Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

RETIREES COMMITTEE/BOARD MEETING
NOTICE and AGENDA

THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE PER GOV'T CODE § 54953(e)

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 5, 2022
10:30 a.m.

ZOOM INSTRUCTIONS	COMMITTEE MEMBERS	
The public can view the Teleconference and comment via audio during the meeting. To join this Teleconference, please click on the link below. https://zoom.us/join Meeting ID: 879 6337 8479 Password: 699406 Call-in Number: 1 669 900 6833 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	**LIZ KOPPENHAVER, CHAIR**	**ELECTED RETIRED**
	HENRY LEVY, VICE CHAIR	**TREASURER**
	DALE AMARAL	**ELECTED SAFETY**
	KEITH CARSON	**APPOINTED**
	KELLIE SIMON	**ELECTED GENERAL**

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.

The order of agenda items 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 available online at www.acera.org.

Note regarding public comments: Public comments are limited to four (4) minutes per person in total.

Note regarding accommodations: The Board of Retirement will provide reasonable accommodations for persons with special needs of accessibility who plan to attend Board meetings. Please contact ACERA at (510) 628-3000 to arrange for accommodation.

Call to Order: 10:30 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, 2021.

   - Dave Nelsen
   - Segal

   Recommendation
   Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to accept the December 31, 2021 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal.

2. **Discussion and Possible Motion Regarding Potential Increase to Retired Member (Lump Sum) Death Benefit**

   Staff recommends that the Retirees Committee make a recommendation to the Board of Retirement about whether to increase the Retired Member (lump sum) Death Benefit.

   - Dave Nelsen

3. **Discussion and Possible Motion Regarding Potential Reauthorization of Active Death Equity Benefit (ADEB)**

   Staff recommends that the Retirees Committee make a recommendation to the Board of Retirement about whether to reauthorize the Active Death Equity Benefit (ADEB).

   - Jeff Rieger

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

1. **Supplemental Retiree Benefit Reserve Financial Status**

   Statement of additions and deductions to the Supplemental Retiree Benefit Reserve for the period ending June 30, 2022.

   - Erica Haywood

2. Final Report on Open Enrollment Preparation and Communications Material

Report on the final stages of preparing the communications pieces for ACERA's annual Open Enrollment for the Plan Year 2023.

- Mike Fara

3. Miscellaneous Updates

Staff will update the Committee on any recent benefit issues affecting ACERA retirees.

- Ismael Piña
- Segal

Trustee Remarks

Future Discussion Items

- Adoption of Medicare Part B Reimbursement Plan Benefit for 2023
- Adoption of Updates to Appendix A of 401(h) Account Resolutions

Establishment of Next Meeting Date

December 7, 2022, at 10:30 a.m.

Adjournment

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: October 5, 2022

TO: Members of the Retirees Committee

FROM: Dave Nelsen, Chief Executive Officer DN

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, 2021**

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 2042 and Non-OPEB benefits in 2044. The results of this December 31, 2021 valuation indicate that the terminal year of OPEB benefits is projected to be 2046, with full benefits paid through 2045 for a total of 24 full years and one partial year. The terminal year of Non-OPEB benefits is projected to be 2043, with full benefits paid through 2042 for a total of 21 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 2045, one year earlier than the final valuation. The reason for the change is that Segal's preliminary report was based on estimated medical plan premiums and subsidies for 2022 and future years using its trend assumptions. The final valuation report used the actual 2023 premiums and subsidies. On average, the premium increases for non-Medicare plans were higher than the expected 7.50% increase from 2022 to 2023, and the premium change (a decrease) for the Medicare plan (Kaiser Senior Advantage) was much lower than the expected 6.50% increase from 2022 to 2023.

The main reason the terminal year of the SRBR for non-OPEB benefits is projected to be one year earlier than it was in last year's projection is the high actual inflation of 4.24% in the Bay Area for 2021 (versus the inflation assumption of 2.75%), which increased the Supplemental COLA costs.

Andy Yeung, with Segal, will present this information in detail at the October 5th Retirees Committee meeting.

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to accept the December 31, 2021 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, 2021

Segal

Segal

180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
T 415.263.8200
segalco.com

September 28, 2022

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, 2021. 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 23, 2022. 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 23, 2022, together with the statutory pension benefits.

The December 31, 2021 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, ASA, MAAA, FCA, EA
Vice President & Actuary

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

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

Table of Contents

Section 1: Introduction

Purpose

Other Postemployment Benefits (OPEB)

This report presents the results of our actuarial valuation as of December 31, 2021 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 2023. 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, 2022.

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, 2022.

[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, 2021 GASB 74 report dated May 23, 2022.

[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, 2021 GASB 67 report dated May 23, 2022.

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 of Benefits	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 data	An actuarial valuation for a plan is based on data provided to the actuary by the Association. 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.
Assets	This valuation is based on the market value of assets as of the valuation date, as provided by the Association. The Association uses a "Valuation Value of Assets" that differs from market value to gradually reflect six-month changes in the Market 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 projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, termination, and retirement of each participant for each year. In addition, the benefits projected to be paid 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 projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.
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 of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. 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.
- If the Association 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.
- 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.

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

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, 2021 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 6.75%, reduced by 0.25% for each year until it reaches 4.50% after 9 years.
  - All Medicare Advantage plans: starting at 6.25%, reduced by 0.25% for each year until it reaches 4.50% after 7 years.

  For this valuation, we recommended to the Board in our letter dated May 13, 2022 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 6.50%[1], reduced by 0.25% for each year until it reaches 4.50% after 8 years.
- The Board approved an increase in the 2023 Monthly Medical Allowance (MMA) on August 18, 2022. The maximum MMA for ACERA sponsored plans and individual (out-of-area) non-Medicare plans has been increased from $596.73 to $616.12 and the maximum MMA for individual Medicare plans has been increased from $457.13 to $471.99 for 2023.
- For years after 2023 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, 2021.

[1] After we released our preliminary high-level summary letter dated May 24, 2022, the Association approved premiums for 2023. We have used those actual 2023 premiums in this study in lieu of estimating those premiums by using the 7.50% assumption for non-Medicare plans and the 6.50% 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 non-OPEB and OPEB benefits under the substantive plan outlined in Exhibit 3. OPEB benefits can be paid through 2046[1], while non-OPEB benefits can be paid through 2043[1]. Last year, it was projected that OPEB benefits could be paid through 2042 and non-OPEB benefits could be paid through 2044. There has been favorable investment experience during 2021 for the SRBR which resulted in an increase in the sufficiency period for the OPEB benefits.

  Note that the OPEB sufficiency period included in this report of through 2046 has changed from that originally provided in our May 24, 2022 preview letter of through 2045. The change in the OPEB sufficiency period is due to the difference between expected and actual premium increases for 2023. Our preview letter estimated medical plan premiums and subsidies for 2022 and future years using our trend assumption. Subsequent to our issuing the preview letter, ACERA reported the 2023 medical plan premium renewals and subsidies and we have used the actual 2023 premiums and subsidies in our updated projection shown herein. On average, the premium increases for non-Medicare plans (8.02%) were higher than our expected 7.50% increase from 2022 to 2023, and the premium change (a decrease of 8.02%) for the Medicare plan (Kaiser Senior Advantage) was much lower than our expected 6.50% increase from 2022 to 2023.

  The main reason the terminal year of the SRBR for non-OPEB benefits is projected to be one year earlier than it was in last year's study is the high actual inflation of 4.24% in the Bay Area for 2021 (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 4.24% in 2021 for the San Francisco-Oakland-Hayward Area,[2] the April 1, 2022 COLA banks increased by 1.00% for Tiers 1 and 3 and increased by 2.00% 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, 2022 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, 2022 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 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 1.00% for Tiers 1 and 3 and an increase of 2.00% for Tiers 2, 2C, 2D and 4). These increases are greater than our assumption.

- The funded ratio of the OPEB liabilities is 90.8% and the funded ratio of the non-OPEB liabilities is 38.7% as of December 31, 2021. The comparable funded ratios were 81.6% and 38.6% for the OPEB and non-OPEB liabilities, respectively, as of December 31, 2020.

