment

Presorted Standard
U.S. Postage
PAID
Oakland, CA
Permit NO. 2285

2024 Healthcare Enrollment Packet

Example Name Here
12354 Street Lane
San Francisco, CA 12345

Open Immediately to:

- ☐ Make healthcare enrollment changes
- ☐ Learn about changes to plans
- ☐ Explore 2024 enhancements to dental, vision, and Kaiser plans
- ☐ Learn about Silver&Fit continuation
- ☐ Get your invitation to our Virtual Health Fair

ALAMEDA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

475 14th Street, Suite 1000
Oakland, CA | 94612

Dear ACERA Member,

This is your annual opportunity to review your healthcare options provided by ACERA. In this packet, you'll find the ACERA 2024 Retiree Enrollment Guide containing information about the ACERA-sponsored healthcare plans. Review the new monthly healthcare premiums for the next year starting on page 3. The Monthly Medical Allowance will increase for the 2024 plan year.

Timeline to Make Changes

Annual benefit enrollment decisions can only be made during the Open Enrollment period outlined on the back of this letter unless you experience a qualifying event. For qualifying events, you must notify ACERA in writing within 30 days of the event. To find out more about qualifying events, visit www.acera.org/enrollment.

Check out the back of this letter for a quick start guide. Detailed instructions on how to make changes are contained in the enclosed Enrollment Guide. We hope you find this packet of information useful and a resource throughout 2024.

