



RETIRED PUBLIC EMPLOYEES' ASSOCIATION OF CALIFORNIA



RPEA President George Linn Interviews Margaret Brown

President's
Report

Page 2

Vice President's
Op/Ed

Page 3

General Assembly
2018 Info

Page 5

CalPERS 2018
Pay Dates

Page 6

RPEA Thanks
Sandra Thomas

Page 7

President's Report



George Linn
RPEA PRESIDENT



RPEA

email
RPEAHQ@RPEA.COM

website
WWW.RPEA.COM

RPEA NEWSLETTER

Published 6 times a year by the
Retired Public Employees'
Association of California
300 T Street., Sacramento, CA 95811
1.800.443.7732

Opinions expressed in articles are
those of the writer and not necessarily
those of RPEA. Send suggestions and
comments to RPEA Headquarters,
Attention: C. T. Weber, Editor.

Send changes of address to:
RPEA HEADQUARTERS
300 T Street
Sacramento, CA 95811
Attention: Changes of Address

Published in Partnership with
Burks Printing & Promotions

A Message From President George Linn

The year 2017 was good for RPEA in many ways. Our membership continues to grow. So, as we move into 2018, I wish us all a great year where we will all accomplish many of our goals.

HAPPY NEW YEAR

During the past two years, our benefit provider has brought over 4,000 new members to RPEA. Our challenge this year is to bring these members to meetings since, in most cases, they have joined RPEA to be eligible for the benefits being offered. We know that RPEA is more than that. Our Board members attend CalPERS Committee and Board meetings to monitor actions that may be detrimental to retirees. Your Board members speak on the issues at these meetings in an effort to make a difference and seeking to protect the pension and health care we earned when we were active employees. These new members—in fact all of our members—need to have the important information that RPEA acquires through these efforts.

I have mentioned previously that RPEA is challenging the consumer price index that is applied to determine the contractual cost of living calculation. There is an item on the draft agenda for the CalPERS Pension & Health Benefits Committee consent calendar dealing with retiree cost of living. When an item is on the consent calendar, there is seldom any general discussion. I have been able to convince some Committee members to put this item on the regular agenda, thereby allowing for discussion of the item at the Committee level, as well as to provide an opportunity for RPEA to

speak to the agenda item, with the goal of convincing Committee members that our opinion has merit and will influence their vote based on the facts we present.

This coming September RPEA will hold its biennial General Assembly. It is never too early to plan. This is the opportunity for the membership to provide input about the direction RPEA follows. This year we will meet at the Doubletree Hilton Hotel in Orange, CA. This is also an opportunity to become involved with RPEA as Board Member, since Board terms expire at every General Assembly. Plan to attend, and bring your thoughts and ideas. RPEA is your organization. Let's work together to move forward and continue to protect our pension and health benefits.

I attended the annual CalPERS Board offsite meeting in Petaluma, CA. The CalPERS Board meets twice a year in an informal setting for presentations from various experts in the field of investments, health and other issues. At this meeting, the first order of business was to elect the President of the Board. Priya Mathur, a member elected by active employees, was elected President of the Board. She has been on the Board since 2003 and has served most recently as Chair of the Pension & Health Benefits Committee. I want to wish Priya success with her new responsibilities.

ON THE COVER:

President George Linn interviewed recently-elected CalPERS Board Member, Margaret Brown, on RPEA TV. You can view this and past interviews at <https://www.youtube.com/user/RPEACalifornia>.

Vice President's Op/Ed

By Al Darby, Vice President



This new year begins with concerns about California public pensions being threatened from many sources. The Governor has now weighed-in with a new approach to potentially cut public pensions in California again. You might recall that in 2012 the Governor proposed a 12-point pension reform act that was eventually passed by the legislature. This bill dealt with some genuine issues that needed to be addressed and corrected others such as “pension spiking.” It is called PEPPRA, and it included some other provisions that added cost to “new hires” after January 1, 2013. New employees saw their full retirement age to rise to 67 and a new lower annual cap on pensions, along with other cost-cutting measures.

Now, five years later after poor investment returns over this period and arguments over certain provisions of PEPPRA, the Governor is now supporting further cuts to pensions by adopting an appeals court decision that found that pensions only need to be reasonable and not protected by the “California Rule” that has been the hallmark of California public pension law since 1947. If the California Supreme Court abandons the California Rule in the appeal court cases now, it becomes a slippery slope for current employees who could see cuts to their pensions for the years of employment after the “reasonable” cuts are made. If the Governor believes that his first pension reform effort in 2012 needs revision, he should propose legislation to change it and not rely on a nebulous or arbitrary “reasonableness” standard to formulate a future pension benefits structure. Laws, not reasonableness, are what is needed to prevent the inconsistent and chaotic consequences of public agencies setting benefits on an agency-by-agency basis. Retirees might fall victim to “reasonableness” as well—COLA being the most vulnerable benefit.

CalPERS has an obligation here to sharpen its investment prowess to capitalize on the world economic expansion that is making global stock prices advance. This adds a new dimension to the investment toolbox. European and global emerging market stocks offer an alternative to overvalued U.S. equities (stocks). This leads CalPERS to a potential PERF (CalPERS pension fund) appreciation opportunity that was unavailable earlier in this cycle of

stock market run-up. The current unhealthy funded status of the PERF must be corrected to deflect the criticisms of the pension opponents we too often see quoted in the news media.

