



**MINUTES OF THE RETIREES COMMITTEE'S OCTOBER 7, 2020 MEETING**

**THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO**

October 7, 2020

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

**Subject: Summary of the October 7, 2020 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called the October 7, 2020 meeting to order at 10:30 a.m. Committee members present were Liz Koppenhaver, Jamie Godfrey, Dale Amaral, Keith Carson and George Wood. Also present were Ophelia Basgal and Elizabeth Rogers. Trustees Tarrell Gamble and Henry Levy, and alternate member Darryl Walker joined the meeting after roll call. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Jeff Rieger, Chief Counsel; Sandra Dueñas-Cuevas, Benefits Manager; Jessica Huffman, Benefits Manager; Vijay Jagar, Chief Technology Officer; and Harsh Jadhav, Chief of Internal Audit.

**PUBLIC INPUT**

Jerry Jacobs, ACERA retiree, expressed his opinions regarding the discussion at last month's Board of Retirement (Board) meeting related to investments and the labor dispute with Marriott Hotels. He does not think that ACERA should be a platform for personal agendas, and should carefully look at its position when addressing issues with differing views, whether financial or political. Mr. Jacobs also stated for the record: "Thank you Liz for your comment regarding this issue in the Board meeting. I think it was very well phrased."

Towards the end of the meeting, Cynthia Landry, an active employee (SEIU Local 1021 Union Representative), also commended Staff, including Kathy Foster and David Nelsen, and all the Trustees for working through this pandemic, and in our pension system during this somewhat volatile market. She expressed her appreciation to everyone for a great job, and the work to ensure that benefits are sustainable for current members and future retirees.

**ACTION ITEMS**

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

Staff and Segal, ACERA's Actuary, presented the annual Actuarial Valuation of the OPEB and non-OPEB Benefits Provided by the Supplemental Retiree Benefit Reserve, Including Sufficiency of Funds, as of December 31, 2019. Based on this valuation report, the terminal year of the "Other Post-Employment Benefits" (OPEB) is projected to be 2040, with full

benefits paid through 2039 for a total of 20 full years and one partial year. The terminal year of non-OPEB benefits is projected to be 2037, with full benefits paid through 2036 for a total of 17 full years and one partial year. Segal reported during its preliminary presentation in June, that the terminal year of OPEB benefits was projected to be 2039, 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 2021 and future years using its trend assumptions. The final valuation report used the actual 2021 premiums and subsidies, which were lower than the expected increases from 2020 to 2021.

Also, as Segal reported during its preliminary presentation, the main reason the terminal year for the non-OPEB benefits is projected to be one year later than last year's projection is the low actual inflation of 2.45% in the Bay Area from 2018 to 2019 (as opposed to the inflation assumption of 3.00%), which decreased the supplemental COLA costs.

It was moved by Jaime Godfrey and seconded by Ophelia Basgal that the Committee recommend to the Board of Retirement that it accepts the December 31, 2019 Supplemental Retiree Benefit Reserve Actuarial Valuation prepared by Segal.

The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Rogers, Wood*), 0 no, 0 abstentions.

## **INFORMATION ITEMS**

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

Staff presented a history of the Supplemental Retiree Benefit Reserve (SRBR) activity for the 10-year period ending June 30, 2020. The ending balance of the SRBR as of June 30, 2020 was approximately \$921.8 million. The semi-annual interest crediting as of June 30, 2020 based on the rate of 2.7537% was completed on August 25, 2020; approximately \$25.5 million in interest was credited. During that same six-month period, the net deductions from the SRBR were approximately \$28.4 million.

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

Staff provided information regarding the preparations being made for Open Enrollment for the Plan Year 2021. Updates were also given on Via Benefits' preparations for its Open enrollment period, and the Virtual Retiree Health and Wellness Fair, which will be held on October 30, 2020.

### **3. Miscellaneous Updates**

Staff reported that: 1) the annual Medicare Part D Certificate of Coverage Notice will be mailed out by October 15<sup>th</sup> and posted to ACERA's website; and 2) Via Benefits mailed the Medicare Fall Newsletters starting August 26<sup>th</sup>, the Pre-65 Fall Newsletters will be mailed starting October 28<sup>th</sup>, and the Balance Reminder statements for Health Reimbursement Account holders were mailed in waves starting late September. In addition,

Segal, ACERA's Benefits Consultant, provided a summary of the executive orders that were issued related to prescription drugs.

**TRUSTEE REMARKS**

Trustee Koppenhaver expressed her appreciation to Staff for all their work during this challenging year, and talking to the Alameda County Retired Employees (ACRE) and Retired Employees of Alameda County (REAC) retiree associations and retirees who have contacted her directly with questions. She stated that the retirees have felt supported, and feel that they can rely on Staff to respond to their questions and concerns.

Trustee Koppenhaver also stated that Jack Meehan passed away recently. He was the District Attorney for Alameda County for quite some time.

**FUTURE DISCUSSION ITEMS**

- Adoption of Medicare Part B Reimbursement Plan Benefit for 2021
- Adoption of Updates to Appendix A of 401(h) Account Resolutions

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for December 2, 2020 at 10:30 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 11:09 a.m.