(800) 838-1932
(510) 628-3000
fax: (510) 268-9574
www.acera.org

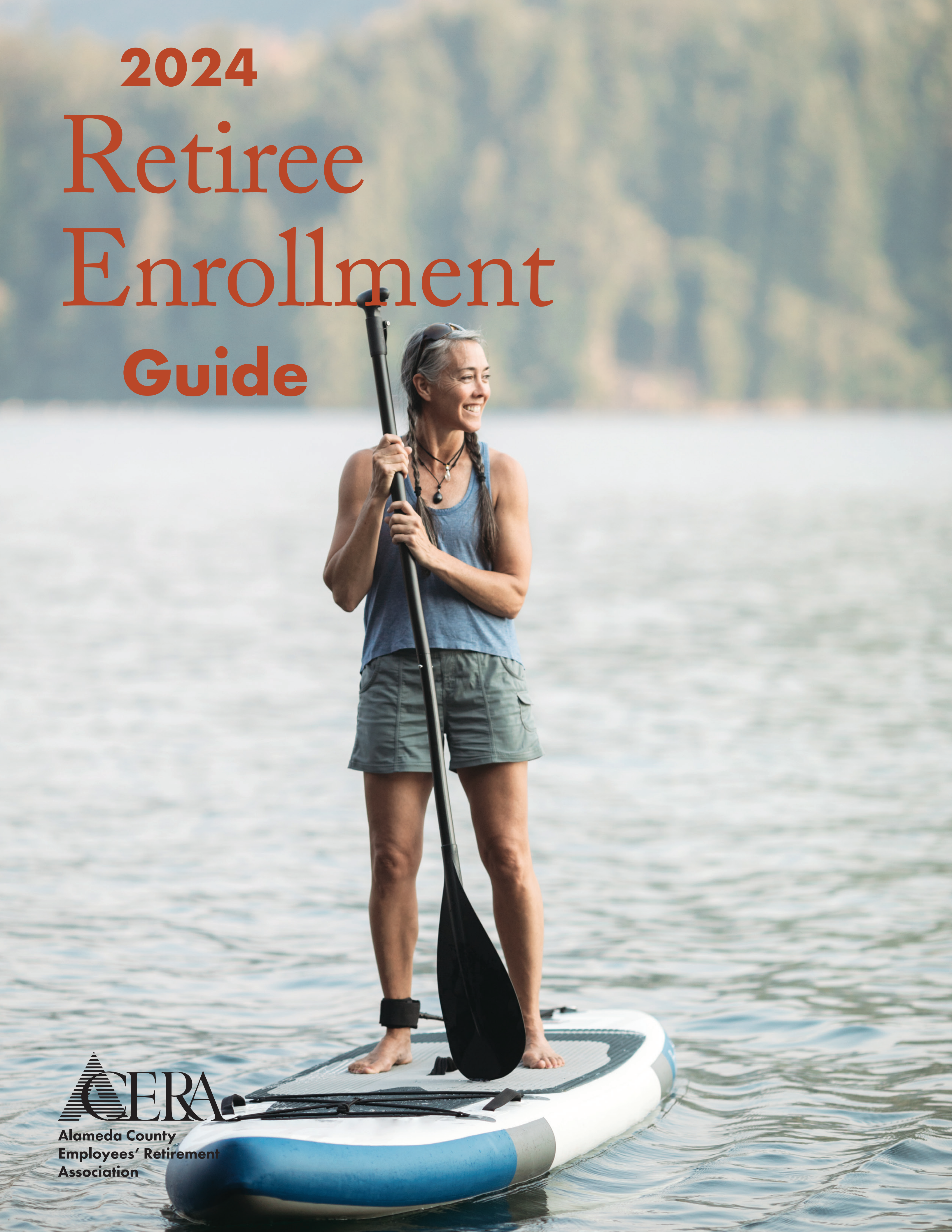
Sincerely,

Dave Nelsen

Chief Executive Officer

October 2023

2024 Retiree Enrollment Guide



ACERA
Alameda County Employees' Retirement Association

Quick Start Guide

Who **DOES** need to take action?

ACERA members who want to make changes to their medical, dental, and/or vision plan(s)

Who **MAY WANT** to take action?

- Kaiser Permanente HMO and UnitedHealthcare SignatureValue HMO members: the UnitedHealthcare SignatureValue Advantage network plan, which is a select group of high-quality and cost-effective providers, is 35% cheaper than the regular UHC SignatureValue plan and 8% cheaper than the Kaiser Permanente HMO. If you want to consider changing to this plan—see page 3.
- Newly Medicare-eligible members with 10+ years ACERA service credit: you will probably want to enroll in the Medicare Part B Reimbursement Plan for help with your Medicare costs—see page 24.
- Medicare-eligible members in a Via Benefits plan may want to review whether their drug plan is still the best option based on changes in cost and their current needs—see page 14.

Who **DOES NOT** need to take action?

Members who don't want to make changes to their medical, dental, and/or vision plan(s).

Open Enrollment Periods and Plan Years

ACERA Healthcare Plans	Open Enrollment Period	Plan Year
Kaiser Permanente HMO California (non-Medicare)	November 1, 2023 - November 30, 2023	February 1, 2024 - January 31, 2025
Kaiser Permanente Senior Advantage California (Medicare)		
UnitedHealthcare SV HMO and SVA HMO (non-Medicare)		
Delta Dental		
Vision Service Plan (VSP)		
Via Benefits Non-Medicare Plans	November 1, 2023 - December 15, 2023	January 1, 2024 - December 31, 2024
Kaiser Permanente Individual Non-Medicare Plans (outside California)		
Via Benefits Medicare Plans	October 15, 2023 - December 7, 2023	
Kaiser Permanente Individual Medicare Plans (outside California)		

Table of Contents

Introduction

Health Plan Information You Need to Know

This annual guide provides information about the ACERA-sponsored health plans available to retired members, non-member payees (e.g., surviving spouses/domestic partners), and their eligible dependents. It includes details about medical, dental, and vision plan premiums and subsidies, changes to coverage options, dependent documentation requirements, as well as information about the 2024 plan year Open Enrollment period, process, and deadlines.

Review Your Materials—It's Up to You

We encourage you to take the time to carefully review this guide and share it with your family as you consider your benefit needs for the coming year. It's up to you to understand your benefits, how they work, and how to take action. Keep it for ongoing reference about your health plan benefits should you have questions or need information. Also, be sure to refer to the back page of this guide—it lists ACERA's and our health plan providers' contact information.

Open Enrollment for Plan Year 2024

ACERA's Open Enrollment period provides retirees, eligible dependents, and COBRA participants the annual opportunity to enroll in a health plan or change coverage for medical, prescription drug (with Medicare), dental, and/or vision plans for the upcoming plan year. Review the inside cover of the guide to see what the Open Enrollment period dates are for each healthcare plan.

Additionally, review the inside cover of the guide to see if you need to take action. If you're enrolled in an individual Medicare plan through Via Benefits, you may want to take this time to review how well your Medicare Part D plan covers your prescription drugs and review any changes in coverage or cost for 2024. You may also take the opportunity to change Medicare supplement plans.

Instructions on how to take action and whether you need to submit enrollment forms are on page 5.