With the recent new federal tax legislation, it has become apparent that the current economic thinking in the U.S., i.e., the “trickle-down” economic theory, is alive and well and continues to attract new followers such as the Governor, despite the recognition that taking money out of the pockets of middle-class pensioners is not a good practice. This failed economic theory (trickle-down) has apparently become accepted by too many people after years and years of media coverage that favors pension cuts because of the misguided notion that public pensions alone are the cause of municipalities being under financial stress. Pensions are not the only item in municipal budgets that rise in cost. Inflation strikes almost all budgets—public, private and personal.

The new federal tax plan assured rich people a substantial increase in income but did little to add income to the middle-class. Some middle-class tax cuts expire, and health care costs will increase. Tax cuts for the rich are permanent. This notion, that corporations and rich people will invest or spend more of their increased income, has been debunked time and again. I submit that we should try a new economic theory known as “trickle-up economics.” Only a 5 to 10% permanent increase in the incomes for our middle-class would boost our economy far more than giving 80% of tax savings to the top 10%. There are 110,000,000 households in the U.S. Adding \$5,000 a year to all of them would really boost our economy. Middle-class folks spend most of their income.

RPEA is closely watching the Governor's actions here and will be very mindful of CalPERS' reactions to these pension threats. We subscribe to Californians for Retirement Security (CRS), which is filing an amicus brief opposing abandonment of the “California Rule.” Other actions by RPEA will be proposed by our Legislative Committee and our lobbyist in reaction to developments around these issues.

Health Benefits Update



By Donna Snodgrass, Director of Health Benefits

I sincerely hope everyone enjoyed the holiday season. Ray and I departed December 26th for Kansas; and, unbeknownst to us, sub-zero weather! We experienced four nights of minus 8 degrees in our RV plus several nights/days in the teens. We learned a lot about camping in sub-zero weather. The little home away from home performed very well. We just needed to adjust our way of thinking about keeping warm and about frozen water lines! We packed everything for a month on the road, including my notebooks for Health Benefits Committee and CalPERS meetings in January, so we left home feeling good.

Little did I know that my previous article would create a flurry of responses! After the first of the year, while still on the road, I started getting e-mails from RPEA Headquarters. Members were calling and e-mailing with questions and mentioning my article. Many remarked that they didn't know RPEA could help with health benefits problems, especially OptumRx. When we got home on January 23rd, our answering machine was full. As I write this, I am still answering calls from our members.

In the Nov/Dec issue I wrote about the action that was taken to solve the problems our members were experiencing. After all the time spent with CalPERS and OptumRx staff, we were assured that things would be fixed.

Unfortunately, things have not been fixed. I continue to receive more and more complaints. It is obvious the assurances of "fixing the problems," provided by the CalPERS staff and OptumRx representatives have not been realized by our members. The problems have, in many cases, become acute and have affected "quality of life." One member experienced a life-threatening situation and was only able to obtain the needed medication because they had the necessary \$2,000 to pay for it!! OptumRx refused to honor the prescription because the medication wasn't "pre-approved." I am getting a detailed summary of this situation, along with several others, and will be

presenting it to the CalPERS Board in February.

I have received calls from members in California, New Mexico and Washington.

I am maintaining a file of all the issues that are brought to my attention and will, once again, address these in an open forum before the CalPERS Board of Administration. Individual identities will remain confidential in the open forum. Each issue that I receive will also be forwarded to CalPERS staff for resolution on an individual basis. You do not need to go through this alone.

MASA Assist Medical Air Services Association

Because you are a member of RPEA you have access to this valuable service. This is an emergency medical transportation benefit which will cover you at home or away from home. One emergency ride in an ambulance can cost thousands of dollars. At least two of the CalPERS medical plans will only cover \$1,000 or \$2,000.



For more than three decades, Medical Air Services Association (MASA) has been providing lifesaving emergency assistance to members. The coverage is designed to protect members against catastrophic financial loss when emergencies arise at home or while traveling. Membership services include emergency air transportation, emergency helicopter transportation, ground ambulance transportation, organ retrieval, organ recipient transportation, recuperation/repatriation, return transportation, escort transportation, non-injury transportation, minor children/grandchildren return, mortal remains return, vehicle return and worldwide coverage.

Contact the RPEA Headquarters Office to be directed to a representative who can explain the benefit and get you enrolled. The yearly cost is more than reasonable for RPEA members.

MASA does not provide health insurance. It is there to assist you in finding medical facilities and transport you or reimburse you for emergency transportation.

February Board of Directors Meeting General Assembly 2018 Info



(L-R) – General Assembly 2018 Planning Committee Chair, Julie Van Etten; Immediate Past President, Ted Rose; General Assembly 2018 Planning Committee Member, Norma Rose



Vice President Al Darby at the mic



(L-R) – Norma Rose; AMBA Vice President of Association Relations, Jeanie Coffey; Ron Roseborough, AMBA Sr. Vice President, Business Development; General Assembly 2018 Planning Committee Member, Nancy Santos; Julie Van Etten



(L-R) Past President Harvey Robinson; Pat Fuller, Chapter 004 Membership Chair



RPEA Legislative Advocate, Pat Moran; Director of Health Benefits, Donna Snodgrass



President George Linn chats with CalPERS Board of Administration member, Henry Jones



Director of Legislation, Jim Anderson, and Vice President Darby received special commendations from President Linn for their service above and beyond the call of duty



Attorney Matthew B. Taylor from Messing Adam & Jasmine LLP, addresses the Board and audience



Area Director III, Bob Van Etten



Jim Anderson at the mic



President Linn at the mic



Director of Membership, Rosemary Knox, at the Area Directors' meeting



Secretary/Treasurer, Marie Reed



Newly-elected CalPERS Board of Administration member, Margaret Brown

The next meeting of the RPEA Board of Directors is scheduled for:
MONDAY, APRIL 30 – TUESDAY, MAY 1, 2018.