[1] Assets would only be sufficient to pay benefits for a part of the year indicated.
[2] Based on a comparison of the December 2021 Consumer Price Index (CPI) to the December 2020 CPI, as published by the Bureau of Labor Statistics.

Section 2: Valuation Results

- 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, 2021. As we indicated on page 23 of our December 31, 2021 actuarial valuation report for the Pension Plan, the Association had deferred investment gains of $1,132.9 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 gains of $1,132.9 million represent 9.6% of the market value of assets as of December 31, 2021. If a proportion of the net deferred gain that is commensurate with the size of the SRBR reserves were recognized immediately in the valuation value of assets, there would be an increase in the SRBR Reserve of approximately $540.9 million to pay OPEB benefits and $26.2 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.
- Note that in preparing the 401(h) contribution letter for 2022/2023, 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 23, 2022. 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 23, 2022.
- The Coronavirus (COVID-19) pandemic continues to have a significant impact on the US economy, including most OPEB plans, and will likely continue to have an impact in the future. Our results do not include the impact of the following:
  - Changes in the market value of plan assets since December 31, 2021
  - Changes in interest rates since December 31, 2021
  - Short-term or long-term impacts on mortality of the covered population

  Each of the above factors could significantly impact these results. We will keep the Board updated on emerging developments.

[1] It is important to note that this actuarial valuation is based on plan assets as of December 31, 2021. Due to the COVID-19 pandemic, market conditions have changed significantly since the onset of the Public Health Emergency. The amounts provided above do 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, 2021. While it is impossible to determine how the pandemic will continue to affect market conditions and other demographic experience of the plan in future valuations, Segal is available to prepare projections of potential outcomes upon request.

Summary of OPEB Valuation Results

Without Limiting Liabilities to Current Assets	December 31, 2021	December 31, 2020
Actuarial Present Value of Projected Benefits		
• Medical	$1,346,214,000	$1,228,942,000
• Dental and Vision	141,026,000	116,803,000
• **Total**	**$1,487,240,000**	**$1,345,745,000**
Actuarial Accrued Liability [1]		
• Medical[2]	$1,077,575,000	$997,588,000
• Dental and Vision[3]	115,152,000	95,232,000
• **Total**	**$1,192,727,000**	**$1,092,820,000**
Actuarial Value of Assets (Exhibit B)	$1,082,704,000	$891,580,000
Unfunded Actuarial Accrued Liability	110,023,000	201,240,000
Funded Ratio	90.8%	81.6%
Year Current Assets will be Exhausted[4]	2046	2042

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, 2022.

[2] Of the amount shown, $571.7 million is attributable to members currently receiving this benefit as of December 31, 2021 and $543.1 million is attributable to members receiving this benefit as of December 31, 2020. For treatment of implicit subsidy, see page 22.

[3] Of the amount shown, $65.5 million is attributable to members currently receiving this benefit as of December 31, 2021 and $54.4 million is attributable to members receiving this benefit as of December 31, 2020.

[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, 2021	December 31, 2020
Actuarial Present Value of Projected Benefits		
• Supplemental COLA	$149,266,000	$122,302,000
• Retiree Death Benefit	4,798,000	4,700,000
• **Total**	**$154,064,000**	**$127,002,000**
Actuarial Accrued Liability[1]		
• Supplemental COLA[2]	$129,614,000	$103,748,000
• Retiree Death Benefit	4,409,000	4,307,000
• **Total**	**$134,023,000**	**$108,055,000**
Actuarial Value of Assets (Exhibit B)	$51,921,000	$41,677,000
Unfunded Actuarial Accrued Liability	82,102,000	66,378,000
Funded Ratio	38.7%	38.6%
Year Current Assets will be Exhausted[3]	2043	2044

[1] These results will be used as the basis for the next GASB 67 valuation report based on a measurement date of December 31, 2022.

[2] Of the amount shown, $10.4 million is attributable to members currently receiving this benefit as of December 31, 2021 and $10.0 million is attributable to members receiving this benefit as of December 31, 2020.

`[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, 2021

Year Ending December 31	Annual Benefit Cash Flows			Present Value as of December 31, 2021 of Projected Benefits through Year End		
	Medical[1]	Dental and Vision	Non-OPEB[2]	OPEB[3]	Non-OPEB	Total
2022	$50,943,760	$4,939,488	$1,159,819	$54,024,375	$1,121,239	$55,145,614
2023	52,550,620	5,850,066	1,151,818	106,788,930	2,161,898	108,950,828
2024	56,193,337	6,180,122	1,148,080	159,456,149	3,131,319	162,587,468
2025	59,973,791	6,509,002	1,152,121	211,920,709	4,040,510	215,961,219
2026	64,048,991	6,865,420	1,159,962	264,221,409	4,896,003	269,117,412
2027	68,185,337	7,230,420	1,340,765	316,203,209	5,820,152	322,023,361
2028	72,151,004	7,602,870	1,523,667	367,578,848	6,801,664	374,380,512
2029	76,004,880	7,976,893	2,053,446	418,138,806	8,037,910	426,176,716
2030	80,040,059	8,366,177	2,730,225	467,880,525	9,574,070	477,454,595
2031	84,262,121	8,769,479	3,656,245	516,800,317	11,496,672	528,296,989
2032	88,246,294	9,182,477	4,641,178	564,680,694	13,777,531	578,458,225
2033	92,569,599	9,592,720	5,728,480	611,602,778	16,408,562	628,011,340
2034	96,618,874	9,997,994	6,769,602	657,367,276	19,314,364	676,681,640
2035	100,450,045	10,394,776	7,916,054	701,833,926	22,489,978	724,323,904
2036	103,844,693	10,783,139	9,115,621	744,809,857	25,907,580	770,717,437
2037	107,262,986	11,171,207	10,308,645	786,307,990	29,519,624	815,827,614
2038	111,015,413	11,555,141	11,406,689	826,445,813	33,254,939	859,700,752
2039	114,441,917	11,934,136	12,474,227	865,122,448	37,072,602	902,195,050
2040	117,867,597	12,295,953	13,742,997	902,352,144	41,003,407	943,355,551
2041	121,229,463	12,658,263	14,969,256	938,141,766	45,004,850	983,146,616
2042	124,266,473	13,006,231	16,067,754	972,435,655	49,018,945	1,021,454,600
2043	127,477,546	13,346,296	12,428,909[4]	1,005,315,137	51,920,841	1,057,235,978
2044	130,399,846	13,678,360	-	1,036,753,744	51,920,841	1,088,674,585
2045	132,839,853	13,992,268	-	1,066,697,226	51,920,841	1,118,618,067
2046	75,949,719[4]	8,037,779[4]	-	1,082,704,305	51,920,841	1,134,625,146

[1] Includes Medicare Part B and Implicit Subsidy Reimbursement made to the County. For treatment of implicit subsidy, see page 22.
[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 28, 2022

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, 2021, 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, FSA, MAAA, EA
Vice President & Actuary

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

Section 3: Valuation Details

Exhibit A – Table of Plan Coverage – Members Receiving SRBR Benefits as of December 31, 2021

	Current Retirees
Category 1 – Medical	
• Number	6,763
• Average in force monthly medical reimbursements for 2022 (excluding Medicare Part B)	$396
• Average maximum (based on service at retirement) monthly medical reimbursements for 2022 (excluding Medicare Part B)	$516
• Monthly Medicare Part B premium reimbursements for 2022	$170
Category 1 - Supplemental COLA	
• Number	467
• Average monthly supplemental COLA for 2022[1]	$152
Category 2 – Dental and Vision	
• Number	8,058
• Average monthly medical reimbursements for 2022	$48
Category 2 – Retiree Death Benefit	
• Number[2]	Not Available
• Average lump sum benefits for 2022	$1,000

[1] Estimate of supplemental COLA payable as of December 31, 2021. The average benefit does not take into account any adjustments to the members' COLA banks as of April 2022.
[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, 2021	December 31, 2020
401(h) Account (Allocated to OPEB)	$9,229,000	$9,052,000
Supplemental Retiree Benefits Reserve		
• OPEB	$1,073,475,000[1]	$882,528,000[2]
• Non-OPEB	51,921,000	41,677,000
• SRBR Total	$1,125,396,000	$924,205,000
Total	**$1,134,625,000**	**$933,257,000**

Total Present Value of Projected SRBR Benefits Payable Through Terminal Year of the SRBR	December 31, 2021	December 31, 2020
Present Value of Projected OPEB Payable Through Terminal Year of the SRBR		
Medical	$979,814,000	$814,341,000
Dental and Vision	102,890,000	77,239,000
Total	**$1,082,704,000**	**$891,580,000**
Present Value of Projected Non-OPEB Payable Through Terminal Year of the SRBR		
Supplemental COLA	$48,284,000	$37,954,000
Retiree Death Benefit	3,637,000	3,723,000
Total	**$51,921,000**	**$41,677,000**
Grand Total	**$1,134,625,000**	**$933,257,000**

[1] 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.