What's New For 2024

Dental and Vision Premium Changes

Dental and Vision Monthly Premiums (Retiree Only)						
Dental & Vision Plans	0-9 Yrs. of ACERA Service (Voluntary Enrollment)			10+ Yrs. of ACERA Service (Mandatory Enrollment)		
	2023	2024	% Change	2023	2024	% Change
Delta Dental PPO	$74.78	$74.60	-0.2%	$51.24	$51.05	-0.4%
DeltaCare USA	$31.05	$31.05	0.0%	$22.18	$22.18	0.0%
VSP Standard	$ 6.69	$ 6.69	0.0%	$ 4.63	$ 4.63	0.0%
VSP Premium (Buy-Up)	$18.43	$18.43	0.0%	$16.63	$16.63	0.0%

Medical Monthly Premium Changes

Between 2020 and 2023, the County negotiated three rate decreases to the Kaiser Permanente Senior Advantage (KPSA) plan, making the 2023 premium 23.0% lower than the $411.54 premium in 2020. Prices can't drop indefinitely, so in 2024, the KPSA plan will experience an 11.8% increase. However, the new $354.31 premium will still be 13.9% cheaper than the $411.54 premium in 2020.

Medical Monthly Premiums (Retiree Only)			
Plans	2023	2024	% Change
Kaiser HMO	$ 909.74	$ 1,037.76	14.1%
Kaiser Senior Advantage	$ 316.81	$ 354.31	11.8%
UHC SV HMO	$ 1,290.92	$ 1,464.90	13.5%
UHC SVA HMO	$ 843.94	$ 957.68	13.5%
Via Benefits plans	Premiums for individual plans through Via Benefits depend on which plan you select.		

The new premiums for group plans will be withheld from your January 2024 retirement check. See page 26-28 for more premium information.

Monthly Medical Allowance Will Increase

The Monthly Medical Allowance (MMA) will increase by 3.125% for 2024. See pages 22-23 for the MMA amounts.

ACERA Continues Silver&Fit Healthy Aging and Exercise Program for Kaiser Permanente Senior Advantage Medicare Plan

ACERA will continue Kaiser's Silver&Fit for the 2024 plan year for members enrolled in the Kaiser Permanente Senior Advantage Plan (Medicare members). Silver&Fit includes a no-cost gym membership at one of over 15,000 participating fitness centers. Or if you prefer to work out at home, choose a Home Fitness Kit at no cost to you. Track your fitness on the Silver&Fit mobile app, and attend some of the 48 Healthy Aging classes. Visit www.silverandfit.com to register now.

Kaiser offered the program at no cost to ACERA for 2022 on a trial basis for one year. ACERA continued it through 2023 and renewed it for 2024 for a cost of $2.80 per member / per month.

ACERA Will Increase Delta Dental PPO Maximum to $1,900

Last year for the 2023 plan year, ACERA's Board enhanced the Delta Dental PPO by excluding diagnostic and preventative services (e.g., your semi-annual checkups and associated services) from counting against your annual maximum and increasing the annual maximum for members visiting non-PPO dentists to $1,300 to match the maximum for PPO dentists. For the

2024 plan year, ACERA's Board has increased the annual maximum to $1,900, which you can spend regardless of which dentist you visit.

Hearing Aid Benefit Continues for Non-Medicare Kaiser Members

ACERA added a hearing aid benefit to the non-Medicare Kaiser Permanente HMO for the 2023 plan year, which provides a $1,000 benefit per ear every 36 months. ACERA's Board approved continuation of this benefit for the 2024 plan year.

UHC Advantage Plan Remains Our Lowest-Priced Early-Retiree Plan

The UnitedHealthcare (UHC) SignatureValue Advantage Plan for non-Medicare-eligible members—a plan with a narrower network of high-performing healthcare providers—remains our lowest-priced early-retiree plan, making it 35% cheaper for the 2024 plan year than the regular UnitedHealthcare SignatureValue Plan and 8% cheaper than the Kaiser Permanente HMO.

The SignatureValue Advantage Plan includes the Canopy Health alliance of over 6,000 doctors, dozens of care centers, and numerous renowned local hospitals, spanning 10 Bay Area counties. Visit www.canopyhealth.com to search for doctors and services. (The higher-priced UHC plan does not include Canopy Health.) If you are currently enrolled in the higher-priced UHC plan, you may find that you can keep your same doctors and providers under the much cheaper SignatureValue Advantage Plan; the county has found this to be true for most participants.

