



THE INTERCOM

Newsletter of the California Retired
County Employees Association (CRCEA)

July 2018

www.crcea.org

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PRESIDENT'S MESSAGE

Welcome to Summer! As I write this it is the first official day of summer. Let's hope that it is a simple summer – warm (yes, even hot) without the winds and other outside influences that might cause fires or other calamity in parts of our state. Pools and beaches and cook-outs, yeah that's what summer should be.

Let me start at the front with saying that the folks in Santa Barbara County committed to their task(s) of hosting the CRCEA conference in April. Plenty of good information, exchange of information, comradery. Well Done!

Nothing extraordinary by the Executive Committee this last couple of months. In fact, we opted to not have Executive Committee meet-

ings in May or June since we were able to accomplish necessary business via email and phone calls. Having said that, be assured that we have not ignored anything that might touch on the myriad issues that may impact retirees.

Along those lines, as the local associations prepare to work on upcoming conferences, it should be a bit easier now that the Conference Manual has been completely reworked, formatted, and is now available to all on the website. A number of people did a lot of work on that project, which was coordinated by Vice-President Mike Sloan. A major THANK YOU to everyone that even touched on this during the process. Every one of you was helpful.

The California Legislature is in the last months of this session and is working to finish up all the loose ends of the various bills that are out there. Many that we have been watching are no longer causing us heartburn. Both Art Goulet and I are on the SACRS Legislative Commit-

tee, and can watch all the issues for public pensions that might be out there. Art's tenure and expertise have been beneficial in looking at pitfalls and benefits of legislation and what might impact our County Employees Retirement Law (CERL). Several items were held over for the second half of the 2-year session including a couple of bills that would impact pensions by Senator Moorlach of Orange County. Luckily, they did not get out of committee.

I think that our upcoming conference in Marin County will be a time for discussion on many of these issues as we review what is going on in Sacramento. We are confirming that the legislative session will be what we look forward to – the in person presentation by our consultant Amy Brown along with those that she can “rope in” to coming with her. By October, everything will be over.

Speaking of the October Conference, both Mike and I have been in regular touch with Gene Pennington from MCARE and it appears that their work is coming to-

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gether. They have information on their website and the hotel is accepting reservations. Hopefully all of you will make it to northern California for this event.

This is an election year for CRCEA. If anyone has interest in holding office for the next couple years, please contact Will Hoag from Ventura County. He will be providing information to everyone in advance of the conference. The Wednesday Business Meeting is to conduct our "corporate" business, including the election for members of the Executive Committee. As we always remind you, the delegates from each local county association are the Board of Directors of CRCEA. Your decisions will set the direction of the organization for the future.

Speaking of conferences, our next Spring Conference in April 2019 will be in beautiful San Diego. I can say that with some obvious bias, since RESDC is my local association. I do know that the board is already working on their conference. I helped work on the last one, and they intend to improve on that one. April in San Diego? Kind of like April in Santa Barbara. Nice.

Once again, let me put on the old record - so it repeats and repeats. When it is a

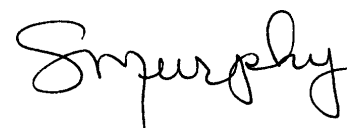
recording, not so much as a change of wording. CRCEA continues to reach out for Affiliates. Those are businesses that provide services to retirees or otherwise support public employees and retirees that we can approach to be Affiliates of CRCEA. All of our Affiliates believe that they have something of benefit for your members, and the local associations will be looking at each of them to evaluate at the local level. You can check on the basic information on each at our website under the Affiliate tab. If you have a question on their service/product, do not hesitate to give them a call in order to see if that Affiliate can be of benefit to your association. As always, if anyone has any idea for potential Affiliate that would be of benefit to CRCEA and its members, give Mike Sloan, Carlos Gonzalez, or any Executive Committee member the information and we will follow up.

Keep working on getting your recent retirees to join your local association. March was a high retirement month, with many retiring in order to get a potential COLA increase on April 1. I know that in San Diego County, we had 297 retired in the month of

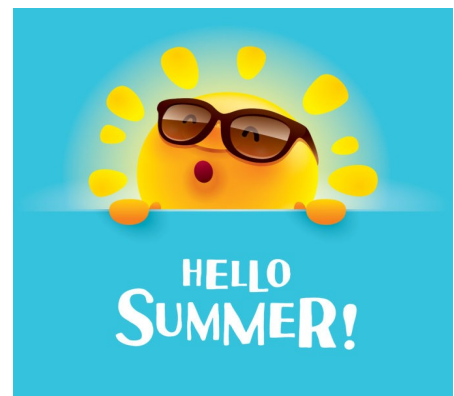
March. Probably one of your existing members knows at least one of your new retirees. Reach out - you'll be surprised that they very well may join as a result of that personal contact. Clearly our dues are much lower than the dues they paid while working, and a simple reminder that your association is looking out for their continued peace of mind in retirement is always good.

In closing, I will ask a favor of all of those who will be attending the conference. Once again, bring your thoughts and ideas with you. Exchange that information with different attendees. Let's have some discussion during our Roundtable time. Through all this exchange, discussion and/or debate, something good can happen.