[2] Adjusted to reflect estimated transfer of $7,548,683 (provided by ACERA) from SRBR to employer advance reserve for reimbursement of implicit retiree health benefit subsidy for calendar year 2020.

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. 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.

Section 4: Supporting Information

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.

Section 4: Supporting Information

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, 2021
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, 2022 has been reflected in the December 31, 2021 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	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 2022 was assumed to be $48.12. The monthly Medicare Part B premium reimbursement for 2022 is $170.10. For calendar year 2022, 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%	$843.16	$596.73
United Healthcare HMO Current Network	7%	1,184.32	$596.73
Via Benefits Individual Insurance Exchange[4]	15%	N/A[4]	$596.73
United Healthcare HMO SVA Network	3%	781.42	$596.73
Age 65 and Older			
Kaiser Senior Advantage	75%	344.44	$596.73
Via Benefits Individual Insurance Exchange	25%	316.18[5]	$457.13

(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 $596.73 ($457.13 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 65 are assumed to elect medical plans in the same proportion as future retirees upon age 65.

(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 ($596.73).

(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):

		Derivation of Via Benefits Monthly Per Capita Costs		
	(Years of Service Category)	**10-14**	**15-19**	**20+**
1.	Maximum MMA for 2021	$221.64	$332.46	$443.28
2.	Total of Maximum MMA (From Jan. 2021 to Dec. 2021)	$506,891	$794,247	$5,169,531
3.	Total of Actual Reimbursement (From Jan. 2021 to Dec. 2021)	$384,211	$579,536	$3,154,976
4.	Ratio of Actual Reimbursement to Maximum 2021 MMA [(3) / (2)]	75.80%	72.97%	61.03%
5.	Average Monthly Per Capita Cost for 2021 [(1) x (4)]	$168.00	$242.60	$270.53
6.	Maximum MMA for 2022	$228.57	$342.85	$457.13
7.	Increase for Expected Medical Trend (6.25%) from 2021 to 2022 [(7) x 1.0625]	$178.50	$257.76	$287.44
8.	Increase for Additional 10% Margin for 2021 Expenses Incurred in 2021 but Reimbursed after December 2021 [(8) x 1.10]	**$196.35**	**$283.54**	**$316.18**

Section 4: Supporting Information

Per Capita Health Costs (continued):

Implicit Subsidy

We have estimated the average per capita premium for retirees under age 65 to be $10,429 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		Spouse	
Age	Male	Female	Male	Female
50	$12,570	$14,317	$8,780	$11,496
55	14,928	15,415	11,749	13,307
60	17,728	16,612	15,728	15,433
64	20,339	17,623	19,855	17,370

(1) Not all ACERA employers are receiving an implicit subsidy reimbursement from the Association. For SRBR sufficiency purposes, we have applied an adjustment of 0.83 (17% 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.

Section 4: Supporting Information

Per Capita Health Costs (continued):

2022 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	$3,946	$3,354	N/A[(2)]	N/A[(2)]
70	4,573	3,615	N/A[(2)]	N/A[(2)]
75	4,929	3,891	N/A[(2)]	N/A[(2)]
80+	5,307	4,195	N/A[(2)]	N/A[(2)]

	Via Benefits			
	Retiree		Spouse	
Age	Male	Female	Male	Female
65	$3,532	$3,002	N/A[(2)]	N/A[(2)]
70	4,094	3,235	N/A[(2)]	N/A[(2)]
75	4,411	3,483	N/A[(2)]	N/A[(2)]
80+	4,751	3,755	N/A[(2)]	N/A[(2)]

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

Section 4: Supporting Information

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).

Section 4: Supporting Information

Participation and Coverage Election – Active & Inactive Vested Members:		
Medical Plan Subsidy (i.e., MMA)	**Under Age 65**	**Upon Attaining Age 65**
	80% of eligible members	90% of eligible members
Part B Subsidy	**Under Age 65**	**Upon Attaining Age 65**
	80% of eligible members (disabled only)	90% of eligible members
Implicit Subsidy	80% of eligible members under age 65 are assumed to have an implicit subsidy liability.	
Dental and Vision Subsidy	100% of eligible members.	

Section 4: Supporting Information

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 2023 calendar year premium for Kaiser (under age 65) is $909.74 per month ($843.16 increased by 7.90%).

Calendar Year	United Healthcare HMO & Kaiser HMO Early Retiree[2]	Via Benefits & Kaiser Senior Advantage[3]	Dental[4]	Vision[5]	Medicare Part B
2022	7.50%[1]	6.50%[1]	0.00%	0.00%	4.50%
2023	7.25	6.25	4.00	0.00	4.50
2024	7.00	6.00	4.00	0.00	4.50
2025	6.75	5.75	4.00	4.00	4.50
2026	6.50	5.50	4.00	4.00	4.50
2027	6.25	5.25	4.00	4.00	4.50
2028	6.00	5.00	4.00	4.00	4.50
2029	5.75	4.75	4.00	4.00	4.50
2030	5.50	4.50	4.00	4.00	4.50
2031	5.25	4.50	4.00	4.00	4.50
2032	5.00	4.50	4.00	4.00	4.50
2033	4.75	4.50	4.00	4.00	4.50
2034 & Later	4.50	4.50	4.00	4.00	4.50

(1) The actual trends are shown below, based on premium renewals for 2023 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
7.90%	9.00%	8.00%	-8.02%	16.06%	16.62%

(2) Non-Medicare plans.

(3) Medicare plans.

(4) First year reflects three-year rate guarantee, premiums fixed at 2021 level.

(5) First three 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 2023 will increase to $616.12 per month, 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 $596.73 per month is provided, effective January 1, 2022 and through December 31, 2022. For the period January 1, 2023 through December 31, 2023, the maximum allowance will increase to $616.12 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 $457.13 per month for 2022 and will increase to $471.99 per month in 2023. These Allowances are subject to the following subsidy schedule:

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

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.

[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

Section 4: Supporting Information

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 $48.12 in 2022 and $55.87 in 2023. 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.

Section 4: Supporting Information

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.

5739258v5/05579.003

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: October 5, 2022

TO: Members of the Retirees Committee

FROM: Dave Nelsen, Chief Executive Officer DN

SUBJECT: **Discussion Regarding Retired Member (Lump Sum) Death Benefit**

Attached is the memo from the September 7, 2022 Retirees Committee meeting regarding the Retired Member (Lump Sum) Death Benefit. Staff was requested to add this item to the agenda for further discussion and possible motion.

Attachment

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: September 7, 2022

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer

SUBJECT: **Discussion Regarding Retired Member (Lump Sum) Death Benefit**

ACERA provides a one-time payment of $1,000 to 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 up to a $1,000 death benefit when considering the amount of death benefits paid by all reciprocal retirement systems combined. There is no minimum years of service requirement for this benefit.

On January 1, 2013, this benefit was reduced from $5,000 to $1,000. At that time the Board of Retirement (Board) had concerns about the sufficiency of the Supplemental Retiree Benefit Reserve (SRBR) as the projected payment period was close to 15 years, and the fund balance was at approximately $571 million. Pursuant to the SRBR Policy, the Board made decisions at that time to eliminate the Active Death Equity Benefit, and to decrease the retired member lump sum death benefit in an attempt to preserve and prolong the solvency of the SRBR. However, it was stated that if there came a time when the fund was at a higher sufficiency level, these benefits would be reconsidered.