See page 12 for plan coverage details and follow the directions on pages 5-6 if you'd like to switch to the UHC SignatureValue Advantage Plan. To confirm available providers, contact UnitedHealthcare; see the back cover of this guide for contact information.

Delta Dental Continues SmileWay Wellness Benefits

Gum disease is associated with a number of systemic conditions, and people with certain chronic diseases may benefit from additional periodontal (gum) cleanings. Your dental plan offers the SmileWay benefit which provides additional cleaning benefits if you have been diagnosed with diabetes, heart disease, HIV/AIDS, rheumatoid arthritis, or stroke.

Via Benefits Discontinues iHEAR

Via Benefits has discontinued its contract with iHEAR to provide hearing aid discounts for the 2024 plan year. Members enrolled in individual plans through Via Benefits may still have hearing aid coverage or discounts provided by their insurance carrier and should review their plan documents or contact their carrier for more information. Additionally, all of our group plan carriers provide either a hearing aid benefit or discounts on hearing aids, including Kaiser Permanente, UnitedHealthcare, Delta Dental, and VSP. See page 16 for more information.

2023 Virtual Wellness Fair

Here's to a Healthier You

2023 **ACERA**

Virtual Retiree Health & Wellness Fair

Live wellness presentations

Starting on Zoom
at 10 am PST
Thursday, October 26, 2023

REGISTER

www.acera.org/healthfair

Pre-register for instant access and entry to win prizes

Visit Later!

After the live presentations, visit the virtual health fair anytime during open enrollment to access recordings of the live presentations and other great resources.

KAISER PERMANENTE
UnitedHealthcare
DELTA DENTAL
VSP individual vision plans
VIA BENEFITS
CASA Court Appointed Special Advocates FOR CHILDREN — CALIFORNIA CASA
HiCAP Health Insurance Counseling and Advocacy Program
County of Alameda California — Deferred Compensation
California Telephone Access Program
The Neptune Society of Northern California
AC Transit
East Bay Regional Park District
Prevent Elder Abuse — Alameda County District Attorney's Office
Alice Home Care — powered by honor
PG&E
LIFE ElderCare
SOS Service Opportunity for Seniors | meals on wheels
ACERA Alameda County Employees' Retirement Association

Making Your Via Benefits Reimbursements Easier

IF YOU'RE ENROLLED in a medical insurance plan—and often a prescription drug coverage plan—through Via Benefits, you pay a monthly premium for each plan to each insurance company. If you use your coverage to go to the doctor or get a prescription, you may have to pay deductibles or copays to the doctor or pharmacy.

If you're eligible for ACERA's Monthly Medical Allowance (MMA)*, you can get reimbursed for some or all of those premiums, deductibles, and copays, depending on how much MMA you're eligible for. Instructions and reimbursement forms are available from Via Benefits, but here are some helpful hints from ACERA, as well as some frequently asked questions.

How do I know if I am eligible for the Monthly Medical Allowance (MMA)?

Eligibility for the Monthly Medical Allowance is based on how many years of ACERA service credit you earned before you retired:

		Non-Medicare Plans		Medicare Plans	
Years ACERA Service	Portion of MMA	2024 MMA Amount	Annual Total for 2024	2024 MMA Amount	Annual Total for 2024
0-9 yrs.	No MMA	-	-	-	-
10-14 yrs.	1/2	$317.69	$3,812.22	$243.37	$2,920.44
15-19 yrs.	3/4	$476.53	$5,718.33	$365.06	$4,380.66
20+ yrs.	Full	$635.37	$7,624.44	$486.74	$5,840.88

* Just a reminder, the MMA is a non-guaranteed (non-vested) benefit that may be adjusted or eliminated at any time by the Board of Retirement to ensure sustainability of non-vested benefits.

The dollar amount you're eligible for every month can be used for premiums, deductibles, and copays for both your medical insurance plan and prescription drug plan (if you're in a separate prescription drug plan). Dependents such as your spouse or domestic partner are not eligible for the MMA.

How do I pay my monthly premiums?

There are two ways to pay your monthly premiums:

1. **DIRECT PAY** Pay it directly from your bank account automatically each month. You probably set this up already when you called Via Benefits to enroll. If you didn't, but want to set it up now, there's a "coupon" in the "coupon book" your insurance carrier sent you that is called something similar to "Auto Pay Form." You simply mail the completed form with a voided check to your insurance carrier.