Until next time.....



SKIP MURPHY, President



**Update on CalPERS
Long Term Care Litigation**
by Dave Muir
Chair, CalPERS Long Term
Care Ad Hoc Committee

Background

In 1995, the California Legislature authorized CalPERS to compete in the long term care (LTC) insurance market by offering LTC policies to state and local government employees and their families. An aggressive marketing program by CalPERS led to more than 175,000 people enrolling in the program.

CalPERS promised low and consistent premiums and guaranteed that inflation protection benefits would not result in premium increases. Key policy provisions stated that premiums would never increase due solely to a change in age or health and that any premium changes would be on an issue age basis for all similar coverages. The policy expressly prohibited rate increases to meet increasing liabilities caused by those who purchased inflation protection benefits.

In 2013, CalPERS announced it was increasing premiums by a whopping 85% for those with policies that included inflation protection and life time benefits. Many, after paying premiums for over 20 years, had

to reduce benefits in order to avoid the 85% rate increase, or drop their coverage entirely.

Outrage at the premium rate increase was quick and extreme, resulting in a class action against CalPERS that was filed in February 2016 by one of the premier law firms that specialize in representing insurance policy holders. The actuarial firm that advised CalPERS in establishing the original premium rates was also sued.

Settlement with Actuarial Firm

In October 2017, a settlement was reached with the actuarial firm for \$9.75 million. The settlement proceeds will be distributed as follows:

- \$598,000 to plaintiffs' law firm to cover costs incurred to date
- \$1,000,000 to the plaintiff's law firm to cover future costs of litigation
- \$200,000 to the firm that administers class actions to cover administrative costs
- The balance (roughly \$8,000,000) to be distributed pro-rata to the approximately 122,800 members of the class

without the need to file a claim.

- The \$9.75 million settlement against the actuaries is considered an excellent result, given the extreme difficulty of having to prove the actuaries were negligent nearly 22 year ago when the original premium rates were established.

CalPERS Motion to Decertify the Class

In order for a case to proceed as a class action, the plaintiff must satisfy the court that issues of law and fact predominate. The plaintiffs were able to pass this test at the outset, allowing the case to proceed as a class action. After most of the discovery in the case was completed, CalPERS' filed a motion to decertify the class based on additional information developed during discovery. The motion was denied in May 2018. Our law firm reported this development on its website: "This was an important decision because it means the class case will be going to trial."

Trial Date

The Court has set a tentative trial date for May 13, 2019, but the Court also indicated that the 30-day trial would likely begin in June 2019.

Eight Changes to Social Security in 2018
by Matthew Frankel
The Motley Fool

For 2018, the basic structure of Social Security is the same in terms of how workers are taxed and how benefits are calculated and paid. However, there are a few notable changes to be aware of, such as gradually increasing the retirement age and other Social Security figures that adjust over time with inflation.

Here is a rundown of the planned changes:

For those born in 1954 or earlier, their full retirement age is still 66, but the age increases two months a year after that. That means the full retirement age is increasing to 67 if you were born after 1960.

There will finally be a decent cost-of-living adjustment (COLA) for retirees. The Social Security Administration announced that there will be a raise in benefits starting with the December 2017 payment. Unfortunately for many retirees, the rising Medicare costs will probably consume any increase in SS benefits.

On the brighter side, beneficiaries will also get the benefit of the increase, and the

average increase a recipient will receive is estimated to be about \$27 per month, to \$1,404.

There will also be a slightly higher taxable earnings cap for those still working in 2018. The maximum amount of wage income that is subject to tax will now be \$128,500, up from 127,200 in 2017.

In addition to the higher earnings cap, the maximum benefit will increase by more than \$100, to \$2,788 per month in 2018.

The monthly benefit for disability benefits is also rising. Non-blind recipients will increase from \$1,170 to \$1,180, and blind recipients will increase from \$1,950 to \$1,970.

The “earnings test limits” are going up as well. If you continue to work after you begin drawing SS benefits, but are still under the full retirement age, your SS benefits could be reduced by as much as 50%. If you reach full retirement age during 2018, \$45,360 in annualized earnings are excluded. Any earnings over that threshold will cause your benefits to be reduced by \$1 for every \$3 in excess earnings.

Social Security “credits” are going to be more stringent.

Now you only need 40 credits over a 10 year period. In 2018, each credit represents \$1,320 in earnings, and since you are limited to four credits per year, you will need to earn at least \$5,280 to earn full credit.

This year (2018) you will also be receiving a new Social Security Card in the mail. Below is a copy of what it will look like:



Starting April 1, 2018, Medicare will start a year long, project to replace all current Medicare cards for beneficiaries by converting to alphanumeric ID numbers. Currently the ID number is your social security number.

The new Medicare card will come to you in the mail. You don't need to request it or do anything. It will show up, and as with any change, the “Scammers” become more opportunistic.

You might ask, “WHAT'S THE SCAM?” It will usually begin with somebody calling on the telephone and saying

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they are from "Medicare". They will tell you that you will be getting a new Medicare card. However, until it comes, you will need a temporary card, and the processing fee for the card is somewhere between 5 and 50 dollars. Their ultimate goal is to obtain personal information, such as a bank account or a credit card number, which will be used to gain access to your accounts.