Last December, Staff provided the Retirees Committee with a report on death benefits paid for the twelve-month period December 1, 2020 through November 30, 2021. At that time a total of 207 death benefits had been paid for a total of $201,990.33. Reciprocal agencies paid $44,000.00, either a portion or the entire amount for twelve reciprocal member deaths.

Staff obtained information from the other 1937 Act systems regarding retiree death benefits provided. As a range, three systems pay no benefit and ten systems pay $5,000. Three systems pay $1,000, one pays $3,000, one pays $3,500 and one pays $4,000.

Using last year's total deaths of 207, we can project costs if ACERA were to increase the benefit to the following amounts, assuming ACERA pays the full benefit (no reciprocal system payments).

Benefit Amount	Total Cost
Leave at $1,000	$ 207,000
Increase to $2,000	$ 414,000
Increase to $3,000	$ 621,000
Increase to $4,000	$ 828,000
Increase to $5,000	$1,035,000

Staff looks forward to discussing this matter further and providing any further assistance.

CERA

Office of the Chief Counsel

To: Retirees Committee

From: Jeff Rieger, Chief Counsel

Meeting: October 5, 2022

Subject: **Active Death Equity Benefit (ADEB)**

INTRODUCTION

Effective July 1, 1999, the Board authorized an Active Death Equity Benefit (ADEB), which was funded by the Supplemental Retiree Benefit Reserve (SRBR). Effective December 31, 2012, the Board discontinued the ADEB. The Board is considering whether to reauthorize the ADEB and has asked the Legal Office for input regarding the Board's authority to do so. For the reasons explained below, I conclude that reauthorizing the ADEB is within the Board's broad discretion over how to use the funds in the SRBR "for the benefit of retired members and beneficiaries." Gov't Code § 31618.

THE ADEB

Active Death Benefits

A death benefit is available to beneficiaries of members who die before retirement and while in active service or "while physically or mentally incapacitated for the performance of his duty, if such incapacity has been continuous from discontinuance of service, or within one month after discontinuance of service unless the member's accumulated contributions have been paid to the member." Gov't Code § 31780. Although that death benefit is available to some members who are not active members, it is generally referred to as the "Active Death Benefit." The Active Death Benefit consists of the member's accumulated contributions/interest plus up to six months of the member's "compensation earnable" or "pensionable compensation" (one month for each year of service up to a maximum of six months). Gov't Code § 31781.

In lieu of the Active Death Benefit, a surviving spouse or domestic partner of a member who dies with five or more years of service credit[1] may elect a lifetime allowance that is "60 percent of the monthly retirement allowance to which the deceased member would

[1] A member needs five years of service credit to be eligible for a non-service-connected disability retirement, per Gov't Code § 31720(b).

have been entitled if the member had retired by reason of non-service-connected disability as of the date of the member's death."[2] Gov't Code § 31781.1.[3]

Optional Settlement Two

A member who retires may elect Optional Settlement Two, which provides the member with a reduced retirement allowance and 100% of that reduced allowance will be paid for the life of the member's named beneficiary. See Gov't Code § 31762. Like all optional settlements, an Optional Settlement Two allowance must be the "actuarial equivalent" of the member's unmodified retirement allowance. See Gov't Code § 31760. This means that the projected value of the reduced allowance paid through both the life of the member and the member's beneficiary is the same as the projected value of the member's unmodified allowance paid through life of the member alone.

The Optional Settlement Two calculation does not account for the value of the automatic 60% continuance available to a qualifying spouse and domestic partner (Section 31760.1).[4] The value of that automatic continuance is lost when the member elects Optional Settlement Two.[5]

While optional settlements are "actuarially equivalent" to unmodified allowances based on mortality tables, in practice we can expect optional settlements to be an actuarial loss on a system-wide basis, due to self-selection. For example, member who does not expect to live long after retirement is more likely to elect Optional Settlement Two than members who expect to live long after retirement.

The "Equity" in ADEB

When an active member is eligible to retire for service or non-service-connected disability and knows that he or she is likely to not live much longer, the member can retire and elect Optional Settlement Two. In this manner, the member maximizes the benefits that will be paid to his or her designated beneficiary. If, however, a member dies unexpectedly, the member does not have the opportunity to take the administrative steps necessary to retire

---

2 If there is no surviving spouse, but there are surviving minor children, the legal guardian of the minor children can elect the 60% continuance for the children to be paid until age 18 or age 22 for children who are enrolled full-time in school.

3 The ADEB is not relevant to members who die in the line of duty, because their surviving spouses or domestic partners automatically receive more than they would under the ADEB.

4 If there is no surviving spouse, but there are surviving minor children, those minor children are entitled to the 60% benefit until age 18 or age 22 for children who are enrolled full-time in school.

5 Per Government Code Section 31760.5, which is applicable only to LACERA, the LACERA system includes the value of the automatic 60% continuance in the calculation of the Optional Settlement Two calculation. ACERA must exclude that value from the calculation because optional settlements must be "the actuarial equivalent of his or her retirement allowance as of the date of retirement applied." Gov't Code § 31760.

and make the Optional Settlement Two election. In some cases, a member's death may be imminent and the member's family, employer or union proactively get ACERA staff involved so that the member can take the administrative steps necessary to retire and elect Optional Settlement Two before dying.

The Board adopted the ADEB effective July 1, 1999 to avoid the substantially different outcomes for members that arise from arbitrary differences, such as how long members live after suffering an injury or illness and/or how proactive their family, employer or union is in getting ACERA staff involved before the member dies. Under the ADEB all members who were eligible for the Active Death Benefit and had a qualifying spouse or domestic partner were treated as if they retired for a non-service-connected disability[6] on the date of death and elected Optional Settlement Two. The ADEB was pre-funded for the lifetime of each surviving spouse or domestic partner at the time the supplemental benefit was set up. ACERA transferred that projected cost from the SRBR to the Retired Member Reserve.

In addition to avoiding the arbitrarily different outcomes described above, the ADEB eliminated the need for members, their families, employers, and unions (and ACERA) to scramble to get the members' ACERA affairs in order during an already challenging time for the members and their families.

Only Surviving Spouses and Domestic Partners Were Eligible for the ADEB

A member can name a beneficiary who is not a spouse or domestic partner under Optional Settlement Two, but the ADEB was available only to surviving spouses and domestic partners. That limitation made good sense for three reasons.

First a member can have only one spouse or domestic partner at the time of death and only that person can elect a lifetime continuance under Government Code Section 31781.1 in lieu of the Active Death Benefit. Offering the ADEB to other beneficiaries would create difficult questions about who the member would have named as the Optional Settlement Two beneficiary and whether the member even would have wanted to elect the Optional Settlement Two. It could also lead to disputes among beneficiaries because the Optional Settlement Two benefit is elected in lieu of the Active Death Benefit. Thus, granting an Optional Settlement Two allowance to one beneficiary might deprive other beneficiaries of lump sum benefits to which they would otherwise be entitled.

Second, offering the ADEB benefit to beneficiaries other than surviving spouses and domestic partners would be more costly. This is because a spouse or domestic partner is eligible for an automatic 60% continuance. It is less costly to increase a 60% unmodified allowance to an Optional Settlement Two allowance than to grant an Optional Settlement Two allowance for a beneficiary who otherwise would not have received any allowance (or minor children who receive an allowance util age 18 or 22).

Third, the County Employees' Retirement Law (CERL) contemplates that spouses and domestic partners hold a special position as beneficiaries. Limiting the ADEB to those

---

[6] If a member retires for non-service-connected disability but is eligible to retire for service and the service retirement allowance is higher than a non-service-connected disability retirement allowance, the member receives the service retirement allowance. See Gov't Code § 31726.

individuals is consistent with that theme throughout the CERL. See, e.g., Gov't Code §§ 31760.1 (automatic 60% continuance), 31781.1 (allowance in lieu of Active Death Benefit).

For these reasons, if the Board decides to reauthorize the ADEB, staff recommends that the Board limit the ADEB's availability to spouses and domestic partners, as was the case when the ADEB was last operative.