2. **MAIL A CHECK TO YOUR INSURANCE CARRIER EACH MONTH.** If you didn't set up direct pay from your bank account, you received a "coupon book" from your insurance carrier; the "coupons" are monthly reminders of the premium amount you owe that you need to mail to your insurance carrier each month to continue your insurance coverage. Some carriers don't provide coupon books, but simply provide a statement every month. Don't forget to mail your payment in each month to your carrier, or they may drop your coverage.

How do I get reimbursed for the money I'm paying for premiums, deductibles, and copays?

If you're eligible for the MMA, you can get reimbursed for premiums (the monthly cost of your plan), deductibles, and copays for both your medical insurance plan and prescription drug plan up to your annual limit. Reimbursements are paid to you out of a Health Reimbursement Account (HRA) at Via Benefits. Via Benefits manages your HRA because they have the administrative capability to work with hundreds of types of healthcare plans. ACERA provides the funds for your HRA. There are 3 types of reimbursement options: automatic premium reimbursements, recurring premium reimbursements, and out-of-pocket medical expense reimbursements.

Automatic Premium Reimbursements

If you're eligible for the MMA, you can get reimbursed for your monthly premium payments automatically each month. The easiest option is an automatic reimbursement. If your insurance carrier offers this reimbursement option, they'll communicate with Via Benefits each month to automatically process your reimbursement—no paperwork needed. Ask your Via Benefits Representative to set this up.

Recurring Premium Reimbursements

If your carrier doesn't offer automatic premium reimbursement, you can set up a recurring premium reimbursement with Via Benefits. Simply fill out the "Enter Premium Expenses" section of the **Reimbursement Request Form**, attach backup documentation, and mail or fax it to Via Benefits.

VIA BENEFITS™

Reimbursement Request Form

11122233344455566677770

Account ID: 1234567899
GROUP NAME, LLC

John Sample
1234 Street Name
Any Town, State 00000
United States

Submit requests online
Submit requests online at **my.viabenefits.com/Funds** for processing up to **10 days faster**.

Step 1. Prepare your request

- Check your name and address above, as you can only use your own form.
- Collect your **required supporting documentation**, as we need it to process your request. (See back for details.)

Step 2. Add your expenses to the correct table

Enter premium expenses
(Your request will be considered for recurring reimbursement based on your documentation and plan rules.)

Coverage Period (e.g., 01/01/2020 - 12/31/2020)	Premium Type (e.g., Medical)	Carrier (e.g., Humana)	Individual Serviced (e.g., John Doe)	Monthly Amount (e.g., $200.00)
1	2	3	4	5

Enter out-of-pocket medical expenses

Date of Service (e.g., 01/01/2020)	Expense Type (e.g., Copay)	Provider (e.g., Dr. Smith, CVS)	Individual Serviced (e.g., John Doe)	Amount (e.g., $100.00)

Certification
By submitting this Reimbursement Request Form, I certify that the information provided is correct and complete. I also certify that the expenses provided were incurred for the individual serviced while eligible under the plan on or after its effective date. I certify the expenses haven't been reimbursed in any other way from another source, and the expenses won't be submitted for future reimbursement from another source. **I certify that I'll notify Via Benefits if my coverage is changed or cancelled** at **my.viabenefits.com/funds** or 1-800-888-8888 (TTY: 711). (Continue on next page.)

951001-200506-ReimbursementRequestForm

How to Get Forms

Get all of these personalized, barcoded forms by logging into your Via Benefits account:

Early Retirees: www.acera.org/via

Medicare Retirees: www.acera.org/via-med

Or call: **1-888-427-8730**

1. **Coverage Period:** Write the current calendar year, e.g., 01/01/2024 - 12/31/2024.
2. **Premium Type:** Write "Medical" or "Prescription Drug".
3. **Carrier:** Write the name of your insurance carrier.
4. **Individual Serviced:** Always write "Self" here. ACERA does not cover spouses.
5. **Monthly Amount:** Write the monthly premium amount from your insurance carrier.

Getting Your Affairs in Order

ACERA
ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Although nobody ever really wants to think about their own death, preparing for your death in advance will ease your burdens at the end of your life and will help your loved ones make decisions during a time of emotional upheaval and loss.

Review Beneficiaries

Ensure your beneficiary information is up to date by reviewing your ACERA account at acera.org/login.