Things to remember:

- Medicare will never call you unless you ask them to.
- Medicare does all communications by mail, unless you ask them to call.
- Anybody saying they "work with Medicare to make sure you get everything you are entitled to" is an immediate "Scammer alert."

Protect yourself and others by spreading the word, and feel free to share this information with friends and family.

Use your answering machine to screen calls, or just don't answer if it is a number you don't recognize. If the call is important, they will leave a message. However, be aware that the scammers

have become very sophisticated and can actually "spoof" the phone number they are calling from, to make it appear the call is coming from a social security office, or even the IRS.

If it has happened to you or a friend or loved one, and personal info has been given out, immediately take action to protect yourself against identity theft. This type of scam happens considerably more often than you think, so don't feel bad or stupid. Reporting this incident, and letting your friends know what happened, may save someone else from being victimized.

*Article provided by:
Mike Sloan*

A VERY SPECIAL BANK ACCOUNT

Imagine you had a bank account that deposited \$86,400 each morning. The account carries over no balance from day to day, allows you to keep no cash balance, and every evening cancels whatever part of the amount you had failed to use during the day. What would you do? Draw out every dollar each day, of course!

We all have such a bank. Its name is Time. Every morning, it credits you with 86,400 seconds. Every night it writes off, as lost, whatever time you have failed to use wisely. It carries over no balance from day to day. It allows no overdraft, so you can't borrow against yourself or use more time than you have. Each day, the account starts fresh. Each night, it destroys an unused time. If you fail to use the day's deposits, it's your loss and you can't appeal to get it back.

There is never any borrowing time. You can't take a loan out on your time or against someone else's. The time you have is the time you have and that is that. Time management is yours to decide how you spend the time, just as with money, you decide how you spend the money. It is never the case of us not having enough time to do things, but the case of whether we want to do them and where they fall in our priorities.

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Save The Date!
October 15 – 17, 2018



Marin County Association of Retired Employees (MCARE) is looking forward to hosting the CRCEA 2018 Fall Conference in San Rafael October 15 – 17, 2018!

The conference will be at the Four Points by Sheraton Hotel in San Rafael.

[Click here to reserve a room at the Four Points by Sheraton Hotel in San Rafael.](#)

To reserve by phone, call Toll Free (866) 716-8133. Ask for CRCEA conference rates.

We have a fast and easy online registration this year and encourage you to try it!

Register online at: <https://www.mcareinfo.org/event-2614354>

To learn more about the conference, go to:

<https://www.mcareinfo.org/CRCEA-2018-Fall-Conference>

We have some informative web pages with transportation information from Oakland and San Francisco Airports, a map of the Four Points Sheraton Hotel and things to see and do in Marin County.

We are using a FREE conference app this year that you can use on a SmartPhone (iOS or Android), a tablet (iOS or Android), a laptop or a desktop computer. To learn more, go to:

<https://www.mcareinfo.org/CRCEA-2018-Conference-App>

**Update:
O'Neal v. StanCERA Trial**

Hello, fellow Delegates!

We've finally concluded the in-court trial phase of the O'Neal v. StanCERA case after seven long and tiresome days in court! The next phase will consist of written closing arguments versus verbal closing arguments, which many of us are more familiar with. The Judge will then decide the case based on the evidence presented during the trial and closing arguments. While it will probably be **several months** before we have the Court's decision, we wanted to give you a brief update.

We feel that our Attorneys, Michael Conger & Richard Benes, put on the best case; they brought out many points that should prove our case to the Court. Judge Robert F. Moody seemed to understand the facts in the case and we are hopeful that he will rule in our favor. If/when we prevail, we will move into the next phase of the trial to determine damages.

If you would like to read the Trial Brief, prepared by Michael Conger in advance of the trial, it is posted on RESCOToday.org under "NEWS".

On behalf of RESCO,

Co-Plaintiff's:

Michael O'Neal

Dennis Nasrawi

Rhonda Bieseemeier

"Success is no accident. It is hard work, perseverance, learning, studying, sacrifice, and most of all, love of what you are doing."

~~Pele'



**Upcoming
CRCEA
Conferences**

Fall 2018
Marin (MCARE)

Spring 2019
San Diego (RESDC)

Fall 2019
Sonoma/Mendocino
(SCARE/AMCRE)

Spring 2020
Tulare (TCREA)

Fall 2020
Stanislaus/Merced
(RESCO/REMCO)

Spring 2021
Los Angeles (RELAC)

Fall 2021
Fresno (REFCO)

Spring 2022
Orange (REAOC)

Fall 2022
Sacramento (SCREA)

**WE HOPE YOU WILL BE
ABLE TO JOIN US FOR
GREAT INFORMATION,
NETWORKING, AND, OR
COURSE, FUN!**



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Mike Sloan
Vice President

Carlos Gonzalez
Treasurer

Virginia Adams
Secretary

William "Bill" de la Garza
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Art Goulet

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