LEGAL ANALYSIS

The CERL grants a board of retirement discretion with respect to the accounting for and expenditure of "excess earnings" that a system may have when its investments earn more than the assumed rate of investment return. See Gov't Code § 31592.

Article 5.5, which is optional Article in the CERL that a board of supervisors may adopt, establishes a different set of rules with respect to "excess earnings" and gives a board of retirement authority build up an SRBR from which it may pay supplemental non-vested benefits. The Alameda County Board of Supervisors adopted Article 5.5 in 1984 and ACERA has been subject to Article 5.5. ever since.

Government Code Section 31618, which is in Article 5.5., provides:

> The board shall establish a Supplemental Retiree Benefit Reserve in the retirement system consisting of any amount previously in the reserve against deficiencies, which on the date of adoption of this article, exceeds 3 percent of the assets of the retirement fund, or any lesser amount, as determined by the board. In no event, however, shall the balance of the Contingency Reserve Account be reduced below 1 percent of system assets for this purpose. **The Supplemental Retiree Benefit Reserve shall be used only for the benefit of retired members and beneficiaries.**
>
> Commencing on the date of adoption of this article, there shall be a semiannual transfer into this reserve of 50 percent of the balance of net earnings, as defined in Section 31613, after crediting all accounts pursuant to Section 31615, rebuilding the Contingency Reserve Account pursuant to Section 31616 and paying the part of the cost-of-living contributions pursuant to Section 31617, if applicable.
>
> **The distribution of the Supplemental Retiree Benefits Reserve shall be determined by the board.**

I conclude that the ADEB is a lawful benefit under Government Code Section 31618.

First, the ADEB satisfies the threshold requirement that the SRBR "shall be used only for the benefit of retired members and beneficiaries." The ADEB is for beneficiaries.

Second, Section 31618 grants discretion to the Board to determine the distributions of the SRBR without conditions or limitations. Of course, the Board cannot violate other laws (e.g., anti-discrimination or conflict of interest laws) and the Board cannot act arbitrarily

(e.g., paying an individual additional amounts for no good reason). But if the Board's decisions are rational and do not violate other laws, a court should not interfere with the Board's exercise of discretion. A challenge to the Board's exercise of discretion would be judged under the "abuse of discretion" standard of review. The California Supreme Court has explained: "In determining whether an abuse of discretion has occurred, a court may not substitute its judgment for that of the administrative board, and if reasonable minds may disagree as to the wisdom of the board's action, its determination must be upheld." *Manjares v. Newton* (1966) 64 Cal.2d 365, 370-71 (internal citations omitted). Here, it is reasonable for the Board to implement a program that avoids substantially different outcomes arising from seemingly arbitrary differences in circumstances (e.g., a member who dies a week rather than a day after injury or illness). It is also reasonable to eliminate the burden on the member and their family, employer and union (and ACERA staff) that arises from a scramble to help a member whose death appears imminent.

Third, although there are no published cases regarding Section 31618, there is one Attorney General Opinion, which confirms the breadth of the Board's discretion regarding distribution of funds from the SRBR. In response to a question for the Alameda County Office of County Counsel, the Attorney General opined in 70 Cal. Op. Att'y Gen. 1 (1987) that the Board had discretion to use SRBR funds for additional COLA benefits under Section 31681.52. Throughout the analysis, the Attorney General rejected all arguments that sought to narrow the Board's discretion under Section 31618 and concluded that expenditures of SRBR funds for retired members and beneficiaries are permitted unless expressly prohibited by the CERL. The ADEB is not expressly prohibited by the CERL.

Fourth, the reasonableness of the ADEB is confirmed by the fact that the Legislature has adopted a similar statutory benefit for some CalPERS members. See Gov't Code §§ 21547, 21547.7, 21548. While no similar statutory provisions exist in the CERL, the Board's broad discretion over the SRBR should encompass the kind of benefits that the California Legislature has found is fair and reasonable for at least one other system.

Fifth, the Board previously authorized the ADEB for over 13 years without legal challenge. While the Board's past authorization of the ADEB is not determinative of its legality, the fact that the ADEB was in operation for over 13 years without challenge further supports the conclusion that a reauthorization of the ADEB is reasonable.

ISSUES FOR CONSIDERATION

In describing the Board's authority to reauthorize the ADEB, this memorandum has thus far focused on the virtues of the ADEB. As the Board exercises its discretion as to whether to reauthorize the ADEB, it may wish to consider several issues that some might consider drawbacks of the ADEB.

First, some might argue that the ADEB is a case of the "tail wagging the dog," with optional settlements as the "tail" and the unmodified retirement allowance as the "dog." Optional settlements are designed to provide members more flexibility in providing for their beneficiaries, but they are supposed be actuarially equivalent to an unmodified allowance. Due to self-selection, the optional settlements are not actuarially equivalent on a system-wide basis. A dying member who elects Optional Settlement Two is an example of self-selection that can cause the optional settlements to be an actuarial loss on a system-wide

basis. While a dying member clearly has the right to elect an optional settlement, a fair question can be raised about whether that should be the default standard for all active members who die unexpectedly when the Legislature has already provided a set of laws for active member deaths (e.g., the lump sum under Section 31781 and the optional spouse or domestic partner election under Section 31781.1).

Second, in 2012 when the Board was considering whether to discontinue the ADEB, there was discussion about the potential impact of a "catastrophic event" on the SRBR funding. For example, if there were a natural disaster or terrorist attack that resulted in dozens or hundreds of active member deaths, the ADEB could have a dramatic negative impact on the SRBR funding that would far exceed the amount that the Board might have anticipated when reauthorizing the ADEB. The Board might place annual limits on the amounts of benefits to be funded out of the SRBR to mitigate this kind of risk, but that raises questions about whether some beneficiaries should receive less than others simply because their spouse or domestic partner died in the same year as many other active members.

Third, whenever the Legislature or the Board draws a line for benefit qualification, there will always be a perceived inequity when comparing members on opposite sides of that line. Here, the ADEB would provide a benefit for spouses of members who die unexpectedly before retirement, but that benefit would not be available to spouses of members who die unexpectedly soon after retirement. Those members surely would have chosen Optional Settlement Two at retirement if they had known they would die soon after retirement. Also, spouses and beneficiaries of members who died since 2012 have not received the ADEB, even though the same equitable considerations apply to them.

Fourth, the ADEB provides a substantially higher benefit to individual beneficiaries than most benefits paid out of the SRBR. Currently, when a dying member elects Optional Settlement Two, that does not have an impact on the SRBR, but the ADEB would have an impact on the SRBR. In the last eight years that the ADEB was authorized (2005 to 2012), the total average annual cost was $636,794 spread among an annual average of 4.625 beneficiaries. This is an average of $137,685 per beneficiary. If the Board reauthorizes the ADEB, we can expect future annual costs to be higher than they were in the period 2005 to 2012, because increased compensation for active employees (inflation) will increase the value of the ADEB and an increased ACERA active member count likely will increase the number of deaths that qualify for the ADEB each year.

CONCLUSION

For the reasons explained above, I conclude that it is within the Board's sound exercise of discretion to reauthorize (or not reauthorize) the ADEB. Of course, any dollar spent on the ADEB is a dollar that cannot be spent on other supplemental, nonvested benefits. Thus, the Board's decision of whether to reauthorize the ADEB is an exercise in prioritization. It is up to the Board to determine whether the ADEB is a good idea based on the SRBR's current funding and the other benefits the Board wishes to pay now and in the future with SRBR funds—just like the Board did when it authorized the ADEB in 1999 and when it discontinued the ADEB in 2012.

MEMORANDUM TO THE OPERATIONS AND RETIREES COMMITTEE

DATE: October 5, 2022

TO: Members of the Operations and Retirees Committees

FROM: Erica Haywood, Fiscal Services Officer EH

SUBJECT: Statement of Reserves and Supplemental Retirees Benefit Reserve (SRBR) Status as of June 30, 2022

The Statement of Reserves as of June 30, 2022, is attached for your review. The semi-annual interest crediting as of June 30, 2022, was completed on August 25, 2022.

For the six-month period ended June 30, 2022, approximately $381.9 million of total interest ($360.4 million in regular earnings and $21.5 million in excess earnings) was credited to all the valuation reserve accounts, including the 401(h) account, the advanced UAAL contribution reserve and the SRBR.