Location:
HILTON GARDEN INN (NATOMAS)
2540 Venture Oaks Way
Sacramento, CA 95833



GENERAL ASSEMBLY 2018 IS COMING!

September 9 thru September 12, 2018

Doubletree Hilton Hotel
100 The City Drive
Orange, CA 92868

Stay tuned...

CalPERS 2018 Pay Dates



CalPERS 2018 Pay Dates

Benefits are paid at the beginning of the month for the previous month's benefits. For tax reasons, your December retirement check is always dated the first day of the new year. The [State Controller's Office](#) issues checks and determines mailing dates. If you have [direct deposit](#), contact your financial institution to see when funds are placed in your account.

Benefit Month	Southern California/ Out of State Mail Date	Northern California Mailing Date	Direct Deposit Date
Jan	Jan 29	Jan 30	Feb 1
Feb	Feb 26	Feb 27	Mar 1
Mar	Mar 29	Mar 30	Mar 30
Apr	Apr 26	Apr 27	May 1
May	May 29	May 30	Jun 1
Jun	Jun 28	Jun 29	Jun 29
Jul	Jul 30	Jul 30	Aug 1
Aug	Aug 29	Aug 30	Aug 31
Sep	Sep 27	Sep 28	Oct 1
Oct	Oct 29	Oct 30	Nov 1
Nov	Nov 29	Nov 30	Nov 30
Dec	Dec 28	Dec 28	Jan 2, 2019

The State Controller's Office distinguishes Northern and Southern California using ZIP codes:

- ☐ Southern California is between 90000 through 93599
- ☐ Northern California is between 93600 through 96199



Newly-elected CalPERS Board of Administration members attended their first Board meeting at the offsite in Petaluma. As always, RPEA was well represented. (L-R) Al Darby, RPEA Vice President; CalPERS Board of Administration members, Margaret Brown and David Miller; RPEA Director of Health Benefits, Donna Snodgrass

RPEA Thanks Sandra Thomas

At their December 7, 2017 holiday party, Chapter 077 – CHICO recognized outgoing Chapter Treasurer, Sandra Thomas, with a commendation for her years of dedicated service to the chapter and the Association. Sandy performed the duties of Treasurer for the 20 years. she also Minutes Committee RPEA's General from 2006



of Treasurer chapter for Additionally, chaired the Review at each of biennial Assemblies thru 2016.

Sandy, the RPEA Board of Directors, Headquarters Office staff and the entire membership of Chapter 077 – CHICO thank you for your service. Best wishes in all of your future endeavors!



Retiree Refresher Webinar

Whether you are new to retirement or have been retired for some time, we have an informative webinar just for you! The Retiree Refresher presentation will provide you an overview of the common retiree questions concerning your retirement check, your CalPERS health benefits, the reasons for setting up a Special Power of Attorney and much more.

Date: April 11, 2018

Start Time: 11:00 a.m. (PT) - 60 minutes

Registration: Free

To Register: Visit www.calpers.ca.gov and search Member Education



Webinars are released within 48 hours as videos on our CalPERSNetwork YouTube channel for future viewing at your convenience.



Remember:

- We sell See's Candy Certificates all year long.
- Each certificate represents the equivalent of a 1 lb. box of See's Candy.
- As an RPEA member, you may order:

By mail: Send a note explaining your order, along with your check for the number of certificates you want to: RPEA, 300 T Street, Sacramento, CA, 95811

By phone: Use your **Visa** or **Mastercard**. Just call the Headquarters Office at 800-443-7732 to place your order

Online: Use your Visa or Mastercard in the RPEA Store at www.rpea.com

Current Price (as of February 1, 2018): \$17.50 each by mail

Legislative Update



By Aaron Read and Pat Moran of Aaron Read & Associates

The second half of the 2017-18 session is underway. New bills are being introduced every day. February 16th is the last day for bills to be introduced; however, some bills, such as urgency bills, resolutions and constitutional amendments, are not subject to that deadline. Although the quantity of new bills will be reduced after the deadline, you can still expect to see some throughout the year. We continue to monitor them and will report more information in the next newsletter on any bills that have a potential impact to RPEA. In the meantime, below is a list of bills carried over from last year, commonly referred to as “two-year bills,” that RPEA was tracking:

AB 315 (Wood) – This bill would require pharmacy benefit managers, as defined, to be registered with the Department of Managed Health Care, as prescribed. The bill would require the department to develop applications for the registration, and would specify certain information to be provided in those applications. The bill would authorize the department to charge a fee for registration, as specified. The bill would authorize the director of the department to suspend the registration of a pharmacy benefit manager under specified circumstances. AB 315 passed out of the Assembly last year and is awaiting a hearing in the Senate. **RPEA is in support.**

AB 444 (Ting, D-San Francisco) – The Medical Waste Management Act generally regulates the management and disposal of medical waste. This bill would authorize the California Environmental Protection Agency to develop a statewide program for the collection, transportation, and disposal of home-generated medical waste. AB 444 passed out of the Assembly last year and is awaiting a hearing in the Senate. **RPEA is in support.**