Start a Conversation

Talk about your wishes for your end of life care with your loved ones. This conversation can provide a shared understanding of what matters most to you and your loved ones. It can make decisions easier when the time comes. These conversations can seem daunting. Visit The Conversation Project at acera.org/login for a Conversation Starter Kit and tons more resources.

Review Finances

Review your finances (debts and assets) with your loved ones. Make sure they are aware of where your assets and documents are kept. Include your children in this review if any of the money matters involve them. Give them the combination to your safe.

Discuss Burial Wishes

Discuss different funeral and burial options, and let your family know what you prefer or what arrangements you have already made.

Make a Will

Every adult should have a will. It's a good idea to see an estate-planning attorney to have your will done according to your wishes, especially if you have a more complicated estate. However, if expense is an issue or you believe your situation is fairly simple, you can make your own will for free: try www.doyourownwill.com.

Complete an Advance Healthcare Directive

Download and complete an Advance Healthcare Directive. It helps your loved ones make decisions about your health if you are incapacitated and can't make them. AARP has provided fillable directives for each U.S. state, and they include a designation of your agent or power of attorney for healthcare: acera.org/advance.

Make a Life Planning File

Get a folder, manilla envelope, or other container and put the following items in:

1. **Personal documents** — birth certificates, passports, Social Security information, marriage certificate, divorce decree, military discharge papers, naturalization papers, your and your loved one's wills, advanced healthcare directives, adoption papers, power of attorney, trust agreements, and burial instructions.
2. **Retirement and death benefit information** — ACERA's phone number and website, contact information for other pensions you have, and contact information for organizations for which are eligible for death benefits.
3. **Income tax information** — copies of both state and federal income tax returns for the last two years.
4. **Property information** — titles and deeds to your house and other property, copies of property tax bills, mortgage documents, house and burial plot deeds, liens, and other related information.
5. **Insurance policies** — life, auto, homeowners, property, accident, liability, and hospitalization policies.
6. **Bank and financial accounts** — include locations of all checking and savings accounts, CDs, brokerage accounts, deferred compensation accounts, safe deposit boxes, savings bonds, stocks, bonds and any other securities owned.
7. **Credit cards** — account numbers, phone numbers, and addresses.
8. **Associations and organizations of which you are a member** — some of them could be helpful to your loved ones.
9. **Friends and business associates** who could be helpful. Also include names and numbers of your attorney, accountant, stockbroker, financial planner, insurance agent, and executor/executrix of your will.
10. **Survivor Checklist** — A copy of ACERA's Survivor Checklist. acera.org/survivor-checklist

Review ACERA's Survivor Checklist

We've prepared a checklist for your survivors. Review the checklist with your beneficiaries to get an idea of what your survivors will need to do after your death. The checklist includes documents you can provide ACERA in advance to ensure efficient payment of death benefits to your beneficiaries. acera.org/survivor-checklist

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: October 4, 2023

TO: Members of the Retirees Committee

FROM: Ismael Piña, Assistant Benefits Manager

SUBJECT: **Annual Medicare Part D Certificate of Coverage Notice**

The Medicare Modernization Act (MMA) requires entities to annually notify Medicare eligible policyholders whether their prescription drug coverage is "creditable coverage", which means the coverage is expected to pay on average as much as the standard Medicare prescription drug coverage. The Centers for Medicare and Medicaid Services (CMS) requires all plan sponsors, such as ACERA, of health plans that provide prescription drug benefits to provide a Certificate of Creditable Coverage Notice to all plan participants prior to the Part D enrollment period.

Due to the Patient Protection and Affordable Care Act (PPACA), the open enrollment period for Medicare Part D is from October 15th through December 7th. This Notice will be mailed and received prior to the October 15th deadline. A PDF copy of the Certificate of Creditable Coverage Notice will also be available for download from ACERA's website prior to the October 15th deadline. Retirees enrolled in individual medical plans through Via Benefits will also receive this Notice directly from their individual medical carriers.

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: October 4, 2023

TO: Members of the Retirees Committee

FROM: Ismael Piña, Assistant Benefits Manager

SUBJECT: **Via Benefits Updates**

This memo is to provide the Retirees Committee with information on the Via Benefits updates.

- The Via Benefits Medicare Fall Newsletters were mailed out starting August 28th through September 4th to the Medicare enrollees.
- Balance Reminder Statements for Health Reimbursement Account holders were mailed out on September 18th.
- The Pre-65 Fall Newsletters will be mailed in phases starting on October 19th.