- Regular earnings of $360.4 million were credited to the valuation reserve accounts, the 401(h) account, and the SRBR at one half of the assumed crediting rate of return of 3.5000%. The advance UAAL contribution reserve was credited at rate of 2.3661%; a lower rate compared to all other reserves due to the exclusion of $122.0 million in available earnings deferred prior to June 30, 2021.
- 50% of the $21.5 million earnings above the assumed rate of return (excess earnings) or $10.7 million were posted to SRBR at the crediting rate of 0.9504%.
- The remaining 50% of the earnings above the assumed rate of return (excess earnings) or $10.7 million were posted to the valuation reserve accounts and the 401(h) account at a crediting rate of 0.1248%. There was no excess earning crediting to the advance UAAL contribution reserve as the reserve is not eligible to share crediting from earnings that were deferred on or before the June 30, 2021 interest crediting cycle.

The total interest crediting rates were 3.6248% to the valuation reserve accounts and the 401(h) account, 2.3661%% to the advance UAAL contribution reserve, and 4.4504% to the SRBR (see table below).

Earnings Classification	Valuation Reserve & 401(h) Accounts		Advance UAAL Contribution Reserve		SRBR	
	Amount	Rate	Amount	Rate	Amount	Rate
Regular Earnings	$301,564,675	3.5000%	$19,285,239	2.3661%	$ 39,586,696	3.5000%
Excess Earnings	10,749,534	0.1248%	-	0.0000%	10,749,534	0.9504%
Total Interest Credited	**$312,314,209**	**3.6248%**	**$19,285,239**	**2.3661%**	**$ 50,336,230**	**4.4504%**

The process for crediting interest as of June 30, 2022, is presented in the table below. Note that for this semi-annual interest crediting period, the Contingency Reserve Account (CRA) was adjusted to 1% of total assets, $105.2 million as of June 30, 2022. As a result approximately $15.0 million was released from the CRA. Of the $15 million, the equitable share or $381.6 thousand was allocated to the advance UAAL contribution reserve. There was no subsequent withdrawal of funds from the CRA to meet interest crediting shortfalls.

Interest Crediting Methodology as of June 30, 2022		
Expected Actuarial Earnings for the period	$	412,541,242.75
10 % Amortization of deferred amounts – (Sum of the last 10 periods)		(45,604,190.49)
Actuarial earnings on a smoothed basis		***366,937,052.26***
CRA adjustment to 1% of total assets as of 6/30/2022		14,998,625.54
Actuarial earnings available for interest crediting		***381,935,677.80***
Interest credited at the assumed return rate of 3.5000% to Valuation Reserves and 401(h) Account		301,564,674.81
Interest credited at the assumed return rate of 3.5000% to SRBR		39,586,696.61
Interest credited at the rate of 2.3661% to the advance UAAL Contribution Reserve ($18,903,617.79 regular earnings + $381,621.25 from CRA)		19,285,239.04
Excess Earnings - Earnings above the assumed rate of return	**$**	**21,499,067.34**
50% of Excess Earning credited to the SRBR at the rate of 0.9504%	$	10,749,533.67
Excess Earning credited to the other reserves at the rate of 0.1248%	$	10,749,533.67
Excess Earning credited to the advance UAAL contribution reserve at the rate of 0.0000%	$	0.00

There was a market ***loss*** of approximately $1.4 billion for the six-month period ended June 30, 2022, which was lower than the expected actuarial earnings of approximately $412.5 million. As a result, $1.8 billion in ***losses*** were added to the market stabilization reserve (the difference of the actual market gain/loss and the expected actuarial earnings). In addition, $45.6 million of net ***losses*** from the previous ten (10) interest crediting cycles were recognized in the current interest crediting period. Thus, the market stabilization reserve decreased from net deferred ***gain*** of $1.1 billion as of December 31, 2021, to $650.8 million in deferred ***losses*** as of June 30, 2022.

Supplemental Retiree Benefit Reserve (SRBR) Status Report

The 10-year history of SRBR activity through December 31, 2021 and the six-month period ended June 30, 2022, is attached for your review. The June 30, 2022, ending balance of the SRBR account is approximately $1.2 billion.

The break-down of the June 30, 2022 total interest crediting rate is as follows:

- Regular earnings were credited at the assumed rate of return of 3.5000%.
- Earnings above the assumed rate of return (excess earning) were credited at the rate of 0.9504%.

The total interest credited to the SRBR for the six-month period ended June 30, 2022, was approximately $39.6 million of regular earning and $10.7 million of excess earnings.

For the six-month period ended June 30, 2022, the net deductions from SRBR were approximately $28.7 million. These deductions include the net transfer to/from the employer advance reserve for 401(h) contributions of $22.5 million, transfer to the employer advance reserve for implicit subsidy of $5.6 million, and payments of supplemental COLA and retired death benefits of $0.6 million.

Attachments:

- Statement of Reserves as of June 30, 2022
- SRBR Status as of June 30, 2022

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF RESERVES
For the Six Months Ended June 30, 2022

	Beginning Balances 1/1/2022	Net Contributions Benefits, Refunds & Transfers 1/1 - 6/30/2022	Transfer Employers UAAL Adv Rsrv	Interest Crediting Process 1/1 - 6/30/2022 (3.5000%)	Allocation of Excess Earnings 1/1 - 6/30/2022 (0.1248%)	Ending Balances 6/30/2022
Member Reserves:						
Active Member Reserves	$ 1,752,647,256	$ (52,145,619)	$ -	$ 56,730,606 [1]	2,022,211 [1]	$ 1,759,254,454
Employer Advance Reserve	1,465,340,113	(27,081,664)	32,345,994	46,238,625	1,648,216	1,518,491,284
401(h) Account - OPEB	9,229,285	(686,425)	-	323,025	11,514	8,877,399
Total Employer Reserves	1,474,569,398	(27,768,089)	32,345,994	46,561,650 [1]	1,659,730 [1]	1,527,368,683
Retired Member Reserves	5,414,392,920	(2,882,875)	10,149,876	198,272,419 [1]	7,067,592 [1]	5,626,999,932
Supplemental Retiree Benefit Reserve:	1,131,048,474	(28,645,747)		39,586,696 [1]	10,749,534 [1]	1,152,738,957
Contingency Reserve	120,183,593			(14,998,625) [2]		105,184,968
Market Stabilization Reserve	1,132,947,106				(1,783,785,702)	(650,838,596)
Total All Other Reserves and SRBR	11,025,788,747	(111,442,330)	42,495,870	326,152,746	(1,762,286,635)	9,520,708,398
UAAL Advance Contribution Reserves:						
County-Safety UAAL Advance Reserve	802,329,252	-	(41,998,434)	18,983,686 [1]	- [1]	779,314,504
LARPD-General UAAL Advance Reserve	12,744,897	-	(497,436)	301,553 [1]	- [1]	12,549,014
Total Reserves at Fair Value / Fiduciary Net Position	$ 11,840,862,896	$ (111,442,330)	$ -	$ 345,437,985	$ (1,762,286,635)	$ 10,312,571,916

Notes: 1. Interest credited as of 6/30/22 includes $360,436,610.46 of regular earnings allocation at crediting rates of 3.50% to the SRBR and all other non-SRBR reserves; and at 2.3661% to the UAAL advance reserves. Excess earnings of $21,499,067.34 were allocated at a rate of 0.9504% and 0.1248% to the SRBR and all other non-SRBR reserves, respectively. There was no excess earnings allocation to the UAAL advance reserves.