SCA 8 (Moorlach, R-Costa Mesa) – This bill would permit a government employer to reduce retirement benefits that are based on work not yet performed by an employee regardless of the date that the employee was first hired, notwithstanding other provisions of the California Constitution or any other law. The measure would prohibit it from being interpreted to permit the reduction of retirement benefits that a public employee has earned based on work that has been performed, as specified. The measure would define government employer and retirement benefits for the purposes of its provisions. Essentially, this bill changes an employee's retirement mid-career. SCA 8 was introduced last year and set for hearing in the Senate Public Employment and Retirement (PE&R) Committee; however, Senator Moorlach decided not to move forward with the bill at that time. Although by the time you read this the deadline will have passed for bills to pass out of their House of Origin –

January 31 – Constitutional Amendments such as this are not subject to the same deadlines as regular bills. Therefore, Senator Moorlach is planning to move SCA 8 and is awaiting a hearing in the Senate PE&R Committee.

RPEA is opposed.

SCA 10 – This bill would prohibit a government employer from providing public employees any retirement benefit increase until that increase is approved by a 2/3 vote of the electorate of the applicable jurisdiction and that vote is certified. The measure would define retirement benefit to mean any postemployment benefit and would define benefit increase as any change that increases the value of an employee's retirement benefit. The measure would define a government employer to include, among others, the state and any of its subdivisions, cities, counties, school districts, special districts, the Regents of the University of California, and the California State University. SCA 10 was also introduced last year and is not subject to the same deadlines as regular bills. Senator Moorlach plans to have the bill heard and is awaiting a hearing in the Senate PE&R Committee. **RPEA is opposed.**

The following pension bills were introduced last year and **RPEA WAS OPPOSED TO ALL OF THEM.** They failed the deadline to pass out of their House of Origin and were made two-year bills; however, Senators Moorlach and Morrell have decided not to move forward with them this year. This is a victory.

SB 32 (Moorlach) – This bill would create the Citizens' Pension Oversight Committee to serve in an advisory role to the Teachers' Retirement Board and the Board of Administration of PERS. The bill would require the committee, on or before January 1, 2019, and annually thereafter, to review the actual pension costs and obligations of PERS and STRS and report on these costs and obligations to the public.

SB 454 (Moorlach) – This bill would, for state employees who are first employed and become members of the retirement system on or after January 1, 2018, limit the employer contribution for annuitants to 80% of the weighted average of the health benefit plan premiums for an active employee enrolled for self alone, during the benefit year to which the formula is applied, for the 4 health benefit plans with the largest state civil service enrollment.

SB 601 (Morrell, R-Rancho Cucamonga) – This bill would require the Board of Administration of the Public Employees' Retirement System to report a calculation of liabilities based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. The bill would require the Teachers' Retirement Board to provide a

Legislative Update

description of the discount rate the board uses for reporting liabilities calculations, a calculation of liabilities based on a discount rate that is 2% below the long-term rate of return assumed by the board, and a calculation of liabilities based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report.

SB 681 (Moorlach) – This bill could require the Board of Administration of PERS to allow a contracting agency to terminate its contract with the system in a manner that does not result in excessive costs or penalties to the contracting agency, allows the contracting agency to withdraw its net assets paid into the system less payments made to its members and their beneficiaries, and ensures that the contracting agency remains responsible for its unfunded liabilities so that those liabilities are not shifted onto other PERS members or employers.

SCA 1 (Moorlach) – This bill would prohibit the state from incurring any liability for payment of the retirement savings benefit earned by program participants in the California Secure Choice Retirement Savings Program. The measure would also prohibit the appropriation, transfer, or encumbrance of moneys in the General Fund for the purposes of the program, including any unfunded liability that the program may incur, unless the appropriation, transfer, or encumbrance is for funding the startup and first-year administrative costs for the program.

COURT CASES

As you may know, there are various court cases that could adversely impact pensions as we know them. The law firm of Olson, Hagel and Fishburn, LLP, who works with the Californians for Retirement Security, put together a summary on each of the cases. It is a good summary that we wanted to share:

The First District Court of Appeal's recent decision in the *Alameda* case is diametrically opposed to the prior *Marin* decision. As discussed below, we believe it strongly supports our cause in arguing to the California Supreme Court in *CalFire* that *Marin* was incorrectly decided.

By way of brief review, this is the third of three opinions issued by different panels of the same appellate court that involve interpretation of the California Supreme Court's long-standing precedent in the vested rights area in light of changes made to statewide pension laws in 2012 by the Public Employees' Pension Reform Act (PEPRA). As you know, this all started when the *Marin* decision determined that the elimination by PEPRA of the pensionability for county retirement systems subject to the '37 Act of certain elements of compensation did not violate system members' vested rights based on a reexamination of California

Supreme Court precedent that concluded: 1) A reduction in benefits is not an impairment of vested rights so long as the employee would continue to receive a "substantial or reasonable pension" and 2) The requirement for a comparable new advantage in the event a vested right was impaired was "a recommendation, not...a mandate."