2. Amount includes a decrease of the CRA by $14,998,625.54 to adjust the balance at 1% total assets as of 6/30/22. About $381,621.25 of the funds released from the CRA were used to fund a portion of regular earnings allocation short fall to the UAAL advance reserve and the remaining funds were used towards the excess earnings allocation to the SRBR and all other reserves.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUPPLEMENTAL RETIREES' BENEFIT RESERVE (SRBR)
For the Ten Years Ended December 31, 2012 - December 31, 2021 and the Six Months Ended June 30, 2022

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	6/30/2022
Beginning Balance	$ 602,906,726	$570,878,929	$643,056,500	$789,826,877	$853,842,371	$874,385,246	$893,770,614	$919,488,617	$924,709,823	$ 931,754,157	$1,131,048,474
Deductions:											
Transferred to Employers Advance Reserve	33,353,151	32,240,449	34,039,593	36,528,264	33,818,832	38,327,914	43,777,409	44,858,371	45,456,100	46,772,130	23,318,337
Employers Implicit Subsidy	4,411,206	7,370,466	6,992,822	5,320,953	6,021,451	8,787,596	5,800,563	6,899,139	6,446,702	7,484,411	5,593,922
Supplemental Cost of Living	2,345,527	2,067,218	1,849,140	1,555,924	1,350,784	1,231,500	1,134,613	1,181,244	1,116,523	932,177	460,181
Death Benefit - Burial - SRBR	791,492	5,525	223,529	213,909	187,081	187,060	196,576	216,834	230,747	256,683	122,307
ADEB (Active Death)	426,640	-	-	-	-	-	-	-	-	-	-
Total Deductions	41,328,016	41,683,658	43,105,084	43,619,050	41,378,148	48,534,070	50,909,161	53,155,588	53,250,072	55,445,401	29,494,747
Additions:											
Interest Credited to SRBR	9,300,219	38,786,516	54,031,947	62,722,797	60,730,023	66,715,938	64,827,682	57,022,294	58,878,406	69,152,162	39,586,696
Excess Earnings Allocation	-	75,074,713 (1)	132,455,002	43,770,247	-	-	10,574,982	-	-	184,050,056	10,749,534
Transferred from Employers Advance Reserve	-	-	3,388,512 (2)	1,141,500	1,191,000	1,203,500	1,224,500	1,354,500	1,416,000	1,537,500	849,000
Total Additions	9,300,219	113,861,229	189,875,461	107,634,544	61,921,023	67,919,438	76,627,164	58,376,794	60,294,406	254,739,718	51,185,230
Ending Balance	$ 570,878,929	$643,056,500	$789,826,877	$853,842,371	$874,385,246	$893,770,614	$919,488,617	$924,709,823	$931,754,157	$1,131,048,474	$1,152,738,957

Notes

(1) The Excess Earnings allocation of $75,074,713.03 is a total of $72,013,436.53 from investment earning above the assumed rate of return and $3,061,276.50 from additional excess earning made available from the dispersal of the Death Benefit-Burial Reserve as of 12/31/13.

(2) These amounts include reclassification of OPEB Administrative Expense contribution reimbursement activities and interest from January 2012 through June 2014; and normal activities for the six month period of July 2014 through December 2014. The SB 1479 reimbursements from the Employer Advance Reserve were inadvertently booked to the 401(h) account instead of SRBR. A total misclassified balance of $2,649,500 and regular credited interest of $182,511.54 were transferred from the 401(h) account to SRBR.

Amounts are rounded to the nearest dollar and include <$1 rounding differences.

MEMORANDUM TO THE RETIREES COMMITTEE

DATE:	October 5, 2022
TO:	Members of the Retirees Committee
FROM:	Mike Fara, Communications Manager MF
SUBJECT:	**Final Report on Open Enrollment Preparation and Communications Materials**

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 5, 2022

CERA

Open Enrollment Details

- Sept. 23 – Open enrollment packet materials finalized and sent to printer
- Sept. 28 – Health Fair postcard mailing date
- Oct. 8 – Health Fair email blast/web news release targeted date
- Oct. 10 – 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. 27 – 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)

ALAMEDA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

475 14th Street, Suite 1000
Oakland, CA 94612
ATTN: Open Enrollment

2023 Healthcare Enrollment Packet

Open Immediately to:

- [ ] Make healthcare enrollment changes
- [ ] Learn about changes to plans
- [ ] Explore 2023 enhancements to dental, vision, and Kaiser plans
- [ ] Find out if Silver&Fit will continue
- [ ] Get your invitation to our Virtual Health Fair

Example Name Here
12354 Street Lane
San Francisco, CA 12345

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 2023 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 2023 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 2023.

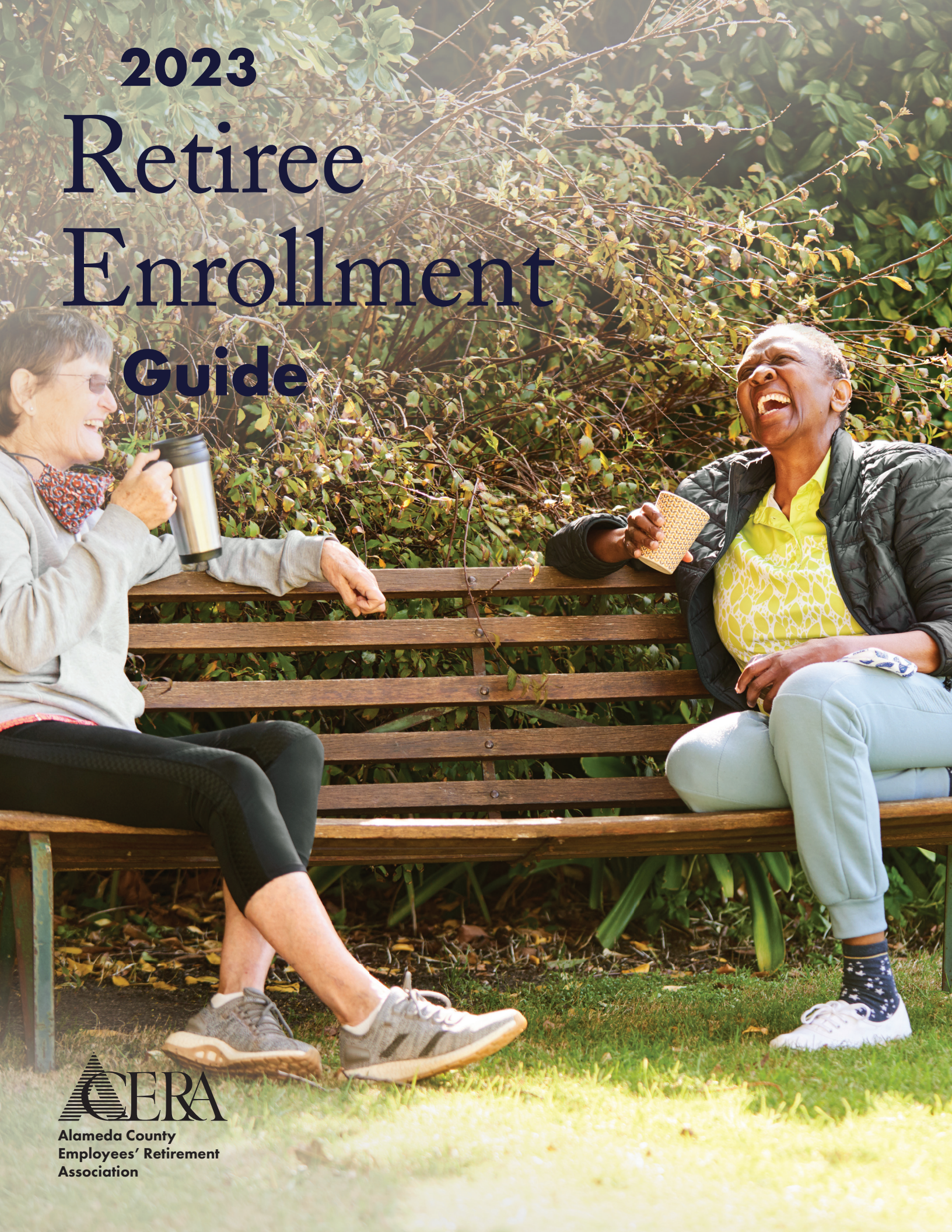
(800) 838-1932
(510) 628-3000
fax: (510) 268-9574
www.acera.org

Sincerely,

Dave Nelsen

Chief Executive Officer
October 2022

2023 Retiree Enrollment Guide



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 34% cheaper than the regular UHC SignatureValue plan and 7% cheaper than the Kaiser Permanente HMO. You may want to consider changing to this plan—see page 2.
- 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, 2022 - November 30, 2022	February 1, 2023 - January 31, 2024
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, 2022 - December 15, 2022	January 1, 2023 - December 31, 2023
Kaiser Permanente Individual Non-Medicare Plans (outside California)		
Via Benefits Medicare Plans	October 15, 2022 - December 7, 2022	
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 2023 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 2023