The California Supreme Court granted Review of the *Marin* decision on November 22, 2016 but stayed all further action, including briefing, pending the decision in the companion *Alameda* case that involved similar issues at three other '37 Act systems. Subsequent to Division Two's *Marin* opinion and prior to Division Four's *Alameda* opinion of January 8, 2018, on December 30, 2016 Division Three of the same court issued its decision in *Cal. Fire. Local 2881 v. CalPERS*, holding that PEPRA's elimination of prospective air time purchases did not impair the vested rights of CalPERS members. As with *Marin*, the California Supreme Court granted Review (on February 8, 2017). Unlike *Marin*, the Supreme Court did not stay further action in *CalFire*, and briefing by the parties is scheduled to be complete, absent further extensions, on January 12, 2018, with amicus briefs due 30 days thereafter. Because Division Three's opinion in *CalFire* relies in significant part upon Division Two's *Marin* rationale, the issuance of the *Alameda* decision by Division Four that disagrees in major respects with the *Marin* analysis is of immediate significance to the California Supreme Court's consideration of *CalFire*.

The *Alameda* court was openly critical of the *Marin* rationale, stating that "Nevertheless, we believe that the *Marin* court improperly relied on its general sense of what a reasonable pension might be, rather than acknowledging that the Supreme Court has expressly defined a reasonable pension as one which is subject only to reasonable modification." And, rather than effectively reading out the requirement for a comparable new advantage as *Marin* did the *Alameda* court stated that "...when no comparable new advantages are given, the corresponding burden to justify any changes with respect to legacy members will be substantive." The *Alameda* court also laid out a very rigorous vested rights analysis, based on California Supreme Court precedent, for the trial court to apply on remand.

While there is one potentially problematic aspect of the *Alameda* decision which notes that the potential for a "total pension system collapse" could justify the impairment of a vested right even in the absence of the provision of a comparable new advantage, overall we believe that the case will be very helpful in arguing for a successful outcome in *CalFire* in the California Supreme Court. Now, it will not just be the unions and amici telling the high court that *Marin* got it wrong—an appellate court has said the same thing. The appellants in *CalFire* will be addressing *Alameda* in their reply brief to the Supreme Court and we will cover it in our amicus brief as well.

Legislative Update



BUDGET

On January 10, 2018 Governor Brown unveiled his 2018-19 proposed budget. The Department of Finance projects a \$6.1 billion surplus, mostly a result of \$4.7 billion in additional revenue. Overall, the 2018-19 budget is projected to have a total expenditure of \$131.7 billion with \$135.1 billion in total projected revenues. Combined with special and bond funds, total expenditures are projected to be \$190.3 billion.

The Governor, who has always taken a more conservative approach to spending, is using much of this year's surplus to stash away billions of dollars in reserves both because of the recession – that he believes is looming – and the prospect of the Republican Congress cutting social services in the wake of its vote for a tax cut last month that could swell the federal deficit by \$1.4 trillion over a decade.

The budget plan gives a \$5 billion jolt to the State's rainy day fund, which means that the rainy day fund would hold 10 percent of California's General Fund revenue, which is estimated to give the State \$13.5 billion to use in a fiscal emergency by June 30, 2019.

Below are some of the highlights:

Paying Down the State's Long-Term Liabilities

The State's cost for worker pension and health benefits have continued to increase over the past decade. State health care benefits remain a concern for the governor with the state's retiree long-term costs, debts and liabilities growing to \$272 billion. Over the past several years, there have been significant strides in curbing the growing costs of State retirement programs, including the following:

- Pursuant to Chapter 296, Statutes of 2012 (AB 340), the California Public Employees' Pension Reform Act (PEPRA) was enacted to save billions of taxpayer dollars by capping benefits, increasing the retirement age, and requiring employees to pay at least half of their normal costs (or the amount of money that must be set aside today to pay for the future pension benefits that accrued that year), among other things. According to the CalPERS, the implementation of PEPRA is projected to save government employers, including the State, an estimated \$29 billion to \$38 billion over the next thirty years.
- The Governor signed Chapter 47, Statutes of 2014 (AB 1469), putting into law a funding strategy to address the unfunded liability of the California State Teachers' Retirement System (CalSTRS). The funding strategy, which includes predictable increased payments from school districts, teachers, and the State over a seven-year period, positions CalSTRS on a sustainable path forward. The intent is to fully fund the system by 2046. According to

CalSTRS, the funding plan is on track to meet this goal.

- The State and its employees began to share equally in the prefunding of retiree health benefits to eliminate a \$72 billion

The funding plan to eliminate the unfunded liability assumes that the State continues to pay for retiree health benefits on a pay-as-you-go basis and the State continued its commitment to eliminate pension liabilities through a one-time \$6 billion supplemental pension payment to CalPERS, funded by a loan from the Surplus Monetary Investment Fund (SMIF). The additional payment will reduce the State's unfunded liability and help lower and stabilize the required annual contributions through 2037-38.

Significant Adjustment:

The Budget proposes \$475 million within the Proposition 2 debt payment requirement to pay down the General Fund's portion of the supplemental pension loan from the SMIF described above. While retirement liabilities have grown by \$48.9 billion since 2012, these collective efforts have put the State on a path to fund these long-term liabilities.

State Retiree Healthcare

The 2018-19 employer contribution for health premiums for employees hired by the State on and prior to December 31, 2016, maintains the average 100/90 percent contribution formula established in Government Code Section 22871 for fully vested members. Under this formula, the State averages the premiums of the four health benefit plans with the largest State enrollment in order to calculate the maximum amount the State contributes towards retiree health benefits. The State also contributes 90 percent of this average towards the health benefit costs of each of the retiree's dependents.