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 2023. 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 2023

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)		
	2022	**2023**	**% Change**	**2022**	**2023**	**% Change**
Delta Dental PPO	$65.03	$74.78	15.0%	$ 44.15	$ 51.24	16.1%
DeltaCare USA	$ 31.05	$ 31.05	0.0%	$ 22.18	$ 22.18	0.0%
VSP Standard	$ 5.74	$ 6.69	16.6%	$ 3.97	$ 4.63	16.6%
VSP Premium (Buy-Up)	$ 15.81	$ 18.43	16.6%	$ 14.26	$ 16.63	16.6%

Medical Monthly Premium Changes

The County negotiated decreases of 7.1%, 9.9%, and 8.0% for plan years 2021, 2022, and 2023 respectively to the Kaiser Permanente Senior Advantage plan, making the 2023 premium 23.0% lower than the $411.54 premium in 2020. The County negotiated modest increases to the non-Medicare group plans based on plan experience.

Medical Monthly Premiums (Retiree Only)			
Plans	**2022**	**2023**	**% Change**
Kaiser HMO	$ 843.16	$ 909.74	7.9%
Kaiser Senior Advantage	$ 344.44	$ 316.81	-8.0%
UHC SV HMO	$ 1,184.32	$ 1,290.92	9.0%
UHC SVA HMO	$ 781.42	$ 843.94	8.0%
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 2023 retirement check. See page 26-28 for more premium information.

Monthly Medical Allowance Will Increase

The Monthly Medical Allowance (MMA) will increase for 2023. See pages page 22-23 for the MMA amounts.

ACERA Continues Silver&Fit Healthy Aging and Exercise Program for Kaiser Permanente Senior Advantage Medicare Plan

ACERA's Board of Retirement added Kaiser's Silver&Fit for the 2022 plan year to the Kaiser Permanente Senior Advantage Plan (Medicare members) on a trial basis for one year, and has decided to continue the program for the 2023 plan year. Silver&Fit includes a no-cost gym membership at one of over 16,500 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's Board of Retirement decided to continue it into 2023 for a cost of $2.80 per member / per month.

ACERA Will Enhance Delta Dental PPO

ACERA has made two enhancements to the Delta Dental PPO for the 2023 plan year, which starts on February 1, 2023: 1.) Diagnostic and preventative services (e.g., your semi-annual checkups and associated services) will no longer count against your annual maximum, giving you an estimated 300 more treatment dollars to use on other services and procedures for the year. 2.)

ACERA increased the annual maximum for members visiting non-PPO dentists to $1,300 to match the maximum for PPO dentists; this means that the PPO maximum for all enrollees for the 2023 plan year is $1,300 regardless of which dentist you visit.

ACERA Will Enhance VSP Vision Plans

ACERA has made three enhancements to both the VSP Standard Plan and Premium Plan for the 2023 plan year, which start on February 1, 2023: 1.) Polycarbonate lenses will be covered under both plans. 2.) UV coating will be covered under both plans. 3.) The frame allowance has been increased from $150 to $175 every 24 months in the Standard Plan and from $200 to $250 every 12 months in the Premium Plan.

Addition of Hearing Aid Benefit for Non-Medicare Kaiser Members

ACERA has added a hearing aid benefit to the non-Medicare Kaiser Permanente HMO for the 2023 plan year, which will provide a $1,000 benefit per ear every 36 months. The cost to provide this benefit will be a very modest $.72 per member per month.UHC Advantage Plan Remains Our Lowest-Priced Early-Retiree Plan.

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 34% cheaper for the 2023 plan year than the regular UnitedHealthcare SignatureValue Plan and 7% cheaper than the Kaiser Permanente HMO.

The SignatureValue Advantage Plan includes the Canopy Health alliance of over 5,500 doctors, dozens of care centers, and numerous renowned local hospitals, spanning nine 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 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.

2022 Virtual Wellness Fair

Wellness in Action

2022 **ACERA**

Virtual
Retiree Health &
Wellness Fair

Live wellness presentations

Starting on Zoom
at 10 am PST
Thursday, October 27, 2022

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 HomeCare 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	2023 MMA Amount	Annual Total for 2023	2023 MMA Amount	Annual Total for 2023
0-9 yrs.	No MMA	-	-	-	-
10-14 yrs.	1/2	$308.06	$3,696.72	$236.00	$2,831.94
15-19 yrs.	3/4	$462.09	$5,545.08	$353.99	$4,247.91
20+ yrs.	Full	$616.12	$7,393.44	$471.99	$5,663.88

* 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?

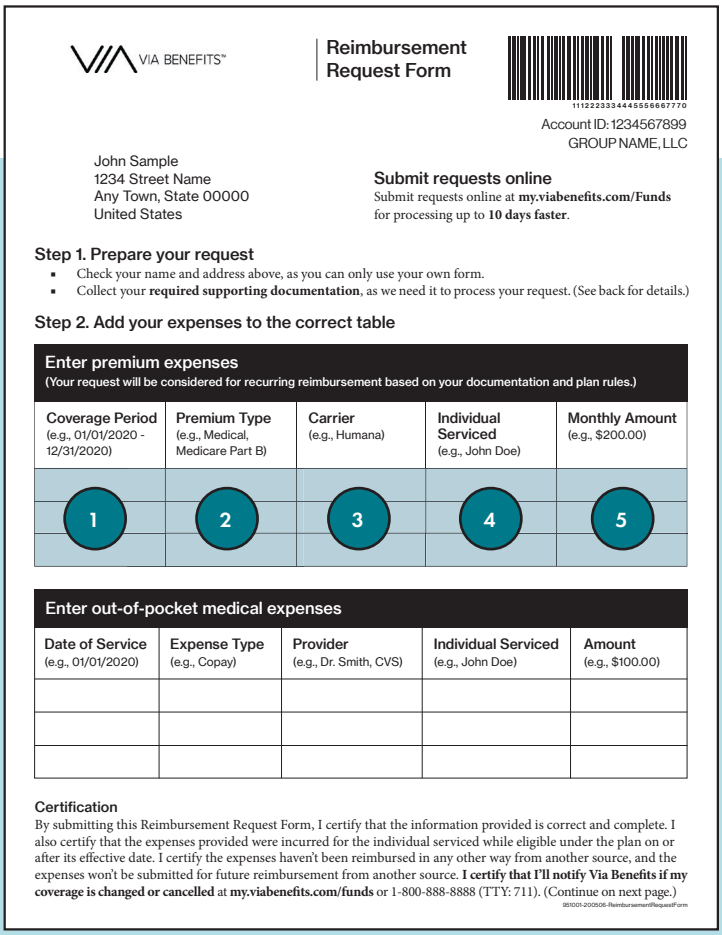
If you're eligible for the MMA, you can get reimbursed for premiums (the monthly cost of your plan), deductibles, and copays for both your medical insurance plan and prescription drug plan up to your annual limit. Reimbursements are paid to you out of a Health Reimbursement Account (HRA) at Via Benefits. 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

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, Medicare Part B)	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.)

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., 01/01/2023 - 12/31/2023.
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

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/wms.

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/conversation 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 5, 2022

TO: Members of the Retirees Committee

FROM: Ismael Piña, Assistant Benefits Manager

SUBJECT: **Miscellaneous Updates**

This memo is to provide the Retirees Committee information on various monthly topics, which impact both retirees and ACERA Staff. This month's report provides information regarding: 1) the annual Medicare Part D Certificate of Coverage Notice mailing and posting to ACERA's website; and 2) Via Benefits updates.

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.

Via Benefits Updates

- The Via Benefits Medicare Fall Newsletters were mailed starting August 26th through early September to the Medicare enrollees. The Pre-65 Fall Newsletters were mailed starting September 19th, with the final phase to be mailed by September 30th.
- Balance Reminder Statements for Health Reimbursement Account holders will be mailed in waves from October 3rd through October 13th.