The 2017-18 employer contribution for health premiums for employees hired by the State on and after January 1, 2017, maintains the average 80/80 percent contribution formula established in Government Code Section 22871.3 for fully vested members. Under this formula, the State averages the premiums of the four health benefit plans with the largest State enrollment in order to calculate the maximum amount the State contributes towards retiree health benefits. The State also contributes 80 percent of this average towards the health benefit costs of each of the retiree's dependents. Vesting schedules and employer contributions may vary by employee bargaining unit contract.

State Employees' Retirement Contributions

The Budget includes \$6.2 billion (\$3.6 billion General Fund) for State contributions to CalPERS for pension costs. Included in these costs are \$685.7 million General Fund for California State University retirement costs.

RPEA Legislative Update



By Jim Anderson, Director of Legislation

This is the start of the second half of the legislative year. Legislation that did not get finalized in the first session of the legislature will need to be finished in the second half with a generally accelerated process. Those bills will compete with new legislation introduced after the first of the year. The second half of the session will be somewhat more hectic because all new and old bills will have to be completed by the time the legislative year ends in September.

The Legislative Committee has been supporting several bills during the year, and most have been successful and were signed in to law by the Governor. Those remaining will be followed, and our comments will be submitted to the author by our legislative advocate, Aaron Read. In this first few weeks, there have been few new bills introduced that would be added to our list according to the priorities established by the RPEA Board of Directors. (HOWEVER, IT IS EARLY IN THE SESSION.)

We will be looking at any legislation that might make the lives of retirees more comfortable and safe. In addition, we will be mindful of any legislation that would cause changes in the way benefits we have earned will be adversely affected. We are always concerned about adverse impacts for medical care available to our members, especially with respect to pharmaceutical costs for people on limited incomes.

One of those concerns is the health care available in nursing homes or rehabilitation facilities. There has been increasing concern that these facilities may provide improper and harmful care when patients are not able to fend for themselves. Note the headlines in the November 2017 AARP Bulletin, *"HOW SAFE ARE OUR NURSING HOMES? Are They Prepared? Is Care Improving? Who Watches Them?"* We are continuing to review legislation that creates a better system of monitoring these facilities to make us safer when the need arises. (Fortunately, I had a very good experience when my mother needed care

in the last months of her life, and was grateful to and appreciative of the owners and staff at her facility.)

The Legislative Committee has focused on a couple of bills that will be sponsored by CalPERS which might impact the lives of retirees. CalPERS staff indicates that these bills are necessary to make CalPERS more efficient. This proposed legislation has not been introduced as of this writing, but we will be watching for what turns up in the next few weeks.

One bill would remove a number of death benefit choices available to school members. School districts and workers would have fewer options in labor negotiations. Limiting choices makes it more likely that the lower amounts of benefits will be chosen instead of the mid-range possibilities. The second is to limit the type of deductions that would be available from the warrant on the claim that it causes CalPERS too much

work. The staff indicates that the deduction is more efficient if made from the bank account. However, this seems to force people to watch their bank balance more closely. We trust CalPERS to be careful of their

members' finances more than we trust insurance companies, banks or other vendors who would have greater access to our financial accounts.

A new legislative tracking chart is not included in this issue because the total amount of legislation we will be tracking has not yet been introduced. We are waiting for the bills sponsored by CalPERS and others to be introduced until the deadline in mid-February. In addition, some bills that are being followed in the complete list of legislation are noncontroversial, plus there are those that have not been fully fleshed out (so-called "spot bills"). When completed, the total list of legislation will be provided to the Chapter Presidents and the Legislative Committee Chairs. If you have any questions about legislative issues, please feel free to contact me. I may not know the specific answer, but I will find out and get back to you.

REMEMBER: Hard work pays off in the future; laziness pays off now.



Chapter Holiday Happenings



"Two for the Road" provided great entertainment at the Chapter 090 – WEST COVINA holiday party.



New officers were installed at the Chapter 098 – PRESCOTT holiday party. (L-R) Jim Swank, President; Larry Sullivan, Area Director IX; Carmen Peoples, Secretary; Sam Scott, Vice President



President, Sharon Leech and Treasurer, Xavier Baldwin at the 026 – BURBANK holiday party.



New officers were installed at the Chapter 044 – POMONA holiday party. (L-R) Area Director V, Ellie Knapp; President, Shirley Wofford; Vice President, Alice Alexandre; Secretary, Violeta Comia



Area Director VIII, Kathleen Collins and 064 – NEWPORT BEACH Chapter President, Dan Heredia at their holiday party.

CalPERS Board Elects Priya Mathur as President, Rob Feckner as Vice President

PETALUMA, CA - The CalPERS Board of Administration elected Priya Mathur as board president and Rob Feckner as vice president. Mathur is the first female elected president of the CalPERS board. This will be her first term.



Priya Mathur



Rob Feckner

Feckner previously served as board president and vice president.

"It's a great honor for me to serve as president of the CalPERS board," Mathur said. "I'm proud of what we've accomplished over the 15 years I've been on the board, but there is still so much to do. I look forward to working with my fellow board members to ensure our members have sustainable pensions and access to quality and affordable health care."

Mathur represents public employees on the CalPERS Board, which she joined in 2002. She currently serves on four committees: Governance, Investment, Pension & Health Benefits, and Risk & Audit. She chairs the Pension

& Health Benefits Committee and is vice chair of the Governance Committee.

Mathur is a principal financial analyst for the Bay Area Rapid Transit District, serves on the Principles for Responsible Investment Board, and is a member of the Investor Advisory Council for Astia, a nonprofit organization dedicated to the success of women-led, high-growth ventures.

The president oversees the board's business, and sets meeting schedules and agendas with input from other board members and CalPERS executive staff. The president also makes appointments to board committees and represents CalPERS to outside parties.

Feckner represents school members on the CalPERS Board, which he joined in 1999. He currently serves on four Board committees: Governance, Investment, Pension & Health Benefits, and Risk & Audit.

He has served the Napa Valley Unified School District for more than 40 years, and is a past president of the California School Employees Association.

"I am humbled by this vote of confidence from my peers, and I look forward to this new adventure of serving in a different capacity with my colleagues, staff, and our constituents as we represent our members," Feckner said.





The Retired Public Employees Association of California (RPEA) has endorsed Medical Air Services Association (MASA). MASA is dedicated to providing life-saving emergency assistance from home or while traveling anywhere in the world. MASA provides coverage 24 hours a day, 365 days a year, to protect members against catastrophic financial loss from emergency transportation.

ENDORSED AND RECOMMENDED BY YOUR ASSOCIATION

The Platinum Membership Includes:

- ✓ Emergency Air Ambulance / Medical Evacuation
- ✓ Commercial Air Transportation
- ✓ Return Transportation
- ✓ Vehicle Return
- ✓ Organ Retrieval
- ✓ Ground Ambulance - Unlimited
- ✓ World Wide Coverage
- ✓ Non-Injury Transportation
- ✓ Repatriation/Recuperation
- ✓ Escort Transportation
- ✓ Mortal Remains Transportation
- ✓ Organ Recipient Transportation
- ✓ Helicopter Transportation

Many people are surprised to learn how affordable coverage is!
Monthly, annual, 3-year, and lifetime memberships are available for RPEA members.

Learn more, or enroll over the phone by calling:
 **844-442-6242**

Proud benefits provider for the
Retired Public Employees Association of California


Association Member Benefits & Insurance Agency
Lic.# CA: 0196562



A Great Choice for Good Health

CalPERS retirees:

Consider a Kaiser Permanente Senior Advantage (HMO)
Medicare health plan for:

- **Affordable, high-quality care**
- **Your choice of great Kaiser Permanente doctors** and a wide range of specialists. And all of our available doctors welcome Kaiser Permanente Medicare health plan members.
- **The only Medicare health plan in California** rated 5 out of 5 stars, 7 years in a row – 2012-2018.*

To learn more and find out how to enroll through CalPERS,
call a knowledgeable sales specialist toll free:

 **1-877-619-7752**  Or go to kp.org/calpers
(TTY 711) 7 days a week,
8 a.m. to 8 p.m.

Benefit Highlights for 2018

- **Silver&Fit®**
Exercise and
Healthy
Aging Program
- **Optional Dental
Coverage for
Public Agency
Retirees**

*Medicare evaluates plans based on a 5-star rating system. Star Ratings are calculated each year and may change one year to the next. Centers for Medicare & Medicaid Services Health Plan Management System, Plan Ratings 2018. Kaiser Permanente #H0524.

Benefits, premiums and/or copayments/coinsurance may change on January 1 of each year and at other times in accord with your group's contract with us. This information is not a complete description of benefits. Contact the plan for more information. Limitations, copayments, and restrictions may apply. The provider network may change at any time. You will receive notice when necessary. In California, Kaiser Permanente is an HMO plan and a Cost plan with a Medicare contract. Enrollment in Kaiser Permanente depends on contract renewal. You must reside in the Kaiser Permanente Medicare health plan service area in which you enroll.

This is a paid advertisement.

Joining RPEA Helps Us Support YOUR Retirement Security

RETIRED PUBLIC EMPLOYEES'

ASSOCIATION OF CALIFORNIA

Membership Application



Have a scanner app
on your smart phone?

Visit our website:
www.rpea.com

Join online!



Why Join RPEA?

RPEA protects the interests of retirees at the state level to ensure your retirement remains secure. We retain a professional lobbyist who represents our interests before the Governor, Legislators and CalPERS Board. We also have access to a federal lobbyist who keeps us informed on federal retiree issues.

RPEA continues an active and ongoing relationship with CalPERS by serving on their Advisory Committee concerning CalPERS plans and proposals. We also monitor every CalPERS committee and frequently testify at these meetings on behalf of our members.

Every RPEA member receives a bi-monthly statewide newsletter with general information as well as legislative and health care updates.

Members also gain access to numerous member-only benefits including dental and vision plans and a wide array of merchant discount programs. For only \$5.00 a month you get even more back in benefit savings!

Become a Member in Three Easy Steps!

STEP 1: Tell Us About Yourself

Your Name: _____ Date of Birth ____ / ____ / ____
☐ M ☐ F
Spouse Name: _____ ☐ M ☐ F Date of Birth ____ / ____ / ____
Is your spouse an additional applicant? ☐ Y ☐ N
Address: _____
City/State/Zip: _____
Phone: (____) ____ - ____ Email: _____
Retired From: _____ Retirement Date: _____
RPEA Chapter Number or Name if Known: _____
Referred By: _____

STEP 2: Select One Membership Type

- ☐ Retiree (CalPERS Annuitant) ☐ Beneficiary (Beneficiary of a CalPERS retiree)
☐ Affiliate (Still working for a Public Agency) ☐ Associate Member (Supporter of RPEA's goals)

STEP 3: Select One Payment Method

- ☐ **Option 1: MONTHLY CALPERS DEDUCTION:** I authorize the California Public Employees Retirement System (CalPERS) to deduct for each applicant on this form \$5.00 per month from my retirement allowance until revoked by me in writing. **Only available if one applicant is receiving a CalPERS retirement payment.**

Signature Social Security Number or CalPERS ID + Last 4 of SSN
- ☐ **Option 2: CHECK OR MONEY ORDER:** As payment for the first year's dues, I have attached a check or money order for \$60.00 (\$30.00 for affiliate membership) for each applicant on this form. I will be billed annually for subsequent renewals.
- ☐ **Option 3: CREDIT CARD AUTHORIZATION:** As payment for the first year's dues, I authorize \$60.00 for each applicant on this form (\$30.00 for affiliate membership) to be charged on my credit card. I will be billed annually for subsequent renewals.
Card Number: - - (MasterCard or Visa only)
Expiration Date: / CVV/CVC: (3 Digit code on the back of card)

Signature

RPEA/October/2017

THANK YOU for Joining RPEA!

RPEA
Headquarters Office:
(800-443-7732)

Return your completed application to:
RPEA • 300 T Street • Sacramento, CA 95811-6912





Retired Public Employees' Association of California (RPEA)
300 T Street, Sacramento, CA 95811-6912
Toll Free: (800) 443-7732 Phone: (916) 441-7732 Fax: (916) 441-7413
Website: www.rpea.com
Facebook www.facebook.com/RPEACalifornia • Twitter [@rpea_ca](https://twitter.com/rpea_ca)

NONPROFIT ORG
 US POSTAGE
 PAID
 SACRAMENTO CA
 PERMIT NO. 496

ROSTER OF 2016/2018 VOLUNTEER BOARD OF DIRECTORS

NAME	TITLE	HOME ADDRESS	PHONE	FAX	E-MAIL ADDRESS
George Linn ANY TIME	President	*****	415 821 1366 (H) 415 999 3538 (C)	415 821 6539	gmlinn@aol.com president@rpea.com
Al Darby 8AM – 9PM	Vice President	8968 Panamint Court Elk Grove, CA 95624	925 788 6068	NONE	aldarby9@hotmail.com
Marie Reed 8AM – 7PM	Secretary/Treasurer	6796 Pocket Road Sacramento, CA 95831	916 428 2090	NONE	marie.reed@comcast.net
Ted Rose 9AM – 5PM	Immediate Past President	2894 San Minete Dr. Livermore, CA 94550	925 292 9017	NONE	seniorsmokey@yahoo.com
Donna Snodgrass ANY TIME	Dir. Health Benefits	10345 Walnut Grove Court Yucaipa, CA 92399	909 790 0133	NONE	Donnasnodgrass55@gmail.com
Rosemary Knox ANYTIME	Dir. Membership	*****	408 926 6664	NONE	rknox@sbcglobal.net
C. T. Weber 10AM – 9PM	Dir. Public Relations	1403 Las Padres Way Sacramento, CA 95831	916-422-5395 (H) 916-320-9186 (C)	NONE	ctwebervoters@att.net
Jim Anderson ANYTIME	Dir. Legislation	2960 Leotar Circle Santa Cruz, CA 95062	951 212 8281 (C)	NONE	waynesix@aol.com
Paul Tamboury 8AM – 9PM	Area Director I	465 Stony Point Road, #130 Santa Rosa, CA 95401	707 573 1566	707 577 8827	pault@rpea32.org
George Otterbeck 8AM – 5PM	Area Director II	4180 Meander Dr. Redding, CA 96001	530 243 5543 (H) 530 356 3602 (C)	NONE	origsnoopy1@gmail.com
Bob Van Etten ANY TIME	Area Director III	4401 Clovewood Lane Pleasanton, CA 94588	925 846-6563	NONE	bobvanetten@comcast.net
Bill Houk ANY TIME	Area Director IV	1904 Devonshire Ave Modesto, CA 95355	209 578 4420 (H) 209 606 5779 (C)	NONE	sixteenthb@aol.com
Ellen Knapp ANYTIME	Area Director V	28319 N. Azurite Pl. Valencia, CA 91354	661 607 2072 (C)	NONE	eknapp@roadrunner.com
Wes Stonebreaker ANY TIME	Area Director VI	1060 Country Club Dr. Riverside, CA 92506	951 784 1060	951 781-3960	lindaandwes@aol.com
Dennis Cassella 8AM – 5PM	Area Director VII (Interim)	205 Cypress Hill Dr. Grass Valley, CA 95945	530 272 2130	SAME (CALL FIRST)	ncdennisc@aol.com
Kathleen Collins ANY TIME	Area Director VIII	*****	562-884-8891	NONE	kcespresso@hotmail.com
Larry Sullivan ANYTIME	Area Director IX	1602 Sunset Gardens Rd. Albuquerque, NM 87105	505 242 4981	SAME (CALL FIRST)	houseofspirit@earthlink.net

HEADQUARTERS OFFICE STAFF

Tanya Rakestraw	Office Manager	300 T Street	800 443 7732	916 441 7413	tanya@rpea.com
Radtana Lee	Accts. Payable Clerk	Sacramento, CA 95811	916 441 7732		radтана@rpea.com
Corey Saeteurn	IT Technician	8:00AM – 4:00PM			corey@rpea.com
Teena Stone	Mem. Svcs. Secretary				teena@rpea.com